

Company registration number: 06076185

Kayak Software (UK) Limited

Financial statements

For the year ended 31 December 2017



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25/09/2018
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Kayak Software (UK) Limited

**Directors and other information
Year ended 31 December 2017**

Directors	Daniel Stephen Hafner Annie Rebecca Wilson Benjamin Berman	(Appointed 6 June 2017) (Appointed 12 June 2017)
Secretary	Vistra Registrars (UK) Limited	
Company number	06076185	
Registered office	3rd Floor 11-12 St James's Square London SW1Y 4LB	
Business address	38 Chancery Lane London WC2A 1EN	
Auditor	Deloitte LLP Statutory Auditor Cambridge United Kingdom	

Kayak Software (UK) Limited

Directors' report Year ended 31 December 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Incorporation

The Company was incorporated on 31 January 2007 as Kayak Software (UK) Limited.

Directors

The directors who served the Company during the year were as follows:

D S Hafner

A R Wilson (appointed 06/06/2017)

B S Berman (appointed 12/06/2017)

Principal activities and key performance indicators

The principal activity of the Company is to provide management and commercial services to KAYAK Europe GmbH in order to send referrals to travel suppliers and online travel agencies, and to facilitate bookings through KAYAK's websites and mobile applications and offer advertising placements on KAYAK's websites and mobile applications. The Company receives service revenue based on this agreement.

Booking Holdings Inc., the Company's ultimate parent undertaking and controlling party, uses revenue, queries and EBITDA as performance indicators when reviewing the overall performance of the business. Due to the nature of the Company and its activities, the Company's Directors do not consider that there are appropriate Company specific KPIs to measure the Company's performance.

Results

The audited financial statements for the year ended 31 December 2017 are set out on page 9 to 21. The loss for the period, after taxation, is £572,103 compared with 2016 loss of £1,052,069.

Going concern

The Company has obtained support from Booking Holdings Inc. confirming that they will guarantee that Kayak Software (UK) Limited will be able to meet all obligations as they fall due for at least 12 months from the date of signing the financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the financial statements.

The Company's current activities are expected to continue for the foreseeable future.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally

Kayak Software (UK) Limited

**Directors' report
Year ended 31 December 2017**

Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The directors have taken advantage of the small companies' exemption provided by small company provision of the Companies Act 2006 not to prepare a strategic report.

This report was approved by the board of directors on 20th of September 2018 and signed on behalf of the board by:



Annie Rebecca Wilson
Director

Kayak Software (UK) Limited
Independent auditor's report to the members of
Kayak Software (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Kayak Software (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 20.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Kayak Software (UK) Limited

Independent auditor's report to the members of Kayak Software (UK) Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Kayak Software (UK) Limited

**Independent auditor's report to the members of
Kayak Software (UK) Limited**

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

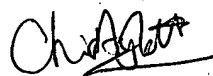
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Aylott (senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory auditor

Cambridge, United Kingdom

Date: 20 September 2018

Kayak Software (UK) Limited

Income statement
Year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	2,739,779	2,576,322
Cost of sales		<u>(2,328,559)</u>	<u>(2,466,952)</u>
Gross profit		411,220	109,370
Administrative expenses		<u>(656,339)</u>	<u>(980,650)</u>
Operating loss	5	(245,119)	(871,280)
Interest expense		(15,990)	-
Loss before taxation		<u>(261,109)</u>	<u>(871,280)</u>
Tax charge on loss	8	<u>(310,994)</u>	<u>(180,789)</u>
Loss for the financial year		<u><u>(572,103)</u></u>	<u><u>(1,052,069)</u></u>

All the activities of the company are from continuing operations.

The company has no other recognized items of income and expenses other than the results for the year as set out above.

Kayak Software (UK) Limited

**Statement of financial position
31 December 2017**

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	43,817	130,539
Current assets			
Debtors	10	143,423	425,339
Cash at bank and in hand		<u>5,101,252</u>	<u>2,242,123</u>
		5,244,675	2,667,462
Creditors: amounts falling due within one year	11	<u>(2,334,271)</u>	<u>(2,325,120)</u>
Net current assets		<u>2,910,404</u>	<u>342,342</u>
Total assets less current liabilities		<u>2,954,221</u>	<u>472,881</u>
Creditors: amounts falling due after more than one year	12	<u>(6,000,663)</u>	<u>(3,171,599)</u>
Net liabilities		<u>(3,046,442)</u>	<u>(2,698,718)</u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	<u>(3,046,443)</u>	<u>(2,698,719)</u>
Shareholders' deficit		<u>(3,046,442)</u>	<u>(2,698,718)</u>

These financial statements were approved by the board of directors and authorized for issue on 20th of September 2018, and are signed on behalf of the board by:



Annie Rebecca Wilson
Director

Company registration number: 06076185

Kayak Software (UK) Limited

**Statement of changes in equity
Year ended 31 December 2017**

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2016	1	(1,646,650)	(1,646,649)
Loss for the year	-	(1,052,069)	(1,052,069)
Total equity movement for the year	-	(1,052,069)	(1,052,069)
At 31 December 2016 and 1 January 2017	1	(2,698,719)	(2,698,718)
Share based payment reserve	-	224,378	224,378
Loss for the year	-	(572,103)	(572,103)
Total equity movement for the year	-	(347,724)	(347,724)
At 31 December 2017	1	(3,046,443)	(3,046,442)

Kayak Software (UK) Limited

Notes to the financial statements Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Kayak Software (UK) Limited, 3rd Floor, 11-12 St James's Square, London SW1Y 4LB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The financial statements are prepared in sterling, which is the functional currency of the entity. The company has taken advantage of the exemption in FRS 102 under paragraph 1.12 (c) which allows exemption of the requirements of Section 7 Statement of cash flows and Section 3 Financial Statement Presentation paragraph 3.17(d) in relation to cash flows.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The Directors believe that the company will be in a position to meet its financial obligations as they fall due where reliance can be called upon from the parent if necessary. The Directors confirm that they have complied with the requirements of the Companies Act 2006. Based on the assessment they have made of the company's financial situation, they have concluded that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

Turnover

Turnover represent the invoiced value of service revenue received from KAYAK Europe GmbH as a compensation for expenses based on the loss split.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognized in the reporting period. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in capital and reserves. In this case, tax is recognized in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognized on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognized to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Interest expense

The company has a long-term loan agreement with Priceline Group Treasury Company B.V. amounting to £6,000,663 at 31 December 2017. The loan bears a monthly interest equal to one-month GBP Libor in effect on the last business day of each month. The interest related to 2017 amounting to £15,990 is presented in creditors: amounts falling due within one year.

Tangible assets

Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	- Shorter of useful life or lease term
Fittings fixtures and equipment	- 20.00% straight line
Computer	- 33.33% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the period in which the related service is provided. Prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. This is based upon the company's estimate of the shares or share options that will eventually vest which considers all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates. Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met. The company reimburses Booking Holdings Inc. for the share-based payments provided to its employees. Share based payments are reimbursed based on its fair value at the date of vesting and is netted off against share-based payments charge in the statements of changes in equity.

Cash flow statement

The company has taken advantage of the exemption in FRS 102 under paragraph 1.12 (c) which allows exemption of the requirements of Section 7 Statement of cash flows and Section 3 Financial Statement Presentation paragraph 3.17(d) in relation to cash flows. No statement of cash flows has been prepared. The parent of the Group is Kayak Software, Inc. and its accounts can be obtained from 7 Market Street, Stamford, CT 06902, USA.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Intercompany management fees	<u>2,739,779</u>	<u>2,576,322</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Kayak Software (UK) Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

5. Loss for the year

Loss for the year is stated after (charging)/crediting:

	2017 £	2016 £
Intercompany management fees	2,739,779	2,576,322
Wages and salaries	(1,876,101)	(1,860,742)
Equity-settled share-based payment expense	(120,081)	(139,311)
Social security contributions	(280,758)	(424,346)
Pension costs - staff	(51,620)	(42,553)
Cost of sales	<u>(2,328,559)</u>	<u>(2,466,952)</u>
Rent	(101,096)	(161,100)
Recruitment fee	(14,319)	(835)
Telephone & utilities	(28,273)	(33,098)
Supplies and shipping costs	(33,572)	(11,028)
Conference	(6,744)	(9,960)
Staff travel expenses	(218,938)	(220,392)
Unrealised fx (loss)/gain through P&L	28,855	(16,851)
Travel & entertainment	(66,602)	(41,138)
Legal and profesional	(6,607)	(41,017)
Accountancy & payroll fees	(80,819)	(74,469)
Bank charges	(5,984)	(3,415)
(Loss)/gain on exchange	18,345	(335,273)
General expenses	(14,392)	(3,750)
Business taxes and fees	(2,351)	(226)
Depreciation on furniture & equipment	(33,088)	(28,097)
Loss on disposal of tangible assets	<u>(90,753)</u>	<u>-</u>
Administrative expenses	<u>(656,339)</u>	<u>(980,650)</u>
Interest expense	(15,990)	-
Tax expense	(310,994)	(180,789)
Loss for the financial year	<u><u>(572,103)</u></u>	<u><u>(1,052,069)</u></u>

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
Sales	1	8
Commercial	16	8
Marketing	2	3
Technology	1	-
Corporate	-	1
	<u>20</u>	<u>20</u>

The aggregate payroll costs incurred during the year were:

	2017	2016
	£	£
Wages and salaries	1,996,182	2,000,053
Social security costs	280,758	424,346
Other pension costs	51,620	42,553
	<u>2,328,559</u>	<u>2,466,952</u>

7. Directors remuneration

The company has taken advantage of the exemptions provided by FRS 102 and not disclosed the directors' remuneration. One of the directors was remunerated through Kayak Software (UK) Limited during the year ended 2017 while the others were remunerated through Kayak Software Corporation in the United States for the years ended 31 December 2016 and 31 December 2017.

8. Tax on loss

Major components of tax expense:

	2017	2016
	£	£
Deferred tax	313,300	180,789
Origination and reversal of timing differences	(2,306)	-
Adjustment in respect of prior years	<u>310,994</u>	<u>180,789</u>
Tax on loss		

Reconciliation of tax expense

The tax assessed on the loss for the year is higher than the standard rate of corporation tax in the UK (2016- higher than the standard rate of corporation tax in the UK) of 19.00% (2016: 20.00%).

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

	2017 £	2016 £
Loss before taxation	(261,109)	(871,280)
Tax on loss at the UK corporation tax rate of 19% (2016:20%)	(49,611)	(174,256)
Effect of expenses not deductible for tax purposes	7,875	6,340
Effect of capital allowances and depreciation	(2,233)	2,529
Change in tax rates of tax calculation	-	32,876
Adjustment in respect of prior years	(2,306)	-
Deferred tax not recognized	357,269	313,300
Tax on loss	310,994	180,789

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from April 2020, was substantively enacted upon 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

9. Tangible assets

	Leasehold improvements £	Fixtures and equipment £	Computers and servers £	Total £
Cost				
At 1 January 2017	107,327	63,351	32,541	203,219
Additions	-	14,135	29,795	43,930
Disposals	(107,327)	(36,604)	(16,812)	(160,743)
At 31 December 2017	-	40,882	45,524	86,407
Depreciation				
At 1 January 2017	23,625	28,455	22,966	75,046
Charge for the year	7,358	13,649	12,081	33,088
Disposals	(30,984)	(20,384)	(14,175)	(65,543)
At 31 December 2017	-	21,719	20,872	42,591
Carrying amount at 31 December 2017	-	19,163	24,653	43,817
At 31 December 2016	83,702	37,262	9,575	130,539

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

10. Debtors

	2017	2016
	£	£
Trade debtors	342	5,500
Amounts owed by group undertakings	26,328	5,420
Deferred tax asset (note 13)	-	310,993
Prepayments and accrued income	17,912	12,858
Other debtors	98,841	90,568
	<u>143,423</u>	<u>425,339</u>

The amounts owed by group undertakings are interest free and receivable on demand.

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1	219,618
Amounts owed to group undertakings	1,982,256	1,685,731
Accruals and deferred income	352,014	396,649
Social security and other taxes	-	23,122
	<u>2,334,271</u>	<u>2,325,120</u>

The amounts owed to group undertakings are interest free and repayable on demand.

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

	2017	2016
	£	£
Amount owed to group undertakings	6,000,663	3,171,599

This amount owed to group undertakings relates to a is £6,000,633 interest bearing long term loan that is unsecured. The loan bears a monthly interest equal to one-month GBP Libor in effect on the last business day of each month.

13. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in debtors (note 10)	-	310,993

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Unused tax losses	-	310,993

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

14. Employee benefits

The amount recognized in profit or loss in relation to defined contribution plans was £51,620 (2016: £42,553).

15. Share-based payments

Stock options

Stock options were awarded to certain KAYAK Software (UK) employees before the acquisition by Booking Holdings Inc. Upon the acquisition, the KAYAK stock option grants were converted into Booking Holdings' stock option grants based on a merger conversion ratio. Stock options must be exercised and purchased within 10 years of the grant date or they will expire. All unvested shares are forfeited or cancelled upon termination, unless otherwise provided in the Stock Option Agreement. The vesting happens over four years and the first year is a cliff vesting. The remainder three years vest on a monthly basis.

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	2017		2016	
	No.	WAEP £	No.	WAEP £
Outstanding at 1 January	431	585	1207	467
Exercised during the year	(243)	563	(776)	401
Forfeited during the year	(188)	563	-	-
Outstanding at 31 December	-	-	431	585
Exercisable at 31 December	-	-	431	585

The weighted average remaining contractual term as at 31 December 2017 is 0 years (in 2016: 5.92 years).

The following summarizes the assumptions relating to the company's stock options:

	2017	2016
Dividend yield	0%	0%
Expected life (in years)	0	2
Volatility	35%	35%
Risk free rate	0.28%	0.28%

Restricted stock units and Performance share units

Certain employees of the company are awarded restricted stock units (RSUs) and performance share units (PSUs) in the Booking Holdings as incentives to encourage employees to contribute to the long-term success of Booking Holdings. The RSUs and PSUs are payable in shares of Booking Holdings upon vesting, which is generally three years. The RSUs and PSUs are valued at fair value based on Booking Holding's common stock at the date of grant. Subject to certain exceptions the RSUs and PSUs are forfeited if the employee leaves the Booking Holdings before completing the required service period.

Details of the number and weighted average exercise prices (WAEP) of RSUs during the year are as follows:

Kayak Software (UK) Limited

Notes to the financial statements (continued) Year ended 31 December 2017

	2017		2016	
	No.	WAEP £	No.	WAEP £
Outstanding at 1 January	263	1,045	265	1,038
Granted during the year	116	1,283	154	1,055
Exercised during the year	(37)	989	(83)	1,030
Forfeited during the year	-	-	(73)	1,056
Outstanding at 31 December	<u>342</u>	<u>1,062</u>	<u>263</u>	<u>1,045</u>

The weighted average remaining contractual term as at 31st December 2017 is 1.3 years (in 2016 1.62 years).

The total expense recognized in loss for the year is as follows:

	2017 £	2016 £
Equity settled share-based payments	120,081	139,311

The fair value of employee stock options assumed in acquisitions was determined using the Black-Scholes model and the market value of the company's common stock at the respective acquisition dates. The fair value of restricted stock units is determined based on the number of units granted and the quoted price of the company's common stock as of the grant date. For RSUs, the value of the company's common stock is the most relevant market price to determine the fair value of the shared-based wards on the grant date.

16. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Intercompany receivable	26,328	5,420
Financial liabilities measured at amortised cost		
Intercompany loans	7,982,919	4,857,330

17. Called up share capital issued, called up and fully paid

	2017		2016	
	No	£	No	£
Ordinary share of £ 1.00 each	1	1	1	1

Kayak Software (UK) Limited

Notes to the financial statements (continued)
Year ended 31 December 2017

18. Reserves

The reserves balance consists of profit and loss reserve available to ordinary shareholders.

19. Related party transactions

The company has taken advantage of the exemptions provided by FRS 102 paragraph 33.1A and not disclosed the transactions with group undertakings where 100% of the voting rights are controlled within the group.

20. Controlling party

The company's immediate parent company is KAYAK Software Corporation (registered office at 7 Market Street Stamford, Connecticut, 06902, United States). The company's ultimate parent undertaking and controlling party is Booking Holdings Inc., a company incorporated in the United States of America, whose principal place of business is, and whose financial statements can be obtained at 800 Connecticut Avenue, Norwalk, Connecticut, 06854, United States. This is both the smallest and largest group in which the results of the company are consolidated.