

























# **Reliance Jio Infocomm UK Ltd**

## **Notes to the financial statements**

### For the year ended 31 December 2021

#### **1. Significant accounting policies (continued)**

##### Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities**

##### Initial recognition and measurement

All financial liabilities are recognised at fair value, net of directly attributable cost.

##### Subsequent measurement

Financial liabilities are carried at amortised cost using the effective interest method.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### Derecognition of financial instruments

A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

##### Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the Director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The only significant judgement made by the Director relates to the useful lives of property, plant and equipment.

##### **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.

There are no other judgements that the Director considers to be of a critical nature.

The company does not have any key sources of estimation uncertainty.

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**3. Other Operating expenses**

	<b>Year ended 31 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Employee Benefit Expenses	200,977	184,609
Depreciation and amortization	512,012	497,444
IP Transit Cost	1,181,998	1,234,213
Voice charges	12,453,816	15,147,533
Professional fees	13,238	13,901
Payment to Auditor	33,000	30,000
Insurance	38,370	26,744
Colocation Charges	679,430	691,341
Repairs & Maintenance	195,546	173,859
Foreign Exchange losses	(9,371)	(1,838)
General expenditure	6,635	20,257
	<u>15,305,651</u>	<u>18,018,063</u>

**Auditor's remuneration**

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £33,000 (2020: £30,000). No fees for any other services were paid to Deloitte LLP.

**4. Directors' Emoluments and Staff costs**

The Director did not receive any remuneration from the company during the year (2020: £nil) as it is born by another group company.

The average monthly number of employees (excluding the directors) during the year was 1 (2020: 1).

His aggregate remuneration comprised:

	<b>Year ended 31 December 2021 £</b>	<b>Year ended 31 December 2020 £</b>
Wages and salaries	166,667	153,125
Social security costs	22,123	20,234
Pension costs	12,187	11,250
	<u>200,977</u>	<u>184,609</u>

**Reliance Jio Infocomm UK Ltd**  
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**5. Tax**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Corporation tax:		
UK corporation tax at 19.00% (2020: 19.00%)	-	-
Deferred tax	69,226	45,467
	<u>69,226</u>	<u>45,467</u>

Corporation tax is calculated at 19.00% (2020: 19.00%) of the profit for the year. The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Profit before tax	99,750	182,083
Tax at the UK corporation tax rate of 19.00 % (2020: 19.00 %)	18,952	34,596
Tax effect of expenses that are not deductible in determining taxable profit	73,551	72,157
Capital Allowance	(92,503)	(106,753)
Change in unrecognised deferred tax assets	-	-
Brought forward unrecognised deferred tax assets	-	-
Adjustment to prior year deferred tax assets	-	-
Deferred tax movement on fixed assets	69,226	45,467
Effect of change in tax rate	-	-
Other Adjustment	-	-
Tax expense for the year	<u>69,226</u>	<u>45,467</u>

At 31 December 2021, other temporary timing differences exceed losses available, resulting in a net deferred tax liability of £ 207,098.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using this tax rate and reflected in these financial statements.

**Reliance Jio Infocomm UK Ltd**  
**Notes to the financial statements**  
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**5. Tax (continued)**

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	<b>Accelerated tax depreciation £</b>	<b>Total £</b>
At 1 January 2021	137,872	137,872
Charge/(credit) to profit or loss	69,226	69,226
Effect of change in tax Rate		
– profit or loss	-	-
– equity	-	-
At 31 December 2021	<u>207,098</u>	<u>207,098</u>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>2021 £</b>	<b>2020 £</b>
Deferred tax liabilities	207,098	137,872
Deferred tax assets	-	-
	<u>207,098</u>	<u>137,872</u>

**Reliance Jio Infocomm UK Ltd**  
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**6. Property, plant and equipment**

	<b>Plant and machinery £</b>	<b>Capital work- in-progress £</b>	<b>Total £</b>
<b>Cost:</b>			
At 1 January 2020	5,600,423	776,367	6,376,790
Additions	776,367	12,043	788,410
Transfers to Plant and Machinery	-	(776,367)	(776,367)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	6,376,790	12,043	6,388,833
Additions	-	-	-
Transfers to Plant and Machinery	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	6,376,790	12,043	6,388,833
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation:</b>			
At 1 January 2020	(976,447)	-	(976,447)
Depreciation for the year	(420,398)	-	(420,398)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	(1,396,845)	-	(1,396,845)
Depreciation for the year	(427,730)	-	(4,27,730)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	(1,824,575)	-	(1,824,575)
	<hr/>	<hr/>	<hr/>
<b>Carrying amount:</b>			
At 31 December 2021	<u>4,552,215</u>	<u>12,043</u>	<u>4,564,258</u>
At 31 December 2020	<u>4,979,945</u>	<u>12,043</u>	<u>4,991,988</u>



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**7. Intangible assets**

	<b>Rights-to-use capacity £</b>	<b>Total £</b>
<b>Cost:</b>		
At 1 January 2020	1,092,529	1,092,529
Adjustments	171,873	171,873
	<hr/>	<hr/>
At 31 December 2020	1,264,402	1,264,402
Additions	-	-
	<hr/>	<hr/>
At 31 December 2021	1,264,402	1,264,402
	<hr/>	<hr/>
<b>Accumulated amortisation:</b>		
At 1 January 2020	(178,810)	(178,810)
Charge for the year	(77,046)	(77,046)
	<hr/>	<hr/>
At 31 December 2020	(255,856)	(255,856)
Charge for the year	(84,283)	(84,283)
	<hr/>	<hr/>
At 31 December 2021	(340,139)	(340,139)
	<hr/>	<hr/>
<b>Carrying amount:</b>		
At 31 December 2021	924,263	924,263
	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	1,008,546	1,008,546
	<hr/> <hr/>	<hr/> <hr/>

The amortisation expense has been included in the line item 'depreciation and amortisation expense' in other operating expenses in the Income Statement. The intangible assets represent 'Indefeasible Right to Use' of capacities on optical fibre cables.

**Reliance Jio Infocomm UK Ltd**  
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**8. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade receivables (payable within 30 to 45 days from invoice date)		
- Holding company	288,072	170,083
- Fellow Subsidiary	424,518	69,831
- Others	903,571	370,016
	<u>1,616,161</u>	<u>609,930</u>
Accrued income		
- Holding Company	183,524	213,322
- Fellow Subsidiary	540,556	463,845
- Others	846,931	323,416
	<u>1,571,011</u>	<u>1,000,583</u>
Other current assets	494,429	191,952
Total trade and other receivables	<u>3,681,601</u>	<u>1,802,465</u>

For details on the terms and conditions of the balances due from related parties, please refer to note 13.

**9. Current liabilities**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade payables		
- Payable to parent company	624,213	509,505
- Others	115,094	146,580
	<u>739,307</u>	<u>656,085</u>
Other Payables	215,341	82,750
Accruals		
- Payable to parent company	647,475	323,666
- Payable to fellow subsidiary	215,417	39,516
- Others	281,294	199,029
	<u>1,144,186</u>	<u>562,211</u>
Total Trade and other Payable	2,098,834	1,301,046
Contract Liability	477,360	82,565
Amounts falling due within one year	<u>2,576,194</u>	<u>1,383,611</u>

For details on the terms and conditions of the balances due to related parties, please refer to note 13.

**Reliance Jio Infocomm UK Ltd**  
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**10. Authorised share capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Authorised, Issued and fully paid:</b>		
6,000,000 ordinary shares of £1 each (2020: 6,000,000 ordinary shares of £1 each)	6,000,000	6,000,000
	<u>6,000,000</u>	<u>6,000,000</u>

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

**11. Retained earnings**

	<b>£</b>
Balance at 1 January 2021	447,890
Net profit for the year ended 31 December 2020	136,616
	<u>584,506</u>
Balance at 31 December 2020	584,506
Net Profit for the year ended 31 December 2021	30,524
	<u>615,030</u>
Balance at 31 December 2021	<u>615,030</u>

**12. Capital Commitments**

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Commitments for the acquisition of plant and equipment	<u>172,563</u>	<u>-</u>

**Reliance Jio Infocomm UK Ltd**  
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**13. Related party transactions**

**Trading transactions**

During the year, the Company entered into the following trading transactions with related parties:

	<b>Sale of services</b>		<b>Purchase of services</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Reliance Jio Infocomm Limited (Holding Company)	1,436,498	1,358,509	8,879,144	13,699,413
Associates (Other Group Undertakings)	3,595,547	2,751,282	1,511,210	501,378

The following amounts were outstanding at the balance sheet date:

	<b>Amounts owed by related parties</b>		<b>Amounts owed to related parties</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Reliance Jio Infocomm Limited (Holding Company)	471,596	383,405	1,271,688	833,171
Associates (other Group Undertakings)	965,074	533,676	215,417	39,516

Reliance Jio Infocomm Limited is a related party of the Company because RJIL holds 100% share capital in RJUK. RJIL and RJUS are Associate companies for RJUK as they are also 100% subsidiaries of RJIL.

Sales of services to related parties were made at the cost plus appropriate mark-up. Purchases were made at market price discounted to reflect the quantity of services purchased and the relationships between the parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts repayable to Reliance Jio Infocomm Limited carry no interest.

The Company doesn't have any loans outstanding with or from any of the group undertakings.

**14. Revenue from Operations**

All the revenue is generated in the UK.

<b>Type of services</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Voice Termination Services	12,786,680	15,530,218
IP Transit Services	2,555,991	2,606,367
Other	62,730	63,561
<b>Total</b>	<b>15,405,401</b>	<b>18,200,146</b>

**Reliance Jio Infocomm UK Ltd**  
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**15. 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 and having registered address at Office -101, Saffron, Near Centre Point, Panchwati 5 Rasta, Ambawadi, Ahmedabad-380006, Gujarat, India. The smallest group of which the company is a member and for which group accounts are prepared is the consolidated financial statements of Reliance Jio Infocomm Limited.

The ultimate parent company, which is also the parent undertaking of the largest group 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 the registered address, being the 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, India.