

Company Registration No. 06370905 (England and Wales)

**RIVER EAST SUPPLIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**



**SOMERBYS LIMITED**  
**CHARTERED ACCOUNTANTS**  
**30 NELSON STREET**  
**LEICESTER**  
**LE1 7BA**

# **RIVER EAST SUPPLIES LIMITED**

## **COMPANY INFORMATION**

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<b>Director</b>	K Thorkelson	(Appointed 9 November 2017)
<b>Company number</b>	06370905	
<b>Registered office</b>	30 Nelson Street Leicester LE1 7BA	
<b>Auditor</b>	Somerbys Limited 30 Nelson Street Leicester LE1 7BA	

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# **RIVER EAST SUPPLIES LIMITED**

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# RIVER EAST SUPPLIES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2017**

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The director presents the strategic report for the year ended 30 June 2017.

### Fair review of the business

The company operated 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 £617,914 and it had closing shareholders funds amounting to £3,310,131 of which £3,310,130 were distributable. The director considers this to be a satisfactory performance and position for the company.

During the year, the company's bank withdrew banking facilities and the director has been unable to arrange suitable alternative facilities. The company has therefore ceased trading.

### Principal risks and uncertainties

Other than the item identified above, the principal risks and uncertainties impacting on the company relate to competition from other international retailers, employee retention, product availability and industry regulation.

### Key performance indicators

The directors have identified the following key performance indicators:

	2017	2016	2015
	£	£	£
Turnover	4,476,867	18,046,672	15,340,198
Profit on ordinary activities before exceptional items and taxation	617,914	1,798,156	1,077,032
Shareholders' funds	3,310,131	2,812,865	1,375,754

### Other performance indicators

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

On behalf of the board



K Thorkelson

Director

11 April 2018

# **RIVER EAST SUPPLIES LIMITED**

## **DIRECTOR'S REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2017**

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The director presents his annual report and financial statements for the year ended 30 June 2017.

#### **Principal activities**

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

The company ceased trading during the year.

#### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

N Kaulder

(Resigned 9 November 2017)

K Thorkelson

(Appointed 9 November 2017)

#### **Results and dividends**

The results for the year are set out on page 6.

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

#### **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.

#### **Auditor**

The auditor, Somerbys Limited, is 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 2017**

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### **Statement of director's responsibilities**

The director is responsible for preparing the annual 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in the notes to the financial statements, the director does not consider the going concern basis to be appropriate and these financial statements have therefore not been prepared on that basis.

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 them 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 auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



K Thorkelson

Director

11 April 2018

# RIVER EAST SUPPLIES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF RIVER EAST SUPPLIES LIMITED

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#### Opinion

We have audited the financial statements of River East Supplies Limited (the 'company') for the year ended 30 June 2017 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit 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.

#### 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 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.

#### Emphasis of Matter - Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the notes to the financial statements concerning the company's ability to continue as a going concern. The company's bank withdrew facilities during the year and the director has been unable to arrange suitable alternative facilities. As a result of this the company has ceased trading and therefore the financial statements have not been prepared on the going concern basis. Further detail concerning the accounting convention used can be found in the notes to the financial statements.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. 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 this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

# **RIVER EAST SUPPLIES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF RIVER EAST SUPPLIES LIMITED**

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#### **Matters on which we are required to report by exception**

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 material misstatements in the Strategic Report and the Director's Report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the Director's Responsibilities Statement set out on pages 2 - 3, the director is 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 director is 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 director 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

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

11 April 2018

**Chartered Accountants**  
**Statutory Auditor**

30 Nelson Street  
Leicester  
LE1 7BA



## RIVER EAST SUPPLIES LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	4,476,867	18,046,672
Cost of sales		(2,935,680)	(13,983,576)
<b>Gross profit</b>		<b>1,541,187</b>	<b>4,063,096</b>
Administrative expenses		(923,273)	(2,262,148)
<b>Operating profit</b>	4	<b>617,914</b>	<b>1,800,948</b>
Interest payable and similar expenses	7	-	(2,792)
<b>Profit before taxation</b>		<b>617,914</b>	<b>1,798,156</b>
Taxation	8	(120,648)	(361,045)
<b>Profit for the financial year</b>		<b>497,266</b>	<b>1,437,111</b>

All of the activities of the company are classed as discontinuing as the company has ceased trading.


# RIVER EAST SUPPLIES LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
<b>Current assets</b>					
Stocks	11	-		186,662	
Debtors	12	10,685,127		10,691,980	
Investments		-		750	
Cash at bank and in hand		251,993		507,002	
		<u>10,937,120</u>		<u>11,386,394</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(7,626,989)</u>		<u>(8,573,529)</u>	
<b>Net current assets</b>		<u>3,310,131</u>		<u>2,812,865</u>	
<b>Capital and reserves</b>					
Called up share capital	15		1		1
Profit and loss reserves					
- Distributable		<u>3,310,130</u>		<u>2,812,864</u>	
<b>Total equity</b>		<u>3,310,131</u>		<u>2,812,865</u>	

The financial statements were approved by the board of directors and authorised for issue on 11 April 2018 and are signed on its behalf by:



K Thorkelson  
Director

Company Registration No. 06370905

# RIVER EAST SUPPLIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Profit and loss reserves - distributable £	Total £
Balance at 1 July 2015		1	1,375,753	1,375,754
Year ended 30 June 2016:				
Profit and total comprehensive income for the year		-	1,437,111	1,437,111
Balance at 30 June 2016		1	2,812,864	2,812,865
Year ended 30 June 2017:				
Profit and total comprehensive income for the year		-	497,266	497,266
Balance at 30 June 2017		1	3,310,130	3,310,131

# RIVER EAST SUPPLIES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	19		(1,745)	357,976	
Interest paid			-	(2,792)	
Income taxes paid			(276,559)	(314,079)	
<b>Net cash (outflow)/inflow from operating activities</b>			(278,304)	41,105	
<b>Investing activities</b>					
Purchase of tangible assets		(1,051)		(6,106)	
Proceeds on disposal of tangible assets		24,346		-	
<b>Net cash generated from/(used in) investing activities</b>			23,295	(6,106)	
<b>Net cash used in financing activities</b>			-	-	
<b>Net (decrease)/increase in cash and cash equivalents</b>			(255,009)	34,999	
Cash and cash equivalents at beginning of year			507,002	472,003	
<b>Cash and cash equivalents at end of year</b>			251,993	507,002	

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

#### Company information

River East Supplies Limited is a private company limited by shares incorporated in England and Wales. The registered office is 30 Nelson Street, Leicester, LE1 7BA.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

As noted elsewhere in the financial statements, the company's banking facilities have been withdrawn and the director has been unable to arrange suitable alternative facilities. The company has ceased trading and therefore the director believes that the going concern basis is no longer appropriate.

As a result of the above, the accounts have been prepared on the "break up" basis. All assets are classified as current assets and are valued at the lower of cost and net realisable value. All long term liabilities are classified as current liabilities and include any costs of early settlement. Any other costs associated with the closure of the business have also been recognised.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	33.33% per annum of net book amount
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(Continued)

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 1 Accounting policies

(Continued)

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover</b>		
Retail	4,309,555	17,864,549
Wholesale	166,188	156,953
Shipping Revenue	264	2,759
Transaction Processing	860	22,411
	<u>4,476,867</u>	<u>18,046,672</u>



# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

### 3 Turnover and other revenue

(Continued)

#### Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	166,188	156,953
North America	4,310,679	17,889,719
	<u>4,476,867</u>	<u>18,046,672</u>

### 4 Profit for the year

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	196,622	(536,271)
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	5,000
Depreciation of owned tangible fixed assets	-	8,890
Impairment of owned tangible fixed assets	-	28,260
Profit on disposal of tangible fixed assets	(22,545)	-
Cost of stocks recognised as an expense	1,641,035	7,775,645
Operating lease charges	15,354	73,818
	<u>1,641,035</u>	<u>7,775,645</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administration	1	3
Distribution	5	11
	<u>6</u>	<u>14</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	163,725	387,068
Social security costs	15,774	33,728
Pension costs	5,268	179,735
	<u>184,767</u>	<u>600,531</u>

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 6 Director's remuneration

	2017 £	2016 £
Remuneration for qualifying services	55,195	102,497
Company pension contributions to defined contribution schemes	2,811	173,209
Compensation for loss of office	19,021	-
	<u>77,027</u>	<u>275,706</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

### 7 Interest payable and similar expenses

	2017 £	2016 £
<b>Other finance costs:</b>		
Other interest	-	2,792
	<u>-</u>	<u>2,792</u>

### 8 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	120,648	365,495
	<u>120,648</u>	<u>365,495</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(4,450)
	<u>-</u>	<u>(4,450)</u>
<b>Total tax charge</b>	<u>120,648</u>	<u>361,045</u>

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	617,914	1,798,156
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	122,042	359,631
Tax effect of income not taxable in determining taxable profit	(4,453)	-
Permanent capital allowances in excess of depreciation	3,059	5,864
Deferred Tax	-	(4,450)
Taxation for the year	120,648	361,045

### 9 Tangible fixed assets

	Computer equipment £
<b>Cost</b>	
At 1 July 2016	-
Additions	1,051
Disposals	(1,051)
At 30 June 2017	-
<b>Depreciation and impairment</b>	
At 1 July 2016 and 30 June 2017	-
<b>Carrying amount</b>	
At 30 June 2017	-
At 30 June 2016	-

### 10 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	10,685,127	10,491,871
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	7,509,613	8,300,242

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 11 Stocks

	2017 £	2016 £
Finished goods and goods for resale	-	186,662

### 12 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	312,593	28,474
Amount due from companies under common control	10,169,096	10,179,135
Other debtors	-	283,511
Prepayments and accrued income	203,438	200,860
	<u>10,685,127</u>	<u>10,691,980</u>

### 13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	4,962	1,100,383
Amounts due to companies under common control	7,490,899	6,984,630
Corporation tax	117,376	273,287
Other creditors	8,502	116,817
Accruals and deferred income	5,250	98,412
	<u>7,626,989</u>	<u>8,573,529</u>

### 14 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>5,268</u>	<u>179,735</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 15 Share capital

	2017 £	2016 £
<b>Issued and fully paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

# RIVER EAST SUPPLIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 16 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	-	12,517

### 17 Related party transactions

During the year all transactions with related parties were undertaken at arms length,

### 18 Controlling party

The immediate parent company is Global Drug Supply Ltd, a company incorporated in Barbados. The ultimate parent company is 4208081 Canada Limited, a company incorporated in Canada.

The ultimate controlling party is the Cascade Mountain Trust.

### 19 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	497,266	1,437,111
<b>Adjustments for:</b>		
Taxation charged	120,648	361,045
Finance costs	-	2,792
Gain on disposal of tangible fixed assets	(22,545)	-
Depreciation and impairment of tangible fixed assets	-	37,150
<b>Movements in working capital:</b>		
Decrease in stocks	186,662	429,642
Decrease/(increase) in debtors	6,853	(2,969,357)
(Decrease)/increase in creditors	(790,629)	1,059,593
<b>Cash (absorbed by)/generated from operations</b>	<b>(1,745)</b>	<b>357,976</b>

# RIVER EAST SUPPLIES LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2017

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	2017	2016
	£	£
<b>Turnover</b>		
Sales of goods	4,476,867	18,046,672
<b>Cost of sales</b>		
Finished goods purchases	1,641,035	7,775,645
Royalties payable	627,123	3,745,539
Call centre fees	552,419	1,959,873
Transaction processing fees	115,103	502,519
	<u>(2,935,680)</u>	<u>(13,983,576)</u>
<b>Gross profit</b>	<u>1,541,187</u>	<u>4,063,096</u>
<b>Administrative expenses</b>	<u>(923,273)</u>	<u>(2,262,148)</u>
<b>Operating profit</b>	<u>617,914</u>	<u>1,800,948</u>
<b>Interest payable and similar expenses</b>		
Interest on overdue taxation	-	(2,792)
<b>Profit before taxation</b>	<u><u>617,914</u></u>	<u><u>1,798,156</u></u>

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# RIVER EAST SUPPLIES LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 JUNE 2017

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	2017	2016
	£	£
<b>Administrative expenses</b>		
Wages and salaries	108,530	284,571
Social security costs	15,774	33,728
Staff pension costs defined contribution	2,457	6,526
Redundancy costs - staff	14,693	31,494
Directors' remuneration	55,195	102,497
Directors' pension costs - defined contribution scheme	2,811	173,209
Directors' compensation for loss of office	19,021	-
Management charge	(6,883)	275,352
Rent re operating leases	15,354	73,818
Power, light and heat	2,100	6,612
Property repairs and maintenance	20,548	2,891
Premises insurance	1,131	3,532
Computer running costs	8,984	26,084
Motor running expenses	-	2,373
Travelling expenses	3,661	23,406
Professional subscriptions	3,037	10,625
Legal and professional fees	826,391	1,006,657
Consultancy fees	-	218,750
Accountancy	3,090	3,468
Audit fees	5,000	5,000
Bank charges	598	1,361
Bad and doubtful debts	(430,026)	433,012
Printing and stationery	7,109	26,682
Advertising	6,562	5,654
Telecommunications	298	2,716
Sundry expenses	-	1,251
Irrecoverable VAT	63,761	-
Depreciation	-	8,890
Impairment of fixed assets on transfer to current assets	-	28,260
Sale of current assets	(22,545)	-
Loss/(profit) on foreign exchange	196,622	(536,271)
	<hr/>	<hr/>
	923,273	2,262,148
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