Reliance Global Energy Services Limited

Financial Statements

2018-19

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 2019 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Independent Auditor's Report

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.

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

8 April 2019

Profit and loss account for the year ended 31 March 2019

	Note	1 April 2018 – 31 March 2019 £	1 April 2017 – 31 March 2018 £
Turnover		2,540,006	3,333,343
Other Operating Income	3	350,000	-
		2,890,006	**3,333,343**
Employee related costs	4	1,389,221	1,919,718
Administrative expenses	5	986,772	1,162,434
		2,375,993	**3,082,152**
Operating profit		**514,013**	**251,191**
Loss on sales of fixed assets		**-**	**552**
Profit before interest and taxation		**514,013**	**250,639**
Finance Cost	6	**351,728**	**-**
Profit before taxation		**162,285**	**250,639**
Tax on profit	7	**3,352**	**51,564**
Profit for the financial year		**158,933**	**199,075**

All amounts relate to continuing operations. There were no recognised gains and losses for 2019 and 2018 other than those included in the Profit and loss account.

Balance Sheet
as at 31 March 2019

	Note	31 March 2019 £	31 March 2018 £
Fixed assets			
Tangible assets	8	**55,001**	**74,037**
Investments	9	**18,451,059**	**-**
		18,506,060	**74,037**
Current assets			
Debtors: amounts due within one year	10	938,198	1,263,508
Cash at bank and in hand		1,303,393	878,411
Total current assets		**2,241,591**	**2,141,919**
Creditors: amounts falling due within one year	11	**634,006**	**714,387**
Net current assets		**1,607,585**	**1,427,532**
Total assets less current liabilities		**20,113,645**	**1,501,569**
Creditors: amounts falling due after more than one year	12	15,950,143	-
Provision for liability	14	220,000	217,000
		16,170,143	**217,000**
Net assets		**3,943,502**	**1,284,569**
Capital and reserves			
Share capital	15	3,000,000	500,000
Profit & loss account		943,502	784,569
Equity shareholder's funds	15	**3,943,502**	**1,284,569**

Approved by the Board of Directors and signed on its behalf on 8th April 2019

Saji Varghese
(Director)

The accompanying notes form an integral part of the financial statements

Statement of changes in equity for the year ended 31 March 2019

	Note	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2017		**500,000**	**585,494**	**1,085,494**
Profit for the year ended 31 March 2018		-	199,075	199,075
Total comprehensive income for the year		**-**	**199,075**	**199,075**
Issue of share capital		-	-	-
Balance at 31 March 2018		**500,000**	**784,569**	**1,284,569**
Profit for the year ended 31 March 2019		-	158,933	158,933
Total comprehensive income for the year		**-**	**158,933**	**158,933**
Issue of share capital	15	2,500,000	-	2,500,000
Balance at 31 March 2019		**3,000,000**	**943,502**	**3,943,502**

Notes to the financial statements for the year ended 31 March 2019

1. Accounting policies

- **Basis of preparation**

Reliance Global Energy Services Limited 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, and 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 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 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.

- **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 until 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%
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.

Notes to the financial statements for the year ended 31 March 2019

- **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

Notes to the financial statements for the year ended 31 March 2019

£393,612 (2018: £440,135) and the corresponding accrued income is £433,022 (2018: £480,972). This is based on the best available information to the directors at the time as this is not finalized until the end of June following the end of the financial year. The actual bonus paid during the year related to previous year was £406,862 with a corresponding income of £444,782.

3. Other operating income

	2019 £	2018 £
Dividend received	350,000	-

4. Directors and employee costs

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

	2019 £	2018 £
Salaries and wages	1,208,201	1,677,557
Social security costs	151,272	211,136
Pension costs	16,325	15,119
Health insurance costs	13,423	15,906
Total	**1,389,221**	**1,919,718**

The average number of employees including Directors of the Company during the year was 11 (2018:13).

The remuneration paid to Directors during the year was £1,000 (2018: £5,000). The total remuneration received by the directors in respect of qualifying services paid by other group companies during the year was £nil (2018: £nil).

5. Operating profit

This is stated after charging:

	2019 £	2018 £
Rent for office premises	505,086	503,262
Audit fees	23,100	28,000
Depreciation (note 8)	19,036	24,585

No non-audit fees were paid to the company’s auditor (2018: £Nil).

6. Finance Cost

	2019 £	2018 £
Bank loan interest	341,334	-
Bank loan transaction cost	10,394	-
	351,728	-

Notes to the financial statements for the year ended 31 March 2019

7. Tax

		2019 £	2018 £
(a)	**Tax on profit on ordinary activities**		
	Tax charge is made up as follows:		
	Current tax		
	UK Corporation Tax at 19% (2018: 19%)	-	45,924
	Adjustments to tax charge in respect of previous years	(189)	955
	Total current tax	**(189)**	**46,879**
	Deferred Tax		
	Origination and reversal of timing differences	3,541	1,803
	Prior year adjustment	-	2,882
	Total deferred tax	**3,541**	**4,685**
	Tax on profit on ordinary activities	**3,352**	**51,564**
(b)	**Factors affecting the current tax charge**		
	Profit on ordinary activities before tax	162,285	250,639
	Tax at standard UK corporation tax rate at 19% (2018: 19%)	30,834	47,621
	Expenses not deductible	-	294
	Other timing differences	13	(5)
	Permanent capital allowances in excess of depreciation	1,726	(1,986)
	Capital items expensed	190	-
	Dividend income	(66,500)	-
	Group Relief surrender	33,737	-
	Adjustments to tax charge in respect of previous years	(189)	955
	Change in deferred tax	3,541	4,685
	Total tax charge	**3,352**	**51,564**

The standard rate of corporation tax in the UK will decrease from 19% to 17% with effect from 1 April 2020. Accordingly, the company's deferred tax balances at the reporting date are taxed at an effective rate of 17% (2018: 19%). 15

Notes to the financial statements for the year ended 31 March 2019

8. Tangible assets

Cost	**Office IT Equipment £**	**Fixtures & fittings £**	**Lease Imp rovements £**	**Motor Vehicles £**	**Total £**
Balance as at 1 April 2018	**267,876**	**83,289**	**154,064**	**17,720**	**522,949**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 31 March 2019	**267,876**	**83,289**	**154,064**	**17,720**	**522,949**
Accumulated depreciation					
Balance as at 1 April 2018	**226,282**	**67,350**	**154,064**	**1,216**	**448,912**
Depreciation charge	13,851	2,885	-	2,300	19,036
Disposals	-	-	-	-	-
Balance as at 31 March 2019	**240,133**	**70,235**	**154,064**	**3,516**	**467,948**
Net book value as at 31 March 2019	**27,743**	**13,054**	**-**	**14,204**	**55,001**
Net book value as at 1 April 2018	**41,594**	**15,939**	**-**	**16,504**	**74,037**

9. Investments

Cost	**In subsidiary £**
Balance as at 1 April 2018	-
Additions	18,451,059
Disposals	-
Balance as at 31 March 2019	**18,451,059**
Impairment	
Balance as at 1 April 2018	-
Impairment	-
Reversal of impairment	-
Disposals	-
Balance as at 31 March 2019	**-**
Carrying value as at 31 March 2019	**18,451,059**
Carrying value as at 31 March 2018	**-**

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. 16

Notes to the financial statements for the year ended 31 March 2019

10. Debtors : amounts due within one year

	2019 £	2018 £
Amounts owed from group undertakings		
Due from other group company	336,350	604,203
Accrued income	442,416	493,238
	778,766	**1,097,441**
Other receivables		
Deferred tax asset (note 13)	2,396	5,937
Prepaid expenses	131,685	133,607
VAT receivable	25,176	26,461
Advance to employees	175	62
	159,432	**166,067**
	938,198	**1,263,508**

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

11. Creditors: amounts falling due within one year

	2019 £	2018 £
Creditors: amounts falling due within one year		
Sundry creditors	158,632	165,039
Creditors for social security costs	33,286	36,971
Accruals	442,353	489,453
Corporation Tax	(265)	22,924
Total	**634,006**	**714,387**

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

	2019 £	2018 £
Creditors: amounts falling due after more than one year		
Bank loan	16,000,000	-
Transaction cost	(49,857)	-
Total	**15,950,143**	**-**

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

	2019 £	2018 £
Decelerated capital allowances (note 7)	2,417	5,937
Other timing difference	(23)	-
	2,396	5,937

Notes to the financial statements for the year ended 31 March 2019

14. Provision

	2019 £	2018 £
Dilapidation liability	220,000	217,000

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 £220,000 is based on estimates provided by an external property surveyor. No payments were made during the year for dilapidation and reinstatement obligations.

15. Capital and reserves

	2019 £	2018 £
Authorised share capital		
3,000,000 ordinary shares of £ 1.00 each	3,000,000	1,000,000
Issued share capital		
3,000,000 ordinary shares of £ 1.00 each	3,000,000	500,000
Profit and loss account		
Balance as on 1 April	784,569	585,494
Profit for the year	158,933	199,075
Balance as on 31 March	**943,502**	**784,569**
Total	**3,943,502**	**1,284,569**

During the year the Company allotted 2,500,000 ordinary shares with a nominal value of £1 each.

16. Ultimate parent and controlling related party

Reliance Industries Limited, a company incorporated in 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.

	2019 £	2018 £
Within one year	438,430	438,430
Between one and five years	652,240	1,090,670
Total	**1,090,670**	**1,529,100**

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