

REGISTERED NUMBER: 05788465 (England and Wales)

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
DIGITAL RIVER UK LIMITED**

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

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>3</b>
<b>Income Statement</b>	<b>5</b>
<b>Balance Sheet</b>	<b>6</b>
<b>Notes to the Financial Statements</b>	<b>7</b>

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**DIGITAL RIVER UK LIMITED**  
**COMPANY INFORMATION**  
**for the Year Ended 31 December 2017**

**DIRECTORS:**

Mr Marco Vergani  
Mr Kristopher Thomas Schmidt

**REGISTERED OFFICE:**

125 Wood Street  
London  
EC2V 7AW

**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 DIRECTORS  
for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY**

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

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Mr Marco Vergani  
Mr Kristopher Thomas Schmidt

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 directors are 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 each director 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 provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

Mr Marco Vergani - Director

3 September 2018

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

### Opinion

We have audited the financial statements of Digital River UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Balance Sheet and 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, 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 Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

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 2018

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

Notes	31/12/17 £	31/12/16 £
<b>TURNOVER</b>	<b>6,782,625</b>	6,787,815
Administrative expenses	<u>6,300,663</u>	<u>6,262,425</u>
	<b>481,962</b>	525,390
Other operating income	<u>(1,374)</u>	-
<b>OPERATING PROFIT</b>	<b>480,588</b>	525,390
Interest receivable and similar income	<u>32</u>	<u>272</u>
<b>PROFIT BEFORE TAXATION</b>	<b>480,620</b>	525,662
Tax on profit	<u>98,518</u>	<u>114,902</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b><u>382,102</u></b>	<b><u>410,760</u></b>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 December 2017**

	Notes	31/12/17 £	£	31/12/16 £	£
<b>FIXED ASSETS</b>					
Tangible assets	4		235,232		237,309
<b>CURRENT ASSETS</b>					
Debtors	5	2,419,737		2,551,965	
Cash at bank and in hand		<u>45,183</u>		<u>45,290</u>	
		2,464,920		2,597,255	
<b>CREDITORS</b>					
Amounts falling due within one year	6	<u>385,470</u>		<u>889,695</u>	
<b>NET CURRENT ASSETS</b>			<u>2,079,450</u>		<u>1,707,560</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,314,682</u>		<u>1,944,869</u>
<b>PROVISIONS FOR LIABILITIES</b>			<u>14,741</u>		<u>27,030</u>
<b>NET ASSETS</b>			<u>2,299,941</u>		<u>1,917,839</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			1,000		1,000
Retained earnings			<u>2,298,941</u>		<u>1,916,839</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>2,299,941</u>		<u>1,917,839</u>

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

The financial statements were approved by the Board of Directors on 3 September 2018 and were signed on its behalf by:

Mr Marco Vergani - Director



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

**1. STATUTORY INFORMATION**

Digital River UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of 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.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Turnover**

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

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery: at variable rates on a reducing balance basis

Leasehold improvements: over the life of the lease on a straight line basis

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the 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 balance sheet date.

**Deferred tax**

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

**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 profit or loss 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 profit or loss in the period to which they relate.

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

## 3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 56 (2016 - 59) .

## 4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
<b>COST</b>	
At 1 January 2017	304,052
Additions	66,504
At 31 December 2017	<u>370,556</u>
<b>DEPRECIATION</b>	
At 1 January 2017	66,743
Charge for year	68,581
At 31 December 2017	<u>135,324</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>235,232</u>
At 31 December 2016	<u>237,309</u>

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

	31/12/17 £	31/12/16 £
Amounts owed by group undertakings	1,956,128	2,195,790
Other debtors	<u>463,609</u>	<u>356,175</u>
	<u>2,419,737</u>	<u>2,551,965</u>

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

	31/12/17 £	31/12/16 £
Trade creditors	(24,549)	72,492
Taxation and social security	102,810	141,580
Other creditors	<u>307,209</u>	<u>675,623</u>
	<u>385,470</u>	<u>889,695</u>

## 7. OTHER FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet amount to £533,379 (2016: £708,750).

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

8. **ULTIMATE CONTROLLING PARTY**

The Company is a subsidiary undertaking of Digital River Ireland, Ltd. The ultimate parent company is Danube Private Holdings II, LLC.

The largest group in which the results of the Company are consolidated is that headed by Danube Private Holdings II, LLC incorporated in the United States of America. No other group financial statements include the results of the Digital River UK Limited.

The consolidated financial statements of Danube Private Holdings II, LLC are available to the public at 10380 Bren Road West, Minnetonka, MN 55343-9072 USA.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.