

RSL ENTERPRISE SOLUTIONS (PTY) LTD
(Registration number 2002/025014/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2019

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
Registered office	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
Business and postal address	Smartxchange Building 2nd Floor 5 Walnut Road Durban 4001
Holding company	Ramco Systems Limited incorporated in India
Banker	Standard Bank Limited
Auditor	Accensis Incorporated Chartered Accountants (SA) Registered Auditors
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	24 April 2019

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2019

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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 7 to 18, which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and 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 2019, 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.

Independent Auditor's Report

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.

Accensis Inc

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

24 April 2019
Durban

RSL Enterprise Solutions (Pty) Ltd

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Directors' Report

The directors submit their report for the year ended 31 March 2019.

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

No dividends were declared or paid to the shareholder during the year under review.

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% (2018 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 2019

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 2020 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.

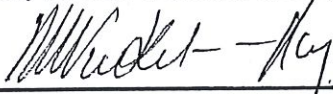
9. Auditors

Accensis Incorporated will continue in office in 2020 in accordance with Section 90 of the Companies Act of South Africa.

The annual financial statements for the year ended 31 March 2018 were audited by the previous auditors KPMG Inc.

10. 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 24 April 2019 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 2019

Statement of Financial Position as at 31 March 2019

Figures in Rand	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	6,956	35,255
Investment	3	600	600
		<u>7,556</u>	<u>35,855</u>
Current Assets			
Work in progress	4	14,394,943	25,398,266
Trade and other receivables	5	1,810,103	4,462,960
Cash and cash equivalents	6	1,619,695	946,245
		<u>17,824,741</u>	<u>30,807,471</u>
Total Assets		<u>17,832,297</u>	<u>30,843,326</u>
Equity and Liabilities			
Equity			
Share capital	7	19,350,100	19,350,100
Accumulated loss		(11,798,357)	(10,605,929)
		<u>7,551,743</u>	<u>8,744,171</u>
Liabilities			
Current Liabilities			
Trade and other payables	8	7,808,868	7,913,735
Related party loans	9	2,366,657	-
Intercompany payable	10	-	14,185,420
Current tax payable		105,029	-
		<u>10,280,554</u>	<u>22,099,155</u>
Total Equity and Liabilities		<u>17,832,297</u>	<u>30,843,326</u>

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Statement of Comprehensive Income

Figures in Rand	Notes	2019	2018
Revenue		18,449,271	30,184,471
Cost of sales		(3,944,319)	(10,280,674)
Gross profit		14,504,952	19,903,797
Operating expenses		(15,186,349)	(27,259,374)
Operating loss	11	(681,397)	(7,355,577)
Investment revenue		-	618
Finance costs		(511,031)	(1,194,774)
Loss before taxation		(1,192,428)	(8,549,733)
Taxation	12	-	(2,230,715)
Loss for the year		(1,192,428)	(10,780,448)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,192,428)	(10,780,448)

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Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 April 2017	100	174,519	174,619
Loss for the year	-	(10,780,448)	(10,780,448)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(10,780,448)	(10,780,448)
Issue of shares	19,350,000	-	19,350,000
Balance at 01 April 2018	19,350,100	(10,605,929)	8,744,171
Loss for the year	-	(1,192,428)	(1,192,428)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(1,192,428)	(1,192,428)
Balance at 31 March 2019	19,350,100	(11,798,357)	7,551,743

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Statement of Cash Flows

Figures in Rand	Notes	2019	2018
Cash flows from operating activities			
Cash generated from / (used in) operations	14	12,898,215	(2,862,145)
Interest income		-	618
Finance costs		(511,031)	(1,194,774)
Tax received		105,029	-
Net cash inflow / (outflow) from operating activities		12,492,213	(4,056,301)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(12,650)
Decrease in related party loans		2,366,657	-
Net cash inflow / (outflow) from investing activities		2,366,657	(12,650)
Cash flows from financing activities			
Net movement in intercompany payables		(14,185,420)	4,528,232
Net cash (outflow) / inflow from financing activities		(14,185,420)	4,528,232
Total cash movement for the year		673,450	459,281
Cash at the beginning of the year		946,245	486,964
Total cash at the end of the year	6	1,619,695	946,245

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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 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 annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for Small and Medium sized Entities and the requirements of the Companies Act 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 estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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.

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Accounting Policies

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:

Item	Depreciation method	Depreciation rate
Furniture and fixtures	Straight line	10.67%
Office equipment	Straight line	16.67%
IT equipment	Straight line	33.3%

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

Investment in joint venture 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.

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Accounting Policies

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 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.

1.7 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.

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.

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Accounting Policies

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 all short term employee benefits is recognised during the period in which the employee renders the related service.

The accrual for employee entitlements to wages, salaries and annual leave represent the amount which the Company has a present obligation to pay as a result of employees' services provided at the balance sheet date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement benefits

The Company does not contribute to any retirement benefit plan.

1.10 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.

1.11 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 Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains and losses arising on transactions are credited to or charged against income.

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Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
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	(279,745)	6,956	286,701	(251,446)	35,255
Total	432,901	(425,945)	6,956	432,901	(397,646)	35,255

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Closing balance
IT equipment	35,255	(28,299)	6,956

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	172	-	(172)	-
IT equipment	94,704	12,650	(72,099)	35,255
	94,876	12,650	(72,271)	35,255

3. Investment

CityWorks (Pty) Ltd - at cost	600	600
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The group 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	14,394,943	30,079,124
	14,394,943	30,079,124
Allowance for impairment loss	-	(4,680,858)
	14,394,943	25,398,266

5. Trade and other receivables

Trade receivables	1,561,705	4,144,443
Staff loans	149,203	18,664
Prepayments	99,195	65,845
VAT Receivable	-	234,008
	1,810,103	4,462,960

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	9,221	18,896
Bank balances	1,610,474	927,349
	<u>1,619,695</u>	<u>946,245</u>
7. Share capital		
Authorised		
20 000 000 Ordinary shares at R1 each	<u>20,000,000</u>	<u>20,000,000</u>
Issued		
19 350 100 Ordinary shares at R1 each	<u>19,350,100</u>	<u>19,350,100</u>
8. Trade and other payables		
Trade payables	3,757,054	756,383
VAT	96,171	-
Tax payable	-	701,730
Accrued expenses	3,822,597	6,455,622
Other payables	133,046	-
	<u>7,808,868</u>	<u>7,913,735</u>
9. Related party loans		
Holding company		
Ramco Systems Limited - India	2,366,657	-
The loan is unsecured, bears interest at the prime rate and has no specific terms of repayment.		
10. Intercompany payable		
Intercompany payable to Ramco Systems Limited - India	-	5,552,250
Loan from Ramco Systems Limited - India	-	8,091,752
Loan from Ramco Systems Limited - Switzerland	-	541,418
	<u>-</u>	<u>14,185,420</u>

The above intercompany payables have no specific repayment terms and does not bear interest.

RSL Enterprise Solutions (Pty) Ltd

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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11. Operating loss

Operating loss for the year is stated after accounting for the following:

Operating lease charges

Premises	577,985	966,724
• Contractual amounts	<u>577,985</u>	<u>966,724</u>
Depreciation on property, plant and equipment	28,299	72,271
Employee costs	6,251,132	5,309,037
Commission paid	4,091,946	7,966,131
Consultancy fees	105,662	73,600
	<u>10,955,684</u>	<u>13,761,365</u>

12. Taxation

Major components of the tax expense

Deferred taxation	-	2,230,715
South African deferred tax - current year	<u>-</u>	<u>2,230,715</u>

No provision has been made for 2019 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R29 426 111 (2018: R15 943 803).

13. Deferred tax

The major components of the deferred tax balance are as follows:

Reconciliation of deferred tax asset

At beginning of year	-	2,230,715
Recognised in profit or loss:		
Prior year unrecognised deferred tax asset	4,608,312	-
Increases in tax loss available for set off against future taxable income	3,440,683	1,688,648
Movement in temporary differences on work in progress	(2,530,921)	(254,576)
Movement in temporary differences on provisions	(1,053,334)	943,525
	<u>4,464,740</u>	<u>4,608,312</u>
Other:		
Unrecognised deferred tax asset	(4,464,740)	(4,608,312)
At end of year	<u>-</u>	<u>-</u>

The company has an estimated assessed loss of R29 426 111 (2018: R15 943 803) 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.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
14. Cash generated from / (used in) operations		
Loss before taxation	(1,192,428)	(8,549,733)
Adjustments for:		
Depreciation	28,299	72,271
Interest received	-	(618)
Finance costs	511,031	1,194,774
Changes in working capital:		
Work in progress	11,003,323	2,490,377
Trade and other receivables	2,652,857	810,661
Trade and other payables	(104,867)	1,120,123
	<u>12,898,215</u>	<u>(2,862,145)</u>
15. Related parties		
Relationships		
Holding company		Ramco Systems Limited - India
Fellow subsidiary		Ramco Systems Limited - Switzerland
Joint venture		CityWorks (Pty) Ltd
Related party balances		
Loan accounts - Owing to related parties		
Ramco Systems Limited - India	2,366,657	8,091,752
Ramco Systems Limited - Switzerland	-	541,418
Amounts included in Trade Receivables / (Trade Payables) regarding related parties		
Ramco Systems Limited - India	(3,522,801)	(5,552,250)
CityWorks (Pty) Ltd	1,561,705	4,144,443
Related party transactions		
Interest paid to related parties		
Ramco Systems Limited - India	496,518	1,148,620
Ramco Systems Limited - Switzerland	14,514	46,154
Purchases from related parties		
Ramco Systems Limited - India	3,944,319	10,280,674
Expenses charged to RSL Enterprise Solutions (Pty) Ltd by the holding company		
Ramco Systems Limited - India	2,974,578	4,809,619

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Annual Financial Statements for the year ended 31 March 2019

Detailed Income Statement

Figures in Rand	Notes	2019	2018
Revenue			
Rendering of services		18,449,271	30,184,471
Cost of sales			
Purchases		(3,944,319)	(10,280,674)
Gross profit		14,504,952	19,903,797
Other income			
Interest received		-	618
Operating expenses			
Accounting fees		-	(3,000)
Administration		-	(36,134)
Advertising		(12,900)	(20,064)
Auditors remuneration		(40,000)	(181,604)
Bad debts		-	(6,537,028)
Bank charges		(33,544)	(43,084)
Commission paid		(4,091,946)	(7,966,131)
Consultancy fees		(105,662)	(73,600)
Courier and postage		(18,478)	(9,025)
Depreciation		(28,299)	(72,271)
Employee costs		(6,251,132)	(5,309,037)
General expenses		(36,180)	-
Guest house services		(410,031)	(583,732)
Insurance		(68,363)	-
Lease rentals on operating lease		(577,985)	(966,724)
Printing and stationery		(34,047)	(58,713)
Security		(9,642)	-
Staff welfare		(201,850)	(266,407)
Sundry expenses		-	(26,470)
Telephone and fax		(416,613)	(888,033)
Tender costs		(2,000)	-
Training		(20,699)	(4,900)
Transport and freight		(404,819)	(623,230)
Travel - local		(163,270)	-
Travel - overseas		(2,258,889)	-
Travel and accommodation		-	(3,590,187)
		(15,186,349)	(27,259,374)
Operating loss	11	(681,397)	(7,354,959)
Finance costs		(511,031)	(1,194,774)
Loss before taxation		(1,192,428)	(8,549,733)
Taxation	12	-	(2,230,715)
Loss for the year		(1,192,428)	(10,780,448)