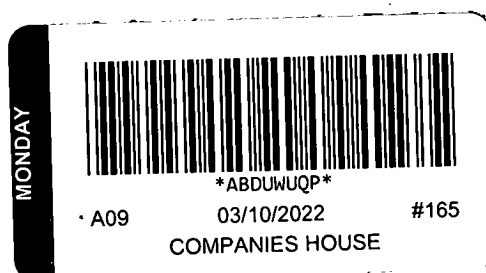


eBay (UK) Limited

Registered number: 03726028

eBay (UK) Limited

Annual report and financial statements for the year ended 31 December 2021



eBay EU Sign CW2827062

eBay (UK) Limited

Annual report and financial statements For the year ended 31 December 2021

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eBay (UK) Limited

Company information For the year ended 31 December 2021

Directors: Alec Patrick Latimer, Murray Lambell and Sujit Sudhi Nair

Company secretary: EY Corporate Secretaries Limited

Registered office: 1 More London Place
London
United Kingdom
SE1 2AF

Registered number: 03726028 (England and Wales)

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

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report on eBay (UK) Limited ("the Company") for the year ended 31 December 2021.

Principal activities

During the year ended 31 December 2021, eBay (UK) Limited ("The Company") was a wholly owned subsidiary of eBay Marketplaces GmbH, incorporated in Switzerland. The ultimate parent of the Company is eBay Inc., a company incorporated in the United States of America ("US").

The primary business of the Company is the distribution of the eBay internet marketplace in the UK. In this capacity the Company promotes the use of the platform in the UK by both sellers and buyers and collects fees from registered UK sellers as well as fees from third parties for advertising appearing on the platform. eBay Marketplaces GmbH owns and maintains the marketplace platform and makes the service available to the Company for distribution in the UK market.

Review of the business, future outlook and key performance indicators

The Company's profit for the financial year amounted to £30,284,000 (2020: £29,268,000).

The Company's key financial and other performance indicators during the year were as follows:

	2021	2020
	£'000	£'000
Revenue	1,416,264	1,336,749
Operating profit	36,685	35,610
Profit for the financial year	30,284	29,268
Total shareholders' funds	66,463	39,648

Average number of employees for the year 2021 was 362 (2020: 300).

Revenue increased in total by £79,515,000 (+5.95%) during the year.

Given the continued uncertain economic environment caused by COVID-19 and other macro-economic factors the directors have carried out a detailed and comprehensive review of the business and its future prospects; taking into account all information that could reasonably be expected to be available for the following 12 months and beyond. The Company has been largely insulated from the effects of the virus to date. Resilient technology and business continuity measures in place have ensured continued operation. The Company therefore expects to continue its strategy as planned.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company collects fees from eBay sellers in the UK and as such, the Company's operational and financial results are subject to various risks and uncertainties that could adversely affect the business, financial condition, results of operations and cash flow. The risk factors for the Company are similar to the risk factors for eBay as a group, disclosed in the Risk Factors in the eBay Inc. annual report (<http://investor.ebay.com>). Those risk factors included substantial and increasingly intense competition worldwide, economic conditions that could harm our business including inflation, fluctuation in foreign currency exchange rates, and a general fall in consumer confidence.

Brexit

In a referendum held on 23 June 2016, the UK resolved to leave the European Union (EU). On 31 January 2020, the UK left the EU, which was followed by an 11-month transition period until 31 December 2020.

The expiry of the transition period on 31 December 2020 marked the start of a new relationship between the UK and the EU under the Trade and Cooperation Agreement (TCA). This remains an evolving landscape, and the business will continue to monitor developments and assess any potential impact. The residual risk to the Company is now considered low.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Statement by the directors of eBay (UK) Limited ("the Company") in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of the Company (the "Board") consider, both individually and together, that they, having acted in good faith, have promoted the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the financial year.

In particular, the Board were required to make certain key principled decisions over the course of the year in order to further the Company's aims and demonstrate its purpose.

The purpose of the Company's marketplace is to provide a pathway for individuals, non-profits and businesses to gain access to vast economic opportunity. From the first moment they join the marketplace as sellers, the Company supports them by offering the tools they need in order to be successful. As a result, the Board makes every decision with the interests of the Company's stakeholders in mind, with the key aim of creating as much value for as many of these stakeholders as possible. These stakeholders include eBay users who buy and/or sell on the platform, eBay employees and the ultimate parent company, eBay Inc. and its shareholders.

Supporting small businesses during the later stages of the COVID-19 pandemic

Throughout 2021, the Board continued to adapt the Company's strategy to deliver ongoing support to British businesses trading on the platform, by investing in a number of programmes and initiatives with a supporting investment of £6.7m – an increase of 175% versus 2020 to help businesses navigate the uncertainty caused by the COVID-19 pandemic. The Company launched a new finance programme, Capital for eBay Business Sellers, to enable quick and easy access to financing, at a time when start-ups and small businesses were struggling with cashflow. By the end of 2021, 3,200 businesses had been approved for funding via the scheme, with £42 million of capital distributed in the UK.

The Board also made the decision to invest in a three-year multi-million-pound training and finance support package for retail businesses within the social enterprise sector. Delivered in partnership with Social Enterprise UK and the World Fairtrade Organisation, the 'eBay for Change' programme helps to grow community-based businesses that are using their profits to help marginalised and vulnerable communities. Almost 100 social enterprises had joined the programme by the end of 2021, as well as 115 social enterprises that have been through or are currently on Selling Social, an initiative that supports those that are at an earlier stage in their business journey.

The Company continued its annual awards programme – The eBay for Business Awards - celebrating the UK's most enterprising eBay sellers. The awards give small, medium and large sellers the opportunity to win up to £20,000 in investment, with £70,000 being dispersed across the winners, plus tailored marketing and business support valued at over £100,000. The Company also agreed a three-year partnership with the English Football League (EFL) that would see eBay donating advertising space at EFL grounds to small businesses, providing free, high impact marketing for the local business community.

Throughout 2021 the Company continued to invest heavily in a training and support programme for small and medium sized businesses (SMBs), expanding the ProTrader programme to help sellers compete in digital commerce. Specifically, a dedicated team of consultants provided proactive and enhanced business support services to thousands of SMBs, enabling sellers to grow their businesses and target more buyers. In 2021, UK users continued to roll out new payment opportunities on the marketplace platform, giving buyers more flexibility and choice in payment methods, and sellers an easier way to manage their businesses.

Supporting our people and communities

Preserving the links the Company has established with the communities that it serves is also an important factor in the Board's decision making process. 2021 proved to be a pivotal year where the Company began expanding its physical footprint and investing in regional hubs around the UK, leading to additional jobs and more than USD6.8m investment. The Company established its first authentication centre in the UK, where an independent team of industry experts fully vet and verify items currently eligible for eBay's Authentication Guarantee. The Company also set up its first fulfilment operation in the UK, partnering with global logistics firm, Orange Connex, to give sellers access to dedicated fulfilment centres in Leicester and Birmingham.

In 2021, the Company's marketplace continued to deliver additional revenue for charities, with 13,000 active charities in the UK selling and receiving donations on eBay UK. £38m was raised by the eBay UK community through eBay for Charity, with £33m directly from charities selling on the marketplace.

At the height of the Personal Protective Equipment ("PPE") shortage in April 2020, the Company partnered with the Department for Health and Social Care and the Army/MoD to build and launch for free an online portal to distribute PPE to NHS primary and social care providers. This provision has continued throughout 2021, with 4.9 billion PPE items delivered to more than 45,000 social care workers in the UK through the portal.

Statement by the directors of eBay (UK) Limited ("the Company") in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

Diversity, equity and inclusion has continued to be an area of focus for the Board, with decisions being made across three areas: the workforce, which looks at who and how the Company hires, the workplace, which focuses on leading inclusively and building a sense of belonging; and the marketplace, which ensures that the buyers and sellers who experience the platform as well as the local communities that the Company serves are included in the Company's journey.

The Board decided to invest heavily in its highly skilled UK workforce, increasing headcount in the year by 23%. The Board has actively encouraged participation in Communities of Inclusion (COIs), which are led by a group of committed and passionate employees who volunteer their time, energy, wisdom and leadership in service of continuously building a sense of community and belonging while serving as change catalysts within the Company.

In addition, the Company established its first graduate programme, 'Generation eBay' in the summer of 2021, aimed at accelerating the careers of young graduates and giving them on-the-job learning and development opportunities. The programme was developed in partnership with Colortech, to help diversify the Company's talent pool and support the recruitment of people who are underrepresented in the tech industry. The Company also established a 'Shadow Board', staffed by seven colleagues from across a variety of departments. Their role has been to provide insight and advice to the UK leadership team on issues like customer trends, sustainability, and in-work culture.

In 2021, the Company sponsored Purple Tuesday, a change programme aimed at improving the customer experience for disabled people. The Company established new commitments to make its marketplace more inclusive for disabled communities, such as providing keyboard-only access throughout the site to help people who prefer not to, or can't, use a mouse, as well as adequate colour contrast across the site and apps for people with colour deficiencies or low-vision. The Company also issued advice to its sellers to implement features that would allow for more disabled people to shop on the marketplace with ease.

Supporting a circular economy

Promoting a circular economy is critical to the long-term sustainability and growth of the Company. The Company is a subsidiary of a global business that in 2021 set ambitious greenhouse gas (GHG) targets approved by the Science Based Targets initiative (SBTi). As part of this, eBay Inc. has committed to reduce its scope 1 and scope 2 emissions by 90% by 2030 from a 2019 base year, and has committed to reduce scope 3 emissions from downstream transportation and distribution by 20% in the same timeframe.

In 2021, the Company's offices and data centres in the UK became carbon neutral, while also committing to prioritise reducing its footprint and offset any remaining emissions to be carbon neutral from this year on.

The Company continues to implement a number of activities to incentivise and promote refurbished goods through a range of programmes. The Certified and Seller Refurbished programme covers refurbished goods in the tech and home and garden category from over 70 participating sellers. In 2021, 160,000 Certified Refurbished items were sold on the platform.

In the vehicle parts and accessories category the Company has been partnering with insurers, including Aviva and LV, on a further refurbished programme to pilot recycled car parts (also known as 'green parts') to provide a more sustainable alternative to car owners. This includes working with green parts sellers to ensure that every product sold is supplied by an independently certified automotive recycler so that buyers are reassured that their cars will be repaired with reliable parts. In 2021, the Company also began working with who can fix my car to provide access to green parts to over 8,000 garages.

ON BEHALF OF THE BOARD

DocSigned by:

Murray Lambell

E791CC7FF0B2498... Date: 30 September 2022

Murray Lambell – Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the audited financial statements for the year ended 31 December 2021.

Future developments

The Company intends to continue operating in the area of internet marketplaces, performing marketing and related activities for the eBay UK marketplace and group, as well as to invoice and collect the fees from the seller in the UK.

Financial instruments

The Company finances its activities using equity from eBay Inc. or its subsidiaries and through its past profits. Overdrafts are used to satisfy short-term cash flow requirements.

The Company also enters into derivative transactions, including principally forward currency contracts and options. The purpose is to manage the currency risks arising from the Company's operations.

Use of derivatives

The Company uses forward foreign currency contracts and options to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material collections and payments in a foreign currency.

Political donations

There were no political donations for the year ended 31 December 2021.

Dividends

The directors do 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.

Going concern

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 continues to evaluate the actual and potential effects of COVID-19 and the general downturn in economic conditions in the UK on its activities and business and concluded that they do not have a material impact on the Company's ability to continue as a going concern.

Financial risk management

The Company operations expose it to a number of financial risks that include but are 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 directors do 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.

Foreign branches

The branch in Italy continued with their operations during the financial year. The branch in France was liquidated in October 2021.

Subsequent events

On 22 June 2022, eBay (UK) Ltd acquired KnownOrigin, a business established in Manchester, UK.

Employee involvement

During the year, the policy of providing employees with information about the company has 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.

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.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Suppliers, customers and others

In the Strategic report, within the Section 172 (1) Statement on pages 3 and 4, the directors have summarised how they have engaged with suppliers, customers and others in a business relationship.

Directors

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

Alec Patrick Latimer (Appointed 14 April 2014)

Murray Lambell (Appointed 1 July 2018)

Sujit Sudhi Nair (Appointed 1 December 2020)

Streamlined Energy and Carbon

The Company has submitted its second Streamlined Energy & Carbon reporting for the year 2021. Reporting was based on UK government emission conversion factors for greenhouse gas. The intensity carbon ratio was tCO₂e per £1.4 Billion (2021: 1.3 Billion) turnover and the energy consumption used to calculate emissions was 891,705 kWh (2020: 904,393 kWh), the total gross emissions (tCO₂e) with location based were 187 (2020: 194) (total gross emissions tCO₂e per millions of turnover (£) is 0.13 (2020: 0.15)).

The following information was used to compile the SECR reports for the year 2021 and the emissions:

Gas and electricity consumption (related to UK office operations)

Gas consumption was 207,651 kWh (2020: 342,229 kWh). Emissions from the combustion of gas (tCO₂e) were 59 (2020: 63). Electricity was purchased from a renewable energy supplier and consumption was 445,965 kWh (2020: 555,443). Emissions from electricity were 125 (2020: 129) (tCO₂e).

Grey fleet mileage derived from the total £ claimed in 2021 with the HMRC business travel rate.

The Company does not operate any company fleet vehicles. Data related to the grey fleet via total expenditure are included. The Company used the average refund rate from Her Majesty's Revenue and Custom (HMRC) of £0.41 (2020: £0.45) per mile for the 11,000 miles in the tax year. Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel were 3.26 (2020: 1.68) (tCO₂e).

eBay's emissions have been verified to a limited level of assurance by an external third party, Veolia ES UK, according to the ISO 14064-1 standard.

Methodology used to calculate the total energy consumption (kWh):

As per Defra guidance, data for fuels or mileage available in kg, L or m³ were converted in gross calorific value (GCV) kWh, whereas mileage data available in miles or km was converted in net calorific value (NCV) kWh. These were added to the GCV kWh data from natural gas consumption and electricity consumption.

Dual reporting scope 2 - Electricity emissions:

The dual reporting presents the electricity emissions through a location-based method alongside a market-based method. The location-based method accounts for emissions via the grid-average factor from Defra and does not differentiate the source of electricity. The SECR guidance requires at minimum to report scope 2 emissions through a location-based method, but companies are encouraged to disclose the market-based method when relevant. This is the case for eBay, which has a Renewable Electricity Power Purchase Agreement with Haven power.

No energy efficiency actions were reported in 2021 for eBay.

The intensity ratio selected has been calculated by dividing our scope 1 and 2 emissions (market-based) by our revenue. We believe revenue to be the most suitable metric for our intensity metric as it is a common business metric for our industry sector.

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.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)**

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 independent 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

DocuSigned by:

Murray Lambell

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Murray Lambell – Director

Date: 30 September 2022



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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year 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 as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 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 Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, data protection and anti-money laundering regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential management bias in accounting estimates and the inappropriate posting of journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions with management and the Company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgments made by management in their significant accounting estimates;
- Identifying and testing unusual journal entries, in particular those with an unusual account combination; and
- Assessing the financial statement disclosures and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.



Jonathan Ford (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

30 September 2022

STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 December 2021

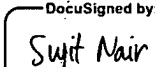
	Note	2021 £'000	2020 £'000
Revenue	4	1,416,264	1,336,749
Cost of sales		<u>(1,379,579)</u>	<u>(1,301,139)</u>
Operating profit	5	36,685	35,610
Finance income	8	23	146
Finance costs	8	<u>(291)</u>	<u>(917)</u>
Profit before taxation		36,417	34,839
Income tax expense	9	(6,133)	(5,571)
Profit for the financial year		<u>30,284</u>	<u>29,268</u>
Other comprehensive income for the year: Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		<u>91</u>	<u>(1,477)</u>
Total comprehensive income for the year		<u>30,375</u>	<u>27,791</u>

The above results were derived from continuing operations. The notes on pages 14 to 27 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION**As at 31 December 2021**

	Note	2021 £'000	2020 £'000
Fixed Assets			
Tangible assets	10	1,704	2,000
Right of use asset	15	3,873	7,590
Deferred income tax asset	9	2,357	2,113
		<u>7,934</u>	<u>11,703</u>
Current assets			
Trade and other receivables: amounts falling due within one year	11	79,210	122,603
Trade and other receivables: amounts falling due after more than one year	11	27	30
Cash and cash equivalents		<u>209,478</u>	<u>138,297</u>
		<u>288,715</u>	<u>260,930</u>
Creditors: amounts falling due within one year	12	<u>(226,227)</u>	<u>(225,623)</u>
Net current assets		<u>62,488</u>	<u>35,307</u>
Total assets less current liabilities		<u>70,422</u>	<u>47,010</u>
Creditors: amounts falling due after more than one year	13	(3,461)	(6,957)
Provisions for liabilities	14	<u>(498)</u>	<u>(405)</u>
Net assets		<u>66,463</u>	<u>39,648</u>
Equity			
Called up share capital	16	2,451	2,451
Share premium account		6,853	6,853
Foreign currency translation reserve		728	1,132
Retained earnings		56,431	29,212
Total shareholders' funds		<u>66,463</u>	<u>39,648</u>

The notes on pages 14 to 27 form an integral part of these financial statements. The financial statements on pages 11 to 27 were approved by the board of directors on 30 September 2022 and were signed on its behalf by:

DocuSigned by:

 P442E780F62F4ED Date: 30 September 2022

Sujit Sudhi Nair – Director

eBay (UK) Limited (Registered number: 0372602)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Ordinary Shares	Share premium account	Capital contributions	Retained Earnings	Foreign currency translation reserve	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	2,451	6,853	-	95,834	664	105,802
Dividend to eBay Marketplaces GmbH	-	-	-	(95,000)	-	(95,000)
Equity contributed by parent under equity incentive plans	-	-	6,853	-	-	6,853
Payments to parent for intrinsic value of share incentives exercised	-	-	(7,743)	-	-	(7,743)
Share based compensation excess recharge	-	-	890	(890)	-	-
Profit for the Financial Year	-	-	-	29,268	-	29,268
Currency Translation	-	-	-	-	468	468
At 31 December 2020	2,451	6,853	-	29,212	1,132	39,648
Equity contributed by parent under equity incentive plans	-	-	10,160	-	-	10,160
Payments to parent for intrinsic value of share incentives exercised	-	-	(10,565)	-	-	(10,565)
Share based compensation excess recharge	-	-	405	(405)	-	-
Reclass of balances from deregistered Australian branch to retained earnings	-	-	-	(2,660)	-	(2,660)
Profit for the financial year	-	-	-	30,284	-	30,284
Currency translation	-	-	-	-	(404)	(404)
At 31 December 2021	2,451	6,853	-	56,431	728	66,463

The notes on pages 14 to 27 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1. General information

eBay (UK) Limited (the "Company") is a wholly owned subsidiary of eBay Marketplaces GmbH, incorporated in Switzerland with the ultimate parent being eBay Inc., a global internet company incorporated in the United States of America ("US"), which offers an internet based trading community.

The primary business of the Company is the operation of the eBay internet marketplace in the UK. In this capacity the Company promotes the use of the platform in the UK by both sellers and buyers and collects fees from registered UK sellers as well as fees from third parties for advertising appearing on the platform.

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 1 More London Place, London, United Kingdom, SE1 2AF.

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.

Exemptions applied in preparation of financial statements

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)
- With respect to IFRS 15 disclosure exemptions from the second sentence of paragraph 110, and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129; and
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

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

Revenue

Revenue represents the revenue excluding value added tax.

Revenue from the collection of fees from UK registered sellers: The Company generates net transaction revenues primarily from final value fees and listing fees paid by sellers. Final value fee revenues are recognised at the time that the transaction is successfully closed, while listing fee revenues are recognised rateably over the estimated period of the listing. An auction transaction is considered successfully closed when at least one buyer has bid above the seller's specified minimum price or reserve price, whichever is higher, and the end of the transaction term.

Advertising revenue is recognised at the point when the service is delivered. Advertising revenues on contracts are recognised as "impressions" (i.e. the number of times that an advertisement appears in pages viewed by users of our websites) are delivered, or as "clicks" (which are generated each time users on our websites click through our advertisements to an advertiser's designated website) are provided to advertisers. Revenues related to fees for listing items on our classified websites are recognised over the estimated period of the classified listing.

Cost of sales

Cost of sales includes all the services, salaries, depreciation and other operating costs that 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 include 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 instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The company has changed its accounting policy for leases where the company is the lessee. The impact of the change is explained in the note above. Prior to this change, leases of property, plant and equipment where the company, as lessee, had substantially all the risks and rewards of ownership classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI Criterion").

The Company has classified derivative assets as being financial assets at FVPL.

Financial assets are initially measured at their fair value. For the purposes of subsequent measurement, all of the Company's financial assets are classified as financial assets at amortised cost. Financial assets at amortised cost comprise of assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI Criterion. This category includes the Company's debtors and cash and cash equivalents. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historical 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
Leasehold 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.

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 temporary 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 shares granted to employees is charged to the profit and loss account over the vesting period of the shares. For taxation purposes, a deduction against taxable profit is only allowable when the shares are sold 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 grants 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 year. 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.

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Deferred taxation (continued)

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.

Grant

Government grant receivables in respect of employment costs are credited to the Statement of comprehensive income to match the related expense.

Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate at the date of the transaction. All differences on exchange are taken to the Statement of comprehensive income.

The exchange rates used to translate the balances of the branches in Europe to GBP-denominated balances into Euro as at the balance sheet date are as follows:

31 December 2021		31 December 2020	
Euro	GBP	Euro	GBP
1.0000	0.841452	1.0000	0.908478

Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise lease termination penalties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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.

Employee benefits

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 year.

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Summary of significant accounting policies (continued)

Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees as consideration for equity instruments (restricted shares) 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 grants are 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 shares 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 granted shares 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 circumstance 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.

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.

4. Revenue

Revenue and profit before income tax derive from the principal activities of the Company, being the collection of the fees for the eBay sellers in the UK and advertising sales.

	2021	2020
	£'000	£'000
UK Seller fees	1,218,394	1,138,985
Advertising Revenue:		
UK	190,705	190,345
Europe	7,165	7,419
	<u>197,870</u>	<u>197,764</u>
Total	<u>1,416,264</u>	<u>1,336,749</u>

Notes to the financial statements for the year ended 31 December 2021 (continued)

5. Operating profit

	2021	2020
	£'000	£'000
The operating profit is stated after charging/(crediting):		
Audit of the Company's financial statements	173	165
Foreign exchange loss/(gain)	732	(469)
Depreciation - owned assets	1,028	1,088
Depreciation - leased assets	3,659	3,826
Operating lease charges (land and buildings)	101	462
Loss/(gain) on disposal	1	(1)
Digital services tax	29,916	23,750

6. Staff costs

	2021	2020
	£'000	£'000
Staff costs consist of:		
Wages and salaries	34,918	28,358
Social security costs	5,478	4,558
Other pension costs	1,877	1,480
Share-based compensation	10,160	6,853
Total staff costs	52,433	41,249

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

	2021	2020
By activity:	Number	Number
Management	40	32
Administration and operations	322	268
Total	362	300

7. Directors' remuneration

Directors' remuneration:

	2021	2020
	£'000	£'000
Aggregate emoluments excluding pension contributions	902	858
Aggregate Company contributions to the stakeholder pension plan for the directors	26	37
	928	895

Directors' share options:

	2021	2020
	Number	Number
Number of directors who exercised share options	None	None
Number of directors in respect of whose services shares were received or receivable under long term incentive schemes	3	3
Number of directors to whom retirement benefits were accruing under the stakeholder pension plan	3	3

Notes to the financial statements for the year ended 31 December 2021 (continued)

7. Directors' remuneration (continued)

Highest paid director's remuneration:	2021	2020
	£'000	£'000
Aggregate emoluments excluding pension contributions	463	432
Company contributions to the stakeholder pension plan	-	13
	463	445

The highest paid director in 2021 did not exercise any options (2020: none exercised). The highest paid director in 2021 received shares.

8. Finance income and finance costs

	2021	2020
	£'000	£'000
Finance Income:		
Bank interest income	23	146
Total finance income	23	146
Finance Costs:		
Bank interest expense	(62)	(575)
Lease interest expense	(229)	(342)
Tax interest expense	-	-
Total finance costs	(291)	(917)
Total finance expense	(268)	(771)

9. Income tax expense

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax for current year before group tax relief	6,687	6,120
Double tax relief for current year	(198)	(204)
UK corporation tax for current year after double tax relief	6,489	5,916
Adjustment in respect of UK corporation tax previous year	(592)	3
Adjustment due to misstatement	67	-
Net UK corporation tax	5,964	5,919
Foreign tax for current year	413	204
Total current tax	6,377	6,123
Deferred tax:		
Origination and reversal of timing differences	679	(394)
Change in tax rate	(729)	(158)
Adjustments in respect of prior years	(194)	-
Total deferred tax	(244)	(552)
Tax on profit	6,133	5,571

Notes to the financial statements for the year ended 31 December 2021 (continued)

9. Income tax expense (continued)

The factors affecting the tax charge for the year are detailed below.

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

	2021 £'000	2020 £'000
Profit before taxation	36,417	34,839
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2019: 19%):	6,919	6,619
Effects of:		
Deferred tax not recognised	-	517
Fixed asset differences	5	-
Foreign tax credits	215	-
Group relief surrendered & claimed	-	(634)
Permanent difference on share-based compensation	(1,586)	(874)
Expenses not deductible for tax purposes	1,931	99
Adjusted tax charge in respect of previous periods-deferred tax	(194)	-
Remeasurement of deferred tax for change in tax rate	(565)	(159)
Adjustments in respect of prior years	(592)	3
Total tax charge for the year	6,133	5,571

Deferred tax asset

Provided at tax rate of 19% (2020: 19%):

	2021 £'000	2020 £'000
Opening balance	2,113	1,561
Credited to profit and loss account and equity for the year	244	552
Closing balance	2,357	2,113

	2021 £'000	2020 £'000
The above deferred tax asset comprised:		
Depreciation in excess of capital allowances	606	357
Stock-based compensation expense temporary difference	1,751	1,756
Total deferred tax	2,357	2,113

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 31 December 2021, the impact would have been to reduce the deferred tax liability by £566m with a corresponding credit to the income statement.

Notes to the financial statements for the year ended 31 December 2021 (continued)

10. Tangible assets

	Leasehold improvements £'000	Computer equipment £'000	Office furniture and other equipment £'000	Total £'000
Cost				
At 1 January 2020	6,709	11,268	2,975	20,952
Additions	48	1,195	131	1,374
Disposals	-	(679)	1	(678)
Transfer	-	164	-	164
At 31 December 2020	6,757	11,948	3,107	21,812
At 1 January 2021	6,757	11,948	3,107	21,812
Additions	93	598	75	766
Disposals	-	(68)	-	(68)
Transfer	-	(42)	-	(42)
Changes in opening balances	(330)	(334)	(264)	(928)
At 31 December 2021	6,520	12,102	2,918	21,540
Accumulated depreciation				
At 1 January 2020	6,471	9,910	2,946	19,327
Charge for the year	109	939	40	1,088
Disposals	-	(679)	-	(679)
Transfer	-	76	-	76
At 31 December 2020	6,580	10,246	2,986	19,812
At 1 January 2021	6,580	10,246	2,986	19,812
Charge for the year	105	884	39	1,028
Disposals	-	(68)	-	(68)
Transfer	-	(47)	-	(47)
Changes in opening balances	(349)	(317)	(223)	(889)
At 31 December 2021	6,336	10,698	2,802	19,836
Net book amount				
At 31 December 2020	177	1,702	121	2,000
At 31 December 2021	184	1,404	116	1,704

Notes to the financial statements for the year ended 31 December 2021 (continued)

11. Trade and other receivables

	At 31 December 2021 £'000	At 31 December 2020 £'000
Trade and other receivables: amounts falling due within one year		
Trade debtors	6,776	15,783
Amounts owed by group undertakings	60,714	50,999
Prepayments and accrued income	9,676	53,900
Corporation tax receivable	2,044	1,921
Total trade and other receivables	79,210	122,603

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

The income tax receivables in 2020 are reclassified from creditors to debtors.

Trade and other receivables: amounts falling due after more than one year

	At 31 December 2021 £'000	At 31 December 2020 £'000
Other debtors	27	30
	<u>27</u>	<u>30</u>
Total debtors	79,237	122,633

12. Creditors: amounts falling due within one year

	At 31 December 2021 £'000	At 31 December 2020 £'000
Trade creditors	1,538	7,324
Amounts owed to fellow subsidiary undertakings	108,957	138,630
Taxation and social security	41,190	45,464
Accruals and deferred income	73,044	32,059
Lease liability	1,498	2,146
Total	226,227	225,623

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

The income tax receivables in 2020 are reclassified from creditors to debtors.

13. Creditors: amounts falling due after more than one year

	At 31 December 2021 £'000	At 31 December 2020 £'000
Accruals and deferred income	541	440
Lease liability	2,920	6,517
Total	3,461	6,957

Notes to the financial statements for the year ended 31 December 2021 (continued)

14. Provisions for liabilities

	At 31 December 2021 £'000	At 31 December 2020 £'000
Dilapidations provision	498	405

A provision has been made in respect of the anticipated cost of de-commissioning the alterations made within the leasehold properties occupied by the Company. The provision is included in the cost of the leasehold properties in fixed assets and is being depreciated over the lease term. The leases were renewed in March 2015 and will be subject to renewal in March 2025.

15. Leases

The company has operating leases for office space and data centres. WPR-447 lease was transferred to Gumtree UK Limited on June 2021.

	At 31 December 2021 £'000	At 31 December 2020 £'000
Assets		
Operating lease right-of-use assets: additions	7,532	11,416
Accumulated depreciation of operating leases	(3,659)	(3,826)
Total leased assets	3,873	7,590
Liabilities		
Short term debts	(1,498)	(2,146)
Long term debts	(2,920)	(6,517)
Total lease liabilities	(4,418)	(8,663)
Lease costs		
Operating lease costs	1,632	1,806
Interest on lease liabilities	228	343
Gain on lease termination	(315)	-
Variable lease payment expense	13	(25)
Total lease costs	1,558	2,124

Future minimum lease payments as at 31 December 2021 are as follows:

	Operating £'000	Finance £'000
2022	1,630	(130)
2023	1,522	(85)
2024	1,512	(32)
Total	4,664	(247)

Notes to the financial statements for the year ended 31 December 2021 (continued)**15. Leases (continued)****Summary of lease terms and discount rates at 31 December 2021**

Weighted average remaining lease term	2.90 years
Weighted average discount rate	3.42 %

Supplemental information at 31 December 2021

Operating cash flow from operating leases	£'000
	1,867

16. Called up share capital

	2021	2020
	£'000	£'000
Allotted, issued and fully paid		
2,451,003 (2020: 2,451,003) ordinary shares at £1 each	2,451	2,451

17. 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.

	2021	2020
Number of employees at 31 December	311	257
Expense in the year (£'000)	1,861	1,369
Year-end accrual (£'000)	6	33

18. Share-based benefit plans**Equity incentive plans**

Employees participate in eBay's equity incentive plans. Restricted stock units are granted to eligible employees under equity incentive plans. In general, restricted stock units vest in equal quarterly instalments over a period of three to five years, are subject to the employees' continuing service to eBay and do not have an expiration date. The cost of restricted stock units is determined using the fair value of eBay's Common Stock on date of grant.

The Company amortises the share-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 restricted stock unit grants under the employee stock incentive plans as an expense under IFRS 2 is GBP 10,159,817 for the year ended 31 December 2021 (2020: GBP 6,852,862).

Employee stock purchase plan

The Company's 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.

Notes to the financial statements for the year ended 31 December 2021 (continued)**18. Share-based benefit plans (continued)**

The following table summarises information about restricted stock units outstanding at 31 December 2021:

Grant- vest	Expiry year	Exercise price in GBP	Number of shares outstanding at 31 December 2021	Number of shares outstanding at 31 December 2020
2017	2024	27.33	-	26,626
2018	2025	26.85	9,912	55,732
2019	2026	27.34	52,618	113,664
2020	2027	26.27	147,195	327,725
2021	2028	47.29	196,466	-
			406,191	523,747

19. Subsequent events

On 22 June 2022, eBay (UK) Ltd acquired KnownOrigin, a business established in Manchester, UK.

20. Controlling parties

The Company is a wholly owned subsidiary of eBay Marketplaces GmbH, Bern Switzerland.

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.