

**Company registration number: 06076185**

**Kayak Software (UK) Limited**

**Annual Report & Financial statements**

**For the year ended 31 December 2018**



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**Kayak Software (UK) Limited**

**Directors and other information  
Year ended 31 December 2018**

**Directors**

Daniel Stephen Hafner  
Annie Rebecca Wilson  
Benjamin Berman  
Peer Bueller

(Resigned on 30 June 2019)  
(Resigned on 1 October 2018)  
(Appointed on 23 May 2019)

**Secretary**

Vistra Registrars (UK) Limited

**Company number**

06076185

**Registered office**

Suite 1, 3rd Floor  
11-12 St James's Square  
London, United Kingdom  
SW1Y 4LB

**Business address**

The Lightwell  
12-16 Laystall Street  
London  
EC1R 4PF

**Auditor**

Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

## **Kayak Software (UK) Limited**

### **Directors' report Year ended 31 December 2018**

#### **Directors' report**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2018.

#### **Incorporation**

The Company was incorporated on 31 January 2007 as Kayak Software (UK) Limited.

#### **Directors**

The directors who served the Company during the year were as follows:

Daniel Stephen Hafner	
Annie Rebecca Wilson	(Resigned on 30 June 2019)
Benjamin Berman	(Resigned on 1 October 2018)
Peer B�ller	(Appointed on 23 May 2019)

#### **Principal activities, key performance indicators**

The principal activity of the Company is to provide management and commercial services to KAYAK Europe GmbH in order to send referrals to travel suppliers and online travel agencies, and to facilitate bookings through KAYAK's websites and mobile applications and offer advertising placements on KAYAK's websites and mobile applications. The Company receives service revenue based on this agreement.

Booking Holdings Inc., the Company's ultimate parent undertaking and controlling party, uses revenue, queries and EBITDA as performance indicators when reviewing the overall performance of the business. Due to the nature of the Company and its activities, the Company's Directors do not consider that there are appropriate Company specific KPIs to measure the Company's performance.

#### **Principal risks and uncertainties**

The Company operates in a dynamic industry, and accordingly, can be affected by a variety of factors. For example, management of the Company believes that changes in any of the following areas could have a significant negative effect on the Companies' future financial position or results of operations: the ability to maintain an adequate rate of growth; the impact of the current economic climate on its business; the ability to effectively manage its growth; the ability to attract new customers; the ability to increase the number of visitors to its website and convert those visitors into customers; and the ability to retain existing customers or encourage repeat reservations.

On 23 June 2016 the UK held a referendum where the majority of the British public voted to exit the European Union. On 29 March 2017 the UK government triggered Article 50, which began the formal exit process. In June 2017 drafting of the formal withdrawal agreement between the UK and the European Union commenced, with a target completion date of October 2018 for negotiations to conclude. A progress report regarding the draft of the withdrawal agreement was published in June 2018, and UK's exit was due to conclude in March 2019 but the deadline has been extended to October 2019. As a result, there remains significant uncertainty in the UK market including but not limited to; foreign exchange volatility, movement of people impacting staff availability, and asset volatility in the financial markets. Management do not

**Kayak Software (UK) Limited**  
**Directors' report**  
**Year ended 31 December 2018**

**Directors' report**

**Principal risks and uncertainties (continued)**

consider there to be an immediate impact to the business relating to this, however will continue to monitor the situation.

**Results**

The audited financial statements for the year ended 31 December 2018 are set out on pages 10 to 23. The loss for the year, after taxation, is £982,616 compared with 2017 loss of £572,103.

**Going concern**

Notwithstanding the fact that the company has net current liabilities, the directors have prepared the financial statements on a going concern basis as the company has received confirmation from the immediate parent company that it will continued to financially support the company.

The Company's current activities are expected to continue for the foreseeable future.

**Directors' insurance and indemnities**

The Company has maintained throughout the year Directors' liability insurance for the benefit of the Company and the Directors. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

**Directors' responsibilities statement**

The directors are responsible for preparing the annual report 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 judgments and accounting estimates that are reasonable and prudent; 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 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.

**Kayak Software (UK) Limited**

**Directors' report  
Year ended 31 December 2018**

**Directors' report**

**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.


The auditor, Deloitte LLP, is deemed to have been re-appointed in accordance with section 487(2) of the Companies Act 2006.

**Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The directors have taken advantage of the small companies' exemption provided by small company provision of the Companies Act 2006 not to prepare a strategic report.

This report was approved by the board of directors on 24<sup>th</sup> of September 2019 and signed on behalf of the board by:

DocuSigned by:  
  
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Peer Bueller  
Director

**Kayak Software (UK) Limited**

**Independent auditor's report to the members of  
Kayak Software (UK) Limited**

**Independent auditor's report to the members of Kayak Software (UK) Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Kayak Software (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement
- the statement of financial position
- the statement of changes in equity; and
- the related notes 1 to 19.

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).

**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 auditor's 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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

**Kayak Software (UK) Limited**  
**Independent auditor's report to the members of**  
**Kayak Software (UK) Limited**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 is 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.

**Auditor's 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 an auditor's report 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Kayak Software (UK) Limited**  
**Independent auditor's report to the members of**  
**Kayak Software (UK) Limited**

**Report on other legal and regulatory requirements**

**Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

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

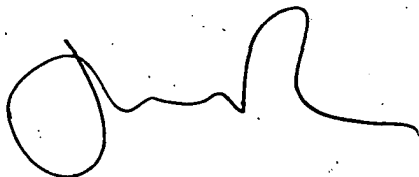
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**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 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.



Julian Rae (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

 September 2019

**Kayak Software (UK) Limited**

**Income statement  
Year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	5	4,392,383	2,739,779
Cost of sales		<u>(4,174,735)</u>	<u>(2,328,559)</u>
<b>Gross profit/(loss)</b>		217,648	411,220
Administrative expenses		<u>(1,195,209)</u>	<u>(656,339)</u>
<b>Operating loss</b>	6	(977,561)	(245,119)
Interest expense		(5,055)	(15,990)
<b>Loss before taxation</b>		<u>(982,616)</u>	<u>(261,109)</u>
Tax expense	8	-	(310,994)
<b>Loss for the financial year</b>		<u>(982,616)</u>	<u>(572,103)</u>

All the activities of the company are from continuing operations.

The company has no other recognized items of income and expense other than the results for the year as set out above.

DocuSigned by:  
*Pier Bueller*  
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Kayak Software (UK) Limited

Statement of financial position  
31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	9	521,161	43,817
<b>Current assets</b>			
Debtors	10	487,175	143,423
Cash at bank and in hand		5,995,311	5,101,252
		<u>6,482,486</u>	<u>5,244,675</u>
Creditors: amounts falling due within one year	11	<u>(10,944,265)</u>	<u>(2,334,271)</u>
<b>Net current (liabilities)/assets</b>		<u>(4,461,779)</u>	<u>2,910,404</u>
<b>Total assets less current liabilities</b>		<u>(3,940,618)</u>	<u>2,954,221</u>
Creditors: amounts falling due after more than one year	12	<u>(53,103)</u>	<u>(6,000,663)</u>
<b>Net liabilities</b>		<u>(3,993,721)</u>	<u>(3,046,442)</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Profit and loss account	17	<u>(3,993,722)</u>	<u>(3,046,443)</u>
<b>Shareholders' deficit</b>		<u>(3,993,721)</u>	<u>(3,046,442)</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the board of directors and authorized for issue on 24<sup>th</sup> of September 2019, and are signed on behalf of the board by:

DocuSigned by:  
*Peer Bueller*  
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Peer Bueller  
Director

Company registration number: 06076185

**Kayak Software (UK) Limited**

**Statement of changes in equity  
Year ended 31 December 2018**

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 January 2017</b>	1	(2,698,719)	(2,698,718)
Loss for the year	-	(572,103)	(572,103)
<b>Total comprehensive loss</b>	-	(572,103)	(572,103)
Share based payment reserve	-	224,379	224,379
<b>Total equity movement for the year</b>	-	(347,724)	(347,724)
<b>At 31 December 2017 and 1 January 2018</b>	<u>1</u>	<u>(3,046,443)</u>	<u>(3,046,442)</u>
Loss for the year	-	(982,616)	(982,616)
<b>Total comprehensive loss</b>	-	(982,616)	(982,616)
Share based payment reserve	-	35,337	35,337
<b>Total equity movement for the year</b>	-	(947,279)	(947,279)
<b>At 31 December 2018</b>	<u>1</u>	<u>(3,993,722)</u>	<u>(3,993,721)</u>

## Kayak Software (UK) Limited

### Notes to the financial statements Year ended 31 December 2018

#### 1. General information

The company is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Kayak Software (UK) Limited, 3rd Floor, 11-12 St James's Square, London SW1Y 4LB.

#### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council" and the Companies Act 2006.

#### 3. Accounting policies

##### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.". The financial statements are prepared in sterling, which is the functional currency of the entity.

##### Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Company is loss making in the year. The directors consider this basis to be appropriate as they have received confirmation from the immediate parent company, Kayak Software Corporation, that it will continue to provide financial support to the Company for a period of at least 12 months from the date of approval of the financial statements to allow the Company to meet its liabilities as and when they fall due.

##### Turnover

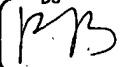
Turnover represent the invoiced value of service revenue received from KAYAK Europe GmbH and service charge received from Momondo Group Limited as a compensation for expenses incurred. The service revenue is based on the profit or loss split between the Company and KAYAK Europe GmbH. The service recharge is based on the cost allocation of the rent of the premises. The recognition of the both revenues is booked on a monthly basis and settled within the next 30 days.

##### Taxation

The taxation expense represents the amount of current tax recognized in the reporting period. Current tax is recognized on taxable profit for the current and past periods. Current tax expense or credit is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future

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**Kayak Software (UK) Limited**

**Notes to the financial statements  
Year ended 31 December 2018**

**3. Accounting policies (continued)**

**Taxation (continued)**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

**Tangible assets**

Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- shorter of useful life or remaining lease term
Fixtures and equipment	- 20.00% straight line
Computer & servers	- 33.33% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

**Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

**Defined contribution plans**

Contributions to defined contribution plans are recognized as an expense in the period in which the related service is provided. Prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

## **Kayak Software (UK) Limited**

### **Notes to the financial statements Year ended 31 December 2018**

#### **3. Accounting policies (continued)**

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently measured at amortised cost.

##### **Share-based payments**

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. This is based upon the company's estimate of the shares or share options that will eventually vest which considers all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates. Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met. The company reimburses Booking Holdings Inc. for the share-based payments provided to its employees. Share based payments are reimbursed based on its fair value at the date of vesting and is netted off against share-based payments charge in the statements of changes in equity. The Company accounts for the share-based payments provided to its employees by Booking Holdings Inc. as if those shares represent its own shares. Hence, the statements of changes in equity is impacted.

##### **Operating leases**

The annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

#### **4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

In the application of the accounting policies described under note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the change takes place if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the year, no critical judgments, estimates or assumptions that have significant impact on the carrying value of the assets and liabilities have been recognised in the financial statements.

**Kayak Software (UK) Limited**

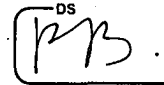
**Notes to the financial statements  
Year ended 31 December 2018**

**5. Turnover**

Turnover arises from:

	2018	2017
	£	£
Intercompany management fees	4,392,383	2,739,779

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

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Kayak Software (UK) Limited

Notes to the financial statements (continued)  
Year ended 31 December 2018

6. Profit/(Loss) for the year

Profit/(Loss) for the year is stated after (charging)/crediting:

	2018 £	2017 £
Intercompany management fees	4,392,383	2,739,779
<b>Total income</b>	<b>4,392,383</b>	<b>2,739,779</b>
Wages and salaries	(3,473,516)	(1,876,101)
Equity-settled share-based payment expense	(205,214)	(120,081)
Social security contributions	(384,270)	(280,758)
Pension costs - staff	(111,735)	(51,620)
<b>Cost of sales</b>	<b>(4,174,735)</b>	<b>(2,328,560)</b>
Rent	(522,266)	(101,096)
Recruitment fee	(18,067)	(14,319)
Telephone & utilities	(24,432)	(28,273)
Supplies and shipping costs	(45,536)	(33,572)
Conference	(27,348)	(6,744)
Staff travel expenses	(240,277)	(218,938)
Unrealised fx (loss)/gain through P&L	(3,268)	28,855
Travel & entertainment	(93,629)	(66,602)
Legal and professional	(35,466)	(6,607)
Accountancy & payroll fees	(58,737)	(50,819)
Audit fees	(50,900)	(30,000)
Bank charges	(8,794)	(5,984)
(Loss)/gain on exchange	26,209	18,345
General expenses	(52,870)	(14,392)
Business taxes and fees	(7,855)	(2,351)
Depreciation on furniture & equipment	(31,973)	(33,088)
Loss on disposal of tangible assets	-	(90,753)
<b>Administrative expenses</b>	<b>(1,195,209)</b>	<b>(656,338)</b>
<b>Operating loss</b>	<b>(977,561)</b>	<b>(245,119)</b>
Interest expense	(5,055)	(15,990)
Tax expense	-	(310,994)
<b>Loss for the financial year</b>	<b>(982,616)</b>	<b>(572,103)</b>

# Kayak Software (UK) Limited

## Notes to the financial statements (continued) Year ended 31 December 2018

### 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
Sales	1	1
Commercial	32	16
Marketing	8	2
Technology	6	1
Corporate	4	-
	<u>51</u>	<u>20</u>

The aggregate payroll costs incurred during the year were:

	2018	2017
	£	£
Wages and salaries	3,678,730	1,996,182
Social security costs	384,270	280,758
Other pension costs	111,735	51,620
	<u>4,174,735</u>	<u>2,328,559</u>

### 8. Tax expense

Major Components of tax (credit)/expense:

	2018	2017
	£	£
<b>Current tax on profit</b>	-	(46,275)
<b>Total current tax</b>	<u>-</u>	<u>(46,275)</u>
<b>Deferred tax</b>		
Deferred tax derecognised	-	357,269
<b>Total deferred tax</b>	<u>-</u>	<u>357,269</u>
<b>Total tax on profits / (loss)</b>	<u>-</u>	<u>310,994</u>

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[Signature]

# Kayak Software (UK) Limited

## Notes to the financial statements (continued) Year ended 31 December 2018

### 8 Tax (credit) / expense (continued)

Reconciliation of tax (credit)/expense:

	2018 £	2017 £
Loss before taxation	(982,616)	(261,109)
Tax on profit/(loss) at the UK corporation tax rate of 19% (2017: 19%)	(186,697)	(49,611)
Effect of expenses not deductible for tax purposes	9,056	7,875
Effect of capital allowances and depreciation	(11,344)	(2,233)
Change in tax rates of tax calculation	-	-
Adjustment in respect of prior years	-	(2,306)
Deferred tax derecognized	-	357,269
Deferred tax not recognized	188,985	-
<b>Tax on loss</b>	<b>-</b>	<b>310,994</b>

As at 31<sup>st</sup> December 2017, the deferred tax derecognized of £357,269 was related to trading losses surrendered between group companies.

As at 31<sup>st</sup> December 2018, the Company have not recorded a deferred tax asset of 188,985 related to current year loss. This is based on the Management assessment of the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets.

The tax assessed on the light of the loss of the year 2018 is higher than the standard rate of corporation tax in the UK of 19% (2017: higher than the standard rate of corporation tax in the UK of 19%).

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from April 2020, was substantively enacted upon 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

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**Kayak Software (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 December 2018**

**9. Tangible assets**

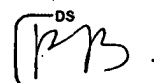
	Leasehold improvements £	Fixtures and equipment £	Computers and servers £	Total £
<b>Cost</b>				
At 1 January 2018	-	40,882	45,524	86,406
Additions	374,709	114,959	19,651	509,319
Disposals	-	-	(14,612)	(14,612)
<b>At 31 December 2018</b>	<b>374,720</b>	<b>155,841</b>	<b>50,563</b>	<b>581,113</b>
<b>Depreciation</b>				
At 1 January 2018	-	21,719	20,872	42,591
Charge for the year	6,460	11,540	13,973	31,973
Disposals	-	-	(14,612)	(14,612)
<b>At 31 December 2018</b>	<b>6,460</b>	<b>33,259</b>	<b>20,233</b>	<b>59,952</b>
<b>Carrying amount at 31 December 2018</b>	<b>368,259</b>	<b>122,582</b>	<b>30,329</b>	<b>521,161</b>
At 31 December 2017	-	19,163	24,653	43,817

**10. Debtors**

	2018 £	2017 £
Trade debtors	342	342
Amounts owed by group undertakings	26,328	26,328
Prepayments and accrued income	31,703	17,912
Other debtors	428,802	98,841
	<b>487,175</b>	<b>143,423</b>

**11. Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	1	1
Amounts owed to fellow subsidiaries	10,086,012	1,982,256
Accruals and deferred income	858,252	352,014
Social security and other taxes	-	-
	<b>10,944,265</b>	<b>2,334,271</b>

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# Kayak Software (UK) Limited

## Notes to the financial statements (continued) Year ended 31 December 2018

### 12. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Amount owed to fellow group undertaking	-	6,000,663
Other creditors	53,103	-
	<u>53,103</u>	<u>6,000,663</u>

This amount owed to fellow group undertakings in the prior year relates to a £6,000,633 interest-bearing long-term loan that was unsecured. The loan bore a monthly interest equal to one-month GBP Libor in effect on the last business day of each month. The amount of the loan and associated interest was repaid in full in 2018. The other creditors represent the retained part of the security deposit in relation to the lease agreement. This amount is payable at the lease maturity in 2023.

### 13. Employee benefits

The amount recognized in profit or loss in relation to defined contribution plans was £111,735 (2017: £51,620).

### 14. Share-based payments

#### Stock options

Stock options were awarded to certain KAYAK Software (UK) employees before the acquisition by Booking Holdings Inc. Upon the acquisition, the KAYAK stock option grants were converted into Booking Holdings' stock option grants based on a merger conversion ratio. Stock options must be exercised and purchased within 10 years of the grant date or they will expire. All unvested shares are forfeited or cancelled upon termination, unless otherwise provided in the Stock Option Agreement. The vesting happens over four years and the first year is a cliff vesting. The remainder three years vest on a monthly basis.

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	2018		2017	
	No.	WAEP £	No.	WAEP £
Outstanding at 1 January	-	-	431	585
Exercised during the year	-	-	(243)	563
Forfeited during the year	-	-	(188)	563
Outstanding at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 December	-	-	-	-

The weighted average remaining contractual term as at 31<sup>st</sup> December 2018 is 0 years (in 2017: 0 years).

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# Kayak Software (UK) Limited

## Notes to the financial statements (continued) Year ended 31 December 2018

### 14. Share-based payments (continued)

The following summarizes the assumptions relating to the company's stock options:

	2018	2017
Dividend yield	0%	0%
Expected life (in years)	0	0
Volatility	-	35%
Risk free rate	-	0.28%

#### Restricted stock units and Performance share units

Certain employees of the company are awarded restricted stock units (RSUs) and performance share units (PSUs) in the Booking Holdings as incentives to encourage employees to contribute to the long-term success of Booking Holdings. The RSUs and PSUs are payable in shares of Booking Holdings upon vesting, which is generally three years. The RSUs and PSUs are valued at fair value based on Booking Holding's common stock at the date of grant. Subject to certain exceptions the RSUs and PSUs are forfeited if the employee leaves the Booking Holdings before completing the required service period.

Details of the number and weighted average exercise prices (WAEP) of RSUs during the year are as follows:

	2018		2017	
	No.	WAEP £	No.	WAEP £
Outstanding at 1 January	342	1,062	263	1,045
Granted during the year	208	1,514	116	1,283
Exercised during the year	(72)	924	(37)	989
Forfeited during the year	-	-	-	-
Outstanding at 31 December	<u>478</u>	<u>1,327</u>	<u>342</u>	<u>1,062</u>

The weighted average remaining contractual term as at 31<sup>st</sup> December 2018 is 0.85 years (in 2017 1.3 years).

The total expense recognised in loss (2017: loss) for the year is as follows:

	2018	2017
	£	£
Equity settled share-based payments	205,214	120,081

The fair value of employee stock options assumed in acquisitions was determined using the Black-Scholes model and the market value of the company's common stock at the respective acquisition dates. The fair value of restricted stock units is determined based on the number of units granted and the quoted price of the company's common stock as of the grant date. For RSUs, the value of the company's common stock is the most relevant market price to determine the fair value of the share-based awards on the grant date.

**Kayak Software (UK) Limited**

**Notes to the financial statements (continued)**  
**Year ended 31 December 2018**

**15. Financial instruments**

The carrying amount for each category of financial instrument is as follows:

	2018	2017
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Intercompany receivable	6,465,997	26,328
	2018	2017
	£	£
<b>Financial liabilities measured at amortised cost</b>		
Intercompany payables	10,086,012	7,982,919

**16. Called up share capital issued, called up and fully paid**

	2018	2017
	No	No
	£	£
Ordinary share of £ 1.00 each	1	1

**17. Reserves**

The reserves balance consists of profit and loss reserve available to ordinary shareholders.

**18. Controlling party**

The company's immediate parent company is KAYAK Software Corporation (registered office at 7 Market Street Stamford, Connecticut, 06902, United States). The company's ultimate parent undertaking and controlling party is Booking Holdings Inc., a company incorporated in the United States of America, whose principal place of business and registered office is, and whose financial statements can be obtained at 800 Connecticut Avenue, Norwalk, Connecticut, 06854, United States. This is both the smallest and largest group in which the results of the company are consolidated.

**19. Rental and lease commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
- within one year	246,041	-
- between one and five years	1,228,378	-
	<u>1,474,419</u>	<u>-</u>