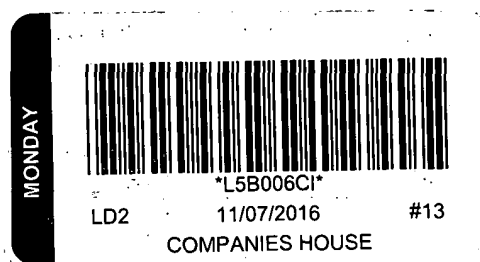


Company No: 3223028

Amazon UK Services Limited (formerly Amazon.co.uk Limited)
Report and Financial Statements

31 December 2015



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COMPANY INFORMATION

DIRECTORS

Robert Mackenzie
Phaedra Andrews
John Tagawa

SECRETARY

Mitre Secretaries Limited

REGISTERED OFFICE

60 Holborn Viaduct
London
EC1A 2FD

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

SOLICITORS

Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

DIRECTORS' REPORT

for the year ended 31 December 2015

The directors of Amazon UK Services Limited, formerly Amazon.co.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 2015. The company name was changed on 1 August 2015.

DIRECTORS

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

Michael Deal (resigned 26 February 2015)

Christopher North (resigned 1 May 2015)

Robert Mackenzie

Robert McWilliam (resigned 1 May 2015)

Phaedra Andrews (appointed 1 May 2015)

John Tagawa (appointed 1 May 2015)

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

DIVIDENDS

The directors do not recommend the payment of any dividends (2014: £nil).

EMPLOYEES

The Company is committed to providing equal opportunities for everyone who works at the Company, including anyone who applies to work for the Company or has worked for the Company. This policy applies to all employees, anyone working for any of the Company's business units or anyone visiting the Company's premises.

All applications from disabled persons are fully considered. Should an employee become disabled, it is the group's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

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

The Company ensures that all employees in the UK have the opportunity to contribute to aspects of Amazon's business. Part of that contribution is realised through free flow of ideas and exchange of viewpoints through periodic meetings between management and employees, email announcements and the intranet site. Management keeps employees aware of the financial and commercial progress of Amazon's business and expect employees to ask questions, suggest improvements, and raise concerns. Such dialogue is celebrated and encouraged, as it is vital to the existence of a healthy, enterprising and a rewarding workplace. The Company encourages employees to participate in the performance of the Amazon group through ownership of Amazon shares.

DIRECTORS' REPORT (continued)
for the year ended 31 December 2015

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 profit for the financial year.

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.

AUDITOR

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

On behalf of the Board



Phaedra Andrews
Director

Date: 22 Feb 2016

STRATEGIC REPORT

for the year ended 31 December 2015

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of fulfilment and corporate support services to other Amazon group undertakings. The business is expected to continue in this capacity for the foreseeable future.

GENERAL BUSINESS REVIEW

Turnover and headcount has increased as the Company continues to support the growth of the Amazon group. Administrative expenses increased by 39% in 2015 to £896,370,000 (2014: £643,533,000) as the Company opened new fulfilment centres, expanded the UK delivery network and completed the move of its headquarters from Slough to London. This has also resulted in the increase of the current debtors by 29% to £224,814,000 (2014: £173,923,000) and current creditors by 69% to £197,441,000 (2014: £116,914,000). The Company made an operating profit for the year of £50,088,000 (2014: £35,578,000). The operating results are stated after a share based payment expense of £26,116,000 (2014: £22,548,000.).

In 2015 the Company adopted FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'. The transition to a new reporting framework did not have any impact on the Company's financial position or financial performance.

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.

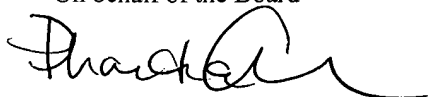
PRINCIPAL RISKS AND UNCERTAINTIES

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 to date 31 December 2015, and subsequent filings.

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



Phaedra Andrews
Director

Date: 22 Feb 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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 UK SERVICES LIMITED

We have audited the financial statements of Amazon UK Services Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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), including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

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 Statement of Directors' Responsibilities, 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 (APB'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 Directors' Report and Strategic 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 2015 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 other matter prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON UK SERVICES LIMITED (continued)

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.

Ernst & Young LLP

Nicholas Jacques (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, (Statutory Auditor)
London

Date: *22 February 2016*

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	<i>Notes</i>	2015 £'000	2014 £'000
TURNOVER	2	946,458	679,111
Administrative expenses		(896,370)	(643,533)
OPERATING PROFIT	3	50,088	35,578
Interest receivable	6	1,594	822
Interest payable	7	(3,172)	(2,007)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48,510	34,393
Tax on profit on ordinary activities	8	(9,798)	(11,943)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>38,712</u>	<u>22,450</u>

BALANCE SHEET
as at 31 December 2015

		2015	2014
	Notes	£'000	£'000
FIXED ASSETS			
Tangible assets	9	288,804	192,202
CURRENT ASSETS			
Debtors:			
amounts falling due within one year	10(a)	224,814	173,923
amounts falling due after one year	10(b)	23,258	10,908
Cash at bank and in hand		2	2
		248,074	184,833
CREDITORS: amounts falling due within one year	11(a)	(197,441)	(116,914)
NET CURRENT ASSETS		50,633	67,919
TOTAL ASSETS LESS CURRENT LIABILITIES		339,437	260,121
CREDITORS: amounts falling due after more than one year	11(b)	(68,711)	(58,006)
PROVISION FOR LIABILITIES AND CHARGES	14	(13,748)	(9,965)
NET ASSETS		256,978	192,150
CAPITAL AND RESERVES			
Called up share capital	17	10,366	10,366
Other reserves		40,802	40,802
Share based awards reserve	18	123,023	96,907
Profit and loss account		82,787	44,075
SHAREHOLDER'S FUNDS		256,978	192,150

Approved by the Board



Phaedra Andrews
Director

Date: 22 Feb 2016

Company Number: 3223028

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	<i>Called up share capital £'000</i>	<i>Other reserve £'000</i>	<i>Share based awards reserve £'000</i>	<i>Retained earnings £'000</i>	<i>Total share- holder's funds £'000</i>
At 1 January 2014	10,366	40,802	74,359	21,625	147,152
Profit for the year	—	—	—	22,450	22,450
Share based awards	—	—	22,548	—	22,548
At 31 December 2014	10,366	40,802	96,907	44,075	192,150
Profit for the year	—	—	—	38,712	38,712
Share based awards	—	—	26,116	—	26,116
At 31 December 2015	10,366	40,802	123,023	82,787	256,978

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. ACCOUNTING POLICIES

Statement of compliance

Amazon UK Services Limited, formerly known as Amazon.co.uk Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 60 Holborn Viaduct, London, EC1A 2FD.

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

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2015. The transition to FRS 102 has had no impact on the financial position, financial performance or shareholders' equity of the Company.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements are presented in pounds Sterling 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* paragraphs 33.1A and 33.7
- The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.39 to 11.48A
- The requirements of Section 26 *Share-based payment* paragraphs 26.18B

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's operations generated an increase in net current assets during 2015 and are expected to do so for the foreseeable future. Existing cash resources and current debtors at 31 December exceed total current liabilities. On this basis the directors have a reasonable expectation that the Company has adequate resources to continue as an operational business 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, which is stated net of value added tax, represents amounts invoiced to other group companies and is attributable to the principal activity of the Company, recognised as services are provided.

Tangible fixed assets

All fixed assets are initially recorded at cost. Costs comprise the purchase price and any direct costs incurred in bringing the asset to its location and condition for its intended use.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Plant & Machinery	–	10 years
Office Equipment	–	2-5 years
Leasehold Improvements	–	Lower of expected useful life or lease term
Computer Equipment	–	2-4 years
Leasehold Buildings	–	Lower of expected useful life or lease term
Assets held under finance leases	–	Lower of expected useful life or lease term

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 method.

Provisions

The Company makes provisions in respect of leasehold dilapidation commitments where it is probable that a transfer of economic benefits will be required to settle a present obligation. The Company applies a risk-adjusted pre-tax discount rate in order to take effect of the time value of money to arrive at the value of the leasehold dilapidation provision. The accretion of the discount each year is recorded as interest payable.

Leases

Finance leases

Leases of assets that transfer substantially all the risks and rewards of ownership are classified as finance lease. Assets held under finance leases are capitalised at the commencement of the lease at the lower of fair value and the present value of minimum lease payments. The assets are depreciated over the shorter of the lease term and the assets' useful life.

The capital element of lease obligations is recorded as a liability on the balance sheet. Lease payments are apportioned between capital repayment and finance charges, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leases

Rentals payable and lease incentives under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Government grants

Grants received are credited to the profit and loss account as the expenditure to which they relate is incurred.

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 profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. ACCOUNTING POLICIES (continued)

Taxation

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

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

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become 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 18).

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. Significant management judgements are applied in the recognition of deferred tax assets, the useful life of fixed assets, the recoverability of debtors, and the estimates used for equity awards that will eventually vest.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

2. TURNOVER

Turnover by geographical segment has not been disclosed because, in the opinion of the directors, it would be prejudicial to the interests of the Company to do so.

3. OPERATING PROFIT

This is stated after (crediting) / charging:

	2015 £'000	2014 £'000
(Gain) / Loss on sale of tangible fixed assets	(416)	191
Depreciation of tangible fixed assets – owned assets	40,156	32,512
– leased assets	2,050	2,050
Operating lease rentals – land and buildings	45,382	29,203
– plant and machinery	-	378
Auditor's remuneration – audit of the financial statements	32	30
Net loss / (gain) on foreign currency translation	101	(905)
Government grant income	<u>(1,955)</u>	<u>(1,814)</u>

4. STAFF COSTS

	2015 £'000	2014 £'000
Wages and salaries	246,319	213,197
Social security costs	24,143	20,966
Staff pension contributions	6,582	5,905
Equity settled share based awards (note 18)	26,116	22,548
	<u>303,160</u>	<u>262,616</u>

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

	2015 No.	2014 No.
Management and administration staff	<u>9,090</u>	<u>7,722</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

5. DIRECTORS' EMOLUMENTS

	<i>2015</i> <i>£'000</i>	<i>2014</i> <i>£'000</i>
Aggregate emoluments in respect of qualifying services	<u>646</u>	<u>718</u>
Value of Company pension contributions to money purchase schemes	<u>20</u>	<u>17</u>
	<i>2015</i> <i>No.</i>	<i>2014</i> <i>No.</i>
Members of money purchase pension schemes	<u>4</u>	<u>3</u>
Directors who received share based awards	<u>5</u>	<u>2</u>
Directors who vested in or exercised share based awards	<u>5</u>	<u>2</u>

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

	<i>2015</i> <i>£'000</i>	<i>2014</i> <i>£'000</i>
Aggregate emoluments in respect of qualifying services	<u>197</u>	<u>340</u>
Company contributions to money purchase pension schemes	<u>9</u>	<u>2</u>

The highest paid director in 2015 received share based awards during the year.

6. INTEREST RECEIVABLE

	<i>2015</i> <i>£'000</i>	<i>2014</i> <i>£'000</i>
Interest receivable from group undertakings	<u>1,594</u>	<u>822</u>
	<u>1,594</u>	<u>822</u>

7. INTEREST PAYABLE

	<i>2015</i> <i>£'000</i>	<i>2014</i> <i>£'000</i>
Finance charges payable including finance leases	2,932	1,674
Accretion of discount on provision for liabilities and charges (note 14)	<u>240</u>	<u>333</u>
	<u>3,172</u>	<u>2,007</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

8. TAXATION

(a) Tax on profit on ordinary activities

	2015 £'000	2014 £'000
<i>Current tax:</i>		
UK corporation tax	15,844	7,987
Adjustment in respect of previous periods	4,882	5,498
Total current tax	<u>20,726</u>	<u>13,485</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(8,254)	(1,046)
Impact of change in tax rates	1,337	-
Adjustment in respect of previous periods	(4,011)	(496)
Total deferred tax	<u>(10,928)</u>	<u>(1,542)</u>
Tax on profit on ordinary activities	<u>9,798</u>	<u>11,943</u>

(b) Reconciliation of tax on profit on ordinary activities

The tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	<u>48,510</u>	<u>34,393</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 20.25% (2014: 21.5%)	9,823	7,394
Effects of:		
Expenses not deductible for tax	1,152	1,332
Adjustment in respect of share based awards	(4,416)	(1,707)
Adjustments in respect of prior years	871	5,002
Rate change adjustment	2,368	(78)
Total tax on profits on ordinary activities	<u>9,798</u>	<u>11,943</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

8. TAXATION (continued)

(c) Deferred tax

The deferred tax asset recognised in the financial statements is as follows:

	2015 £'000	2014 £'000
Timing differences related to tangible fixed assets	15,220	4,366
Timing differences related to share based awards	4,587	4,387
Timing differences on asset retirement obligation	263	366
Timing differences in relation to pension contributions	106	116
Other timing differences	116	129
Total deferred tax asset recognised in the financial statements	<u>20,292</u>	<u>9,364</u>
		£'000
Deferred tax asset at 1 January 2015		9,364
Adjustment in respect of previous periods		4,011
Impact of change in tax rates		(1,337)
Origination and reversal of timing differences		8,254
Deferred tax asset at 31 December 2015		<u>20,292</u>

The main UK corporation tax rate reduced from 21% to 20% effective from 1 April 2015. These rates were enacted in the 2013 Finance Bill on 17 July 2013, so deferred tax assets and liabilities as at 31 December 2014 were calculated at the 20% rate. Since then, in his Summer Budget 2015, the Chancellor of the Exchequer announced that the UK rate of Corporation Tax will be reduced further from its current rate of 20% to 19% in 2017 and 18% in 2020.

The Summer Finance Bill 2015 received Royal Assent on 18 November 2015 and therefore any deferred tax assets and liabilities existing at 31 December 2015 are measured at a rate of 18%.

The deferred tax asset is expected to increase in 2016 in relation to share based awards and tangible fixed assets. This increase is estimated to be approximately £9million.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

9. TANGIBLE ASSETS

	<i>Leasehold Improvements</i>	<i>Plant & Machinery</i>	<i>Office Equipment</i>	<i>Computer Equipment</i>	<i>Leasehold Buildings</i>	<i>Assets under Construction</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost:</i>							
1 January 2015	42,077	142,663	57,355	23,937	40,995	13,222	320,249
Additions	77,491	21,064	20,004	4,723	-	15,677	138,959
Disposals	(1,492)	(384)	(419)	(683)	-	-	(2,978)
31 December 2015	<u>118,076</u>	<u>163,343</u>	<u>76,940</u>	<u>27,977</u>	<u>40,995</u>	<u>28,899</u>	<u>456,230</u>
<i>Depreciation:</i>							
1 January 2015	15,051	51,096	37,282	17,960	6,658	-	128,047
Additions	9,606	13,978	12,636	3,914	2,072	-	42,206
Disposals	(1,478)	(354)	(385)	(610)	-	-	(2,827)
31 December 2015	<u>23,179</u>	<u>64,720</u>	<u>49,533</u>	<u>21,264</u>	<u>8,730</u>	<u>-</u>	<u>167,426</u>
<i>Net book value:</i>							
1 January 2015	<u>27,026</u>	<u>91,567</u>	<u>20,073</u>	<u>5,977</u>	<u>34,337</u>	<u>13,222</u>	<u>192,202</u>
31 December 2015	<u>94,897</u>	<u>98,623</u>	<u>27,407</u>	<u>6,713</u>	<u>32,265</u>	<u>28,899</u>	<u>288,804</u>

Included in the above are assets held under finance leases and capitalised in leasehold buildings and office equipment with a cost of £41,555,000 (2014: £41,555,000) and accumulated depreciation of £9,101,000 (2014: £7,047,000). The net book value of assets held under finance leases is £32,454,000 (2014: £34,508,000).

10. DEBTORS

	2015 £'000	2014 £'000
<i>(a) Amounts falling due within one year</i>		
Amounts owed by group undertakings	201,562	144,796
Other debtors	1,095	14,557
Corporation tax receivable	2,469	2,500
Prepayments and accrued income	19,688	12,070
	<u>224,814</u>	<u>173,923</u>
<i>(b) Amounts falling due after one year</i>		
Deferred tax asset	20,292	9,364
Prepayments and accrued income	2,966	1,544
	<u>23,258</u>	<u>10,908</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

11. CREDITORS

(a) Amounts falling due within one year

	2015 £'000	2014 £'000
Bank overdraft	21,242	10,233
Trade creditors	109,004	44,350
Amounts owed to group undertakings	22,665	17,047
Obligations under finance leases (note 12)	1,091	1,782
Other taxation and social security	12,897	9,061
Accruals	29,430	32,999
Deferred income – government grants (note 13)	1,112	1,442
	<u>197,441</u>	<u>116,914</u>

(b) Amounts falling due after one year

	2015 £'000	2014 £'000
Obligations under finance leases (note 12)	34,246	35,667
Other long term creditors – lease incentives	33,150	20,539
Deferred income – government grants (note 13)	1,315	1,800
	<u>68,711</u>	<u>58,006</u>

12. OBLIGATIONS UNDER FINANCE LEASES

Amounts due under finance lease contracts:

	2015 £'000	2014 £'000
<i>Amounts payable:</i>		
Within one year	2,238	2,971
In two to five years	15,180	15,104
After five years	32,089	35,146
Total gross payments	<u>49,507</u>	<u>53,221</u>
Less: finance lease charges included above	<u>(14,170)</u>	<u>(15,772)</u>
	<u>35,337</u>	<u>37,449</u>
Amounts falling due within one year	1,091	1,782
Amounts falling due after one year	34,246	35,667
Total obligations under finance leases	<u>35,337</u>	<u>37,449</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

13. DEFERRED INCOME - GOVERNMENT GRANTS

	<i>£'000</i>
At 1 January 2015	3,242
Received during the year	1,137
Recognised in income	<u>(1,952)</u>
At 31 December 2015	<u>2,427</u>

In accordance with the grant agreements the Company is required to maintain agreed employment levels in certain locations until 2019.

14. PROVISION FOR LIABILITIES AND CHARGES

	<i>Lease Dilapidations £'000</i>
At 1 January 2015	9,965
Provided during the year	5,074
Utilised during the year	<u>(1,531)</u>
Accretion of discount	240
At 31 December 2015	<u>13,748</u>

The provision held at 31 December 2015 is to cover estimated costs the Company may incur on exit of leasehold properties when the leases expire (see note 15).

15. COMMITMENTS UNDER OPERATING LEASES

The commitments under non-cancellable operating leases are as follows:

	<i>2015</i>	<i>2014</i>
	<i>Land and buildings £'000</i>	<i>Land and buildings £'000</i>
Within one year	50,200	21,179
In one to two years	42,801	27,700
In two to five years	105,770	61,899
In over five years	102,531	75,729
	<u>301,302</u>	<u>186,507</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

16. ULTIMATE PARENT COMPANY

The immediate parent company is Amazon EU Sarl which is incorporated in Luxembourg. The address of this company is 5 rue Plaetis, L-2338 Luxembourg, 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 440 Terry Avenue North, Seattle, WA 98109-5210, USA.

17. SHARE CAPITAL

	No.	2015 £	No.	2014 £
Authorised:				
Ordinary shares of £1 each	40,000,000	40,000,000	40,000,000	40,000,000
	No.	2015 £	No.	2014 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	10,366,036	10,366,036	10,366,036	10,366,036

18. 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 UK Services Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan") and Amazon's 1999 Nonofficer Employee Stock Option Plan (the "1999 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 and 1999 Plans.

During 2015 and 2014, RSUs were the primary type of equity award granted. RSUs are 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 five 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

18. SHARE BASED AWARD PLANS (continued)

Scheduled vesting for outstanding restricted stock units as at 31 December 2015 was as follows:

	2016	2017	2018	2019	Thereafter	Total
Scheduled vesting	<u>115,096</u>	<u>130,914</u>	<u>51,558</u>	<u>24,393</u>	<u>261</u>	<u>322,222</u>

The weighted average share price at the date of share based award vesting was \$467.62 (2014: \$320.47).