

REGISTERED NUMBER: 07797907(England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the year ended 31 December 2019
for
Airbnb UK Limited**



Airbnb UK Limited (Registered number: 07797907)
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for the Year Ended 31 December 2019

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Airbnb UK Limited (Registered number: 07797907)
Company information
for the Year Ended 31 December 2019

Directors	E Hession (Resigned on 27 January 2020) D Bernstein (Appointed 27 January 2020) K Pawson (Appointed 27 January 2020)
Secretary	Abogado Nominees Limited 100 New Bridge Street, London, United Kingdom EC4V 6JA
Registered Office	100 New Bridge Street, London, United Kingdom EC4V 6JA
Registered number	07797907 (England and Wales)
Independent Auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Republic of Ireland
Company banker	Bank of America 2 King Edward Street London EC1A 1HQ

Airbnb UK Limited (Registered number: 07797907)
Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The principal activities of Airbnb UK Limited (the Company) in the year under review were those of promoting the Airbnb online marketplace.

Review of business

The Company has earned revenues amounting to £25.43 million during the year ended 31 December 2019, this revenue related in its entirety to a recharge of certain costs plus a percent of the sales attributed to Airbnb users who reside in the Kingdom of Great Britain and Northern Ireland. Profits have increased for the year ended 31 December 2019 as a result of a change in recharge agreements.

Charged against these revenues were costs of £19.81 million of which the greatest single category was headcount related costs.

Principal risks and uncertainties

Management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks are set out below:

Legislative risk: The emergence of Airbnb Ireland UC's online marketplace for people to book accommodations is a relatively new economic sector and currently the status of legislation governing it can be vague at best. This leads to a chance that future legislation may negatively impact Airbnb Ireland UC's ability to operate as it currently does which, given Airbnb Ireland UC is the sole customer of the Company, could adversely impact the Company's operations. This risk is mitigated by a dedicated policy team within Airbnb Ireland UC and affiliated entities who review upcoming legislation and lobby for potential changes to existing legislation to protect the host community and allow Airbnb Ireland UC's business to continue to operate as it is currently.

Interest rate and credit risk: The Company's cash and cash equivalents consist of highly-liquid instruments and are comprised primarily of demand deposits held at financial institutions that management believes are credit worthy. Deposits with these institutions may exceed the amount of insurance provided on these deposits. These amounts are subject to nominal fluctuations in interest rates which generally do not affect the results of operations.

Future developments

The Company follows the group strategy as defined by its ultimate parent entity, Airbnb, Inc. All activities are designed to promote the Airbnb online marketplace.

The Directors expect a decrease in the level of activity of the Company in the current year in comparison to 2019. This is primarily due to the impact of the COVID-19 outbreak on UK bookings made through the Airbnb platform, the platform which is provided to users outside the U.S., China and Japan by Airbnb Ireland UC, the Company's sole customer. The extent of the impact of COVID-19 on the Company's activities will depend on future developments - including the duration and spread of the outbreak, travel advisories and restrictions, and the impact on overall demand for travel - all of which are highly uncertain and cannot be predicted.

In addition, the Company's activities may be impacted by the anticipated end of the Brexit transitional period on 31 December 2020 - specifically if the trade deal between the U.K. and the European Union (or lack thereof) impacts UK bookings on the Airbnb platform.


Results and dividends

The Company profit for the financial year was £4.51 million (2018: £0.31 million) which was transferred to reserves.

The directors have not paid an interim dividend during the year (2018: £nil); they do not recommend the payment of a final dividend (2018: £nil).

Airond UK Limited (Registered number: 07797907)
Strategic Report
for the Year Ended 31 December 2019

On behalf of the board:


.....
K Dawson - Director

Date: 17 September 2020

Airbnb UK Limited (Registered number: 07797907)

**Report of the Directors
for the Year Ended 31 December 2019**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019. The Company is a private limited company, incorporated in the United Kingdom.

Certain Laws and Regulations require that specific information should be included in the report of the Directors, the following is incorporated into this report of the directors reference:

- Principal activities (strategic report page 1)
- Review of the business (strategic report page 1)
- Principal risks and uncertainties (strategic report page 1)
- Financial risk management (strategic report page 1)
- Results and dividends (strategic report page 1)

Directors

E Hession held office during the period from 1 January 2019 to 27 January 2020. D Bernstein and K Pawson (the Directors) were both appointed on 27 January 2020.

Going concern

The Directors expect that the outbreak of COVID-19 will have an adverse impact on the number of bookings made through the Airbnb platform (operated outside the U.S. and China and Japan by the Company's sole customer), the extent of which will depend on future developments - including the duration and spread of the virus, travel advisories and restrictions, and any negative impact on the demand for travel. The Directors continue to believe it is appropriate to adopt the going concern basis in preparing the financial statements. See note 2 and 18 to these financial statements for reference to the impact Covid-19 has had on the Company's ability to continue as a going concern.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Company does not operate a website and is not therefore subject to requirements under company law to make disclosures in that regard. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Post balance sheet events

See note 18 to these financial statements dealing directly with subsequent events impacting the Company.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

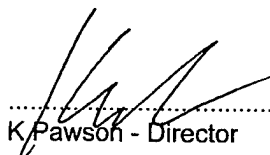
**Report of the Directors
for the Year Ended 31 December 2019**

Directors report - continued

Independent auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed in the board resolution to approve the accounts.

On behalf of the board:


.....
K. Pawson - Director

Date: 17 September 2020



Independent auditors' report to the members of Airbnb UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Airbnb UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Gareth Hynes'.

Gareth Hynes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
17 September 2020

Airbnb UK Limited (Registered number: 07797907)
Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	3	25,428,916	14,248,177
Administrative expense		<u>(19,811,257)</u>	<u>(13,802,747)</u>
Operating profit	5	5,617,659	445,430
Interest receivable and similar income		<u>12,958</u>	<u>9,646</u>
Profit before taxation		5,630,617	455,076
Tax on profit	6	<u>(1,125,598)</u>	<u>(146,059)</u>
Profit for the financial year		4,505,019	309,017
Other comprehensive income		—	—
Total comprehensive income for the year		<u>4,505,019</u>	<u>309,017</u>

All activities relate to continuing operations

Airbnb UK Limited (Registered number: 07797907)
Balance Sheet
as at 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	7	<u>2,779,565</u>	<u>2,289,356</u>
		2,779,565	2,289,356
Current Assets			
Debtors: amounts falling due within one year	8	6,447,344	3,201,368
Cash at bank		<u>5,646,222</u>	<u>2,618,268</u>
		<u>12,093,566</u>	<u>5,819,636</u>
Creditors			
Amounts falling due within one year	9	<u>(3,535,725)</u>	<u>(1,702,260)</u>
Net current assets		<u>8,557,841</u>	<u>4,117,376</u>
Total assets less current liabilities		11,337,406	6,406,732
Creditors			
Amounts falling due after more than one year	10	<u>(229,093)</u>	<u>(178,024)</u>
Total assets less total liabilities		<u>11,108,313</u>	<u>6,228,708</u>
Capital and reserves			
Called up share capital	14	102	102
Share premium		4,720,156	4,720,156
Currency translation		48,828	48,828
Share based payment reserve		843,000	468,414
Retained earnings		<u>5,496,227</u>	<u>991,208</u>
Total shareholders funds		<u>11,108,313</u>	<u>6,228,708</u>

The financial statements were approved by the Directors on 17 September 2020 and were signed on its behalf by:



 K. Pawson - Director

Airbnb UK Limited (Registered number: 07797907)
Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital	Share Premium	Currency translation	Share based payment Reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance as at 1 January 2018	<u>101</u>	<u>1,520,157</u>	<u>48,828</u>	<u>304,642</u>	<u>682,191</u>	<u>2,555,919</u>
<i>Changes in equity</i>						
Share issuance	1	3,199,999	—	—	—	3,200,000
Share option reserve	—	—	—	163,772	—	163,772
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>309,017</u>	<u>309,017</u>
Balance as at 31 December 2018	<u>102</u>	<u>4,720,156</u>	<u>48,828</u>	<u>468,414</u>	<u>991,208</u>	<u>6,228,708</u>
<i>Changes in equity</i>						
Share option reserve	—	—	—	374,586	—	374,586
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,505,019</u>	<u>4,505,019</u>
Balance as at 31 December 2019	<u>102</u>	<u>4,720,156</u>	<u>48,828</u>	<u>843,000</u>	<u>5,496,227</u>	<u>11,108,313</u>

1. Statutory information

Airbnb UK Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The accounting policies have been applied consistently throughout the year.

FRS 102 exemption claimed:

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102

- The requirements of section 33.7 from disclosing the Company key management personnel compensation
- the requirement of section 33 Related Party Disclosures paragraph 33.1A.
- the requirements of section 7 and paragraph 3.17(d) to present a company statement of cash flows

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going concern

These financial statements are prepared on a going concern basis, under the historical cost convention. In considering the appropriateness of the use of the going concern assumption in light of the COVID-19, the Directors have considered the nature of the Company's activities and current intercompany agreements in place between the Company and its parent. Having regard for the nature of the Company and the overall Group assessment of Airbnb, Inc., this assessment included expectations regarding future forecast activity, available liquidity including lines of credit and ability to meet liabilities as they fall due. The Directors continue to believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Statement of compliance

The financial statements of Airbnb UK Limited have been prepared in compliance with the United Kingdom Accounting Standards, including FRS102 and the Companies Act 2006.

Turnover

Turnover represents the value of services provided to the parent company under the services arrangement in place. Turnover is recognised when chargeable costs are incurred.

Tangible fixed assets

Tangible fixed assets are recorded at historical cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Depreciation is provided at the following annual rates in order to write down the cost of each asset to its estimated residual value over its estimated useful life:

Computer equipment	33% straight line
Fixtures and fittings	20% straight line
Leasehold improvements	Over the shorter of the lease term or asset life

Construction in progress is not depreciated.

Airbnb UK Limited (Registered number: 07797907)
Notes to the financial statements
for the Year Ended 31 December 2019

2. Accounting policies - continued

Tangible fixed assets - continued

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The carrying values of tangible fixed assets are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable.

The asset lives and residual values are assessed as appropriate each year end.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and deposits held at call with banks.

Provisions and contingencies

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 of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(i) Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(ii) Provision is not made for future operating losses.

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. The increase in the provision due to passage of time is recognised as a finance cost.

(iii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Taxation

Tax payable is based on taxable profit for the year, calculated using tax rates enacted at the balance sheet date. Current tax and deferred tax are recognised in the statement of comprehensive income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

2. Accounting policies - continued

Taxation - continued

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences are included in the statement of comprehensive income in the period in which they arise.

Leases

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the lease. Management believes this is representative of the time pattern of the benefit and payments to the lessor are not structured to increase in line with expected general inflation.

Share based compensation

The Company's ultimate parent undertaking, Airbnb Inc, operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest.

The Company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The fair value of restricted stock units ("RSUs") is estimated based on the fair value on the date of grant. Substantially all of Airbnb, Inc.'s restricted stock units vest upon the satisfaction of both a service-based condition and performance-based vesting condition. Stock-based compensation expense is only recognized for RSUs for which the service-based and performance-based vesting conditions have been met. As of December 31, 2019, the performance-based vesting condition had not been met for those RSUs with this condition. In November 2019, the Company began granting RSUs with a service-based vesting condition only. Stock-based compensation expense is recorded on a straight-line basis over the requisite service period except for RSUs with both service-based and performance-based conditions as explained above.

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and amounts due from parent and subsidiary undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Airbnb UK Limited (Registered number: 07797907)
Notes to the financial statements
for the Year Ended 31 December 2019

2. Accounting Policies - continued

Financial assets - continued

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classed as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. 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) Impairment risk to carrying value of tangible assets

The carrying value of tangible assets is assessed for impairment based on the presence of impairment indicators. Management assesses impairment risk based on estimates of future cash flows from the related income generating units, either through value-in-use or fair value (less cost to sell). The selection of an appropriate discount rate is a key variable in impairment models.

b) 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 future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the tangible assets.

c) Recoverability of debtors

Management make estimates in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, management consider factors including current trading experience, historical experience and the ageing profile of debtors. See note 8 for the net carrying amount of the debtors.

Airbnb UK Limited (Registered number: 07797907)

**Notes to the financial statements
for the Year Ended 31 December 2019**

3. Turnover

The turnover and profit before taxation are attributable to the principal activities of the Company.
An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
Ireland (100%)	25,428,916	14,248,177
	<u>25,428,916</u>	<u>14,248,177</u>

4. Employees and director

	2019	2018
	£	£
Wages and salaries	7,644,359	6,302,891
Share based payments	374,585	163,772
Social security costs	1,659,372	900,801
	<u>9,678,316</u>	<u>7,367,464</u>

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

2019	2018
<u>67</u>	<u>62</u>

	2019	2018
	£	£
Directors' remuneration	<u>—</u>	<u>—</u>

During the financial period, directors' remuneration and key management compensation has been borne by a group company, Airbnb, Inc. as the sole director in place during the financial period is also an employee of Airbnb, Inc. The director's services to the Company do not occupy a significant amount of his time and as such he does not consider that he has received any remuneration for his incidental services to the Company for the year ended 31 December 2019 (2018: £nil).

5. Operating profit

The operating profit is stated after (crediting)/charging:

	2019	2018
	£	£
Depreciation - owned assets	1,100,989	831,403
Auditors' remuneration for audit of statutory financial statements	18,427	18,619
Foreign exchange (gain)/loss	(8,823)	300,256
	<u>1,110,593</u>	<u>1,150,278</u>

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6. Tax on profit

Analysis of the tax charge

The tax charge on the profit for the year was as follows

		2019	2018
		£	£
Current tax:	Current tax	1,131,392	204,442
	Prior year	—	—
		<u>1,131,392</u>	<u>204,442</u>
Deferred tax:	Current year	219	(58,383)
	Prior year	(6,013)	—
		<u>1,125,598</u>	<u>146,059</u>

Reconciliation of total tax charge/(credit) included in statement of comprehensive income

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2019	2018
	£	£
Profit/(Loss) before tax	<u>5,630,617</u>	<u>455,076</u>
Profit multiplied by the standard rate of Corporation tax in the UK of 19% (2018 - 19%)	1,069,817	86,464
Effects of:		
Deductible as paid	9,622	4,137
Capital allowances in excess of depreciation	(81,012)	29,998
Permanent timing differences	61,771	52,726
Effects of share-based payments	71,171	31,117
Adjustment for prior years	1,750,677	—
Indemnification of prior year tax assessments	(1,750,677)	—
Corporation tax rate changes	23	—
Total current tax	<u><u>1,131,392</u></u>	<u><u>204,442</u></u>

During 2019, the Company received a revised assessment from HMRC which resulted in additional tax payable of £1.8 million. This amount has been recovered through intercompany agreements in place.

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7. Tangible assets

	Leasehold Improvements	CIP	Fixtures & Fittings	Computer Equipment	Totals
	£	£	£	£	£
Cost					
At 1 January 2019	1,340,725	91,638	61,610	3,002,876	4,496,849
Additions	215,830	1,381,133	—	5,527	1,602,490
Adjustments	—	—	(11,292)	—	(11,292)
Transfers from CIP	1,142,384	(1,472,771)	169,884	160,503	—
At 31 December 2019	2,698,939	—	220,202	3,168,906	6,088,047
Accumulated Depreciation					
At 1 January 2019	686,874	—	14,808	1,505,811	2,207,493
Charge for the year	446,321	—	33,480	621,188	1,100,989
At 31 December 2019	1,133,195	—	48,288	2,126,999	3,308,482
Net Book Value					
At 31 December 2018	<u>653,851</u>	<u>91,638</u>	<u>46,802</u>	<u>1,497,065</u>	<u>2,289,356</u>
At 31 December 2019	<u>1,565,744</u>	<u>—</u>	<u>171,914</u>	<u>1,041,907</u>	<u>2,779,565</u>

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8. Debtors: amounts falling due within one year

	2019	2018
	£	£
Amounts owed by group undertakings	5,181,505	2,034,481
Other debtors	611,248	612,081
Deferred tax	56,904	50,027
Value added tax	282,340	163,250
Prepayments	315,347	341,529
	<u>6,447,344</u>	<u>3,201,368</u>

Other debtors are stated after provisions for impairment of £Nil (2018: £Nil).
Amounts owed by group undertakings are settled in line with company policy.

9. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	214,264	24,920
Corporation tax	942,010	51,534
Other taxes and social security	259,089	302,258
Accruals and deferred income	2,120,362	1,323,548
	<u>3,535,725</u>	<u>1,702,260</u>

10. Creditors: falling due after more than one year

	2019	2018
	£	£
Accruals	<u>229,093</u>	<u>178,024</u>

11. Commitments

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
No later than one year	581,229	851,758
Later than 1 year and not later than 5 years	740,594	1,524,725
Later than 5 years	<u>—</u>	<u>—</u>

12. Contingencies

The Company had no contingent liabilities at the Balance Sheet date (2018: nil)

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13. Deferred tax asset/(liability)

	2019	2018
	£	£
Capital allowances in excess of depreciation	(128,300)	(43,393)
Share-based payments	160,170	79,630
Other	25,034	13,790
	<u>56,904</u>	<u>50,027</u>

The movement in deferred tax asset/(liability) comprises of:

	2019	2018
	£	£
Balance at 1 January	50,027	(8,356)
Amount credited to the income statement	6,877	58,383
Balance at 31 December	<u>56,904</u>	<u>50,027</u>

14. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value	2019	2018
102 (2018: 102)	Ordinary	£1	102	102

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15. Share based payment transactions

The group headed by Airbnb Inc. maintained an Equity Incentive Plan, the Airbnb Inc. 2008 Equity Incentive Plan (or "2008 Plan"), which authorised the granting of equity to provide incentives to its employees, directors, officers and consultants in the form of stock options and restricted stock. In 2018, the Group adopted the Airbnb Inc. 2018 Equity Incentive Plan (the "2018 Plan" and together with the 2008 Plan, the "Plans") to replace the 2008 Plan. The expiration of the 2008 Plan had no impact on the terms of outstanding awards under the 2008 Plan and all unvested equity cancelled under that plan was added to the 2018 Plan and made available for future issuance. Under the Plans, the exercise price of each option shall not be less than the fair market value of Airbnb, Inc. common stock on the grant date. Options under the Plans may not be exercised after the expiration date of ten years from the date the option was granted. Stock options issued under the Plans generally vest over a term of four years and the Plans are equity settled. The Group is unable to directly measure the fair value of employee services received, but instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognized as being appropriate to value employee share schemes similar to "the Plans".

Beginning in November 2019, the Company granted RSUs with a service-based vesting condition only. Service-based RSUs granted to employees and non-employees are measured based on the grant-date fair value. In general, the Company's RSUs vest over a service period of four years. Recipients of RSUs have no voting rights. During the year ended 31 December, 2019, the Company recorded stock-based compensation expense totalling £59 thousand related to these RSUs.

A summary of the number of share options and the weighted average exercise price outstanding along with a summary of RSUs and the weighted average fair market value (FMV) at the end of the year under the plans are shown below.

	Nominal options	Weighted average price
Outstanding at the beginning of the period 2018	115,906	
Granted 2018	14,645	\$ 105.40
Exercised 2018	—	—
Transferred out	(750)	\$ 4.23
Transferred in	—	—
Forfeited/Cancelled/Expired	—	—
Outstanding at the end of the period 2018	129,801	\$ 19.87
Outstanding at the beginning of the period 2019	129,801	\$ 19.87
Granted 2019	14,823	\$ 126.05
Exercised 2019	—	\$ —
Transferred out	—	\$ —
Transferred in	—	—
Forfeited/Cancelled/Expired	(7,815)	\$ 117.29
Outstanding at the end of the period 2019	108,730	\$ 25.81
	Number of RSUs	Weighted average FMV
Outstanding at the beginning of the period 2019	—	
Granted 2019	20,023	\$118.75
Exercised 2019	—	—
Transferred out	—	—
Transferred in	—	—
Forfeited/Cancelled/Expired	—	—
Outstanding at the end of the period 2019	20,023	\$118.75

16. Controlling parties

Airbnb, Inc. (incorporated in the United States of America) is regarded by the directors as being the Company's ultimate parent company.

The immediate parent company is Airbnb Holdings LLC.

17. Related party transactions

The Company is a wholly owned subsidiary of Airbnb, Inc. a company incorporated in the United States of America.

Under FRS 102, 33.1A, the Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Airbnb Inc. group.

18. Events after the balance sheet date

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China and the World Health Organization ("WHO") subsequently declared COVID-19 a "Public Health Emergency of International Concern." On March 11, 2020, the WHO declared COVID-19 a pandemic. Since March 2020, governments throughout much of the world implemented travel restrictions, enhanced screenings and quarantine requirements.

Beginning in February 2020, the immediate impact of COVID-19 saw a significant decline in near-term bookings by both domestic and international travellers which resulted in a reduction in the Company's activities on behalf of Airbnb. The full extent of the ongoing impact of COVID-19 on the Company's longer-term operational and financial performance will depend on future developments, many of which are outside of the Company's control, all of which are highly uncertain and cannot be predicted. However, the Company currently expects its results for the year ending 31 December 2020 to be materially impacted by COVID-19. Refer to note 2 in the financial statements for reference to the impact Covid-19 has had on the Company's ability to continue as a going concern.

In May 2020, Airbnb, Inc. approved a restructuring plan to realign its business and strategic priorities based on the current market and economic conditions as a result of COVID-19. This worldwide restructuring plan included a reduction of approximately 1,800 employees, and amendments to certain commercial agreements globally. The restructuring is expected to be substantially complete in 2020 and the Company currently expects to incur restructuring charges in the range of £1.2 - £1.5 million in 2020.

19. Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 17 September 2020 and were signed on the Company's behalf on that date.