

REGISTERED NUMBER 06331310 (England and Wales)

FACEBOOK UK LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

The directors present their report with the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing marketing and sales support to the Facebook Group

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

C R Herman
M P Murphy

FINANCIAL INSTRUMENTS

The company's financial instruments at the balance sheet date comprised a loan to and from the parent company, cash and liquid resources. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade creditors, that arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk and foreign currency risk.

Interest rate risk

The company has a policy to manage any exposure to interest rate fluctuations so as to finance its operations through retained profits.

Foreign currency risk

The gains and losses arising from the company's exposure to foreign currency risk arising from its overseas operations are recognised in the profit and loss account.

Financial assets

The company has no financial assets other than short-term debtors and cash at bank.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009

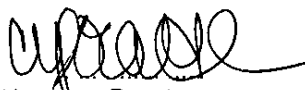
STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



C R Herman - Director

Date 9.20.2010

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FACEBOOK UK LIMITED**

We have audited the financial statements of Facebook UK Limited for the year ended 31 December 2009 on pages six to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FACEBOOK UK LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



L J Penny (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy
Statutory Auditor
Chartered Accountants
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

Date 23rd SEPTEMBER 2010

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	YEAR ENDED 31.12.09 £	PERIOD 1 8 07 TO 31 12 08 £
TURNOVER		10,084,225	4,794,921
Cost of sales		(407,864)	-
GROSS PROFIT		9,676,361	4,794,921
Administrative expenses		(8,896,788)	(4,359,009)
OPERATING PROFIT	3	779,573	435,912
Interest receivable and similar income		-	3,517
		779,573	439,429
Interest payable and similar charges	4	(1,947)	(7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		777,626	439,422
Tax on profit on ordinary activities	5	(273,232)	(147,884)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		504,394	291,538

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous period

The notes form part of these financial statements

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

BALANCE SHEET
31 DECEMBER 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	6	777,518	104,068
CURRENT ASSETS			
Debtors	7	1,749,249	631,760
Cash at bank		1,880,109	249,691
		<u>3,629,358</u>	<u>881,451</u>
CREDITORS			
Amounts falling due within one year	8	(2,297,655)	(692,981)
NET CURRENT ASSETS			
		<u>1,331,703</u>	<u>188,470</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,109,221	292,538
CREDITORS			
Amounts falling due after more than one year	9	(1,261,737)	-
PROVISIONS FOR LIABILITIES			
	11	(50,552)	-
NET ASSETS			
		<u>796,932</u>	<u>292,538</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Profit and loss account	13	795,932	291,538
SHAREHOLDERS' FUNDS			
	15	<u>796,932</u>	<u>292,538</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the Board of Directors on 9.20.2010 and were signed on its behalf by


C R Herman - Director

The notes form part of these financial statements

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	YEAR ENDED 31 12 09 £	PERIOD 1 8 07 TO 31 12 08 £
Net cash inflow from operating activities	1	2,461,278	799,549
Returns on investments and servicing of finance	2	(1,947)	3,510
Taxation		(150,564)	-
Capital expenditure	2	(850,377)	(118,844)
		<u>1,458,390</u>	<u>684,215</u>
Financing	2	172,028	(434,524)
Increase in cash in the period		<u>1,630,418</u>	<u>249,691</u>
Reconciliation of net cash flow to movement in net funds			
	3		
Increase in cash in the period		<u>1,630,418</u>	<u>249,691</u>
Change in net funds resulting from cash flows		<u>1,630,418</u>	<u>249,691</u>
Movement in net funds in the period		<u>1,630,418</u>	<u>249,691</u>
Net funds at 1 January		<u>249,691</u>	-
Net funds at 31 December		<u>1,880,109</u>	<u>249,691</u>

The notes form part of these financial statements

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	YEAR ENDED 31 12 09 £	PERIOD 1 8 07 TO 31 12 08 £
Operating profit	779,573	435,912
Depreciation charges	176,928	14,776
Increase in debtors	(27,781)	(196,236)
Increase in creditors	1,532,558	545,097
Net cash inflow from operating activities	2,461,278	799,549

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	YEAR ENDED 31 12 09 £	PERIOD 1 8 07 TO 31 12 08 £
Returns on investments and servicing of finance		
Interest received	-	3,517
Interest paid	(1,947)	(7)
Net cash (outflow)/inflow for returns on investments and servicing of finance	(1,947)	3,510
Capital expenditure		
Purchase of tangible fixed assets	(850,377)	(118,844)
Net cash outflow for capital expenditure	(850,377)	(118,844)
Financing		
Increase loan to holding company	(1,089,708)	(435,524)
Funds from holding company	1,261,736	-
Share issue	-	1,000
Net cash inflow/(outflow) from financing	172,028	(434,524)

The notes form part of these financial statements

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 1 09 £	Cash flow £	At 31 12 09 £
Net cash			
Cash at bank	249,691	1,630,418	1,880,109
	<u>249,691</u>	<u>1,630,418</u>	<u>1,880,109</u>
Total	<u>249,691</u>	<u>1,630,418</u>	<u>1,880,109</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of services, excluding value added tax

Turnover is attributable to USA

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Leasehold improvements	- Straight line over period of the lease
Plant and machinery	- 33% on cost
Fixtures and fittings	- 50% on cost
Computer equipment	- 33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

2 STAFF COSTS

	YEAR ENDED 31 12 09	PERIOD 1 8 07 TO 31 12 08
	£	£
Wages and salaries	4,270,444	2,029,137
Social security costs	771,347	218,261
	<u>5,041,791</u>	<u>2,247,398</u>

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

	YEAR ENDED 31 12.09	PERIOD 1 8 07 TO 31 12 08
Management team	6	4
Finance team	1	2
Administration team	2	1
Technical team	8	1
Sales team	28	8
France	8	-
	<u>53</u>	<u>16</u>

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	YEAR ENDED 31 12.09 £	PERIOD 1 8 07 TO 31 12 08 £
Hire of plant and machinery	213,090	130,288
Other operating leases	661,520	568,372
Depreciation - owned assets	176,927	14,776
Auditors' remuneration	8,650	7,000
Foreign exchange differences	(4,918)	-
Auditors' remuneration - non audit fees	126,462	53,810
	<u> </u>	<u> </u>
Directors' remuneration	-	-
	<u> </u>	<u> </u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	YEAR ENDED 31 12 09 £	PERIOD 1 8 07 TO 31 12 08 £
Bank interest	13	7
Interest on late taxation	1,934	-
	<u> </u>	<u> </u>
	1,947	7
	<u> </u>	<u> </u>

5 TAXATION

Analysis of the tax charge

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

	YEAR ENDED 31 12.09 £	PERIOD 1 8 07 TO 31 12 08 £
Current tax		
UK corporation tax	222,680	147,884
Deferred tax	50,552	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	273,232	147,884
	<u> </u>	<u> </u>

UK corporation tax has been charged at 28%

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

5 TAXATION - continued

Factors affecting the tax charge

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

	YEAR ENDED 31 12.09 £	PERIOD 1 8 07 TO 31 12 08 £
Profit on ordinary activities before tax	<u>777,626</u>	<u>439,422</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	217,735	123,038
Effects of		
Disallowable expenses	103,617	42,633
Capital allowances in excess of depreciation	(100,092)	(7,470)
Small company relief	-	(10,317)
Prior year under provision	<u>1,420</u>	<u>-</u>
Current tax charge	<u>222,680</u>	<u>147,884</u>

6 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2009	-	12,611	1,957	104,276	118,844
Additions	<u>166,379</u>	<u>88,199</u>	<u>66,025</u>	<u>529,774</u>	<u>850,377</u>
At 31 December 2009	<u>166,379</u>	<u>100,810</u>	<u>67,982</u>	<u>634,050</u>	<u>969,221</u>
DEPRECIATION					
At 1 January 2009	-	4,481	897	9,398	14,776
Charge for year	<u>21,284</u>	<u>18,011</u>	<u>16,728</u>	<u>120,904</u>	<u>176,927</u>
At 31 December 2009	<u>21,284</u>	<u>22,492</u>	<u>17,625</u>	<u>130,302</u>	<u>191,703</u>
NET BOOK VALUE					
At 31 December 2009	<u>145,095</u>	<u>78,318</u>	<u>50,357</u>	<u>503,748</u>	<u>777,518</u>
At 31 December 2008	<u>-</u>	<u>8,130</u>	<u>1,060</u>	<u>94,878</u>	<u>104,068</u>

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

7 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Amounts owed by group undertakings	1,525,232	435,524
Other debtors	8,071	100,937
VAT	114,658	55,826
Prepayments and accrued income	101,288	39,473
	<u>1,749,249</u>	<u>631,760</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	879,286	187,850
Corporation tax	220,000	147,884
Other taxes and social security	238,336	67,452
Accruals and deferred income	960,033	289,795
	<u>2,297,655</u>	<u>692,981</u>

9 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Amounts owed to group undertakings	<u>1,261,737</u>	<u>-</u>

10 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2009	2008	2009	2008
	£	£	£	£
Expiring				
Within one year	18,615	67,010	-	50,752
Between one and five years	182,748	-	-	-
	<u>201,363</u>	<u>67,010</u>	<u>-</u>	<u>50,752</u>

11 PROVISIONS FOR LIABILITIES

	2009	2008
	£	£
Deferred tax	<u>50,552</u>	<u>-</u>

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

11 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Deferred tax	<u>50,552</u>
Balance at 31 December 2009	<u><u>50,552</u></u>

12 CALLED UP SHARE CAPITAL

Allotted and issued Number	Class	Nominal value	2009 £	2008 £
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

13 RESERVES

	Profit and loss account £
At 1 January 2009	291,538
Profit for the year	<u>504,394</u>
At 31 December 2009	<u><u>795,932</u></u>

14 ULTIMATE CONTROLLING PARTY

The company's controlling party is Facebook Inc, a company registered in USA. Facebook Inc prepares consolidated financial statements which incorporate Facebook UK Limited.

During the year, Facebook Inc transferred 100% of the share capital of Facebook UK Limited to Facebook Global Holdings II LLC. Facebook Inc controls Facebook Global Holdings II LLC.

The company has taken advantage of the exemption available to wholly owned subsidiaries where the holding company produces consolidated accounts and as a result no intergroup transactions are disclosed.

At the period end, an amount of £1,525,232 was due from Facebook Inc.

The company borrowed £1,261,737 from Facebook Inc and the loan carries no fixed repayment or interest.

FACEBOOK UK LIMITED (REGISTERED NUMBER 06331310)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit for the financial year	504,394	291,538
Share capital issued	-	1,000
Net addition to shareholders' funds	504,394	292,538
Opening shareholders' funds	292,538	-
Closing shareholders' funds	796,932	292,538

16 BRANCH INFORMATION

The company operated in France via a branch. All French branch costs are included in these financial statements