Registered number: 10949203

JML International Limited

Director's report and financial statements

for the year ended 31 December 2020

JML International Limited

Contents

JML International Limited

Director's report
for the year ended 31 December 2020

The director presents her report and the financial statements of the company for the year ended 31 December 2020.

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The director has also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and has not prepared a Strategic report.

Principal activity

The principal activity of the company is to make investments in connectivity projects.

Results and dividends

The loss for the year, after taxation, amounted to $1,319,298 (2019: $3,937,838).

No dividends will be distributed for the year ended 31 December 2020 (2019: $Nil)

Directors

The directors who held office during the year, and up to the date of singing the financial statements are given below:

D W Kling (resigned 1 June 2021)
S J S Taylor

The directors and secretary and their families had no other interests in the shares of the company or any other group company at 31 December 2020 that require disclosure.

Going concern

The director has evaluated the relevant conditions and events that are known and reasonably knowable at the date that the financial statements are approved, including the current outbreak of a novel strain of coronavirus (COVID-19) which has continued to spread and cause disruption to businesses. The company's ultimate parent company, Facebook Inc., has indicated that it will provide such financial support to the company, in the event that funds are not otherwise available, to enable it to meet its obligations as they fall due for a period of twelve months from the date of approval of the financial statements. The director has a reasonable expectation, based on her review of the projected business operations and the financial support that will be provided by the ultimate parent company, that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements, and that the spread of COVID-19 is not expected to have a material adverse impact on the company's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Qualifying third party indemnity provisions

The company has granted an indemnity to its director against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report.

Director's report (continued) for the year ended 31 December 2020

Director's responsibilities statement

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the director must not approve the financial statements unless she is 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

Disclosure of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

Events since year end

The financial statements have been prepared based upon conditions existing at 31 December 2020 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Subsequent to the year end, $13,000,000 was disbursed as part of a loan facility agreement with an external borrower. To fund this loan a capital contribution of $13,000,000 was received from the immediate parent company.

There were no other significant events between 31 December 2020 and the date of approval of these financial statements affecting the company, which require adjustment to or disclosure in the financial statements.

Director's report (continued)
for the year ended 31 December 2020

Independent auditor

In accordance with section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and, Ernst & Young, will therefore continue in office.

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

Susan Taylor (Dec 17, 2021 11:11 PST)

S J S Taylor
Director

Date: 17 December 2021

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JML INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of JML International Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of financial position, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 18, 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 101 "Reduced Disclosure Framework (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 2020 and of its loss 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. 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, that may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JML INTERNATIONAL 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 contained within the annual report.

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.

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 course of 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 themselves. 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 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.

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 2, the director is 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JML INTERNATIONAL LIMITED (Continued)

Responsibilities of directors (continued)

In preparing the financial statements, the director is 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 101 as amended by Section 1A 'Small Entities', the Companies Act 2006 and the relevant direct tax compliance regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board resolutions and any correspondence with relevant authorities, and we noted that there is no contradictory evidence;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override related to posting of manual journals outside routine financial statement close process. Our procedures to address this risk include making enquiries of management, those charged with governance and others withing the entity, as to whether they have knowledge of any actual or suspected fraud. The audit procedures to address the fraud risk included testing manual journals fall under specific criteria. The audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of boards resolutions to identify any non-compliance with laws and regulations We also made enquiries with the management of the Company regarding compliance with laws and regulations.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JML INTERNATIONAL LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Ernst & Young

Marie Treacy (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor
Dublin

20 December 2021

JML International Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 $	2019 $
Administrative expenses		**(1,797,081)**	(2,859,169)
Operating loss	4	**(1,797,081)**	(2,859,169)
Loss from interests in associate undertakings	9	**(1,347,827)**	(1,193,208)
Loss before interest and taxation		**(3,144,908)**	(4,052,377)
Other income	5	**2,217,325**	-
Interest receivable and similar income	6	**8,717**	150,515
Interest payable and similar charges	7	**(4,505)**	(4,369)
Loss on ordinary activities before taxation		**(923,371)**	(3,906,231)
Tax charge on loss on ordinary activities	8	**(395,927)**	(31,607)
Loss for the financial year - attributable to owners		**(1,319,298)**	(3,937,838)
Total comprehensive loss for the year - attributable to owners		**(1,319,298)**	(3,937,838)

The loss for the financial year and the accumulated loss brought forward have been debited to the company's retained deficit.

Operating loss arose solely from continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

JML International Limited

Registered number: 10949203

Statement of financial position as at 31 December 2020

	Note		2020 $		2019 $
Non-current assets					
Investments in associates	9		**34,458,965**		35,806,792
Current assets					
Debtors: amounts falling due after more than one year	10	**2,072,688**		-	
Debtors: amounts falling due within one year	10	**2,217,326**		1	
Cash and cash equivalents		**4,577,467**		2,550,313	
		8,867,481		2,550,314	
Creditors: Amounts falling due within one year	12	**(10,478,587)**		(1,463,895)	
Net current (liabilities)/assets			**(1,611,106)**		1,086,419
Total assets less current liabilities			**32,847,859**		36,893,211
Creditors: Amounts falling due after more than one year	13		**-**		(7,726,054)
Net assets			**32,847,859**		29,167,157
Capital and reserves					
Called up share capital presented as equity	14		**1**		1
Capital contributions	14		**43,000,000**		38,000,000
Retained deficit	14		**(10,152,142)**		(8,832,844)
Equity shareholder's funds			**32,847,859**		29,167,157

The notes on pages 11 to 24 form an integral part of these financial statements.

The financial statements on pages 8 to 24 were approved and authorised for issue by the board and were signed on its behalf by:

Susan Taylor (Dec 17, 2021 11:11 PST)

S J S Taylor
Director

Statement of changes in equity
for the year ended 31 December 2020

	Called up share capital presented as equity	Capital contributions	Retained deficit	Equity shareholder's funds
	$	$	$	$
At 1 January 2019	**1**	**-**	**(4,895,006)**	**(4,895,005)**
Loss for the financial year, representing total comprehensive loss	-	-	(3,937,838)	(3,937,838)
Proceeds from capital contributions (note 14)	-	38,000,000	-	38,000,000
At 31 December 2019 and 1 January 2020	**1**	**38,000,000**	**(8,832,844)**	**29,167,157**
Loss for the financial year, representing total comprehensive loss	-	-	(1,319,298)	(1,319,298)
Proceeds from capital contributions (note 14)	-	5,000,000	-	5,000,000
At 31 December 2020	**1**	**43,000,000**	**(10,152,142)**	**32,847,859**

The notes on pages 11 to 24 form an integral part of these financial statements.

1. General information

The principal activity of JML International Limited (the 'company') is to make investments in connectivity projects.

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors. The company is a private company limited by its shares and is incorporated and domiciled in England. The registered office is located at 10 Brock Street, Regent's Place, London, NW1 3FG.

The ultimate holding company and ultimate controlling party is Facebook, Inc., a company incorporated in Wilmington, Delaware, United States of America. The ultimate holding company and controlling party of the smallest and largest group of which the company is a member, and for which consolidated financial statements are drawn up, is Facebook, Inc. The immediate parent company of the company is Facebook International Operations Limited, a company incorporated in the Republic of Ireland.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are presented in United States dollar ('$'). This is also the functional currency of the entity as it is the currency of the primary economic environment in which the entity operates.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards issued by the Financial Reporting Council and the Companies Act 2006.

The financial statements comply with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements are prepared under the historical cost convention, unless otherwise stated.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101, which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with applicable law and United Kingdom Accounting Standards requires the use of certain assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.14.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

2. Significant accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Going concern

The director has evaluated the relevant conditions and events that are known and reasonably knowable at the date that the financial statements are approved, including the current outbreak of a novel strain of coronavirus (COVID-19) which has continued to spread and cause disruption to businesses. The company's ultimate parent company, Facebook Inc., has indicated that it will provide such financial support to the company, in the event that funds are not otherwise available, to enable it to meet its obligations as they fall due for a period of twelve months from the date of approval of the financial statements. The director has a reasonable expectation, based on their review of the projected business operations and the financial support that will be provided by the ultimate parent company, that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements, and that the spread of COVID-19 is not expected to have a material adverse impact on the company's ability to continue as a going concern. The company therefore continues to adopt the going concern basis in preparing its financial statements.

IFRS exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirement in paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information requirements in respect of;
  - (i) Paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements',
- The requirements IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows),
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- The requirements of IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 17 and 18A of IAS 24, 'Related party disclosures'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of assets'.

The consolidated financial statements of Facebook, Inc. are available to the public and can be downloaded free of charge from the company's investor relations website, located at http://investor.fb.com. The equivalent disclosures where required to apply the disclosure reductions of FRS 101, are included within the Form 10-K document that contains the publicly available financial statements of Facebook, Inc.

2. Significant accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Recent accounting pronouncements
The following new standards and amendments are effective for the first time for periods beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to the Definition of a Business (Amendments to IFRS 3)
- Amendment to the Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments related to Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The adoption of the amendments above has resulted in no impact for the company.

2.2 Foreign currency translation

Functional and presentation currency
The company's functional and presentational currency is the United States dollar.

Transactions and balances
Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

2.3 Dividends payable

Interim dividends are recorded in the financial statements in the year in which they are approved and paid.

2.4 Income tax

Income tax on the statement of comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current and deferred tax is valued according to the tax rates and regulations enacted as per the statement of financial position date.

Current tax
Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

The company shall offset current tax assets and current tax liabilities if the company has a legally enforceable right to settle the current tax assets and liabilities, the current tax assets and liabilities relate to income taxes levied by the same taxation authority, and the company intends to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Significant accounting policies (continued)

2.4 Income tax (continued)

Deferred tax
Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced when it is probable that sufficient taxable profit will not be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The company shall offset deferred tax assets and deferred tax liabilities if the company has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current or deferred tax assets and liabilities are not discounted.

2.5 Interest receivable and similar income

Interest receivable and similar income comprises interest receivable on cash at bank and bank deposits calculated using the effective interest rate method, and are recognised in the statement of comprehensive income.

2.6 Interest payable and similar expenses

Interest payable and similar expenses generally comprises interest payable on borrowings calculated using the effective interest rate method, or interest and penalty expenses. These are recognised in the statement of comprehensive income.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash balances on hand, held for the purpose of meeting short-term cash commitments, and bank deposits. Cash at bank and bank deposits earn interest at floating rates based on daily deposit bank rates. Bank deposits are made for varying periods depending on the immediate cash requirements of the company and earn interest at the respective deposit interest rates. Cash balances from the group cash pooling arrangement are presented in cash and cash equivalents and overdraft balances are presented in creditors: amounts falling due within one year.

2. Significant accounting policies (continued)

2.8 Investments in associates

Investments in associate undertakings are accounted for using the equity method of accounting and are initially recognised at cost. The company's share of its associate undertakings post acquisition profits or losses increase or decrease the carrying value held in the statement of financial position and are recognised in the statement of comprehensive income.

2.9 Impairment of non-financial assets measured at cost

An impairment loss is recognised in the statement of comprehensive income.

Non-financial assets are reviewed for impairment at the end of each reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Fair value less costs of disposal is determined by the amount that would be received to sell an asset in an orderly transaction between market participants. For the purposes of determining value in use, cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An assessment is made at each reporting date as to whether there is any indication that an impairment recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment was recognised. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation/amortisation, if no impairment in value had been recognised. Reversals of impairment in value are recognised in profit or loss. After such a reversal, the depreciation/amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.10 Share capital

Called up shares are classified as equity.

2. Significant accounting policies (continued)

2.11 Financial instruments

(i) Financial asset
Classification
The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instrument and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortised cost its contractual cash flows should be 'solely payments of principal and interest' (SPPI)' on the principal amount outstanding and the financial assets should be held under a business model where cash flows result from collecting contractual cash flows. Financial assets which are debt instruments are measured at fair value through other comprehensive income where the contractual cash flows are SPPI and the assets are managed under a business model where cash flows result from both collecting contractual cash flows and selling the financial assets.

For instruments measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

The company reclassifies debt instruments when, and only when, its business model for managing those assets changes.

Recognition, Measurement and derecognition
Financial assets are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ('FVTPL'), directly attributable transaction costs. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, except for those subsequently measured at fair value through other comprehensive income ('FVTOCI'), the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

For derecognition of financial assets measured at FVTOCI, any cumulative gain or loss is recognised in other comprehensive income. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. **Significant accounting policies (continued)**

2.11 Financial Instruments (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the company's debt instruments are measured at amortised cost as the assets are held for collection of contractual cash flows and those cash flows represent solely payment of principal and interest.

The company's debt instruments consist of the following:
- Amounts owed by parent and fellow subsidiary undertakings
- Loans receivable
- Cash and cash equivalents

Impairment
For amounts owed by parent and fellow subsidiary undertakings and other debtors, the company applies the general approach to providing for expected credit losses, as prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded.

Management consider amounts owed by parent and fellow subsidiary undertakings to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

(ii) Financial liabilities
Financial liabilities at amortised cost include bank overdrafts and other creditors. These financial instruments are initially measured at fair value, net of any transaction costs in the case of borrowings, and subsequently measured at amortised cost using the effective interest rate.

Bank overdrafts are classified as current liabilities (creditors due within one year), unless the company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Financial liabilities are derecognised when the company's obligations specified in the contract expire, are discharged or cancelled. Interest expense is recognised using the effective interest method.

(iii) Offsetting
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Debtors

Loans receivable, amounts owed by parent and fellow subsidiary undertakings and other debtors, are measured initially at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method, less any impairment.

The carrying amount of all other debtors at the statement of financial position date approximate their fair values.

2. Significant accounting policies (continued)

2.13 Creditors

Creditors comprise bank overdrafts, accrued expenses and amounts owed to parent and fellow subsidiary undertakings. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors - amounts falling due after more than one year.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

The carrying amount of all creditors at the statement of financial position date approximate their fair values.

2.14 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below.

Investments in associated undertakings

Determining whether there are any indicators of impairment of the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. See note 9.

Notes to the financial statements for the year ended 31 December 2020

3. Employees and directors

The directors of the company, during the current year and previous period, were also senior executives of, and were remunerated by, other Facebook entities and received no remuneration for services to this company.

Other than the directors, the company did not have any other employees during the current year and previous period.

4. Operating loss

Expenses by nature:
The operating loss is stated after (crediting)/charging:

	2020 $	2019 $
Foreign exchange (gain)/loss	**(428,175)**	88,154
Connectivity expenses	**1,273,409**	1,390,756
Auditor's remuneration	**20,083**	11,226

5. Other Income

During the year, the company established a right to invoice $2,217,325 for its share of income related to a project investment that had been expensed by the company in previous years. The full amount has been recognised as other income in the statement of comprehensive income.

6. Interest receivable and similar income

	2020 $	2019 $
Bank interest income	**8,717**	150,515

7. Interest payable and similar charges

	2020 $	2019 $
Bank interest payable	**4,505**	4,369

8. Tax charge on loss on ordinary activities

	2020 $	2019 $
Current tax		
Corporation tax charge on loss on ordinary activities	**395,927**	31,607
Current tax charge for the financial year	**395,927**	31,607
Total income tax charge on loss on ordinary activities	**395,927**	31,607

Reconciliation of the expected tax charge at the statutory tax rate to the actual tax charge at the effective rate

The tax assessed for the year is different (2019: different) to the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 $	2019 $
Loss on ordinary activities before tax	**(923,371)**	(3,906,231)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**(175,440)**	(742,184)
Effects of:		
Expenses not deductible	**571,367**	773,791
Income tax expense recognised in the statement of comprehensive income	**395,927**	31,607

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

9. Investment in associates

	2020 $	2019 $
At the beginning of the year	**35,806,792**	-
Additions	**-**	37,000,000
Movement in carrying value during the year	**(1,347,827)**	(1,193,208)
At the end of the year	**34,458,965**	35,806,792

The company holds a minority investment in Internet para Todos S.A.C., an entity based in Peru.

Since acquiring Internet para Todos S.A.C. its activities have been loss making. The company has accounted for its share of losses of $1,347,827 (2019: $1,193,208) in accordance with the equity method of accounting and reduced the carrying value of the investment. The loss has been recognised in the statement of comprehensive income.

10. Debtors

	2020 $	2019 $
Due after more than one year		
Loans receivable	**2,072,688**	-

Loans receivable are unsecured and interest is payable at 10% compounded annual return. The loan is due for repayment within the next 10 years based on the agreement.

	2020 $	2019 $
Due within one year		
Amounts owed by group undertakings	**1**	1
Other debtors (note 5)	**2,217,325**	-
	2,217,326	1

Amounts owed by the immediate parent undertaking pertains to the unpaid share capital of the company. These amounts are unsecured, interest free and are repayable on demand.

11. Cash pooling arrangement

	2020 $	2019 $
Cash and cash equivalents		
Bank	**144,584**	-
Borrowings		
Bank overdrafts	-	(1,404,369)
	144,584	(1,404,369)

The company together with other legal entities in the Facebook group is a member of a multi-currency notional cash pooling arrangement (the arrangement) with a third-party bank provider. Actual cash balances are not physically converted and are not commingled between participating legal entities. As part of the notional cash pool agreement, the bank extends overdraft credit to participating entities as needed, provided that the overall notionally pooled balance of all accounts in the pool at the end of each day is at least zero.

As at 31 December 2020, the overall notionally pooled balance of all accounts in the pool was in a surplus (2019: $nil).

As part of this arrangement, cash and cash equivalents amounting to $144,584 (2019: $nil) which represents cash held under the cash pooling arrangement have been pledged as security against obligations of other Facebook legal entities party to the notional cash pooling arrangement. This security can only be called upon if recovery from the customer holding the obligation and recovery under the guarantee with Facebook, Inc. (see below) is not successful.

The terms of the Bank overdraft in the prior year are as follows:

- Repayment period: Repayable on demand
- Interest rate: Determined day-to-day by the bank, based on overnight interbank/swap rates. The closing interest rate on 31 December 2019 for balances was 1.8%.

In 2019 the company had bank overdrafts under this arrangement and was a beneficiary of a guarantee given by Facebook, Inc. under the Cash Pool Agreement to guarantee the amounts owed to the third-party bank provider. In addition, as part of the arrangement, other Facebook legal entities that were party to the cash pool arrangement pledged cash held under the arrangement as security in respect of the obligations of the company.

Notes to the financial statements for the year ended 31 December 2020

12. Creditors: Amounts falling due within one year

	2020 $	2019 $
Bank overdrafts (note 11)	-	1,404,369
Amounts owed to fellow subsidiary undertakings	**9,917,032**	-
Corporation tax	**395,927**	31,607
Accruals	**165,628**	27,919
	10,478,587	1,463,895

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable witihin the next twelve months.

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

	2020 $	2019 $
Amounts owed to fellow subsidiary undertakings	-	7,726,054

Amounts owed to fellow subsidiary undertakings are unsecured and due within the next two years.

14. Share capital

	2020 $	2019 $
Authorised, allotted and called up		
100 Ordinary shares of £0.01 each	**1**	1

Share capital
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

All shares carry equal voting rights. All shares issued are fully paid. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Retained deficit
Retained deficit represents accumulated comprehensive loss for the financial period.

Capital contributions
Capital contributions represent monetary or non-monetary assets contributed to the company by its parent. During the year the company received a capital contribution of $5,000,000 (2019: $38,000,000) from its parent in the form of cash.

15. Related party transactions

The company has a related party relationship with its intermediate parent, ultimate parent company, and other related group companies. Related party transactions entered into by the company are contracted in the normal course of operations at an arm's length basis.

The company has availed of the exemption in FRS 101 para 8(k), from disclosing related party transactions entered into between two or more wholly-owned members of the Facebook group.

16. Controlling party

At 31 December 2020, the company is a wholly-owned subsidiary of Facebook International Operations Limited, a company incorporated in Dublin, Republic of Ireland, its registered office being 4 Grand Canal Square, Grand Canal Harbour, Dublin 2.

The company's ultimate parent undertaking is Facebook, Inc., a company registered in Delaware, USA. Facebook, Inc. prepares consolidated financial statements which are publicly available.

The Facebook website is located at www.facebook.com.

17. Subsequent events

The financial statements have been prepared based upon conditions existing at 31 December 2020 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Subsequent to the year end, $13,000,000 was disbursed as part of a loan facility agreement with an external borrower. To fund this loan a capital contribution of $13,000,000 was received from the immediate parent company.

There were no other significant events between 31 December 2020 and the date of approval of these financial statements affecting the company, which require adjustment to or disclosure in the financial statements.

18. Approval of the financial statements

The financial statements were approved and authorised for issue by the director on 17 December 2021.