# Reliance Jio Infocomm UK Limited

# Independent auditor's report to the members of Reliance Jio Infocomm UK Limited

We have audited the financial statements of Reliance Jio Infocomm UK Limited for the year ended 31 December 2015 which comprise of the Income Statement, the Balance Sheet, Statement of changes in Equity 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 101 "Reduced Disclosure Framework"

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 the director and auditor**

As explained more fully in the Director's responsibilities statement, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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 December 2015 and of its loss 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's 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 Director's 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 Director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a strategic report or in preparing the Director's report.

**David Griffin FCA (Senior Statutory auditor)**
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
15th April 2016

# Income statement For the year Ended 31st December 2015

| | Note | Year ended 31 December 2015 £ | 17 months ended 31 December 2014 (as restated see note 13 £ |
|---|---|---|---|
| Operating expenses | 3 | **(34,482)** | (32,808) |
| **Operating loss** | | **(34,482)** | (32,808) |
| **Loss before taxation** | | **(34,482)** | (32,808) |
| **Tax** | 5 | **-** | - |
| **Loss for the financial year attributable to owners of the Company** | | **(34,482)** | (32,808) |

All amounts relates to continuing operations. There were no recognised gains and losses for 2015 and 2014 other than those included in the Income Statement.

# Balance sheet As at 31st December 2015

| | Note | 2015<br>£ | 2014<br>£ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **831,614** | 455,770 |
| | | **831,614** | 455,770 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **9,183** | 47,357 |
| Cash and bank balances | | **211,374** | 37,937 |
| | | **220,557** | 85,294 |
| **Total assets** | | **1,052,171** | 541,064 |
| **Current liabilities** | | | |
| Trade and other payables | 8 | **(319,461)** | (273,872) |
| **Net current assets** | | **(98,904)** | (188,578) |
| **Net assets** | | **732,710** | (267,192) |
| **Equity** | | | |
| Share capital | 9 | **800,000** | 300,000 |
| Retained earnings | 10 | **(67,290)** | (32,808) |
| **Equity attributable to owners of the Company** | | **732,710** | 267,192 |

The financial statements of Reliance Jio Infocomm UK Limited (registered number 08630000) were approved by the board and authorised for issue on April 2016. They were signed on its behalf by

Saji Varghese
Director

# Statement of changes in Equity For the year ended 31st December 2015

| | Share capital £ | Retained earnings £ | Total £ |
|---|---|---|---|
| **Balance at 30 July 2013** | - | - | - |
| Loss for the period ended 31 December 2014 | - | (32,808) | (32,808) |
| **Total comprehensive income for the period** | | | |
| Issue of share capital | 300,000 | - | 300,000 |
| **Balance at 31 December 2014** | 300,000 | (32,808) | (267,192) |
| Loss for the year ended 31 December 2015 | - | (34,482) | (34,482) |
| **Total comprehensive income for the period** | | | |
| Issue of share capital | **500,000** | **-** | **500,000** |
| **Balance at 31 December 2015** | **800,000** | **(67,290)** | **732,710** |

# Notes to the financial statements For the year ended 31st December 2015

**1. Significant accounting policies**

Reliance Jio Infocomm UK Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act. The group accounts of Reliance Industries Limited are available to the public and can be obtained as set out in note 12.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year ended 31 December 2015.

**Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, the equivalent disclosures are given in the group accounts of Reliance Industries Limited whose consolidated financial statements include those of the Company and are publicly available and can be obtained as set out in note 12.

The financial statements have been prepared under the historical cost convention.

**Going concern**

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, he continues to adopt the going concern basis of accounting in preparing the annual financial statements as a result of continued support from the parent company.

**Changes in Accounting policies and disclosures**

There are no IFRS or IFRIC interpretations that are effective for the first time this financial year which have a material impact on the Company.

**Fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairments.

Included within the cost of network infrastructure systems are materials awaiting installation which are valued at cost less a provision for excess and obsolete items. The materials are used in the construction and maintenance of new and existing infrastructure and, when issued, are charged either to the cost of specific infrastructure or to the profit and loss account.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

**Depreciation of tangible fixed assets**

Depreciation of tangible fixed assets is charged so as to write off the cost of assets, other than assets under construction, using the straight line method over their estimated useful lives, as follows:

| | |
|---|---|
| Plant and machinery | 13-15 years |
| Furniture and fittings | 5-10 years |
| Network infrastructure | 5-15 years |

**Taxation**

***Current tax***

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# Notes to the financial statements For the year ended 31st December 2015

**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 financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

**Foreign currency**

The company's accounting records are maintained in Pounds Sterling (GBP) and transactions in foreign currencies during the year have been translated into GBP at rates prevailing on the date of the 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.

**Leases**

Lease payments are currently being capitalised to the balance sheet as they are wholly attributable to the fixed assets under capitalisation.

**Pension costs**

For defined contribution schemes the amount capitalised in the asset under construction 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.

**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 judgements and key sources of estimation uncertainty**

**Useful lives of property, plant and equipment**

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the director determined that there should be no changes in the useful lives of property, plant and equipment.

# Notes to the financial statements For the year ended 31st December 2015

## 3. Operating expenses

| | Year ended 31 December 2015 £ | 17 months ended 31 December 2014 £ |
|---|---|---|
| Professional fees | **13,070** | 17,193 |
| Payment to auditor | **8,000** | 8,000 |
| Insurance | **2,357** | 1,726 |
| Foreign Exchange losses | **744** | 3,615 |
| General expenditure | **10,311** | 2,274 |
| | **34,482** | 32,808 |

**Auditor's remuneration**

Fees payable to Deloitte UK and their associates for the audit of the Company's annual accounts were £8,000 (2014: £8,000). There were no non audit fees payable to the company auditor (2014: £nil).

## 4. Directors' Emoluments and Staff costs

The average monthly number of employees (excluding the directors) during the year was 1 (2014: 1).

His aggregate remuneration comprised:

| | Year ended 31 December 2015 £ | 17 months ended 31 December 2014 £ |
|---|---|---|
| Wages and salaries | **104,062** | 29,125 |
| Social security costs | **13,490** | 3,745 |
| Pension costs | **9,825** | 139 |
| | **127,377** | 33,009 |

The directors did not receive any remuneration from the company during the year (2014: £nil)

## 5. Tax

| | Year ended 31 December 2015 £ | 17 months ended 31 December 2014 £ |
|---|---|---|
| Corporation tax: | | |
| UK corporation tax at 20.25% (2014: 21.94%) | - | - |
| | - | - |

# Notes to the financial statements For the year ended 31st December 2015

Corporation tax is calculated at 20.25 per cent (2014: 21.94 per cent) of the loss for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

| | **Year ended 31 December 2015 £** | **17 months ended 31 December 2014 £** |
|---|---|---|
| Profit before tax | **(34,482)** | (32,808) |
| Tax at the UK corporation tax rate of 20.25 % (2014:21.94 %) | **(6,982)** | (7,199) |
| Tax effect of expenses that are not deductible in determining taxable profit | **-** | 439 |
| Change in unrecognised deferred tax assets | **6,982** | 6,760 |
| Tax expense for the year | **-** | 32,808 |

The company has an unrecognised deferred tax asset in respect of loss of £13,066 (2014: £6,162) as it is not considered probable that there will be future taxable profits available.

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. Property, plant and equipment

| | **Payment on account and asset in the course of construction £** |
|---|---|
| **Cost or valuation** | |
| As at 30 July, 2013 | - |
| Additions | 455,770 |
| At 1 January 2015 | 455,770 |
| Additions | **375,844** |
| At 31 December 2015 | **831,614** |

## 7. Current assets

| | **2015 £** | **2014 £** |
|---|---|---|
| VAT Receivable | **5,381** | 46,548 |
| Prepayments and accrued income | **3,802** | 809 |
| Total Current assets | **9,183** | 47,357 |

# Notes to the financial statements For the year ended 31st December 2015

## 8. Current liabilities

| | 2015<br>£ | 2014 (as restated see note 13)<br>£ |
|---|---|---|
| Other Payables | **304,134** | 273,872 |
| Creditors for social security costs | **3,526** | - |
| Accruals | **11,801** | - |
| Amounts falling due within one year | **319,461** | 273,872 |

## 9. Authorised share capital

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| **Issued and fully paid:** | | |
| 800,000 ordinary shares of £1 each | **800,000** | 300,000 |

500,000 shares were issued and fully paid in the year ending 31 December 2015. These were approved by the board on 27 March 2015 and 5 June 2015.

The Company has one class of ordinary shares which carry no right to fixed income.

## 10. Retained earnings

| | £ |
|---|---|
| Balance at 30 July 2013 | - |
| Net profit for the 17 month period ended 31 December 2014 | (32,808) |
| Balance at 1 January 2015 | (32,808) |
| Net profit for the year ended 31 December 2015 | (34,482) |
| Balance at 31 December 2015 | (67,290) |

## 11. Financial commitments

Minimum lease payments under non – cancellable leases are as follows:

| | 2015<br>£ | 2014<br>£ |
|---|---|---|
| Expiry date | | |
| - within one year | **132,779** | 108,146 |
| - between two and five years | **329,551** | 313,333 |
| - after five years | **-** | 51,058 |
| | **462,330** | 472,537 |

# Notes to the financial statements For the year ended 31st December 2015

**12. Immediate parent and ultimate controlling party**

The Company's immediate parent Company and controlling party is Reliance Jio Infocomm Limited, a Company incorporated in India. The ultimate parent company which includes the Company and for which group accounts are prepared, is Reliance Industries Limited, a Company incorporated in India. The group accounts for Reliance Industries limited can be obtained from 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India.

**13. Transitioning from old UK GAAP to FRS 101**

**Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.