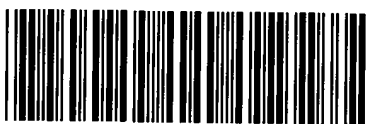


Company No: 3223028

**Amazon.co.uk Limited**  
**Report and Financial Statements**

**31 December 2014**

WEDNESDAY



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**COMPANY INFORMATION**

**DIRECTORS**

Michael Deal  
Christopher North  
Robert Mackenzie  
Robert McWilliam

**SECRETARY**

Mitre Secretaries Limited

**REGISTERED OFFICE**

Patriot Court  
1-9 The Grove  
Slough  
Berkshire  
SL1 1QP

**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 2014**

The directors of 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 2014.

### **DIRECTORS**

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

Michael Deal  
Christopher North  
Robert Mackenzie  
Robert McWilliam

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

### **DIRECTORS' LIABILITY**

The Company has indemnified one or more of the directors of the Company against liability in respect of proceedings brought by third parties subject to the conditions set out in S234 of the Companies Act 2006. Such qualifying third party indemnity provisions were in force during the year and are in force as at the date of approving the directors' report.

### **DIVIDENDS**

The directors do not recommend the payment of any dividends (2013: £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 2014**

**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



Robert McWilliam  
Director

Date: 13/2/2015

## STRATEGIC REPORT

for the year ended 31 December 2014

### 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 49% in 2014 to £643,533,000 (2013: £430,961,000) primarily due to a 31% increase in average headcount. The Company made an operating profit for the year of £35,578,000 (2013: £18,157,000). The operating results are stated after a share based payment expense of £22,548,000 (2013: £20,382,000).

In addition to the 31% average headcount increase, the Company operated a new corporate office in central London for the full year. This expansion resulted in an increase in creditors falling due within one year of 49% to £116,914,000 (2013: £78,450,000).

The Company's operations generated an increase in net current assets during 2014 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.

### 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.

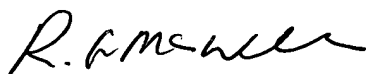
### PRINCIPAL RISKS AND UNCERTAINTIES

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 2014, 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



Robert McWilliam  
Director

Date: 13/2/2015

## **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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.CO.UK LIMITED**

We have audited the financial statements of Amazon.co.uk Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on 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.

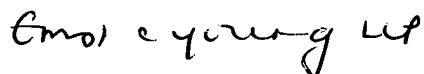


**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AMAZON.CO.UK LIMITED (continued)**

**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.



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

Date: 13 February 2016

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2014

	<i>Notes</i>	<i>2014 £'000</i>	<i>2013 £'000</i>
<b>TURNOVER</b>	2	679,111	449,118
Administrative expenses		(643,533)	(430,961)
<b>OPERATING PROFIT</b>	3	35,578	18,157
Interest receivable	6	822	787
Interest payable	7	(2,007)	(1,865)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		34,393	17,079
Tax charge on profit on ordinary activities	8	(11,943)	(4,153)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	19	22,450	12,926

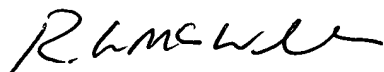
All amounts above arise from continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been prepared.

**BALANCE SHEET**  
as at 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	192,202	164,159
<b>CURRENT ASSETS</b>			
Debtors:			
amounts falling due within one year	10(a)	173,923	113,617
amounts falling due after one year	10(b)	10,908	9,609
Cash at bank and in hand		2	1
		184,833	123,227
<b>CREDITORS: amounts falling due within one year</b>	11(a)	(116,914)	(78,450)
<b>NET CURRENT ASSETS</b>		67,919	44,777
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		260,121	208,936
<b>CREDITORS: amounts falling due after more than one year</b>	11(b)	(58,006)	(52,382)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	14	(9,965)	(9,402)
<b>NET ASSETS</b>		192,150	147,152
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18,19	10,366	10,366
Other reserves	19	40,802	40,802
Share based awards reserve	19	96,907	74,359
Profit and loss account	19	44,075	21,625
<b>SHAREHOLDER'S FUNDS</b>	19	192,150	147,152

Approved by the Board



Robert McWilliam  
Director

Date: 13/2/2015

Company Number: 3223028

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The Company's operations generated an increase in net current assets during 2014 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 financial statements are presented in pounds Sterling and are rounded to the nearest thousand pounds (£'000).

The principal accounting policies that have been continuously followed are set out below;

#### *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.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) regarding the exclusion of a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its ultimate parent company publishes consolidated financial statements which include a cash flow statement.

#### *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.

#### *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.

#### *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 and similar charges.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

**1. ACCOUNTING POLICIES (continued)**

***Leases***

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets' useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

***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.

***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax or to receive tax credits, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

***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***

In accordance with FRS 20, 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 20).

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

**3. OPERATING PROFIT**

This is stated after charging / (crediting):

	2014 £'000	2013 £'000
Loss on sale of tangible fixed assets	191	71
Depreciation of tangible fixed assets – owned assets	32,512	24,777
– leased assets	2,050	2,214
Operating lease rentals – land and buildings	29,203	21,873
– plant and machinery	378	692
Auditor's remuneration – audit of the financial statements	30	30
Net (gain) loss on foreign currency translation	(905)	207
Government grant income	<u>(1,814)</u>	<u>(1,590)</u>

**4. STAFF COSTS**

	2014 £'000	2013 £'000
Wages and salaries	213,197	162,725
Social security costs	20,966	17,161
Staff pension contributions	5,905	3,195
Equity settled share based awards (note19)	22,548	20,382
	<u>262,616</u>	<u>203,463</u>

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

	2014 No.	2013 No.
Management and administration staff	<u>7,722</u>	<u>5,912</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

**5. DIRECTORS' EMOLUMENTS**

	2014 £'000	2013 £'000
Aggregate emoluments in respect of qualifying services	718	895

Value of Company pension contributions to money purchase schemes	17	21
--	----	----

	2014 No.	2013 No.
Members of money purchase pension schemes	3	3
Directors who received share based awards	2	3
Directors who vested in or exercised share based awards	2	2

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

	2014 £'000	2013 £'000
Aggregate emoluments in respect of qualifying services	340	413
Company contributions to money purchase pension schemes	2	7

The highest paid director in 2014 received share based awards during the year.

Certain directors' emoluments have been borne by the ultimate parent company, Amazon.com Inc, or one of its affiliated companies. These directors do not consider that they have received any remuneration for their services to the Company for the years ended 31 December 2014 and 2013.

**6. INTEREST RECEIVABLE**

	2014 £'000	2013 £'000
Interest receivable from Group undertakings	822	787
	822	787

**7. INTEREST PAYABLE**

	2014 £'000	2013 £'000
Finance charges payable including finance leases	1,674	1,722
Accretion of discount on provision for liabilities and charges (note 14)	333	143
	2,007	1,865

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

## 8. TAXATION

*(a) Tax on profit on ordinary activities*

The tax charge is made up as follows:

	2014 £'000	2013 £'000
<i>Current tax:</i>		
UK corporation tax	7,987	9,733
Adjustment in respect of previous periods	5,498	10
Total current tax charge (note 8(b))	<u>13,485</u>	<u>9,743</u>
<i>Deferred tax:</i>		
Current year credit	(1,046)	(6,965)
Rate change adjustment	-	1,173
Adjustment in respect of prior years	(496)	202
Total deferred tax credit	<u>(1,542)</u>	<u>(5,590)</u>
Tax charge on profit on ordinary activities	<u>11,943</u>	<u>4,153</u>

*(b) Factors affecting current tax charge*

The tax charge assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are reconciled below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>34,393</u>	<u>17,079</u>
Profit on ordinary activities multiplied by standard rate of corporation tax of 21.5% (2013: 23.25%)	7,395	3,971
Permanent differences during the year	(159)	(1,268)
Timing differences on share based awards	855	1,061
Timing differences on capital allowances	(350)	5,839
Other timing differences	246	130
Adjustments in respect of prior years	5,498	10
Total current tax charge (note 8(a))	<u>13,485</u>	<u>9,743</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

**8. TAXATION (continued)**

*(c) Deferred tax*

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

	2014 £'000	2013 £'000
Timing differences on capital allowance	4,366	3,857
Timing differences related to share based awards	4,387	3,811
Other timing differences	611	154
Total deferred tax asset recognised in the financial statements (note 10(b))	<u>9,364</u>	<u>7,822</u>
		£'000
Deferred tax asset at 1 January 2014		7,822
Deferred tax credit in the profit and loss account		1,046
Adjustment in respect of prior years		496
Deferred tax asset at 31 December 2014		<u>9,364</u>

There were no new or additional changes made to the UK mainstream rate of Corporation Tax rate within Finance Bill 2014, which received Royal Assent on 17 July 2014. Therefore, the rate reductions included within Finance Bill 2013 remain applicable. The main UK corporation tax rate reduced from 23% to 21% from 1 April 2014 and will further reduce to 20% from 1 April 2015. These rates were enacted on 17 July 2013 and therefore deferred tax assets and liabilities existing at 31 December 2014 have been calculated at a rate of 20%.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

**9. TANGIBLE ASSETS**

	<i>Leasehold Improvements £'000</i>	<i>Plant &amp; Machinery £'000</i>	<i>Office Equipment £'000</i>	<i>Computer Equipment £'000</i>	<i>Leasehold Buildings £'000</i>	<i>Assets under Construction £'000</i>	<i>Total £'000</i>
<i>Cost:</i>							
1 January 2014	26,685	120,243	44,011	21,293	40,995	4,555	257,782
Additions	15,414	22,504	13,643	2,665	-	8,667	62,893
Disposals	(22)	(84)	(299)	(21)	-	-	(426)
31 December 2014	<u>42,077</u>	<u>142,663</u>	<u>57,355</u>	<u>23,937</u>	<u>40,995</u>	<u>13,222</u>	<u>320,249</u>
<i>Depreciation:</i>							
1 January 2014	10,259	39,067	26,101	13,591	4,605	-	93,623
Additions	4,799	12,048	11,280	4,382	2,053	-	34,562
Disposals	(7)	(19)	(99)	(13)	-	-	(138)
31 December 2014	<u>15,051</u>	<u>51,096</u>	<u>37,282</u>	<u>17,960</u>	<u>6,658</u>	<u>-</u>	<u>128,047</u>
<i>Net book value:</i>							
1 January 2014	<u>16,426</u>	<u>81,176</u>	<u>17,910</u>	<u>7,702</u>	<u>36,390</u>	<u>4,555</u>	<u>164,159</u>
31 December 2014	<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>

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 (2013: £41,555,000) and accumulated depreciation of £7,047,000 (2013: £4,997,000). The net book value of assets held under finance leases is £34,508,000 (2013: £36,558,000).

**10. DEBTORS**

	<i>2014 £'000</i>	<i>2013 £'000</i>
<i>(a) Amounts falling due within one year</i>		
Amounts owed by group undertakings	144,796	96,534
Other debtors	17,057	8,724
Prepayments and accrued income	12,070	8,359
	<u>173,923</u>	<u>113,617</u>
<i>(b) Amounts falling due after one year</i>		
Deferred tax asset	9,364	7,822
Prepayments and accrued income	1,544	1,787
	<u>10,908</u>	<u>9,609</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

**11. CREDITORS**

*(a) Amounts falling due within one year*

	2014 £'000	2013 £'000
Bank overdraft	10,233	1,126
Trade creditors	44,350	27,637
Amounts owed to group undertakings	17,047	13,840
Corporation tax payable	-	232
Obligations under finance leases (note 12)	1,782	951
Other taxation and social security	9,061	7,973
Accruals	32,999	25,200
Deferred income – government grants (note 13)	1,442	1,491
	<u>116,914</u>	<u>78,450</u>

*(b) Amounts falling due after one year*

	2014 £'000	2013 £'000
Obligations under finance leases (note 12)	35,667	37,027
Other long term creditors – lease incentives	20,539	12,408
Deferred income - government grants (note 13)	1,800	2,947
	<u>58,006</u>	<u>52,382</u>

**12. OBLIGATIONS UNDER FINANCE LEASES**

Amounts due under finance lease contracts:

	2014 £'000	2013 £'000
<i>Amounts payable:</i>		
Within one year	2,971	2,912
In two to five years	15,104	15,045
After five years	35,146	38,176
Total gross payments	<u>53,221</u>	<u>56,133</u>
Less finance lease charges included above	<u>(15,772)</u>	<u>(18,155)</u>
	<u>37,449</u>	<u>37,978</u>
Amounts falling due within one year	1,782	951
Amounts falling due after one year	35,667	37,027
Total obligations under finance leases	<u>37,449</u>	<u>37,978</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2014

**13. DEFERRED INCOME - GOVERNMENT GRANTS**

	£'000
At 1 January 2014	4,438
Received during the year	618
Recognised in income	(1,814)
	<hr/>
At 31 December 2014	<u>3,242</u>

**14. PROVISION FOR LIABILITIES AND CHARGES**

	<i>Lease Dilapidations</i> £'000
At 1 January 2014	9,402
Provided during the year	448
Utilised during the year	(218)
Accretion of discount	333
	<hr/>
At 31 December 2014	<u>9,965</u>

The provision held at 31 December 2014 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**

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

	2014	2013	2014	2013
	<i>Land and buildings</i>	<i>Land and buildings</i>	<i>Equipment</i>	<i>Equipment</i>
	£'000	£'000	£'000	£'000
Operating lease which expire:				
Within one year	2,008	2,597	-	-
In one to two years	284	3,624	-	-
In two to five years	12,170	7,834	-	712
In over five years	15,674	15,390	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>30,136</u>	<u>29,445</u>	<u>-</u>	<u>712</u>

**16. RELATED PARTY TRANSACTIONS**

In accordance with the exemption stated in FRS 8 no details are shown of related party transactions with the Company's parent and fellow subsidiaries as they are wholly owned subsidiaries of the Amazon group.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

**17. 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.

**18. SHARE CAPITAL**

	No.	2014 £	No.	2013 £
Authorised:				
Ordinary shares of £1 each	40,000,000	40,000,000	40,000,000	40,000,000
	No.	2014 £	No.	2013 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	10,366,036	10,366,036	10,366,036	10,366,036

**19. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES**

	Share capital £'000	Other reserve £'000	Share based awards reserve £'000	Profit and loss account £'000	Total share- holder's funds £'000
At 1 January 2013	10,366	40,802	53,977	8,699	113,844
Profit for the year	–	–	–	12,926	12,926
Share based awards	–	–	20,382	–	20,382
At 31 December 2013	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

**20. 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.co.uk 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").

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

**20. SHARE BASED AWARD PLANS (continued)**

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 2014 and 2013, 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.com Inc's 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.

Details of unvested stock (restricted stock units) awarded to employees are set out below:

	2014		2013	
RSUs	Number	Weighted Avg Share Price at grant date \$	Number	Weighted Avg Share Price at grant date \$
Outstanding at the beginning of the year	432,657	232.30	438,882	190.35
Granted during the year	215,668	327.05	187,905	281.31
Forfeited during the year	(64,829)	266.13	(45,947)	199.72
Vested during the year <sup>1</sup>	(151,580)	204.88	(137,512)	167.24
Transfers out to other group undertakings	(35,659)	237.24	(10,671)	208.17
Transfers in from other group undertakings	28,239	262.28	-	-
Outstanding at the end of the year	<u>424,496</u>	<u>286.00</u>	<u>432,657</u>	<u>232.30</u>

Scheduled vesting for outstanding restricted stock units as at 31 December 2014 was as follows:

	2015	2016	2017	2018	Thereafter	Total
Scheduled vesting	<u>157,481</u>	<u>155,241</u>	<u>73,048</u>	<u>34,630</u>	<u>4,096</u>	<u>424,496</u>

<sup>1</sup> The weighted average share price at the date of share based award vesting was \$320.47 (2013: \$322.10).