

**REPORT OF THE DIRECTOR AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014  
FOR  
DIGITAL RIVER UK LIMITED**

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for the Year Ended 31 December 2014**

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**DIGITAL RIVER UK LIMITED**  
**COMPANY INFORMATION**  
**for the Year Ended 31 December 2014**

**DIRECTOR:** S Sheppard

**REGISTERED OFFICE:** 85 King Street  
Maidenhead  
Berkshire  
SL6 1DU

**REGISTERED NUMBER:** 05788465 (England and Wales)

**AUDITORS:** Durrants, Chartered Accountants  
Chartered Accountants & Statutory Auditor  
24 Wellington Business Park  
Dukes Ride  
Crowthorne  
Berkshire  
RG45 6LS

**REPORT OF THE DIRECTOR  
for the Year Ended 31 December 2014**

The director presents his report with the financial statements of the company for the year ended 31 December 2014.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of global e-commerce solutions for software consumer technology.

**DIRECTOR**

S Sheppard held office during the whole of the period from 1 January 2014 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

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

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

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

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

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

**AUDITORS**

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

S Sheppard - Director

3 September 2015

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DIGITAL RIVER UK LIMITED**

We have audited the financial statements of Digital River UK Limited for the year ended 31 December 2014 on pages four to nine. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

Ian Bessant ACA (Senior Statutory Auditor)  
for and on behalf of Durrants, Chartered Accountants  
Chartered Accountants & Statutory Auditor  
24 Wellington Business Park  
Dukes Ride  
Crowthorne  
Berkshire  
RG45 6LS

3 September 2015

**PROFIT AND LOSS ACCOUNT**  
for the Year Ended 31 December 2014

	Notes	2014 £	2013 £
<b>TURNOVER</b>		<b>6,422,172</b>	6,254,515
Administrative expenses		<u>6,133,760</u>	<u>5,967,414</u>
		<b>288,412</b>	287,101
Other operating income		<u>-</u>	<u>320</u>
<b>OPERATING PROFIT</b>	2	<b>288,412</b>	287,421
Interest receivable and similar income		<u>85</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>288,497</b>	287,421
Tax on profit on ordinary activities	3	<u>68,116</u>	<u>79,121</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>220,381</u></b>	<u>208,300</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current year or previous year.

**BALANCE SHEET**  
**31 December 2014**

	Notes	2014 £	£	2013 £	£
<b>FIXED ASSETS</b>					
Tangible assets	4		57,705		54,873
<b>CURRENT ASSETS</b>					
Debtors	5	1,869,368		1,605,417	
Investments	6	4,023		-	
Cash in hand		256		-	
		<u>1,873,647</u>		<u>1,605,417</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>669,695</u>		<u>621,095</u>	
<b>NET CURRENT ASSETS</b>			<u>1,203,952</u>		<u>984,322</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,261,657</u>		<u>1,039,195</u>
<b>PROVISIONS FOR LIABILITIES</b>	9		<u>4,425</u>		<u>2,344</u>
<b>NET ASSETS</b>			<u>1,257,232</u>		<u>1,036,851</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		1,000		1,000
Profit and loss account	11		<u>1,256,232</u>		<u>1,035,851</u>
<b>SHAREHOLDERS' FUNDS</b>	13		<u>1,257,232</u>		<u>1,036,851</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 3 September 2015 and were signed by:

S Sheppard - Director

**NOTES TO THE FINANCIAL STATEMENTS**  
for the Year Ended 31 December 2014

**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Financial reporting standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

**Turnover**

Turnover represents net invoiced sales of services, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	over the life of the lease
Plant and machinery etc	- 33% on cost

**Deferred tax**

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

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**2. OPERATING PROFIT**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other operating leases	<b>258,074</b>	204,205
Depreciation - owned assets	<b>46,601</b>	48,583
Auditors' remuneration	<b>9,874</b>	9,725
Foreign exchange differences	<b>42</b>	(320)
Pension costs	<b>118,993</b>	112,023
	<hr/>	<hr/>
Directors' remuneration and other benefits etc	<b>178,930</b>	210,283
Compensation to director for loss of office	<b>-</b>	169,320
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The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><b>1</b></u>	<u><b>1</b></u>
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NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

## 3. TAXATION

**Analysis of the tax charge**

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

	2014 £	2013 £
Current tax:		
UK corporation tax	66,035	81,027
Deferred tax	2,081	(1,906)
Tax on profit on ordinary activities	<u>68,116</u>	<u>79,121</u>

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>288,497</u>	<u>287,421</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.500% (2013 - 23%)	62,027	66,107
Effects of:		
Expenses not deductible for tax purposes	6,367	9,721
Capital allowances in excess of depreciation	(2,339)	-
Depreciation in excess of capital allowances	-	4,625
Other tax adjustments	(20)	574
Current tax charge	<u>66,035</u>	<u>81,027</u>

## 4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
<b>COST</b>			
At 1 January 2014	25,002	263,794	288,796
Additions	-	49,433	49,433
Disposals	-	(130,433)	(130,433)
At 31 December 2014	<u>25,002</u>	<u>182,794</u>	<u>207,796</u>
<b>DEPRECIATION</b>			
At 1 January 2014	25,002	208,921	233,923
Charge for year	-	46,601	46,601
Eliminated on disposal	-	(130,433)	(130,433)
At 31 December 2014	<u>25,002</u>	<u>125,089</u>	<u>150,091</u>
<b>NET BOOK VALUE</b>			
At 31 December 2014	-	<u>57,705</u>	<u>57,705</u>
At 31 December 2013	-	<u>54,873</u>	<u>54,873</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

## 5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Amounts owed by group undertakings	1,420,758	1,238,623
Other debtors	448,610	366,794
	<u>1,869,368</u>	<u>1,605,417</u>

## 6. CURRENT ASSET INVESTMENTS

	2014	2013
	£	£
Unlisted investments	<u>4,023</u>	<u>-</u>

## 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	27,097	(10,094)
Amounts owed to group undertakings	9,323	63,664
Taxation and social security	176,972	192,669
Other creditors	456,303	374,856
	<u>669,695</u>	<u>621,095</u>

## 8. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings	
	2014	2013
	£	£
Expiring:		
Between one and five years	<u>111,000</u>	<u>111,000</u>

## 9. PROVISIONS FOR LIABILITIES

	2014	2013
	£	£
Deferred tax	<u>4,425</u>	<u>2,344</u>

	Deferred tax
	£
Balance at 1 January 2014	2,344
Provided during year	2,081
Balance at 31 December 2014	<u>4,425</u>

## 10. CALLED UP SHARE CAPITAL

## Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014	2013
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2014

## 11. RESERVES

	Profit and loss account £
At 1 January 2014	1,035,851
Profit for the year	<u>220,381</u>
At 31 December 2014	<u>1,256,232</u>

## 12. ULTIMATE PARENT COMPANY

Digital River Inc (incorporated in United States ) is regarded by the director as being the company's ultimate parent company.

Digital River Inc prepares group financial statements and copies can be obtained from 10380 Bren Road West, Minnetonka, MN 55343-9072 USA.

## 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the financial year	<u>220,381</u>	<u>208,300</u>
<b>Net addition to shareholders' funds</b>	<b>220,381</b>	208,300
Opening shareholders' funds	<u>1,036,851</u>	<u>828,551</u>
<b>Closing shareholders' funds</b>	<b><u>1,257,232</u></b>	<b><u>1,036,851</u></b>

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