

RSL ENTERPRISE SOLUTIONS (PTY) LTD
(Registration number 2002/025014/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	IT Industry
Directors	P. R. R. Venketrama Raja R. Ravikula Chandran
Business address	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
Postal address	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
Holding company	Ramco Systems Limited incorporated in India
Bankers	Standard Bank (S.A) Limited
Auditors	Accensis Incorporated Registered Auditors Chartered Accountants (SA)
Company registration number	2002/025014/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were internally compiled by: Vijayaraghavan Srinivasan Finance Manager
Issued	29 April 2022

RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2022

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Independent Auditor's Report

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 8 to 19, which comprise the statement of financial position as at 31 March 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 2022, and its financial performance and cash flows for the year then ended in accordance with the 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate 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 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and We do not provide a separate opinion on these matters.

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 the 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.

Independent Auditor's Report

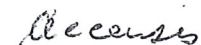
Auditor's Responsibilities for the Audit of the Annual Financial Statements

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.



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

29 April 2022
Durban

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2022

Directors' Report

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 2022.

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 was a share buy-back wherein the company bought back 9,675,050 shares at R1 each for a total sum of R9,675,050 from the current and only shareholder, Ramco Systems Limited, India.

The company had performed the requirements of liquidity and solvency tests as per by the Companies Act of South Africa and the results were satisfactory.

The buy-back of shares had resulted in a reduction of R9,675,050 of the Contributed Tax Capital as defined by section 1 of the Income Tax Act, No 58 of 1962 of South Africa.

Refer to note 7 of the annual financial statements for detail of the movement in authorised and issued share capital.

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:

Names:	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% (2021: 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.

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Annual Financial Statements for the year ended 31 March 2022

Directors' Report

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 2023 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.

CIVIL - UNREST

In July 2021, the province of KwaZulu-Natal and parts of Gauteng in South Africa experienced civil unrest, which escalated into widespread looting and destruction of property. Fortunately, this did not have a direct impact on the company.

9. Auditors

Accensis Incorporated are the current auditors and were appointed in accordance with section 90 of the Companies Act of South Africa. Accensis Incorporated will continue in office as auditors for the company for 2023.

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Annual Financial Statements for the year ended 31 March 2022

Directors' Report

10. Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2023 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.

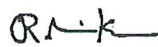
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 - 4.

11. Approval of annual financial statements

The annual financial statements set out on pages 8 to 20, which have been prepared on the going concern basis, were approved by the board of directors on 29 April 2022 and were signed on its behalf by:



P. R. R. Venketrama Raja
Director



R. Ravikula Chandran
Director

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Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Notes	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	88,022	27,534
Investment	3	600	600
		88,622	28,134
Current Assets			
Work in progress	4	935,028	-
Trade and other receivables	6	4,341,790	5,020,843
Cash and cash equivalents	5	1,147,390	5,963,728
		6,424,208	10,984,571
Total Assets		6,512,830	11,012,705
Equity and Liabilities			
Equity			
Share capital	7	9,675,050	19,350,100
Accumulated loss		(6,832,241)	(11,102,976)
		2,842,809	8,247,124
Liabilities			
Current Liabilities			
Trade and other payables	8	3,662,595	2,733,294
Finance lease liabilities	9	-	32,287
Withholding tax payable		7,426	-
		3,670,021	2,765,581
Total Equity and Liabilities		6,512,830	11,012,705

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Annual Financial Statements for the year ended 31 March 2022

Statement of Comprehensive Income

Figures in Rand	Note	2022	2021
Revenue		28,216,209	24,678,786
Cost of sales		(8,179,848)	(5,953,697)
Gross profit		20,036,361	18,725,089
Other income		365,950	13,377
Operating expenses		(16,131,301)	(18,054,425)
Operating profit	10	4,271,010	684,041
Finance costs		(275)	(10,294)
Profit for the year		4,270,735	673,747
Other comprehensive income		-	-
Total comprehensive income for the year		4,270,735	673,747

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Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 April 2020	19,350,100	(11,776,723)	7,573,377
Profit for the year	-	673,747	673,747
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	673,747	673,747
Balance at 01 April 2021	19,350,100	(11,102,976)	8,247,124
Profit for the year	-	4,270,735	4,270,735
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	4,270,735	4,270,735
Share buy-back	(9,675,050)	-	(9,675,050)
Total changes	(9,675,050)	-	(9,675,050)
Balance at 31 March 2022	9,675,050	(6,832,241)	2,842,809

Note

7

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in Rand	Notes	2022	2021
Cash flows from operating activities			
Cash generated from operations	12	4,996,046	2,852,210
Tax received		7,426	-
Finance costs		(275)	(10,294)
Net cash inflow from operating activities		5,003,197	2,841,916
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(112,196)	-
Net cash outflow from investing activities		(112,196)	-
Cash flows from financing activities			
Purchase of shares from share buy back	7	(9,675,050)	-
Decrease in finance lease payments		(32,289)	(133,826)
Net cash outflow from financing activities		(9,707,339)	(133,826)
Total cash movement for the year		(4,816,338)	2,708,090
Cash and cash equivalents at the beginning of the year		5,963,728	3,255,638
Total cash and cash equivalents at end of the year	5	1,147,390	5,963,728

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

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 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.

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:

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

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.

1.2 Investments in joint ventures

Jointly controlled entities

Investments in jointly controlled entities are measured at cost less accumulated impairment losses.

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.3 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 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.

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.

1.4 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 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.

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.

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

1.6 Work in progress

Work in progress are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.7 Impairment of assets

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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

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Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.12 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

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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.

1.15 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.

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

2. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	-	-	-	247,808	(220,274)	27,534
Furniture and fixtures	66,885	(66,885)	-	66,885	(66,885)	-
Office equipment	79,315	(79,315)	-	79,315	(79,315)	-
IT equipment	398,897	(310,875)	88,022	286,701	(286,701)	-
Total	545,097	(457,075)	88,022	680,709	(653,175)	27,534

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
Buildings	27,534	-	(27,534)	-
IT equipment	-	112,196	(24,174)	88,022
	27,534	112,196	(51,708)	88,022

Reconciliation of property, plant and equipment - 2021

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

Net carrying amounts of leased assets

Buildings	-	27,534
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3. Investment

Name of company	Carrying amount 2022	Carrying amount 2021
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	964,625	-
	964,625	-
Provision for unbilled revenue	(29,597)	-
	935,028	-

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1,147,390	5,963,728
6. Trade and other receivables		
Trade receivables	4,361,249	5,093,076
Medical aid insurance premiums	38,889	-
Prepayments	65,212	65,212
Provision for bad debt	(130,837)	(152,792)
Staff loans	7,277	15,347
	4,341,790	5,020,843
7. Share capital		
Authorised		
20 000 000 Ordinary shares at R1 each	20,000,000	20,000,000
Issued		
Ordinary	9,675,050	19,350,100
The company bought back 9 675 050 shares at R1 each from the shareholder Ramco Systems Limited , India.		
The company had performed the requirements of liquidity and solvency tests as per by the Companies Act of South Africa and the results were satisfactory.		
The buy-back of shares had resulted in a reduction of R9,675,050 of the Contributed Tax Capital as defined by section 1 of the Income Tax Act, No 58 of 1962 of South Africa.		
8. Trade and other payables		
Trade payables	538,051	379,794
Value Added Tax	440,079	492,213
Accrued expense	2,487,878	1,734,957
Other payables	196,587	126,330
	3,662,595	2,733,294
9. Finance lease liabilities		
Minimum lease payments which fall due		
- within one year	-	32,287
10. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	122,198	178,310

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
10. Operating profit (continued)		
Depreciation on property, plant and equipment	51,708	123,195
Employee costs	9,256,995	7,128,765
Consultancy fees	391,193	94,450
Commission	4,557,276	3,350,504
11. Taxation		
Reconciliation of deferred tax asset		
Recognised in profit or loss		
Prior period unrecognised deferred tax	4,244,630	4,432,866
Movement in tax loss available set off against future taxable income	(921,436)	(2,398,086)
Movement in temporary differences on property, plant and equipment	(60,145)	19,250
Movement in temporary differences on work in progress	(261,808)	3,475,992
Movement in temporary differences on provisions and accruals	47,557	(1,285,392)
	3,048,798	4,244,630
Other		
Unrecognised deferred tax	(3,048,798)	(4,244,630)
At the end of the year	-	-

The company has an estimated assessed loss of R10 678 683 (2021: R13 969 527) 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 in the current year as this was the first year a profit was made.

Another year is required to assess the company's profitability.

12. Cash generated from operations

Profit before taxation	4,270,735	673,747
Adjustments for:		
Depreciation	51,708	123,195
Finance costs	275	10,294
Changes in working capital:		
Work in progress	(935,028)	6,206,554
Trade and other receivables	604,538	(3,291,377)
Trade and other payables	1,003,818	(870,203)
	4,996,046	2,852,210

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
13. Related parties		
Relationships		
Holding company	Ramco Systems Limited - India	
Joint venture	CityWorks (Pty) Ltd	
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party balances		
Amounts included in Trade receivable / (Trade Payable) regarding related parties		
Ramco Systems Limited - India	(538,057)	(379,800)
CityWorks (Pty) Ltd	3,271,049	4,311,076
Amounts included in accrued expenses (accrued income) regarding related parties		
Ramco Systems Limited - India	446,969	443,543
Purchases from related parties		
Ramco Systems Limited - India	8,380,340	5,953,697
Expenses charged to RSL Enterprise Solutions (Pty) Ltd by the holding company		
Ramco Systems Limited - India	74,209	60,174

14. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

COVID-19

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

CIVIL - UNREST

In July 2021, the province of KwaZulu-Natal and parts of Gauteng in South Africa experienced civil unrest, which escalated into widespread looting and destruction of property. Fortunately, this did not have a direct impact on the company.

15. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

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Annual Financial Statements for the year ended 31 March 2022

Detailed Income Statement

Figures in Rand	Note	2022	2021
Revenue			
Rendering of services		28,183,645	24,539,976
Rent Income		32,564	138,810
		28,216,209	24,678,786
Cost of sales			
Purchases		(8,179,848)	(5,953,697)
		20,036,361	18,725,089
Gross profit			
Other income			
Discount received		2,686	8,067
Movement of provision for doubtful debts		21,955	-
Other income		341,309	5,310
		365,950	13,377
Operating expenses			
Advertising		-	(54,854)
Auditors remuneration		(70,000)	(85,000)
Bad debts		-	(6,131,179)
Bank charges		(54,309)	(22,989)
Commission paid		(4,557,276)	(3,350,504)
Consulting and professional fees		(391,193)	(94,450)
Depreciation		(51,708)	(123,195)
Employee costs		(9,256,995)	(7,128,765)
Guest house services		(8,100)	(3,129)
Hosting charges		-	(1,172)
Insurance		(46,707)	(63,264)
Lease rentals on operating lease		(122,198)	(178,310)
Municipal expenses		(98,688)	(48,458)
Other expenses		(293,517)	(54,615)
Postage		(1,950)	-
Printing and stationery		(15,019)	(1,998)
Provision for doubtful debts		-	(105,792)
Provision for doubtful unbilled expenses		(29,597)	-
Provision for hosting charges		(7,482)	-
Royalty payments		(200,492)	-
Security		(14,681)	(9,181)
Staff welfare		(142,173)	(25,436)
Telephone and fax		(274,047)	(275,624)
Tender costs		-	(2,000)
Transport and freight		(70,110)	(52,897)
Travel - local		(42,246)	(2,400)
Travel - overseas		(382,813)	(239,213)
		(16,131,301)	(18,054,425)
Operating profit	10	4,271,010	684,041
Finance costs		(275)	(10,294)
Profit for the year		4,270,735	673,747