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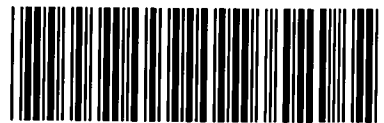
Squareup Europe Ltd.

Annual report and financial statements

Registered number 8957689

31 December 2017

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Directors' report

The directors' present their report with the financial statements of the company for the year ended 31 December 2017.

Principal Activity

Squareup Europe Ltd. (the "Company") is a UK private limited company, and is a wholly owned subsidiary of Square, Inc. ("Square"), an electronic payment processing/acquiring company founded in 2009 and traded on the New York Stock Exchange under the ticker symbol "SQ". Square operates globally together with its direct and indirect subsidiaries (collectively, the "Square Group"). The Company was formed to operate as the licensed Square Group entity that will provide payments related services in the UK and across Europe. Square is a cohesive commerce ecosystem that helps its sellers start, run, and grow their businesses. It combines sophisticated software with affordable hardware to enable sellers to turn mobile and computing devices into powerful payment and point-of-sale solutions.

On 1 April 2016, the Company received its license with the Financial Conduct Authority (FCA). During March 2017, the Company began providing electronic payment process services to the general public in the UK. Prior to this, activity was limited to various activities in support of the testing phase of the payment processing services in the UK.

Business Review

The results for the Company are set out on page 8 and show an operating profit of £78,359 (2016: £17,825). The Company has net current assets of £4,221,339 (2016: £3,895,940).

On May 31, 2018, the Company's ultimate parent company, Square Inc., acquired Weebly Inc, a website development and hosting technology company. The Company expects this acquisition will have a material impact to its turnover and administration expenses in future periods relating to sales activities undertaken in the Company's Territory.

The Company is reliant on timely intercompany settlement and financial investment from its ultimate parent company, Square Inc. The Company expects to receive investment from Square Inc., and has a letter of support to that effect, and therefore does not expect any adverse impact to its immediate operations. Given the nature of the entity and its reliance on related Square Group entities, the Company is not aware of any other principal risks and uncertainties that require disclosure.

Subsequent Events

On 1 January 2018, Square Inc., the parent undertaking of Square Inc., contributed its investment in the Company to Squareup Pte Limited (in return for shares in Squareup Pte Limited). Squareup Pte Limited subsequently contributed its investment in the Company to Squareup International Limited (in return for shares of Squareup International Limited). Square Inc. remains the ultimate parent company and ultimate controlling party of the Company and this transaction does not have a material impact on the ongoing operations of the Company.

Proposed dividend

The directors do not recommend the payment of a dividend (2016: nil).

Director

The directors who held office during the year were as follows:

Hillary Smith (appointed on 25 April 2017)
Sarah Harvey (resigned 29 June 2018)
Francoise Brougher (resigned on 25 April 2017)
Daniel Harper (resigned on 5 May 2017)
Paul Deighton (appointed on 18 May 2018)
Sivan Whiteley (appointed on 18 May 2018)

Directors' report (continued)

Disclosure of information to auditor

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

Other information

The Company has taken the small companies exemption in relation to the preparation of a strategic report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Sivan Whiteley
Director
July 31st, 2018

6th Floor
One London Wall
London
EC2Y 5EB

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 year. In preparing these 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Squareup Europe Ltd.

Opinion

We have audited the financial statements of Squareup Europe Ltd. (the "Company") for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Squareup Europe Ltd. (continued)

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Jonathan Russell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
RG7 4SD

6th August 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2017

	<i>Note</i>	2017	2016
		£	£
Turnover	3	321,360	11,073
Cost of sales		(390,842)	(15,284)
Gross loss		(69,482)	(4,211)
Administrative expenses		(1,352,944)	(584,747)
Other operating income	5	1,500,785	606,783
Operating profit		78,359	17,825
Tax credit on profit on ordinary activities	8	36,177	2,440
Profit for the financial year		114,536	20,265
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the financial year		114,536	20,265

Balance Sheet
at 31 December 2017

	<i>Note</i>	2017	2017	2016	2016
		£	£	£	£
Current assets					
Deferred tax assets	<i>9</i>	41,100		3,932	
Debtors	<i>10</i>	1,428,552		731,895	
Cash at bank and in hand		4,505,254		3,310,933	
		<u>5,974,906</u>		<u>4,046,760</u>	
Creditors: amounts falling due within one year	<i>11</i>	(1,753,567)		(150,820)	
Net assets			4,221,339		3,895,940
Capital and reserves					
Called up share capital	<i>12</i>	3,907,001		3,907,001	
Capital contribution reserve	<i>12</i>	210,863		-	
Profit and loss account		103,475		(11,061)	
Shareholders' funds			4,221,339		3,895,940

These financial statements were approved by the board of directors on July 31st, 2018 and were signed on its behalf by:



Sivan Whiteley
Director

Company registered number: 8957689

Statement of Changes in Equity
at 31 December 2017

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2016	7,001	-	(31,326)	(24,325)
Issue of Shares	3,900,000	-	-	3,900,000
Total comprehensive income for the year	-	-	20,265	20,265
Balance at 31 December 2016	<u>3,907,001</u>	<u>-</u>	<u>(11,061)</u>	<u>3,895,940</u>
Share based payment charges	-	210,863	-	210,863
Total comprehensive income for the year	-	-	114,536	114,536
Balance at 31 December 2017	<u>3,907,001</u>	<u>210,863</u>	<u>103,475</u>	<u>4,221,339</u>

Notes

(forming part of the financial statements)

1. Accounting policies

Basis of Preparation

Squareup Europe Ltd. (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Square Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Square Inc. are prepared in accordance with US GAAP and are available to the public and may be obtained from www.squareup.com/about/investors.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital; and
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements of Square Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on the historical cost basis.

Going concern

The Company has been profitable, has cash and is in a net asset position. The directors believe that the Company is well placed to manage its business risks successfully and are satisfied that the Company has, and will maintain sufficient financial resources to enable it to continue operating in the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the annual report and financial statements. In addition, the Company's ultimate parent company, Square Inc., has agreed to provide financial support for the next 12 months from the date of this report should the Company need it to continue trading and to meet its liabilities as they fall due for payment.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1. Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Settlement receivable

Settlements receivable represents amounts due from third-party payment processors for customer transactions. Settlements receivable are typically received within one to three business days of the transaction date.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Customer payable

Customer payable represents the transaction amounts, less revenue earned by the Company, owed to sellers. The payable amount comprises amounts owed to customers due to timing differences, amounts held by the Company in accordance with its risk management policies, and amounts held for customers who have not yet linked a bank account.

Turnover

Transaction revenue consists of fees a seller pays the Company to process their payment transactions and is recognised upon authorization of a transaction. Revenue is recognised net of refunds, which are reversals of transactions initiated by sellers. The Company acts as the merchant of record for its sellers, which puts the Company in their shoes with respect to card networks and puts the risk for refunds and chargebacks on the Company. Because the Company work directly with payment card networks and banks, sellers do not need to manage the complex systems, rules, and requirements of the payments industry.

The Company, in conjunction with its affiliate, Squareup International Ltd, charges its sellers a transaction fee for payment processing services equal to approximately 1.75% of the total transaction amount for processing card-present transactions or 2.5% of the total transaction amount for processing card not present transactions.

The gross transaction fees collected from sellers is recognised as revenue on a gross basis as the Company is the primary obligor to the seller and are responsible for processing the payment, have latitude in establishing pricing with respect to the sellers and other terms of service, have sole discretion in selecting the third party to perform the settlement, and assume the credit risk for the transaction processed.

Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Notes (continued)

1. Accounting policies (continued)

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted.

Income Taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements of the Company.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases

2. Accounting estimates and judgements

Key sources of estimation uncertainty

There are no key assumptions concerning the future or other key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Critical accounting judgements in applying the Company's accounting policies

There are no critical accounting judgements in applying the Company's accounting policies.

Notes (continued)

3. Turnover

	2017 £	2016 £
Transaction revenue	321,360	11,073
	<u> </u>	<u> </u>

All turnover is derived within the UK.

4. Expenses and auditor's remuneration

	2017 £	2016 £
Wages and benefits	706,670	181,923
Operating lease expense	290,559	67,825
Professional fees	118,126	56,292
<i>Auditor's remuneration:</i>		
Audit of these financial statements	20,000	7,500

5. Other Operating Income

	2017 £	2016 £
Intercompany recharges	1,500,785	606,783
	<u> </u>	<u> </u>

6. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Management	1	3
Staff	3	1
	<u> </u>	<u> </u>
	4	4
	<u> </u>	<u> </u>

Notes (continued)

6. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	382,075	141,478
Share-based payments	210,863	23,436
Social security costs	113,732	44,485
	706,670	181,923
	706,670	181,923

7. Remuneration of directors

	2017	2016
	£	£
Directors' remuneration	153,884	78,709
	153,884	78,709
	153,884	78,709

During the year no retirement benefits were accruing to directors (2016: nil) in respect of pension schemes.

8. Income Taxes

Recognised in the profit and loss account

	2017	2017	2016	2016
	£	£	£	£
<i>Current tax</i>				
Adjustments in respect of prior periods	991		1,491	
	991		1,491	
Total current tax charge		991		1,491
<i>Deferred tax</i>				
Origination and reversal of temporary differences	(37,028)		(3,931)	
Adjustments in respect of prior periods	(140)		-	
	(37,168)		(3,931)	
Total deferred tax credit		(37,168)		(3,931)
		(36,177)		(2,440)
Total tax credit on profit on ordinary activities		(36,177)		(2,440)

Notes (continued)

8. Income taxes (continued)

Factors affecting the tax charge

	2017	2016
	£	£
Profit on ordinary activities before tax	78,359	17,825
Current tax at 19.25% (2016: 20%)	15,084	3,565
Effects of:		
Non-deductible items	1,592	107
Tax deduction allowable on exercised Restricted Stock Units	(59,150)	-
Effect of UK group relief	24	-
Under provided in prior years	851	-
Reduction in tax rate on deferred tax balances	5,422	232
Recognition of previously unrecognised tax losses	-	(6,344)
	<hr/>	<hr/>
Total tax benefit	(36,177)	(2,440)
	<hr/> <hr/>	<hr/> <hr/>

9. Deferred tax assets

Deferred tax assets are attributable to the following

Movement in deferred tax assets:

	Share based payments	Losses	Total
	£	£	£
At 1 January 2017	3,932	-	3,932
(Charge)/credit to Income Statement	(1,401)	38,569	37,168
	<hr/>	<hr/>	<hr/>
At 31 December 2017	2,531	38,569	41,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2017 the Company had recognised tax losses carried forward of £226,873 (2016: £nil). The tax losses may be carried forward indefinitely.

Factors affecting future tax charges

The main rate of corporation tax was reduced from 20% to 19% effective from 1 April 2017 and to 17% from 1 April 2020. Deferred tax on temporary differences and tax losses as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences and capital allowances are expected to reverse.

Notes (continued)

10. Debtors

	2017 £	2016 £
Settlement receivables	917,285	10,395
Amounts owed by group undertakings	467,684	662,255
Other debtors	43,583	59,245
	<u>1,428,552</u>	<u>731,895</u>

11. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	4,427	12,028
Customer payable	1,440,556	5,296
Amounts owed to group undertakings	173,572	109,824
Accruals	8,644	8,607
Taxation and social security	126,368	15,065
	<u>1,753,567</u>	<u>150,820</u>

12. Called up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	3,907,001	3,907,001
	<u>3,907,001</u>	<u>3,907,001</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year the Company issued no shares. The Company has a capital contribution reserve of £210,863 (2016: £nil) which represent the compensation expense related to shares of Square Inc. granted to certain employees as part of their participation in the RSU and ESPP program, administered by Square, Inc., the ultimate parent company.

13. Ultimate parent company

The Company is a subsidiary undertaking of Square Inc. which is the ultimate parent company and ultimate controlling party incorporated in the USA.

The largest group in which the results of the Company are consolidated is that headed by Square Inc., incorporated in the USA. No other group financial statements include the results of the Company. The consolidated financial statements of this group is available to the public and may be obtained from www.squareup.com/about/investors.

Notes (continued)

14. Subsequent Events

On 1 January 2018, Square Inc., the parent undertaking of Square Inc., contributed its investment in the Company to Squareup Pte Limited (in return for shares in Squareup Pte Limited). Squareup Pte Limited subsequently contributed its investment in the Company to Squareup International Limited (in return for shares of Squareup International Limited). Square Inc. remains the ultimate parent company and ultimate controlling party of the Company and this transaction does not have a material impact on the ongoing operations of the Company.