

**GROUP REPORT OF THE MEMBERS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
WONDERNET EXPRESS LLP**



**WONDERNET EXPRESS LLP**

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS  
for the Year Ended 31 December 2017**

	<b>Page</b>
<b>LLP Information</b>	<b>1</b>
<b>Report of the Members</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Consolidated Income Statement</b>	<b>6</b>
<b>Consolidated Other Comprehensive Income</b>	<b>7</b>
<b>Consolidated Statement of Financial Position</b>	<b>8</b>
<b>LLP Statement of Financial Position</b>	<b>9</b>
<b>Consolidated Reconciliation of Members' Interests</b>	<b>10</b>
<b>Consolidated Statement of Cash Flows</b>	<b>12</b>
<b>Notes to the Consolidated Statement of Cash Flows</b>	<b>14</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>16</b>

**WONDERNET EXPRESS LLP**  
**LLP INFORMATION**  
**for the Year Ended 31 December 2017**

**MEMBER:** Ballstone Management Inc.  
Ridgecord Complex A.g.

**REGISTERED OFFICE:** 12 The Shrubberies  
George Lane  
London  
E18 1BD

**REGISTERED NUMBER:** OC339780

**AUDITORS:** Accura Accountants Ltd  
Langley House  
Park Road  
East Finchley  
London  
N2 8EY

## **WONDERNET EXPRESS LLP**

### **REPORT OF THE MEMBERS for the Year Ended 31 December 2017**

The members present their report with the financial statements of the LLP and the group for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITY**

The principal activity of the LLP in the year under review was that of freight forwarding and railway transportation.

#### **REVIEW OF BUSINESS**

Comparing the results of the year ended 31 December 2017 to annualised comparative figures, during the year under review the LLP's turnover decreased by 37.4% and its gross profit margin decreased to 6.1% from 21.5%. The LLP still reported a profit of £5,052,328. The decline in turnover for the year was due to increased competition in the LLPs key transportation routes and increases in direct costs. However, the LLP was still able to report a profit in the circumstances, and its continuing policy of growing its customer base, increasing its good reputation and implementing optimal schemes on the movement of wagons, use of modern methods and technologies and of flexibility in its dealings with customers and suppliers leave it well placed to improve on its performance in future periods. The LLP's core principles of reliability, cost effectiveness and enhanced security remain at the centre of its service ethos.

The management of the LLP are continuing to work on new projects and on the expansion of services to new customers in existing and new territories to further strengthen its position. The LLP is participating in the New Silk Road Project with major investments in sea port and associated rail transportation infrastructure. Participation in this project is expected to enhance the LLP's future revenue generating potential, to further build its reputation in the Central Asian countries it currently operates in, and to increase cooperation with the many Chinese and European partners involved in this multi-Trillion Dollar undertaking which will transform transport and logistics operations in the whole region for decades.

#### **FUTURE DEVELOPMENTS**

The main objective of the LLP is to create a competitive and successful business with long term perspectives and prospects.

#### **DESIGNATED MEMBERS**

The designated members during the year under review were:

Ballstone Management Inc.  
Ridgecord Complex A.g.

#### **RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS**

The profit for the year before members' remuneration and profit shares was \$5,052,328 (2016 - \$14,966,384 profit).

#### **Drawings**

The policy for members' drawings is to distribute the majority of profit during the financial year, taking into account the need to maintain sufficient funds to finance the working capital and other needs of the business. The members sets the designated members level of members' drawings and reviews this annually.

#### **Capital**

The capital requirements of the business are determined from time to time by the designated members. Each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is linked to the profit share allocated to that member. No interest is paid on capital. The repayment of capital is dependent on members' capital requirement. Members leaving the partnership may have their capital retained unless other arrangements have been agreed between the member and the designated members.

#### **Members' profit shares**

Members are remunerated solely out of the profits of the partnership. The designated members set members' profit shares in advance and review the allocation. Members' profit shares comprise a variable amount, the value of which is dependent upon the level of profit achieved in accordance with the profit share allocated to that member. Profits are allocated in full and there is transparency amongst the members of the total income allocated to each individual member.

## **WONDERNET EXPRESS LLP**

### **REPORT OF THE MEMBER for the Year Ended 31 December 2017**

#### **CHARITABLE DONATIONS AND EXPENDITURE**

During the period under review the LLP donated an amount of \$2,348,363 in medical equipment to V Vakhidov Academician Surgery Centre.

#### **STATEMENT OF MEMBERS' RESPONSIBILITIES**

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under legislation applicable to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

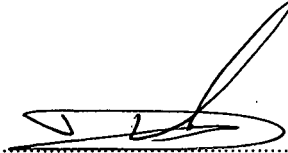
#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

#### **AUDITORS**

The auditors, Accura Accountants Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

#### **ON BEHALF OF THE BOARD:**



D Mariner  
Ridgecord Complex A.g. - Designated member

Date: 7 June 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WONDERNET EXPRESS LLP**

### **Opinion**

We have audited the financial statements of Wondernet Express LLP (the 'parent LLP') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, LLP Statement of Financial Position, Consolidated Reconciliation of Members Interests, LLP Reconciliation of Members Interests, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent LLP's affairs as at 31 December 2017 and of the group's 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, as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The members are responsible for the other information. The other information comprises the information in the Report of the Members, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

### **Opinion on other matters 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 Report of the Members for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Members has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
WONDERNET EXPRESS LLP**

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

In the light of the knowledge and understanding of the group and the parent LLP and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Member.

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of member'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 members**

As explained more fully in the Statement of Member's Responsibilities set out on page four, the members are 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 members determine 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 members are responsible for assessing the group's and the parent LLP'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 members either intend to liquidate the group or the parent LLP or to cease operations, or have no realistic alternative but to do so.

**Our 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 a Report of the Auditors 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



Brian Melville Leighton FCCA (Senior Statutory Auditor)  
for and on behalf of Accura Accountants Ltd  
Langley House  
Park Road  
East Finchley  
London  
N2 8EY

Date: ..... 20/1/13 .....

**WONDERNET EXPRESS LLP**

**CONSOLIDATED INCOME STATEMENT  
for the Year Ended 31 December 2017**

		Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
	Notes		
<b>TURNOVER</b>		134,334,443	71,614,417
Cost of sales		<u>(126,040,382)</u>	<u>(56,250,339)</u>
<b>GROSS PROFIT</b>		8,294,061	15,364,078
Administrative expenses		<u>(3,559,413)</u>	<u>(457,138)</u>
		4,734,648	14,906,940
Other operating income		<u>148,786</u>	<u>-</u>
<b>OPERATING PROFIT</b>	4	4,883,434	14,906,940
Interest receivable and similar income		<u>220,433</u>	<u>59,444</u>
		5,103,867	14,966,384
Interest payable and similar expenses	5	<u>(43,754)</u>	<u>-</u>
<b>PROFIT BEFORE TAXATION</b>		5,060,113	14,966,384
Tax on profit	6	<u>(7,785)</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<u>5,052,328</u>	<u>14,966,384</u>
Profit attributable to: Owners of the parent		<u>5,052,328</u>	<u>14,966,384</u>

The notes form part of these financial statements



**WONDERNET EXPRESS LLP**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
for the Year Ended 31 December 2017**

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
Notes		
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMOUNG MEMBERS</b>	5,052,328	14,966,384
<b>OTHER COMPREHENSIVE INCOME</b>		
Foreign exchange movement	(112,066)	-
Income tax relating to other comprehensive income	-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	(112,066)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>4,940,262</u>	<u>14,966,384</u>
Total comprehensive income attributable to: Owners of the parent	<u>4,940,262</u>	<u>14,966,384</u>

The notes form part of these financial statements

**WONDERNET EXPRESS LLP (REGISTERED NUMBER: OC339780)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 December 2017**

	Notes	31.12.17	31.12.16
		\$	\$
<b>FIXED ASSETS</b>			
Investments	8	14,284,550	14,000,000
<b>CURRENT ASSETS</b>			
Debtors	9	62,117,320	72,822,267
Prepayments and accrued income		476,630	-
Cash at bank		<u>20,328,116</u>	<u>11,585,130</u>
		82,922,066	84,407,397
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>32,399,685</u>	<u>38,540,728</u>
<b>NET CURRENT ASSETS</b>		<u>50,522,381</u>	<u>45,866,669</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>and</b>			
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>64,806,931</u>	<u>59,866,669</u>
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	11	64,806,456	59,866,194
<b>MEMBERS' OTHER INTERESTS</b>			
Capital accounts		<u>475</u>	<u>475</u>
		<u>64,806,931</u>	<u>59,866,669</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	11	64,806,456	59,866,194
Members' other interests		<u>475</u>	<u>475</u>
		<u>64,806,931</u>	<u>59,866,669</u>

The financial statements were approved by the members on 7 June 2018 and were signed by:



.....  
D Mariner  
Ridgecord Complex A.g. - Designated member

The notes form part of these financial statements

**WONDERNET EXPRESS LLP (REGISTERED NUMBER: OC339780)**

**LLP STATEMENT OF FINANCIAL POSITION**  
**31 December 2017**

	Notes	31.12.17 \$	31.12.16 \$
<b>FIXED ASSETS</b>			
Investments	8	14,434,550	14,000,000
<b>CURRENT ASSETS</b>			
Debtors	9	61,948,250	72,822,267
Cash at bank		<u>20,064,607</u>	<u>11,585,130</u>
		82,012,857	84,407,397
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>31,596,244</u>	<u>38,540,728</u>
<b>NET CURRENT ASSETS</b>		<u>50,416,613</u>	<u>45,866,669</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
and			
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>64,851,163</u>	<u>59,866,669</u>
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	11	64,850,688	59,866,194
<b>MEMBERS' OTHER INTERESTS</b>			
Capital accounts		<u>475</u>	<u>475</u>
		<u>64,851,163</u>	<u>59,866,669</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	11	64,850,688	59,866,194
Members' other interests		<u>475</u>	<u>475</u>
		<u>64,851,163</u>	<u>59,866,669</u>

The financial statements were approved by the members on 7 June 2018 and were signed by:



.....  
D Mariner  
Ridgecord Complex A.g. - Designated member

**WONDERNET EXPRESS LLP (REGISTERED NUMBER: OC339780)**

**CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS  
for the Year Ended 31 December 2017**

	EQUITY		
	Members' capital (classified as equity)	Members' other interests	Total
	\$	\$	\$
Balance at 1 January 2017	475	-	475
Profit for the financial year available for discretionary division among members	-	4,940,262	4,940,262
Members' interests after profit for the year	475	4,940,262	4,940,262
Other divisions of profit	-	(4,940,262)	(4,940,262)
Balance at 31 December 2017	475	-	475

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors	Total
	Other amounts	\$
	\$	
Amount due to members	59,866,194	
Amount due from members	-	
Balance at 1 January 2017	59,866,194	59,866,669
Profit for the financial year available for discretionary division among members	-	4,940,262
Members' interests after profit for the year	59,866,194	64,806,931
Other divisions of profit	4,940,262	-
Amount due to members	64,806,456	
Amount due from members	-	
Balance at 31 December 2017	64,806,456	64,806,931

The notes form part of these financial statements

**WONDERNET EXPRESS LLP**

**CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS  
for the Year Ended 31 December 2017**

	EQUITY		
	Members' capital (classified as equity) \$	Members' other interests Other reserves \$	Total \$
Balance at 1 September 2016	475	-	475
Profit for the financial year available for discretionary division among members	<u>-</u>	<u>14,966,384</u>	<u>14,966,384</u>
Members' interests after profit for the year	475	14,966,384	14,966,859
Other divisions of profit	<u>-</u>	<u>(14,966,384)</u>	<u>(14,966,384)</u>
Balance at 31 December 2016	<u><u>475</u></u>	<u><u>-</u></u>	<u><u>475</u></u>

	DEBT Loans and other debts due to members less any amounts due from members in debtors Other amounts \$	TOTAL MEMBERS' INTERESTS Total \$
Amount due to members	44,899,810	
Amount due from members	<u>-</u>	
Balance at 1 September 2016	44,899,810	44,900,285
Profit for the financial year available for discretionary division among members	<u>-</u>	<u>14,966,384</u>
Members' interests after profit for the year	44,899,810	59,866,669
Other divisions of profit	<u>14,966,384</u>	<u>-</u>
Amount due to members	59,866,194	
Amount due from members	<u>-</u>	
Balance at 31 December 2016	<u><u>59,866,194</u></u>	<u><u>59,866,669</u></u>

**WONDERNET EXPRESS LLP**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the Year Ended 31 December 2017

		Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	8,970,708	13,461,337
Interest paid		(43,754)	-
Tax paid		<u>(7,785)</u>	<u>-</u>
Net cash from operating activities		<u>8,919,169</u>	<u>13,461,337</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments		(284,550)	(14,000,000)
Interest received		<u>220,433</u>	<u>59,444</u>
Net cash from investing activities		<u>(64,117)</u>	<u>(13,940,556)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>8,855,052</u>	<u>(479,219)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>11,585,130</u>	<u>12,064,349</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>20,328,116</u></u>	<u><u>11,585,130</u></u>

The notes form part of these financial statements

# **WONDERNET EXPRESS LLP**

## **NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** **for the Year Ended 31 December 2017**

### **1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
Profit for the financial year before members' remuneration and profit shares		
Available for discretionary division among members	5,060,113	14,966,384
Finance costs	43,754	-
Finance income	(220,433)	(59,444)
	<u>4,883,434</u>	<u>14,906,940</u>
Decrease/(increase) in trade and other debtors	10,228,317	(4,324,836)
(Decrease)/increase in trade and other creditors	(6,141,043)	2,879,233
	<u>4,883,434</u>	<u>14,906,940</u>
<b>Cash generated from operations</b>	<u><u>8,970,708</u></u>	<u><u>13,461,337</u></u>

### **2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

#### **Year ended 31 December 2017**

	31.12.17 \$	1.1.17 \$
Cash and cash equivalents	<u>20,328,116</u>	<u>11,585,130</u>

#### **Period ended 31 December 2016**

	31.12.16 \$	1.9.16 \$
Cash and cash equivalents	<u>11,585,130</u>	<u>12,064,349</u>

## WONDERNET EXPRESS LLP

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31 December 2017

#### 1. STATUTORY INFORMATION

Wondernet Express LLP is a Limited Liability Partnership, registered in England and Wales. The LLP's registered number and registered office address can be found on the General Information page.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### **Basis of consolidation**

The group financial statements consolidate the financial statements of Wondernet Express LLP and its subsidiary undertaking drawn up to 31 December each year.

The consolidated financial statements of the LLP for the year ended 31 December 2017 comprise the LLP and its subsidiary:

Name of entity	Country of incorporation	100% of ownership	
		31.12.17	31.12.16
OOO Wondernet Express Tashkent	Republic of Uzbekistan	100%	0%

##### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquire plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirers interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

##### **Turnover**

Turnover represents net invoiced sales of transportation services, net of discounts and value added taxes. The revenue from freight forwarding is recognised after delivery of cargo to the final destination as confirmed by waybill documents.

continued...



## WONDERNET EXPRESS LLP

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2017

#### 2. ACCOUNTING POLICIES - continued

##### **Financial instruments**

The LLP 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 LLP's statement of financial position when the LLP 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 and liabilities**

Basic financial assets, and liabilities 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 and liabilities classified as receivable or 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.

##### **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 LLP after deducting all of its liabilities.

##### **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

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

continued...

## WONDERNET EXPRESS LLP

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2017

#### 2. ACCOUNTING POLICIES - continued

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into US Dollars at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Functional currency and presentation currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the LLP are measured using US Dollars.

##### **Transactions and balances**

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

##### **Translation of group companies**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to US Dollars using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

continued...

## WONDERNET EXPRESS LLP

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2017

#### 2. ACCOUNTING POLICIES - continued

##### Investments

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in the income statement. Fair value is estimated by using a valuation technique.

##### Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

#### 3. EMPLOYEES AND MEMBERS

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
Wages and salaries	<u>425,200</u>	<u>124,800</u>

The average number of employees during the year was as follows:

	Year Ended 31.12.17	Period 1.9.16 to 31.12.16
Administration & finance	6	6
Logistics	<u>6</u>	<u>6</u>
	<u>12</u>	<u>12</u>

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2016 - NIL).

continued...

**WONDERNET EXPRESS LLP**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 December 2017

**3. EMPLOYEES AND MEMBERS - continued**

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
The amount of profit attributable to the member with the largest entitlement was	<u>2,492,247</u>	<u>7,483,192</u>

	Year Ended 31.12.17	Period 1.9.16 to 31.12.16
The average number of members during the year was	<u>2</u>	<u>2</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
Auditors' remuneration	33,728	-
Auditors' remuneration for non audit work	12,142	-
Foreign exchange differences	<u>(155,717)</u>	<u>2,754</u>

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
Interest payable	<u>43,754</u>	<u>-</u>

**6. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	Year Ended 31.12.17 \$	Period 1.9.16 to 31.12.16 \$
Current tax:		
Foreign corporation tax	<u>7,785</u>	<u>-</u>
Tax on profit	<u>7,785</u>	<u>-</u>

continued...

# **WONDERNET EXPRESS LLP**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** for the Year Ended 31 December 2017

### **6. TAXATION – continued**

#### **Tax effects relating to effects of other comprehensive income**

	31.12.17	
	Gross \$	Tax \$
Foreign exchange movement	<u>112,066</u>	<u>-</u>
		<u>Net \$ 112,066</u>

### **7. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Income Statement of the parent LLP is not presented as part of these financial statements. The LLP's profit for the year was \$4,984,494 (period ended 31 December 2016: \$14,966,384).

### **8. FIXED ASSET INVESTMENTS**

#### **Group**

	Interest in other participating interests \$
<b>COST</b>	
At 1 January 2017	14,000,000
Additions	<u>284,550</u>
At 31 December 2017	<u>14,284,550</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>14,284,550</u>
At 31 December 2016	<u>14,000,000</u>

#### **LLP**

	Shares in group undertakings \$	Interest in other participating interests \$	Totals \$
<b>COST</b>			
At 1 January 2017	-	14,000,000	14,000,000
Additions	<u>150,000</u>	<u>284,550</u>	<u>434,550</u>
At 31 December 2017	<u>150,000</u>	<u>14,284,550</u>	<u>14,434,550</u>
<b>NET BOOK VALUE</b>			
At 31 December 2017	<u>150,000</u>	<u>14,284,550</u>	<u>14,434,550</u>
At 31 December 2016	<u>-</u>	<u>14,000,000</u>	<u>14,000,000</u>

continued...

**WONDERNET EXPRESS LLP**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 December 2017**

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>LLP</b>	
	31.12.17	31.12.16	31.12.17	31.12.16
	\$	\$	\$	\$
Trade debtors	47,984,846	53,406,041	47,983,045	53,406,041
Other debtors	294,359	50,268	131,556	50,268
Other debtors	83,153	-	83,153	-
Prepayments on account	13,749,630	19,365,753	13,749,630	19,365,753
VAT	866	205	866	205
Prepayments	4,466	-	-	-
	<u>62,117,320</u>	<u>72,822,267</u>	<u>61,948,250</u>	<u>72,822,267</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>LLP</b>	
	31.12.17	31.12.16	31.12.17	31.12.16
	\$	\$	\$	\$
Trade creditors	26,007,951	34,636,690	26,003,156	34,636,690
Payments on account	5,529,679	3,904,038	5,529,679	3,904,038
Other creditors	100,867	-	-	-
Accruals and deferred income	697,779	-	-	-
Accrued expenses	63,409	-	63,409	-
	<u>32,399,685</u>	<u>38,540,728</u>	<u>31,596,244</u>	<u>38,540,728</u>

**11. LOANS AND OTHER DEBTS DUE TO MEMBERS**

**Group**

	31.12.17	31.12.16
	\$	\$
Amounts owed to members in respect of profits	<u>64,806,931</u>	<u>59,866,194</u>
Falling due within one year	<u>64,806,931</u>	<u>59,866,194</u>

**LLP**

	31.12.17	31.12.16
	\$	\$
Amounts owed to members in respect of profits	<u>64,850,688</u>	<u>59,866,194</u>
Falling due within one year	<u>64,850,688</u>	<u>59,866,194</u>

continued...

## WONDERNET EXPRESS LLP

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2017

#### 12. RELATED PARTY DISCLOSURES

##### Other related parties

	31.12.17	31.12.16
	\$	\$
Sales	36,520,272	2,092,000
Purchases	2,106,990	701,614
Wages	425,200	124,800
Amount due from related party	42,482,389	52,242,400
Amount due to related party	<u>33,696,009</u>	<u>34,636,058</u>

#### 13. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is D.Abdushelishvili.

#### 14. FINANCIAL RISK MANAGEMENT

The group has exposures to two main areas of risk; liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk and foreign exchange transactional currency exposure risk.

##### Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows.

##### Customer credit exposure

This risk is mitigated by the working on prepayment basis with the customers.

##### Interest rate risk

The group has no borrowings from third parties.

##### Foreign exchange transactional currency exposure

The group is exposed to some currency exchange rate risk due to a small proportion of its receivables and operating expenses being denominated in non-US Dollar currencies. The net exposure of each currency is monitored.