

**REPORT OF THE MEMBERS AND
FINANCIAL STATEMENTS
FOR THE PERIOD
1 SEPTEMBER 2016 TO 31 DECEMBER 2016
FOR
WONDERNET EXPRESS LLP**



WONDERNET EXPRESS LLP

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WONDERNET EXPRESS LLP

GENERAL INFORMATION
for the Period 1 September 2016 to 31 December 2016

DESIGNATED MEMBERS:	Ballstone Management Inc. Ridgecord Complex A.g.
REGISTERED OFFICE:	12 The Shrubberies George Lane London E18 1BD
REGISTERED NUMBER:	OC339780 (England and Wales)
AUDITORS:	Accura Accountants Ltd Langley House Park Road East Finchley London N2 8EY

WONDERNET EXPRESS LLP

REPORT OF THE MEMBERS for the Period 1 September 2016 to 31 December 2016

The members present their report with the financial statements of the LLP for the period 1 September 2016 to 31 December 2016.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The period under review is not directly comparable to the preceding year as it is a short period and the restated comparative amounts are unreliable as described in note 7. Notwithstanding this, based on annualising the results of the current short period to stand comparison with the twelve month comparative figures in these financial statements, during the period under review the LLP's turnover increased by 55.8% and its gross profit margin increased to 21.4% from 10.68%. The LLP reported a profit of \$14,966,384.

The increase in turnover for the period was due to increased efficiency relative to the competition on the LLPs key transportation routes. The LLP was able to report an increased profit through its growing customer base, increasingly good reputation and its continuing policy of implementing optimal schemes on the movement of wagons, use of modern methods and technologies and of flexibility in its dealings with customers and suppliers. These factors 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.

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 period under review were:

Ballstone Management Inc.
Ridgecord Complex A.g.

RESULTS FOR THE PERIOD AND ALLOCATION TO MEMBERS

The profit for the period before members' remuneration and profit shares was \$14,966,384 (2016 - \$14,152,703 profit).

WONDERNET EXPRESS LLP

REPORT OF THE MEMBERS for the Period 1 September 2016 to 31 December 2016

MEMBERS' INTERESTS

Policy for drawings, subscription and repayment of members' capital is as follows:

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 . 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 reviews 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.

CHARITABLE DONATIONS AND EXPENDITURE

During the period under review the LLP has donated an amount of \$240,500 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.

WONDERNET EXPRESS LLP

REPORT OF THE MEMBERS
for the Period 1 September 2016 to 31 December 2016

AUDITORS

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

ON BEHALF OF THE MEMBERS:

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a horizontal line and a diagonal stroke.

D Mariner
Ridgecord Complex A.g. - Designated member

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 'LLP') for the period ended 31 December 2016 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Reconciliation of Members' Interests, Cash Flow Statement and Notes to the Cash Flow Statement, 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 LLP's affairs as at 31 December 2016; and
- except for the possible effects of the matter described in the basis for qualified opinion paragraph, of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for qualified 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 LLP 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. We were appointed as auditors of the LLP on 6 March 2018. As described in note 7 the financial statements of the LLP for the year ended 31 August 2016 were not subject to an audit and the opening balances for the period under review were unaudited and subsequently changed in the comparative figures by a prior year adjustment. In the absence of prior audited financial statements, we were unable to satisfy ourselves by alternative means that the opening balances as at 1 September 2016 were fairly stated. Since opening balances enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary for the period under review in respect of the income for the period reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

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 LLP'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.

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

Matters on which we are required to report by exception

Notwithstanding our qualified opinion on the financial statements, in the light of the knowledge and understanding of the LLP and its environment obtained in the course of the audit, performed subject to the limitation in scope described above, we have not identified material misstatements in the report of the members.

Arising from the limitation of our work referred to above;

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- 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

Responsibilities of members

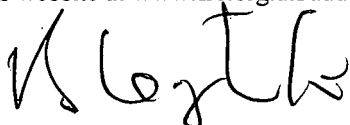
As explained more fully in the Statement of Members' Responsibilities set out on page three, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine necessary to enable 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 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 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. 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: 26/6/18

WONDERNET EXPRESS LLP

INCOME STATEMENT

for the Period 1 September 2016 to 31 December 2016

		Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
	Notes	\$	\$
TURNOVER		71,614,417	137,914,007
Cost of sales		<u>(56,250,339)</u>	<u>(123,301,415)</u>
GROSS PROFIT		15,364,078	14,612,592
Administrative expenses		<u>(457,138)</u>	<u>(514,875)</u>
OPERATING PROFIT	4	14,906,940	14,097,717
Interest receivable and similar income		<u>59,444</u>	<u>64,102</u>
		14,966,384	14,161,819
Interest payable and similar expenses	5	<u>-</u>	<u>(9,116)</u>
PROFIT FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u><u>14,966,384</u></u>	<u><u>14,152,703</u></u>

The notes form part of these financial statements

WONDERNET EXPRESS LLP

OTHER COMPREHENSIVE INCOME

for the Period 1 September 2016 to 31 December 2016

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
Notes	\$	\$
PROFIT FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	14,966,384	14,152,703
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>14,966,384</u>	<u>14,152,703</u>

The notes form part of these financial statements

WONDERNET EXPRESS LLP (REGISTERED NUMBER: OC339780)

**BALANCE SHEET
31 December 2016**

		31.12.16		31.8.16 as restated	
	Notes	\$	\$	\$	\$
FIXED ASSETS					
Investments	8		14,000,000		-
CURRENT ASSETS					
Debtors	9	72,822,267		68,497,431	
Cash at bank		<u>11,585,130</u>		<u>12,064,349</u>	
			84,407,397		80,561,780
CREDITORS					
Amounts falling due within one year	10	<u>38,540,728</u>		<u>35,661,495</u>	
NET CURRENT ASSETS			<u>45,866,669</u>		<u>44,900,285</u>
TOTAL ASSETS LESS CURRENT LIABILITIES and NET ASSETS ATTRIBUTABLE TO MEMBERS			<u>59,866,669</u>		<u>44,900,285</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS	11		59,866,194		44,899,810
MEMBERS' OTHER INTERESTS					
Capital accounts			<u>475</u>		<u>475</u>
			<u>59,866,669</u>		<u>44,900,285</u>
TOTAL MEMBERS' INTERESTS					
Loans and other debts due to members	11		59,866,194		44,899,810
Members' other interests			<u>475</u>		<u>475</u>
			<u>59,866,669</u>		<u>44,900,285</u>

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



D Mariner
Ridgecord Complex A.g. - Designated member

WONDERNET EXPRESS LLP

**RECONCILIATION OF MEMBERS' INTERESTS
for the Period 1 September 2016 to 31 December 2016**

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

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

The notes form part of these financial statements

WONDERNET EXPRESS LLP

**RECONCILIATION OF MEMBERS' INTERESTS
for the Period 1 September 2016 to 31 December 2016**

	EQUITY		
	Members' other interests		
	Members' capital (classified as equity) \$	Other reserves \$	Total \$
Balance at 1 September 2015	475	-	475
Profit for the financial period available for discretionary division among members	<u>-</u>	<u>14,152,703</u>	<u>14,152,703</u>
Members' interests after profit for the period	475	14,152,703	14,153,178
Other divisions of profit	<u>-</u>	<u>(14,152,703)</u>	<u>(14,152,703)</u>
Balance at 31 August 2016	<u><u>475</u></u>	<u><u>-</u></u>	<u><u>475</u></u>

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors Other amounts \$	Total \$
Amount due to members	30,747,107	
Amount due from members	<u>-</u>	
Balance at 1 September 2015	30,747,107	30,747,582
Profit for the financial period available for discretionary division among members	<u>-</u>	<u>14,152,703</u>
Members' interests after profit for the period	30,747,107	44,900,285
Other divisions of profit	<u>14,152,703</u>	<u>-</u>
Amount due to members	44,899,810	
Amount due from members	<u>-</u>	
Balance at 31 August 2016	<u><u>44,899,810</u></u>	<u><u>44,900,285</u></u>

The notes form part of these financial statements

WONDERNET EXPRESS LLP

CASH FLOW STATEMENT
for the Period 1 September 2016 to 31 December 2016

	Notes	Period 1.9.16 to 31.12.16 \$	Year Ended 31.8.16 as restated \$
Cash flows from operating activities			
Cash generated from operations	1	13,461,337	282,144
Interest paid		<u>-</u>	<u>(9,116)</u>
Net cash from operating activities		<u>13,461,337</u>	<u>273,028</u>
 Cash flows from investing activities			
Purchase of fixed asset investments		(14,000,000)	-
Interest received		<u>59,444</u>	<u>64,102</u>
Net cash from investing activities		<u>(13,940,556)</u>	<u>64,102</u>
 (Decrease)/increase in cash and cash equivalents		 (479,219)	 337,130
Cash and cash equivalents at beginning of period	2	<u>12,064,349</u>	<u>10,010,400</u>
 Cash and cash equivalents at end of period	2	 <u>11,585,130</u>	 <u>12,064,349</u>

The notes form part of these financial statements

WONDERNET EXPRESS LLP

NOTES TO THE CASH FLOW STATEMENT for the Period 1 September 2016 to 31 December 2016

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS TO CASH GENERATED FROM OPERATIONS

	Period 1.9.16 to 31.12.16 \$	Year Ended 31.8.16 as restated \$
Profit for the financial period before members' remuneration and profit shares available for discretionary division among members	14,966,384	14,152,703
Finance costs	-	9,116
Finance income	(59,444)	(64,102)
	<u>14,906,940</u>	<u>14,097,717</u>
Increase in trade and other debtors	(4,324,836)	(47,760,249)
Increase in trade and other creditors	<u>2,879,233</u>	<u>33,944,676</u>
Cash generated from operations	<u><u>13,461,337</u></u>	<u><u>282,144</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

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>

Year ended 31 August 2016

	31.8.16 as restated \$	1.9.15 \$
Cash and cash equivalents	<u>12,064,349</u>	<u>10,010,400</u>

WONDERNET EXPRESS LLP

NOTES TO THE FINANCIAL STATEMENTS - continued for the Period 1 September 2016 to 31 December 2016

1. STATUTORY INFORMATION

Wondernet Express LLP is 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 requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention.

First year adoption of Financial Reporting Standard 102 (FRS 102)

These financial statements for the period ended 31 December 2016 are the first that are prepared in accordance with FRS 102. The previous financial statements were prepared in accordance with UK GAAP, the date of transition to FRS 102 is 1 September 2015.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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 statement of financial position 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 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 company 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

WONDERNET EXPRESS LLP

NOTES TO THE FINANCIAL STATEMENTS - continued for the Period 1 September 2016 to 31 December 2016

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 balance sheet 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.

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. EMPLOYEE INFORMATION

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
	\$	\$
Wages and salaries	<u>124,800</u>	<u>370,100</u>

WONDERNET EXPRESS LLP

NOTES TO THE FINANCIAL STATEMENTS - continued for the Period 1 September 2016 to 31 December 2016

3. EMPLOYEE INFORMATION - continued

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

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
Administration	6	6
Logistics	<u>6</u>	<u>6</u>
	<u>12</u>	<u>12</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
	\$	\$
Foreign exchange differences	<u>2,754</u>	<u>59</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
	\$	\$
Discounted loan interest	<u>-</u>	<u>9,116</u>

Prior to applying FRS102, Wondernet Express LLP did not make provision for discounting for interest free loans. On conversion an interest rate of 14%, being the representative interest rate, in the economic region the loan has been granted, has been applied to represent outstanding loans to introduce the net present value of the loan. This has resulted in an initial interest charge of \$16,111 and then a credit of \$6,995 for the interest of the year, leaving a balance of \$9,116 (debit) to be charged in the prior year. In the current year a credit of \$6,173 has been credited to the profit and loss account.

6. INFORMATION IN RELATION TO MEMBERS

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
	\$	\$
The amount of profit attributable to the member with the largest entitlement was	<u>7,483,192</u>	<u>7,076,352</u>

WONDERNET EXPRESS LLP

NOTES TO THE FINANCIAL STATEMENTS - continued **for the Period 1 September 2016 to 31 December 2016**

	Period 1.9.16 to 31.12.16	Year Ended 31.8.16 as restated
The average number of members during the period was	<u>2</u>	<u>2</u>

7. PRIOR YEAR ADJUSTMENTS

The financial statements for the preceding period have been restated in US Dollars, which is the functional currency of the company. In the preceding financial period the members other interests profit and loss account as previously stated was £2,549,303. This has been restated in the comparative figure as loans and other debts due to members of \$44,899,810. The prior year adjustment to the comparative figures is due to a series of fundamental accounting errors. Every comparative amount in the financial statements for the period under review, except for the figures for cash at bank and in hand of \$12,064,349 and members other interests of \$475, has been restated.

The preceding period financial statements stated that the LLP was entitled to exemption from audit under section 477 of the Companies Act 2006, as applied by the Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulation 2008. During the preparation of the financial statements of the LLP for the period under review, and the reconstruction of amended comparative figures, it became apparent to the members that audit exemption for the preceding period had erroneously been claimed contrary to the foregoing provisions of the Companies Act 2006.

The financial statements for the previous period were compiled by an EU accountant who was not trained or based in the UK and with no previous qualification or experience of preparing financial statements under UK statutory law and GAAP. At some point in the past it appears that it was erroneously assumed that the assets test for audit exemption related to the net balance sheet assets rather than the gross assets, and the unaudited financial statements were prepared and filed accordingly. The members of the LLP dispensed with the services of the accountant who retained the prime records and workings used for the preparation of the LLP for the previous period and which have been beyond the control of the members of the LLP since then.

Consequently, the comparative figures for the preceding period have had to be restated based on management, extrapolated and balancing amounts for which, for most figures, no accurate corroborating documents or link figures exist which can be relied upon for the purposes of performing a statutory audit without concluding at the outset that a complete disclaimer of opinion on the preceding year financial statements would result.

8. FIXED ASSET INVESTMENTS

	Interest in other participating interests \$
COST	
Additions	<u>14,000,000</u>
At 31 December 2016	<u>14,000,000</u>
NET BOOK VALUE	
At 31 December 2016	<u><u>14,000,000</u></u>

WONDERNET EXPRESS LLP

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Period 1 September 2016 to 31 December 2016**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.8.16 as restated
	\$	\$
Trade debtors	53,406,041	50,772,462
Loan	50,268	46,729
VAT	205	-
Prepayments and accrued income	<u>19,365,753</u>	<u>17,678,240</u>
	<u><u>72,822,267</u></u>	<u><u>68,497,431</u></u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.8.16 as restated
	\$	\$
Trade creditors	34,636,690	33,944,676
Accruals and deferred income	<u>3,904,038</u>	<u>1,716,819</u>
	<u><u>38,540,728</u></u>	<u><u>35,661,495</u></u>

11. LOANS AND OTHER DEBTS DUE TO MEMBERS

	31.12.16	31.8.16 as restated
	\$	\$
Amounts owed to members in respect of profits	<u>59,866,194</u>	<u>44,899,810</u>
Falling due within one year	<u><u>59,866,194</u></u>	<u><u>44,899,810</u></u>

12. RELATED PARTY DISCLOSURES

Other related parties

	31.12.16	31.8.16 as restated
	\$	\$
Sales	20,920,000	54,976,840
Purchases	(701,614)	-
Amount due from related party	52,242,440	33,934,445
Amount due to related party	<u>(34,636,058)</u>	<u>(33,944,393)</u>

13. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is D.Abdushelishvili.

WONDERNET EXPRESS LLP

NOTES TO THE FINANCIAL STATEMENTS - continued for the Period 1 September 2016 to 31 December 2016

14. FINANCIAL RISK MANAGEMENT

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

Foreign exchange transactional currency exposure

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

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.

WONDERNET EXPRESS LLP
RECONCILIATION OF EQUITY
1 September 2015
(DATE OF TRANSITION TO FRS 102)

	UK GAAP \$	Effect of transition to FRS 102 \$	FRS 102 \$
CURRENT ASSETS			
Debtors	169,643	-	169,643
Cash at bank	<u>10,010,400</u>	<u>-</u>	<u>10,010,400</u>
	<u>10,180,043</u>	<u>-</u>	<u>10,180,043</u>
CREDITORS			
Amounts falling due within one year	<u>(6,693,780)</u>	<u>-</u>	<u>(6,693,780)</u>
NET CURRENT ASSETS	<u>3,486,263</u>	<u>-</u>	<u>3,486,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,486,263</u>	<u>-</u>	<u>3,486,263</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS	<u>3,486,263</u>	<u>-</u>	<u>3,486,263</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS	475	-	475
MEMBERS' OTHER INTERESTS			
Capital accounts	<u>3,485,788</u>	<u>-</u>	<u>3,485,788</u>
	<u>3,486,263</u>	<u>-</u>	<u>3,486,263</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	475	-	475
Members' other interests	<u>3,485,788</u>	<u>-</u>	<u>3,485,788</u>
	<u>3,486,263</u>	<u>-</u>	<u>3,486,263</u>

The notes form part of these financial statements

WONDERNET EXPRESS LLP

RECONCILIATION OF EQUITY - continued
31 August 2016

	UK GAAP \$	Effect of transition to FRS 102 \$	FRS 102 \$
CURRENT ASSETS			
Debtors	68,506,606	(9,175)	68,497,431
Cash at bank	<u>12,064,349</u>	<u>-</u>	<u>12,064,349</u>
	<u>80,570,955</u>	<u>(9,175)</u>	<u>80,561,780</u>
CREDITORS			
Amounts falling due within one year	<u>(35,661,495)</u>	<u>-</u>	<u>(35,661,495)</u>
NET CURRENT ASSETS	<u>44,909,460</u>	<u>(9,175)</u>	<u>44,900,285</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>44,909,460</u>	<u>(9,175)</u>	<u>44,900,285</u>
NET ASSETS/(LIABILITIES) ATTRIBUTABLE TO MEMBERS	<u>44,909,460</u>	<u>(9,175)</u>	<u>44,900,285</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS	44,908,985	(9,175)	44,899,810
MEMBERS' OTHER INTERESTS			
Capital accounts	<u>475</u>	<u>-</u>	<u>475</u>
	<u>44,909,460</u>	<u>(9,175)</u>	<u>44,900,285</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	44,908,985	(9,175)	44,899,810
Members' other interests	<u>475</u>	<u>-</u>	<u>475</u>
	<u>44,909,460</u>	<u>(9,175)</u>	<u>44,900,285</u>

The notes form part of these financial statements

WONDERNET EXPRESS LLP

**RECONCILIATION OF PROFIT
for the Year Ended 31 August 2016**

	UK GAAP \$	Effect of transition to FRS 102 \$	FRS 102 \$
TURNOVER	137,914,007	-	137,914,007
Cost of sales	<u>(123,301,415)</u>	<u>-</u>	<u>(123,301,415)</u>
GROSS PROFIT	14,612,592	-	14,612,592
Administrative expenses	<u>(514,816)</u>	<u>(59)</u>	<u>(514,875)</u>
OPERATING PROFIT	14,097,776	(59)	14,097,717
Interest receivable and similar income	64,102	-	64,102
Interest payable and similar expenses	<u>-</u>	<u>(9,116)</u>	<u>(9,116)</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	<u>14,161,878</u>	<u>(9,175)</u>	<u>14,152,703</u>

The notes form part of these financial statements