Reliance Global Energy Services Limited

Financial Statements
2020-21

Independent Auditor’s Report

To the Members of RELIANCE GLOBAL ENERGY SERVICES LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Reliance Global Energy Services Limited (the ‘company’):
- give a true and fair view of the state of the company’s affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters 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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.

Peter McDermott FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom
20th April 2021

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Balance Sheet
As at 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
Fixed assets			
Tangible assets	8	32,449	51,229
Investments	9	18,451,059	18,451,059
		18,483,508	**18,502,288**
Current assets			
Debtors: amounts due within one year	10	1,004,272	834,494
Cash at bank and in hand		1,703,572	1,505,484
Total current assets		**2,707,844**	**2,339,978**
Creditors: amounts falling due within one year	11	**8,819,916**	**8,546,771**
Net current liabilities		**(6,112,072)**	**(6,206,793)**
Total assets less current liabilities		**12,371,436**	**12,295,495**
Creditors: amounts falling due after more than one year	12	7,974,263	7,962,220
Provision for liability	14	-	222,500
		7,974,263	**8,184,720**
Net assets		**4,397,173**	**4,110,775**
Capital and reserves			
Share capital	15	3,000,000	3,000,000
Profit & loss account		1,397,173	1,110,775
Equity shareholder's funds	15	**4,397,173**	**4,110,775**

Approved by the Board of Directors and signed on its behalf on 20th April 2021

Saji Varghese
Director

The accompanying notes form an integral part of the financial statements

Profit and loss account
for the year ended 31 March 2021

	Note	1 April 2020 – 31 March 2021 £	1 April 2019 – 31 March 2020 £
Turnover		2,260,178	2,254,650
Other Operating Income	3	420,000	420,000
		2,680,178	**2,674,650**
Employee related costs	4	1,205,686	1,143,814
Administrative expenses	5	880,691	950,873
		2,086,377	**2,094,687**
Profit before interest and taxation		**593,801**	**579,963**
Finance Cost	6	**304,794**	**413,633**
Profit before taxation		**289,007**	**166,330**
Loss on sale of Assets		**(1,697)**	**-**
Profit before taxation		**287,310**	**166,330**
Tax (credit) / charge on profit	7	**912**	**(943)**
Profit for the financial year		**286,398**	**167,273**

All amounts relate to continuing operations. There were no recognised gains and losses for 2021 and 2020 other than those included in the Profit and loss account.

Statement of changes in equity
for the year ended 31 March 2021

	Note	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2019		**3,000,000**	**943,502**	**3,943,502**
Profit for the year ended 31 March 2020		-	167,273	167,273
Total comprehensive income for the year		**-**	**167,273**	**167,273**
Balance at 31 March 2020		**3,000,000**	**1,110,775**	**4,110,775**
Profit for the year ended 31 March 2021		-	286,398	286,398
Total comprehensive income for the year		**-**	**286,398**	**286,398**
Balance at 31 March 2021		**3,000,000**	**1,397,173**	**4,397,173**

Notes to the financial statements for the year ended 31 March 2021

1. Accounting policies

- Basis of preparation

Reliance Global Energy Services Limited (Registered office – 8th Floor, 105 Wigmore Street, London, W1U 1QY) is a private company limited by shares, incorporated in the United Kingdom under Companies Act 2006 and is registered in England and Wales.

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, remuneration of key management personnel and related party transactions.

Reliance Global Energy Services Limited has further taken advantage of the exemption available to it from the obligation of preparing and delivering group consolidated accounts in accordance with section 405 of Companies Act 2006.

Reliance Global Energy Services Limited and its subsidiary are consolidated in the financial statements of its ultimate parent, Reliance Industries Ltd, a company incorporated in India. Consolidated accounts may be obtained at www.ril.com.

- Going concern

The Directors have reviewed the cash flow projections for next 12 months from the date of signing of these accounts. Based on these projections and the commitment of the parent company to provide support to the Company, should it be needed, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have also considered the external factors including Covid-19 and do not believe it will have a significant impact on the business and operations. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

- Revenue

The main activity of the Company has been provision of support services to group entities in relation to procurement of crude oil and marketing of petroleum products.

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

Dividend Income is recognised when the Company's right to receive the amount has been established.

- 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 for Office IT Equipment and Furniture & fittings and on a straight-line method basis for Motor Vehicle. Lease improvements which took place on old lease are amortised on straight-line basis from the date of completion of improvement work until the end of the initial lease term in March 2014, so as to write off the cost of the asset over its useful life.

Rate of depreciation

- Office IT equipment – 40.00%
- Fixtures & fittings - 18.10%
- Motor Vehicle – 13.66%

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 on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

- 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 it is 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

All financial assets and liabilities are initially measured at transaction price (including transaction cost).

Debt instrument which meet the conditions of being ‘basic’ financial instruments as defined in FRS 102.11.9 are subsequently measured at amortised cost using the effective interest method.

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

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

- Investment in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost less impairment loss, if any.

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 Company does not have any critical accounting judgements.

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.

Key sources of estimation uncertainty

Revenue recognition

The annual bonus payable to staff is estimated by directors based on various measures. This accrual 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 £258,002 (2020: £288,658) and the corresponding accrued income is £285,451 (2020: £317,386). This is based on the best available information to the directors at the time. The actual bonus paid during the year related to previous year was £268,498 with a corresponding income of £295,193.

Notes to the financial statements for the year ended 31 March 2021

3. Other operating income

	2021 £	2020 £
Dividend received	420,000	420,000

4. Directors and employee costs

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

	2021 £	2020 £
Salaries and wages	1,030,344	998,112
Social security costs	132,369	115,848
Pension costs	30,408	17,786
Health insurance costs	12,565	12,068
Total	**1,205,686**	**1,143,814**

The average number of employees including Directors of the Company during the year was 9 (2020:10).

The remuneration paid to Directors during the year was £nil (2020: £nil). The total remuneration received by the directors in respect of qualifying services paid by other group companies during the year was £nil (2020: £nil).

5. Operating profit

This is stated after charging:

	2021 £	2020 £
Rent for office premises	493,396	499,527
Fees paid to auditors	33,600	31,100
Depreciation (note 8)	13,175	13,187

Fees paid to auditors include fees paid for audit £26,100 (2020-£26,100) and fees paid for audit-related assurance services in respect of the review of the Company's interim financial information £7,500 (2020-£5,000).

6. Finance Cost

	2021 £	2020 £
Bank loan interest	150,334	365,887
Bank loan transaction cost	12,043	12,076
Other group company loan interest	142,417	35,670
	304,794	**413,633**

Notes to the financial statements for the year ended 31 March 2021

7. Tax

	2021 £	2020 £
(a) Tax on profit on ordinary activities		
Current tax		
UK Corporation Tax at 19% (2020: 19%)	-	-
Adjustments to tax charge in respect of previous years	-	-
Total current tax	**-**	**-**
Deferred Tax		
Origination and reversal of timing differences	912	(943)
Total deferred tax	912	(943)
Tax on profit on ordinary activities	**912**	**(943)**

	2021 £	2020 £
(b) Factors affecting the current tax charge		
Profit on ordinary activities before tax	287,310	166,330
Tax at standard UK corporation tax rate at 19% (2020: 19%)	54,589	31,603
Other timing differences	-	30
Permanent capital allowances in excess of depreciation	590	(678)
Fixed Asset Loss on Disposals	322	-
Dividend income	(79,800)	(79,800)
Group Relief surrender	24,299	48,845
Adjustments to tax charge in respect of previous years	-	-
Change in deferred tax	912	(943)
Total tax (credit) / charge	**912**	**(943)**

Within the 2021 Finance Bill published on 11th March 2021, the government has announced that the rate of corporation tax will remain at 19% until March 2023.

Accordingly, the company's deferred tax balances at the reporting date are taxed at an effective rate of 19% (2020: 19%).

Notes to the financial statements for the year ended 31 March 2021

8. Tangible assets

	Office IT Equipment	Fixtures & fittings	Lease Improvements	Motor Vehicles	Total
Cost	**£**	**£**	**£**	**£**	**£**
Balance as at 1 April 2020	**277,291**	**83,289**	**154,064**	**17,720**	**532,364**
Additions	-	5,798	-	-	**5,798**
Disposals	49,115	-	-	17,720	66,835
Balance as at 31 March 2021	**228,176**	**89,087**	**154,064**	**-**	**471,327**
Accumulated depreciation					
Balance as at 1 April 2020	**248,630**	**72,625**	**154,064**	**5,816**	**481,135**
Depreciation charge	8,301	2,675	-	2,199	13,175
Disposals	47,417	-	-	8,015	55,432
Balance as at 31 March 2021	**209,514**	**75,300**	**154,064**	**-**	**438,878**
Net book value as at 31 March 2021	**18,662**	**13,787**	**-**	**-**	**32,449**
Net book value as at 1 April 2020	**28,661**	**10,664**	**-**	**11,904**	**51,229**

9. Investments

	In subsidiary
Cost	**£**
Balance as at 1 April 2020	18,451,059
Additions	-
Disposals	-
Balance as at 31 March 2021	**18,451,059**
Impairment	
Balance as at 1 April 2020	**-**
Impairment	-
Reversal of impairment	-
Disposals	-
Balance as at 31 March 2021	**-**
Carrying value as at 31 March 2021	**18,451,059**
Carrying value as at 31 March 2020	**18,451,059**

Notes to the financial statements for the year ended 31 March 2021

On 21 May 2018, the Company acquired 100% of ordinary share capital of Mindex 1 Limited (Registered office - Suite 23, Portland House, Glacis Road, Gibraltar, GX11 1AA) for consideration of £18,000,000 and acquisition cost of £451,059.

10. Debtors: amounts due within one year

	2021 £	2020 £
Amounts owed from group undertakings		
Due from other group company	383,190	329,508
Accrued income	383,954	340,010
	767,144	**669,518**
Other receivables		
Deferred tax asset (note 13)	2,427	3,339
Prepaid expenses	179,912	132,200
VAT receivable	46,327	28,967
Advance to vendors	8,107	-
Advance to employees	355	470
	237,128	**164,976**
	1,004,272	**834,494**

Amounts owed from other group company are repayable on normal commercial terms.

11. Creditors: amounts falling due within one year

	2021 £	2020 £
Creditors: amounts falling due within one year		
Dilapidation liability (note 14)	190,900	-
Loan from other group company	8,000,000	8,000,000
Sundry creditors	184,716	161,578
Creditors for social security costs	54,025	31,359
Accruals	390,540	354,099
Corporation Tax	(265)	(265)
Total	**8,819,916**	**8,546,771**

The group company unsecured loan is payable in 12 months from the date of drawdown. Interest is payable at variable rate of LIBOR + 1.70% on the principal amount.

Notes to the financial statements for the year ended 31 March 2021

12. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Creditors: amounts falling due after more than one year		
Bank loan	8,000,000	8,000,000
Transaction cost	(25,737)	(37,780)
Total	**7,974,263**	**7,962,220**

The bank loan is secured on freehold property of subsidiary undertaking with a carrying value of £18,000,000. The term of the loan restricts the Company making significant disposal without the consent of the lender. Interest is payable on the 5-year bank loan at variable rate of LIBOR + 1.80% on the principal amount.

13. Deferred tax asset

The deferred tax asset balance comprises

	2021 £	2020 £
Decelerated capital allowances (note 7)	2,469	3,381
Other timing difference	(42)	(42)
	2,427	3,339

14. Provision

	2021 £	2020 £
Dilapidation liability	-	222,500

The dilapidation provision of £190,900 for the Company’s current office space under an operating lease is based on the schedule of dilapidation in relation to the premises as served by landlord. No payments were made during the year for dilapidation and reinstatement obligations. Given the lease ends in September 2021, the liability has been classified as a liability due within one year in 2021 (note 11).

Notes to the financial statements for the year ended 31 March 2021

15. Capital and reserves

	2021 £	2020 £
Authorised share capital		
3,000,000 ordinary shares of £ 1.00 each	3,000,000	3,000,000
Issued share capital		
3,000,000 ordinary shares of £ 1.00 each	3,000,000	3,000,000
Profit and loss account		
Balance as on 1 April	1,110,775	943,502
Profit for the year	286,398	167,273
Balance as on 31 March	**1,397,173**	**1,110,775**
Total	**4,397,173**	**4,110,775**

16. Ultimate parent and controlling related party

Reliance Industries Limited, a company incorporated in India, (Registered office - 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India) is controlling party and the direct parent and the ultimate parent company of the group of which Reliance Global Energy Services Limited 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.

17. Commitments

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

	2021 £	2020 £
Within one year	213,810	438,430
Between one and five years	-	213,810
Total	**213,810**	**652,240**

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