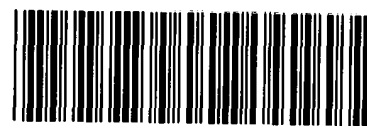


Company No: 09493337

**Amazon Capital Services (UK) Limited
Report and Financial Statements**

31 December 2020

TUESDAY



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Amazon Capital Services (UK) Limited

COMPANY INFORMATION

DIRECTORS

Alexander Simpson
Jean-Baptiste Thomas
Gaetan Vanet

SECRETARY

Mitre Secretaries Limited

REGISTERED OFFICE

1 Principal Place
Worship Street
London
England
EC2A 2FA

AUDITORS

Ernst & Young LLP
1 More London Place
London
England
SE1 2AF

Amazon Capital Services (UK) Limited

DIRECTORS' REPORT

for the year ended 31 December 2020

The directors of Amazon Capital Services (UK) Limited ("the Company") present the annual report containing their Directors' Report and the financial statements for the year ended 31 December 2020. In accordance with S414B of the Companies Act 2006, the directors have taken advantage of the small companies exemption from preparing a Strategic Report.

DIRECTORS

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

Prashant Kalia (resigned 29 February 2020)
Alexander Simpson (appointed 24 April 2020)
Jean-Baptiste Thomas
Gaetan Vanet (appointed 3 March 2020)

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

DIVIDEND

The directors do not recommend the payment of any dividends (2019: £nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of loans to sellers on the Amazon website. The business is expected to continue in this capacity for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is dependent on the continued success of the Amazon group companies. The principal risks and uncertainties they face include, among others, risks related to competition, management of growth, new products, services and technologies, potential fluctuations in operating results, international expansion, outcomes of legal proceedings and claims, fulfillment centre optimisation, seasonality, commercial agreements, acquisitions and strategic transactions, foreign exchange rates, system interruption, government regulation and taxation, and fraud. More information about the principal risks and uncertainties facing the group are included in Amazon.com, Inc.'s filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended 31 December 2020, and subsequent filings. The disclosure about risks related to financial instruments is included in note 8 to the financial statements.

The COVID-19 pandemic and resulting global disruptions have continued to affect our business, as well as those of our customers. As a result, we have adapted numerous aspects of our processes. The impact of the pandemic and actions taken in response to it had varying effects on our 2020 financial results. It is not possible to determine the duration and scope of the pandemic, including any recurrence, the actions taken in response to the pandemic, the scale and rate of economic recovery from the pandemic, any ongoing effects on consumer demand and spending patterns, or other impacts of the pandemic, and whether these or other currently unanticipated consequences of the pandemic are reasonably likely to materially affect our financial results.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies and processes that support the principal activity of the Company. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Amazon Capital Services (UK) Limited

DIRECTORS' REPORT (continued)

for the year ended 31 December 2020

AUDITOR

In accordance with section 487(2) of the Companies Act 2006, Ernst & Young LLP will continue in office as auditor of the Company.

On behalf of the Board



Jean-Baptiste Thomas
Director

Date: 03/02/2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with Financial Reporting Standard 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON CAPITAL SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of Amazon Capital Services (UK) Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2020 and of its loss 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.

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 twelve 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 Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Report and Financial Statements.

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 there is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON CAPITAL SERVICES (UK) LIMITED (continued)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON CAPITAL SERVICES (UK) LIMITED (continued)

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 material misstatements in respect of 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.

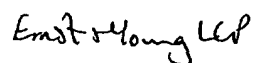
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax legislation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employees, data protection, and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management. We determined whether there were deficiencies within the company's control environment, including entity level controls such as those relating to ethical behaviour and fraud prevention and deterrence, through observations during our audit procedures and discussions with the auditor of the company's ultimate parent, Amazon.com, Inc.. We read correspondence with relevant authorities.
- We read board minutes to identify any non-compliance with laws and regulations, and we read significant contracts and agreements impacting the company in the financial year.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.
- 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 and by assuming revenue to be a fraud risk.
- We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We designed and performed audit procedures to ensure that revenue was recognised in line with contractual terms and in the correct accounting period. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

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.



Neil Cullum (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
3 February 2021

Amazon Capital Services (UK) Limited**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 December 2020

		2020	2019
	Notes	£'000	£'000
Interest receivable	6	2,305	4,232
Interest payable	7	(489)	(796)
Administrative expenses		(1,373)	(2,022)
Provision for bad and doubtful debts	6	(757)	(1,863)
LOSS BEFORE TAXATION	2	<u>(314)</u>	<u>(449)</u>
Tax on loss	5	135	170
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(179)</u></u>	<u><u>(279)</u></u>

Amazon Capital Services (UK) Limited**BALANCE SHEET**

as at 31 December 2020

	Notes	2020 £'000	2019 £'000
CURRENT ASSETS			
Debtors:			
amounts falling due within one year	6(a)	30,390	41,000
amounts falling due after one year	6(b)	117	134
		30,507	41,134
CREDITORS: amounts falling due within one year	7(a)	(116)	(88)
NET CURRENT ASSETS		30,391	41,046
CREDITORS: amounts falling due after more than one year	7(b)	(21,292)	(31,690)
NET ASSETS		9,099	9,356
CAPITAL AND RESERVES			
Share capital	9	10,500	10,500
Share premium		100	100
Share based awards reserve	11	727	805
Retained earnings		(2,228)	(2,049)
SHAREHOLDER'S FUNDS		9,099	9,356

Approved by the Board

Jean-Baptiste Thomas
Director

Date: 03/02/2021

Company Number: 09493337

Amazon Capital Services (UK) Limited**STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 December 2020

	<i>Share capital</i>	<i>Share premium</i>	<i>Share based awards reserve</i>	<i>Retained earnings</i>	<i>Total shareholder's funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2019	10,500	100	644	(1,770)	9,474
Share based awards	—	—	161	—	161
Loss for the year	—	—	—	(279)	(279)
At 31 December 2019	10,500	100	805	(2,049)	9,356
Share based awards	—	—	(78)	—	(78)
Loss for the year	—	—	—	(179)	(179)
At 31 December 2020	10,500	100	727	(2,228)	9,099

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2020

1. ACCOUNTING POLICIES

Statement of compliance

Amazon Capital Services (UK) Limited ("the Company") is a limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Principal Place, Worship Street, London, England, EC2A 2FA.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"), and with the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The financial statements are presented in pounds sterling, which is the functional currency of the Company, and are rounded to the nearest thousand pounds sterling (£'000).

The Company has taken advantage of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- The requirements of Section 33 Related Party Disclosures paragraph 33.1A and 33.7
- The requirements of Section 11 Basic Financial Instruments paragraph 11.39 to 11.48A
- The requirements of Section 26 Share-based payment paragraph 26.18(b), 26.19 to 26.21 and 26.23

The exemptions stated above are available to the Company as it is a member of a group where the parent of that group prepares publicly available consolidated financial statements.

Going concern

As at 31 December 2020, the Company's current assets exceed its current liabilities and are expected to continue to do so, through the Company's principal activity of the provision of loans to sellers on the Amazon website. As referenced in the Directors' Report on page 3, the Company is dependent on, and contributes to, the continued success of the Amazon.com, Inc. group, which, based on its reported results, has sufficient financial resources to support the Company either by providing financial and operational services to support its activities, or by continuing its investment in the Company's operations, but only to the extent that the Company is not otherwise able. The directors have a reasonable expectation that the Company has adequate resources to continue as an operational business for the foreseeable future, being twelve months from the approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented.

Interest receivable

Interest receivable is recognised using the effective interest rate method.

Financial instruments

Financial assets

Basic financial assets, including loans to customers and other receivables are initially recognised at fair value. Loans to customers 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 net cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Statement of Comprehensive Income.

Financial liabilities

Financial liabilities include debt loans payable to group undertakings initially at fair value net of transaction costs and subsequently carried at amortised cost using the effective interest method.

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

1. ACCOUNTING POLICIES (continued)

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Currency translation differences are recorded in the Statement of Comprehensive Income.

Taxation

Taxation expense comprises current and deferred tax. Current and deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable with respect to the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the end of the year.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted at the reporting date and that are expected to apply to the reversal of the timing difference.

Pension costs

The Company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme.

Share based awards

The fair value of equity-settled share based awards to eligible employees is determined at the date of grant and is expensed over the vesting period based on the Company's estimate of equity awards that will eventually vest. A corresponding entry is recognised in equity (further details set out in note 11).

Significant management judgement

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expense. The directors have concluded that the judgements made during the year are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

2. LOSS BEFORE TAXATION

Loss before taxation is stated after charging / (crediting):

	2020	2019
	£'000	£'000
Auditor's remuneration - audit of the financial statements	41	31
Net gain on foreign currency translation	(1)	(1)

3. STAFF COSTS

	2020	2019
	£'000	£'000
Wages and salaries	132	422
Social security costs	19	54
Staff pension contributions	5	18
Equity settled share based awards (note 11)	(78)	161
	<u>78</u>	<u>655</u>

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

	2020	2019
	No.	No.
Management and administration staff	<u>2</u>	<u>7</u>
	<u>2</u>	<u>7</u>

4. DIRECTORS' REMUNERATION

The directors' remuneration has been borne by the parent company, Amazon.com, Inc. or one of its affiliated companies. The directors do not believe that it is practicable to apportion their remuneration for qualifying services to the Company for the years ended 31 December 2020 and 31 December 2019.

5. TAXATION

(a) Tax on loss

The components of tax on loss are as follows:

	2020	2019
	£'000	£'000
Current tax	(152)	(165)
Deferred tax	17	(5)
Tax on loss	<u>(135)</u>	<u>(170)</u>

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

5. TAXATION (continued)

(b) Reconciliation of tax on loss

The items accounting for differences between tax on loss computed at the UK statutory rate and recorded for tax on loss are as follows:

	2020 £'000	2019 £'000
Loss before taxation	<u>(314)</u>	<u>(449)</u>
Tax computed at the UK statutory rate	(60)	(85)
Effects of:		
Non deductible expenses	—	1
Adjustments in respect of previous periods	—	1
Adjustment in respect of share based awards	(59)	(87)
Effect of rate change on opening deferred tax	<u>(16)</u>	<u>—</u>
Tax on loss	<u>(135)</u>	<u>(170)</u>

(c) Deferred tax

Deferred tax assets are as follows:	2020 £'000	2019 £'000
Timing differences related to bad debt provision	107	100
Timing differences related to share based awards	<u>10</u>	<u>34</u>
Total deferred tax asset recognised in the financial statements	<u>117</u>	<u>134</u>

The UK corporation tax rate for the year ended 31 December 2020 was 19% (2019: 19%). The Finance Act 2020 set the main rate of Corporation Tax at 19% for the fiscal year beginning 1 April 2020 rather than the previously enacted reduction to 17% and therefore any deferred tax assets and liabilities existing at 31 December 2020 are reflected accordingly.

During the year beginning 1 January 2021, the expected net increase in recognised deferred tax assets is £1k. This is primarily due to timing differences on share based awards.

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

6. DEBTORS

<i>a) amounts falling due within one year</i>	2020 £'000	2019 £'000
Loans receivable	26,559	36,190
Amounts owed by group undertakings	3,790	4,802
Prepayments and accrued income	41	3
Other debtors	—	5
	<u>30,390</u>	<u>41,000</u>
<i>b) amounts falling due after one year</i>	2020 £'000	2019 £'000
Deferred tax asset (note 5)	<u>117</u>	<u>134</u>
	<u>117</u>	<u>134</u>

Loans receivable include unsecured loans with maturities ranging from 3 to 12 months (2019: 3 to 12 months) that are subject to fixed interest rates. Total interest income recognised for the year ended 31 December 2020 on loans receivable amounts to £2,297k (2019: £4,197k) and amounts owed from group undertakings was £8k (2019: £35k).

The loans receivable are stated after a provision for impairment of £586k (2019: £715k). The total impairment loss on loans to customers recognised in the financial statements is £757k (2019: £1,863k) presented as provision for bad and doubtful debts in the Statement of Comprehensive Income.

Movements on the provision for impairment of the loans receivable are as follows:

	2020 £'000	2019 £'000
At 1 January 2020	715	1,252
Additions to loan provision	757	1,863
Net receivables written off during the year	<u>(886)</u>	<u>(2,400)</u>
At 31 December 2020	<u>586</u>	<u>715</u>

The ageing analysis of loans which are past due but not impaired is as follows:

	2020 £'000	2019 £'000
30 - 90 days	144	201
Over 90 days	<u>—</u>	<u>34</u>
	<u>144</u>	<u>235</u>

The individually impaired loans are £126k at 31 December 2020 (2019: £124k) and include loans from sellers in significant financial difficulties with outstanding loans which are past due.

The loans that are neither past due nor impaired amount to £26,282k at 31 December 2020 (2019: £35,740k). These are loans to sellers in good financial standing assessed by the Company's credit risk decision models.

Amazon Capital Services (UK) Limited**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 December 2020**7. CREDITORS**

<i>a) amounts falling due within one year</i>	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	7	11
Amounts owed to group undertakings	77	30
Other taxation and social security	30	44
Corporation tax payable	—	1
Accruals	2	2
	<u>116</u>	<u>88</u>
 <i>b) amounts falling due after one year</i>	 <i>2020</i>	 <i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Loan payable to group undertakings	21,292	31,690
	<u>21,292</u>	<u>31,690</u>

Loan payable to group undertakings is unsecured, bears a 12-month GBP LIBOR plus 1.3% interest rate and is repayable by May 2022. Total interest expense for the year ended 31 December 2020 on loan payable to group undertakings amounts to £489k (2019: £796k).

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

<i>Categories of financial instruments</i>	<i>2020</i>	<i>2019</i>
	<i>£'000</i>	<i>£'000</i>
Financial assets		
Loan receivable	26,559	36,190
Amounts owed by group undertakings	3,790	4,802
Other debtors	—	5
 Financial liabilities		
Loans payable to group undertakings	21,292	31,690
Other taxation and social security	30	44
Amounts owed to group undertakings	77	30
Trade creditors	7	11
Corporation tax payable	—	1
Accruals	2	2

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Financial risk management objectives:

The Company's financial risk management focuses on seller's credit risk management and ensuring appropriate funding for the loan portfolio.

Credit risk management

The Company's credit risk evaluation process is based on credit decision models that evaluate sellers' internal information. The Company's sellers and loan portfolio information is periodically assessed and measured against these credit decision models.

Interest rate risk management

The Company is exposed to interest rate risk. Fixed interest rates applied to loans receivable are reviewed periodically to be in line with the market. The loan payable to other group undertakings bears a variable interest rate based on LIBOR that is reset annually.

Interest rate sensitivity analysis

If the interest increased or decreased by 0.5% the Company's interest expense would increase or decrease by £106k (2019: £158k).

Liquidity risk management

The Company's exposure to liquidity risk is minimal. The loans to customers fall due within 3-12 months while the loan payable to group undertakings is repayable by May 2022.

Foreign currency risk management

The Company's financial assets and liabilities are denominated predominantly in pounds sterling. The Company's exposure to foreign currency risk is minimal.

9. SHARE CAPITAL

	2020		2019	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	10,500,002	10,500,002	10,500,002	10,500,002

10. ULTIMATE PARENT COMPANY

The immediate parent company is Amazon Europe Core S.à.r.l., a company which is incorporated in Luxembourg. The address of this company is 38 Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg.

The Company regards Amazon.com, Inc., a company which is incorporated in the United States of America, as its ultimate holding company and controlling party. The largest and the smallest group in which the results of the Company are consolidated is headed by Amazon.com, Inc. Copies of the group consolidated financial statements of Amazon.com, Inc. are available at 410 Terry Avenue North, Seattle, WA 98109-5210, USA.

Amazon Capital Services (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2020

11. SHARE BASED AWARD PLANS

Amazon.com, Inc. ("Amazon") may grant equity awards to employees, officers and directors of Amazon and its subsidiaries which include Amazon Capital Services (UK) Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan").

Amazon may grant equity awards in the form of stock options, stock, or restricted stock units ("RSUs"). Equity awards are evidenced by, and subject to the terms and conditions of, an agreement between the recipient and Amazon, as well as the terms and conditions of the applicable plan (and, where applicable, sub-plans in jurisdictions where local tax law or other regulations merit their adoption, such as in the UK). The following paragraphs describe the terms and conditions generally applicable to equity awards granted by Amazon under the 1997 Plan.

During 2020 and 2019, RSUs were the primary type of equity award granted. RSUs are granted from the 1997 Plan. RSUs represent the right to receive shares of common stock of Amazon, on a one-for-one basis, upon vesting. There is no exercise price associated with an RSU. Employees vest in RSUs and stock options over a specified course of time that the employee provides service to Amazon or one or more of its subsidiaries. Typically, the service terms for vesting are between two and four years.

Unvested portions of equity awards are subject to forfeiture if the holder's employment or other service relationship with Amazon (including its subsidiaries) terminates.

The fair value of each RSU is equal to the market value of Amazon common stock on the date of the grant. The fair value is recognised as compensation expense over the requisite service period. The Company estimates forfeiture of RSU's at the time of the grant based on historical experience and records compensation expense only for those awards that are expected to vest.

Scheduled vesting for outstanding restricted stock units as at 31 December 2020 was as follows:

	2021	2022	2023	2024	Thereafter	Total
Scheduled vesting	22	19	7	4	—	52

The weighted average share price at the date of share based award vesting was US\$2,765.66 (2019: US\$1,795.52).