

Company Registration No. 06370905 (England and Wales)

RIVER EAST SUPPLIES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

SOMERBYS LIMITED
CHARTERED ACCOUNTANTS
30 NELSON STREET
LEICESTER
LE1 7BA

TUESDAY



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RIVER EAST SUPPLIES LIMITED

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RIVER EAST SUPPLIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The director presents the strategic report and financial statements for the year ended 30 June 2015.

Review of the business

The company operates an international prescription service pharmacy providing pharmaceutical and prescription services and products to international customers.

The company's profit before taxation for the year amounted to £1,077,032 and it had closing shareholders funds amounting to £1,375,754, of which £1,375,753 was distributable. The director considers this to be a satisfactory performance and position for the company.

The principal risks and uncertainties impacting on the company relate to competition from other international retailers, employee retention, product availability and industry regulation.

The directors have identified the following key performance indicators:

	2015	2014	2013
	£	£	£
Turnover	15,340,198	15,525,975	10,657,011
Profit on ordinary activities before exceptional items and taxation	1,077,032	242,266	96,953
Shareholders' funds	1,375,754	522,008	334,921

The director considers that the above key performance indicators are all satisfactory and in line with their expectations.

On behalf of the board

✗ 

Mr N Kaulder

Director

11 February 2016

RIVER EAST SUPPLIES LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The director presents his report and financial statements for the year ended 30 June 2015.

Principal activities and review of the business

The principal activity of the company continued to be that of an international prescription service pharmacy providing pharmaceutical and prescription services and products to international customers.

Results and dividends

The results for the year are set out on page 5.

No dividends were paid during the year and no final dividend is proposed.

Director

The following director has held office since 1 July 2014:

Mr N Kaulder

Financial instruments

The principal financial instruments of the company comprise bank balances, trade creditors, trade debtors and trading loan accounts. The main purpose of these instruments is to raise funds for the company's continuing operations.

Liquidity risk is minimised by the use of bank balances and trading loan accounts along with efficient monitoring and forecasting of cashflow to ensure there are sufficient funds to meet liabilities.

Trade creditors are paid on normal commercial, unless otherwise agreed with the supplier, and the liquidity risk is minimised as described above.

Trade debtors are managed in respect of credit and cashflow risk by policies monitoring the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits.

Auditors

The auditors, Somerbys Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

RIVER EAST SUPPLIES LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

Statement of director's responsibilities

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr N Kaulder

Director

11 February 2016

RIVER EAST SUPPLIES LIMITED

INDEPENDENT AUDITORS' REPORT TO RIVER EAST SUPPLIES LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 5 to 15, together with the financial statements of River East Supplies Limited for the year ended 30 June 2015 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

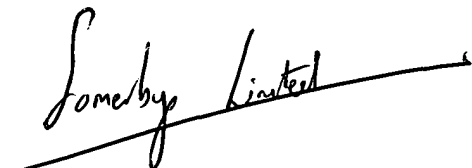
Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Alexander West ACA (Senior Statutory Auditor)
for and on behalf of Somerby Limited

11 February 2016

Chartered Accountants
Statutory Auditor

30 Nelson Street
Leicester
LE1 7BA

RIVER EAST SUPPLIES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 £	2014 £
Turnover		15,340,198	15,525,974
Other operating income less cost of sales		(12,971,822)	(13,555,742)
Administrative expenses		(1,291,344)	(1,727,966)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	1,077,032	242,266
Tax on profit on ordinary activities	3	(223,286)	(55,179)
		<hr/>	<hr/>
Profit for the year	13	853,746	187,087
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

RIVER EAST SUPPLIES LIMITED

ABBREVIATED BALANCE SHEET

AS AT 30 JUNE 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	5		31,794		26,089
Current assets					
Stocks	6	616,304		485,505	
Debtors	7	7,722,623		5,757,784	
Cash at bank and in hand		472,003		522,307	
		8,810,930		6,765,596	
Creditors: amounts falling due within one year	8	(7,462,520)		(6,266,642)	
Net current assets			1,348,410		498,954
Total assets less current liabilities			1,380,204		525,043
Provisions for liabilities	9		(4,450)		(3,035)
			1,375,754		522,008
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		1,375,753		522,007
Shareholders' funds	14		1,375,754		522,008

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

Approved by the Board and authorised for issue on 11 February 2016



Mr N Kaulder
Director

Company Registration No. 06370905

RIVER EAST SUPPLIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	£	2015 £	£	2014 £
Net cash inflow from operating activities		18,410		71,703
Taxation		(54,698)		(25,663)
Capital expenditure				
Payments to acquire tangible assets	(14,016)		(38,000)	
Receipts from sales of tangible assets	-		58,499	
Net cash (outflow)/inflow for capital expenditure		(14,016)		20,499
Net cash (outflow)/inflow before management of liquid resources and financing		(50,304)		66,539
Decrease in debt	-		-	
(Decrease)/increase in cash in the year		(50,304)		66,539

RIVER EAST SUPPLIES LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

1 Reconciliation of operating profit to net cash inflow from operating activities		2015	2014
		£	£
Operating profit		1,077,032	242,266
Depreciation of tangible assets		8,311	21,432
Profit on disposal of tangible assets		-	(6,902)
(Increase)/decrease in stocks		(130,799)	130,612
(Increase)/decrease in debtors		(1,964,839)	566,404
Increase/(decrease) in creditors within one year		1,028,705	(882,109)
Net cash inflow from operating activities		18,410	71,703
2 Analysis of net funds		1 July 2014	Cash flow Other non- 30 June 2015 cash changes
		£	£
Net cash:			
Cash at bank and in hand	522,307	(50,304)	-
Bank deposits	-	-	-
Net funds	522,307	(50,304)	472,003
3 Reconciliation of net cash flow to movement in net funds		2015	2014
		£	£
(Decrease)/increase in cash in the year		(50,304)	66,539
Movement in net funds in the year		(50,304)	66,539
Opening net funds		522,307	455,768
Closing net funds		472,003	522,307

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 3 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% per annum of net book amount
Computer equipment	33.33% per annum of net book amount
Motor vehicles	25% per annum of net book amount

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

2	Operating profit	2015	2014
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	8,311	21,432
	Loss on foreign exchange transactions	-	436,098
	Operating lease rentals	95,698	93,881
	Auditors' remuneration (including expenses and benefits in kind)	5,000	5,000
	and after crediting:		
	Profit on disposal of tangible assets	-	(6,902)
	Profit on foreign exchange transactions	(339,543)	-
		<u> </u>	<u> </u>
3	Taxation	2015	2014
		£	£
	Domestic current year tax		
	U.K. corporation tax	221,871	54,698
	Adjustment for prior years	-	335
		<u> </u>	<u> </u>
	Total current tax	221,871	55,033
	Deferred tax		
	Deferred tax credit current year	1,415	146
		<u> </u>	<u> </u>
		223,286	55,179
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,077,032	242,266
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2014 - 22.50%)	223,492	54,510
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	-	10
	Depreciation add back	1,724	3,051
	Capital allowances	(3,345)	(2,889)
	Adjustments to previous periods	-	75
	Other tax adjustments	-	276
		<u> </u>	<u> </u>
		(1,621)	523
		<u> </u>	<u> </u>
	Current tax charge for the year	221,871	55,033
		<u> </u>	<u> </u>

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

4 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2014 & at 30 June 2015	110,000
Amortisation	
At 1 July 2014 & at 30 June 2015	110,000
Net book value	
At 30 June 2015	-
At 30 June 2014	-

5 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 July 2014	84,347
Additions	14,016
At 30 June 2015	98,363
Depreciation	
At 1 July 2014	58,258
Charge for the year	8,311
At 30 June 2015	66,569
Net book value	
At 30 June 2015	31,794
At 30 June 2014	26,089

6 Stocks

	2015 £	2014 £
Finished goods and goods for resale	616,304	485,505

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

7	Debtors	2015 £	2014 £
	Trade debtors	358,998	133,125
	Other debtors	7,128,476	5,560,012
	Prepayments and accrued income	235,149	64,647
		<u>7,722,623</u>	<u>5,757,784</u>

8	Creditors: amounts falling due within one year	2015 £	2014 £
	Trade creditors	1,934,676	860,968
	Corporation tax	221,871	54,698
	Other creditors	5,198,757	5,337,470
	Accruals and deferred income	107,216	13,506
		<u>7,462,520</u>	<u>6,266,642</u>

9	Provisions for liabilities	Deferred tax liability £
	Balance at 1 July 2014	3,035
	Profit and loss account	1,415
	Balance at 30 June 2015	<u>4,450</u>

The deferred tax liability is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	<u>4,450</u>	<u>3,035</u>

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

10 Retirement Benefits

	2015 £	2014 £
Contributions payable by the company for the year	14,505	15,808

10 Pension and other post-retirement benefit commitments Defined contribution

	2015 £	2014 £
Contributions payable by the company for the year	14,505	15,808

12 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2014	522,007
Profit for the year	853,746
Balance at 30 June 2015	1,375,753

14 Reconciliation of movements in Shareholders' funds

	2015 £	2014 £
Profit for the financial year	853,746	187,087
Opening Shareholders' funds	522,008	334,921
Closing Shareholders' funds	1,375,754	522,008

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

15 Financial commitments

At 30 June 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2016:

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
Within one year	98,372	85,000

16 Director's remuneration

	2015	2014
	£	£
Remuneration for qualifying services	121,110	94,518
Company pension contributions to defined contribution schemes	8,109	7,950
	129,219	102,468

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015	2014
	Number	Number
Administration	3	3
Distribution	11	13
	14	16

Employment costs

	2015	2014
	£	£
Wages and salaries	397,528	458,282
Social security costs	38,367	39,909
Other pension costs	14,505	15,808
	450,400	513,999

RIVER EAST SUPPLIES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

18 Ultimate parent company

On 12 October 2012 the entire share capital of the company was purchased by Global Drug Supply Ltd., a company incorporated in Barbados. The ultimate parent company from this date was 4208081 Canada Limited, a company incorporated in Canada. The ultimate controlling party was the Sigma Trust.

19 Related party relationships and transactions

Rockley Ventures, CanadaDrugs.com LP, 5177007 Manitoba Limited, GDS Licensing Limited, 4208081 Canada Limited, Jan Drugs Inc and Tajucco Pharma Private Limited are companies under common control. Global Drug Supply Ltd is the immediate parent company of River East Supplies Limited.

Included within other debtors is an amount due from Rockley Ventures amounting to £5,816,385 (2014 - £5,346,945).

Included within trade debtors is an amount due from Tajucco Pharma Private Limited amounting to £28,321 (2014 - £26,435).

During the year, the company paid management fees to Global Drug Supply Ltd amounting to £465,513 (2014 - £509,593), paid royalty fees amounting to £904,787 (2014 - £1,999,054), paid call centre service fees amounting to £1,594,627 (2014 - £2,169,885). Included within other creditors is an amount due to Global Drug Supply Ltd amounting to £3,311,654 (2014 - £5,330,565).

Included in trade creditors is an amount payable to CanadaDrugs.com LP of £421,581 (2014 - £16,736). Included in other creditors is an amount payable to CanadaDrugs.com LP of £184,664.

During the year the company paid call centre costs of £852,858 (2014 - £nil) to 5177007 Manitoba Limited, trading as CanadaDrugs.com Customer Care. At the year end there is a balance of £1,020,589 (2014 - £nil) in other debtors owed by 5177007 Manitoba Limited.

During the year the company paid royalties of £98,642 (2014 - £nil) to GDS Licensing Limited and at the year end there is a balance of £95,569 (2014 - £nil) in trade creditors owed to GDS Licensing Limited.

During the year the company paid royalties of £78,483 (2014 - £nil) to Jan Drugs Inc.

During the year the company paid royalties of £1,026,956 (2014 - £nil) to 4208081 Canada Limited and at the year end there is a balance of £1,685,622 (2014 - £nil) in other creditors and £329,412 (2014 - £nil) in trade creditors owed to 4208081 Canada Limited.