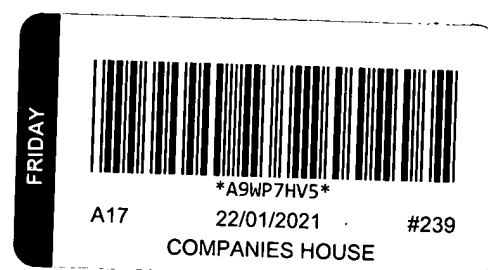


# Annual Report and Financial Statements

## Kayak Software (UK) Limited

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For the year ended 31 December 2019



Registered number: 06076185

Kayak Software (UK) Limited

## Company Information

<b>Directors</b>	Daniel Stephen Hafner Peer Bueller (appointed 23 May 2019)
<b>Company secretary</b>	Abogado Nominees Limited
<b>Registered number</b>	06076185
<b>Registered office</b>	100 New Bridge Street London EC4V 6JA
<b>Independent auditors</b>	Deloitte LLP Statutory Auditor 3 Victoria Square Victoria Street St Albans United Kingdom AL1 3FT

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# Strategic report

For the year ended 31 December 2019

## Introduction

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2019.

## Business review

The Company's principal activity 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 a transfer pricing agreement with Kayak Europe GmbH.

Booking Holdings Inc., the Company's ultimate parent undertaking and controlling party, uses revenue 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.

The Company results for the year resulted in a profit, before taxation, amounting to £6.7m compared to a restated profit in 2018 amounting to £3.7m. The increase in profitability is due to the continued improvement of the business performance throughout 2019.

The Company has gone from a restated net asset situation in 2018 amounting to £286k to a net asset position in 2019 amounting to £5.4m.

## Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories, it is noted that the Company operates in a dynamic industry and accordingly can be affected by the below factors:

### Economic

The Company is exposed to the risk of foreign exchange losses, increased interest rates and inflation having an adverse impact on served markets.

### Growth

The ability to maintain an adequate rate of growth.

### Competition

The Company is exposed to the risk of being able to attract new customers and increase the number of visitors to the websites and convert those visitors into customers and to retain existing customers or encourage repeat reservations. The directors of the group manage competition through close attention to market research, technology platform updates and benchmarking competition.

### Brexit

In 2016, the UK held a referendum where the majority of the British public voted to exit the European Union (EU). In March 2020, the UK formally exited the EU. A transition period up to 31 December 2020 was enacted. As a result of this, there remains 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 consider there to be an immediate impact to the business relating to this, however will continue to monitor the situation.

## Strategic report (continued)

For the year ended 31 December 2019

### COVID-19

The recent coronavirus outbreak has had a significant and negative impact on the business during 2020. The Company has seen a significant increase in cancellations and reduction in new travel bookings. Decreased travel demand resulting from the outbreak has had a negative impact, and is likely to have a negative and material impact, on our business, growth and results of operations.

The COVID-19 pandemic, the resulting economic conditions and government orders have resulted in an unprecedented decline in travel activities and consumer demand for related services. The Company's business, financial results and prospects are almost entirely dependent on the sale of such. In response to the COVID-19 crisis, the Company implemented a number of initiatives to reduce cost where possible, such as reducing discretionary spending. This decision was made to ensure that the Company will emerge from the crisis with strength and continue to serve travellers globally.

The global measures taken against the COVID-19 outbreak, such as travel restrictions and lock downs are unprecedented. Therefore, the full impact and duration of this outbreak are unknown at this time. Nonetheless, the Company has been through travel disruptions in the past and expect that this disruption will ultimately be temporary. The directors believe that the Company has a strong operating model and solid balance sheet, which will enable the group to weather this disruption. The directors remain confident in the Company's long-term prospects and strategy, and we will continue to manage the Company in a measured way to build value for the long term. Based on the solid balance sheet and strong liquidity of the Booking Holdings Inc., the ultimate parent company, the Company will emerge from this crisis in a strong position thus, the financial statements of this entity have been prepared on a going concern basis.

### Future developments

Details of future developments can be found in the directors' report on pages 3 - 4 and form part of this report.

### Financial risk management

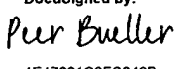
The Company assesses the assets, liabilities, financial position and profit and loss of the Company on a regular basis. The Company is a service company and has no need for any hedging, thus the Company deems any financial risks to not be significant.

The directors do review the liquidity requirements on a regular basis. The directors have financial reporting procedures to manage credit, liquidity and other financial risks.

### Financial key performance indicators

Details of financial key performance indicators can be found in the strategic report on page 1.

This report was approved by the board on 22 October 2020 and signed on its behalf.

DocuSigned by:  
  
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**Peer Bueller**  
Director

## Directors' report

For the year ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

### Principal activity

The principal activity of the Company is set out in the strategic report.

### Results and dividends

The profit for the year, after taxation, amounted to £5,522,381 (2018 (restated) - £3,297,074).

No dividend was paid during the year (2018: £Nil). The board of directors do not intend to propose or pay any dividends post year end.

### Directors

The directors who served during the year and up to the date of signing of the financial statements are as follows:

Daniel Stephen Hafner

Peer Bueller (appointed 23 May 2019)

Annie Rebecca Wilson (resigned 30 June 2019)

### Future developments

The Company will continue to invest in new opportunities to facilitate growth across its range of websites and applications ("apps"). Booking Holdings Inc. will continue to have sole control over the Company and may opt to alter the strategic direction of the Company in the future.

### Qualifying third party indemnity provisions

Qualifying third party provisions (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the directors during the year as well as at the date of approval of the financial statements.

### Matters covered in the strategic report

The business review, key and other performance indicators and details of the Company's risks identified by directors are listed in the strategic report.

### Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the basis of preparation of the financial statements and made appropriate enquiries, including those appropriate to assessing the impact of the COVID-19 pandemic on the business as disclosed in the strategic report. Due to the impact of COVID-19 (as disclosed in the strategic report), the operations of Kayak UK Limited have been impacted negatively in 2020. Therefore, the Company has also secured a letter of support from Booking Holdings Inc., which outlines its support to the Company.

The directors have assessed the cash flow forecasts of Booking Holdings Inc. and are satisfied that the Company has sufficient cash resources to support Kayak UK Limited for a period not less than 12 months from the date of approval of the financial statements.

Taking these considerations into account, the directors have a reasonable expectation that the Company has access to adequate resources in order to be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

## Directors' report (continued)

For the year ended 31 December 2019

### Post balance sheet events

As already outlined above in the strategic report, COVID-19 is a significant post balance sheet event for the Company. Please refer to the strategic report and note 25 for more details.

There have been no other significant events affecting the Company since the year end.

### Disclosure of information to auditors

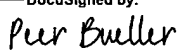
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 October 2020 and signed on its behalf.

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.....  
**Peer Bueller**  
Director

## Directors' responsibilities statement

For the year ended 31 December 2019

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

Company law requires the directors to prepare audited 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'. 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

## **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 2019 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 statement of comprehensive income
- the statement of financial position
- the statement of changes in equity; and
- the related notes 1 to 26.

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.

#### **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.

**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**

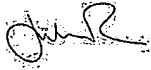
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

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  
St. Albans, United Kingdom  
Date: 22 October 2020

# Statement of comprehensive income

For the year ended 31 December 2019

		2019	As restated (Note 22) 2018
	Note	£	£
Turnover	5,22	12,368,251	9,069,059
Cost of sales		(4,476,429)	(4,174,735)
<b>Gross profit</b>		<b>7,891,822</b>	<b>4,894,324</b>
Administrative expenses		(1,194,797)	(1,195,209)
<b>Operating profit</b>	6	<b>6,697,025</b>	<b>3,699,115</b>
Interest receivable and similar income	9	21,467	-
Interest payable and expenses	10	-	(5,055)
<b>Profit before tax</b>		<b>6,718,492</b>	<b>3,694,060</b>
Tax on profit	11,22	(1,196,111)	(396,986)
<b>Profit for the financial year</b>		<b>5,522,381</b>	<b>3,297,074</b>

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 12 to 25 form part of these financial statements.

Kayak Software (UK) Limited

Registered number:06076185

## Statement of financial position

As at 31 December 2019

	Note	2019 £	As restated (Note 22) 2018 £
<b>Fixed assets</b>			
Tangible assets	12	489,379	521,161
		<u>489,379</u>	<u>521,161</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	2,633,824	487,175
Cash at bank and in hand	14	6,449,283	5,995,311
		<u>9,083,107</u>	<u>6,482,486</u>
Creditors: amounts falling due within one year	15	(4,099,169)	(6,664,575)
<b>Net current assets/(liabilities)</b>		<u>4,983,938</u>	<u>(182,089)</u>
<b>Total assets less current liabilities</b>		<u>5,473,317</u>	<u>339,072</u>
Creditors: amounts falling due after more than one year	16	(36,207)	(53,103)
<b>Net assets</b>		<u><u>5,437,110</u></u>	<u><u>285,969</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account	18	5,437,109	285,968
		<u><u>5,437,110</u></u>	<u><u>285,969</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 October 2020.

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Peer Bueller

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Peer Bueller

Director

The notes on pages 12 to 25 form part of these financial statements.

Kayak Software (UK) Limited

Statement of changes in equity  
For the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 January 2018</b>	1	(3,046,443)	(3,046,442)
<b>Comprehensive income for the year</b>			
Profit for the year	-	(982,616)	(982,616)
Share based payment	-	35,337	35,337
<b>Other comprehensive income for the year</b>	-	35,337	35,337
<b>Total comprehensive income for the year</b>	-	(947,279)	(947,279)
<b>At 1 January 2019 (as previously stated)</b>	1	(3,993,722)	(3,993,721)
Prior year adjustment (see note 22)	-	4,279,690	4,279,690
<b>At 1 January 2019 (as restated)</b>	1	285,968	285,969
<b>Comprehensive income for the year</b>			
Profit for the year	-	5,522,381	5,522,381
Share based payment	-	(371,240)	(371,240)
<b>Total comprehensive income for the year</b>	-	5,151,141	5,151,141
<b>At 31 December 2019</b>	1	5,437,109	5,437,110

The notes on pages 12 to 25 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2019

## 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, 100 New Bridge Street, London, EC4V 6JA.

## 2. Statement of compliance

These financial statements have been prepared in compliance with FRS102, Financial Reporting Standard 102 (FRS102) "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

### 3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by financial instruments recognised by fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

### 3.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Booking Holdings Inc. as at 31 December 2019 and these financial statements may be obtained from 800 Connecticut Avenue, Norwalk, Connecticut, 06854, United States.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 3. Accounting policies (continued)

#### 3.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the basis of preparation of the financial statements and made appropriate enquiries, including those appropriate to assessing the impact of the COVID-19 pandemic on the business as disclosed in the strategic report. Due to the impact of COVID-19 (as disclosed in the strategic report), the operations of Kayak UK Limited have been impacted negatively in 2020. Therefore, the Company has also secured a letter of support from Booking Holdings Inc., which outlines its support to the Company.

The directors have assessed the cash flow forecasts of Booking Holdings Inc. and are satisfied that the Company has sufficient cash resources to support Kayak UK Limited for a period not less than 12 months from the date of approval of the financial statements.

Taking these considerations into account, the directors have a reasonable expectation that the Company has access to adequate resources in order to be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### 3.4 Revenue

Revenue represents the invoiced value of service revenue received from KAYAK Europe GmbH and service charges received from Momondo Group Limited as compensation for expenditure incurred and is accounted for on an accruals basis. 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.

#### 3.5 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 3. Accounting policies (continued)

#### 3.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 3.7 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

#### 3.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 3.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 3. Accounting policies (continued)

#### 3.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- shorter of useful life or remaining lease term
Fixtures and equipment	- 20%
Computer and servers	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 3.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 3.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 3.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 3. Accounting policies (continued)

#### 3.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

#### 3.15 Financial instruments

Financial assets and 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.

#### 3.16 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 on 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 of whether market or non-vesting conditions are met.

The Company reimburses Booking Holdings Inc. for the share-based payments provided to 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 statement of changes in equity.

#### 3.17 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard Monday 1 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 4. Critical accounting judgments and key sources of estimation uncertainty

In the application of accounting policies described in 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 judgements, estimates or assumptions that have had significant impact on the carrying value of the assets and liabilities have been recognised in the financial statements.

## 5. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	As restated 2018 £
Services provided to other group company (see note 22 for restatement details)	12,368,251	9,069,059
	<u>12,368,251</u>	<u>9,069,059</u>

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

## 6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(35,765)	(22,940)
Operating lease expenses	262,331	418,668
Share based payment	30,503	205,214
	<u>257,069</u>	<u>599,932</u>

## 7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	40,000	50,900
	<u>40,000</u>	<u>50,900</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,862,289	3,678,730
Social security costs	492,826	384,270
Cost of defined contribution scheme	121,314	111,735
	<u>4,476,429</u>	<u>4,174,735</u>

The average monthly number of employees, including the directors, during the year was as follows and calculated in line with the Companies Act 2006 requirements:

	2019 No.	2018 No.
Sales	2	1
Commercial	32	32
Marketing	10	8
Technology	6	6
Corporate	5	4
	<u>55</u>	<u>51</u>

The highest paid director received remuneration of £Nil (2018 - £Nil). The directors have received emoluments through other group companies.

During the year, no director (2018: none) participated in the defined contribution pension scheme.

### 9. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	13,996	-
Other interest receivable	7,471	-
	<u>21,467</u>	<u>-</u>

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 10. Interest payable and similar expenses

	2019 £	2018 £
Interest payable	-	5,055
	<u>-</u>	<u>5,055</u>

## 11. Taxation

	2019 £	As restated 2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,220,244	396,986
	<u>1,220,244</u>	<u>396,986</u>
<b>Total current tax</b>	<u>1,220,244</u>	<u>396,986</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(24,133)	-
<b>Total deferred tax</b>	<u>(24,133)</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,196,111</u>	<u>396,986</u>

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 11. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	As restated 2018 £
Profit on ordinary activities before tax	<u>6,718,492</u>	<u>3,694,060</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,276,513	701,871
Effects of:		
Expenses not deductible for tax purposes	20,776	20,776
Capital allowances for year in excess of depreciation	12,539	(5,527)
Utilisation of tax losses	-	(339,031)
Short term timing difference leading to an increase (decrease) in taxation	(113,717)	-
Deferred tax not recognised	-	18,897
<b>Total tax charge for the year</b>	<u><b>1,196,111</b></u>	<u><b>396,986</b></u>

### Factors that may affect future tax charges

On 26 October 2015, the government announced legislation reducing the rate of Corporate Income Tax. This reduction is to take effect in two stages from 1 April 2017 (19%) and then from 1 April 2020 (17%). However, in reference to the announcement made at the 2020 UK Budget in March that the UK corporation tax rate was to stay at 19% from 1 April 2020, and not change to 17% as previously announced. The change of the tax rate does not have a significant impact on the deferred tax asset.

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 12. Tangible fixed assets

	Leasehold improvements £	Fixtures and equipment £	Computer and servers £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	374,711	155,841	50,562	581,114
Additions	13,973	65,707	22,381	102,061
Disposals	-	-	(7,051)	(7,051)
At 31 December 2019	388,684	221,548	65,892	676,124
<b>Depreciation</b>				
At 1 January 2019	6,460	33,259	20,233	59,952
Charge for the year on owned assets	80,067	32,664	7,955	120,686
Disposals	-	-	6,107	6,107
At 31 December 2019	86,527	65,923	34,295	186,745
<b>Net book value</b>				
At 31 December 2019	302,157	155,625	31,597	489,379
At 31 December 2018	368,251	122,581	30,329	521,161

## 13. Debtors

	2019 £	2018 £
Trade debtors	342	342
Amounts due from related parties	1,807,471	26,328
Other debtors	355,176	428,801
Prepayments	63,933	31,704
Corporation tax receivable	382,769	-
Deferred taxation	24,133	-
	<u>2,633,824</u>	<u>487,175</u>

The amount due from related parties is made up of £1,807,471 (2018: £26,328) due from a sister company. These amounts are unsecured and payable on demand, apart from £1.8m (2018: £Nil) which is long term in nature and the Company is entitled to receive interest equivalent to market rate interest per annum.

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	6,449,283	5,995,311
	<u>6,449,283</u>	<u>5,995,311</u>

## 15. Creditors: Amounts falling due within one year

	2019 £	As restated 2018 £
Amounts owed to related parties	3,217,965	5,409,336
Corporation tax	-	396,986
Other taxation and social security	343,266	133,678
Accruals	537,938	724,575
	<u>4,099,169</u>	<u>6,664,575</u>

The amount owed to related parties is made up of £3,217,965 (2018: £5,409,336) owed to sister companies.

Amounts owed to related parties are unsecured and payable on demand.

## 16. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other creditors	36,207	53,103
	<u>36,207</u>	<u>53,103</u>

## 17. Share capital

	2019 £	2018 £
<b>Authorised</b>		
1,000 (2018 - 1,000) ordinary shares of £1.000 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 (2018 - 1) ordinary share of £1.000	<u>1</u>	<u>1</u>

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 18. Reserves

### Profit and loss account

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

## 19. Share based payments

### Stock Options

Stock options were awarded to certain Kayak Software (UK) Limited employees before the acquisition by Booking Holdings Inc. There were no outstanding or exercisable options as at 31 December 2019 (2018: Nil).

### Restricted stock units and Performance share units

Certain employees of the Company are awarded restricted stock units (RSUs) and performance share units (PSUs) in Booking Holdings Inc. as incentives encourage employees to contribute to the long term success of Booking Holdings Inc. The RSUs and PSUs are payable in shares of Booking Holdings Inc. upon vesting, which is generally 3 years. The RSUs and PSUs are valued at fair value based on Booking Holdings Inc.'s common stock at the grant date. Subject to certain exceptions the RSUs and PSUs are forfeited if the employee leaves Booking Holdings Inc. before completing the required service period.

The Company has taken advantage of the disclosure exemptions in preparing these financial statements, as permitted by FRS 102 being the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

## 20. Financial instruments

	2019	As restated 2018
	£	£
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	6,449,283	5,995,311
Trade and other debtors	1,807,813	26,670
	<u>8,257,096</u>	<u>6,021,981</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other creditors	<u>(3,217,965)</u>	<u>(5,409,336)</u>

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 21. Deferred taxation

	2019 £
Charged to profit or loss	24,133
<b>At end of year</b>	<b>24,133</b>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Timing differences	24,133	-
	<b>24,133</b>	<b>-</b>

Pre restatement of 2018 balances, there were unutilised tax losses of £982,616 which were not recognised in deferred tax asset. All of the unutilised tax losses were used when the 2018 tax return was filed. This is included in the restated 2018 numbers above. As at 31 December 2018 (restated) and 2019, there were no unutilised tax losses.

## 22. Prior year adjustment

In 2018 there was an error in the recharge between Kayak Software (UK) Ltd and a related company. This error was identified after the accounts had been signed and before submission of the 2018 tax return. The 2018 figures have been restated to reflect the corrected numbers.

The table below shows the impact of the correction on each account;

Detail	Reported in 2018 £	Adjustment £	Restated final numbers £
Revenue (Income Statement)	(4,392,383)	(4,676,676)	(9,069,059)
Tax expense (Income Statement)	-	396,986	396,986
Creditors (amounts falling due within one year) (Balance Sheet)	(10,086,012)	4,279,690	(5,806,322)

As a result of the below the adjustments had a net impact on the income statement amounting to £4,279,690 which saw an increase from a reported loss of £982,616 to a restated profit of £3,297,074 and a net impact on the balance sheet amounting to £4,279,690 resulting in a decrease in net liabilities from £3,993,721 to a net asset position of £285,969.

# Notes to the financial statements (continued)

For the year ended 31 December 2019

## 23. Pension commitments

The Company operates a defined contribution plan, the amount recognised in the profit and loss account during the year amounted to £121,314 (2018: £111,735).

## 24. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	333,845	246,041
Later than 1 year and not later than 5 years	818,835	1,228,378
	<u>1,152,680</u>	<u>1,474,419</u>

## 25. Post balance sheet events

The recent coronavirus outbreak has had a significant and negative impact on the business during 2020. The Company has seen a significant increase in cancellations and reduction in new travel bookings. Decreased travel demand resulting from the outbreak has had a negative impact, and is likely to have a negative and material impact, on our business, growth and results of operations.

The COVID-19 pandemic, the resulting economic conditions and government orders have resulted in an unprecedented decline in travel activities and consumer demand for related services. The Company's business, financial results and prospects are almost entirely dependent on the sale of such. In response to the COVID-19 crisis, the Company implemented a number of initiatives to reduce cost where possible, such as reducing discretionary spending. This decision was made to ensure that the Company will emerge from the crisis with strength and continue to serve travelers globally.

The global measures taken against the COVID-19 outbreak, such as travel restrictions and lock downs are unprecedented. Therefore, the full impact and duration of this outbreak are unknown at this time. Nonetheless, the Company has been through travel disruptions in the past and expect that this disruption will ultimately be temporary. The directors believe that the Company has a strong operating model and solid balance sheet, which will enable the group to weather this disruption. The directors remain confident in the Company's long-term prospects and strategy, and we will continue to manage the Company in a measured way to build value for the long term. Based on the solid balance sheet and strong liquidity of the Booking Holdings Inc., the ultimate parent company, the Company will emerge from this crisis in a strong position thus, the financial statements of this entity have been prepared on a going concern basis.

There have been no other significant events affecting the Company since the year end.

## 26. 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.