

REGISTERED NUMBER 07797907 (England and Wales)

**Strategic Report, Report of the Director and
Financial Statements
for the Year Ended 31 December 2015
for
Airbnb UK Limited**

AIRBNB



A5JMSEV4

A09

12/11/2016

#9

Airbnb UK Limited (Registered number 07797907)

**Contents of the Financial Statements
for the Year Ended 31 December 2015**

| | Page |
|---|-------------|
| Company information | 1 |
| Strategic report | 2 |
| Report of the director | 3 |
| Report of the independent auditors | 5 |
| Statement of comprehensive income | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 10 |
| Cash flow statement | 11 |
| Notes to the financial statements | 12 |

Airbnb UK Limited
Company Information
for the Year Ended 31 December 2015

| | |
|--------------------------|--|
| Director | E Hession |
| Registered office | 100 New Bridge Street, London, United Kingdom EC4V 6JA |
| Registered number | 07797907 (England and Wales) |
| Auditors | PricewaterhouseCoopers Chartered accountant & statutory auditor One Spencer Dock North Wall Quay Dublin 1 Ireland |

**Strategic Report
for the Year Ended 31 December 2015**

The director presents his strategic report for the year ended 31 December 2015

Principal activities

The principal activities of Airbnb UK Limited (the Company) in the year under review were those of helping to promote Airbnb Online Marketplace within the territory and cash collection services

Review of business

The company has earned revenues amounting to £90.9m during the year ended 31st December 2015, this revenue related in its entirety to a recharge of certain costs

Charged against these revenues were costs of £90.74m of which the greatest single category was unrealised foreign exchange loss. These foreign exchange losses accrue to the company due to the cash collection activities performed on behalf of Airbnb Ireland and are a function of the number of currencies processed through the entity and the time difference between the receipt of these monies and the associated payouts

Principal risks and uncertainties

Management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks are set out below

Foreign exchange risk Given the large number of currencies collected by the Company and the differential between collection and payout, there is a potential for the Company to be exposed to adverse movements in foreign exchange rates. The company has an existing intercompany agreement with Airbnb Ireland in which the Company is compensated at cost for gains or losses associated with foreign exchange risk. Foreign exchange movements are also monitored internally by management

Interest rate and credit risk. The Company's cash and cash equivalents consist of highly-liquid instruments with an original maturity of three months or less and are comprised primarily of demand deposits and money market funds held at financial institutions that management believes are credit worthy. Deposits with these institutions may exceed the amount of insurance provided on these deposits. These amounts are subject to nominal fluctuations in interest rates which generally do not affect the results of operations

Future developments

The Company follows the group strategy as defined by its ultimate parent entity, Airbnb Inc. All activities are designed to promote the activities of Airbnb Ireland or to support these same activities via cash collection activities


The directors expect the general level of activity to decrease from the level in 2015 in the forthcoming year. This is a result of cash collection activities which were being performed on behalf of Airbnb Ireland migrating to the new Airbnb Payments UK entity

Results and dividends

The profit for the financial year was £102,344 (2014: £71,804) which was transferred to reserves

The directors have not paid an interim dividend during the year (2014: £nil), they do not recommend the payment of a final dividend (2014: £nil). The total dividends paid during the year amount to £nil (2014: £nil)

On behalf of the board



E Hession - Director

Date 9 November 2016

**Report of the Director
for the Year Ended 31 December 2015**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015. The Company is a private limited company, incorporated in the United Kingdom.

Certain Laws and Regulations require that specific information should be included in the Directors' report, the following is incorporated into this Directors' report by reference:

- o Principal activities (strategic report page 2)
- o Review of the business (strategic report page 2)
- o Principal risks and uncertainties (strategic report page 2)
- o Financial risk management (strategic report page 2)
- o Results and dividends (strategic report page 2)

Director

E Hession held office during the whole of the period from 1 January 2015 to the date of this report.

Going Concern

No material uncertainties have been identified by the director that may cast doubt over the Company's ability to continue as a going concern. These financial statements have therefore been prepared on a going concern basis.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless he is 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Airbnb UK Limited (Registered number 07797907)

**Report of the Director
for the Year Ended 31 December 2015**

Post Balance Sheet Events

There have been no significant events affecting the Company since 31 December 2015

Statement as to disclosure of information to auditors

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

On behalf of the board



E Hession - Director

Date

9 November 2016



Independent auditors' report to the members of Airbnb UK Limited

Report on the financial statements

Opinion

In our opinion, Airbnb UK Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows 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

What we have audited

The financial statements, included within the Strategic Report, Report of the Director and Financial Statements (the "Annual Report"), comprise

- the balance sheet as at 31 December 2015,
- the statement of comprehensive income for the year then ended,
- the cash flow statement for the year then ended,
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditors' report to the members of Airbnb UK Limited - continued

Other matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

As explained more fully in the Statement of director's responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with ISAs (UK & Ireland). 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



Independent auditors' report to the members of Airbnb UK Limited - continued

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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 misstatements or inconsistencies we consider the implications for our report.

A handwritten signature in black ink, appearing to read 'Gareth Hynes'.

Gareth Hynes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
9 November 2016

Airbnb UK Limited (Registered number 07797907)

**Statement of Comprehensive Income
for the Year Ended 31 December 2015**

| | Notes | 2015 £ | 2014 £ |
|--|----------|-----------------------------|-----------------------------|
| Turnover | 3 | 90,907,269 | 80,644,858 |
| Cost of sales | | <u>(7,045,443)</u> | <u>(17,866,800)</u> |
| Gross profit | | 83,861,826 | 62,778,058 |
| Administrative expenses | | <u>(83,697,624)</u> | <u>(62,700,056)</u> |
| Operating profit | 5 | 164,202 | 78,002 |
| Interest receivable and similar income | | <u>64</u> | <u>42,485</u> |
| Profit before taxation | | 164,266 | 120,487 |
| Tax on profit | 6 | <u>(61,922)</u> | <u>(48,683)</u> |
| Profit for the financial year | | 102,344 | 71,804 |
| Other comprehensive income | | <u> </u> | <u> </u> |
| Total comprehensive income for the year | | 102,344 | 71,804 |

All activities relate to continuing operations

The notes form part of these financial statements

Airbnb UK Limited (Registered number 07797907)

Balance Sheet
31 December 2015

| | Notes | 2015 £ | 2014 £ |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 538,398 | 41,451 |
| Current assets | | | |
| Debtors amounts falling due within one year | 8 | 200,712,255 | 168,655,027 |
| Cash at bank and in hand | | <u>264,493</u> | <u>59,039,896</u> |
| | | 200,976,748 | 227,694,923 |
| Creditors | | | |
| Amounts falling due within one year | 9 | <u>(201,041,730)</u> | <u>(227,603,632)</u> |
| Net current (liabilities)/assets | | <u>(64,982)</u> | <u>91,291</u> |
| Total assets less current liabilities | | 473,416 | 132,742 |
| Creditors | | | |
| Amounts falling due after more than one year | 10 | (96,385) | - |
| Provisions for liabilities | 12 | <u>(52,978)</u> | <u>(4,741)</u> |
| Net assets | | <u>324,053</u> | <u>128,001</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 100 | 100 |
| Currency translation | 14 | (250) | - |
| Retained earnings | 14 | <u>324,203</u> | <u>127,901</u> |
| Shareholders' funds | | <u>324,053</u> | <u>128,001</u> |

The financial statements were approved by the director on 9 November 2016 and were signed by



E Hession - Director

The notes form part of these financial statements

Airbnb UK Limited (Registered number 07797907)

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

| | Called up share capital £ | Retained earnings £ | Currency translation £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|------------------------------|----------------------|
| Balance at 1 January 2014 | 100 | 56,097 | - | 56,197 |
| Changes in equity | | | | |
| Issue of share capital | - | - | - | - |
| Total comprehensive income | - | 71,804 | - | 71,804 |
| Balance at 31 December 2014 | 100 | 127,901 | - | 128,001 |
| Changes in equity | | | | |
| Share option reserve | - | 93,958 | - | 93,958 |
| Total comprehensive income | - | 102,344 | (250) | 102,094 |
| Balance at 31 December 2015 | 100 | 324,203 | (250) | 324,053 |

The notes form part of these financial statements

Airbnb UK Limited (Registered number 07797907)

**Cash Flow Statement
for the Year Ended 31 December 2015**

| | | 2015 | 2014 |
|--|-------------|---------------------|-------------------|
| | | £ | £ |
| Cash flows from operating activities | Note | | |
| Cash (used in)/generated from operations | 15 | (58,226,572) | 617,041 |
| Tax paid | | <u>(36,000)</u> | <u>(23,147)</u> |
| Net cash from operating activities | | <u>(58,262,572)</u> | <u>593,894</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (512,895) | (19,332) |
| Sale of tangible fixed assets | | - | 8,149 |
| Interest received | | <u>64</u> | <u>42,485</u> |
| Net cash from investing activities | | <u>(512,831)</u> | <u>31,302</u> |
| | | | |
| (Decrease)/increase in cash and cash equivalents | | (58,775,403) | 625,196 |
| Cash and cash equivalents at beginning of year | 15 | <u>59,039,896</u> | <u>58,414,700</u> |
| Cash and cash equivalents at end of year | 15 | 264,493 | 59,039,896 |

**Notes to the Financial Statements
for the Year Ended 31 December 2015**

1 Statutory information

Airbnb UK Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2 Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounting policies have been applied consistently throughout the year.

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

- the requirement of Section 33 Related Party Disclosures paragraph 33.1A

Going Concern

Airbnb Inc confirmed to the directors in writing its intention to provide finance for the continued support of operations of the Company to enable it to (i) meet its liabilities arising in the ordinary course of business as they fall due and (ii) carry on its business in the ordinary course for the foreseeable future, covering the period of 12 months from the signing of these financial statements, without significant curtailment of operations. Accordingly, the directors have prepared the financial statements on a going concern basis.

Statement of compliance

The financial statements of Airbnb UK Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

Turnover

Turnover represents the value of services provided to the parent company under the services arrangement in place. Turnover is recognised when chargeable costs are incurred.

Tangible fixed assets

Tangible fixed assets are recorded at historical cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Depreciation is provided at the following annual rates in order to write down the cost of each asset to its estimated residual value over its estimated useful life:

| | |
|---|-------------------|
| Computer equipment | 33% straight line |
| Fixtures and fittings | 20% straight line |
| Leasehold improvements | Over lease term |
| Construction in progress is not depreciated | |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The carrying values of tangible fixed assets are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable.

The asset lives and residual values are assessed as appropriate each year end.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2 Accounting policies – continued

Taxation

Tax payable is based on taxable profit for the year, calculated using tax rates enacted at the statement of financial position date. Current tax and deferred tax are recognised in the income statement.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling on the statement of financial position date. Exchange differences are included in the income statement in the period in which they arise.

Leases

Costs in respect of operating leases are charged to the income statement on a straight-line basis over the term of the lease. Management believes this is representative of the time pattern of the benefit and payments to the lessor are not structured to increase in line with expected general inflation.

Share based compensation

The Company's ultimate parent undertaking, Airbnb Inc, operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest.

The Company recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and amounts due from parent and subsidiary undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Financial instruments

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classed as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Impairment risk to carrying value of tangible assets

The carrying value of tangible assets is assessed for impairment based on the presence of impairment indicators. Management assesses impairment risk based on estimates of future cash flows from the related income generating units, either through value-in-use or fair value (less cost to sell). The selection of an appropriate discount rate is a key variable in impairment models.

b) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the tangible assets.

3 Turnover

The turnover and profit before taxation are attributable to the principal activities of the Company.

An analysis of turnover by geographical market is given below.

| | 2015 £ | 2014 £ |
|--------------------------|-------------------|-------------------|
| United States of America | - | 5,645,140 |
| Ireland | 90,907,269 | 74,999,718 |
| | <u>90,907,269</u> | <u>80,644,858</u> |

Airbnb UK Limited (Registered number. 07797907)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

4 Employees and directors

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,970,976 | 919,402 |
| Share based payments | 93,958 | - |
| Social security costs | <u>276,259</u> | <u>150,159</u> |
| | <u>2,341,193</u> | <u>1,069,561</u> |

The average monthly number of employees during the year was as follows

| 2015 | 2014 |
|------|------|
| 26 | 18 |

| | 2015 | 2014 |
|-------------------------|----------|----------|
| | £ | £ |
| Directors' remuneration | <u>-</u> | <u>-</u> |

Director remuneration and key management compensation has been borne by a group company, Airbnb Ireland, as the director is also a director of Airbnb Ireland. The director's services to the company do not occupy a significant amount of his time and as such he does not consider that he has received any remuneration for his incidental services to the Company for the year ended 31 December 2015 (2014: £nil)

5 Operating profit

The operating profit is stated after charging/(crediting)

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | £ | £ |
| Hire of plant and machinery | 258,597 | 38,000 |
| Depreciation - owned assets | 15,948 | 16,206 |
| Profit on disposal of fixed assets | - | (5,781) |
| Auditors' remuneration for audit of statutory financial statements | 38,175 | 12,000 |
| Auditors' remuneration for non audit work | - | 7,216 |
| Foreign exchange differences | <u>79,672,524</u> | <u>60,528,058</u> |

6 Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows

| | 2015 | 2014 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax - current year | 13,488 | 49,536 |
| - prior year | 197 | 0 |
| Deferred tax | | |
| - current year | 48,237 | (853) |
| - prior year | 0 | 0 |
| | <u>61,922</u> | <u>48,683</u> |
| Tax on profit | | |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK

| | 2015 £ | 2014 £ |
|--|----------------|----------------|
| Profit before tax | <u>164,266</u> | <u>120,487</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 20.25% (2014 - 21%) | 33,264 | 25,905 |
| Effects of | | |
| Permanent timing differences | 14,881 | 22,627 |
| Capital allowances in excess of depreciation | (54,267) | 918 |
| Effects of share-based payments | 19,128 | 103 |
| Re-measurement of deferred tax | 48,237 | (853) |
| Corporation tax rate changes | 482 | (17) |
| Prior year under-provision | <u>197</u> | <u></u> |
| Total current year tax charge | <u>61,922</u> | <u>48,883</u> |

Legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was included in the Finance Act 2013 and substantively enacted on 2 July 2013 and so the profits for the current year have been taxed at a blended rate of 20.25% (2014 - 21.5%)

In addition to the changes in Corporation tax disclosed above, further changes to the UK Corporation tax system were announced in the Finance Act (no2) 2015. These include legislation to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted on 18 November 2015. As such, the deferred tax balances at 31/12/2015 have been calculated at a rate of 18% (2015 - 20%)

A further change to the UK Corporation tax system was announced in the 2016 UK budget statement. This includes a proposal to reduce the main rate to 17% from 1 April 2020. These further changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements

7 Tangible fixed assets

| | Improvements to property £ | Construction in progress £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|-------------------------------------|-------------------------------------|----------------------------------|----------------------------|----------------|
| Cost | | | | | |
| At 1 January 2015 | 36,558 | - | 9,073 | 34,028 | 79,659 |
| Additions | <u>-</u> | <u>507,201</u> | <u>-</u> | <u>5,694</u> | <u>512,895</u> |
| At 31 December 2015 | <u>36,558</u> | <u>507,201</u> | <u>9,073</u> | <u>39,722</u> | <u>592,554</u> |
| Depreciation | | | | | |
| At 1 January 2015 | 11,096 | - | 1,709 | 25,403 | 38,208 |
| Charge for year | <u>8,513</u> | <u>-</u> | <u>571</u> | <u>6,864</u> | <u>15,948</u> |
| At 31 December 2015 | <u>19,609</u> | <u>-</u> | <u>2,280</u> | <u>32,267</u> | <u>54,156</u> |
| Net book value | | | | | |
| At 31 December 2015 | <u>16,949</u> | <u>507,201</u> | <u>6,793</u> | <u>7,455</u> | <u>538,398</u> |
| At 31 December 2014 | <u>25,462</u> | <u>-</u> | <u>7,364</u> | <u>8,625</u> | <u>41,451</u> |

Construction in progress related to costs incurred on ongoing projects of a new office fit out and a data centre. There has been no depreciation on these assets as they were not in service at the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

8 Debtors amounts falling due within one year

| | 2015 | 2014 |
|------------------------------------|--------------------|--------------------|
| | £ | £ |
| Amounts owed by group undertakings | 199,815,910 | 166,826,567 |
| Other debtors | 629,926 | 1,795,329 |
| Value added tax | 136,286 | 7,272 |
| Prepayments | 130,133 | 25,859 |
| | <u>200,712,255</u> | <u>168,655,027</u> |

Trade debtors are stated after provisions for impairment of £nil (2014 £Nil)
Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Airbnb UK Limited (Registered number 07797907)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

9 Creditors amounts falling due within one year

| | 2015 | 2014 |
|------------------------------------|--------------------|--------------------|
| | £ | £ |
| Trade creditors | 1,804 | 30,535 |
| Amounts owed to group undertakings | 200,759,574 | 116,965,683 |
| Corporation tax | 12,984 | 25,536 |
| Social security and other taxes | 80,898 | 73,243 |
| Accruals and deferred income | <u>186,470</u> | <u>110,508,635</u> |
| | <u>201,041,730</u> | <u>227,603,632</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

10 Creditors amounts falling due after more than one year

| | 2015 | 2014 |
|------------------------------|---------------|----------|
| | £ | £ |
| Accruals and deferred income | <u>96,385</u> | <u>-</u> |

11 Commitments

Minimum lease payments under non-cancellable operating leases fall due as follows

| | 2015 | 2014 |
|--|-----------|----------|
| | £ | £ |
| Not later than one year | 392,954 | 38,000 |
| Later than one year and not later than 5 years | 1,248,064 | 72,000 |
| Later than 5 years | <u>-</u> | <u>-</u> |

12 Provisions for liabilities

DEFERRED TAX ASSET/(LIABILITY)

| | <u>2015</u> | <u>2014</u> |
|--|-----------------|----------------|
| | £ | £ |
| Capital allowances in excess of depreciation | (52,978) | (4,741) |
| Share-based payments | 0 | 0 |
| | <u>(52,978)</u> | <u>(4,741)</u> |

| | <u>2015</u> | <u>2014</u> |
|---|-----------------|----------------|
| | £ | £ |
| The movement in deferred tax liability comprises of | | |
| Balance at the start of the year | (4,741) | (5,594) |
| Amount(debited)/credited to income statement | (48,237) | 853 |
| Balance at the end of the year | <u>(52,978)</u> | <u>(4,741)</u> |

Airbnb UK Limited (Registered number 07797907)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

13 Called up share capital

| Number | Allotted, issued and fully paid Class | Nominal value £1 | 2015 £ | 2014 £ |
|--------|--|------------------------|-----------|-----------|
| 100 | Ordinary | £1 | 100 | 100 |

14 Reserves

| | Retained earnings £ | Currency translation £ | Totals £ |
|----------------------|---------------------------|------------------------------|----------------|
| At 1 January 2015 | 127,901 | - | 127,901 |
| Profit for the year | 102,344 | | 102,344 |
| Share option reserve | 93,958 | - | 93,958 |
| Revaluation reserve | - | (250) | (250) |
| At 31 December 2015 | <u>324,203</u> | <u>(250)</u> | <u>323,953</u> |

15 Reconciliation of profit before taxation to cash generated from operations

| | 2015 £ | 2014 £ |
|--|----------------------------|-----------------------|
| Profit before taxation | 164,266 | 33,324 |
| Depreciation charges | 15,948 | 16,206 |
| Share based payments | 93,958 | - |
| Profit on disposal of fixed assets | - | (5,781) |
| Finance income | <u>(64)</u> | <u>(42,485)</u> |
| | 274,108 | 1,264 |
| Decrease/(increase) in trade and other debtors | (32,057,228) | (168,610,740) |
| (Decrease)/increase in trade and other creditors | <u>(26,443,452)</u> | <u>169,139,354</u> |
| Cash (used by)/generated from operations | <u><u>(58,226,572)</u></u> | <u><u>617,041</u></u> |

Cash and cash equivalents

The amounts disclosed on the Cash flow statement in respect of cash and cash equivalents are in respect of these Balance sheet amounts

Year ended 31 December 2015

| | 31 12 15 £ | 1 1 15 £ |
|---------------------------|----------------|-------------------|
| Cash and cash equivalents | <u>264,493</u> | <u>59,039,896</u> |

Year ended 31 December 2014

| | 31 12 14 £ | 1 1 14 £ |
|---------------------------|-------------------|-------------------|
| Cash and cash equivalents | <u>59,039,896</u> | <u>58,414,700</u> |

Airbnb UK Limited (Registered number 07797907)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2015**

16 Controlling parties

Airbnb, Inc. (incorporated in United States of America) is regarded by the director as being the Company's ultimate parent company

The immediate parent company is Airbnb Ireland

17 Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of the transition to FRS 102 was therefore 1 January 2015. There are no changes to the accounting policies and no change to the profit for the financial year ended 31 December 2015 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

18 Related party transactions

The Company is a wholly owned subsidiary of Airbnb, Inc. a company incorporated in the United States. Under FRS 102, 33.1A, the company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Airbnb Inc. group.

19 Events after balance sheet date

There have been no significant events affecting the company since 31 December 2015.