

Reliance Global Energy Services Limited

Independent Auditor's Report To the Members of Reliance Global Services Limited

We have audited the financial statements of Reliance Global Energy Services Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.

David Griffin FCA (Senior Statutory Auditor)
Deloitte LLP

London

Date: 7th April, 2016

Profit and loss account and retained earnings for the year ended 31 March 2016

	Notes	2016 £	2015 £
Turnover - continuing operations		2,475,762	2,222,560
- Employee related costs	3	1,517,929	1,318,941
- Administrative expenses		772,935	734,110
Total operating expenses		2,290,864	2,053,051
Operating profit on ordinary activities before taxation	4	184,898	169,509
Tax on profit on ordinary activities	5	33,673	35,875
Profit for the financial year		151,225	133,634
Retained earnings at 1 st April		277,644	344,010
Dividend paid		-	(200,000)
Retained earnings at 31st March		428,869	277,644

Balance Sheet as at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets	6	38,007	48,562
Current assets			
Debtors: amounts due within one year	7	857,912	848,238
Cash at bank and in hand		783,990	597,652
Total current assets		1,641,902	1,445,890
Creditors: amounts due within one year	8	536,040	504,040
Net current assets		1,105,862	941,850
Total assets less current liabilities		1,143,869	990,412
Provision for liabilities	10	215,000	212,768
Net assets		928,869	777,644
Capital and reserves			
Share capital	11	500,000	500,000
Profit and loss account	11	428,869	277,644
Equity shareholder's funds		928,869	777,644

Approved by the Board of Directors and signed on its behalf on 5 April 2016

Michael Warwick
(Director)

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

Notes to the financial statements for the year ended 31 March 2016

1. Accounting policies

- Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Reliance Global Energy Services Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, and remuneration of key management personnel and related party transactions. Reliance Global Energy Services Limited is consolidated in the financial statements of its ultimate parent, Reliance Industries Ltd, which may be obtained at www.ril.com.

- Going concern

The directors reasonably expect that the Company has access to adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern assumption in the financials statements.

The Company has received a letter of support from its ultimate parent confirming that it will assist the Company to meet its obligations as and when required.

- Revenue

The Company acts as an agent of its ultimate parent company, Reliance Industries Limited, an Indian registered company for procurement of crude oil and the marketing of petroleum products and certain arrangements which are ancillary thereto such as storage operations and shipping.

Revenue is recognised to the extent of the expenditure incurred by the Company plus a mark up based on an arm's length margin.

- Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as accruals in the balance sheet.

- Foreign currency transactions

The Company's accounting records are maintained in Great Britain Pounds (GBP) and transactions in other currencies during the year have been translated into GBP at rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account.

- Fixed assets

All items of fixed assets are initially recorded at cost net of VAT. Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged from the date of acquisition of the asset. Depreciation is computed on a reducing balance method basis at the following rates, except for lease improvements which took place on old lease which are amortised on straight-line basis from the date of completion of improvement work till the end of the lease term in March 2014, so as to write off the cost of the asset over its useful life.

Office IT equipment	–	40%
Fixtures and fittings	–	18.10%

Notes to the financial statements for the year ended 31 March 2016

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

- Taxes

(a) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered or paid. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

- Provision

Provisions for dilapidation and reinstatement liabilities are recognised when the Company has a legal or constructive obligation as a result of the past event and its probable that an outflow of economic benefits will be required to settle the obligation.

- Leases

Operating lease payments are recognised as an expense in the profit and loss account.

- Financial instruments

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial assets and liabilities are not offset in the balance sheet.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

The Annual bonus payable to staff is estimated by directors based on guidance from the group's human resources team and the corresponding revenue is accrued based on agreed markup at arm's length. During the year, the value of the bonus accrual is estimated to be £366,938 (Previous year: £389,313) and the corresponding accrued income is £403,722 (Previous year: £431,224). This is based on the best available information to the directors at the time as this is not finalised until the end of April following the end of the financial year. The actual bonus paid during the year related to previous year was £372,719 with a corresponding income of £412,997.

Notes to the financial statements for the year ended 31 March 2016

3. Directors and employee costs

Employee related costs including remuneration paid to directors during the year were as follows:

	2016 £	2015 £
Salaries and wages	1,354,940	1,146,942
Social security costs	153,290	162,120
Pension costs	61	-
Other employee costs	9,638	9,879
Total	1,517,929	1,318,941

The average number of employees including directors of the Company during the year was 12 (2015:12).

The remuneration paid to directors during the year was £4,000 (2015: £8,000). The total remuneration received by the directors in respect of qualifying services paid by other group companies during the year was £nil (2015: £nil).

4. Operating profit

This is stated after charging:

	2016 £	2015 £
Rent for office premises	292,383	290,142
Audit fees	26,565	26,565
Depreciation	10,555	19,385

No non-audit fees were paid to the company's auditor (2015: £Nil)

5. Tax

	2016 £	2015 £
(a) Tax on profit on ordinary activities		
Tax charge is made up as follows:		
Current tax		
UK Corporation Tax at 20% (2015: 21%)	36,697	32,864
Adjustments to tax charge in respect of previous years	122	6,439
Total current tax	36,819	39,303
Deferred Tax		
Origination and reversal of timing differences	282	2,732
Prior year adjustment	(3,428)	(6,332)
Effect of change in tax rate	-	171
Total deferred tax	(3,146)	(3,428)
Tax on profit on ordinary activities	33,673	35,875

Notes to the financial statements for the year ended 31 March 2016

5. Tax (Continued)

	2016 £	2015 £
(b) Factors affecting the current tax charge		
Profit on ordinary activities before tax	184,898	169,509
Tax at standard UK corporation tax rate at 20% (2015: 21%)	36,979	35,596
Decelerated capital allowances	(282)	(2,732)
Permanent differences	-	-
Adjustments to tax charge in respect of previous years	122	6,439
Change in deferred tax	(3,146)	(3,428)
Total tax charge	33,673	35,875

The Finance Act 2014 was enacted on 17 July 2013 and introduced a reduction in the headline rate of corporate tax to 21% from 1 April 2014 and 20% from 1 April 2015. It is not anticipated that this will have a material impact on the company's future tax position.

On 8 July 2015 the UK chancellor made an announcement to reduce the rate of corporation tax to 19% from April 2017 and ultimately to 18% by April 2019. The effects of these substantively enacted rate changes have been reflected in these financial statements. The full impact of the further changes proposed have yet to be fully ascertained but it is expected that the Company will have a lower UK effective tax rate on future profits.

6. Fixed assets

	Office IT Equipment £	Fixtures and Fittings £	Lease Improvements £	Total £
Cost				
Balance as at 1 April 2015	213,124	83,289	154,064	450,477
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 March 2016	213,124	83,289	154,064	450,477
Accumulated depreciation				
Balance as at 1 April 2015	193,577	54,274	154,064	401,915
Depreciation charge	5,303	5,252	-	10,555
Balance as at 31 March 2016	198,880	59,526	154,064	412,470
Net book value as at 31 March 2016	14,244	23,763	-	38,007
Net book value as at 1 April 2015	19,547	29,015	-	48,562

Notes to the financial statements for the year ended 31 March 2016

7. Debtors : amounts due within one year

	2016 £	2015 £
Amounts owed from group undertakings		
Due from ultimate parent	324,430	305,906
Accrued income	417,699	431,224
	<u>742,129</u>	<u>737,130</u>
Other receivables		
Deferred tax asset	13,168	10,021
Prepaid expenses	82,752	81,192
VAT receivable	19,369	19,757
Advance	494	138
	<u>115,783</u>	<u>111,108</u>
	<u><u>857,912</u></u>	<u><u>848,238</u></u>

8. Creditors: amounts due within one year

	2016 £	2015 £
Creditors: amounts falling due within one year		
Sundry Creditors	32,802	7,908
Creditors for social security costs	33,191	39,168
Accruals	454,349	444,100
Corporate Tax	15,698	12,864
Total	<u><u>536,040</u></u>	<u><u>504,040</u></u>

9. Deferred tax

The deferred tax asset balance comprises

	2016 £	2015 £
Decelerated capital allowances	<u>13,168</u>	<u>10,021</u>

There are no other timing differences for which a deferred tax asset or liability has been recognised.

10. Provision

	2016 £
Dilapidation liability as at 1 April 2015	212,768
Increase in provision	<u>2,232</u>
	<u><u>215,000</u></u>

The dilapidation provision was transferred to the Company from the outgoing tenant for the Company's current office space under an operating lease. The amount of £215,000 is based on estimates provided by an external property surveyor. No payments were made during the year for dilapidation and reinstatement obligations.

Notes to the financial statements for the year ended 31 March 2016

11. Capital and reserves

	2016 £	2015 £
Authorised share capital		
1,000,000 ordinary shares of £ 1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued share capital		
500,000 ordinary shares of £ 1.00 each	500,000	500,000
Profit and loss account		
Balance as on 1 April 2015	277,644	344,010
Profit for the year	151,225	133,634
Interim dividend declared and paid	-	(200,000)
Balance as on 31 March 2016	<u>428,869</u>	<u>277,644</u>
Total	<u>928,869</u>	<u>777,644</u>

12. Ultimate parent and controlling related party

The Company's immediate parent company and controlling related party is Reliance Industries (Middle East) DMCC, a company registered in U.A.E. The Company's ultimate parent and controlling related party is Reliance Industries Limited, a company registered in India.

Reliance Industries Limited is the parent company of the group of which Reliance Global Energy Services Ltd is a member and for which group accounts are drawn and can be obtained from 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India.

13. Commitments

At the balance sheet date the Company has an annual commitment under the lease agreement.

	2016 £	2015 £
Expiry date		
After five years	<u>431,088</u>	<u>269,186</u>
Total	<u>431,088</u>	<u>269,186</u>

The current lease expires on 25 September 2021 with next rent review due on 29 September 2016. The commitments are subject to change based on annual service charges budget of the landlord.

14. Lease incentive

The current lease started on 14th January 2014. As permitted by FRS 102, since this is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, the Company has continued to recognize any residual benefit or cost associated with these lease incentives on the same basis as that applied prior to the date of transition.

15. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2015. As a consequence of adopting FRS 102, however, no transitional adjustment is required.