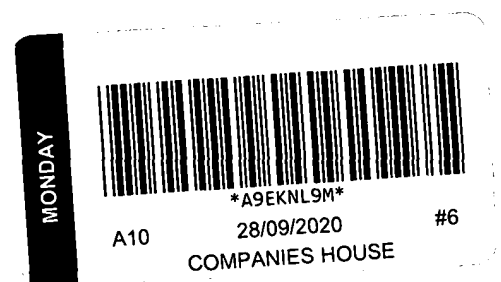


**Airbnb Payments UK Limited**

**Strategic Report, Report of the Directors and Financial Statements  
Financial Year Ended 31 December 2019**



Registered number: 09392688 (England and Wales)

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**COMPANY INFORMATION**

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Directors	Divya Bhardwaj Michael Anthony Liberatore David Charles Bernstein (appointed 11 July 2019) Sharda Mehta (resigned 11 July 2019)
Secretary	Visra Company Secretaries Limited First Floor, Templeback 10 Temple Back Bristol BS1 6FL United Kingdom
Registered Number	09392688 (England and Wales)
Registered Office	Suite 1, 3rd Floor 11-12 St James' Square London SW1Y 4LB United Kingdom
Independent Auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Republic of Ireland

## **STRATEGIC REPORT**

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

### **Principal activities**

The principal activity of Airbnb Payments UK Limited ("the Company") for the year under review was payment processing conducted on behalf of Airbnb Ireland UC.

### **Review of business**

The Company has earned revenues amounting to \$444.5m during the financial year ended 31 December 2019, this revenue related in its entirety to a recharge of certain costs and an annual fee paid to the Company by Airbnb Ireland UC. The revenue was earned on payment processing activities performed on behalf of Airbnb Ireland UC. Charged against these revenues were costs of \$442.8m of which the greatest category was Merchant Fees paid to payment processors.

### **Strategy**

The Company follows the group strategy as defined by its ultimate parent entity. All activities are designed to support the activities of Airbnb Ireland UC via money remittance activities.

### **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:

**Foreign exchange risk:** Given the large number of currencies processed by the Company on behalf of Airbnb Ireland UC and the differential between collections and remittances, there is a potential for the Company to be exposed to adverse movements in foreign exchange rates. The Company has an existing agreement with Airbnb Ireland UC in which the Company is compensated at cost for gains or losses associated with foreign exchange risk. Foreign exchange movements are monitored internally by management.

**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 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 Airbnb Ireland UC's host community and allow its business to continue to operate as it is currently.

**Regulatory risk:** The Company has a licence to operate as an Electronic Money Institution, issued under the auspices of the Financial Conduct Authority in the United Kingdom. This licence carries with it certain prudential requirements, with potential fees and penalties for non-compliance. This risk is mitigated by dedicated compliance resources within the Company who manage the obligations associated with this licence.

**Interest rate and credit risk:** The Company's cash and cash equivalents consist of highly-liquid instruments with an original maturity of three months or less 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 directors expect a decrease in the level of activity in the forthcoming year in comparison to 2019. This is due to the fact that, the United Kingdom left the European Union in January 2020. There is expected to be an impact on the operations of the Company once the transition period is completed during 2020. Due to the ongoing transition period negotiations and the lack of clarity around post Brexit financial regulatory framework, the Company's management have taken the decision to split some of the activity currently handled by Airbnb Payments UK Limited into a new payments entity domiciled and resident in the European Union which will in future, handle the transactions which can no longer be processed by the Company without reasonable risk or delay. In addition, the Directors expect that the impact of the outbreak of COVID-19 is expected to have an adverse effect on the level of transactions processed by the Company in 2020 depending on the duration and spread of the outbreak, related travel advisories and restrictions.

**STRATEGIC REPORT - continued**

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**Future developments - continued**

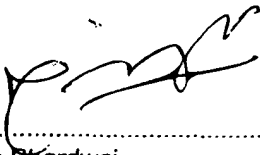
As at the date these financial statements were approved, the final provisions for the United Kingdom's exit have not been finalised by the UK and the EU, however the likely impact on the finances of Airbnb Payments UK Limited could be a reduction in activity in 2020.

**Results and dividends**

The profit for the year was \$1.40m (2018: \$1.21m ).

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). The total dividends paid during the year amount to £nil (2018: \$nil).

**On behalf of the board:**



.....  
Divya Bhargwaj

Date: 21 April 2020

## **DIRECTORS' REPORT**

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The directors present their report with the audited financial statements of the Company for the financial year ended 31 December 2019

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

- Principal activities (strategic report page 4)
- Review of the business (strategic report page 4)
- Principal risks and uncertainties (strategic report page 4)
- Financial risk management (strategic report page 4)
- Results and dividends (strategic report page 5)
- Future developments (strategic report page 5)

### **Incorporation**

The Company was incorporated on 16 January 2015.

### **Directors**

The directors who have held office during the year from 1 January, 2019 to the date of this report are as follows:

- Sharda Mehta - Resigned 11 July 2019
- Michael Anthony Liberatore
- Divya Bhardwaj
- David Charles Bernstein - Appointed 11 July 2019

The directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

### **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 group and company 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 group and company and of the profit or loss of the group and 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 group and 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DIRECTORS' REPORT - continued**

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**Post Balance Sheet Events**

Subsequent events are dealt with specifically in note 15 to these financial statements.

**Going Concern**

No material uncertainties have been identified by the directors that may cast doubt over the Company's ability to continue as a going concern. These financial statements have therefore been prepared on a going concern basis. Please refer to note 2 and note 15 in the financial statements for reference to the impact Covid-19 has had on the Company's ability to continue as a going concern.

**Statement as to disclosure of information to auditors**

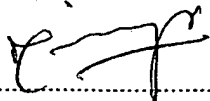
In the case of each director in office at the date the Directors' Report is approved:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

**On behalf of the board:**



.....  
Divya Bhardwaj

Date: 21 April 2020



## ***Independent auditors' report to the members of Airbnb Payments UK Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Airbnb Payments 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 and cash flows 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: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, 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.

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#### **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.

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#### **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.





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## **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 Directors' Report, 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 Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report 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 Directors' Report.

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## **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](http://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.



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## Other required reporting

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### 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  
21 April 2020

**STATEMENT OF COMPREHENSIVE INCOME**

For the Financial Year Ended 31 December

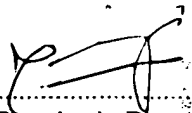
	Notes	2019 \$	2018 \$
Turnover	3	444,488,570	353,749,821
Cost of sales		<u>(442,793,880)</u>	<u>(360,113,022)</u>
<b>Gross profit/(loss)</b>		<b>1,694,690</b>	<b>(6,363,201)</b>
Administrative (expense)/income		<u>(3,865,224)</u>	<u>2,946,994</u>
<b>Operating loss</b>		<b>(2,170,534)</b>	<b>(3,416,207)</b>
Interest receivable and similar income		<u>3,903,078</u>	<u>4,929,853</u>
Profit before taxation		<b>1,732,544</b>	<b>1,513,646</b>
Tax on profit	6	<u>(331,419)</u>	<u>(303,823)</u>
<b>Profit for the financial year</b>		<b>1,401,125</b>	<b>1,209,823</b>
<b>Total comprehensive income for the year</b>		<b><u>1,401,125</u></b>	<b><u>1,209,823</u></b>

All activities relate to continuing operations.

**BALANCE SHEET**  
as at 31 December

	Notes	2019 \$	2018 \$
<b>Financial Assets</b>			
Investments	7	3,030	3,030
<b>Current Assets</b>			
Debtors: amounts falling due within one year	8	100,906,729	107,480,200
Cash at bank and in hand		<u>2,307,345,827</u>	<u>1,549,959,837</u>
		<b>2,408,252,556</b>	<b>1,657,440,037</b>
<b>Creditors</b>			
Amounts falling due within one year	9	<u>(2,393,271,191)</u>	<u>(1,643,859,797)</u>
<b>Net current assets</b>		<b>14,981,365</b>	<b>13,580,240</b>
<b>Total assets less total liabilities</b>		<b>14,984,395</b>	<b>13,583,270</b>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Capital contribution from parent company		9,155,250	9,155,250
Retained earnings	11	<u>5,829,045</u>	<u>4,427,920</u>
<b>Total shareholders funds</b>		<b>14,984,395</b>	<b>13,583,270</b>

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

  
D Bhardwaj - Director

**STATEMENT OF CHANGES IN EQUITY**

For the Financial Year ended 31 December

	Called up Share Capital	Capital Contribution	Retained Earnings	Shareholders Funds
	\$	\$	\$	\$
<b>Balance as at 1 January 2018</b>	<b>100</b>	<b>6,655,250</b>	<b>3,218,097</b>	<b>9,873,447</b>
Additional paid in capital	—	2,500,000	—	2,500,000
Total comprehensive income	—	—	1,209,823	1,209,823
<b>Balance as at 31 December 2018</b>	<b>100</b>	<b>9,155,250</b>	<b>4,427,920</b>	<b>13,583,270</b>
Total comprehensive income	—	—	1,401,125	1,401,125
<b>Balance as at 31 December 2019</b>	<b>100</b>	<b>9,155,250</b>	<b>5,829,045</b>	<b>14,984,395</b>

**CASH FLOW STATEMENT**

For the Financial Year Ended 31 December

	Notes	2019 \$	2018 \$
<b>Cash flows generated from operating activities</b>			
Cash flows from operating activities	12	785,942,622	181,262,140
Tax paid		(346,007)	(324,682)
<b>Net cash generated from operating activities</b>		<b>785,596,615</b>	<b>180,937,458</b>
 <b>Cash flows from investing activities</b>			
Interest received		3,903,078	4,929,853
<b>Net cash generated from investing activities</b>		<b>3,903,078</b>	<b>4,929,853</b>
 <b>Cash flows generated from financing activities</b>			
Capital contribution received		—	2,500,000
<b>Net cash generated from financing activities</b>		<b>—</b>	<b>2,500,000</b>
 <b>Cash &amp; cash equivalents at beginning of year</b>		<b>1,549,959,837</b>	<b>1,500,165,891</b>
Net increase in cash and cash equivalents		789,499,693	188,367,311
Exchange (losses) on cash & cash equivalents		(32,113,703)	(138,573,365)
<b>Cash &amp; cash equivalents at end of year</b>		<b>2,307,345,827</b>	<b>1,549,959,837</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Statutory information

Airbnb Payments 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 are prepared on a going concern basis, under the historical cost convention. The company's operations are an integral part of Airbnb Group's overall business model and the level of transactions processed by the Company is dependent upon the overall level of activity in the Group as a whole. In considering the appropriateness of the use of the going concern assumption, the Directors have considered the nature of the Company's operations, Group support and confirmation of forbearance on repayment of intercompany liabilities should this be required. Having regard for the nature of the Company and the overall Group assessment, the Directors continue to believe it is appropriate to adopt the going concern basis in preparing the financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

The functional currency of Airbnb Payments UK Limited is the US dollar.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('FRS 102'):

- the requirement of Section 33 Related Party Disclosures paragraph 33.1A.

#### Statement of compliance

The financial statement of Airbnb Payments UK Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Report Standard applicable in the United Kingdom and Reporting of Ireland" and the Companies Act 2006.

#### Turnover

The Company charges Airbnb Ireland UC for payment processing activities undertaken on behalf of Airbnb Ireland UC. Airbnb Ireland UC also pays the Company an annual fee for cash collection services rendered. Turnover is recognised in the period in which the services are provided.

#### Taxation

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

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

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**2. Accounting policies - continued**

**Foreign currencies**

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

**Investments**

Investments in subsidiaries and associated undertakings are stated in the statement of financial position of the Company at cost, less amounts written off where there has been impairment in value.

Impairment reviews will be carried out by management on at each reporting date, as required.

**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, 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.

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 profit and loss.

*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.

**Cash and cash equivalents**

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



**NOTES TO THE FINANCIAL STATEMENTS - continued****3. Turnover**

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

	2019	2018
	\$	\$
Ireland (100%)	444,488,570	353,749,821
	<u>444,488,570</u>	<u>353,749,821</u>

The Company generated its turnover and profit on ordinary activities before taxation from one class of business, which predominantly arises in Ireland, being revenues from Airbnb Ireland UC for payments processing and cash collection activities undertaken on behalf of Airbnb Ireland UC.

**4. Employees and directors**

The Company had 1 employee during 2019 (2018: 1) and the directors.

	2019	2018
	\$	\$
<b>(i) Directors</b>		
Emoluments	147,580	137,610
Gain on exercise of share options during the year	—	—
Benefits under long term incentive schemes	—	—
Contributions to pensions	3,825	—
Loss of office	—	—
<b>(ii) Key management compensation</b>		
Salaries and other short term benefits	170,124	173,585
Post-employment benefits	—	—
Share-based payments	—	—

Where the directors are not an employee of Airbnb Payments UK Limited, directors remuneration and key management compensation has been borne by an associated company, Airbnb, Inc. The directors' services to the Company do not occupy a significant amount of time and as such they do not consider they have received any remuneration for their incidental services to the Company for the year ended 31 December 2019 (2018: Nil)

**5. Operating (loss)/profit**

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

	2019	2018
	\$	\$
Foreign exchange differences	(1,258,934)	(7,303,125)
Auditors' remuneration for audit of statutory financial statements	89,034	91,570
Auditors' remuneration for non audit services	—	—

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**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:		
UK Corporation tax	331,419	287,452
Prior year under provision	—	16,371
Tax on profit	<u>331,419</u>	<u>303,823</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019	2018
	\$	\$
Profit before tax	1,732,544	1,513,646
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018:19%)	329,183	287,593
Effects of:		
Permanent timing differences	2,236	(141)
Prior year under provision	—	16,371
Total tax charge	<u>331,419</u>	<u>303,823</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**7. Investments**

**Cost**

	Shares in group undertakings
Balance as at 1 January 2019	3,030
Additions	—
At 31 December 2019	<u>3,030</u>
<b>Net book value</b>	
At 31 December 2018	<u>3,030</u>

The Company's investments at the Balance sheet date in the share capital of companies include the following:

**Airbnb Payments India Private Limited**

Registered office:	Level 9, Spaze i-Tech Park A1 Tower, Sector-49, Sohna Road Gurgaon India
Nature of business:	Payment processing activities
Class of shares:	Ordinary shares
Holding	0.1%

**8. Debtors: amounts falling due within one year**

	2019	2018
	\$	\$
Amounts owed by group undertakings	97,006,231	104,590,971
Other debtors	3,847,381	2,287,153
Prepayments and accrued income	53,117	602,076
	<u>100,906,729</u>	<u>107,480,200</u>

Debtors are stated after provisions for impairment of \$nil (2018: \$nil).

Amounts owed by group undertakings are unsecured, interest free, and are repayable within 60 days.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**9. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Amounts owed to group undertakings	601,684,881	239,933,695
Corporation tax	119,949	134,537
Accruals and deferred income	1,791,466,361	1,403,791,565
	<b><u>2,393,271,191</u></b>	<b><u>1,643,859,797</u></b>

Amounts owed to group undertakings are unsecured, interest free and are repayable within 60 days.

**10. Called up share capital**

Allotted, issued and fully paid

Number	Class	Nominal value	<b>2019</b>	<b>2018</b>
			<b>\$</b>	<b>\$</b>
100 (2018: 100)	Ordinary	\$1.00	<u>100</u>	<u>100</u>

**Capital Contribution from Parent Company**

The capital contribution 2019: \$nil; (2018: \$2,500,000) arose from capital investment from Airbnb Payments Holdings LLC.

**11. Retained earnings**

	<b>Retained Earnings</b>
	<b>\$</b>
At 1 January 2019	4,427,920
Profit for the year	1,401,125
<b>At 31 December 2019</b>	<b><u>5,829,045</u></b>

	<b>Retained Earnings</b>
	<b>\$</b>
At 01 January 2018	3,218,097
Profit for the year	1,209,823
<b>At 31 December 2018</b>	<b><u>4,427,920</u></b>

**NOTES TO THE FINANCIAL STATEMENTS - continued****12. Reconciliation of profit before taxation to cash generated from operating activities**

	2019	2018
	\$	\$
Profit before tax	1,732,544	1,513,646
<i>Adjustments for:</i>		
Finance Income	(3,903,078)	(1,725,965)
Chargeback provision	236,926	(4,929,853)
	<u>(3,666,152)</u>	<u>(6,655,818)</u>
Movement in trade and other debtors	6,573,471	(16,280,249)
Movement in trade and other creditors	749,189,056	64,111,196
Exchange rate movements	<u>32,113,703</u>	<u>138,573,365</u>
Cash generated from operating activities	<u><u>785,942,622</u></u>	<u><u>181,262,140</u></u>

The cash and cash equivalent balance at 31 December 2019 includes restricted cash of \$9.1m (2018 \$9.1m).

This restricted cash balance is required under the terms of the licence held by the Company to operate as an Electronic Money Institution, under the supervision of the Financial Conduct Authority.

**13. Controlling parties**

The immediate parent undertaking is Airbnb Payments Holdings LLC, a body incorporated in the United States of America. Airbnb, Inc., a body incorporated in the United States of America is the Company's ultimate parent company and controlling party.

**14. Related party transactions**

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

**15. Events after balance sheet date**

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization has declared that COVID-19 can be characterized as a pandemic. Since the announcement of the COVID-19 outbreak, various governments globally have implemented travel restrictions, enhanced screenings and quarantine requirements. As of the date of the financial statement issuance, Airbnb has seen a significant decline in near-term bookings by domestic and international travelers which has resulted in a reduction in the Company's payment activities on behalf of Airbnb group companies. The extent of the impact of the COVID-19 on the Company's operational and financial performance will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, extent and effectiveness of containment actions taken, and the impact of the COVID-19 and any resulting economic downturn on overall demand for travel, all of which are highly uncertain and cannot be predicted. As a result, the Company's volume of payment activities for full year 2020 is likely to be materially adversely affected. However, the Company's ability to process payments for customers of Airbnb is not expected to be significantly impacted.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**16. Financial instruments**

	2019	2018
	\$	\$
<b>Financial assets measured at amortised cost</b>		
Amounts owed by group undertakings	97,006,231	104,590,971
Other debtors	3,847,381	2,287,153
	<u><b>100,853,612</b></u>	<u><b>106,878,124</b></u>
<b>Financial liabilities measured at amortised cost</b>		
Accruals and deferred income	1,791,466,361	1,403,791,565
Amounts owed to group undertakings	601,684,881	239,933,695
	<u><b>2,393,151,242</b></u>	<u><b>1,643,725,260</b></u>

**17. Approval of financial statements**

The financial statements were approved and authorized for issue by the board of directors on 21 April 2020 and were signed on its behalf on that date.