

Registered number: 12037643

EBAY COMMERCE UK LIMITED

Annual report and financial statements for the period ended 31 December 2019

Limited by Shares



EBAY COMMERCE UK LIMITED

Annual report and financial statements for the period ended 31 December 2019

Contents

	Page(s)
Company information	1
Directors' report	2-4
Independent auditors' report	5-6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10-15

EBAY COMMERCE UK LIMITED

Company information

Directors

Alec Latimer
Vincent Le Bars

Company Secretary and Registered office

EY Corporate Secretaries Limited
1 More London Place
London
SE1 2AF

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

EBAY COMMERCE UK LIMITED

Directors' report for the period ended 31 December 2019

The directors present their report with the audited financial statements of eBay Commerce UK Limited ("the Company") for the period from incorporation on 6 June 2019 to 31 December 2019 ("the financial period"). This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Incorporation

The Company was incorporated in England and Wales on 6 June 2019

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:

Alec Patrick Latimer (Appointed 6 June 2019)

Vincent Le Bars (Appointed 6 June 2019)

Political Donations

There were no political donations for the period ended 31 December 2019.

Principal activities

The Company is a subsidiary undertaking of eBay Inc., a global Internet company incorporated in the USA, which offers an Internet based personal trading community.

The Company has been set up in order to provide payment services within the UK market. The Company is currently requesting a licence to the Financial Conduct authority to carry out activities falling within the scope of the Payment Services Directive.

Fair review of the development and the performance of the business / future development

The Company has no business so far and COVID-19 has no impact on the initial strategy. The Company is focusing on eBay payments strategy particularly in the UK in which licence application is currently under review by the Financial Conduct Authority (FCA) and will start its payment activities in 2021.

Financial risk management

Credit risk

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of cash at bank and debtors. The Company's cash is placed with quality financial institutions.

Foreign currency and interest rate risk

The Company is not exposed to significant foreign exchange risk.

The Company's operating income and cash flows are substantially independent of changes in market interest rates.

Due to the risk exposure, the Company does have a specific hedging policy with respect to foreign currency exchange and interest rate risk.

Dividends

The director does not recommend the payment of a dividend. No dividends have been declared or paid post year end up to the point of the signing of the financial statements.

EBAY COMMERCE UK LIMITED

Directors' report for the period ended 31 December 2019 (continued)

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.

Brexit

The UK formally left the European Union on 31 January 2020 and is currently in a transition period until 31 December 2020. During that transition period, current EU trading rules continue to apply. However, future trading arrangements between the UK and EU beyond the transition period are still the subject of ongoing negotiations. The Company is monitoring the progress of these negotiations and how these might impact its operations and business model.

Going concern

The Company's management has considered the potential effects of COVID-19 on its strategic plan and concluded that they do not have a material impact on the Company's ability to continue as a going concern on the basis that the entity is a cost-plus entity. As a result, the financial statements for the year ended 31 December 2019 have been prepared on a going concern basis.

Post Balance Sheet Events

In April 2020, a licence application was sent to the UK regulator, the Financial Conduct Authority (FCA), to obtain their approval to launch the payment business in UK.

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:

Alec Latimer (appointed 6 June 2019)

Vincent Le Bars (appointed 6 June 2019)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 the financial statements, the directors are 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.'

EBAY COMMERCE UK LIMITED

Directors' report for the period ended 31 December 2019 (continued)

The directors 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.

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.

Directors' confirmations

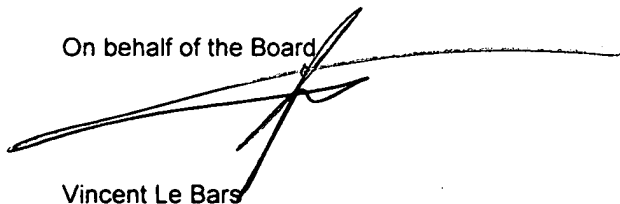
In the case of each director in office at the date the Directors' report is approved:

- 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.

On behalf of the Board



Vincent Le Bars
Director

Date: 28 August 2020

EBAY COMMERCE UK LIMITED

Independent auditors' report to the members of eBay Commerce UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, eBay Commerce UK Ltd. financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period from incorporation on 6 June 2019 to 31 December 2019 ("the period");
- 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 as at 31 December 2019; the Statement of comprehensive income and the Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the director uses 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.

We have nothing to report in respect of the above matters.

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.

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 directors are 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 Directors' 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.

EBAY COMMERCE UK LIMITED

Independent auditors' report to the members of eBay Commerce UK Limited(continued)

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the period ended 31 December 2019 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 Directors' 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 directors' responsibilities in respect of the financial statements set out on pages 3 and 4, the directors are 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 directors are 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 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.

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. 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.

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 directors' 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 August 2020

EBAY COMMERCE UK LIMITED

Statement of comprehensive income for the period ended 31 December 2019

		Period from 6 June 2019 to 31 December 2019 £
Turnover	4	38,301
Cost of sales		<u>-</u>
Gross profit		38,301
Administrative expenses		<u>(35,906)</u>
Operating profit	5	2,395
Interest income	6	<u>27</u>
Profit before taxation		2,422
Tax on profit	8	<u>(460)</u>
Profit for the financial year		<u><u>1,962</u></u>

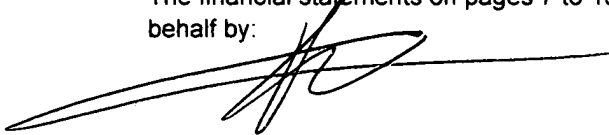
The above results were derived from continuing operations. The notes on pages 10 to 15 form an integral part of these financial statements.

EBAY COMMERCE UK LIMITED

Statement of financial position as at 31 December 2019

		2019 £
Current assets		
Debtors	9	40,745
Cash at bank		213,713
		<hr/> 254,458
 Creditors falling due within 1 year	 10	 (2,396)
 Net current assets		 <hr/> 252,062
 Total assets less current liabilities		 252,062
 Net assets		 <hr/> <hr/> 252,062
 Capital and reserves:		
Called up share capital	11	250,100
Profit and loss account		1,962
 Total shareholders' funds		 <hr/> <hr/> 252,062

The financial statements on pages 7 to 15 were approved by the Board on ~~27/08/2020~~ 28/08/2020 and signed on its behalf by:



Vincent Le Bars
Director

Registered number: 12037643

EBAY COMMERCE UK LIMITED

Statement of changes in equity for the period ended 31 December 2019

	Notes	Ordinary Shares £	Result of the year £	Total shareholders' funds £
Capital contribution at incorporation on 6 June 2020		250,100	-	250,100
Profit for the financial period		-	1,962	1,962
At 31 December 2019		250,100	1,962	252,062

EBAY COMMERCE UK LIMITED

Notes to the financial statements for the period ended 31 December 2019

1. General information

The company is a private company, incorporated on 6 June 2019 and domiciled in the UK. The address of its registered office is 1 More London Place, London, SE1 2AF, United Kingdom.

The Company has been set up in order to provide payment services within the UK market. The Company is currently in the process of applying for a licence to the Financial Conduct authority to carry out activities falling within the scope of the Payment Services Directive.

2. Summary of significant accounting policies

The significant accounting policies adopted by the Company and which have been applied consistently are as follows:

Accounting convention

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's management has considered the potential effects of COVID-19 on its strategic plan and concluded that they do not have a material impact on the Company's ability to continue as a going concern on the basis that the entity is a cost-plus entity. As a result, the financial statements for the year ended 31 December 2019 have been prepared on a going concern basis.

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) 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:

- 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).

EBAY COMMERCE UK LIMITED

Notes to the financial statements for the period ended 31 December 2019 (continued)

2. Summary of significant accounting policies (continued)

- 40A-D (requirements for a third statement of financial position)
- 134-136 (capital management disclosures)

For the purposes of FRS 101 reduced disclosure exemptions, equivalent disclosures are included in the publicly available consolidated financial statements of eBay Inc., the ultimate parent of the Company, which the Company is consolidated into. The consolidated financial statements of eBay Inc. can be obtained from their Company secretary at 2145 Hamilton Avenue, San Jose CA 95125, USA.

New standards, amendments and IFRIC interpretations

IFRS 16: Leases

The Company adopted IFRS 16, the new accounting standard for leases which replaces the former accounting standard IAS 17 Leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Company has no leases and therefore the adoption of IFRS 16 under the modified retrospective approach has had no impact on the Company.

Revenue

Revenue is recognised when control of promised goods or services transferred to customers in an amount that reflects the consideration to which it is expected to be entitled in exchange for those goods or services. Revenue represents net invoiced sales of goods, excluding value added tax.

Operating charges

Operating charges include all the services and other operating costs arose from the principal activity of the company.

Interest income

Interest income is recognised using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Creditors

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or as payables, as appropriate.

The Company's financial liabilities comprise of creditors.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's payables are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Foreign currency translation

The functional currency for the Company is Pound Sterling (£). The resulting exchange differences in relation to monetary assets and liabilities are recorded through the profit and loss account. All other exchange differences including those arising on transactions entered into by the company are taken to the profit and loss account.

EBAY COMMERCE UK LIMITED

Notes to the financial statements for the period ended 31 December 2019 (continued)

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. The directors believe that there are no 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.

4. Turnover

Turnover is attributable to the one principal activity of the company.

	Period from 6 June 2019 to 31 December 2019 £
Intra-group recharges	<u>38,301</u>

5. Administrative expenses

	Period from 6 June 2019 to 31 December 2019 £
Operating profit is stated after charging/(crediting):	
Audit of the entity's financial statements	5,565
Foreign currency exchange gain	(260)

6. Finance income and finance costs

	Period from 6 June 2019 to 31 December 2019 £
Finance income	
Bank interest income	<u>27</u>
Finance income net	<u>27</u>

EBAY COMMERCE UK LIMITED

Notes to the financial statements for the period ended 31 December 2019 (continued)

7. Staff costs

	Period from 6 June 2019 to 31 December 2019 £
Staff costs consist of:	
Wages and salaries	20,372
Social security costs	2,490
Other pension costs	1,800
Total staff costs	24,662

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

	Period from 6 June 2019 to 31 December 2019 Number
By activity:	
Number of administrative staff	1
Total	1

8. Tax on profit

	Period from 6 June 2019 to 31 December 2019 £
Current tax:	
Current tax on profits for the year	460
Total current tax	460

The tax assessed for the year is the standard rate of corporation tax in the UK of 19.00%.

	Period from 6 June 2019 to 31 December 2019 £
Profit/(loss) before taxation	2,422
Loss before tax multiplied by the standard rate of tax in the UK of 19.00% (2018: 19.00%):	460
Tax for the year	460

EBAY COMMERCE UK LIMITED

Notes to the financial statements for the period ended 31 December 2019 (continued)

8. Tax on profit (continued)

The corporation tax rate for the year was 19%. The main rate of UK corporation tax will remain at 19% effective from 17 March 2020. This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

9. Debtors

	2019 £
Amounts owed by group undertakings	38,301
Prepayments	1,544
Other debtors	900
Total	40,745

All intercompany balances are unsecured non-interest-bearing and are repayable with 12 months.

10. Creditors: amounts falling due within one year

	2019 £
Amounts owed to group undertakings	24
Trade creditors	40
Taxation and social security	460
Accruals	1,872
Total	2,396

All intercompany balances are non-interest-bearing and payable on demand.

11. Called up share capital

	2019 £
Authorised, Allotted and fully paid	
250,100 ordinary shares of \$1 each	250,100

The shares were allotted and fully paid up on incorporation on 6 June 2019.

12. Subsequent events

In April 2020, a licence application was sent to the UK regulator, the Financial Conduct Authority (FCA), to obtain their approval to launch the payment business in UK. For the Company, the global outbreak of COVID-19 is deemed to be a non-adjusting post balance sheet event as at 31 December 2019 and therefore no adjustments have been made in these financial statements for COVID-19.

EBAY COMMERCE UK LIMITED

Notes to the financial statements for the period ended 31 December 2019 (continued)

13. Capital and other commitments

The Company had no capital commitments as at 31 December 2019.

14. Controlling parties

The Company is a wholly owned subsidiary of eBay International Management B.V., Amsterdam Netherlands. 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.