

Registered number: 5903713

GOOGLE PAYMENT LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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GOOGLE PAYMENT LIMITED

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GOOGLE PAYMENT LIMITED

GENERAL INFORMATION

Board of Directors	Lewis Segall Ioanna Lykidi Mournir Mouawad (appointed 11/06/2018) Reno Mathews (appointed 11/06/2018, resigned 14/12/2018) Madeline Babey (appointed 04/05/2018) Raif Jacobs (resigned 03/05/2018) Dong Min Kim (resigned 29/05/2018) Richard Brough (resigned 05/06/2018)
Company secretary	Taylor Wessing Secretaries Limited
Company number	5903713
Registered office	5 New Street Square London EC4A 3TW United Kingdom
Auditors	Ernst & Young Harcourt Centre Harcourt Street Dublin Ireland
Bankers	Citibank Citigroup Dublin Service Centre 1 North Wall Quay 2nd Floor Dublin 1 Ireland
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW

GOOGLE PAYMENT LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

Review of the business

Google Payment Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom. The Company is a wholly owned subsidiary of Google International LLC whose ultimate parent undertaking is Alphabet Inc., a company incorporated in the United States of America.

The Company processes transactions in the United Kingdom and in other European countries for a number of fellow group companies and earns revenue from fellow group companies for providing these services. This includes the receipt of retail payments from customers for products and services sold by fellow group companies on Google Play, a digital distribution platform supporting the Android operating system. The Company continues to operate Peer to Peer payments (P2P). P2P payments facilitates the secure sending of money to friends and family directly within Google's email service, Gmail.

Results for the year

The Company began processing payments from customers on behalf of merchants on Google's shopping platform in the final quarter of the financial year ended 31 December 2018. Increased activity on the Google Play Platform has resulted in an increase in the cost of sales associated with that activity.

Review of key performance indicators

Turnover

Total turnover decreased from €175,603,365 to €157,846,336 in 2018, a decrease of €17,757,029 (10%). Fees under service agreements with group undertakings have decreased mainly as a result of a decrease in foreign exchange losses. Android activity however has increased, as reflected by increased cost of sales, explained under cost of sales and administrative expenses below.

Cost of sales

Cost of sales increased from €122,787,380 to €128,416,134 in 2018 an increase of €5,628,754 (5%). This increase relates primarily to credit card fees for processing Android transactions.

Administrative expenses

Administrative expenses decreased from €42,828,494 to €18,959,495 in 2018, a decrease of €23,868,999 (56%). This decrease is primarily attributable to decreased foreign exchange losses during the year.

The Company reported a profit after tax of €8,355,752 (2017: €8,113,343). This has been transferred to reserves.

GOOGLE PAYMENT LIMITED

STRATEGIC REPORT (CONTD)

Principal risks and uncertainties facing the business

As the Company is principally a service provider for Google Ireland Limited ('GIL') and Google Commerce Limited ('GCL'), the Company's principal risks and uncertainties relate to the potential of GIL and GCL scaling back their operations due to a reduction in demand for its services.

The Company is a FCA regulated entity and its policy and procedures carry an emphasis on compliance and governance to minimise the associated compliance risk.

The demand for its services could be impacted by the principal risks and uncertainties faced by GIL, GCL and other Alphabet Inc. group companies. If the group's competitors are more successful in generating traffic, revenues may decline. If the group fails to manage its growth effectively, the quality of products and services could suffer, which could negatively affect the Google brand and operating results. The group's business success is dependent upon product development and managing technological change in the industry within which it operates. The group must also ensure that it continues to effectively manage its related activity through appropriate compliance structures and procedures.

By order of the board



Director

IOANNA LYKIDI

GOOGLE PAYMENT LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Employee and environmental matters

Other than the directors, the Company had no employees during the year. However, there are other employee costs recharged from fellow group companies (see Note 11). The directors are not aware of any environmental matters that would affect the Company.

Dividends

The profit for the year, after taxation, amounted to €8,355,752 (2017: €8,113,343).

The directors of the Company do not propose the payment of a dividend (2017: €Nil).

Political donations

The Company neither made any political donations nor incurred any political expenditure during the year (2017: €Nil).

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the Alphabet Inc. group throughout the financial year.

Events since the Statement of the Financial Position date

Subsequent to the financial reporting year end the Company's board of directors reached an operational decision to restructure the Company's operations. From 4th April 2019, the Company will no longer process transactions in the European region (excluding the United Kingdom) on the Google Play Store.

Research and Development

The Company did not incur any research and development expenditure in 2018 (2017: €Nil).

Future Development

The Company plans to introduce additional Google Payments products in the future.

Going Concern

The financial statements have been prepared on a going concern basis.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young, Chartered Accountants as auditor of the Company.

GOOGLE PAYMENT LIMITED

DIRECTORS' REPORT (CONTD)

Directors of the Company

The directors who held office at the date of this report, are as follows:

Lewis Gegall
Ioanna Lykidi
Mounir Mouawad
Madeline Babey

By order of the board

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Director
IOANNA LYKIDI

GOOGLE PAYMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, Directors' Report, Directors' Responsibilities Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) 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 financial year and otherwise comply with the Companies Act 2006.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable 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 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.

By order of the board



Director
IOANNA LYKIDI

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOOGLE PAYMENT LIMITED

Opinion

We have audited the financial statements of Google Payment Limited for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14, 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

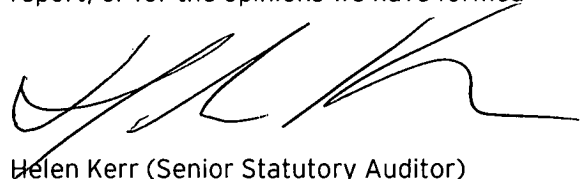
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Helen Kerr (Senior Statutory Auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin, Ireland
Date: 18th April 2019

GOOGLE PAYMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2018

	Notes	2018 €	2017 €
Turnover	3	157,846,336	175,603,365
Cost of sales		<u>(128,416,134)</u>	<u>(122,787,380)</u>
Gross profit		29,430,202	52,815,985
Administrative expenses	4	<u>(18,959,495)</u>	<u>(42,828,494)</u>
Profit on ordinary activities before taxation		10,470,707	9,987,491
Tax expense	5	<u>(2,114,955)</u>	<u>(1,874,148)</u>
Profit for the financial year		<u>8,355,752</u>	<u>8,113,343</u>

Turnover and operating profit arose solely from continuing operations.

There are no recognised gains or losses in either year other than the profit attributable to the shareholder of the Company and therefore no separate statement of other comprehensive income has been prepared.

The accompanying notes are an integral part of the financial statements.

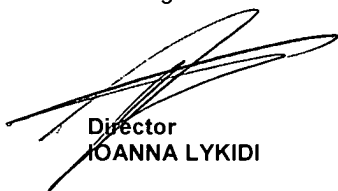
GOOGLE PAYMENT LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 December 2018

	Notes	2018 €	2017 €
Current assets			
Trade and other receivables	6	861,776	786,474
Cash and cash equivalents	7	<u>715,479,760</u>	<u>581,262,167</u>
		716,341,536	582,048,641
 Creditors: amounts falling due within one year	 8	 <u>(671,702,201)</u>	 <u>(545,748,069)</u>
 Total assets less current liabilities		 44,639,335	 36,300,572
 Provisions for liabilities and charges	 9	 <u>(2,450)</u>	 <u>(19,439)</u>
Net assets		<u>44,636,885</u>	<u>36,281,133</u>
 Capital and reserves			
Called up share capital	10	2,948	2,948
Share premium account		4,997,052	4,997,052
Profit and loss account		<u>39,636,885</u>	<u>31,281,133</u>
Shareholders' funds		<u>44,636,885</u>	<u>36,281,133</u>

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 12 to 21 were approved by the board of directors on ...15 April 2019... and were signed on its behalf by:


Director
IOANNA LYKIDI

GOOGLE PAYMENT LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2018

	Share Capital €	Share Premium €	Retained Earnings €	Total €
At 1 January 2017	2,948	4,997,052	23,167,790	28,167,790
Profit for the year	-	-	8,113,343	8,113,343
At 31 December 2017	2,948	4,997,052	31,281,133	36,281,133
At 1 January 2018	2,948	4,997,052	31,281,133	36,281,133
Profit for the year	-	-	8,355,752	8,355,752
At 31 December 2018	2,948	4,997,052	39,636,885	44,636,885

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

1. Statement of compliance with FRS 101

The financial statements of the Company were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101") (accounting standards issued by the Financial Reporting Council), and in accordance with the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. All values are rounded to the nearest whole euro (€) except where indicated.

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

The Company is included in the consolidated financial statements of Alphabet Inc, which are publicly available.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and FRS 101 accounting standards. The principal accounting policies, which have been applied consistently in the current and previous financial year, are set out below.

In accordance with the exemptions available under the reduced disclosure Framework of FRS 101, the Company has availed of the following exemptions in accordance with paragraph 8 of FRS 101 in respect of:

1. The requirements of IAS 7 "Statement of Cash Flows"
2. The requirements of 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
3. The requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement"
4. The requirements of IFRS 7 "Financial Instruments Disclosures"
5. The requirements of paragraphs 30 to 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
6. The requirements of paragraphs 10(d), 38(a), 111 and 134 to 136 of IAS 1 "Presentation of Financial Statements"
7. The requirements of paragraph 114 and 129 of IFRS 15 "Revenue from Contracts with Customers"

The remaining exemptions available under the Framework have not been availed of as they were not applicable to the Company in the current financial year.

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (contd)

New and amended standards and interpretations effective during 2018

IFRS 9 Financial Instruments

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) superseded IAS 39 Financial Instruments: Recognition and Measurement from 1 January 2018.

In accordance with the transitional provisions in IFRS 9, the Company has applied the retrospective transition method and has not restated prior year comparative figures. Results for the year ended 31 December 2018 are presented under IFRS 9, while results for the year ended 31 December 2017 are reported in accordance with IAS 39. Under the retrospective transition method, any cumulative adjustment from the adoption of IFRS 9 is recognised in opening retained earnings as at January 1, 2018.

The adoption of IFRS 9 has resulted in no impact for the Company and no financial statement line item has been affected at the adoption date, or in the current period by the adoption of IFRS 9.

IFRS 15, Revenue from Contracts with Customers

The Company early adopted IFRS 15 on 1 January 2017 using the modified retrospective method applied to contracts not completed as of this date. Results for reporting periods beginning after 1 January 2017 are presented under IFRS 15, while prior period amounts are reported in accordance with IAS 18.

The adoption of IFRS 15 has resulted in no impact for the Company and no financial statement line item has been affected at the adoption date, or in the current period by the adoption of IFRS 15.

Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (contd)

The principal accounting policies adopted by the Company are set out as follows:

Foreign currency translation

The financial statements are expressed in euro (€), which is also the Company's functional currency and presentation currency.

Transactions denominated in foreign currencies are initially translated at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are then re-translated at the rate of exchange ruling at the statement of financial position date. The resulting exchange differences are taken to the statement of comprehensive income. Non-monetary assets and liabilities which are measured using historic cost are translated at the exchange rates as at the date of the initial transaction.

Revenue

The Company recognises revenue when control of the promised goods or services are transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company generates revenue through service agreements with Google Ireland Limited and Google Commerce Limited for the provision of transaction processing services.

The service fee charged is based on the level of expenses, as agreed between parties in the performance of services. Where the transaction price contains variable consideration, the Company uses the most likely amount method in estimating revenue. These estimates are not constrained, as the Company assesses that it is highly probable that a significant reversal of revenue will not occur.

Revenue from these service agreements are recognised when the obligation to the customer is satisfied, and control of the promised service is transferred. The Company recognises revenue over time, as the customer simultaneously receives and consumes the benefit as the service is provided. The Company applies an output method, based on underlying financial results as agreed between parties, which is considered to faithfully depict the transfer of control to the customer.

Expenses

Expenses are accounted for on the accrual basis.

Cash and cash equivalents

Cash includes cash in hand and deposits held at call with banks.

Current tax

The tax expense for the period comprises current tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. Current taxes are recognised in Statement of Comprehensive Income except to the extent that the tax relates to items recognised outside Statement of Comprehensive Income, either in other comprehensive income or directly in equity. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

2. Accounting policies (contd)

Deferred Taxation

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Deferred tax is measured on an undiscounted basis (using the tax rates that have been enacted or substantively enacted at the statement of financial position date) as an approximation of the rates expected to apply in the periods in which the temporary differences reverse.

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 temporary difference can be deducted.

Deferred taxation is charged or credited to equity if it relates to items that are credited or charged to equity. Otherwise deferred tax is recognised in the Statement of Comprehensive Income.

Provisions for liabilities and charges

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will occur, and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is probable. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Allowances for transaction losses

The Company is exposed to transaction losses arising from fraudulent consumer and merchant activity as well as non-performance by consumer or merchants of their Checkout obligations. An allowance for transaction losses is provided to cover anticipated losses resulting from these events.

Allowances are recorded based on known facts and circumstances, historical experience and the mix of transaction types and are monitored and updated on a monthly basis. The charge for allowances for transaction losses is included within the statement of comprehensive income in cost of sales and is included within provisions in the statement of financial position at the year end. Allowances for transactions losses are not discounted.

Trade and other receivables

Funds receivable and payable arise due to the time taken to clear transactions through external payment networks. When consumers fund their account using their credit or debit card, there is a clearing period before the cash is received by the Company. Such funds are treated as receivable until they are settled.

When merchants request payment of funds, such funds are treated as a funds payable until cash is removed from the Company's bank accounts.

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

3. Turnover

The total turnover of the Company for the period has been primarily derived from its principal activity.

	2018 €	2017 €
Payment processing services revenue	157,769,098	174,748,155
Other revenue	77,238	855,210
	<u>157,846,336</u>	<u>175,603,365</u>

4. Administrative expenses

	2018 €	2017 €
Professional services*	871,104	641,070
Foreign exchange loss	13,563,934	39,064,755
Other administrative expense	4,524,457	3,122,669
	<u>18,959,495</u>	<u>42,828,494</u>

* Professional services expense includes fees of €65,996 (2017: €60,000) in respect of the statutory audit of the financial statements. Fees paid to auditors in relation to non-audit services are €nil (2016: €nil).

5. Tax on profit on ordinary activities

	2018 €	2017 €
(a) Tax charged in statement of comprehensive income		
Current tax		
UK Corporation tax on profits for the year	2,114,955	1,874,148
Adjustments in respect of prior periods	-	-
Tax on profit on ordinary activities	<u>2,114,955</u>	<u>1,874,148</u>

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

5. Tax on profit on ordinary activities (contd)

(b) Reconciliation of the total tax charge

The tax assessed on the profit on ordinary activities for the year is higher (PY: lower) than the effective rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	2018 €	2017 €
Profit on ordinary activities before tax	<u>10,470,707</u>	<u>9,987,491</u>
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2017: 19.25%)	1,989,434	1,922,250
Effects of:		
Expenses not deductible for tax purposes	17	-
Corporate Interest Restriction	125,504	-
Foreign exchange difference	-	(48,102)
Total Current Tax	<u>2,114,955</u>	<u>1,874,148</u>

Factors that may affect future tax charges

HM Treasury have announced their intention for the main rate of corporation tax to be maintained at 19% for the financial year beginning 1 April 2019 and to 17% for the financial year beginning 1 April 2020.

6. Trade and other receivables

	2018 €	2017 €
Other debtors (see note 9)	779,417	759,576
VAT receivable	<u>82,359</u>	<u>26,898</u>
	<u>861,776</u>	<u>786,474</u>

All balances are recoverable within one year. Other debtors are non-interest bearing and are normally settled within 30 to 90 days.

7. Cash and cash equivalents

Cash comprises of cash at bank. The cash balances are transitory and are utilised post year-end for settlement of payables to merchants and to group companies.

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

8. Creditors: Amounts falling due within one year

	2018	2017
	€	€
Amounts owed to other group undertakings	670,800,870	544,909,596
E-money outstanding (third party only)	45,527	145,069
Trade creditors	76,895	1,099
Accrued expenses, current	346,574	397,247
Other taxes and social security payable	-	85
Corporation tax payable	432,355	294,973
	<u>671,702,201</u>	<u>545,748,069</u>

Trade creditors are non-interest bearing and are normally settled within 30 to 90 days. Other creditors are non-interest bearing and are settled within the Company's normal operating cycle.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Under Regulation 20 of The Electronic Money Regulations 2011 (the "EMR"), Electronic Money Institutions must safeguard funds that have been received in exchange for Electronic Money that has been issued. The Company safeguarded the consumer Electronic Money funds via a surety bond from a consortium of insurance companies. The surety bond covers an amount in excess of Electronic Money outstanding (to group companies and third parties) as at the reporting date.

Deferred tax assets have not been recognised in respect of loan relationships of €112,293 due to uncertainty of recoverability of the asset.

9. Provisions for liabilities and charges

	2018	2017
	€	€
At 1 January	19,439	17,048
Charged to the statement of comprehensive income	-	-
Utilised during the year	(16,989)	2,391
At 31 December	<u>2,450</u>	<u>19,439</u>

The Company is exposed to transaction losses arising from fraudulent consumer and merchant activity as well as non-performance by consumer or merchants of their Wallet obligations. A collections reserve of €2,450 (2017: €19,439) is included as a provision for bad debts (see note 6).

GOOGLE PAYMENT LIMITED

Notes to the financial statements for the year ended 31 December 2018

10. Called up share capital

	2018	2017
	€	€
Authorised, allotted, called up and fully paid		
2,000 Ordinary shares of £1 each	<u>2,948</u>	<u>2,948</u>

There were no movements in the Company's ordinary shares during the year (2017: none).

11. Employee information

The Company has no employees during the year (2017: €Nil). Staff costs of €1,555,536 (2017: €1,341,677) have been recharged from other group undertakings as part of inter-group service agreements in place. Costs in respect of share based payments have not been recharged from other group undertakings in the current year as the same has been considered immaterial. The directors received emoluments of €Nil during the year (2017: €Nil).

Two (2017: one) directors held share options in the ultimate parent undertaking, Alphabet Inc. at year end. One (2017: one) of the directors exercised options during the year.

12. Events after the Statement of Financial Position date

Subsequent to the financial reporting year end the Company's board of directors reached an operational decision to restructure the Company's operations. From 4th April 2019, the Company will no longer process transactions in the European region (excluding the United Kingdom) on the Google Play Store.

13. Contingent liabilities

The Company had no contingent liabilities at 31 December 2018 (2017: €Nil)

14. Immediate and ultimate parent undertakings

The Company's ultimate parent undertaking and controlling party is Alphabet Inc., a company incorporated in the United States of America, while its immediate parent undertaking and controlling party is Google International LLC, a Company incorporated and with its registered office at 1600 Amphitheatre Parkway, Mountain View, CA 94043, United States of America.

Alphabet, Inc. is the smallest and largest group into which these financial statements are consolidated. The consolidated financial statements are available to the public and may be obtained from 1600 Amphitheatre Parkway, Mountain View, CA 94043, United States of America or can be obtained from the investor relations website at <http://investor.google.com/>.