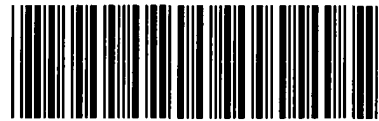


Company No: 08650665

**Amazon Web Services UK Limited**  
**Report and Financial Statements**

**31 December 2019**

TUESDAY



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**COMPANY INFORMATION**

**DIRECTORS**

Elizabeth Bauza  
Christopher Hayman

**SECRETARY**

Mitre Secretaries Limited

**REGISTERED OFFICE**

1 Principal Place  
Worship Street  
London  
EC2A 2FA  
United Kingdom

**AUDITORS**

Ernst & Young Chartered Accountants  
City Quarter  
Lapps Quay  
Cork  
Ireland

## **DIRECTORS' REPORT**

**for the year ended 31 December 2019**

The directors of Amazon Web Services UK Limited ("the Company") present the annual report containing the Directors' Report, the Strategic Report and the financial statements for the year ended 31 December 2019.

### **DIRECTORS**

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

Elizabeth Bauza (Appointed 21 January 2019)  
Christopher Hayman (Appointed 19 March 2019)  
Nadia Meliti (Resigned 31 January 2019)  
Max Peterson (Resigned 15 March 2019)

No directors held any interest in the share capital of the Company during the year.

### **DIVIDEND**

The directors do not recommend the payment of any dividends (2018: £nil).

### **EMPLOYEES**

The Company is committed to providing equal opportunities for everyone who works at the Company and anyone who applies to work for the Company.

All applications for employment from disabled persons are fully and fairly considered. In the event an employee becomes disabled, it is the Company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the Company that the training, career development and promotion opportunities for disabled persons should, as far as possible, be the same as for other employees.

The Company's aim is to ensure that all employees achieve their full potential and that employment decisions and actions are not taken on discriminatory grounds.

The directors and management of the Company ensure that all employees in the UK have the opportunity to contribute to aspects of its business. The directors encourage employees to provide feedback through email, at team meetings and through anonymous channels. Management keeps employees aware of the commercial progress of the Company's business and expects employees to ask questions, suggest improvements and raise concerns. Such dialogue is encouraged and celebrated, as it is vital to the existence of a healthy, enterprising and rewarding workplace. The result of employee engagement is referenced in the Strategic Report.

Employees are encouraged to participate in the performance of Amazon.com, Inc. and its subsidiaries, which include the Company, through ownership of Amazon.com, Inc. shares.

### **HEALTH AND SAFETY**

The Company considers that the health and safety of its workforce is very important. The Company's policy therefore sets out its commitment to health and safety. The policy applies to all employees and anyone working for the Company in any of its business units or who are visiting any of the Company's premises. It is the Company's policy to operate its business in accordance with the Health and Safety at Work Act 1974 and all applicable regulations made under this legislation so far as is reasonably practicable. This policy is regularly reviewed and revised, as appropriate, to take into account changes in circumstances or in legal requirements.

### **FINANCIAL RISK MANAGEMENT**

The directors have not disclosed the Company's financial risk management objectives and policies nor the Company's exposure to price risk, credit risk, and cash flow risk as such information is not considered material for the assessment of the Company's assets, liabilities, financial position and result for the financial year.

**DIRECTORS' REPORT (continued)**  
**for the year ended 31 December 2019**

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**ENGAGEMENT WITH CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS**

The directors of the Company strive to have a positive impact on customers, employees, small businesses and communities. Led by the directors, Amazon's employees are committed to learning and inventing on behalf of customers and supporting businesses and entrepreneurs to grow sales and reach new customers. The result of engagement with customers, suppliers and other stakeholders is referenced in the Strategic Report.

**AUDITOR**

In accordance with section 487(2) of the Companies Act 2006, Ernst and Young Chartered Accountants, will continue in office as auditor of the Company.

On behalf of the Board



Elizabeth Bauza  
Director

Date: 24.02.20

## **STRATEGIC REPORT**

**for the year ended 31 December 2019**

### **PRINCIPAL ACTIVITY**

On 1 July 2018, the Company transferred its workforce, lease and all related assets and liabilities to a group undertaking. The resulting net gain was reflected in the Statement of Comprehensive Income. The principal activity, which ceased upon the transfer of workforce, was the provision of customer services, marketing and promotional services to group undertakings.

### **GENERAL BUSINESS REVIEW**

Following cessation of the trade in 2018, no turnover was recorded for the year ended 31 December 2019 (2018: £76,650,000). Administrative expenses for the year are £3,000 (2018: £72,701,000) following the transfer of workforce, lease and all related assets and liabilities. The Company made an operating loss for the year of £3,000 (2018: profit of £3,949,000).

### **ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS**

The key performance indicator for the Company is the control of administrative expenses. As part of the budgetary process, targets are set with respect to administrative expenses, including headcount growth, in order to effectively manage the activities of the Company. Performance is reviewed on a regular basis and appropriate actions are taken as required.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is dependent on the continued success of the Amazon group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfilment centre optimisation, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, government regulation and taxation, and fraud. More information about the principal risks and uncertainties facing the group are included in Amazon.com, Inc.'s filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended 31 December 2019, and subsequent filings.

### **SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY**

The directors of the Company act in good faith to promote the success of the Company for the benefit of its shareholder. The Company operates in the UK as part of Amazon.com, Inc.'s global business ('Amazon'). Amazon's mission, as presented in its group annual report is:

*"We seek to be Earth's most customer-centric company. We are guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. In each of our segments, we serve our primary customer sets, consisting of consumers, sellers, developers, enterprises, and content creators. In addition, we provide services, such as advertising to sellers, vendors, publishers, and authors, through programs such as sponsored ads, display, and video advertising."*

Amazon has a number of physical and digital channels in place to engage with its stakeholders. Feedback gathered through such mechanisms revealed that our stakeholders wanted a better understanding of Amazon's operations in the UK, including how it supports the communities in which it operates. During the year, this led to the directors continuing to support a corporate blog (<https://www.aboutamazon.co.uk>). This approach was selected in order to provide detailed information on topics that are important to the future of the business, and to broaden its communication channels to all of its stakeholders, be they customers, suppliers, employees or the wider community. The blog provides regular updates on Amazon's presence and economic impact in the UK, relationship with small businesses, impact in the community and the continued investment in sustainability, innovation and its employees. These blogs often include economic analysis and case studies, which go deeper than the regular reporting cycle.

Amazon commissioned independent research which identified a future computer science, tech, engineering and maths ('STEM') skills shortage in the UK. In direct response to these findings, the directors supported the launch of Amazon Future Engineer, a childhood-to-career programme to inspire, enable and educate young people in computer science and coding.

**STRATEGIC REPORT (continued)**  
**for the year ended 31 December 2019**

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

The directors encourage employees to provide feedback through email, at team meetings and through anonymous channels. Through such feedback, continuous learning and development opportunities were highlighted as topics important to drive overall job satisfaction and retention. As a result, the directors continue to support investment in training and development programmes, including for the year ended 31 December 2019:

- The launch of Amazon Amplify, which is a series of initiatives designed to further increase the number of women in technology and innovation roles across our UK business.
- A new, fully funded apprenticeship programme that will provide opportunities for new recruits and existing employees during 2019 and 2020, helping create future leaders and innovators.
- The LGBT+ Reading Roadshow where Amazon donated LGBT+ literature to school libraries and facilitated LGBT+ workshops in schools with employee volunteers across the UK.

The effect of these and other initiatives has ultimately led to Amazon being:

- Ranked #1 for LinkedIn Top Companies in the UK.
- Employer of the Year at the British Ex-Forces Business Awards.
- Recognised as Most Popular Graduate Recruiter in Retail at the TargetJobs Graduate Awards.
- Ranked #1 Most Popular Employer in the UK by Glassdoor.
- Presented with the Gold Award from the Ministry of Defence Employer Recognition Scheme.
- Recognised as the Most Attractive Employer in e-Commerce by Universum.
- Ranked Female Tech Employer of the Year by Women in Tech.

The directors and management of the Company are strongly committed to conducting business in a lawful and ethical manner, including engaging with suppliers that are committed to the same principles. The directors and management of the Company oversee compliance with Amazon's group policies that require suppliers in our manufacturing supply chain and suppliers supporting the Company's operations to comply with our Supplier Code of Conduct. The directors and management of the Company also expect our suppliers to hold their suppliers and subcontractors to the standards and practices covered by our Supplier Code of Conduct.

The directors and management of the Company support Amazon's corporate social responsibility programme for communities. The interests of communities include development support, such as through education, healthcare and environmental conservation.

Amazon is proud of its commitment to supporting UK-based small businesses who now sell their products on Amazon's global sites, helping to support jobs in the UK. Amazon offers a suite of support tools to help businesses export their products and services, including providing global delivery and distribution, managing customer services in the local language and translating product listings on behalf of smaller businesses.

In 2019, Amazon worked with Enterprise Nation, a small business network and business support provider, to host Amazon Academy training events, providing free digital training to small businesses to help grow their sales and boost exports. In collaboration with Enterprise Nation, Amazon launched the 'Clicks and Mortar' pilot programme, helping small online businesses who want to test physical retail for the first time. These businesses were given the opportunity to reach customers in 'Clicks and Mortar' pop-up shops across the UK.

**STRATEGIC REPORT (continued)**  
**for the year ended 31 December 2019**

**SECTION 172(1) STATEMENT - DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (continued)**

In recognition of Amazon's ongoing commitment to customers, in 2019, Amazon won Retail Week's Consumer Choice Award, and TechRadar Award's 'Best Online Retailer', following a combined vote from the public and a panel of expert judges.

Amazon maintains a long-term commitment to sustainable practices across the organisation. In September 2019, Amazon co-founded The Climate Pledge and became the first signatory. Signatories commit to be net zero carbon across their businesses by 2040, a decade ahead of the Paris Agreement's goal of 2050, and agreed to the following:

- Measure and report greenhouse gas emissions on a regular basis.
- Implement decarbonisation strategies in line with the Paris Agreement through real business changes and innovations, including efficiency improvements, renewable energy, materials reductions, and other carbon emission elimination strategies.
- Neutralise any remaining emissions with additional, quantifiable, real, permanent and socially-beneficial offsets to achieve net zero annual carbon emissions by 2040.

Amazon is putting its scale and inventive culture to work on sustainability, which is good for the environment, the business, our customers, and the communities in which we operate. Amazon has a goal to reach 100% renewable energy to power its business operations by 2030 (80% by 2024) and in 2019 signed the largest wind corporate power purchase agreement in the UK for an Amazon Wind Farm located in Scotland, and initiated the process of installing solar panels on its fulfilment centres across the UK.

More information about Amazon's commitment to sustainability can be found on a new website launched in 2019 (<https://sustainability.aboutamazon.co.uk/>).

**FUTURE DEVELOPMENTS**

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively.

On behalf of the Board



Elizabeth Bauza  
Director

Date: 24.02.20



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**for the year ended 31 December 2019**

The directors are responsible for preparing the Directors' Report, a Strategic 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

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 to 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON WEB SERVICES UK LIMITED**

### **Opinion**

We have audited the financial statements of Amazon Web Services UK Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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.

### **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 below. 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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON WEB SERVICES UK LIMITED (Continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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 material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON WEB SERVICES UK LIMITED (Continued)**

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

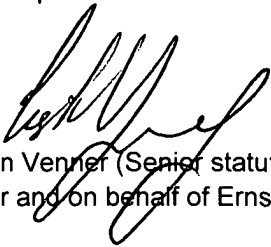
### **Auditor's responsibilities for the audit of the financial statements**

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### **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.



Ian Venner (Senior statutory auditor)  
for and on behalf of Ernst & Young, Statutory Auditor

Cork

Date: 25 February 2020

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2019

	<i>Notes</i>	<i>2019 £'000 Discontinued operations</i>	<i>2018 £'000 Discontinued operations</i>
<b>TURNOVER</b>	2	—	76,650
Net administrative expenses		<u>(3)</u>	<u>(72,701)</u>
<b>OPERATING (LOSS) / PROFIT</b>	3	(3)	3,949
Other income	6	—	27,221
Interest receivable	7	<u>492</u>	<u>305</u>
<b>PROFIT BEFORE TAXATION</b>		489	31,475
Tax on profit	8	<u>(119)</u>	<u>(2,505)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>370</u></u>	<u><u>28,970</u></u>

**BALANCE SHEET**  
as at 31 December 2019

	<i>Notes</i>	<i>2019</i> <i>£'000</i>	<i>2018</i> <i>£'000</i>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	9	70,936	72,606
Cash at bank and in hand		—	—
		<u>70,936</u>	<u>72,606</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(196)</u>	<u>(2,236)</u>
<b>NET CURRENT ASSETS</b>		<u>70,740</u>	<u>70,370</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>70,740</u>	<u>70,370</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,000	1,000
Share based awards reserve		30,199	30,199
Retained earnings		<u>39,541</u>	<u>39,171</u>
<b>SHAREHOLDER'S EQUITY</b>		<u>70,740</u>	<u>70,370</u>

Approved by the Board



Elizabeth Bauza  
Director

Date: 24.02.20

Company Number: 08650665

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2019

	<i>Called up share capital £'000</i>	<i>Share based awards reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total share- holder's equity £'000</i>
At 1 January 2018	1,000	21,424	10,201	32,625
Profit for the year	—	—	28,970	28,970
Share based awards	—	8,775	—	8,775
At 31 December 2018	1,000	30,199	39,171	70,370
Profit for the year	—	—	370	370
At 31 December 2019	1,000	30,199	39,541	70,740

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2019**

**1. ACCOUNTING POLICIES**

***Statement of compliance***

Amazon Web Services UK Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Principal Place, Worship Street, London EC2A 2FA.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are presented in pounds sterling, which is the functional currency of the Company, and are rounded to the nearest thousand pounds (£'000).

The Company has taken advantage of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d)
- The requirements of Section 33 *Related Party Disclosures* paragraph 33.1A and 33.7
- The requirements of Section 11 *Basic Financial Instruments* paragraph 11.39 to 11.48A
- The requirements of Section 26 *Share-based payment* paragraph 26.18(b), 26.19 to 26.21 and 26.23

The exemptions stated above are available to the Company as it is a member of a Group where the parent of that Group prepares publicly available consolidated financial statements.

***Going concern***

The Company has sufficient net current assets to continue to meet its liabilities as they fall due for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

***Turnover***

Turnover in the prior year, which is stated net of value added tax, represented amounts invoiced to other group companies and was attributable to the principal activity of the Company, recognised as services are provided.

***Debtors***

Short term debtors are measured at transaction price, less any impairment.

***Creditors***

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

***Leases***

***Operating leases***

In the prior year, rentals paid and lease incentives under operating leases were charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Comprehensive Income.

***Taxation***

Taxation expense comprises current and deferred tax. Current and deferred taxation assets and liabilities are not discounted.



**Amazon Web Services UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2019**

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**1. ACCOUNTING POLICIES (continued)**

*Current tax*

Current tax is the amount of income tax payable with respect to the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the year.

*Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the reporting date and that are expected to apply to the reversal of the timing difference.

*Pension costs*

Prior to the cessation of trade during 2018, the Company operated a defined contribution pension scheme. Contributions were charged to the Statement of Comprehensive Income as they became payable in accordance with the rules of the scheme.

*Share based awards*

The fair value of equity-settled share based awards to eligible employees is determined at the date of grant and is expensed over the vesting period based on the Company's estimate of equity awards that will eventually vest. A corresponding entry is recognised in equity (further details set out in note 13).

*Significant management judgement*

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense. The directors have concluded that the judgements made during the year are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**2. TURNOVER**

Turnover in the prior financial year was not disclosed by business and geographical segment has not been disclosed because, in the opinion of the directors, it would have been seriously prejudicial to the interests of the Company to do so.

**3. OPERATING PROFIT**

This is stated after charging / (crediting):

	2019 £'000	2018 £'000
Operating sublease rentals - buildings	—	1,682
Auditor's remuneration - audit of the financial statements	4	12
Net (gain) / loss on foreign currency translation	(13)	11

**Amazon Web Services UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2019**

**4. STAFF COSTS**

	2019 £'000	2018 £'000
Wages and salaries	—	38,869
Social security costs	—	5,154
Staff pension contributions	—	1,105
Equity settled share based awards	—	8,775
	<u>—</u>	<u>53,903</u>

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

	2019 No.	2018 No.
Management, sales and administration staff	<u>—</u>	<u>313</u>

**5. DIRECTORS REMUNERATION**

	2019 £'000	2018 £'000
Aggregate remuneration in respect of qualifying services	<u>—</u>	<u>526</u>
Value of Company pension contributions to money purchase schemes	<u>—</u>	<u>10</u>
	2019 No.	2018 No.
Members of money purchase pension schemes	<u>—</u>	<u>3</u>
Directors who received share based awards	<u>—</u>	<u>3</u>
Directors who vested in or exercised share based awards	<u>—</u>	<u>3</u>

**Amazon Web Services UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2019**

**5. DIRECTORS REMUNERATION (continued)**

The amounts in respect of the highest paid director are as follows:

	2018 £'000
Aggregate remuneration in respect of qualifying services	347
Company contributions to money purchase pension schemes	2

For the year ended 31 December 2019, the directors' remuneration has been borne by the parent company, Amazon.com, Inc. or one of its affiliated companies. The directors do not believe that it is practicable to apportion their remuneration for qualifying services to the Company. The highest paid director in 2018 received share based awards during the year.

**6. OTHER INCOME**

On 1 July 2018, the Company transferred its workforce, leases and related assets and liabilities to a group undertaking. This transfer took place at fair value, which resulted in a gain on disposal for the year ended 31 December 2018.

**7. INTEREST RECEIVABLE**

	2019 £'000	2018 £'000
Interest receivable from group undertakings	492	305

**8. TAXATION**

*(a) Tax on profit*

	2019 £'000	2018 £'000
The components of tax on profit are as follows:		
Current tax	119	320
Deferred tax	—	2,185
Tax on profit	119	2,505

**Amazon Web Services UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2019**

**8. TAXATION (continued)**

*(b) Reconciliation of tax on profit*

The items accounting for differences between tax on profit computed at the UK statutory rate and recorded for tax on profit are as follows:

	2019 £'000	2018 £'000
Profit before taxation	489	31,475
Tax computed at the UK statutory rate	93	5,980
Effects of:		
Non deductible expenses	—	164
Adjustment in respect of share based awards	—	1,421
Effect of rate differential on current year movement of deferred tax	—	98
Non-taxable sale of business	—	(5,172)
Adjustments in respect of previous periods	26	14
Tax on profit	119	2,505

The UK Corporation Tax rate for the year ended 31 December 2019 was 19% (2018: 19%). The Finance Act 2016 enacted a 2% reduction in the corporation tax rate from its current rate of 19% to 17% for the year beginning 1 April 2020.

There are no recognised or unrecognised deferred tax assets or liabilities existing at 31 December 2019 (31 December 2018: Nil).

**9. DEBTORS**

*Amounts falling due within one year*

	2019 £'000	2018 £'000
Amounts owed by group undertakings	70,906	72,144
Trade debtors	—	399
Prepayments	—	43
Other debtors	30	20
	70,936	72,606

**Amazon Web Services UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2019**

**10. CREDITORS**

*Amounts falling due within one year*

	2019 £'000	2018 £'000
Trade creditors	15	685
Amounts owed to group undertakings	62	1,108
Other taxation and social security	—	41
Accruals and deferred income	—	86
Bank overdraft	—	10
Corporation tax payable	119	306
	<u>196</u>	<u>2,236</u>

**11. ULTIMATE PARENT COMPANY**

Until 9 March 2018, the immediate parent company was AWSHC, Inc., a company incorporated in the United States. On 9 March 2018, 100% of the share capital of the Company was sold to Amazon Web Services EMEA SARL, a company incorporated in Luxembourg with the registered address at 38 avenue John F. Kennedy, L-1855 Luxembourg.

The Company regards Amazon.com, Inc. a company incorporated in the United States, as its ultimate holding company and controlling party. The largest and the smallest group in which the results of the Company are consolidated is headed by Amazon.com, Inc. Copies of the group consolidated financial statements of Amazon.com, Inc. are available at 410 Terry Avenue North, Seattle, WA 98109-5210, USA.

**12. SHARE CAPITAL**

	2019		2018	
	No.	£'000	No.	£'000
Called up share capital				
Ordinary shares of £1 each	1,000,001	1,000	1,000,001	1,000

### **13. SHARE BASED AWARD PLANS**

Amazon.com, Inc. ("Amazon") may grant equity awards to employees, officers and directors of Amazon and its subsidiaries which include Amazon Web Services UK Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan").

Amazon may grant equity awards in the form of stock options, stock, or restricted stock units ("RSUs"). Equity awards are evidenced by, and subject to the terms and conditions of, an agreement between the recipient and Amazon, as well as the terms and conditions of the applicable plan (and, where applicable, sub-plans in jurisdictions where local tax law or other regulations merit their adoption, such as in the UK). The following paragraphs describe the terms and conditions generally applicable to equity awards granted by Amazon under the 1997 Plan.

During 2018, RSUs were the primary type of equity award granted. RSUs were granted from the 1997 Plan. RSUs represent the right to receive shares of common stock of Amazon, on a one-for-one basis, upon vesting. There is no exercise price associated with an RSU. Employees vest in RSUs and stock options over a specified course of time that the employee provides service to Amazon or one or more of its subsidiaries. Typically, the service terms for vesting are between two and four years.

Unvested portions of equity awards are subject to forfeiture if the holder's employment or other service relationship with Amazon (including its subsidiaries) terminates.

The fair value of each RSU is equal to the market value of Amazon common stock on the date of the grant. The fair value is recognised as compensation expense over the requisite service period. The Company estimates forfeiture of RSU's at the time of the grant based on historical experience and records compensation expense only for those awards that are expected to vest.

The Company had no employees during the year. The expense recognised for share based awards in respect of employee services received during the year ended 31 December 2018 was £8,775,000 with a weighted average share price at the date of share based award vesting of \$1,510.98.

There are no outstanding restricted stock units as at 31 December 2019.