

Booking.com Customer Service Center (UK) Limited

Registered number: 08515908

Directors' report and financial statements

For the year ended 31 December 2014

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BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

COMPANY INFORMATION

Directors	M Otten E Geurtsen M Anderson
Company secretary	Taylors Vinters Directors Limited
Registered number	08515908
Registered office	Block 3&4 Westbrook Centre Milton Road Cambridge CB4 1YG
Independent auditor	Deloitte LLP Chartered Accountants and Statutory Auditor St. Albans United Kingdom
Bankers	Deutsche Bank AG 10 Bishops Square (10BS/04/FB161) London United Kingdom E1 6AO

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

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BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Introduction

The directors present their strategic report for Booking.com Customer Service Center (UK) Limited for the year ended 31 December 2014.

Fair review of the company's business

Booking.com Customer Service Center (UK) Limited principal business activity is to provide customer support services towards Booking.com BV.

The directors foresee a growth in customer support services offered by Booking.com Customer Service Center (UK) Limited to Booking.com BV in line with the growth anticipated in Booking.com BV.

Financial key performance indicators

Booking.com Customer Service Center (UK) Limited's (Booking.com CSC (UK) Limited) was incorporated on 3 May 2013 and the company had no operational activities until the end of 2013. As of 1 January 2014 the customer service activities fully demerged from Booking.com Limited to Booking.com Customer Service Center (UK) Limited. Therefore, this is the first year that Booking.com Customer Service Center (UK) Limited contained a full year of service fee revenue as total of £15.1 million (2013 £3,892, only cost plus revenue on audit fees).

At 31st December 2014, the net book value of fixed assets showed as £635k (2013: nil). On 1st of January 2014 £803k was transferred from Booking.com Limited. The current assets increased to £3.7 million in 2014 (2013: £1.6 million) mainly because of the service fee revenue generated during the year based on the cost-plus structure.

The average number of employees at 31 December 2014 was 412 (2013: nil), 307 employees were transferred from Booking.com Limited in January 2014.

Principal risks and uncertainties

The healthy financial position and the cost plus structure ensure that the risks to stakeholders of Booking.com Customer Service Center (UK) Limited are minimised. The limited risks are explained below.

Financial risk management objectives and policies

Interest rate risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. This is monitored on an ongoing basis.

As all trade creditors are non-interest bearing, they do not expose the company to interest rate risk. The company does not use derivative instruments to hedge against interest rate risk.

Liquidity risk

The company has no long term liabilities and is not financed by external parties, therefore this risk can be considered as low.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

Financial risk management objectives and policies (continued)

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and mailings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employees are eligible for various benefits (e.g. Target related bonuses, pension plan, staff discount).

This report was approved by the board and signed on its behalf.



**M Otten
Director**

Date: 29.09.2015

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activity

The principal activity of the company during the year was the provision of customer support services for Booking.com BV.

Results and dividends

The profit for the year, after taxation, amounted to £1,408,543 (2013: £272).

During the year no dividends were declared or paid (2013: £nil).

Directors

The directors who served during the year and to the date of this report are as follows:

M Otten
E Geurtsen
I Kamps (resigned 1 October 2014)
M Anderson (appointed 29 September 2014)

Going concern

The directors have reviewed the going concern basis of preparation, in accordance with FRS 18 'Accounting policies'.

They have considered the principal risks and uncertainties, which include the current economic downturn and the potential adverse effect on sales and the increased inherent credit risk resulting from the downturn. The directors do not consider there to be any material uncertainties.

The directors have reviewed the latest financial position of the company and prepared a cash flow forecast for the following 24 months post year end which they consider makes appropriate allowance for these uncertainties. This shows that the company is expected to be debt free and cash generative for the foreseeable future.

Based upon the above, the directors have a reasonable expectation that the company can continue to operate for a period of at least 12 months from the date of approval of these financial statements and have therefore adopted the going concern basis of preparation.

Matters covered in the Strategic report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1. These matters relate to the fair review of the company's business, financial key performance indicators, principal risks and uncertainties and financial risk management objectives and policies.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M Otten
Director

Date: 29.09.2015

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors are responsible for preparing the strategic report, 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

We have audited the financial statements of Booking.com Customer Service Center (UK) Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Heather Bygrave (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

St. Albans, United Kingdom

Date: 29 SEPTEMBER 2012

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

		31 December 2014 £	Period ended 31 December 2013 £
	Note		
Turnover	1,2	15,100,213	3,892
Cost of sales		(11,500,246)	-
Gross profit		3,599,967	3,892
Administrative expenses		(2,226,946)	(3,538)
Operating profit	3	1,373,021	354
Interest payable and similar charges	6	(313)	-
Profit on ordinary activities before taxation		1,372,708	354
Tax on profit on ordinary activities	7	35,835	(82)
Profit for the financial year	13	1,408,543	272

All activities derive from continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account above. Accordingly no statement of total recognise gains and losses has been presented.

The notes on pages 10 to 18 form part of these financial statements.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

Registered number: 08515908

**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	8		635,352		-
Current assets					
Debtors	9	1,356,213		3,892	
Cash at bank		2,296,581		1,599,962	
		<u>3,652,794</u>		<u>1,603,854</u>	
Creditors: amounts falling due within one year	10	<u>(1,279,331)</u>		<u>(3,582)</u>	
Net current assets			<u>2,373,463</u>		<u>1,600,272</u>
Net assets			<u>3,008,815</u>		<u>1,600,272</u>
Capital and reserves					
Called up share capital	12		1,600,000		1,600,000
Profit and loss account	13		1,408,815		272
Shareholders' funds	14		<u>3,008,815</u>		<u>1,600,272</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M. Otten
Director

Date: 29.09.2015

The notes on pages 10 to 18 form part of these financial statements.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the period, are describe below.

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention.

1.2 Going concern

The directors have reviewed the going concern basis of preparation, in accordance with FRS 18 'Accounting policies'.

They have considered the principal risks and uncertainties, which include the current economic downturn and the potential adverse effect on sales and the increased inherent credit risk resulting from the downturn. The directors do not consider there to be any material uncertainties.

The directors have reviewed the latest financial position of the company and prepared a cash flow forecast which they consider makes appropriate allowance for these uncertainties. This shows that the company is expected to be debt free and cash generative for the foreseeable future.

Based upon the above, the directors have a reasonable expectation that the company can continue to operate for a period of at least 12 months from the date of approval of these financial statements and have therefore adopted the going concern basis of preparation.

1.3 Cash flow

As permitted by Financial Reporting Standard No.1 (Revised) "Cash Flow Statements" the company has not included a cash flow statement as part of its financial statements because the consolidated financial statements of its ultimate parent company, The Priceline Group Incorporated (of which Booking.com Customer Service Center (UK) Limited is a subsidiary) are publicly available.

1.4 Turnover

Turnover is based on the service agreement with Booking.com BV and recognised in the period that the service is provided.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office equipment	-	10% - 20% per annum
Computer equipment	-	33% per annum

1.6 Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing rate is shorter than the full lease term, in which case the shorter period is used.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (continued)

1.7 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the 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 a non-discounted basis.

1.8 Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Translation differences arising are dealt with in the profit and loss account.

1.9 Pension costs

The company contributes towards the personal pension plans of some of its directors and staff. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17 "Retirement Benefits" for defined contribution arrangements. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1.10 Share based payments

The company has applied the requirements of FRS 20 'Share-based payment' and UITF 44 'Group and Treasury transactions' in these financial statements. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The company's ultimate parent company issues equity-settled share-based payments to certain of the company's employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies (continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

2. Turnover

The company's turnover arises from the service agreement with Booking.com BV. Booking.com Customer Service Center (UK) Limited's principal activity is to provide customer support services towards this company.

	31 December 2014 £	Period ended 31 December 2013 £
Service fee revenue (all rest of Europe)	15,100,213	3,892

3. Operating profit

The operating profit is stated after charging/(crediting):

	31 December 2014 £	Period ended 31 December 2013 £
Depreciation of tangible fixed assets:		
- owned by the company	206,959	-
Auditor's remuneration	15,000	3,500
Operating lease rentals:		
- other operating leases	664,039	-
Difference on foreign exchange	773	-

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

4. Staff costs

Staff costs were as follows:

	31 December 2014 £	Period ended 31 December 2013 £
Wages and salaries	9,970,266	-
Social security costs	1,080,482	-
Other pension costs	162,476	-
	<u>11,213,224</u>	<u>-</u>

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

	31 December 2014 No.	Period ended 31 December 2013 No.
Administration	<u>412</u>	<u>-</u>

5. Directors' remuneration

	2014 £	2013 £
Remuneration	<u>-</u>	<u>-</u>

During the year, no director received any emoluments (2013: £nil).

6. Interest payable

	31 December 2014 £	Period ended 31 December 2013 £
On bank loans and overdrafts	<u>313</u>	<u>-</u>

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

7. Taxation

	31 December 2014 £	Period ended 31 December 2013 £
Analysis of tax (credit)/charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	-	82
Adjustments in respect of prior periods	(82)	-
Total current tax	(82)	82
Deferred tax (see note 11)		
Origination and reversal of timing differences	(35,753)	-
Tax on profit on ordinary activities	(35,835)	82

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2013: the same as) the standard rate of corporation tax in the UK of 21.49% (2013: 23%). The differences are explained below:

	31 December 2014 £	Period ended 31 December 2013 £
Profit on ordinary activities before tax	1,372,708	354
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23%)	295,038	82
Effects of:		
Fixed assets differences	401	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,196	-
Depreciation in excess of capital allowances	27,214	-
Adjustments to tax charge in respect of prior periods	(82)	-
Other short term differences	11,208	-
Group relief surrendered/(claimed)	(351,057)	-
Current tax (credit)/charge for the year/period (see note above)	(82)	82

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future tax charge accordingly. The deferred tax positions at 31 December 2014 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2014	-	-	-
Additions	8,116	31,121	39,237
Transfers from group undertakings	726,817	76,257	803,074
At 31 December 2014	734,933	107,378	842,311
Depreciation			
At 1 January 2014	-	-	-
Charge for the year	137,424	69,535	206,959
At 31 December 2014	137,424	69,535	206,959
Net book value			
At 31 December 2014	597,509	37,843	635,352
At 31 December 2013	-	-	-

9. Debtors

	2014 £	2013 £
Amounts owed by group undertakings	1,302,970	3,892
VAT receivable	17,490	-
Deferred tax asset (see note 11)	35,753	-
	1,356,213	3,892

10. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	78,309	-
Amounts owed to group undertakings	18,443	-
Corporation tax	-	82
Other taxation and social security	229,978	-
Other creditors	893,544	3,500
Accrual for share based compensation	59,057	-
	1,279,331	3,582

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11. Deferred taxation

	2014 £	2013 £
At beginning of year/period	-	-
Released during year/period (P&L)	35,753	-
At end of year/period	<u>35,753</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	25,324	-
Short term timing differences	10,429	-
	<u>35,753</u>	<u>-</u>

12. Share capital

	2014 £	2013 £
Allotted, called up and fully paid 1,600 ordinary shares of £1,000 each	<u>1,600,000</u>	<u>1,600,000</u>

13. Reserves

	Profit and loss account £
At 1 January 2014	272
Profit for the financial year	1,408,543
At 31 December 2014	<u>1,408,815</u>

14. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	1,600,272	-
Profit for the financial year/period	1,408,543	272
Shares issued during the year/period	-	1,600,000
Closing shareholders' funds	<u>3,008,815</u>	<u>1,600,272</u>

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Expiry date:		
After more than 5 years	1,651,793	-

16. Share based payments

Stock option plan

Employees of the company participate in stock option plans related to options on shares of The Priceline Group Inc. Options are exercisable at a price equal to the average quoted market price of the Priceline.com group's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Priceline.com group before the options vest.

Restricted stock units & Performance share units

Employees of the company are also awarded restricted stock units (RSUs) and performance share units (PSUs) in Priceline.com Incorporated ("Priceline") as incentives and rewards to encourage employees to contribute to the long-term success of Priceline. The RSUs and PSUs are payable in shares of Priceline upon vesting, which is generally a period of three years. Subject to certain exceptions (a change in control, death, disability, etc) the RSUs and PSUs are forfeited if the employee leaves the Priceline.com group before completing the required service period. The RSUs and PSUs are valued at fair value based on Priceline's common stock at the date of grant of the RSUs or PSUs. Stock based compensation expense for RSUs and PSUs during the vesting period includes estimated forfeitures.

The PSUs are based on the attainment of certain performance targets. Stock based compensation expense for PSUs is recorded based on the estimated probable outcome at the end of the performance period.

Details of the RSUs outstanding during the year are as follows:

	2014	2014	2013	2013
	Number of	Weighted	Number of	Weighted
	RSUs	average	RSUs	average
		grant		grant
		price		price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	75	\$1,338.24	-	-
Forfeited during the year	-	-	-	-
Vested during the year	-	-	-	-
Performance share units adjustments	-	-	-	-
Outstanding at the end of the year	75	\$1,338.24	-	-

BOOKING.COM CUSTOMER SERVICE CENTER (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16. Share based payments (continued)

The RSUs outstanding as at 31 December 2014 had a weighted average remaining contractual life of 2.25 years. In 2014, 75 RSUs were granted with estimated values of the RSUs of USD 100,368.

The company recognized total expenses of GBP 31,948 (2013: nil) related to equity-settled share-based payment transactions. The liability for share-based transactions as at balance sheet date is GBP 59,057 (2013: GBP nil).

Performance share units adjustments reflect the additional shares based on the estimated probable outcome at the end of the performance period.

The actual number of shares to be issued on vesting will be determined upon completion of the performance period.

17. Related party transactions

As 100% of the share capital of the company is indirectly owned by a group whose consolidated financial statements are publicly available, it is not required to disclose transactions with other wholly owned group undertakings that would otherwise be required under Financial Reporting Standard No. 8 'Related Party Disclosures'.

18. Ultimate parent undertaking and controlling party

100% of the issued share capital of the company is owned by Booking.com Customer Service Holding BV, a company incorporated in Netherlands whose principal place of business is at Herengracht 597, Amsterdam. The directors consider this to be the immediate parent company.

The company's ultimate parent company and controlling party is The Priceline Group Inc., a company incorporated in the United States of America, whose principal place of business is at 800 Connecticut Avenue, Norwalk, Connecticut 06854, USA and this is the smallest and largest group in which the results of the company are consolidated.