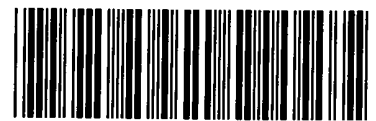


**Wayfair (UK) Limited**

Directors' Report and Financial Statements for  
the year ended 31 December 2013

COMPANY REGISTRATION NUMBER: 06776852

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## Wayfair (UK) Limited

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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## Wayfair (UK) Limited

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### COMPANY INFORMATION

DIRECTORS	Nicholas Malone (USA) Niraj Shah (USA) Steven Conine (USA)
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SECRETARY	Nicholas Malone (USA)
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REGISTERED OFFICE	Walter House 418 Strand London WC2R 0PT United Kingdom
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REGISTERED NUMBER OF INCORPORATION	06776852
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BANKERS	Bank of Ireland 4 High Street Belfast BT1 2BA
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AUDITORS	Ernst & Young Barrington House Barrington Street Limerick Ireland
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## Wayfair (UK) Limited

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### DIRECTORS' REPORT

For the year ended 31 December 2013

The directors have pleasure in presenting their report and the financial statements of Wayfair (UK) Limited ("the company") for the year ended 31 December 2013.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of sales and marketing services to its parent company, Wayfair Stores Limited, a company incorporated in Ireland.

The profit and loss account for the year ended 31 December 2013 and the balance sheet at that date are set out on pages 7 and 8. The profit on ordinary activities for the year before taxation amounted to Stg£85,572 (2012: period Stg£75,841). After taxation of Stg£17,405 (2012: Stg£15,786), a profit of Stg£68,167 (2012: Stg£60,055) is transferred to reserves.

### DIRECTORS

The present directors are as listed on page 2 and have served throughout the period.

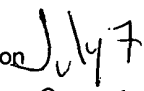
### DISCLOSURE OF INFORMATION TO AUDITOR

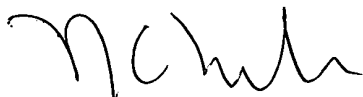
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any information needed by the company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

### AUDITORS

The auditors, Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting, in accordance with section 485 of the Companies Act, 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on  7 July 2014 and signed on its behalf by



Nicholas Malone (USA)  
Company Secretary

## Wayfair (UK) Limited

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### DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 31 December 2013

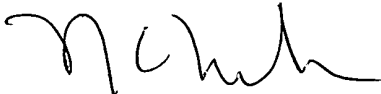
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- 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.

This report was approved by the board on July 7, 2014 and signed on its behalf by



Nicholas Malone (USA)  
Company Secretary

## Wayfair (UK) Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> £	<i>2012</i> £
TURNOVER - continuing		1,511,442	1,371,556
Administrative expenses		(1,438,065)	(1,294,455)
Operating profit – continuing operations		73,377	77,101
Interest receivable and similar income	2	10,733	(1,260)
Gain on disposal of tangible fixed asset		1,462	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	85,572	75,841
Tax on profit on ordinary activities	5	(17,405)	(15,786)
PROFIT FOR THE FINANCIAL YEAR		68,167	60,055

There are no recognised gains or losses for the year, or preceding year, other than those included in the Profit and Loss Account.

## Wayfair (UK) Limited

### BALANCE SHEET at 31 December 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	6	69,374	60,644
CURRENT ASSETS			
Debtors	7	545,390	347,033
Cash at bank		16,848	3,980
		562,238	351,013
CREDITORS: Amounts falling due within one year	8	(423,482)	(274,715)
NET CURRENT ASSETS		138,756	76,298
PROVISION FOR CHARGES AND LIABILITIES	9	(10,215)	(7,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		197,915	129,748
CAPITAL AND RESERVES			
Called-up equity share capital	12	2	2
Profit and loss account		197,913	129,746
SHAREHOLDER'S FUNDS	13	197,915	129,748

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on  
and are signed on their behalf by:

July 7, 2014



Nicholas Malone (USA)  
Company Secretary

Company Registration Number: 06776852

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WAYFAIR (UK) LIMITED**

We have audited the financial statements of Wayfair (UK) Limited for the year ended 31 December 2013, which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of directors and auditors***

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

### ***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WAYFAIR (UK) LIMITED**  
**(continued)**

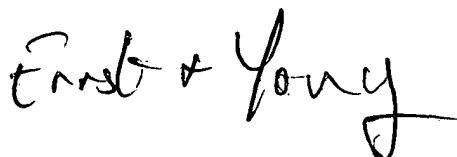
***Opinion on other matter prescribed by the Companies Act 2006***

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit: or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the director's report.



Neil Kelly (senior statutory auditor)  
for and on behalf of Ernst & Young, Statutory Auditor  
Limerick, Ireland

**Date: 8 July 2014**

## Wayfair (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 1. ACCOUNTING POLICIES

##### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The company has received assurance from Wayfair LLC, the ultimate parent company, that adequate financial support will continue to be made available for a period of at least 12 months from the date of approval of these financial statements to enable it to discharge its obligations. On this basis the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

##### ***Cash flow statement***

Financial Reporting Standard Number 1 (Revised 1996), "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where they qualify as a small company under companies legislation. The company has availed of this exemption.

##### ***Turnover***

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, all of which is generated in the UK.

##### ***Fixed assets***

All fixed assets are initially recorded at cost.

##### ***Depreciation***

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

Fixtures & Fittings	- 7 years straight line
Equipment	- 3 - 5 years straight line
Leasehold	- shorter of lease term with break clause or lease term

##### ***Operating lease agreements***

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### ***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

## Wayfair (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

#### 1. ACCOUNTING POLICIES (Continued)

##### Deferred taxation (Continued)

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### Foreign currencies

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

##### Pension

The cost of providing pensions to employees is charged in the profit and loss account as incurred.

#### 2. INTEREST RECEIVABLE AND OTHER SIMILAR INCOME

	2013 £	2012 £
Bank charges	(559)	(1,559)
Foreign currency gain	11,292	299
	<hr/>	<hr/>
	10,733	(1,260)
	<hr/>	<hr/>

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	2013 £	2012 £
Directors' remuneration	-	-
Depreciation on leased fixed assets	15,015	9,116
Auditor's fees	5,250	5,250
Operating lease costs:		
- building	56,533	61,661
Foreign currency gain	(11,291)	(299)
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## Wayfair (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

#### 4. EMPLOYEES AND REMUNERATION

The average number of staff employed by the company during the financial year amounted to:

	2013 No.	2012 No.
Number of administrative staff	19	19

The aggregate payroll costs of the above were:

	2013 £	2012 £
Wages and salaries	898,168	848,070
Social security costs	120,397	100,031
Other pension costs	33,049	47,077
	<u>1,051,614</u>	<u>995,178</u>

#### 5. TAXATION ON ORDINARY ACTIVITIES

	2013 £	2012 £
<i>(a) Analysis of profit and loss account charge:</i>		
Current tax:		
UK corporation tax charge on profit for the year	12,127	10,520
Under/ (over) provision in prior years	2,257	(1,928)
Total current tax (see reconciliation below)	<u>14,384</u>	<u>8,592</u>
Deferred tax:		
Origination and reversal of timing differences (note 9)	3,021	7,194
Tax on profit on ordinary activities	<u>17,405</u>	<u>15,786</u>

## Wayfair (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

#### 5. TAXATION ON ORDINARY ACTIVITIES (Continued)

##### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is reconciled to the standard rate of corporation tax for small companies in the UK of 20% (2012: 20%).

	2013 £	2012 £
Profit on ordinary activities before taxation	85,572	75,841
Profit on ordinary activities by rate of tax	17,150	15,168
Expenses not allowable for tax	(2,294)	-
Timing differences	(2,729)	(4,648)
Adjustments to tax charge in respect of previous periods	2,257	(1,928)
Total current tax (note 5(a))	14,384	8,592

6. TANGIBLE FIXED ASSETS	Fixtures & Fittings £	Equipment £	Leasehold £	Total £
<i>Cost:</i>				
At 1 January 2013	6,441	46,824	26,186	79,451
Additions	1,712	34,213	621	36,546
Disposals	-	(2,932)	-	(2,932)
At 31 December 2013	8,153	78,105	26,807	113,065
<i>Depreciation:</i>				
At 1 January 2013	988	17,819	-	18,807
Charge for the year	1,011	10,893	15,015	26,919
Disposals	-	(2,035)	-	(2,035)
At 31 December 2013	1,999	26,677	15,015	43,691
Net Book Value				
At 31 December 2013	6,154	51,428	11,792	69,374
At 31 December 2012	5,453	29,005	26,186	60,644

## Wayfair (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

<b>7. DEBTORS</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts owed by parent undertaking	419,509	242,833
VAT recoverable	14,004	15,494
Other debtors	77,158	69,615
Prepayments and accrued income	34,719	19,091
	<hr/>	<hr/>
	545,390	347,033
	<hr/>	<hr/>

<b>8. CREDITORS: amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	17,249	70,146
Amounts owed to group undertakings	266,937	91,869
Other creditors including taxation and social security:		
Corporation tax	12,057	8,187
PAYE and social security	5,831	22,193
Other creditors	36,624	17,820
Accruals and deferred income	84,784	64,500
	<hr/>	<hr/>
	423,482	274,715
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## Wayfair (UK) Limited

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

#### 9. PROVISION FOR LIABILITIES AND CHARGES

<i>Provision for deferred tax:</i>	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Opening balance	7,194	-
Deferred tax charge (note 5)	3,021	7,194
	<hr/>	<hr/>
Closing balance	10,215	7,194
	<hr/>	<hr/>

The major components of the provision for deferred tax are as follows:

	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Accelerated capital allowances	10,215	7,194
	<hr/>	<hr/>

#### 10. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Buildings</i>	<i>Buildings</i>
	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
Within 12 months	55,786	-
Within 2 to 5 years	-	67,068
	<hr/>	<hr/>

#### 11. RELATED PARTY TRANSACTIONS

The company has availed of the exemption provided in Financial Reporting Standard Number 8, "Related Party Disclosures", for wholly owned subsidiaries within a group, from the requirement to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

## Wayfair (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013 (continued)

<b>12. SHARE CAPITAL</b>			<b>2013</b>	<b>2012</b>
			£	£
Authorised:				
1,000 Ordinary shares of £1 each			1,000	1,000
Allotted, called up and fully paid:			<b>2013</b>	<b>2012</b>
	<i>No.</i>	£	<i>No.</i>	£
Ordinary shares of £1 each	2	2	2	2
<b>13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS</b>			<b>2013</b>	<b>2012</b>
			£	£
Profit for the financial year			68,167	60,055
Opening shareholder's funds			129,748	69,693
Closing shareholder's funds			197,915	129,748

#### 14. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company's immediate parent company is Wayfair Stores Limited, a company incorporated in Republic of Ireland with a registered office of Lyrr Building, Mervue Business Park, Galway.

The company's ultimate parent undertaking is SK Retail Inc., a company incorporated in the United States with a registered office of 177 Huntington Avenue, Suite 6000, Boston, MA 02115, United States.

The smallest group in which the results of the company are consolidated is Wayfair LLC, a company incorporated in the United States of America. The largest group into which the results of the company are consolidated is SK Retail Inc. The consolidated financial statements are available from SK Retail Inc., 177 Huntington Avenue, Suite 6000, Boston, MA 02115, United States.



## Wayfair (UK) Limited

### DETAILED TRADING AND PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	2013 £	2012 £
TURNOVER	1,511,442	1,371,556
OVERHEADS		
Administrative expenses	(1,435,870)	(1,295,715)
PROFIT ON ORDINARY ACTIVITIES	75,572	75,841
ADMINISTRATIVE EXPENSES		
<i>Personnel costs</i>		
Wages and salaries	898,168	848,070
Employer NIC	120,397	100,031
Staff pension contributions	33,049	47,077
Staff Benefits	14,159	8,038
	1,065,773	1,003,216
<i>Establishment expenses</i>		
Rent	56,533	61,661
Rates	55,883	27,670
Light and heat	6,468	5,068
Insurance	1,691	1,206
Repairs and maintenance	5,915	7,093
Service charges	40,713	16,380
Relocation costs	57,450	23,308
	224,653	142,386
<i>General expenses</i>		
Travel and subsistence	44,288	64,961
Telephone	15,770	12,740
Canteen	5,411	6,179
Office Supplies	9,041	7,968
Payroll expenses	4,030	3,498
Sundry expenses	3	(824)
Legal and professional fees	29,724	37,107
Auditors remuneration	5,250	5,250
Marketing Expense	7,204	2,858
Depreciation	26,919	9,116
(Gain) / loss on disposal of tangible fixed assets	(1,462)	-
	146,178	148,853
<i>Financial costs</i>		
Bank charges	559	1,559
Foreign currency (Gain) / Loss	(11,292)	(299)
	(10,733)	1,260
	1,425,871	1,295,715