Reliance Global Energy Services Limited

Independent Auditor's Report

**TO THE MEMBERS OF
RELIANCE GLOBAL ENERGY SERVICES LIMITED**

We have audited the financial statements of Reliance Global Energy Services Limited for the year ended 31 March 2017 which comprise the Profit and Loss Account and Retained Earnings, the Balance Sheet and the related notes 1 to 13. 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 4, 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 2017 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report

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.

Peter McDermott (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

6 April 2017

Profit and Loss Account and Retained Earnings for the year ended 31 March 2017

	Notes	2017 £	2016 £
Turnover - continuing operations		**2,789,826**	**2,475,762**
— Employee related costs	3	1,703,640	1,517,929
— Administrative expenses		894,372	772,935
Total operating expenses		**2,598,012**	**2,290,864**
Operating profit on ordinary activities before taxation	4	**191,814**	**184,898**
Tax on profit on ordinary activities	5	**35,189**	**33,673**
Profit for the financial year		**156,625**	**151,225**
Retained earnings at 1st April		428,869	277,644
Dividend paid		-	-
Retained earnings at 31st March		**585,494**	**428,869**

Balance Sheet as at 31 March 2017

Company No. 06626084

	Notes	2017 £	2016 £
Fixed assets	6	**57,330**	**38,007**
Current assets			
Debtors: amounts due within one year	7	1,157,960	857,912
Cash at bank and in hand		682,383	783,990
Total current assets		**1,840,343**	**1,641,902**
Creditors: amounts due within one year	8	**597,179**	**536,040**
Net current assets		**1,243,164**	**1,105,862**
Total assets less current liabilities		**1,300,494**	**1,143,869**
Provision for liabilities	10	215,000	215,000
Net assets		**1,085,494**	**928,869**
Capital and reserves			
Share capital	11	500,000	500,000
Profit and loss account	11	585,494	428,869
Equity shareholder's funds		**1,085,494**	**928,869**

Approved by the Board of Directors and signed on its behalf on 6 April 2017

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 2017

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 British Pounds Sterling (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 2017

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.

– **Provisions**

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 £489,264 (Previous year: £366,938) and the corresponding accrued income is £533,546 (Previous year: £403,722). 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 £370,988 with a corresponding income of £406,038.

Notes to the financial statements for the year ended 31 March 2017

3. Directors and employee costs

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

	2017	2016*
	£	£
Salaries and wages	1,507,052	1,354,940
Social security costs	171,481	140,456
Pension costs	14,147	12,895
Other employee costs	10,960	9,638
Total	**1,703,640**	**1,517,929**

* In 2016, £12,834 of costs which was classified as Social security costs has now been reclassified as Pension Costs.

The average number of employees including directors of the Company during the year was 13 (2016:12).

The remuneration paid to directors during the year was £5,000 (2016: £4,000). The total remuneration received by the directors in respect of qualifying services paid by other group companies during the year was £nil (2016: £nil).

4. Operating profit

This is stated after charging:	2017	2016
	£	£
Rent for office premises	394,897	292,383
Audit fees	26,565	26,565
Depreciation	16,668	10,555

No non-audit fees were paid to the company's auditor (2016: £Nil)

5. Tax

	2017	2016
	£	£
(a) Tax on profit on ordinary activities		
Tax charge is made up as follows:		
Current tax		
UK Corporation Tax at 20% (2016: 20%)	32,536	36,697
Adjustments to tax charge in respect of previous years	107	122
Total current tax	**32,643**	**36,819**
Deferred Tax		
Origination and reversal of timing differences	5,827	282
Prior year adjustment	(3,146)	(3,428)
Effect of change in tax rate	(134)	-
Total deferred tax	**2,546**	**(3,146)**
Tax on profit on ordinary activities	**35,189**	**33,673**
(b) Factors affecting the current tax charge		
Profit on ordinary activities before tax	191,814	184,898
Tax at standard UK corporation tax rate at 20% (2016: 20%)	38,363	36,979
Decelerated capital allowances	(5,827)	(282)
Permanent differences	-	-
Adjustments to tax charge in respect of previous years	107	122
Change in deferred tax	2,546	(3,146)
Total tax charge	**35,189**	**33,673**

Notes to the financial statements for the year ended 31 March 2017

On 8 July 2015 the UK chancellor made an announcement to reduce the rate of corporation tax to 19% from April 2017, 18% in April 2019 and ultimately to 17% in April 2020. 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 2016	**213,124**	**83,289**	**154,064**	**450,477**
Additions	35,991	-	-	**35,991**
Disposals	-	-	-	-
Balance as at 31 March 2017	**249,115**	**83,289**	**154,064**	**486,468**
Accumulated depreciation				
Balance as at 1 April 2016	**198,880**	**59,526**	**154,064**	**412,470**
Depreciation charge	12,367	4,301	-	16,668
Balance as at 31 March 2017	**211,247**	**63,827**	**154,064**	**429,138**
Net book value as at 31 March 2017	**37,868**	**19,462**	**-**	**57,330**
Net book value as at 1 April 2016	**14,244**	**23,763**	**-**	**38,007**

7. Debtors : amounts due within one year

	2017	2016
	£	**£**
Amounts owed from group undertakings		
Due from ultimate parent	430,692	324,430
Accrued income	535,430	417,699
	966,122	**742,129**
Other receivables		
Deferred tax asset	10,622	13,168
Prepaid expenses	144,759	82,752
VAT receivable	36,219	19,369
Advance to employees	238	494
	191,838	**115,783**
	1,157,960	**857,912**

8. Creditors: amounts due within one year

	2017	2016
	£	**£**
Creditors: amounts falling due within one year		
Sundry creditors	40,638	32,802
Creditors for social security costs	45,515	33,191
Accruals	498,490	454,349
Corporate Tax	12,536	15,698
Total	**597,179**	**536,040**

Notes to the financial statements for the year ended 31 March 2017

9. Deferred tax

The deferred tax asset balance comprises	**2017**	**2016**
	£	**£**
Decelerated capital allowances	10,622	13,168

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

10. Provision

	2017
	£
Dilapidation liability as at 1 April 2016 and 31 March 2017	215,000

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.

11. Capital and reserves

	2017	**2016**
	£	**£**
Authorised share capital		
1,000,000 ordinary shares of £ 1.00 each	1,000,000	1,000,000
Issued share capital		
500,000 ordinary shares of £ 1.00 each	500,000	500,000
Profit and loss account		
Balance as on 1 April 2016	428,869	277,644
Profit for the year	156,625	151,225
Interim dividend declared and paid	-	-
Balance as on 31 March 2017	**585,494**	**428,869**
Total	**1,085,494**	**928,869**

12. Ultimate parent and controlling related party

On 15th June 2016, 100% of the Company's share capital was acquired by Reliance Industries Limited, a company registered in India. Pursuant to this, the Company's ultimate parent and controlling related party is Reliance Industries Limited.

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

Total future minimum lease payments under non-cancellable operating leases are as follows.

	2017	**2016**
	£	**£**
Within one year	438,430	376,569
Between one and five years	1,529,100	1,753,720
After five years	-	213,810
Total	**1,967,530**	**2,344,099**

The current lease which relates to the company's office premises expires on 25 September 2021.