

**Registered number: 06331310**

**Facebook UK Limited**

**Annual report and financial statements  
for the year ended 31 December 2021**



**Contents**

	<b>Page(s)</b>
<b>Strategic report</b>	<b>1 - 3</b>
<b>Directors' report</b>	<b>4 - 9</b>
<b>Independent auditor's report</b>	<b>10 - 13</b>
<b>Statement of comprehensive income</b>	<b>14</b>
<b>Statement of financial position</b>	<b>15</b>
<b>Statement of changes in equity</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17 - 46</b>

# Facebook UK Limited

## Strategic report for the year ended 31 December 2021

The directors of Facebook UK Limited (the 'Company') present the strategic report, the directors' report and the financial statements for the year ended 31 December 2021.

### Business review and future developments

The Company is engaged in the provision of sales support, marketing services and engineering support to the Meta group (the 'group') and acts as a reseller of advertising services to designated UK customers. There are no future changes anticipated in the business of the Company at this time.

### Review of key performance indicators

The key financial and other performance indicators during the year ended 31 December 2021 were as follows:

#### *Headcount*

The Company has continued to grow during the year, resulting in 37% increase in average headcount, from 3,745 in 2020 to 5,148 in 2021.

#### *Revenue*

Gross amounts from advertisers and others amounted to £3,346.3 million during the year (2020: £2,460.8 million) which resulted in recognised revenue of £1,893.6 million (2020: £1,365.2 million). Business operations continued to grow during the year which drove the increase in recognised revenue.

#### *Profit for the financial year*

Profit before tax has increased to £229.6 million (2020: £190.1 million). The profit for the year after tax amounted to £199.7 million (2020: £153.4 million) and has been credited to the Company's profit and loss reserves.

#### *Business*

There were no new products sold by the Company and no new services introduced during the year that had a material impact on the financial statements.

During the period, the Company has signed agreements for two new office leases and an agreement for the expansion of an existing UK office lease, all in the Greater London area.

### Section 172(1) statement

The directors of the Company are aware of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

# Facebook UK Limited

## Strategic report (continued) for the year ended 31 December 2021

### Section 172(1) statement (continued)

As a wholly owned subsidiary of Facebook Global Holdings II, LLC (the "Parent"), whose ultimate parent undertaking is Meta Platforms, Inc. (formerly, Facebook, Inc.) (the "Ultimate Parent"), the directors of the Company do not consider the factor set out in section 172(1)(f) (the need to act fairly between members of the Company) to be relevant to the proper discharge of their duty under section 172(1).

In discharging their duty to promote the interests of the Company under section 172(1) of the Companies Act 2006, the directors of the Company have regard to the following factors and stakeholder interests, as described below.

#### *Long term consequences of business decisions and maintaining reputation for high standards of business conduct*

The Company is run for the benefit of its sole shareholder, the Parent, but the Company recognises that the long term success of its business is dependent on maintaining relationships with its other stakeholders and on the external impact of the Company's activities. Various relevant policies have been implemented by the Ultimate Parent across its subsidiaries (together the "Group") which apply to the Company. These are referred to in the 'statement of corporate governance arrangements' and throughout this statement. These policies aim to ensure that the Company maintains its reputation for high standards of business conduct and also ensure the continued success of the Company's business model.

#### *Stakeholder identification and engagement*

The Company recognises the importance of fostering strong relationships with its stakeholders in order to create sustainable long term value. In addition to its shareholder and other companies in the Group, the Company's other stakeholders include its suppliers, employees and customers.

#### *Suppliers*

The Company's largest supplier arrangement is related to its direct cost of sales for reseller activity. This relationship is governed by a reseller agreement which the Company has in place with another group company. The Group has specialist departments to manage external supplier relationships and ensure that these stakeholders are treated fairly. The Company also adheres to the Group's Code of Conduct and relevant policies to guide its supplier business relationships.

#### *Employees*

Please refer to the section of the directors' report on 'employment of disabled persons and engagement with employees' for detail concerning engagement with employees.

#### *Customers*

The Company acts as a reseller of advertising services to designated UK customers. The Company's ability to compete effectively depends upon many factors both within and beyond the Company's control, including the ability to measure the effectiveness of its advertisements and to provide customers with a compelling return on their investments. The Company performs ongoing credit evaluations of its customers.

#### *Impact on the environment and the community*

The directors are committed to operating the Company in a sustainable way. The Company uses demanding industry standards to realise key opportunities to make operations more sustainable by optimising its water and energy consumption. For example, the Company implements the standards prescribed by the International Organisation for Standardisation for Energy Management ('ISO') 50001 model and in 2021 all of the Company's offices were re-certified by an independent third party to have met those standards. The Company engages with the communities in which it operates to build trust and understand the local issues that are important to them. Key areas of focus include how the Company can support local causes and issues and help to look after the environment.

# Facebook UK Limited

## Strategic report (continued) for the year ended 31 December 2021

### Principal risks and uncertainties

The principal risks and uncertainties which the Company are confronted with are limited by the arrangements it has in place with group companies. Such arrangements could be impacted in the event of an emergence of competitive products or services, security and privacy breaches, reductions in user engagement, difficulties attracting talent, adverse macroeconomic and geographical conditions in the advertising industry and the withdrawal of the United Kingdom from the European Union ('Brexit').

Brexit has not resulted in any material changes to the operating agreements of the Company nor has it had any material impact on the results for 2021.

The main risks arising from the Company's activities are as follows:

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The exposure to currency risk is monitored on an ongoing basis.

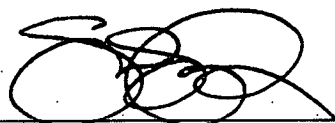
Credit risk is the risk that a counter party will not meet its objectives under a financial instrument or customer contract, leading to financial risk. The Board of Directors has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company has no liabilities carrying interest rates at present, however, the Company does hold lease liabilities that have varying lease payments that depend on an index or rate. The exposure to interest rate risk is monitored on an ongoing basis.

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet commitments. The Company monitors the risk of a shortage of funds on a regular basis, its objective being to ensure sufficient funds are available to meet its obligations as they fall due.

Economic risk associated with COVID-19. The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. During the period since and up to the date of this report, the Company has continued business operations with limited disruption and has remained engaged in performing its principal activities. The Company will continue to monitor and assess the situation but does not expect a material adverse impact on its operations or its ability to continue as a going concern.

By order of the board:



**S J S Taylor**

**Director**

**Date: 26 September 2022**

# Facebook UK Limited

## Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

### Results and dividends

Profit before tax has increased to £229.6 million (2020: £190.1 million).

No dividends will be distributed for the year ended 31 December 2021 (2020: £nil).

### Directors

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

K R Kelly (appointed 13 May 2022)

S J S Taylor

D W Kling (resigned 1 June 2021)

M L Johnson (appointed 1 June 2021, resigned 13 May 2022)

### Research and development

Research and development expenses consist primarily of personnel-related costs, including salaries, benefits and share based payment charge for engineers and other employees engaged in the research and development of products and services.

The Company incurred £1,157.3 million (2020: £752.3 million) in research, development and engineering expenses during the year.

### Going concern

The directors have evaluated the relevant conditions and events that are known and reasonably knowable at the date that the financial statements are approved, including any ongoing impacts of coronavirus (COVID-19) and the war in Ukraine. The directors have a reasonable expectation, based on their review of the projected business operations and considering the nature of the intercompany agreements with other Meta group companies, that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Qualifying third party indemnity provisions

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

# **Facebook UK Limited**

## **Directors' report (continued) for the year ended 31 December 2021**

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

### **Employment of disabled persons and engagement with employees**

Employees of the Company receive regular information through meetings arranged by the Ultimate Parent and other members of the Group where employees can direct questions on any Company topic. In addition, there are specific business updates across the Group, which generally include open questions and answers. The Company also consults with employees through employee resource and focus groups in response to feedback captured through regular employee surveys.

The Company facilitates a share incentive plan operated by the Ultimate Parent, with employees of the Company receiving remuneration in the form of restricted ordinary shares ('RSUs') as consideration for services rendered.

All new joiners to the Company are given access to an employee handbook as part of the on-boarding process. The handbook includes the Meta Equal Opportunities and Harassment Policy which applies to the full life cycle of an employee - including recruitment, training, promotion and all other aspects of employment. The policy also includes the Company's commitment to giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities as well as providing reasonable accommodation for employees with disabilities throughout the whole employment lifecycle, including employees who may develop a disability while employed by the Company.

# **Facebook UK Limited**

## **Directors' report (continued) for the year ended 31 December 2021**

### **Engagement with stakeholders**

There is active engagement with all stakeholders of the Company, including customers, suppliers, employees, owners, the local community and environment, and other stakeholders. Please refer to the Section 172(1) statement in the strategic report for further detail.

### **Statement of corporate governance arrangements**

This statement of corporate governance has been established by the Board of Directors of the Company, and is intended, in conjunction with the Company's certificate of incorporation, articles of association, other corporate documents (as set out below) and all applicable laws, to be a flexible framework within which the Board of Directors may conduct its business.

The Board of Directors of the Ultimate Parent Company establishes broad corporate policies for the Company (as its wholly owned subsidiary) and its other controlled entities in the group, sets the strategic direction for the group and overseas management with a focus on enhancing the interests of stakeholders. The Board of Directors of the Ultimate Parent are also responsible for the corporate governance of the Group (including the Company).

The Board of Directors of the Company is made up of senior employees of the Ultimate Parent, which enables the views of the Group to be considered as part of the directors' decision making. As such, the directors engage in regular dialogue with representatives from the Ultimate Parent.

The Board of Directors of the Company believe it is appropriate to adopt and follow the Ultimate Parent's corporate governance guidelines to ensure a consistent approach to corporate governance across the Group of which the Company is a subsidiary. The Ultimate Parent is subject to strict corporate governance procedures as a result of being listed on the NASDAQ stock exchange and forming part of the NASDAQ 100, which the directors of the Company are satisfied is consistent with the laws of England and Wales, applicable regulation and best practices in corporate governance.

The documents set out below form the corporate governance framework of the Company:

- Certificate of Incorporation and articles of association of the Company (1 August 2007)
- Corporate Governance Guidelines of the Ultimate Parent (amended as of 3 April 2022)
- Amended and Restated Bylaws of the Ultimate Parent (amended and restated 28 October 2021)
- Charter of the Audit & Risk Oversight Committee of the Board of Directors of the Ultimate Parent (11 February 2021)
- Charter of the Compensation, Nominating & Governance Committee of the Board of Directors of the Ultimate Parent (3 December 2020)
- Charter of the Privacy Committee of the Board of Directors of the Ultimate Parent (12 May 2020)
- Ultimate Parent and Group approach to tax policy (updated February 2020) and the UK tax strategy for the financial year ended 31 December 2021.



# Facebook UK Limited

## Directors' report (continued) for the year ended 31 December 2021

### Streamlined energy and carbon reporting

During the year ended 31 December 2021, the ultimate parent undertaking's global operations were supported by 100 percent renewable energy and achieved net zero emissions (Scope 1 and Scope 2) in the group's global operations by reducing its Greenhouse Gas ('GHG') emissions by 91 percent, compared to 2017 levels, and supporting high-quality carbon removal projects. The group has committed to net zero GHG emissions across its global value chain (including Scope 3) by 2030. The Company, as part of the group, shares this commitment and participates in the group's global actions and policies to reduce GHG emissions. More information about the group's environmental efforts can be found at [sustainability.fb.com](https://sustainability.fb.com).

The group's GHG footprint includes the emissions associated with running its business and data centres, as well as the indirect emissions created upstream from the group's operations and downstream in its products. The group's GHG emissions inventory is calculated per the World Resources Institute and World Business Council for Sustainable Development ('WBCSD') Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and received a limited assurance opinion by Apex Companies, LLC.

#### Results

The table below summarises the energy consumption and GHG emissions by scope associated with the Company's business operations in the United Kingdom during the financial year ended 31 December 2021 and 2020:

Name and description	Location-based emissions (MTCO2e)	Market-Based Emissions (MTCO2e)	Energy consumption (kWh)
<b>Financial year ended 31 December 2021</b>			
Scope 1: Direct (Gas combustion for heating)	486	486	2,686,738
Scope 2: Indirect (Purchased electricity)	3,450	—	16,396,153
Scope 3: Employee mileage	3	3	—
<b>Grand Total</b>	<b>3,939</b>	<b>489</b>	<b>19,082,891</b>
Emissions Intensity Ratio: MTCO2e per square foot	0.000580	0.000072	—
<b>Financial year ended 31 December 2020</b>			
Scope 1: Direct	—	—	—
Scope 2: Indirect (Purchased electricity and gas combustion for heating)	1,793	557	8,525,076
Scope 3: Employee mileage	79	79	—
<b>Grand Total</b>	<b>1,872</b>	<b>636</b>	<b>8,525,076</b>
Emissions Intensity Ratio: MTCO2e per square foot	0.00277	0.000941	—

# Facebook UK Limited

## Directors' report (continued) for the year ended 31 December 2021

### Streamlined energy and carbon reporting (continued)

The energy impacts (Scope 1 and 2) included above were derived from utility bills and then converted to GHG emissions. Where utility data was not available, electricity and natural gas consumption was estimated on a per square foot basis, using the US Energy Information Administration commercial buildings energy consumption survey average for large commercial buildings (at the 75th percentile). The electricity GHG conversion factors utilised were based on local grid emissions specific to the financial year. The natural gas GHG conversion factors utilised were per the USA Environmental Protection Agency Center for Corporate Climate Leadership GHG Emission Factors for Greenhouse Gas Inventories published on 1 April 2022 (2020: USA Environmental Protection Agency Center for Corporate Climate Leadership GHG Emission Factors for Greenhouse Gas Inventories published on 26 March 2020).

The location-based emissions are calculated by averaged emission factors local to the electricity grid as provided by the International Energy Agency. The Company's market-based emissions are calculated by emission factors associated with our contractually purchased energy via Energy Attribute Certificates, Power Purchase Agreements and green tariffs.

The employee mileage impacts (Scope 3) included above were calculated per activity data within the financial year and includes the impact of business travel in rental or employee-owned vehicles where the employee is reimbursed for this mileage. This activity data was then converted to GHG emissions per conversion factors provided by a third-party consultant whose methodology is ISO 14064 and ISO 14065 certified.

#### *Energy Efficiency Measures*

The Company's EMEA facility operations team continually monitors facility energy performance and takes corrective action when needed to reduce annual energy consumption in line with the criteria outlined in ISO 50001. Energy efficiency measures implemented during the financial year ended 31 December 2021 included enhancements to energy management systems within the offices and upgrades to LED fixtures and automated controls.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Events since year end

The financial statements have been prepared based upon conditions existing at 31 December 2021 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Subsequent to 31 December 2021, the Company declared a dividend of £400 million to its parent company, Facebook Global Holdings II LLC.

There have been no further significant events between 31 December 2021 and the date of approval of these financial statements, affecting the Company which required adjustment or disclosure in the financial statements.

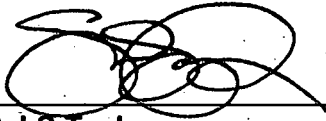
# **Facebook UK Limited**

## **Directors' report (continued) for the year ended 31 December 2021**

### **Independent auditor**

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

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

A handwritten signature in black ink, appearing to read 'S J S Taylor', is written over a horizontal line.

**S J S Taylor**

**Director**

**Date: 26 September 2022**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FACEBOOK UK LIMITED**

### **Opinion**

We have audited the financial statements of Facebook UK Limited (the "Company") for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 23, 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 2021 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. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of the management's going concern assessment process and further engaged with management early to ensure the risk factors we identified were considered in their assessment.
- We obtained management's going concern assessment, including the cashflow forecast for the going concern period which covers the period to 31 October 2023.
- We considered that the methods used to calculate the cashflow forecast and determined that they were appropriate.
- We have tested the assumptions used in the cash flow forecast and assessed how management has reflected the impact of COVID-19 in the forecast.
- We have performed reverse stress testing to assess any unexpected changes to the liquidity of the Company.
- We also compared prospective financial information used in cash flow forecasts with historical results and results achieved to date.
- We read the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Continued/....

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

### **Conclusions relating to going concern (continued)**

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

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

### **Other information**

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

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

Continued/....

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including in relation to the Coronavirus Job Retention Scheme rules, Health and Safety and GDPR;
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board resolutions and any correspondence with relevant authorities, and we noted that there is no contradictory evidence;

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override related to posting of manual journals outside routine financial statement close process. Our procedures to address this risk included making enquiries of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. The audit procedures to address the fraud risk included testing manual journals fall under specific criteria.

Continued/....



Building a better  
working world

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

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

The audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journals identified by specific risk criteria. We read the minutes of board resolutions to identify any non-compliance with laws and regulations. We also made enquiries with the management of the Company regarding compliance with laws and regulations.

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.

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

27 September 2022

# Facebook UK Limited

## Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	3	1,893,640	1,365,229
Cost of sales		(36,407)	(34,858)
<b>Gross profit</b>		<b>1,857,233</b>	<b>1,330,371</b>
Administrative expenses		(1,615,342)	(1,133,751)
<b>Operating profit</b>	5	<b>241,891</b>	<b>196,620</b>
Interest payable and similar charges	7	(12,587)	(7,025)
Interest receivable and similar income	8	255	517
<b>Profit on ordinary activities before taxation</b>		<b>229,559</b>	<b>190,112</b>
Tax on profit on ordinary activities	9	(29,841)	(36,757)
<b>Profit for the financial year - attributable to owners</b>		<b>199,718</b>	<b>153,355</b>
<b>Total comprehensive income for the year</b>			
– attributable to owners		<b>199,718</b>	<b>153,355</b>

The profit for the financial year and the accumulated profit brought forward have been included in the Company's profit and loss account reserves.

Revenue and operating profit arose solely from continuing operations.

The notes on pages 17 to 46 form an integral part of these financial statements.



# Statement of financial position as at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	10	—	12
Tangible assets	11	1,366,432	440,449
		<u>1,366,432</u>	<u>440,461</u>
<b>Current assets</b>			
Debtors - amounts falling due within one year	13	893,975	715,393
Debtors - amounts falling due after more than one year	13	112,689	63,303
Cash and cash equivalents	14	376,732	339,492
		<u>1,383,396</u>	<u>1,118,188</u>
Creditors - amounts falling due within one year	16	(940,346)	(737,157)
<b>Net current assets</b>		<u>443,050</u>	<u>381,031</u>
<b>Total assets less current liabilities</b>		<u>1,809,482</u>	<u>821,492</u>
Creditors - amounts falling due after more than one year	16	(1,090,630)	(274,748)
Provisions for liabilities	17	(31,531)	(18,332)
<b>Net assets</b>		<u>687,321</u>	<u>528,412</u>
<b>Capital and reserves</b>			
Called up share capital presented as equity	18	1	1
Profit and loss account	18	687,320	528,411
<b>Equity shareholder's funds</b>		<u>687,321</u>	<u>528,412</u>

The notes on pages 17 to 46 form an integral part of these financial statements.

The financial statements on pages 14 to 46 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



**S J S Taylor**

**Director**

**Date: 26 September 2022**

# Facebook UK Limited

## Statement of changes in equity for the year ended 31 December 2021

Equity attributable to owners of the parent	Called up share capital presented as equity	Profit and loss account	Equity shareholder's funds
	£'000	£'000	£'000
<b>Balance at 1 January 2020</b>	<b>1</b>	<b>371,822</b>	<b>371,823</b>
Profit for the financial year, representing total comprehensive income	—	153,355	153,355
Recharge paid to parent for share based payment plan	—	(331,044)	(331,044)
Deferred tax movements (note 15)	—	8,734	8,734
Reserve credit for share based payment plan (note 20)	—	311,272	311,272
Corporation tax credit for share based payment plan	—	14,272	14,272
<b>Balance at 31 December 2020 and 1 January 2021</b>	<b>1</b>	<b>528,411</b>	<b>528,412</b>
Profit for the financial year, representing total comprehensive income	—	199,718	199,718
Recharge paid to parent for share based payment plan	—	(528,548)	(528,548)
Deferred tax movements (note 15)	—	9,528	9,528
Reserve credit for share based payment plan (note 20)	—	458,072	458,072
Corporation tax credit for share based payment plan	—	20,139	20,139
<b>Balance at 31 December 2021</b>	<b>1</b>	<b>687,320</b>	<b>687,321</b>

The notes on pages 17 to 46 form an integral part of these financial statements.

# **Facebook UK Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **1. General information**

The principal activity of Facebook UK Limited (the 'Company') is the provision of sales support, marketing services and engineering support to the Meta group and to act as a reseller of advertising services to UK designated customers.

The Company is a limited company incorporated and domiciled in the United Kingdom. The Company's registered number is 06331310 and the registered office is located at 10 Brock Street, Regent's Place, London, NW1 3FG.

The financial statements of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 26 September 2022.

The ultimate holding company and ultimate controlling party is Meta Platforms, Inc. (formerly Facebook, Inc.), a company incorporated in Wilmington, Delaware, United States of America. The ultimate holding company and controlling party of the smallest and largest group of which the Company is a member, and for which consolidated financial statements are drawn up, is Meta Platforms, Inc. The immediate parent company of the Company is Facebook Global Holdings II LLC, a company established under the laws of Wilmington, Delaware, USA.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation**

The financial statements are presented in pound sterling ("£"). This is also the functional currency of the Company as it is the currency of the primary economic environment in which the Company operates. Unless otherwise stated, the financial statements have been presented in thousands ('000').

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards issued by the Financial Reporting Council and the Companies Act 2006. The financial statements comply with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention, unless otherwise stated.

The equivalent disclosures where required to apply the disclosure reductions of FRS 101, are included within the Form 10-K document that contains the publicly available financial statements of Meta Platforms, Inc.

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

##### *Critical accounting estimates and judgements*

The preparation of financial statements in conformity with applicable law and United Kingdom Accounting Standards requires the use of certain assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.21.

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

##### *Going concern*

The directors have evaluated the relevant conditions and events that are known and reasonably knowable at the date that the financial statements are approved, including the ongoing impacts of coronavirus (COVID-19) and the war in Ukraine. The directors have a reasonable expectation, based on their review of the projected business operations and considering the nature of the intercompany agreements in place with other Meta group companies, that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### *IFRS exemptions*

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

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

- The requirement in paragraph 38 of IAS 1, 'Presentation of financial statements' to present comparative information in respect of:
  - (i) Paragraph 79(a)(iv) of IAS 1, 'Presentation of financial statements',
  - (ii) Paragraph 73(e) of IAS 16, 'Property, Plant and Equipment',
  - (iii) Paragraph 118(e) of IAS 38, 'Intangible Assets'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- IAS 7, 'Statement of Cash Flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

##### *IFRS exemptions (continued)*

- Paragraphs 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers'.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 of IAS 36 Impairment of assets;
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'.

The consolidated financial statements of Meta Platforms, Inc. are available to the public and can be downloaded free of charge from the Company's investor relations website, located at <http://investor.fb.com>.

##### *Recent accounting pronouncements*

The following new standards and amendments are effective for the first time for periods beginning on or after 1 January 2021:

- Amendments to the Covid-19-Related Rent Concessions (Amendments to IFRS 16) Standards
- Amendments related to Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16))

The adoption of these amendments has resulted in no impact for the Company.

#### 2.2 Revenue

The Company recognises revenue when control of the promised goods or services are transferred to the customer for an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue is recognised for the major business activities outlined below.

##### *Advertiser reseller revenue*

The Company acts as a reseller of advertising services to designated UK customers through a reseller agreement with another group company and generates revenues primarily through resale of advertising inventory. These revenues consist primarily of advertising revenues generated by displaying advertisement products on Facebook, Instagram, Messenger, and third-party affiliated websites or mobile applications. The Company reports advertising reseller revenue net of associated direct cost of sales.

**Notes to the financial statements  
for the year ended 31 December 2021**

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

**2.2 Revenue (continued)**

Advertiser reseller revenue comprises revenue from the display of impression-based ads in the contracted period in which the impressions are delivered. Impressions are considered delivered when an ad is displayed to a user. The Company recognises revenue from the delivery of action-based ads in the period in which a user takes the action the marketer contracted for.

*Services*

The Company generates revenue through service agreements with other group companies for the provision of sales support, marketing services and engineering support to the Meta group. 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.

The service fee charged is based on the level of expenses incurred by the Company 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.

The Company has elected to use the practical expedient under IFRS 15, and does not adjust the amount of promised consideration for the effects of a significant financing component, as the Company expects that the period between the transfer of the service and receipt of payment will be one year or less. The Company recognises revenue when control of services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

**2.3 Research and development**

Research costs are expensed in the period in which they are incurred. The Company currently incurs no development costs which would meet the criteria for capitalisation as development expenditure under IAS 38 'Intangible Assets'.

**2.4 Employee benefits**

*Short-term employee benefits*

Short-term employee benefits, including wages and salaries, are recognised as an expense in the financial year in which the employees render the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Pensions*

The Company operates a defined contribution plan for certain employees. Contributions by the Company to a defined contribution pension scheme are recognised as an employee benefit expense as service is received from employees. Once contributions have been paid, the Company has no further obligations.

**Notes to the financial statements  
for the year ended 31 December 2021**

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

**2.5 Leases**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the recognition exemptions for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The Company has also elected to apply the practical expedient to combine its lease and related non-lease components on an ongoing basis to all of its underlying classes of assets, to the extent those non-lease components are fixed and service the underlying leased asset. In addition, the Company has elected the practical expedient to apply a portfolio approach to certain equipment leases with similar characteristics where it is reasonably expected the effects on the financial statements would not differ materially from application to the individual leases within that portfolio.

Right-of-use assets and lease liabilities are recognised at the lease commencement date. At commencement date, the lease liability is equal to the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At commencement date, the right-of-use asset is equal to the amount of the initial lease liability and the total amount of initial direct costs or lease payments made at or prior to commencement, less any lease incentives received.

Lease payments include fixed payments, including in-substance fixed payments, less any:

- lease incentives received;
- variable lease payments that depend on an index or rate;
- amounts expected to be paid or payable under residual value guarantees;
- the exercise price of a purchase option when the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate.

Lease payments will also include estimates of the following costs if, as a sole result of the lease agreement commencing, the Company is required to dismantle or remove an underlying asset, restore the site on which it is located on, or restore the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Other costs incurred as a result of improvements made or installation of assets performed by the Company that are subject to restoration obligations in the lease, will be accounted for as part of the cost of those assets in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'.

**Notes to the financial statements  
for the year ended 31 December 2021**

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

**2.5 Leases (continued)**

The lease liability is measured at amortised cost using the effective interest method. Right-of-use assets are depreciated over the lesser of the end of the useful life of the asset or the lease term, applying the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option, and includes periods covered by an option to terminate if the Company is reasonably certain not to exercise that option. When determining the probability of exercising such options, contract-based, asset-based, entity-based, and market-based factors are considered.

The carrying amount of the lease liability is remeasured to reflect reassessment or lease modification if there is a change to the future lease payments, a change to the lease term, or a change to the assessment of an option to purchase the underlying asset, extend a lease, or terminate a lease. A corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Incremental borrowing rate is defined as the rate of interest that lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. To determine the incremental borrowing rate, the Company considers its parent company's centralised treasury function, guarantees, credit risk profile, lack of publicly issued debt, and positive cash flow, in combination with the specific currency and interest rate environment of the Company.

The Company's lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes, and other. Variable lease costs are expensed as incurred in the statement of comprehensive income. The Company's lease agreements do not contain any residual value guarantees or restrictive covenants.



# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.6 Foreign currencies

##### *Functional and presentational currency*

The Company's functional and presentational currency is pound sterling.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities which are measured using historic cost are translated at the exchange rate at the date of the initial translation and are not subsequently retranslated. Non-monetary assets and liabilities which are measured using fair value are translated at the exchange rates at the date when the fair value was determined.

#### 2.7 Income tax

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

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

Underpayment/overpayment of income tax is presented as part of "Income tax expense" in the statement of comprehensive income.

##### *Current tax*

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

Current tax is measured according to the tax rates and regulations enacted or substantively enacted at the reporting date.

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

**Notes to the financial statements  
for the year ended 31 December 2021**

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

**2.7 Income tax (continued)**

*Deferred tax*

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

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

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

Current or deferred tax assets and liabilities are not discounted.

In accordance with the requirements of IAS 12, 'Income taxes', the Company recognises directly to equity, deferred taxes related to the excess of the expected tax deduction for share based payments over the cumulative remuneration expense charged to the statement of comprehensive income.

**2.8 Dividends payable**

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

**2.9 Interest receivable and similar income**

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

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.10 Interest payable and similar charges

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

#### 2.11 Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents include cash balances on hand, held for the purpose of meeting short-term cash commitments, and bank deposits. Cash at bank and bank deposits earn interest at floating rates based on daily deposit bank rates. Bank deposits are made for varying periods depending on the immediate cash requirements of the Company and earn interest at the respective deposit interest rates.

The Company together with other legal entities in the Meta group is a member of a multi-currency notional cash pooling arrangement with a third-party bank provider. Cash balances from the Meta group cash pooling arrangement are presented in cash and cash equivalents.

#### 2.12 Intangible assets

Intangible assets are initially recognised at cost and subsequently measured at cost less any accumulated amortisation and accumulated impairment losses. The costs of these assets, less any residual value, is amortised on a straight-line basis over their estimated useful lives.

Amortisation is provided on the following basis:

	Estimated useful life
Computer software:	3 years

Amortisation is charged to administrative expenses in the statement of comprehensive income. The amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The Company tests the carrying value of its intangible assets for impairment in the full financial year following the initial recognition of the intangible assets, and subsequently if events or changes in circumstances indicate that this asset may be impaired. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount, which in turn is the higher of fair value less cost to sell or value in use.

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.13 Tangible assets

Tangible assets, which include right-of-use assets, are initially recognised at cost and subsequently stated at cost less depreciation and any accumulated impairment losses (if any). Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful life, less their estimated residual value. The cost of tangible assets include expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of servicing of tangible fixed assets is charged to the statement of comprehensive income during the financial period in which they are incurred.

Each part of an item of tangible assets with a cost that is significant in relation to the total cost of the item, and which have different useful lives, are depreciated separately.

Depreciation on assets is charged using the straight-line method so as to allocate the cost of assets less their residual value over their estimated useful lives, or as it relates to right-of-use assets, the remaining lease term if shorter. Assets under construction are not depreciated until such time as the assets are ready for their intended use. The estimated useful lives are as follows:

	Estimated useful life
Buildings:	Straight line over period of lease
Leasehold improvements:	Straight line over period of lease
Fixtures and fittings:	5 years
Office equipment:	3 years
Computer equipment:	3 years
Lab equipment:	3 years

Depreciation is charged to administrative expenses in the statement of comprehensive income.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if there is an indication of a significant change since the last end of reporting date.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of tangible assets, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in the statement of comprehensive income when the item is derecognised.

Some items of tangible assets that are considered immaterial are expensed in full in the month of acquisition.

## **Notes to the financial statements for the year ended 31 December 2021**

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

#### **2.14 Impairment of non-financial assets**

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

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

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

#### **2.15 Share capital**

Called up shares are classified as equity and recognised at fair value of the consideration received. Incremental costs directly attributable to the issuance of new shares are shown in equity as a reduction from consideration received.

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.16 Financial instruments

##### (a) Financial assets

###### *Classification*

The Company classifies its financial assets in the following measurement categories:

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

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

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

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

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

###### *Recognition, measurement and derecognition*

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

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

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

## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.16 Financial instruments (continued)

##### *Debt instruments*

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

The Company's debt instruments consist of the following:

- Amounts owed by parent and fellow subsidiary undertakings
- Trade and other debtors
- Cash and cash equivalents

##### *Impairment*

For trade debtors, including intercompany trade debtors, the Company applies the simplified approach permitted by IFRS 9, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics. The Company uses judgement in making assumptions around the risk of default and expected loss rates, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Management consider amounts due from related parties to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

##### *(b) Financial liabilities*

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

Borrowings are classified as current liabilities (creditors due within one year), unless the Company has an unconditional right to defer settlement of the liability for at least one year after the statement of financial position date.

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

**Notes to the financial statements  
for the year ended 31 December 2021**

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

**2.16 Financial instruments (continued)**

**(c) Offsetting of financial instruments**

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

**2.17 Debtors**

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

Trade debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as amounts due after more than one year, within current assets.

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

**2.18 Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors also comprise accrued expenses, deferred income and various taxes payables. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as payables - amounts falling due after more than one year.

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

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



## Notes to the financial statements for the year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### 2.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, unless the impact of discounting is immaterial. The increase in the provision due to passage of time is recognised as interest expense.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed.

The Company assesses its lease agreements for requirements to return leased premises to their original condition. Assessments are carried out by independent third party valuers to determine the level of work required and to evaluate the likely cost. A provision for dilapidations is recognised over the life of the lease for the best estimate of the cost of rectification at the end of the lease term.

#### 2.20 Share-based payments

Meta Platforms, Inc. operates a share-based compensation plan. Employees of the Company receive remuneration in the form of equity instruments (restricted stock units "RSUs") of its ultimate holding company as consideration for services rendered.

The fair value of the employee services received in exchange for the grant of the RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the RSUs granted.

Non-market performance and service conditions are included in assumptions about the number of RSUs that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the ultimate holding company revises its estimates of the number of RSUs that are expected to vest based on the non-market vesting conditions. The Company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income.

When the RSUs are exercised, the ultimate holding company issues new shares. The grant of equity instruments by the ultimate holding company to the employees of the Company is treated as equity-settled, with a corresponding increase in equity as a contribution from the ultimate holding company.

The ultimate holding company recharges the Company for the value of the RSUs provided to its employees. The recharge is recorded as a reduction in equity.

**Notes to the financial statements  
for the year ended 31 December 2021**

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

**2.21 Critical accounting estimates and assumptions**

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

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

*(a) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangibles and note 2.13 for the useful economic lives for each class of assets.

*(b) Taxation*

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on deductible temporary differences where it is probable that there will be taxable income against which these can be offset. See note 9 for further details.

*(c) Provisions*

The Company makes an estimate of the present value of the dilapidation provision which relates to estimated costs to be incurred to return the currently occupied leased premises to a condition equivalent to that prior to occupation. The Company assesses the valuation at each reporting date. See note 17 for details.

*(d) Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows are included in the lease liability if it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

*(e) Incremental borrowing rate on leases*

When the Company cannot readily determine the interest rate implicit in a lease, it uses an incremental borrowing rate ('IBR') to measure lease liabilities. The Company estimates the IBR by considering its parent company's centralised treasury function, guarantees, credit risk profile, lack of publicly issued debt, and positive cash flow, in combination with the specific currency and interest rate environment of the Company.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 3. Revenue

Revenue is the value of the principal services supplied by the Company, net of value added tax. The principal services are disclosed in note 2.2.

All revenue recognised relates to revenue from contracts with customers.

	2021 £'000	2020 £'000
Advertiser reseller revenue	92,366	75,308
Sales support, marketing services and engineering support services	1,801,274	1,289,921
<b>Total revenue</b>	<b>1,893,640</b>	<b>1,365,229</b>

As detailed in note 2.2, the Company reports advertiser reseller revenue and associated direct cost of sales for reseller activity on a net basis. The table below provides a reconciliation between gross amounts from advertisers and others with the advertising reseller revenue reported:

	2021 £'000	2020 £'000
Gross amounts billed	3,346,349	2,460,814
Cost of sales - reseller expense	(1,452,709)	(1,095,585)
<b>Advertiser reseller and other revenue</b>	<b>1,893,640</b>	<b>1,365,229</b>

An analysis of turnover by geographical market is not disclosed as the directors are of the opinion that it would be prejudicial to the interests of the Company.

### 4. Employees and directors

	2021 £'000	2020 £'000
<b>Employee benefits expenses:</b>		
Wages and salaries	693,542	482,693
Social welfare costs	165,877	111,015
Contributions to defined contribution plan	32,918	21,548
Share-based payment (note 20)	458,072	311,272
	<b>1,350,409</b>	<b>926,528</b>

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 4. Employees and directors (continued)

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

Aggregate pension contributions for qualifying services as directors amounted to £nil (2020: £nil).

The average number of employees of the Company (including directors) during the year was as follows:

	2021 Number	2020 Number
Sales support and marketing team	1,753	1,514
Engineering team	3,395	2,231
	<u>5,148</u>	<u>3,745</u>

The Company operates a defined contribution pension scheme. The cost of contributions to the defined contribution scheme amounts to £32.9 million (2020: £21.5 million). There was an amount outstanding at the year end totalling £0.8 million (2020: £1.0 million).

### 5. Operating profit

#### Expenses by nature

The profit on ordinary activities before taxation is arrived at after charging/(crediting):

	2021 £'000	2020 £'000
Depreciation of tangible assets (note 11)	113,531	67,678
Research and development expense	1,157,302	752,324
Amortisation of intangible assets (note 10)	12	18
Foreign exchange loss/(gain)	4,970	(2,604)
Loss on disposal of tangible assets	—	28
Auditor's remuneration (note 6)	<u>83</u>	<u>87</u>

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 6. Auditor's remuneration

	2021 £'000	2020 £'000
During the year the Company obtained the following services from its auditor:		
Audit of Company financial statements	83	87

Fees paid to the Company's statutory auditors, Ernst & Young, in respect of the financial year, relate to statutory audit provided to the Company.

### 7. Interest payable and similar charges

	2021 £'000	2020 £'000
Unwinding of discount on provision	—	691
Interest expense relating to lease liabilities (note 12)	12,587	6,334
	<u>12,587</u>	<u>7,025</u>

### 8. Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest income	86	517
Discount movement on provision (note 17)	169	—
	<u>255</u>	<u>517</u>

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 9. Tax on profit on ordinary activities

	2021 £'000	2020 £'000
Tax expense included in profit or loss		
<i>Current tax:</i>		
Corporation tax on profit on ordinary activities	69,699	57,677
<b>Current tax charge for the financial year</b>	<b>69,699</b>	<b>57,677</b>
<i>Deferred tax:</i>		
Deferred tax credit	(23,431)	(17,390)
Effect of change in tax rate and tax rate differential	(16,427)	(3,530)
<b>Total income tax expense</b>	<b>29,841</b>	<b>36,757</b>

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

The assessed tax charge for the year is different to the rate of corporation tax in the United Kingdom of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	229,559	190,112
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 19% (2020: 19%):	43,616	36,121
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,652	4,166
Effect of change in tax rate and tax rate differential	(16,427)	(3,530)
<b>Income tax expense recognised in profit or loss</b>	<b>29,841</b>	<b>36,757</b>

### Factors that may affect future tax charges

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 10. Intangible assets

	Computer software £'000
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	<u>54</u>
<b>Amortisation</b>	
At 1 January 2021	(42)
Charge for the year	<u>(12)</u>
At 31 December 2021	<u>(54)</u>
<b>Net book value</b>	
At 31 December 2021	<u>—</u>
At 31 December 2020	<u>12</u>

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2021

#### 11. Tangible assets

	Right-of-use assets £'000	Leasehold improvements £'000	Fixtures & fittings £'000	Office equipment £'000	Computer equipment £'000	Lab equipment £'000	Assets in course of construction £'000	Total £'000
<b>Cost</b>								
At 1 January 2021	341,825	118,003	2,051	23,949	6,986	9,283	75,445	577,542
Additions	891,312	85,374	1,234	10,854	3,177	44,198	3,641	1,039,790
Disposals	—	—	(311)	(8,463)	(258)	—	—	(9,032)
Transfers from/(to) other classes	—	—	—	—	—	39,335	(39,335)	—
Transfers' captions under the additions / disposals	—	—	—	(21)	37	—	(313)	(297)
<b>At 31 December 2021</b>	<b>1,233,137</b>	<b>203,377</b>	<b>2,974</b>	<b>26,319</b>	<b>9,942</b>	<b>92,816</b>	<b>39,438</b>	<b>1,608,003</b>
<b>Depreciation</b>								
At 1 January 2021	(83,552)	(30,779)	(956)	(16,942)	(3,619)	(1,245)	—	(137,093)
Charge for the year	(76,888)	(13,276)	(679)	(5,015)	(1,661)	(16,012)	—	(113,531)
Disposals	—	—	311	8,463	258	—	—	9,032
Transfers' captions under the additions / disposals	—	—	—	21	—	—	—	21
<b>At 31 December 2021</b>	<b>(160,440)</b>	<b>(44,055)</b>	<b>(1,324)</b>	<b>(13,473)</b>	<b>(5,022)</b>	<b>(17,257)</b>	<b>—</b>	<b>(241,571)</b>
<b>Net book value</b>								
<b>At 31 December 2021</b>	<b>1,072,697</b>	<b>159,322</b>	<b>1,650</b>	<b>12,846</b>	<b>4,920</b>	<b>75,559</b>	<b>39,438</b>	<b>1,366,432</b>
At 31 December 2020	258,273	87,224	1,095	7,007	3,367	8,038	75,445	440,449

Right-of-use assets within tangible fixed assets include land and buildings of £1,068.7 million (2020: £258.3 million) and network equipment of £4.0 million (2020: £nil). See note 12 for further detail.



# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 12. Leases

The Company has entered into various non-cancelable lease agreements for land and buildings. These leases have lease periods expiring between 2023 and 2041. Certain leases include one or more options to renew. The Company does not include renewals in the determination of the lease term unless the renewals are deemed to be reasonably certain. Information presented below should be considered in conjunction with notes 2.5 and 11.

#### Right-of-use assets

	Land and buildings £'000	Network equipment £'000	Total £'000
Depreciation - 2020 charge	47,820	—	47,820
Balance at 31 December 2020	<u>258,273</u>	<u>—</u>	<u>258,273</u>
Depreciation - 2021 charge	76,554	334	76,888
Balance at 31 December 2021	<u>1,068,708</u>	<u>3,989</u>	<u>1,072,697</u>

Right-of-use assets are included within 'Tangible assets' in the statement of financial position.

Additions to the land and buildings during 2021 were £887.0 million (2020: £5.7 million) and to the network equipment £4.3 million (2020: £nil).

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 12. Leases (continued)

#### Lease liabilities

The following is an analysis of lease liabilities, by relevant maturity groupings based on contractual maturities:

	2021 £'000	2020 £'000
Not later than 1 year	62,337	60,617
Later than 1 year and not later than 5 years	367,602	140,936
Later than 5 years	859,645	150,470
Total undiscounted lease liabilities	1,289,584	352,023
Less imputed interest	(152,274)	(29,960)
Lease liabilities as at 31 December	1,137,310	322,063
Of which are:		
Current (note 16)	57,751	55,181
Non-current (note 16)	1,079,559	266,882
	1,137,310	322,063

Current and non-current lease liabilities are included within 'Creditors – amounts falling due within one year' and 'Creditors – amounts falling due after one year' in the statement of financial position.

As of 31 December 2021, the Company has additional leases that have not yet commenced with lease obligations of approximately £116.1 million (2020: £537.2 million). These leases, as at 31 December 2021, will commence in 2022 with lease terms of one to ten years.

The following amounts related to leases were recognised in the statement of comprehensive income:

	2021 £'000	2020 £'000
Interest expense	12,587	6,334
Variable lease expense	14,713	6,331
Depreciation charge	76,888	47,820

Total cash outflows in relation to leases in 2021 were £109.7 million (2020: £59.6 million).

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 13. Debtors

	2021 £'000	2020 £'000
<b>Due within one year</b>		
Trade debtors	470,999	369,642
Amounts owed by parent and fellow subsidiary undertakings	403,773	327,452
Corporation tax	9,868	11,237
Prepayments	9,335	7,062
	<u>893,975</u>	<u>715,393</u>
<b>Due after more than one year</b>		
Deferred tax asset (note 15)	<u>112,689</u>	<u>63,303</u>

Trade debtors are stated after provisions for impairment of £1.7 million (2020: £1.7 million).

Amounts owed by parent and fellow subsidiary undertakings are trade related, unsecured, interest free and are repayable on demand.

### 14. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>376,732</u>	<u>339,492</u>

#### *Cash pooling*

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

As part of this arrangement, cash and cash equivalents amounting to £56.5 million (2020: £335.2 million) which represents cash held under the cash pooling arrangement have been pledged as security against obligations of other Meta legal entities party to the notional cash pooling arrangement. This security can only be called upon if recovery from the customer holding the obligation and recovery under the guarantee with Meta Platforms, Inc. is not successful.

The Company is a beneficiary of a guarantee given by Meta Platforms, Inc. under the arrangement to guarantee the amounts owed to the third-party bank provider.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 15. Deferred tax

The deferred tax balance is made up as follows:

	2021 £'000	2020 £'000
Deductible temporary differences - employee RSUs	107,295	59,763
Deductible temporary differences - other	5,394	3,540
	<u>112,689</u>	<u>63,303</u>

Movement in deferred tax assets and liabilities during the year were as follows:

	2021 £'000	2020 £'000
At beginning of year	63,303	33,649
Credited to profit or loss	39,858	20,920
Credited to equity	9,528	8,734
At end of year	<u>112,689</u>	<u>63,303</u>

The deferred tax asset mainly relates to unvested employee RSUs which are subject to a corporation tax deduction on vesting and deductible temporary differences on tangible fixed assets.

The deferred tax asset of £112.7 million (2020: £63.3 million) has been recognised on the basis it is probable there will be sufficient future taxable profits against which the deductible temporary differences can be utilised.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 16. Creditors

	2021 £'000	2020 £'000
<b>Due within one year</b>		
Trade creditors	30,285	6,513
Amounts owed to parent and fellow subsidiary undertakings	646,041	500,406
Other payables including tax and social insurance	113,734	86,017
Lease liabilities (note 12)	57,751	55,181
Accruals	92,535	89,040
	<u>940,346</u>	<u>737,157</u>

Trade creditors are non-interest bearing and are usually settled on 30-60 day terms.

The carrying amounts of all trade and other creditors at the statement of financial position date approximated their fair values.

Amounts owed to parent and fellow subsidiary undertakings are trade related, unsecured, non-interest bearing and repayable on demand.

	2021 £'000	2020 £'000
<b>Due after more than one year</b>		
Lease liabilities (note 12)	1,079,559	266,882
Amounts owed to parent and fellow subsidiary undertakings	1,263	1,263
Accruals	9,808	6,603
	<u>1,090,630</u>	<u>274,748</u>

Amounts owed to parent and fellow subsidiaries are unsecured and interest free. Whilst there is no fixed repayment date, repayment of this balance will not be sought within twelve months of the statement of financial position date.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 17. Provisions for liabilities

	<b>Dilapidations £'000</b>
At 1 January 2021	18,332
Additions in the year	13,368
Discount movement (note 8)	(169)
<b>At 31 December 2021</b>	<b>31,531</b>

The dilapidations provision relates to the estimated costs to be incurred to return the currently occupied leased premises to a condition equivalent to that prior to occupation. Any reconstruction work would occur at lease expiration date. Amounts charged to the statement of comprehensive income in the year are included within interest receivable and similar income.

### 18. Called up share capital and reserves

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Authorised, allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

#### Share capital

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

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

#### Profit and loss account

Profit and loss account represents accumulated comprehensive income and amounts related to the share based compensation.

### 19. Related party transactions

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

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

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 20. Share-based payment

At 31 December 2021 Meta Platforms, Inc. had 1 active stock-based employee compensation plan (the 2012 Equity Incentive Plan, ('the Plan')) under which new awards may be granted. Awards may include incentive share options, non-statutory share options, share purchase rights or restricted ordinary shares. The Company has granted only RSUs to employees of Facebook UK Limited. The Company intends to equity settle all RSUs. The vesting condition of the RSUs is that the employees must remain in employment until the initial vesting event.

The Plan permits the grant of RSUs over ordinary shares (class B common stock) in Meta Platforms, Inc. The per-share exercise price of RSUs granted is generally nil.

The fair value of each RSU is estimated on the date of grant as the share price at the date of grant.

RSUs are granted to employees under the Plan upon hire or based on performance criteria established by management. RSUs are subject to forfeiture if the employee terminates employment with the Company or other group companies prior to vesting conditions being satisfied.

During the vesting period, ownership of the shares cannot be transferred. Once shares are issued pursuant to the terms of an RSU agreement, these shares have the same dividend and voting rights as other ordinary shares.

The weighted average share price during the year for RSUs settled was £233.54 (US\$321.11), (2020: £182.02 (US\$234.40)).

The total charge for the year relating to employee share-based payment plans was £458.1 million (US\$617.4 million), (2020: £311.3 million (US\$402.7 million)).

The fair value of RSUs granted in the year was £222.36 (US\$307.35) (2020: £149.42 (US\$192.52)).

A reconciliation of movements in the number of RSUs outstanding are as follows:

	2021 RSUs Numbers	2020 RSUs Numbers
Outstanding at 1 January	4,800,940	3,467,298
Granted	3,477,706	3,355,565
Movements*	294	29,627
Settled	(2,239,747)	(1,782,622)
Forfeited	(579,460)	(268,928)
Outstanding at 31 December	5,459,733	4,800,940

*\*This accounts for the net change in outstanding awards due to employee transfers across territories*

# **Facebook UK Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **21. Controlling parties**

At 31 December 2021, the Company is a wholly-owned subsidiary of Facebook Global Holdings II LLC, a company incorporated in Wilmington, Delaware, USA, its registered office being 251 Little Falls Drive, Wilmington, New Castle, DE, 19808.

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

The Facebook website is located at [www.facebook.com](http://www.facebook.com).

### **22. Subsequent events**

The financial statements have been prepared based upon conditions existing at 31 December 2021 and considers any relevant events that occur subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Subsequent to 31 December 2021, the Company declared a dividend of £400 million to its parent company, Facebook Global Holdings II LLC.

There have been no further significant events between 31 December 2021 and the date of approval of these financial statements, affecting the Company which required adjustment or disclosure in the financial statements.

### **23. Approval of financial statements**

The financial statements were approved and authorised for issue by the directors on 26 September 2022.