

RSL SOFTWARE COMPANY LIMITED, SUDAN

Financial Statements

For the Year Ended March 31, 2020

RSL SOFTWARE COMPANY LIMITED, SUDAN

Financial Statements March 31, 2020

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

Your Directors have pleasure in presenting their Eighth Annual Report together with the Auditors Report thereon of the Company for the financial year 2019-20.

FINANCIAL RESULTS:

Particulars

**SDG
Year ended March 31, 2020**

Revenue from operations	Nil
Total expenses	1,030,296
Profit / (Loss) before tax	(1,030,296)
Tax	-
Profit / (loss) after tax	(1,030,296)

Directors There is no change in the Directors during the year.

Auditors

The Board of Directors recommend re-appointing M/s. Hassabo & Co., Certified Accountants, Sudan as Auditors to the Company for the year ending 31st March, 2021.

Acknowledgement

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

For and on behalf of the Board



**R. Ravi Kula Chandran
Director**

8th May 2020

HASSABO & Co.

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

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**To the Shareholders of:
RSL Software Company Limited, Sudan**

We have audited the accounts on pages 5 to 13 which comprise of the balance sheet as at March 31, 2020, the income statement, cash flow statement and the statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

These accounts have been prepared under the historical cost convention, and the accounting policies set out on pages 9 to 11.

Respective Responsibilities of Directors and Auditors

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

Basis of Opinion

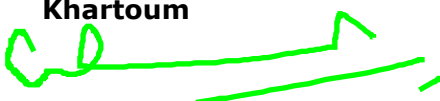
We conducted our audit in accordance with International Auditing Standards issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates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

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

Opinion

In our opinion, these accounts give a true and fair view of the state of affairs of the Company at March 31, 2020 and of the losses, of the cash flows and of the statement of changes in shareholders' equity for the year then ended in compliance with the International Financial Reporting Standards and have been properly prepared in accordance with the Companies Act, 1925.

**Hassabo and Company
Certified Accountants
Khartoum**



8th May 2020

RSL Software Company Limited, Sudan

BALANCE SHEET AS AT MARCH 31, 2020

	<u>Notes</u>	As at March 31, 2020 <u>SDG</u>	As at March 31, 2019 <u>SDG</u>
<u>Non-Current Assets:</u>			
Fixed assets at net book value	3	8,848	9,983
<u>Current Assets</u>			
Accounts receivable	4	3,229,995	2,869,274
Cash in hand and at banks	5	3,014,294	2,879,093
		<u>6,244,289</u>	<u>5,748,367</u>
Total Assets		<u>6,253,137</u>	<u>5,758,350</u>
<u>Current Liabilities</u>			
Accounts payable	6	1,12,07,197	9,682,115
Other Current Liabilities	7	1,999,999	1,999,999
		<u>1,32,07,197</u>	<u>1,16,82,114</u>
		<u>(6,954,060)</u>	<u>(5,923,764)</u>
NET ASSETS / (LIABILITIES)		<u>(6,954,060)</u>	<u>(5,923,764)</u>
<u>Represented By:</u>			
Share capital	8	100,000	100,000
Retained earnings		(7,054,060)	(6,023,764)
		<u>(6,954,060)</u>	<u>(5,923,764)</u>

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

These accounts were approved by the management on **8th May 2020**



Director



Director

RSL Software Company Limited, Sudan

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	Year ended March 31, 2020 <u>SDG</u>	Year ended March 31, 2019 <u>SDG</u>
Cash flows from operating activities:		
Net loss after tax	(1,030,296)	(39,63,943)
Adjustments for:		
Depreciation	1,135	1,135
Bad debts / provision	28,121	2,22,592
Unrealised exchange gain / loss	952,390	36,97,163
Operating loss before working capital / other changes	(48,650)	(43,053)
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivables	(3,88,842)	(17,67,494)
Increase / (Decrease) in payables and accruals	15,25,082	60,41,872
Net cash (used in)/generated by operating activities	10,87,590	42,31,325
Net increase / (decrease) in cash and cash equivalent	10,87,590	42,31,325
Effect of unrealised exchange gain / loss	(9,52,390)	(36,97,163)
Net cash generated/ (used in) for the year	135,200	534,162
Balance at the beginning of the year	28,79,093	23,44,931
Balance at the end of the year	30,14,294	28,79,093

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

RSL Software Company
Limited, Sudan

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

	Capital <u>SDG</u>	Net Income for the Year <u>SDG</u>	Total <u>SDG</u>
Share capital paid up	100,000		100,000
Net loss up till previous period		(6,023,765)	(6,023,765)
Balance March 31, 2019	<u>100,000</u>	<u>(6,023,765)</u>	<u>(5,923,765)</u>
Net loss for the year		(1,030,296)	(1,030,296)
Balance March 31, 2020	<u>100,000</u>	<u>(7,054,060)</u>	<u>(6,954,060)</u>

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

RSL Software Company Limited, Sudan

NOTES TO THE FINANCIAL STATEMENTS – MARCH 31, 2020

1. ORGANIZATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

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

2.1 Basis of Accounting

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

2.2 Tangible Fixed Assets

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

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

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

2.3 Revenue Recognition

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

In case of fixed price software development/implementation contracts, revenue is recognized in accordance with percentage of completion method of accounting. In case of time and material contracts, revenue is recognized based on billable time spent in the project, priced at the contractual rate. Revenue from Maintenance services is recognized on a pro-rata basis.

2.4 Provision for Bad and Doubtful Debts

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

2.5 Foreign Currency

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

2.6 Post Service Benefits

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

2.7 Taxation

The Company is subject to business profit tax of 15% on taxable profit if any.

2.8 Zakat

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

2.9 Cash and cash equivalent

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

2.10 Contingenices

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

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

2.11 Impairment of financial assets

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

2.12 Significant accounting judgements and estimates

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

2.12.1 Judgements

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

2.12.2 Sources of estimation and uncertainty

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

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

2.13 Related Party Transactions

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

Details of the related party transactions during the year are given below: In SDG

Particulars	Transactions during the year	Outstanding as at March 31, 2020
Ramco Systems Ltd., Dubai, Goods and / or Services purchased	Nil	11,167,197 amounts payable
Ramco Systems FZ-LLC, Dubai, Goods and / or Services purchased / serviced	48,400	3,229,995 amounts receivable

RSL Software Company Limited, Sudan

Notes To The Accounts - March 31, 2020

(cont'd)

	Equipment and Furniture <u>SDG</u>	Total <u>SDG</u>
NOTE 3: Fixed assets:		
<i>Cost:</i>		
At beginning of year Apr 01, 2019	17,926	17,926
Additions	-	-
Disposal	-	-
	<hr/>	<hr/>
At end of year	17,926	17,926
	<hr/>	<hr/>
<i>Accumulated depreciation:</i>		
At beginning of year	7,943	6,808
Charge for the year	1,135	1,135
Eliminated on disposal	-	-
	<hr/>	<hr/>
At end of year	9,078	7,943
	<hr/>	<hr/>
<i>Net book value</i>		
As at March 31, 2020	8,848	9,983
	<hr/>	<hr/>
	As at March 31, 2020	As at March 31, 2019
NOTE 4: Accounts receivable:	<u>SDG</u>	<u>SDG</u>
Accounts receivables	-	222,592
Due from related companies	3,229,995	2,841,153
Due from department	28,121	28,121
Less: Provision for doubtful advances	(28,121)	-
	<hr/>	<hr/>
	3,229,995	2,869,274
	<hr/>	<hr/>
NOTE 5: Cash in hand and at banks:		
Balances at call with banks	3,014,294	2,879,093
	<hr/>	<hr/>

	As at March 31, 2020 <u>SDG</u>	As at March 31, 2019 <u>SDG</u>
NOTE 6: Accounts payable:		
Due to parent company	11,167,197	9,646,215
Accrued expenses	40,000	35,900
	<u>11,207,197</u>	<u>9,682,115</u>
NOTE 7: Other Current Liabilities		
Customer Advance	1,999,999	1,999,999
	<u>1,999,999</u>	<u>1,999,999</u>
NOTE 8: Share capital:		
<i>Authorized share capital:</i>		
1 million ordinary shares of SDG 1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued share capital:</i>		
100,000 ordinary shares of SDG 1 each	<u>100,000</u>	<u>100,000</u>
The entire paid up share capital is held, directly and indirectly, by the Parent company, Ramco Systems Limited, India.		
NOTE 9: Administration expenses:		
Audit Fees & Courier charges	48,400	42,803
Bank charges	250	250
Provision for doubtful advances	28,121	222,592
Foreign exchange losses	952,389	3,697,163
	<u>1,029,160</u>	<u>1,439,498</u>
NOTE 10: Contingent liabilities:		
Disputed VAT / PIT demands	<u>-</u>	<u>28,121</u>