

StubHub (UK) Limited

Registered number: 10585626

StubHub (UK) Limited

**Annual report and financial statements  
for the period from incorporation on 26  
January 2017 to 31 December 2017**



## **StubHub (UK) Limited**

### **Director's report and financial statements**

**For the period from incorporation to 31 December 2017**

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## StubHub (UK) Limited

### Company information

For the period from incorporation to 31 December 2017

<b>Director:</b>	Tod Cohen
<b>Company secretary:</b>	Taylor Wessing Secretaries Limited
<b>Registered office:</b>	5 New Street Square London United Kingdom EC4A 3TW
<b>Registered number:</b>	10585626 (England and Wales)
<b>Independent auditors:</b>	PricewaterhouseCoopers LLP Chartered Accountant and Statutory Auditors 1 Embankment Place London WC2N 6RH

## StubHub (UK) Limited

### STRATEGIC REPORT

For the period from incorporation to 31 December 2017

The director presents his first strategic report on StubHub (UK) Limited ("the Company") for the period from incorporation to 31 December 2017.

#### Review of the Business

StubHub (UK) Limited (Company) is a wholly owned subsidiary of eBay International AG, incorporated in Switzerland with the ultimate parent being eBay Inc., a company incorporated in the United States of America.

StubHub (UK) Limited is the StubHub operating entity in UK. The Company is the legal employer of the StubHub employees in the UK and functions as the customer facing entity for events located in the UK and provides StubHub platform related services to consumers, who buy and sell tickets to UK events. StubHub (UK) Limited also provides global product development services to StubHub Inc.

The turnover of the Company is £ 6,749,740 in 2017. The activities of the Company resulted in a profit before taxation of £234,911. The results for the period are set out in the statement of comprehensive income on page 8.

The financial position of the Company is set out in the statement of financial position on page 9.

#### Key Performance Indicators

Given the straightforward nature of the business, the Company's director is of the opinion that analysis using key performance indicators are not necessary for an understanding of the development, performance or position of the business.

Details of the business review and strategic plans of the ultimate parent, eBay Inc. can be found in its Annual Report and other announcements (<http://investor.ebay.com>).

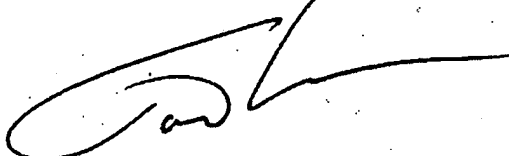
#### Principal Risks & Uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are managed centrally. Accordingly, the principal risks and uncertainties of eBay group are disclosed in its Annual Report. These include, but are not limited to, outsourcing, business continuity and reliance on key IT systems, together with the risks associated with reliance on growth of the business and underlying economic environment factors affecting overall consumer confidence and e-commerce growth.

Financial assets that potentially subject the Company to concentrations of credit risk principally consist of cash at bank and debtors. The Company's cash is placed with quality financial institutions. The Company's exposure to debtor risk is principally concentrated in the intra-group debt with group entities arising from the charges due under the services agreement.

The director considers there is a low risk from foreign currency transactions, the amount of exposure to any individual counterparty is limited, and assessed continually. The Company's operating income and cash flows are substantially independent of changes in market interest rates. Due to the limited risk exposure the Company does not have a specific hedging policy with respect to foreign currency exchange and interest rate risk.

ON BEHALF OF THE BOARD



Tod Cohen

Director

Date:

Sept. 26, 2017

## StubHub (UK) Limited

### DIRECTOR'S REPORT

#### For the period from incorporation to 31 December 2017

The director presents his first annual report with the audited financial statements of StubHub (UK) Limited for the period from incorporation to 31 December 2017.

#### Principal activities

StubHub (UK) Limited (hereafter the "Company") was incorporated on January 26, 2017, consequently the financial statements for the current period cover the 11 months ended 31 December 2017.

The Company is included in the consolidated accounts of eBay Inc forming the largest body of undertakings of which the company forms a part as a direct/indirect subsidiary undertaking. The registered office of that company is located at Whitman Campus, 2065 Hamilton Avenue, San Jose California 95125, United States of America, and the consolidated accounts are available at that same address.

#### Fair review of the development and the performance of the business and Future Developments

The company will continue to function as customer facing entity for events located in the UK and provides StubHub platform related services to consumers.

#### Employee Involvement

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Employees are encouraged to invest in the Company through participation in an employee stock purchase plan so that they may share in the success and growth of the Company.

#### Dividends

The director does not recommend the payment of a dividend in 2017.

#### Financial Risk Management

The Company operations expose it to a number of financial risks that include but not limited to credit risk, foreign currency risk and interest rate risk. The Company does not engage in activities which expose it to risks in connection with complex financial instruments, and the director does not use sophisticated performance indicators to manage the business. The Group's Enterprise Risk Management framework is designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems and processes.

#### Credit Risk

Financial assets that potentially subject the company to concentrations of credit risk principally consist of cash at bank and debtors. The company's cash is placed with quality financial institutions. The company's exposure to debtor risk is principally concentrated in the intra-group debt with the immediate parent company arising from the charges due under the services agreement. In relation to third party debtors the company has implemented policies that require appropriate credit checks on potential customers before financial terms are accepted.

#### Foreign Currency and Interest Rate Risk

The director considers there is a low risk from foreign currency transactions, the amount of exposure to any individual counterparty is limited, and assessed continually. The Company's operating income and cash flows are substantially independent of changes in market interest rates. Due to the limited risk exposure the company does not have a specific hedging policy with respect to foreign currency exchange and interest rate risk.

#### Post Balance Sheet Events

Director Ajay Gopal resigned on 22 June, 2018. He has been replaced by Tod Cohen.

#### Employees with Disabilities

The Company gives full consideration to applications for employment from persons with disabilities where the requirements of the job can be adequately fulfilled by a person with disabilities. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to employees with disabilities wherever appropriate.

StubHub (UK) Limited

**DIRECTOR'S REPORT**

**For the period from incorporation to 31 December 2017 (continued)**

*Statement of director's responsibilities in respect of the financial statements*

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the director 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 the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The director 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.

In the case of each director in office at the date the Director's Report is approved:

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

**Independent auditors**


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

**Directors**

The directors who held office throughout the financial period and up to the date of signing of the financial statements, unless otherwise noted, are as follows:

Tod Cohen (Appointed 26 January 2017)

Ajay Gopal (Appointed 26 January 2017, resigned 22 June 2018)

  
On behalf of the board  
Tod Cohen

Director

Date:.....

Sept. 26, 2018

StubHub (UK) Limited

**Independent auditors' report to the members of StubHub (UK) Limited**

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

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**Opinion**

In our opinion, StubHub (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the 11 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position; the Statement of Comprehensive Income; the Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

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**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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**Conclusions relating to going concern**

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

StubHub (UK) Limited

**Independent auditors' report to the members of StubHub (UK) Limited (Continued)**

**Strategic Report and Director's Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the period ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the director for the financial statements*

As explained more fully in the Statement of Director's Responsibilities set out on page 5, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they 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 director is 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.

*Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

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.

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**Other required reporting**

**Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of director's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Leighton Thomas (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

26 SEPTEMBER 2018



## StubHub (UK) Limited

### Statement of comprehensive income For the period from incorporation to 31 December

		2017
	Note	£
Turnover	4	6,749,740
Cost of sales		<u>(2,337,756)</u>
Gross profit		4,411,984
Administrative expenses		<u>(4,174,430)</u>
Operating profit	5	237,554
Interest receivable and similar income	8	1,280
Interest payable and similar expenses	8	<u>(3,923)</u>
Profit before taxation		234,911
Tax on Profit	9	<u>(42,066)</u>
Profit for the financial period		192,845
Other comprehensive expense for the period, net of tax	9	<u>(10,459)</u>
Total comprehensive income for the period		<u>182,386</u>

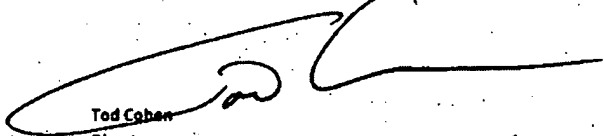
The above results were derived from continuing operations. The notes on pages 11 to 22 form an integral part of these financial statements.

StubHub (UK) Limited

Statement of financial position as at 31 December 2017

	Note		2017 £
<b>Fixed assets</b>			
Tangible assets	10		49,689
Deferred income tax asset	9		<u>46,212</u>
			95,901
<b>Current assets</b>			
Debtors	11	3,001,338	
Cash at bank and in hand		<u>1,340,374</u>	
		4,341,712	
<b>Creditors: amounts falling due within one year</b>			
Bank Overdraft	12	<u>(3,130,444)</u>	
		(73,282)	
<b>Net current assets</b>			<u>1,137,986</u>
<b>Total assets less current liabilities</b>			<u>1,233,887</u>
<b>Net assets</b>			<u>1,233,887</u>
<b>Equity</b>			
Called up share capital	14		1,001
Capital contribution			1,040,041
Profit and loss account			<u>192,845</u>
<b>Total shareholders' funds</b>			<u>1,233,887</u>

The notes on pages 11 to 22 form an integral part of these financial statements. The financial statements on pages 8 to 22 were approved by the board of directors on ..... and were signed on its behalf by:

  
 Tod Cohen  
 Director  
 Date: Sept. 26, 2018  
 StubHub (UK) Limited (Registered number: 10585626)

StubHub (UK) Limited

Statement of changes in Equity for the period from incorporation to 31 December 2017

	Note	Called up share capital £	Capital contribution £	Profit and loss account £	Total shareholders' funds £
<b>At 26 January 2017</b>					
Issued ordinary shares		1,001			1,001
Capital contribution			1,000,000		1,000,000
Equity contributed by parent under equity incentive plans	17		164,810		164,810
Payments to parent for intrinsic value of share incentives exercised			(124,769)		(124,769)
Profit for the Financial Period				192,845	192,845
<b>At 31 December 2017</b>					
		1,001	1,040,041	192,845	1,233,887

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017

#### 1. General Information

StubHub (UK) Limited ("the Company") is a customer facing entity for events located in the UK and provides StubHub platform related services to consumers, who buy and sell tickets to UK events.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 5 New street Square, London, EC4A 3TW, United Kingdom.

#### 2. Summary of significant accounting policies

The significant accounting policies adopted by the Company are as follows:

##### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- IAS 7 'Statement of cash flows'. A cash flow statement has not been presented'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position
  - 134-136 (capital management disclosures)

The principal accounting policies which have been applied consistently are set out below:

##### Revenue

Revenue represents net invoiced sales of events located in UK, excluding value added tax. Revenue is derived from the principal activity of the company and consists exclusively of services rendered in the UK. Revenue is recognised in line with the performance of the underlying contract upon delivery.

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Cost of sales

Cost of sales includes all direct costs arose from the principal activity of the company.

##### Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate

##### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

##### Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

##### Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value over an asset's estimated useful life on a straight-line basis. Fixed assets are depreciated at the following rates:

Computer equipment	-33% per annum
Short leasehold property improvements	-over 5 years or over the term of the lease
Office furniture and other equipment	-33% per annum

The gross capitalised cost of the asset includes its cost plus the essential costs incurred to bring the asset to its intended use. Any related costs incurred after the asset's acquisition, such as additions, improvements, or replacements, are added to the asset's cost if they provide future service potential.

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

##### Current and Deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

##### Deferred Taxation

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.

Deferred tax assets may arise in respect of share-based remuneration. For accounting purposes, the value of share options granted to employees is charged to the profit and loss account over the vesting period of the options. For taxation purposes, a deduction against taxable profit is only allowable when the options are exercised by the employees. It is this timing difference that creates the potential deferred tax asset.

In determining whether a potential deferred tax asset in respect of share options should be recognised or not, the directors examine, on an annual basis, the likelihood of a future taxable deduction being available to the company in relation to the share options outstanding at the end of the period. This examination takes into consideration a range of factors including the current eBay Inc. share price and the range of exercise prices on the outstanding share options. Where a future tax deduction is considered likely, the directors also examine whether it is possible to accurately measure the value of such a deduction.

Where the directors consider that it would be inappropriate to recognise a deferred tax asset in respect of share options, either because a future tax deduction is considered unlikely, or because it is considered impracticable to value accurately, no such asset will be recognised. Instead, the best estimate of the potential tax asset will be disclosed in the notes to the financial statements.

##### Foreign currency translation

The Company maintains its accounting records in 'Pounds Sterling' (£) and its annual financial statements are expressed in this currency.

Assets and liabilities are translated into 'Pounds Sterling' (£) using exchange rates prevailing at the balance sheet date, while revenues and expenses are translated at average exchange rates during the period. Gains and losses from foreign currency transactions are recognized as operating income/loss.

Realised foreign exchange gains and losses and unrealised foreign exchange losses are reflected in the profit and loss account.

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Any rent free period is amortised over the period of the lease.

##### Share based payments

The company operates a number of equity-settled, share-based compensation plans, under the company receives services from employees as consideration for equity instruments (options) of ultimate parent. The awards are granted by ultimate parent and the company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' funds. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save). Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised the company is recharged the options' original fair value as of the grant date from the ultimate parent. This recharge is accounted for as a deduction from shareholders' funds.

##### Pensions

The Company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The employer contributions charged to profit and loss account represents the amounts contracted as due in respect of the financial period.

##### Sabbatical program

The Company has a sabbatical programme in place under which eligible employees earn a right to a four week sabbatical after 5 years of full employment with the company. The related expense is recorded during the period the employee is required to work. The accrual is reduced by an estimated employee turnover rate.

#### 3. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical judgements 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.

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 4. Turnover

An analysis of revenue is given below:

2017
£
<u>6,749,740</u>

#### 5. Operating Profit

2017
£

Operating profit is stated after charging:

Fees payable to the Company's auditors	21,000
Foreign currency exchange loss	20,011
Depreciation of owned fixed assets	13,687

#### 6. Staff costs

2017
£

Staff costs consist of:

Wages and salaries	703,967
Social security costs	165,221
Other pension costs	32,471
Stock-based compensation fair value (Note 16)	164,810
<b>Total staff costs</b>	<u>1,066,469</u>

The average monthly number of employees per activity during the financial period (including paid directors) was as follows:

	2017
By activity:	Number
Number of Customer Support staff	5
Number of administrative staff	3
Number of Product development staff	4
Number of Sales & Marketing staff	6
<b>Total</b>	<u>18</u>

#### 7. Directors' remuneration

During the financial period, no director received any emoluments in respect of their services to the company. In 2017, the Directors were remunerated by other group companies.



## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 8. Finance cost net

	2017 £
Interest receivable and similar income	
Bank interest income	1,280
Interest payable and similar income	
Bank interest expense	(3,923)
Finance cost net	<u>(2,643)</u>

#### 9. Tax on profit

	2017 £
Current tax:	
Corporation tax	88,278
Total current tax	<u>88,278</u>
Deferred tax:	
Origination and reversal of temporary differences	(35,753)
Total deferred tax	<u>(35,753)</u>
Total tax charge	<u>52,525</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19.00%.

#### Factors affecting the tax charge for the period

The difference between the total tax charge and the standard rate of corporation tax in the UK is explained below:

	2017 £
Profit before taxation	<u>234,911</u>
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00%	44,633
Effects of:	
Timing difference on relief for share-based remuneration of employees	(29,246)
Differences between the standard corporation tax rate for the period	3,742
Permanent difference on share-based remuneration	
Permanent difference due to other disallowed expenses	33,396
Tax for the period	<u>52,525</u>

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 9. Tax on profit (continued)

	2017 £
Deferred tax credit to equity for the period in respect of stock-based compensation	(10,459)
<b>Total Deferred tax credit to equity</b>	<b>(10,459)</b>
<b>Total movement in tax provision</b>	<b>42,066</b>
<b>Deferred tax asset</b> Provided at tax rate of 17.60%:	
	2017 £
Opening balance	-
Credited to profit and loss account for the period	35,753
Increase in cumulative credit to equity in respect of deferred tax on stock-based compensation	10,459
<b>Closing balance</b>	<b>46,212</b>
 The above deferred tax asset comprised:	
Depreciation in excess of capital allowances	1,549
Stock-based compensation expense temporary difference	43,753
Other expenses not eligible for relief until future period	910
<b>Total deferred tax</b>	<b>46,212</b>

The corporation tax rate for the year was 19%. As announced in the July 2015 Budget the main corporation tax rate will reduce to 19% effective 1 April 2017 to 31 March 2020.

An announcement was made in the March 2016 Budget that the main rate of corporation tax is to be further reduced to 17% effective from 1 April 2020.

This reduction was substantially enacted on 6 September 2016.

StubHub (UK) Limited

Notes to the financial statements for the period from incorporation to 31 December 2017  
(continued)

10. Tangible assets

	Short Leasehold property Improvements £	Computer equipment £	Office and other equipment £	Total £
<b>Cost</b>				
At 26 January 2017				
Additions	37,292	18,663	7,421	63,376
Disposals				
<b>At 31 December 2017</b>	<b>37,292</b>	<b>18,663</b>	<b>7,421</b>	<b>63,376</b>
<b>Accumulated depreciation</b>				
At 26 January 2017				
Charge for the year	6,474	5,277	1,936	13,687
<b>At 31 December 2017</b>	<b>6,474</b>	<b>5,277</b>	<b>1,936</b>	<b>13,687</b>
<b>Net book amount</b>				
<b>At 31 December 2017</b>	<b>30,818</b>	<b>13,386</b>	<b>5,485</b>	<b>49,689</b>

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 11. Debtors

	2017
	£
Amounts falling due within one year	
Trade debtors	116,133
Amounts owed by group undertakings	2,614,526
Prepayments and accrued income	270,679
	<u>3,001,338</u>

Amounts receivable from group undertakings are unsecured, interest free and payable on demand.

#### Amounts falling due more than one year

	2017
	£
Deferred tax assets	46,212
	<u>3,047,550</u>

#### 12. Creditors: amounts falling due within one year

	2017
	£
Trade creditors	206,397
Amounts owed to group undertakings	1,287,581
Taxation and social security	327,326
Accruals and deferred income	1,309,140
	<u>3,130,444</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

## StubHub (UK) Limited

### Notes to the financial statements for the period from incorporation to 31 December 2017 (continued)

#### 13. Lease obligation

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

	2017
	Land and buildings
	£
Operating leases which expire:	
No later than one year	46,667
Later than one year and no later than five years	149,167
Later than five years	50,000
<b>Total</b>	<b>245,834</b>

#### 14. Called up share capital

	2017
	£
Allotted, issued and fully paid	
1,001 ordinary shares at £1.00 each	<u>1,001</u>

#### 15. Post – employment benefits

The Company provides eligible employees with an optional Post Retirement Savings Accounts (PRSA) scheme. In this scheme employees' and employer's contributions are invested in the employees personal account, which they are entitled to open through application to the contribution plan. The Company makes regular contributions on behalf of these employees who open a PRSA, up to a maximum of 9% of salary. This amount is included in total staff costs.

	2017
Number of employees at 31 December	25
Expense in the year in £	32,236
Year-end accrual in £	<u>8,379</u>

## StubHub (UK) Limited

### Notes to the financial statements for the period from Incorporation to 31 December 2017 (continued)

#### 16. Stock-based benefit plans

##### Equity Incentive plans

Employees participate in equity incentive plans for directors, officers, employee and non-employees. Stock options granted under these plans generally vest 25% one year from the date of grant for new employees (or 12.5% six months from the date of grant for grants to existing employees) and the remainder vest at a rate of 2.08% per month thereafter, and generally expire 7 to 10 years from the date of the grant. The cost of options is determined using the Black-Scholes option pricing model on the date of grant. Restricted stock units are granted to eligible employees under equity incentive plans. In general, restricted stock units vest in equal annual instalments over a period of three to five years, are subject to the employees' continuing service to us and do not have an expiration date. The cost of restricted stock units is determined using the fair value of eBay Inc's Common Stock on date of grant.

The Company amortises the stock-based compensation charge in accordance with the accelerated method over the vesting period of the related options, which is generally four years. The impact of recognising the fair value of share option grants and restricted stock unit grants under the employee stock incentive plans as an expense under IFRS 2 is £ 164,810 for the period ended 31 December 2017.

##### Employee stock purchase plan

StubHub (UK) Limited employees participate in eBay Inc's Stock Purchase Plan ("ESPP"), available to eligible employees. Under the terms of this plan, shares of eBay common stock may be purchased over an offering period with a maximum duration of two years at 85% of the lower of the fair market value on the first day of the applicable offering period or on the last day of the six-month purchase period.

The following table summarises information about restricted stock units outstanding at 31 December 2017:

Grant- vest	Expiry year	Exercised price in £	Number of shares outstanding at 31 December 2017
2014	2021	17.60	831
2015	2022	18.57	8,286
2016	2023	18.60	13,428
2017	2024	26.07	20,189
<b>Total</b>			<b><u>42,734</u></b>

There were no stock options outstanding at 31 December 2017: (2016: n/a).

#### 17. Subsequent events

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

#### 18. Capital and other commitments

The Company had no capital commitments at the end of the year 31 December 2017

**StubHub (UK) Limited**

**Notes to the financial statements for the period from incorporation to 31 December 2017  
(continued)**

**19. Parent and ultimate parent undertaking**

The company is a wholly owned subsidiary of eBay International AG, Bern Switzerland which is the parent company. eBay Inc. is the parent company and ultimate controlling party of the largest group to consolidate these financial statements. Copies of eBay Inc. consolidated financial statements can be obtained from their company secretary at 2145 Hamilton Avenue, San Jose CA 95125, USA.