Zensar (Africa) Holdings Proprietary Limited
(Registration Number: 2013/190377/07)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

Zensar (Africa) Holdings Proprietary Limited

(Registration Number: 2013/190377/07)

Consolidated annual financial statements for the year ended 31 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 March 2019

	Notes	Group 2019 ZAR	Group 2018 ZAR	Company 2019 ZAR	Company 2018 ZAR
ASSETS					
Non-current assets					
Property, plant and equipment	6	**214,980**	76,102	**-**	-
Investment in subsidiary	7	**-**	-	**33,103,678**	28,845,711
Deferred tax asset	10	**2,948,052**	953,466	**-**	-
		3,163,032	1,029,568	**33,103,678**	28,845,711
Current assets					
Cash and cash equivalents	8	**42,303,431**	43,864,360	**7,111,710**	1,741,569
Trade and other receivables	9	**267,092,355**	234,614,788	**71,177**	2,685
Current income tax receivable	10	**5,137,158**	1,728,691	**-**	-
Other current assets	11	**1,088,662**	69,195	**-**	-
		315,621,606	280,277,034	**7,182,887**	1,744,254
Total assets		**318,784,638**	281,306,602	**40,286,565**	30,589,965
EQUITY					
Share capital	12	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Retained income		**28,138,957**	20,106,409	**6,736,224**	1,184,974
Attributable to ordinary shareholder		**29,138,957**	21,106,409	**7,736,224**	2,184,974
Non-controlling interest		**36,627,497**	26,904,859	**-**	-
Total equity		**65,766,454**	48,011,268	**7,736,224**	2,184,974
LIABILITIES					
Non-current liabilities					
Share based payment liability	13	**32,353,679**	28,095,712	**32,353,679**	28,095,712
Current liabilities					
Trade and other payables	14	**220,664,505**	205,199,622	**185,077**	244,217
Current income tax payable	10	**-**	-	**11,585**	65,062
		220,664,505	205,199,622	**196,662**	309,279
Total liabilities		**253,018,184**	233,295,334	**32,550,341**	28,404,991
Total equity and liabilities		**318,784,638**	281,306,602	**40,286,565**	30,589,965

The notes on pages 15 to 34 form an Integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	Group 2019 ZAR	Group 2018 ZAR	Company 2019 ZAR	Company 2018 ZAR
Revenue	15	**609,648,335**	500,265,143		
Operating expenses	16	**(565,650,414)**	(453,107,200)	**(25,304)**	(138,634)
Gross income / (loss)		**43,997,921**	47,157,943	**(25,304)**	(138,634)
Other income	17	**6,121,271**	5,209,183	**203,613**	252,266
Dividend received				**22,428,491**	16,539,707
Depreciation		**(24,711)**	(6,253)		
Profit before tax		**50,094,481**	52,360,873	**22,606,800**	16,653,339
Income tax expense	10	**(15,339,295)**	(15,642,143)	**(55,550)**	(67,713)
Net profit for the year		**34,755,186**	36,718,730	**22,551,250**	16,585,626
Comprehensive income for the year		**34,755,186**	36,718,730	**22,551,250**	16,585,626
Total comprehensive income attributable to:					
Owners of the parent		**25,032,548**	26,749,743	**22,551,250**	16,585,626
Non-controlling interest		**9,722,638**	9,968,987	**-**	-
Total comprehensive income for the year		**34,755,186**	36,718,730	**22,551,250**	16,585,626

The notes on pages 15 to 34 form an Integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital ZAR	Retained income/ (Accumulated losses) ZAR	Total ZAR	Non-controlling interest ZAR	Total equity ZAR
Group					
Balance at 31 March 2017	**1,000,000**	**16,856,666**	**17,856,666**	**16,935,872**	**34,792,538**
Profit for the year	·	26,749,743	26,749,743	9,968,987	36,718,730
Dividend paid	·	(23,500,000)	(23,500,000)	·	(23,500,000)
Balance at 31 March 2018	**1,000,000**	**20,106,409**	**21,106,409**	**26,904,859**	**48,011,268**
Profit for the year	·	25,032,548	25,032,548	9,722,638	34,755,186
Dividend paid	·	(17,000,000)	(17,000,000)	·	(17,000,000)
Balance at 31 March 2019	**1,000,000**	**28,138,957**	**29,137,957**	**36,627,497**	**65,766,464**
Note	**12**				

The notes on pages 15 to 34 form an Integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Share capital ZAR	Retained income / (Accumulated losses) ZAR	Total ZAR
Company			
Balance at 31 March 2017	**1,000,000**	**8,099,348**	**9,099,348**
Profit for the year		16,585,626	16,585,626
Dividend paid		(23,500,000)	(23,500,000)
Balance at 31 March 2018	**1,000,000**	**1,184,974**	**2,184,974**
Profit for the year		22,551,250	22,551,250
Dividend paid		(17,000,000)	(17,000,000)
Balance at 31 March 2019	**1,000,000**	**6,736,224**	**7,736,224**
Note	**12**		

The notes on pages 15 to 34 form an Integral part of the Financial Statements.

Zensar (Africa) Holdings Proprietary Limited

(Registration Number: 2013/190377/07)
Consolidated annual financial statements for the year ended 31 March 2019

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2019

	Notes	Group 2019 ZAR	Group 2018 ZAR	Company 2019 ZAR	Company 2018 ZAR
Cash flow from operating activities					
Profit / (Loss) before tax		**50,094,481**	52,360,873	**22,606,800**	16,653,339
Adjustments for:					
Share based payment expense		**4,257,967**	3,202,977	**-**	-
Depreciation		**24,711**	6,253	**-**	-
Finance income		**(4,164,919)**	(5,209,184)	**(186,738)**	(252,266)
		50,212,240	50,360,920	**22,420,062**	16,401,073
Changes in working capital					
(Increase) Trade and other receivables		**(32,477,567)**	(105,756,243)	**(68,492)**	5,953
(Increase) Other current assets		**(1,019,467)**	(69,195)	**-**	-
Increase Trade and other payables		**15,464,883**	24,749,965	**(59,140)**	116,510
Cash generated by/(utilised in) operations		**32,180,089**	(30,714,553)	**22,292,430**	16,523,536
Tax paid	10	**(20,742,348)**	(16,901,738)	**(109,027)**	(100)
Cash generated by/(utilised in) operating activities		**11,437,741**	(47,616,291)	**22,183,403**	16,523,436
Cash flows from investing activities					
Purchase of assets		**(163,589)**	(82,356)	**-**	-
Interest received		**4,164,919**	5,209,184	**186,738**	252,266
Net cash generated by investing activities		**4,001,330**	5,126,828	**186,738**	252,266
Cash flows from financing activities					
Dividend paid		**(17,000,000)**	(23,500,000)	**(17,000,000)**	(23,500,000)
Net cash generated by financing activities		**(17,000,000)**	(23,500,000)	**(17,000,000)**	(23,500,000)
Cash and cash equivalents movement for the year		**(1,560,929)**	(65,989,463)	**5,370,141**	(6,724,298)
Cash and cash equivalents at beginning of year		**43,864,360**	109,853,823	**1,741,569**	8,465,867
Cash and cash equivalents at end of year	7	**42,303,431**	43,864,360	**7,111,710**	1,741,569

The notes on pages 15 to 34 form an Integral part of the Financial Statements

1. Presentation of annual financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Basis of preparation and principles of consolidation

The consolidated financial statements include the accounts of Zensar (Africa) Holdings Proprietary Limited and its subsidiary in which it has a controlling financial interest. All significant intercompany transactions and accounts have been eliminated on consolidation. The concept of a going concern contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. The consolidated financial statements have been prepared on a going concern basis.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Financial instruments

The company recognises financial instruments using IFRS 9. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

1.3 Financial instruments (continued)

The company applied IFRS 9 with an initial application date of January 1, 2018. The company has not restated the comparative information. Effects arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

(a) Classification and measurement of financial assets and financial liabilities

The company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at April 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at April 1, 2018. The classification of financial assets is based on two criteria: the company's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the company's financial assets and financial liabilities.

(b) Impairment of financial assets

IFRS 9 requires an expected credit loss model. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

<u>Financial Assets</u>

<u>Classification</u>

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either though other comprehensive income, or through profit and loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

<u>Initial recognition</u>

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

1.3 Financial instruments (continued)

Measurement

Financial assets carried at amortised cost:

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding the Company retains control of the financial asset, the asset is continued to be recognised to extent of continuing involvement in the financial asset.

Trade receivables

The company assesses its trade receivables for Impairment and Expected Credit Losses at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Income Recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

1.3 Financial instruments (continued)

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as fair value through profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of 3 months or less. These are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Income tax

Current income tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.5 Income tax (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expense
Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax is charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Share based payment expense

The Group has entered into a share subscription agreement, which is between Zensar (Africa) Holdings Proprietary Limited (Zensar), Clusten 16 Proprietary Limited (SPE) and Zensar (South Africa) Proprietary Limited (the Company) on 18 of October 2013, wherein SPE subscribed for 49,001 ordinary shares and 201,000 "A" class shares in the issued share capital of the Company ("Subscription Shares"), which represents a 25% plus one share holding in the Company. The agreement assigned a total value of R35,750,000 to the subscription shares in terms of an independent valuation of the company. SPE paid R7,000,000 in cash and the balance of R28,750,000 funded via a notional loan structure, which will accrue interest at a rate 9% per annum and will be reduced by dividends received.

The agreement also grants Zensar a call option on the subscription shares, which can be exercised on the expiry of the lock in period of 7 years. In addition, SPE shall have the right to put its subscription shares to Zensar subject to the lock in period.

1.6 Share based payment expense (continued)

The above stated transaction is an equity settled shared based payment. In accordance with IFRS 2 all equity settled shared based payment transactions shall be measured at fair value at grant date and be recognised as an expense in the statement of comprehensive income. Equity instruments include shares and share options. The value of the IFRS 2 charge is equal to the difference between the fair values of the equity instruments issued by the Company to SPE, less fair value of the consideration received by the Company, that is, the Subscription price. IFRS 2 charge for this transaction is equal to the fair value of the option assets granted to SPE less the subscription price.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

1.8 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.8 Revenue

Revenue is measured using the principles of IFRS 15 on Revenue from Contracts with Customers which supersedes IAS 11 Construction Contracts & IAS 18 Revenue Recognition and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The company has applied IFRS 15 using the modified retrospective method with the cumulative effect of initially applying this Standard recognised at the date of initial application (April 1, 2018) as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and the related Interpretations. The company has elected to apply this Standard retrospectively only to contracts that are not completed contracts at the date of initial application.

1.8 Revenue (continued)

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The company has adopted the terminology used in IFRS 15 to describe such balances.

Applying the practical expedients as given in IFRS 15, the company has not disclosed the remaining performance obligations related disclosures where the revenue recognized corresponds directly with the value to customer of the entity's performance completed to date, typically those contracts where invoicing is on the basis of time and material basis. Remaining performance obligation are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment of revenue that has not materialized.

Dividends are recognised when the right to receive them has been determined.

The effects of adopting IFRS 9 and IFRS 15 under the modified retrospective approach did not have material impact on the company's financial statements.

1.9 Investment in subsidiary

Investment in subsidiary is classified as a non-current asset, and is stated in the financial statements of the company at cost, less appropriate impairments, where the value of the investment is considered to be below the carrying value, and the diminution of the value is considered not to be of a temporary nature, the investment is written down to expected realisable value.

1.10 Principles of Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2. New and amended accounting standards and interpretations

International Financial Reporting Standards and amendments issued but not effective for the 31 March 2018 year-end. The impact of these amendments have not yet been assessed:

International Financial Reporting Standards and amendments issued but not effective for 31 March 2018 year-end		
Number	**Effective date**	**Executive summary**
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.
IFRIC 23, 'Uncertainty over income tax treatments'	Annual periods beginning on or after 1 January 2019 (Published June 2017)	IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.

2. New and amended accounting standards and interpretations (continued)

International Financial Reporting Standards and amendments issued but not effective for 31 March 2018 year-end		
Number	**Effective date**	**Executive summary**
IAS 19 – Employee Benefits	Annual periods beginning on or after 1 January 2019 (Published February 2018)	The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).
IAS 12- Income Taxes	Annual periods beginning on or after 1 January 2019	An entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
IFRS 3 – Business Combinations	Annual periods beginning on or after 1 January 2019	When an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.
IFRS 11- Joint Arrangements	Annual periods beginning on or after 1 January 2019	When a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.
IAS 23-Borrowing Costs	Annual periods beginning on or after 1 January 2019	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

There are also some amendments to References to the Conceptual Frameworks in IFRS Standards, and, these amendments would be effective from annual periods beginning on or after 1 January 2020, the impact of these amendments have not yet been assessed.

In addition to the above, there have been changes in the following International Financial Reporting Standards, effective for annual periods beginning on or after 1 January 2019, but these standards are not applicable to the entity:

- IFRS 17: Insurance Contracts.
- IFRS 10 & IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, and, Long term interests in associates and joint ventures.

3. Risk management

Capital risk management
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings, the cash and cash equivalents disclosed in note 7 and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management
The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk
Cash flow forecasting is performed in the operating entity of the group in and aggregated by group finance.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities.

The company's risk to liquidity is as a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Surplus cash held by the operating entity over and above balance required for working capital management is invested in interest bearing current accounts, time deposits, or sufficient liquidity to provide sufficient head-room as determined. At the reporting date, the group held short term bank deposits of R 5,500,000 (2018: R 24,300,000) and other liquid assets of R 36,803,431 (2018: R19,564,360) that are expected to readily generate cash inflows for managing liquidity risk. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's and company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group		**Company**	
	2019	2018	**2019**	2018
	ZAR	ZAR	**ZAR**	ZAR
Trade payables				
Less than one year	**125,000,219**	126,465,638	**185,077**	244,217

Interest rate risk
The group's interest rate risk arises from significant interest bearing assets. Interest bearing assets expose the group to cash flow interest rate risk. The group's interest bearing assets are denominated in South African Rands. Interest rate exposure is not analysed on a specific basis, but should interest rates increase/decrease by 2% higher/lower with all other variables held constant group post tax profits

3. Risk management (continued)

would have been R 41,440 (2018: R 115,042) higher/lower and company R 16,941 (2018: R2,090) higher/lower as a result of higher/lower interest income on floating investments.

Credit risk
Credit risk is managed on a group basis. Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Every customer credit rating is checked by management at the contract stage to assess the credit quality of the customer. If customers are independently rated on an ongoing basis, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

	Group		Company	
	2019	2018	**2019**	2018
	ZAR	ZAR	**ZAR**	ZAR
Trade receivables				
Less than one year	**143,424,487**	107,628,286	**-**	-
Cash and cash equivalents				
Less than one year	**42,303,431**	43,864,360	**7,111,710**	1,741,569

Foreign exchange risk
The group is not exposed to foreign exchange risk.

Price risk
The group is not exposed to price risk.

4. Financial assets by category

The aggregate carrying amounts of financial assets at amortised cost are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	ZAR	ZAR	**ZAR**	ZAR
Trade receivables	**143,424,487**	107,628,286	**-**	-
Cash and cash equivalents	**42,303,431**	43,864,360	**7,111,710**	1,741,569
	185,727,918	151,492,646	**7,111,710**	**1,741,569**

5. Financial liabilities by category

The aggregate carrying amounts of financial liabilities at amortised costs are as follows:

Trade payables	**125,000,219**	126,465,638	**185,077**	244,217

6. Property, plant and equipment

	Computers and Equipment ZAR	Furniture ZAR	Total ZAR
Cost			
At 1 April 2018	7,222	75,133	82,355
Additions	75,576	88,013	163,589
At 31 March 2019	**82,798**	**163,146**	**245,944**
Accumulated depreciation			
At 1 April 2018	1,100	5,153	6,253
Charge for year	11,609	13,103	24,711
At 31 March 2019	**12,709**	**18,255**	**30,964**
Net book amount			
At 31 March 2018	6,122	69,980	76,102
At 31 March 2019	**70,089**	**144,891**	**214,980**

	Computers and Equipment ZAR	Furniture ZAR	Total ZAR
Cost			
At 1 April 2017	-	-	-
Additions	7,222	75,133	82,355
At 31 March 2018	**7,222**	**75,133**	**82,355**
Accumulated depreciation			
At 1 April 2017	-	-	-
Charge for year	1,100	5,153	6,253
At 31 March 2018	**1,100**	**5,153**	**6,253**
Net book amount			
At 31 March 2017	-	-	-
At 31 March 2018	**6,122**	**69,980**	**76,102**

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7. Investment in subsidiary

	Group 2019	Company 2018	Group 2019	Company 2018
Zensar (South Africa) Proprietary Limited				
Shares at cost	**-**	-	**749,999**	749,999
Broad based black economic expense	**-**	-	**32,353,679**	28,095,712
	-	-	**33,103,678**	28,845,711

The investment is carried at cost.

	Group		Company	
	2019 ZAR	2018 ZAR	**2019 ZAR**	2018 ZAR
8. Cash and cash equivalents				
Bank balances	**36,803,431**	19,564,360	**7,111,710**	1,741,569
Short term deposit	**5,500,000**	24,300,000	**-**	-
	42,303,431	43,864,360	**7,111,710**	1,741,569

The short-term bank deposit at the reporting date had a maturity of 27 days (2018: 8.28 days) from that date and has an effective interest rate of 6.55% (2018: 6.76%) per annum. At the reporting date, the carrying amounts of cash and cash equivalents approximate their fair values and are denominated in ZAR.

At reporting date, the carrying amounts of cash and cash equivalents approximate their fair values and are denominated in South African Rand.

9. Trade and other receivables

	Group 2019	Group 2018	Company 2019	Company 2018
Trade receivables	**143,424,487**	107,628,285	**-**	-
Impairment on trade receivables	**(3,389,632)**	(2,126,860)	**-**	-
	140,034,855	105,501,425	**-**	-
Intercompany Receivables	**82,686,214**	73,042,130	-	-
Value added taxation receivable	**(9,186,840)**	1,040,033	**71,177**	2,685
Accrued revenue	**52,958,260**	54,433,916	**-**	-
Deposits	**599,866**	597,284	**-**	-
Fair value of trade and other receivables	**267,092,355**	234,614,788	**71,177**	2,685

At reporting date, the carrying amounts of trade and other receivables approximate their fair values and are denominated in South African Rand.

Trade receivables fully performing - Group
At 31 March 2019, trade receivables of R 75,944,163 (2018: R 62,830,075) were fully performing.

Trade receivables past due but not impaired - Group
At 31 March 2019, trade receivables of R 67,480,324 (2018: R 44,798,210) were past due but not impaired. The aging of amounts past due but not impaired is as follows:

9. Trade and other receivables (continued)

	Group	
	2019	2018
	43,080,633	
1 month past due		25,199,702
2 months past due	**2,733,120**	12,467,279
3 months past due	**12,997,161**	6,756,054
More than 3 months past due	**8,669,410**	375,175
	67,480,324	44,798,210

Trade receivable impaired - Group

As of 31 March 2019, trade receivables of R 3,389,632 (2018: R 2,126,860) were impaired and provided for.

The amount of the provision was R 3,389,632 (2018: R 2,126,860).

Reconciliation of provision for impairment of trade receivables - Group

	Group	
	ZAR 2019	**ZAR 2018**
Opening balance	**2,126,860**	4,382,216
Provision for impairment	**1,263,772**	(2,255,356)
Closing balance	**3,389,632**	2,126,860

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Currencies

The carrying amount of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2019	2018	**2019**	2018
ZAR	**267,092,355**	234,614,788	**71,177**	2,685
Balance at end of year	**267,092,355**	234,614,788	**71,177**	2,685

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group and Company does not hold any collateral as security.

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	Group 2019	2018	Company 2019	2018

10. Income tax

The movement in the asset (liability) during the year was as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Balance at beginning of year				
- Current tax	**1,728,691**	329,002	**(65,602)**	2,551
- Deferred tax	**953,466**	1,093,560	**-**	-
Charge to profit/(loss)	**(15,339,295)**	(15,642,143)	**(55,550)**	(67,713)
Tax paid	**20,742,348**	16,901,738	**109,567**	(440)
	8,085,210	2,682,157	**(11,585)**	(65,602)
Balance at end of year				
- Current tax	**5,137,158**	1,728,691	**(11,585)**	(65,602)
- Deferred tax	**2,948,052**	953,466	**-**	-
	8,085,210	2,682,157	**(11,585)**	(65,602)

Income statement expense

	Group 2019	Group 2018	Company 2019	Company 2018
South African normal tax				
- current tax	**17,167,692**	15,528,068	**55,550**	67,713
- deferred income tax	**(1,828,397)**	114,075	**-**	-
	15,339,295	15,642,143	**55,550**	70,804

2019 profits of approximately R 22,551,250 has dividend income of R 22,428,491 which is exempt from taxation (2018: R16,585,626 had dividend income of R16,539,707).

Tax rate reconciliation

	Group 2019	Group 2018	Company 2019	Company 2018
Net profit (loss)	**50,094,481**	52,360,873	**22,606,800**	16,653,339
Non-taxable / (non-deductible) expenses	**(826,100)**	(73,569)	**20,083**	128,200
Non-taxable expenses / (income)	**5,623,801**	3,577,492	**(22,428,491)**	(16,539,707)
Taxable profits	**54,892,182**	55,864,796	**198,392**	241,832
Taxation at 28% (2018: 28%)	**15,339,295**	15,642,143	**55,550**	67,713

Deferred tax asset

The balance comprises temporary differences attributable to:

	Group 2019	Group 2018	Company 2019	Company 2018
Deferred income	**171,455**	37,831	**-**	-
Allowance for doubtful debts - Trade receivable	**711,823**	595,521	**-**	-
Allowance for unutilised leaves	**1,126,058**	-	**-**	-
Other provisions	**938,716**	320,114	**-**	-
	2,948,052	953,466		

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For the year ended 31 March 2019

11. Other current assets

Employee advances	**360,533**	37,677	**-**	-
Deposits	**728,129**	31,518	**-**	-
Balance at end of year	**1,088,662**	69,195	**-**	-

12. Share capital

Authorised and issued shares				
1000 ordinary no par value shares	**1,000,000**	1,000,000	**1,000,000**	1,000,000

13. Share based payment liability

Clusten 16 Proprietary Limited	**32,353,679**	28,095,712	**32,353,679**	28,095,712
Balance at beginning of year	**28,095,712**	24,892,735	**28,095,712**	24,892,735
Fair value adjustment	**4,257,967**	3,202,977	**4,257,967**	3,202,977
Balance at end of year	**32,353,679**	28,095,712	**32,353,679**	28,095,712

The group entered a share subscription agreement between Zensar (Africa) Holdings Proprietary Limited (Zensar), Clusten 16 Proprietary Limited (SPE) and Zensar (South Africa) Proprietary Limited (the Company) on 18 of October 2013, wherein SPE subscribed for 49,001 ordinary shares and 201,000 "A" class shares in the issued share capital of the Company ("Subscription Shares"), which represents a 25% plus one share holding in the Company. The agreement assigned a total value of R35,750,000 to the subscription shares in terms of an independent valuation of the Company. SPE paid R7,000,000 in cash and the balance of R28,750,000 will be funded via a notional loan structure, which will accrue interest at a rate 9% per annum and will be reduced by dividends paid by the Company.

The agreement grants Zensar a call option on the subscription shares, which can be exercised on the expiry of the lock in period of 7 years. In addition, SPE shall have the right to put its subscription shares to Zensar subject to the lock in period, which gives rise to the recognition of a cash settled share based payment liability.

In accordance with IFRS 2 all cash settled shared based payment transactions be measured at fair value at grant date and be recognised as an expense in the income statement in the entity that receives the benefit. Equity instruments include shares and share options. The value of the IFRS 2 charge is equal to the difference between the fair values of the equity instruments issued by the Company to SPE, less the fair value of the consideration (the subscription price) received by the Company. Subsequent to that the liability is fair valued at each reporting date and the expense in recognised in the consolidated Statement of Comprehensive income.

The Black-Scholes model was used to determine the IFRS 2 charge for the transaction and the following were the key inputs to the valuation:

Valuation assumptions
The inputs into the option pricing models are as follows:
· Term of the options
· Current / spot price
· Exercise / strike price

13. Share based payment liability (continued)

· Risk-free rate
· Volatility
· Dividend yield

Strike price
The strike price at the expiry date will be influenced both by the interest accruing on the outstanding debt and by dividends received by the subscription shares. This is done on the basis of forecasts made by management regarding the interest and dividends over the term of agreement strike price of R 21,628,347 as at 31 March 2019 (R 27,374,000 as at 31 March 2018).

Spot price
The spot price is represented by the current value of the 25% plus one share interest in Zensar South Africa of R 51,643,000 (2018: R 55,925,000)

Option term
The period for the final redemption of the notional funding is seven years after the date of implementation.

Risk-free rate
The zero-coupon swap rate curve as at 31 August 2013 was used to determine a risk-free rate of 17.1%.

Expected volatility
Expected volatility was determined as 30% as Zensar (South Africa) is a private company and according to the sector to which Zensar (South Africa) is exposed.

The dividend yield
A dividend yield of 0.0% was applied for the option valuation. The company recognised total expenses of R 12,040,000 related to equity-settled share-based payment transactions in 2013/14.

	Group		Company	
	2019	2018	**2019**	2018
	ZAR	ZAR	**ZAR**	ZAR
14. Trade and other payables				
Trade payables				
- Third parties	**4,431,555**	3,455,419	**4,742**	64,217
- Payroll liabilities	**7,858,354**	1,780,915	**-**	-
- Deferred Income	**612,339**	135,112	**-**	-
- Audit fees	**611,393**	710,000	**11,393**	180,000
- Holding company	**207,150,864**	199,118,176	**168,942**	-
	220,664,505	205,199,622	**185,077**	244,217

The amount owing to the holding company is unsecured, interest-free and repayable on demand. At the reporting date, the carrying amounts of trade and other payables approximate their fair values and are denominated in South African Rand.

15. Revenue

Software consultancy services	**609,648,335**	500,265,143	**-**	-

16. Expenses by nature

Audit fees	**916,690**	390,000	**-**	120,000
Purchases of licenses for software applications	**1,979,014**	1,966,008	**-**	-
Lease rentals	**1,376,677**	993,760	**-**	-
Procurement charges	**332,555,096**	383,189,557	**-**	-
Employee benefit expenses	**183,516,977**	26,437,343	**-**	-
Subcontractor charges	**25,147,374**	12,914,186	**-**	-
Corporate overhead expense	**6,990,879**	20,244,355	**-**	-
Insurance	**104,615**	13,065	**-**	-
Legal and professional expenses	**2,265,031**	916,974	**8,429**	13,569
Share based payment expense	**4,257,967**	3,202,977	**-**	-
Provision for doubtful debts	**1,263,772**	(2,255,356)	**-**	-
Bad Debts		766,172	**-**	-
BEE expenses	**2,176,018**	2,638,334	**-**	-
Other expenses	**3,100,304**	1,689,825	**-**	5,065
	565,650,414	453,107,200	**8,429**	138,634

17. Other income

Other income	**1,956,352**	-	**16,875**	-
Bank interest	**4,164,919**	5,209,183	**186,738**	252,266
	6,121,271	5,209,183	**203,613**	252,266

18. Related parties

Parties where control exists
Holding corporation
Zensar Technologies Limited, incorporated in India

Key management personnel
Mr. Sandeep Kishore
Mr. Ajit Tekchand Vaswani
Mr. Harish Lala

Related party transactions

The following transactions took place between the group and related parties at terms agreed by the parties concerned:

	Group		Company	
	2019	2018	**2019**	2018
	ZAR	ZAR	**ZAR**	ZAR
Expenses recharged by holding corporation				
Corporate overhead expense	**6,990,879**	20,244,355	**-**	-
Procurement charges	**332,555,096**	383,189,557	**-**	-
Expenses recharged			**-**	-
	339,545,975	403,433,912	**-**	-

Directors' emoluments

No emoluments were paid to the directors or prescribed officers during the year under review by the company. The following represents remuneration received by other companies within the group relating to the services rendered to Zensar (South Africa) Proprietary Limited

	2019	2018
	ZAR	ZAR
Directors emoluments		
Harish Lala	**2,784,604**	2,223,804
Sandeep Kishore	**24,564,092**	19,303,112
Ajit Tekchand Vaswani	**220,380**	326,900
	27,569,076	21,853,816

Related party balances

	Group		Company	
	2019	2018	**2019**	2018
	ZAR	ZAR	**ZAR**	ZAR
Included in trade and other payables				
Zensar Technologies Limited	**124,295,709**	126,017,462	**-**	-

19. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The ability of the company to continue as a going concern is dependent on a number of factors.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

20. Events after the reporting period

The directors' are not aware of any other material event which occurred after the reporting date and up to the date of this report that would have a material impact on these annual financial statements.