

RSL ENTERPRISE SOLUTIONS (PTY) LTD
(Registration number 2002/025014/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2024

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 | Connect Space 2nd floor Suite 56 and 03 102 Stephen Dlamini Road Musgrave Durban KwaZulu Natal 4001 |
| Postal address | Connect Space 2nd floor Suite 56 and 03 102 Stephen Dlamini Road Musgrave Durban KwaZulu Natal 4001 |
| Holding company | Ramco Systems Limited incorporated in India |
| Banker | Standard Bank (SA) 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 | 25 April 2024 |

RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2024

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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 (the company) set out on pages 8 to 19, which comprise the statement of financial position as at 31 March 2024, 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 2024, 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. 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 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 information included in the document titled "RSL Enterprise Solutions (Pty) Ltd annual financial statements for the year ended 31 March 2024", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on page 20. The 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, 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.

Independent Auditor's Report

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.

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 skepticism 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

25 April 2024
Durban

RSL Enterprise Solutions (Pty) Ltd

(Registration number: 2002/025014/07)

Annual Financial Statements for the year ended 31 March 2024

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 2024.

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 3,483,018 (2023: 3,870,020) shares at R1 each for a total sum of R3,483,018 (2023: R 3,870,020) from the current and only shareholder, Ramco Systems Limited, India.

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

The buy-back of shares had resulted in a reduction of R3,483,018 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.

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Annual Financial Statements for the year ended 31 March 2024

Directors' Report

6. Holding company

The company's holding company is Ramco Systems Limited which holds 100% (2023: 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.

8. 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.

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 2025 and in light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

9. Liquidity and solvency

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

10. Auditors

Accensis Incorporated continued in office as auditors for the company for 2024.

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 2025.

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2024

Directors' Report

11. 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 2025 and, in light of this review and the current financial position, they are satisfied that the company 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.

The annual financial statements set out on pages 8 - 20, which have been prepared on the going concern basis, were approved by the directors on 25 April 2024, and were signed on its behalf by:



P. R. R. Venketrama Raja
Director



R. Ravikula Chandran
Director

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

| Figures in Rand | Notes | 2024 | 2023 |
|-------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 23 671 | 64 719 |
| Investment | 3 | 600 | 600 |
| Deferred tax | 5 | 242 732 | - |
| | | <u>267 003</u> | <u>65 319</u> |
| Current Assets | | | |
| Work in progress | 6 | 216 302 | 818 765 |
| Trade and other receivables | 7 | 3 919 295 | 1 968 860 |
| Cash and cash equivalents | 8 | 1 554 294 | 1 365 706 |
| | | <u>5 689 891</u> | <u>4 153 331</u> |
| Total Assets | | <u>5 956 894</u> | <u>4 218 650</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 9 | 2 322 012 | 5 805 030 |
| Accumulated Surplus/ (loss) | | 50 907 | (4 446 595) |
| | | <u>2 372 919</u> | <u>1 358 435</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | 2 873 550 | 2 827 130 |
| Deferred income | 11 | 637 623 | - |
| Current Tax Payable | 17 | 72 802 | 33 085 |
| | | <u>3 583 975</u> | <u>2 860 215</u> |
| Total Equity and Liabilities | | <u>5 956 894</u> | <u>4 218 650</u> |

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Statement of Comprehensive Income

| Figures in Rand | Note | 2024 | 2023 |
|--|------|-------------------|-------------------|
| Revenue | 12 | 26 887 375 | 25 395 987 |
| Cost of sales | | (4 728 680) | (5 520 475) |
| Gross profit | | 22 158 695 | 19 875 512 |
| Other income | | 199 485 | 225 814 |
| Operating expenses | | (17 684 714) | (17 715 680) |
| Operating profit | | 4 673 466 | 2 385 646 |
| Profit before taxation | | 4 673 466 | 2 385 646 |
| Taxation | 4 | (175 958) | - |
| Profit for the year | | 4 497 508 | 2 385 646 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 4 497 508 | 2 385 646 |

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Statement of Changes in Equity

| Figures in Rand | Share capital | Accumulated Surplus/ (loss) | Total equity |
|--|--------------------|--------------------------------|--------------------|
| Balance at 01 April 2022 | 9 675 050 | (6 832 241) | 2 842 809 |
| Profit for the year | - | 2 385 646 | 2 385 646 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 2 385 646 | 2 385 646 |
| Share buy-back | (3 870 020) | - | (3 870 020) |
| Total changes | (3 870 020) | - | (3 870 020) |
| Balance at 01 April 2023 | 5 805 030 | (4 446 596) | 1 358 434 |
| Profit for the year | - | 4 497 508 | 4 497 508 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 4 497 508 | 4 497 508 |
| Share buy-back | (3 483 018) | - | (3 483 018) |
| Total changes | (3 483 018) | - | (3 483 018) |
| Balance at 31 March 2024 | 2 322 012 | 50 912 | 2 372 924 |
| Note | 9 | | |

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2024

Statement of Cash Flows

| Figures in Rand | Notes | 2024 | 2023 |
|--|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 13 | 4 054 648 | 4 083 276 |
| Tax /(paid) received | | (378 973) | 25 659 |
| Net cash inflow from operating activities | | 3 675 675 | 4 108 935 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (4 069) | (20 599) |
| Net cash outflow from investing activities | | (4 069) | (20 599) |
| Cash flows from financing activities | | | |
| Purchase of shares from share buy-back | 9 | (3 483 018) | (3 870 020) |
| Total cash and cash equivalents movement for the year | | 188 588 | 218 316 |
| Cash and cash equivalents at the beginning of the year | | 1 365 706 | 1 147 390 |
| Total cash and cash equivalents at end of the year | 8 | 1 554 294 | 1 365 706 |

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2024

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 |
|------------------------|---------------------|---------------------|
| 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

Investments 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 2024

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. They 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 or 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 2024

Accounting Policies

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill or investment property on the cost model 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.

1.6 Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 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

1.9 Borrowing costs

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

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.10 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.

1.11 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.

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand 2024 2023

2. Property, plant and equipment

| | 2024 | | | 2023 | | |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Buildings | - | - | - | - | - | - |
| Furniture and fixtures | 16 200 | (16 200) | - | 16 200 | (16 200) | - |
| Office equipment | 64 329 | (64 329) | - | 64 329 | (64 329) | - |
| IT equipment | 353 495 | (329 824) | 23 671 | 349 427 | (284 708) | 64 719 |
| Total | 434 024 | (410 353) | 23 671 | 429 956 | (365 237) | 64 719 |

Reconciliation of property, plant and equipment - 2024

| | Opening balance | Additions | Depreciation | Closing balance |
|-------------------|-----------------|--------------|---------------|-----------------|
| IT equipment | 64 719 | 4 068 | - | 23 671 |
| Computer software | - | - | 45 116 | - |
| | 64 719 | 4 068 | 45 116 | 23 671 |

Reconciliation of property, plant and equipment - 2023

| | Opening balance | Additions | Depreciation | Closing balance |
|--------------|-----------------|-----------|--------------|-----------------|
| IT equipment | 88 022 | 20 599 | (43 903) | 64 719 |

3. Investment

| Name of company | Carrying amount 2024 | Carrying amount 2023 |
|---------------------|----------------------|----------------------|
| CityWorks (Pty) Ltd | 600 | 600 |

The company has an investment in CityWorks (Pty) Ltd, the principal activity of which is software and systems development.

4. Taxation

Major components of the tax expense

| | | |
|---------------------------------|---------|---|
| Current taxation | | |
| South African normal tax - year | 175 958 | - |

5. Deferred tax

Reconciliation of deferred tax asset

Recognised in other comprehensive income:

| | | |
|--|----------------|-------------|
| Prior period unrecognised deferred tax | (2 300 459) | 3 048 798 |
| Movement in tax loss available set off against future taxable income | 2 202 916 | (787 116) |
| Movement in temporary differences on property, plant and equipment | (6 436) | (2 485) |
| Movement in temporary differences on work in progress | (162 647) | (40 741) |
| Movement in temporary differences on provisions and accruals | 23 895 | (26 883) |
| Rate change adjustment | - | 108 886 |
| Unrecognised deferred tax | - | (2 300 459) |
| At end of year | 242 731 | - |

RSL Enterprise Solutions (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|---------------------------------------|------------------|------------------|
| 6. Work in progress | | |
| Work in progress | 216 371 | 838 906 |
| Provision for unbilled revenue | (69) | (20 141) |
| | <u>216 302</u> | <u>818 765</u> |
| 7. Trade and other receivables | | |
| Trade receivables | 3 845 268 | 1 937 624 |
| Prepayments | 13 800 | 13 800 |
| Provision for bad debt | (2 404) | (38 752) |
| Staff loans | 62 631 | 56 188 |
| | <u>3 919 295</u> | <u>1 968 860</u> |

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|--|------------------|------------------|
| 8. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 1 554 294 | 1 365 706 |
| 9. Share capital | | |
| Authorised | | |
| 20 000 000 Ordinary shares at R1 each | 20 000 000 | 20 000 000 |
| Issued | | |
| 2 322 012 Ordinary shares at R1 each ; (2023: 5 805 030 Ordinary shares at R1 each | 2 322 012 | 5 805 030 |
| <p>During the year there was a share buy-back wherein the company bought back 3,483,018 (2023: 3,870,020) shares at R1 each for a total sum of R3,483,018 (2023: R 3,870,020) from the current and only shareholder, Ramco Systems Limited, India.</p> <p>The directors have satisfied themselves that the liquidity and solvency tests are in order as required by the Companies Act.</p> <p>The buy-back of shares had resulted in a reduction of R 3,483,018 of the Contributed Tax Capital as defined by section 1 of the Income Tax Act, No 58 of 1962 of South Africa.</p> | | |
| 10. Trade and other payables | | |
| Trade payables | 937 240 | 939 398 |
| Value Added Taxation | 306 952 | 168 501 |
| Accrued expense | 1 476 830 | 1 538 615 |
| Other payables | 152 528 | 180 616 |
| | <u>2 873 550</u> | <u>2 827 130</u> |
| 11. Deferred income | | |
| Deferred income | 637 623 | - |
| 12. Revenue | | |
| Rendering of services | 26 887 375 | 25 395 987 |
| 13. Cash generated from operations | | |
| Profit before taxation | 4 673 466 | 2 385 646 |
| Adjustments for: | | |
| Depreciation | 45 116 | 43 902 |
| Changes in working capital: | | |
| Decrease in work in progress | 602 464 | 116 263 |
| (Increase) /Decrease in trade and other receivables | (1 950 434) | 2 372 930 |
| (Decrease) in trade and other payables | 46 415 | (835 466) |
| Increase in deferred income | 637 623 | - |
| | <u>4 054 650</u> | <u>4 083 275</u> |

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

| Figures in Rand | 2024 | 2023 |
|--|-------------------------------|-----------------|
| 14. Related parties | | |
| Relationships | | |
| Holding company | Ramco Systems Limited - India | |
| Investment | CityWorks (Pty) Ltd | |
| Related party balances | | |
| Amounts included in Trade receivables / (Trade payables) regarding related parties | | |
| Ramco Systems Limited - India | (538 855) | (564 982) |
| CityWorks (Pty) Ltd | 2 481 441 | 1 353 302 |
| Amounts included in accrued expenses / (accrued income) regarding related parties | | |
| Ramco Systems Limited - India | 297 724 | 516 551 |
| Purchases from related parties | | |
| Ramco Systems Limited - India | 4 728 680 | 5 821 625 |
| Expenses charged to RSL Enterprise Solutions (Pty) Ltd by the holding company | | |
| Ramco Systems Limited - India | 301 975 | 301 150 |
| Revenue transactions by RSL Enterprise Solutions (Pty) Ltd | | |
| CityWorks (Pty) Ltd | 16 414 132 | 15 426 816 |
| 15. Going concern | | |
| <p>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.</p> | | |
| 16. Events after the reporting period | | |
| <p>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.</p> | | |
| 17. Current tax payable | | |
| Normal tax | (62 736) | - |
| Withholding tax payable | (10 066) | (33 085) |
| | <u>(72 802)</u> | <u>(33 085)</u> |

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Annual Financial Statements for the year ended 31 March 2024

Statement Of Comprehensive Income

| Figures in Rand | Note | 2024 | 2023 |
|--|------|---------------------|---------------------|
| Revenue | | | |
| Rendering of services | | 26 887 375 | 25 395 987 |
| Cost of sales | | | |
| Purchases | | (4 728 680) | (5 520 475) |
| Gross profit | | 22 158 695 | 19 875 512 |
| Other income | | | |
| Fees earned | | 109 690 | - |
| Movement of provision for doubtful debts | | - | 101 541 |
| Other income | | 89 795 | 124 273 |
| | | <u>199 485</u> | <u>225 814</u> |
| Operating expenses | | | |
| Auditors remuneration | | (82 000) | (71 630) |
| Bad debts | | 36 348 | - |
| Bank charges | | (32 915) | (29 505) |
| Commission paid | | (6 090 779) | (5 728 922) |
| Consulting fees | | (147 950) | (172 276) |
| Depreciation | | (45 116) | (43 903) |
| Employee costs | | (8 697 434) | (9 213 053) |
| Hosting expenses | | 20 072 | - |
| Insurance | | (65 271) | (59 560) |
| Lease rentals on operating lease | | (333 442) | (379 803) |
| Maintenance | | (28 180) | (29 777) |
| Other expenses | | (371 713) | (266 691) |
| Postage | | (1 413) | (2 106) |
| Printing and stationery | | (4 975) | (4 780) |
| Provision for hosting charges | | 8 848 | (27 632) |
| Royalty payments | | (301 975) | (301 150) |
| Security | | - | (1 600) |
| Staff welfare | | (100 276) | (136 440) |
| Subscriptions | | (9 427) | - |
| Telephone and fax | | (607 358) | (499 854) |
| Transport and freight | | (125 691) | (91 718) |
| Travel - local | | (132 762) | (147 034) |
| Travel - overseas | | (571 305) | (451 874) |
| Utilities | | - | (56 372) |
| | | <u>(17 684 714)</u> | <u>(17 715 680)</u> |
| Profit before taxation | | 4 673 466 | 2 385 646 |
| Taxation | 4 | (175 958) | - |
| Profit for the year | | <u>4 497 508</u> | <u>2 385 646</u> |