

**RSL ENTERPRISE SOLUTIONS (PTY) LTD**  
*(Registration number 2002/025014/07)*  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	IT Industry
<b>Directors</b>	P. R. R. Venketrama Raja R. Ravikula Chandran
<b>Registered office</b>	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
<b>Business address</b>	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
<b>Postal address</b>	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
<b>Holding company</b>	Ramco Systems Limited incorporated in India
<b>Bankers</b>	Standard Bank Limited
<b>Auditors</b>	Accensis Incorporated Registered Auditors Chartered Accountants (SA)
<b>Company registration number</b>	2002/025014/07
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Preparer</b>	The annual financial statements were internally compiled by: Vijayaraghavan Srinivasan Finance Manager
<b>Issued</b>	22 April 2021

# RSL Enterprise Solutions (Pty) Ltd

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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## Independent Auditor's Report

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### To the shareholder of RSL Enterprise Solutions (Pty) Ltd

#### Opinion

We have audited the annual financial statements of RSL Enterprise Solutions (Pty) Ltd set out on pages 7 to 19, which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of RSL Enterprise Solutions (Pty) Ltd as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Detailed Income Statement as required by the Companies Act of South Africa, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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**Accensis Incorporated**  
**Registered Auditors**  
**Chartered Accountants (SA)**  
**Per: S. Naidoo**  
**Director**

**22 April 2021**  
**Durban**

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of RSL Enterprise Solutions (Pty) Ltd for the year ended 31 March 2021.

### 1. Nature of business

RSL Enterprise Solutions (Pty) Ltd was incorporated in South Africa with interests in the IT industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Dividends

The board of directors do not recommend the declaration of a dividend for the year.

### 5. Directors

The directors in office at the date of this report are as follows:

Name	Nationality
P. R. R. Venketrama Raja	Indian
R. Ravikula Chandran	Indian

There have been no changes to the directorate for the period under review.

### 6. Holding company

The company's holding company is Ramco Systems Limited which holds 100% (2020: 100%) of the company's equity. Ramco Systems Limited is incorporated in India.

### 7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

# **RSL Enterprise Solutions (Pty) Ltd**

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## **Directors' Report**

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### **8. Going concern**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. 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 company.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2022 and in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

### **COVID -19**

The directors have considered the impact of the COVID-19 pandemic on the company and have concluded that the going concern assumption is appropriate.

### **9. Auditors**

Accensis Incorporated will continue in office in 2022 in accordance with Section 90 of the Companies Act of South Africa.

### **10. Liquidity and Solvency**

The directors have performed the liquidity and solvency tests as required by the Companies Act of South Africa.

### **11. Approval of annual financial statements**

The annual financial statements set out on pages 7 to 19, which have been prepared on the going concern basis, were approved by the board of directors on 22 April 2021 and were signed on its behalf by:

  
P. R. R. Venketrama Raja  
Director

  
R. Ravikula Chandran  
Director

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## Statement of Financial Position as at 31 March 2021

Figures in Rand	Notes	2021	2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	27,534	192,145
Investment	3	600	600
		<b>28,134</b>	<b>192,745</b>
<b>Current Assets</b>			
Work in progress	4	-	6,206,554
Trade and other receivables	5	5,020,843	1,729,466
Cash and cash equivalents	6	5,963,728	3,255,638
		<b>10,984,571</b>	<b>11,191,658</b>
<b>Total Assets</b>		<b>11,012,705</b>	<b>11,384,403</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	7	19,350,100	19,350,100
Accumulated loss		(11,102,976)	(11,776,723)
		<b>8,247,124</b>	<b>7,573,377</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Finance lease liabilities	8	-	32,008
<b>Current Liabilities</b>			
Trade and other payables	9	2,733,294	3,603,497
Finance lease liabilities	8	32,287	175,521
		<b>2,765,581</b>	<b>3,779,018</b>
<b>Total Liabilities</b>		<b>2,765,581</b>	<b>3,811,026</b>
<b>Total Equity and Liabilities</b>		<b>11,012,705</b>	<b>11,384,403</b>



## RSL Enterprise Solutions (Pty) Ltd

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### Statement of Comprehensive Income

Figures in Rand	Note	2021	2020
Revenue		24,678,786	27,678,374
Cost of sales		(5,953,697)	(5,240,641)
<b>Gross profit</b>		<b>18,725,089</b>	<b>22,437,733</b>
Other income		13,377	-
Operating expenses		(18,054,425)	(22,296,267)
<b>Operating profit</b>	10	<b>684,041</b>	<b>141,466</b>
Finance costs		(10,294)	(119,832)
<b>Profit for the year</b>		<b>673,747</b>	<b>21,634</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>673,747</b>	<b>21,634</b>

## RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2021

### Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
<b>Balance at 01 April 2019</b>	<b>19,350,100</b>	<b>(11,798,357)</b>	<b>7,551,743</b>
Profit for the year	-	21,634	21,634
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>21,634</b>	<b>21,634</b>
<b>Balance at 01 April 2020</b>	<b>19,350,100</b>	<b>(11,776,723)</b>	<b>7,573,377</b>
Profit for the year	-	673,747	673,747
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>673,747</b>	<b>673,747</b>
<b>Balance at 31 March 2021</b>	<b>19,350,100</b>	<b>(11,102,976)</b>	<b>8,247,124</b>
Note	7		

# RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2021

## Statement of Cash Flows

Figures in Rand	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	2,852,210	4,360,860
Finance costs		(10,294)	(119,832)
Tax paid		-	(105,029)
<b>Net cash inflow from operating activities</b>		<b>2,841,916</b>	<b>4,135,999</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(340,928)
Net movement in related party loans		-	(2,366,657)
<b>Net cash outflow from investing activities</b>		<b>-</b>	<b>(2,707,585)</b>
<b>Cash flows from financing activities</b>			
(Decrease) / increase in finance lease liability		(133,826)	207,529
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(133,826)</b>	<b>207,529</b>
<b>Total cash movement for the year</b>		<b>2,708,090</b>	<b>1,635,943</b>
Cash and cash equivalents at the beginning of the year		3,255,638	1,619,695
<b>Total cash and cash equivalents at end of the year</b>	6	<b>5,963,728</b>	<b>3,255,638</b>

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## Accounting Policies

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### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual 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 Reporting entity

RSL Enterprise Solutions (Pty) Ltd 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.

#### Statement of compliance

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

##### (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 estimates are revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (b) Functional currency

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

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## Accounting Policies

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Depreciation rate
Buildings	Straight line	44.44%
Furniture and fixtures	Straight line	10.67%
Office equipment	Straight line	16.67%
IT equipment	Straight line	33.33%

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When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.3 Investments in joint ventures

#### Jointly controlled entities

Investments in joint ventures is measured at historical cost less accumulated impairment losses.

### 1.4 Financial instruments

#### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest rate method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

### 1.5 Tax

#### Current 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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

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.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits 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.

#### Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

### 1.7 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 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.

### 1.8 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

# RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2021

## Accounting Policies

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### 1.8 Impairment of assets (continued)

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.9 Share capital and equity

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.

### 1.10 Employee benefits

#### Short-term employee benefits

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

The accrual for employee entitlement 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.

### 1.11 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 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

# **RSL Enterprise Solutions (Pty) Ltd**

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Annual Financial Statements for the year ended 31 March 2021

## **Accounting Policies**

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### **1.13 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:

#### **(a) 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.

#### **(b) 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.

#### **(c) License fees**

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

### **1.14 Foreign exchange**

#### **Foreign currency transactions**

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 statements of financial position date. Gains and losses arising on transactions are credited to or charged against income.



# RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 2. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	247,808	(220,274)	27,534	340,929	(151,523)	189,406
Furniture and fixtures	66,885	(66,885)	-	66,885	(66,885)	-
Office equipment	79,315	(79,315)	-	79,315	(79,315)	-
IT equipment	286,701	(286,701)	-	286,701	(283,962)	2,739
<b>Total</b>	<b>680,709</b>	<b>(653,175)</b>	<b>27,534</b>	<b>773,830</b>	<b>(581,685)</b>	<b>192,145</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Other movements	Depreciation	Closing balance
Buildings	189,406	(41,416)	(120,456)	27,534
IT equipment	2,739	-	(2,739)	-
	<b>192,145</b>	<b>(41,416)</b>	<b>(123,195)</b>	<b>27,534</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Buildings	-	340,928	(151,522)	189,406
IT equipment	6,956	-	(4,217)	2,739
	<b>6,956</b>	<b>340,928</b>	<b>(155,739)</b>	<b>192,145</b>

### 3. Investment

Name of company	Carrying amount 2021	Carrying amount 2020
CityWorks (Pty) Ltd	600	600

The company has a 30% interest in a joint venture named CityWorks (Pty) Ltd, the principal activity of which is software and systems development.

### 4. Work in progress

Work in progress	-	12,414,257
	-	12,414,257
Allowance for impairment loss	-	(6,207,703)
	-	<b>6,206,554</b>

The work in progress balance was written-off in full in the current period due to the non-recoverability of the balance outstanding from prior years.

# RSL Enterprise Solutions (Pty) Ltd

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## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>5. Trade and other receivables</b>		
Trade receivables	5,093,076	1,648,504
Provision for bad debt	(152,792)	(47,000)
Prepayments	65,212	84,212
Staff loans	15,347	43,750
	<b>5,020,843</b>	<b>1,729,466</b>
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	5,963,728	3,255,638
<b>7. Share capital</b>		
<b>Authorised</b>		
20 000 000 Ordinary shares at R1 each	20,000,000	20,000,000
<b>Issued</b>		
19 350 100 Ordinary shares at R1 each	19,350,100	19,350,100
<b>8. Finance lease liabilities</b>		
<b>Minimum lease payments which fall due</b>		
- within one year	32,287	175,521
- in second to fifth year inclusive	-	32,008
<b>Present value of minimum lease payments</b>	<b>32,287</b>	<b>207,529</b>
Non-current liabilities	-	32,008
Current liabilities	32,287	175,521
	<b>32,287</b>	<b>207,529</b>
<b>9. Trade and other payables</b>		
Trade payables	379,794	619,886
VAT	492,213	344,363
Accrued expense	1,734,957	2,496,089
Other payables	126,330	143,159
	<b>2,733,294</b>	<b>3,603,497</b>

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## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>10. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	178,310	480,633
Depreciation on property, plant and equipment	123,195	155,739
Employee costs	7,128,765	7,885,535
Commission paid	3,350,504	4,696,358
Consultancy fees	94,450	93,991
<b>11. Taxation</b>		
No provision has been made for 2021 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 13 969 527 (2020: R 22 534 120).		
<b>12. Deferred tax</b>		
<b>Reconciliation of deferred tax asset</b>		
<b>Recognised in profit or loss:</b>		
Prior period unrecognised deferred tax	4,432,866	4,464,740
Movement in tax loss available for set off against future taxable income	(2,398,086)	(1,929,757)
Movement in temporary differences on property, plant and equipment	19,250	-
Movement in temporary differences on work in progress	3,475,992	554,592
Movement in temporary differences on provisions and accruals	(1,285,392)	1,343,291
	<b>4,244,630</b>	<b>4,432,866</b>
<b>Other:</b>		
Unrecognised deferred tax	(4,244,630)	(4,432,866)
<b>At the end of the year</b>	<b>-</b>	<b>-</b>
The company has an estimated assessed loss of R13 969 527 (2020: R22 534 120) available for offset against future taxable income. A deferred taxation asset in respect of unutilised taxation losses and other temporary differences has not been recognised as it is not probable that future profits will be available against which it can be utilised.		
<b>13. Cash generated from operations</b>		
Profit before taxation	673,747	21,634
<b>Adjustments for:</b>		
Depreciation and amortisation	123,195	155,739
Finance costs	10,294	119,832
<b>Changes in working capital:</b>		
Work in progress	6,206,554	8,188,389
Trade and other receivables	(3,291,377)	80,637
Trade and other payables	(870,203)	(4,205,371)
	<b>2,852,210</b>	<b>4,360,860</b>

# RSL Enterprise Solutions (Pty) Ltd

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## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>14. Related parties</b>		
<b>Relationships</b>		
Holding company	Ramco Systems Limited - India	
Joint venture	CityWorks (Pty) Ltd	
<b>Related party balances</b>		
<b>Amounts included in Trade receivable / (Trade Payable) regarding related parties</b>		
Ramco Systems Limited - India	(379,800)	(619,890)
CityWorks (Pty) Ltd	4,311,076	1,648,504
<b>Amounts included in accrued expenses (accrued income) regarding related parties</b>		
Ramco Systems Limited - India	443,453	520,721
<b>Related party transactions</b>		
<b>Interest paid to related parties</b>		
Ramco Systems Limited - India	-	92,201
<b>Purchases from related parties</b>		
Ramco Systems Limited - India	5,953,697	5,240,641
<b>Expenses charged to RSL Enterprise Solutions (Pty) Ltd by the holding company</b>		
Ramco Systems Limited - India	60,174	1,567,394

# RSL Enterprise Solutions (Pty) Ltd

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## Detailed Income Statement

Figures in Rand	Notes	2021	2020
<b>Revenue</b>			
Rendering of services		24,539,976	27,517,343
Rent Income		138,810	161,031
		<b>24,678,786</b>	<b>27,678,374</b>
<b>Cost of sales</b>			
Purchases		(5,953,697)	(5,240,641)
<b>Gross profit</b>		<b>18,725,089</b>	<b>22,437,733</b>
<b>Other income</b>			
Discount received		8,067	-
Other income		5,310	-
		<b>13,377</b>	<b>-</b>
<b>Expenses (Refer to page 21)</b>		<b>(18,054,425)</b>	<b>(22,296,267)</b>
<b>Operating profit</b>	10	<b>684,041</b>	<b>141,466</b>
Finance costs		(10,294)	(119,832)
<b>Profit for the year</b>		<b>673,747</b>	<b>21,634</b>

# RSL Enterprise Solutions (Pty) Ltd

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## Detailed Income Statement

Figures in Rand	Notes	2021	2020
<b>Operating expenses</b>			
Advertising		(54,854)	(72,320)
Auditors remuneration		(85,000)	(95,980)
Bank charges		(22,989)	(30,969)
Commission paid		(3,350,504)	(4,696,358)
Consulting and professional fees		(94,450)	(93,991)
Depreciation		(123,195)	(155,739)
Employee costs		(7,128,765)	(7,885,535)
Guest house services		(3,129)	(116,655)
Hosting charges		(1,172)	-
Insurance		(63,264)	(71,122)
Lease rentals on operating lease		(178,310)	(480,633)
Municipal expenses		(48,458)	(121,470)
Other expenses		(54,615)	(27,073)
Postage		-	(2,508)
Printing and stationery		(1,998)	(7,326)
Provision for doubtful debts		(105,792)	(47,000)
Provision for unbilled revenue		-	(6,207,703)
Security		(9,181)	(8,945)
Staff welfare		(25,436)	(156,582)
Telephone and fax		(275,624)	(323,732)
Tender costs		(2,000)	(1,000)
Transport and freight		(52,897)	(285,065)
Travel - local		(2,400)	(151,699)
Travel - overseas		(239,213)	(1,256,862)
Write-off of unbilled revenue	4	(6,131,179)	-
		<b>(18,054,425)</b>	<b>(22,296,267)</b>