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 17 months ended 31 December 2014 which comprise of the Profit and Loss Account, 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).

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, 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 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 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were 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 Directors' report.

David Griffin FCA (Senior Statutory auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

27 March 2015

Profit and Loss Account
For the 17 months ended 31 December 2014

	Note	2014 £
Gross profit		-
Other operating expenses (net)	**3**	32,808
Operating loss		(32,808)
Loss on ordinary activities before taxation		(32,808)
Tax on profit on ordinary activities	**4**	-
Loss on ordinary activities after taxation		(32,808)
Loss for the financial period		(32,808)

All amounts relate to continuing operations. There are no recognised gains or losses for the period other than the loss stated above, therefore no separate statement of recognised gains or losses is presented.

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

Balance Sheet as at 31 December 2014

Company No. 08630000

	Note	2014 £
Fixed assets	**5**	455,770
		455,770
Current assets		
Stocks		
Debtors		
– due within one year	**6**	47,357
Cash at bank and in hand		37,937
Total Current assets		85,294
Creditors: Amounts falling due within one year	**7**	(273,872)
Net current assets		(188,578)
Total assets less current liabilities		267,192
Net assets		267,192
Capital and reserves		
Called-up share capital	**8**	300,000
Profit and loss account	**9**	(32,808)
Shareholders' funds		267,192

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

Approved by the Board of Directors and signed on its behalf on 27 March 2015.

Saji Varghese

Director

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

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the 17 month period ended 31 December 2014.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP).

The company has taken advantage of the exemption from the requirement of Financial Reporting Standard No. 01 (revised) to prepare a cash flow statement as during the year it was a wholly owned subsidiary of Reliance Jio Infocomm Limited, which in turn is a subsidiary of Reliance Industries Limited whose consolidated financial statements include those of the Company and are publicly available.

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

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 transalated 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 transalation 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 getting the assets for its intended use.

Notes to the Financial Statements

2. Director's emoluments and staff costs

Neither director received any remuneration by the Company during the 17 months ended 31 December 2014.

The Company employed one person for the months of October to December during the year. All his costs have been capitalised as he has been used wholly in the construction of the fixed assets. No other employees were employed by the company during the year.

	2014
	£
Wages and salaries	29,125
Social security costs	3,745
Other pension costs incurred	139
	33,009

3. Operating loss

	2014
	£
Professional fees	17,193
Audit fees	8,000
Insurance	1,726
General expenses	5,889
	32,808

4. Tax on loss on ordinary activities

(a) The tax charge comprises:

	2014
	£
Current tax	
UK corporation tax	-
Double tax relief	-
Foreign tax	-
Total tax on profit on ordinary activities	-

(b) Corporation tax is payable at 21.94% on taxable profits:

	2014
	£
Loss on ordinary activities before taxation	(32,808)
Loss on ordinary activities multiplied by standard tax rate of corporation tax in the UK of 21.94%	(7,199)
Expenses not deductible for tax purposes	439
Unrelieved tax losses and other deductions arising in the period	6,760
Total current tax for the period	-

The Company has an unrecognised deferred tax asset in respect of losses of £ 6,162 as there is insufficient evidence that the asset will be recovered

Notes to the Financial Statements

5. Fixed assets

	Payments on account and assets in the course of construction £	Total £
Cost or valuation		
Opening balance	-	-
Additions	455,770	455,770
Disposals	-	-
At 31 December 2014	455,770	455,770
Depreciation		
Opening balance	-	-
Charge for the year	-	-
Reversal of past impairment losses	-	-
Adjustments on revaluations	-	-
Disposals	-	-
At 31 December 2014	-	-
Net book value		
At 31 December 2014	455,770	455,770

The company is in the process of implementing the infrastructure for providing international telecommunications services and expenditure incurred towards the same has been classified under "Assets in the course of construction".

6. Debtors

	2014 £
Amounts falling due within one year:	
VAT	46,548
Prepayments and accrued income	809
	47,357

7. Creditors – amounts falling due within one year

	2014 £
Other creditors	273,872
	273,872

8. Called up share capital

	2014 £
Allotted, called up and paid up	
333,333 ordinary shares of £ 1 each (£ 0.90 partly paid up)	300,000
	300,000

Notes to the Financial Statements

9. Reserves

	Profit and loss account £
Opening balance	-
Loss for the period	(32,808)
Dividends paid on equity shares	-
At 31 December 2014	(32,808)

10. Reconciliation of movements in shareholders' funds

	2014 £
Loss for the 17 months ended 31 December 2014	(32,808)
Other recognised gains and losses relating to the year (net)	-
	(32,808)
Dividends paid on equity shares	-
New shares issued	300,000
Net addition to shareholders' funds	267,192

11. Financial Commitments

Annual commitments under non-cancellable operating leases are as follows:	2014 Other £
Expiry date	
- within one year	108,146
- between two and five years	313,333
- after five years	51,058
	472,537

12. Ultimate parent and controlling related party

The Company's immediate parent company and controlling related party is Reliance Jio Infocomm Limited, India. The Company's ultimate parent and controlling related party is Reliance Industries Limited, India.

Reliance Industries Limited is the parent company of the group of which Reliance Jio Infocomm UK 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 – 400021, India.

13. Related Party transactions

The company has taken advantage of the exemption contained within the Financial Reporting Standard No 8 "Related Party Disclosures" as during the year it was a wholly owned subsidiary of Reliance Jio Infocomm Limited, which in turn is a subsidiary of Reliance Industries Limited whose consolidated financial statements include those of the Company and are publicly available. Therefore the Company has not disclosed transactions with wholly owned group companies. There were no other related party transactions in the year.