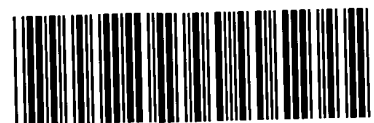


Wayfair (UK) Limited

Directors' report and financial statements for the year
ended 31 December 2017

COMPANY REGISTRATION NUMBER: 06776852

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WAYFAIR (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2017

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WAYFAIR (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

Niraj Shah (USA)
Steven Conine (USA)
Michael Fleisher (USA) (appointed 12 May 2017)
Enrique Colbert (USA) (appointed 18 August 2017)
Martin Reiter (AUT) (appointed 12 May 2017)
Thomas Netzer (GER) (appointed 25 May 2018)

SECRETARY

Enrique Colbert (USA)

REGISTERED OFFICE

Angel House,
Level 2,
338 Goswell Road,
London EC1V 7LQ,
United Kingdom.

**REGISTERED NUMBER OF
INCORPORATION**

06776852

BANKERS

Bank of America,
2 King Edward Street,
London,
EC1A 1HQ.

AUDITOR

Ernst & Young,
Riverview House,
Harvey's Quay,
Limerick,
Ireland.

WAYFAIR (UK) LIMITED

DIRECTORS' REPORT for the year ended 31 December 2017

The directors have pleasure in presenting their report and the financial statements of Wayfair (UK) Limited ("the Company") for the year ended 31 December 2017.

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 income statement account for the year ended 31 December 2017 and the statement of financial position at that date are set out on pages 7 and 9. The profit on ordinary activities for the year before taxation amounted to £189,161 (2016: £134,796). After a taxation charge of £33,633 (2016: charge £87,824), a profit of £155,528 (2016: £46,972) is transferred to reserves.

DIRECTORS

The present directors are as listed on page 2. Niraj Shah and Steven Conine have served throughout the period. The following directors were appointed during the period:

Michael Fleisher on 30th May 2017, Martin Reiter on 31st May 2017, and Enrique Colbert on 18th August 2017.

The following director appointments were terminated during the period:

John Mulliken on 12th May 2017, and Nicholas Malone on 18th August 2017.

DISCLOSURE OF INFORMATION TO AUDITOR

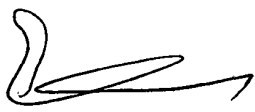
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make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

AUDITOR

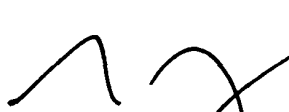
The auditor, Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting, in accordance with section 485 of the Companies Act, 2006.

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 7th September 2018 and signed on its behalf by



Enrique Colbert (USA)
Company Secretary



Niraj Shah (USA)
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
for the year ended 31 December 2017

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 FRS 102, 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:

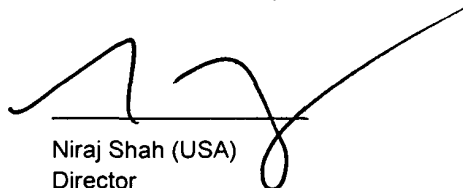
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 7th September 2018 and signed on its behalf by



Enrique Colbert (USA)
Company Secretary



Niraj Shah (USA)
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAYFAIR (UK) LIMITED

Opinion

We have audited the financial statements of Wayfair (UK) Limited for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAYFAIR (UK) LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAYFAIR (UK) LIMITED (continued)

Responsibilities of directors

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, 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



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

Limerick, Ireland

Date: 12 September 2018

WAYFAIR (UK) LIMITED**INCOME STATEMENT
for the year ended 31 December 2017**

	<i>Note</i>	<i>2017</i> £	<i>2016</i> £
Turnover - continuing		10,443,551	6,955,530
Administrative expenses		(10,313,252)	(6,799,744)
Other operating income		97,218	–
Operating profit – continuing operations		227,517	155,786
Interest payable and similar charges	2	(38,355)	(20,990)
Profit on ordinary activities before taxation	3	189,161	134,796
Tax on profit on ordinary activities	5	(33,633)	(87,824)
Profit for the financial year		155,528	46,972

**STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2017**

	<i>2017</i> £	<i>2016</i> £
Profit for the financial year	155,528	46,972
Total comprehensive income for the year	155,528	46,972

WAYFAIR (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	<i>Other reserves</i> £	<i>Share capital</i> £	<i>Profit & loss</i> £	<i>Total</i> £
At 1 January 2016	936,225	2	750,171	1,686,398
Share based payments expense (<i>Note 14</i>)	780,038	-	-	780,038
Profit for the financial year	-	-	46,972	46,972
	<u>1,716,263</u>	<u>2</u>	<u>797,143</u>	<u>2,513,408</u>
At 31 December 2016	<u>1,716,263</u>	<u>2</u>	<u>797,143</u>	<u>2,513,408</u>
At 1 January 2017	1,716,263	2	797,143	2,513,408
Share based payments expense (<i>Note 14</i>)	-	-	-	-
Profit for the financial year	-	-	155,528	155,528
	<u>1,716,263</u>	<u>2</u>	<u>952,671</u>	<u>2,668,936</u>
At 31 December 2017	<u>1,716,263</u>	<u>2</u>	<u>952,671</u>	<u>2,668,936</u>

WAYFAIR (UK) LIMITED**STATEMENT OF FINANCIAL POSITION**
as at 31 December 2017

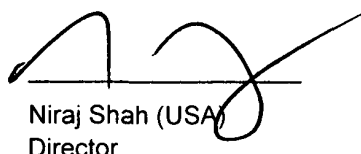
	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	6	2,017,768	148,768
		<u> </u>	<u> </u>
CURRENT ASSETS			
Debtors	7	1,982,943	3,250,170
Cash at bank		43,942	126,649
		<u> </u>	<u> </u>
		2,026,885	3,376,819
CREDITORS (amounts falling due within one year)	8	(1,375,717)	(1,012,179)
		<u> </u>	<u> </u>
NET CURRENT ASSETS		651,168	2,364,640
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,668,936	2,513,408
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	2	2
Other reserves	13	1,716,263	1,716,263
Income statement account		952,671	797,143
		<u> </u>	<u> </u>
SHAREHOLDER'S FUNDS		2,668,936	2,513,408
		<u> </u>	<u> </u>

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 7th September 2018 and are signed on their behalf by:



Enrique Colbert (USA)
Company Secretary



Niraj Shah (USA)
Director

Company Registration Number: 06776852

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

1. ACCOUNTING POLICIES

(a) *Basis of accounting*

The Company's financial statements have been prepared in accordance with applicable standards issued by the Financial Reporting Council, including FRS 102 'The Financial Reporting Standard' applicable in Ireland and UK.

(b) *Going concern*

The Company has received assurance from Wayfair Inc, 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.

(c) *Basis of preparation*

The financial statements of Wayfair (UK) Limited were authorised for issue by the Board of Directors on 7th September 2018.

The financial statements are prepared in sterling which is the presentational currency of the Company.

Wayfair (UK) Limited, as a qualifying entity, has taken advantage of the following reduced disclosure requirements under FRS 102, under paragraph 1.12:

- (i) The requirements of Section 4 Statement of Financial Position para. 4.12(a) (iv).
- (ii) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- (iii) The requirement of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- (iv) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23
- (v) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

(d) *Turnover*

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

(e) *Fixed assets*

All fixed assets are initially recorded at cost.

(f) *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 and fittings	-	7 years straight line
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WAYFAIR (UK) LIMITED

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (Continued)

1. ACCOUNTING POLICIES (Continued)

(g) *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.

(h) *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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.
- 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 Statement of Financial Position date.

(i) *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position 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.

(j) *Pension*

The cost of providing pensions to employees is charged in the Income Statement account as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (Continued)

1. ACCOUNTING POLICIES (Continued)

(k) *Share option schemes*

For equity-settled share-based payment transactions (i.e. the issuance of share options), the Company measures the services received and the corresponding increase in equity at fair value at the grant date using the Black-Scholes option pricing model. Fair value is determined on the basis that the services to be rendered by employees as consideration for the granting of share options will be received over the vesting period, which is assessed as at the grant date. The share options granted by the Parent Company (Wayfair, Inc.) are not subject to market-based vesting conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, net of any related recharges from the parent, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense/credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. The cumulative charge to the Income Statement is reversed only where the performance condition is not met or where an employee in receipt of share options leaves service prior to completion of the expected vesting period and those options lapse in consequence.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a non-vesting condition which is treated as vesting irrespective of whether or not it is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. All cancellations of equity-settled transaction awards are treated equally.

The Company has no exposure in respect of cash-settled share-based payment transactions and share-based payment transactions with cash alternatives.

2.	INTEREST PAYABLE AND OTHER SIMILAR CHARGES	2017 £	2016 £
	Bank charges	3,997	2,402
	Foreign currency loss	34,359	18,558
		<u>38,355</u>	<u>20,990</u>

WAYFAIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (Continued)

3.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2017 £	2016 £
----	---	-----------	-----------

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

Depreciation on fixed assets	346,065	126,791
Auditor's fees	15,000	11,380
Operating lease costs:		
- building	1,947,964	930,067
Foreign currency loss	34,359	18,558
	<u> </u>	<u> </u>

4. EMPLOYEES AND REMUNERATION

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

	2017 No.	2016 No.
Number of administrative staff	92	85
	<u> </u>	<u> </u>

The aggregate payroll costs of the above were:

	2017 £	2016 £
Wages and salaries	4,099,714	3,621,202
Social security costs	518,852	367,365
Other pension costs	121,014	51,545
Share based payments	553,516	780,038
	<u> </u>	<u> </u>
	5,293,096	4,820,150
	<u> </u>	<u> </u>

Directors' emoluments and pension costs for the year were £nil (2016: £nil).

WAYFAIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (Continued)

5.	TAXATION ON ORDINARY ACTIVITIES	2017	2016
		£	£
(a)	<i>Analysis of income statement account charge/(credit):</i>		
	Current tax:		
	UK corporation tax charge on profit for the year	-	-
	Over provision in prior years	-	(12,596)
	Total current tax	-	(12,596)
	Deferred tax:		
	Origination and reversal of timing differences (note 9)	33,633	100,420
	Tax on profit on ordinary activities	33,633	87,824

(b) *Factors affecting total tax charge*

The tax assessed on the profit on ordinary activities for the year is reconciled to the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	189,161	134,796
Profit on ordinary activities by rate of tax	35,941	26,959
<i>Effects of:</i>		
Effect of tax treatment of share based payments	(120,251)	161,695
Utilisation of previously unrecognised tax losses	-	(85,886)
Generation of unrecognised tax losses	119,330	-
Allowances in respect of fixed assets	(1,387)	-
Other	-	(2,348)
Adjustments to tax charge in respect of previous periods	-	(12,596)
Total tax charge	33,633	87,824

(c) *Factors that may affect future tax charges*

A net deferred tax asset of £216,423 (2016: £102,203) has not been recognised as, in the opinion of the directors, there is not sufficient certainty when there will be suitable taxable

profit from which the future reversal of the underlying timing differences can be deducted.

WAYFAIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017 (Continued)

6. TANGIBLE FIXED ASSETS

	<i>Fixtures & fittings</i> £	<i>Equipment</i> £	<i>Leasehold Improvements</i> £	<i>Total</i> £
<i>Cost:</i>				
At 1 January 2017	58,824	205,792	227,019	491,635
Additions	13,878	355,058	1,846,129	2,215,065
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	72,702	560,849	2,073,148	2,706,700
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation:</i>				
At 1 January 2017	21,270	148,408	173,189	342,867
Charge for the year	8,941	136,820	200,304	346,065
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	30,211	285,228	373,493	688,932
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>				
At 31 December 2017	42,491	275,621	1,699,655	2,017,768
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	37,554	57,384	53,831	148,768
	<hr/>	<hr/>	<hr/>	<hr/>

7. DEBTORS	2017 £	2016 £
Amounts owed by group undertaking	1,068	1,492,539
VAT recoverable	249,683	113,813
Other debtors	9,782	-
Prepayments and accrued income	1,722,410	1,631,461
Deferred tax (Note 9)	-	12,537
	<hr/>	<hr/>
	1,982,943	3,250,170
	<hr/>	<hr/>

(a) Amounts owed by group undertaking are non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (Continued)

8.	CREDITORS (amounts falling due within one year)	2017 £	2016 £
	Trade creditors	115,016	10,882
	Other creditors including taxation and social security:		
	PAYE and social security	164,830	66,805
	Accruals and deferred income	1,074,775	934,492
	Deferred tax	21,096	-
		<u>1,375,717</u>	<u>1,012,179</u>

(a) Trade creditors are repayable within 30 to 60 days of the amount owing.

9.	DEFERRED TAX	2017 £	2016 £
	Deferred tax asset opening balance	12,537	112,957
	Deferred tax (charge) (note 5)	(33,633)	(100,420)
		<u> </u>	<u> </u>
	Deferred tax asset/(liability) closing balance (notes 7/8)	(21,096)	12,537

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

	Accelerated capital allowances	(67,856)	(27,735)
	Share options deferred tax asset	46,760	40,272
		<u> </u>	<u> </u>
	Closing balance	(21,096)	12,537

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017 (Continued)

10. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the future minimal rentals under non-cancellable operating leases as set out below.

	<i>Buildings</i> 2017 £	<i>Buildings</i> 2016 £
Within one year	1,932,487	1,449,365
Within two to five years	6,902,703	7,157,240
Greater than five years	6,012,654	7,690,604
	<u>14,847,844</u>	<u>16,297,209</u>

11. SHARE CAPITAL

	2017 £	2016 £
<i>Authorised:</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2017	2016
	No. £	No. £
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>2</u> <u>2</u>	<u>2</u> <u>2</u>

12. PENSION

The Company operates a defined pension contribution scheme for certain employees. The pension charge of £121,014 (2016: £51,545) represents contributions paid by the Company to the fund during the year.

13. OTHER RESERVES

	2017 £	2016 £
Share based payments expense	1,716,263	1,716,263
	<u>1,716,263</u>	<u>1,716,263</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017 (Continued)

14. SHARE OPTION SCHEMES

Restricted Stock Units ("RSUs") and share options for shares in Wayfair Inc. have been granted to employees of Wayfair (UK) Limited under the 2014 Incentive Award Plan. Any grants of awards are expected to vest over the service period, typically five years.

The plan is an equity settled share based payments as defined by FRS 102 section 26.

Impact on income statement

The expense recognised in the income statement for the year amounted to £553,516 (2016: £780,038).

15. 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 Wayfair House, Tuam Road, Galway.

The Company's ultimate parent undertaking is Wayfair Inc., a Company incorporated in the United States with a registered office of 4 Copley Place, 7th Floor, Boston, MA 02116, United States. Wayfair Inc was publicly listed on the NYSE in October 2014.

The smallest group into 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 incorporated is Wayfair Inc. The consolidated financial statements are available from Wayfair Inc., 4 Copley Place, 7th Floor, Boston, MA 02116, United States.

The Company has availed of the FRS 102, paragraph 33.1A, "Related Party Disclosures" exemption to disclose related party transactions, between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issued by the board of directors on 7th September 2018.

**THE FOLLOWING PAGES DO NOT FORM PART OF THE
STATUTORY FINANCIAL STATEMENTS WHICH ARE THE SUBJECT
OF THE INDEPENDENT AUDITOR'S REPORT**

WAYFAIR (UK) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT for the year ended 31 December 2017

	2017 £	2016 £
TURNOVER	10,443,551	6,955,530
OVERHEADS		
Administrative expenses	(10,351,607)	(6,820,734)
OTHER INCOME	97,218	-
	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES	189,161	134,796
	<hr/>	<hr/>
ADMINISTRATIVE EXPENSES		
<i>Personnel costs</i>		
Wages and salaries	4,099,714	3,621,202
Employer NIC	518,852	367,365
Staff pension contributions	121,014	51,545
Staff benefits	51,882	49,424
Share based payments	553,516	780,038
	<hr/>	<hr/>
	5,344,978	4,869,574
ESTABLISHMENT EXPENSES		
Rent	1,947,964	930,067
Rates	758,718	345,854
Light and heat	238,329	7,636
Insurance	14,046	6,400
Repairs and maintenance	131,974	8,898
Service charges	263,724	105,212
Relocation costs	231,496	-
	<hr/>	<hr/>
	3,586,251	1,404,067
GENERAL EXPENSES		
Travel and subsistence	118,753	106,522
Telephone and IT	141,935	67,277
Canteen	48,898	21,261
Staff welfare	56,801	40,244
Office supplies, printing and postage	26,749	16,544
Dues and subscriptions	70,433	38,490
Payroll expenses	13,870	13,393
Sundry expenses	-	58
Agency staff	465,211	-
Legal and professional fees	77,072	75,428
Auditors remuneration	15,000	11,380
Marketing expense	1,237	8,715
Depreciation	346,065	126,791
	<hr/>	<hr/>
	1,382,023	526,103
FINANCIAL COSTS		
Bank charges	3,997	2,402
Foreign currency (gain)/loss	34,359	18,588
	<hr/>	<hr/>
	38,355	20,990
	<hr/>	<hr/>
Total administrative expenses	10,351,607	6,820,734
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