

Demotix Limited
Year ended 31 March 2015

**Report of the Directors and
Financial Statements for the Year Ended 31 March 2015
For Demotix Limited
Company registration number: 06538160**

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Demotix Limited
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Demotix Limited
Company Information

For the Year Ended 31 March 2015

DIRECTORS:	Ms Ania Skurczynska Mr Gary Shenk Mr Joseph Schick
SECRETARY:	Ms Ania Skurczynska
REGISTERED OFFICE:	111 Salusbury Road London NW6 6RG
REGISTERED NUMBER:	06538160 (England and Wales)
BANKERS:	HSBC 8 Victoria Street Westminster London SW1H 0NJ
INDEPENDENT AUDITOR:	BDO LLP 55 Baker Street London W1U 7EU

Demotix Limited

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review is a newswire service that supplies photos and videos from freelance photographers to the international news service.

There were no significant changes in the activities of the company during the year.

FUTURE DEVELOPMENTS

The directors aim to maintain consistent management policies as in prior years and do not anticipate any significant changes to trading conditions.

GOING CONCERN

The company is dependent on the continued support of its parent company. The parent company has confirmed its undertaking to provide continued financial support to the company for twelve months from the date of the approval of these financial statements. Due to the availability of the continued support of Corbis Holdings, the directors believe that it is appropriate to prepare the financial statements on the going concern basis which assumes that the company will continue in operational existence for a period of at least 12 months, despite the current uncertain economic environment. The company and parent company have no external third party funding liabilities. Support for the business comes from the sole shareholder of the wider group. Thus, they continue to adopt the going concern basis in preparing the financial statements.

BUSINESS REVIEW

There was a loss for the year after taxation amounting to £77,433 (2014: £159,600), as shown in the profit and loss account on page 8. The directors do not recommend the payment of a dividend (2014: £nil). Factors contributing to the loss in the year are the global recession and a change in the market. User generated content and lower cost images are selling more which helped to lessen the loss year over year. Beginning in March 2013, the majority of sales for Demotix were invoiced by Corbis Corporation and its subsidiaries. Since Corbis has a larger customer base, there is a continued increase in turnover on the prior year. Since image sales are skewing more towards lower cost imagery within the market, turnover has increased year over year while operating costs have decreased.

Due to stabilization of the marketplace and go-to-market strategies implemented by the company over the last year, turnover is expected to remain constant moving forward.

Demotix Limited
REPORT OF THE DIRECTORS (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

By nature of the business, the company was previously exposed primarily to credit risk, however since the majority of sales are invoiced by fellow Group companies, there is little to no risk that payment will not be received by Demotix, as the receivable is collected from an intercompany relationship. Payment is made to the company on a regular basis from Corbis Corporation for all sales of content to third parties regardless of receipt of payment from the third party. All risk of collection from debtors stays with the group company that originally invoiced the clients.

The primary risk for the business is with pricing. Price risk exists in that discount expectations from clients in a competitive environment may significantly increase. As such, the process for allowing discounts to customers must be carefully managed through a process of review and approval by senior management, and the overall framework for permitting and limiting the use of such discounts is regularly reviewed as the market changes.

Although liquidity and cash flow are important for the day to day operations of the company, all cash management is performed by the treasury function of the company's parent and cash is provided weekly or daily as required for payment. As such, this is not considered a significant risk for the company, although as noted in the notes to the accounts, the company is dependent on the continued support of its parent company; and, ultimately, of the Group's sole shareholder.

DIRECTORS

The membership of the Board during the year ended 31 March 2015 is set out below:

Mr Gary Shenk
Ms Ania Skurczynska
Mr Joseph Schick
Mr Alan Tang (resigned 1st August 2014)
Ms Juli Marie Horn Cook (resigned 14th November 2014)

Demotix Limited
REPORT OF THE DIRECTORS (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

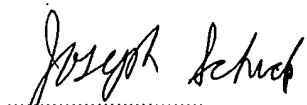
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Auditors

BDO LLP have expressed willingness to continue in office as auditor. A resolution to reappoint BDO LLP will be proposed at the forthcoming Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
Joseph Schick
(Director)

Dated: 28 / 12 / 2015

Demotix Limited
REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEMOTIX LIMITED

We have audited the financial statements of Demotix Limited for the year ended 31 March 2015 which comprise the profit and loss account, the balance sheet and the related notes. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 March 2015 and of its loss 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 matters prescribed by the Companies Act 2006

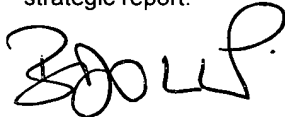
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Demotix Limited
REPORT OF THE INDEPENDENT AUDITORS (continued)

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 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 and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



Matthew White (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date *30 December 2015*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Demotix Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Turnover	1	656,027	624,440
Cost of sales		(338,058)	(328,435)
Gross profit		317,969	296,005
Other operating income		-	1,017
Administrative expenses		(393,817)	(454,104)
Operating loss	2	(75,848)	(157,082)
Interest payable and similar charges	3	(1,585)	(2,518)
Loss on ordinary activities before taxation		(77,433)	(159,600)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	11	(77,433)	(159,600)

All of the activities are classed as continuing.

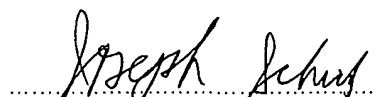
There were no recognised gains or losses in the current or preceding year other than the loss for the financial year; accordingly no statement of recognised gains and losses has been presented.

The notes on pages 11 to 14 form part of these financial statements.

Demotix Limited
BALANCE SHEET
AS AT 31 MARCH 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible fixed assets	6		9,038		28,582
Current assets					
Debtors	7	5,957		54,895	
Cash at bank and in hand		20,423		128,962	
		<u>26,380</u>		<u>183,857</u>	
Creditors: amounts falling due within one year	8	<u>(307,828)</u>		<u>(407,416)</u>	
Net current liabilities			<u>(281,448)</u>		<u>(223,559)</u>
Net Liabilities			<u>(272,410)</u>		<u>(194,977)</u>
Capital and reserves					
Called up share capital	9		53,366		53,366
Share Premium	10		1,628,046		1,628,046
Capital Contribution	10		180,532		180,532
Profit and loss account	10		<u>(2,134,354)</u>		<u>(2,056,921)</u>
Shareholder's deficit	11		<u>(272,410)</u>		<u>(194,977)</u>

The financial statements of Demotix Limited, company registered number 06538160, were approved and authorised for issue by the Board of Directors on 28 / 12 / 2015



 Joseph Schick
 (Director)
 Company registration no: 06538160

The notes on pages 11 to 14 form part of these financial statements.

Demotix Limited

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The following principal accounting policies, which remain unchanged from the previous year, have been applied.

GOING CONCERN

The company is dependent on the continued support of its parent company. The parent company has confirmed its undertaking to provide continued financial support to the company for twelve months from the date of the approval of these financial statements. Due to the availability of the continued support of Corbis Holdings and its directors, we believe that it is appropriate to prepare the financial statements on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future despite the current uncertain economic environment. The company and ultimate parent company have no external third party funding liabilities. Support for the business comes from the sole shareholder of the wider group. Thus, they continue to adopt the going concern basis in preparing the financial statements.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts, and largely consist of licensing revenue.

Licensing revenue is primarily recognised when a licensing agreement has been completed with the customer, including agreement of pricing terms, and the image has been made available to the customer for use. This is generally considered to take place either at the moment at which a customer downloads an image from the website, or when an image is provided to them electronically.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on all fixed assets on a straight line basis in order to write off the asset over its estimated useful life. The following useful life estimates are used for each asset class:

Computer equipment and software	5 years
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TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

ROYALTIES

Royalties are payable to the contributors who own the images sold through Demotix. The royalties are charged through the cost of sales account, as they arise upon the completion of a sale to an external party, and are paid periodically. Royalties are charged to the profit and loss account in the year they arise, which is the same period in which the associated revenue is recognised.

Demotix Limited
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 March 2015

1 TURNOVER

The turnover is attributable as follows:

	2015 £	2014 £
United Kingdom	52,043	22,925
Rest of world	603,984	601,515
	<u>656,027</u>	<u>624,440</u>

2 OPERATING LOSS

	2015 £	2014 £
Auditor's remuneration for audit services	9,000	8,500
Depreciation of tangible fixed assets	19,544	44,641
Foreign Exchange Loss	18,844	9,467
	<u> </u>	<u> </u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Bank fees and similar charges	<u>1,585</u>	<u>2,518</u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year under review were as follows:

	2015 £	2014 £
Wages and salaries	-	58,889
Social security costs	-	6,463
	<u>868</u>	<u>65,352</u>

The average number of employees of the company during the year was:

	2015 £	2014 £
Administration and management	-	1
Creative and editorial	-	1
	<u>-</u>	<u>2</u>

Directors received remuneration totaling £nil for services to the company ending 31 March 2015 (31 March 2014: £nil). Pension contributions paid on behalf of the directors were £nil (2014: £nil).

The other directors of the company are remunerated separately by Corbis Holdings Inc., the Company's ultimate holding company and Corbis UK Limited, a group company. None of the remuneration to these directors was related to services as directors for this entity.

In July 2013 all employment contracts were converted to Corbis Images UK Limited and employee cost is charged to the company through management services costs.

Demotix Limited
NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2015

5 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no current tax charge for the current or prior year. The tax charge is based on the loss for the year and represents:

	2015 £	2014 £
Current tax		
United Kingdom corporation tax at 21% (31 March 2014: 23%)	-	-
	-	-

Tax assessed for the period is different from the standard rate of corporation tax in the United Kingdom 21% (31 March 2012: 23%). The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	(77,433)	(159,600)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 21% (31 March 2014: 23%)	(16,261)	(36,708)
Effects of:		
Expenses not deductible for tax purposes	-	127
Depreciation in excess of capital allowances	4,105	10,267
Unrelieved tax losses arising in the period	12,156	26,314
Current tax charge for the year	-	-

6 TANGIBLE FIXED ASSETS

	Computer equipment £	Computer Software £	Total £
Costs			
At 1 April 2014	11,495	366,312	377,807
Additions	-	-	-
At 31 March 2015	11,495	366,312	377,807
Depreciation			
At 1 April 2014	9,928	339,297	349,225
Charge for the year	365	19,179	19,544
At 31 March 2015	10,293	358,476	368,769
Net book value at			
At 31 March 2015	1,202	7,836	9,038
At 31 March 2014	1,567	27,015	28,582

Demotix Limited
NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2015

7 DEBTORS

	2015 £	2014 £
Amounts owed by other group undertakings	-	54,213
Prepayments and accrued income	5,950	-
Other debtors	7	682
	<u>5,957</u>	<u>54,895</u>

All amounts shown under debtors fall due for payment within one year.

8 CREDITORS: AMOUNTS DUE IN LESS THAN ONE YEAR

	2015 £	2014 £
Trade creditors	18,900	17,711
Amounts owed to group undertakings	125,000	201,286
Accruals and deferred income	157,632	183,322
Other taxation and social security costs	6,296	5,097
	<u>307,828</u>	<u>407,416</u>

Amounts due to group undertakings are interest free and repayable upon demand.

9 SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid Ordinary shares of £0.01 each	<u>53,366</u>	<u>53,366</u>

10 RESERVES

	Share Premium £	Capital Contribution £	Profit and loss account £
At 1 April 2014	1,628,046	180,532	(2,056,921)
Loss for the year	-	-	(77,433)
At 31 March 2015	<u>1,628,046</u>	<u>180,532</u>	<u>(2,134,354)</u>

Demotix Limited
NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2015

11 MOVEMENT IN SHAREHOLDER'S DEFICIT

	2015 £	2014 £
Loss for the financial year	(77,433)	(159,600)
Net movements on shareholder's deficit	(77,433)	(159,600)
Opening shareholder's deficit	(194,977)	(35,377)
Closing shareholder's (deficit)	(272,410)	(194,977)

12 CONTROLLING PARTY

The parent company is Corbis Holdings, Inc., a company incorporated in the United States of America. Corbis Holdings is the smallest and largest group for which group accounts are prepared. The address of the parent company is 710 2nd Avenue, Suite 200, Seattle, Washington.

13 TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

The company has related party transactions for the management of the company by the ultimate parent company, funding by the parent company, and cash transfers for receipts by the company for sales invoiced in the other group companies.

The company is managed by the parent company and pays a management service charge based on costs paid by the parent. The management service charge includes, but is not limited to, legal, accounting, marketing, technology related fees and employee costs.

The majority of sales for the company are made through other group companies. The company has an agreement with Corbis Corporation, in which Corbis Corporation pays the company for all sales on Corbis websites by any of the group companies. Therefore the majority of related party transactions receivable are from Corbis Corporation.

Name of related Company	Relations hip to related company	Nature of each transaction	Total transactions 31/03/15 £	Total transactions 31/03/14 £	Balance outstanding 31/03/15 £	Balance outstanding 31/03/14 £
Corbis Holdings, Inc.	Parent Company	Funding Transfer	140,318	(83)	-	(140,318)
Corbis Corporation	Group Company	Management services, customer sales and cash transfer	(144,099)	79	(89,886)	54,213
Corbis UK Ltd	Group Company	Customer Assignment sales, cash receipt transfers, Trade AP	25,854	(52,844)	(35,114)	(60,968)