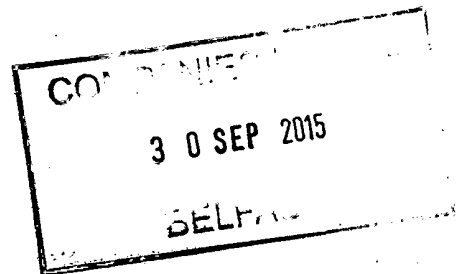


Registered number: 06331310

**Facebook UK Limited**

**Annual report and financial statements  
for the year ended 31 December 2014**



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COMPANIES HOUSE

# Facebook UK Limited

## Company Information

<b>Directors</b>	J S Athwal S H Crehan D W Kling
<b>Registered number</b>	06331310
<b>Registered office</b>	10 Brock Street Regent's Place London NW1 3FG
<b>Auditors</b>	Ernst & Young Chartered Accountants Harcourt Centre Harcourt Street Dublin 2 Ireland

# Facebook UK Limited

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## Facebook UK Limited

### Strategic report for the year ended 31 December 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

#### Business review and future developments

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

The company has experienced large growth, especially in the area of engineering. The company's activities continue to grow throughout 2013 and 2014, resulting in an increased headcount to 494 at the year end.

The total of sales support, marketing services and engineering support provided to the Facebook Group amounted to £104,951,999 (2013: £49,851,557), which is an increase of £55,100,442 on the value of services provided in 2013. Loss after tax has increased from a loss of £11,466,439 in 2013 to a loss of £28,484,829 in 2014 due to a higher share based payment charge.

The company is positioned to continue to expand in the future.

#### Principal risks and uncertainties

The principal risks and uncertainties have been identified as the emergence of rival social networks, security and privacy breaches, global recession reducing online advertising spend, user engagement and attracting talent.

#### Financial key performance indicators

Key performance indicators that are focused on by management include:

- Overheads
- Cost control
- New industry developments

The directors are satisfied with the performance of the Company during the year with regard to the indicators set out above.

By order of the board

2015



28/9/15

**S H Crehan**  
Director

## **Facebook UK Limited**

### **Directors' report for the year ended 31 December 2014**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

#### **Business review and future developments**

The business review and future developments section can be found in the strategic report on page 1.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £28,484,829 (2013: £11,466,439).

No dividends will be distributed for the year ended 31 December 2014 (2013: £nil).

#### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are given below:

J S Athwal  
S H Crehan  
D W Kling

#### **Financial instruments**

The company's financial instruments at the balance sheet date included loans, from the parent company and fellow group undertakings, cash, liquid resources and other financial instruments such as trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's 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 risk arising from the company's financial instruments is foreign currency risk.

- 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.

# Facebook UK Limited

## Directors' report for the year ended 31 December 2014

### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited 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 audited 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 audited 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.

### Provision of information to auditor

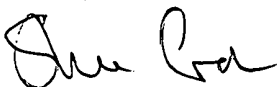
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their audit report and to establish that the company's auditor is aware of that information.

### Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young will therefore continue in office.

By order of the board



**S H Crehan**  
Director  
Date:

28/9/15

2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FACEBOOK UK LIMITED**

We have audited the financial statements of Facebook UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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 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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2014 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

*Continued.....*




Building a better  
working world

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FACEBOOK UK LIMITED (continued)

### 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.

  
Dermot Quinn (Senior statutory auditor)  
for and on behalf of Ernst & Young  
Dublin

29 September 2015



## Facebook UK Limited

### Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	1,2	104,951,999	49,851,557
Cost of sales		<u>(1,858,621)</u>	<u>(564,067)</u>
<b>Gross profit</b>		<b>103,093,378</b>	49,287,490
Administrative expenses		<u>(131,556,415)</u>	<u>(60,932,049)</u>
<b>Operating loss</b>	3	<b>(28,463,037)</b>	(11,644,559)
Interest receivable and similar income		20,736	14,951
Interest payable and similar charges	5	<u>(38,201)</u>	<u>(18,858)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(28,480,502)</b>	(11,648,466)
Tax on loss on ordinary activities	6	<u>(4,327)</u>	<u>182,027</u>
<b>Loss for the financial year</b>	14	<b><u>(28,484,829)</u></b>	<b><u>(11,466,439)</u></b>

The above results are from continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 18 form part of these financial statements.

**Facebook UK Limited**

Registered number: 06331310

**Balance sheet  
as at 31 December 2014**

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	7		15,372,122		4,341,376
<b>Current assets</b>					
Debtors	8	23,858,036		10,788,192	
Cash at bank and in hand		7,299,133		9,230,370	
		<u>31,157,169</u>		<u>20,018,562</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(22,889,781)</u>		<u>(10,067,513)</u>	
<b>Net current assets</b>			<u>8,267,388</u>		<u>9,951,049</u>
<b>Total assets less current liabilities</b>			<u>23,639,510</u>		<u>14,292,425</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(5,480,847)		(5,183,918)
<b>Provisions for liabilities</b>					
Other provisions	12		<u>(2,096,539)</u>		<u>-</u>
<b>Net assets</b>			<u>16,062,124</u>		<u>9,108,507</u>
<b>Capital and reserves</b>					
Called up share capital	13		1,000		1,000
Profit and loss account	14		<u>16,061,124</u>		<u>9,107,507</u>
<b>Total shareholders' funds</b>	15		<u>16,062,124</u>		<u>9,108,507</u>

The financial statements on pages 6 to 18 were approved and authorised for issue by the board of directors on 2015 and were signed on its behalf by

  
S H Crehan  
Director

25/9/15

The notes on pages 8 to 18 form part of these financial statements.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1. Accounting policies

#### 1.1 Basis of preparation of the financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

The principal accounting policies, which have been applied consistently in the current and previous financial year, are set out below.

#### 1.2 Turnover

Turnover comprises the fair value of the consideration receivable for the sale of services to the Facebook Group in the ordinary course of the company's activities. Revenue is shown net of value-added tax.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

#### 1.3 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### 1.4 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

# Facebook UK Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1. Accounting policies (continued)

#### 1.5 Taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are recognised at cost and subsequently stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Straight line over period of the lease
Plant & machinery	-	33% on cost
Fixtures & fittings	-	20% on cost
Computer equipment	-	33% on cost
Assets in the course of construction	-	no depreciation as assets not in use

#### 1.7 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation, unless the impact of discounting is immaterial. The increase in the provision due to passage of time is recognised as interest expense.

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 1. Accounting policies (continued)

##### 1.8 Share based payments

Facebook, Inc. (the "ultimate holding company") operates a share-based compensation plan. Employees of the company receives remuneration in the form of equity instruments (options) of its ultimate holding company as consideration for services rendered.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the ultimate holding company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The company recognises the impact of the revision to original estimates, if any, in the profit and loss account.

When the options are exercised, the ultimate holding company issues new shares.

The grant of equity instruments (options) by the ultimate holding company to the employees of the company is treated as equity-settled, with a corresponding increase in equity as a contribution from the ultimate holding company.

##### 1.9 Research and development

All expenditure on research incurred in the year is charged to the profit and loss account.

##### 1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 2. Turnover

The total turnover of the company is derived from its principal activity, being the provision of sales support, marketing services and engineering support.

#### 3. Operating loss

The operating loss is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	3,841,440	1,204,213
Auditor's remuneration	16,228	15,910
Operating lease rentals:		
- other operating leases	4,423,114	2,862,961
Difference on foreign exchange	72,663	55,952
Loss on disposal of fixed assets	8,188	-
	<u>8,188</u>	<u>-</u>

The directors of the company, during the current and previous year, were also senior executives of, and were remunerated by, Facebook, Inc. and Facebook Ireland Limited and received no remuneration for services to this company.

#### 4. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	40,803,974	21,994,739
Social security costs	8,858,622	3,341,769
Pension costs (see note 17)	1,194,322	-
Share based payments charge (see note 16)	35,438,446	15,479,740
	<u>86,295,364</u>	<u>40,816,248</u>

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

	2014 No.	2013 No.
Administration team	34	23
Technical team	195	61
Sales team	133	88
	<u>362</u>	<u>172</u>

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 5. Interest payable and similar charges

	2014 £	2013 £
On loans from group undertakings	<u>38,201</u>	<u>18,858</u>

#### 6. Taxation

	2014 £	2013 £
<b>Analysis of tax charge/(credit) in the year</b>		
UK corporation tax charge on loss for the year	4,327	3,169
Adjustments in respect of prior periods	-	(185,196)
<b>Total current tax</b>	<u>4,327</u>	<u>(182,027)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14,867)	-
Adjustment in respect of previous periods	13,834	-
Effect of changes in tax rates	1,033	-
<b>Total deferred tax (see note 11)</b>	<u>-</u>	<u>-</u>
<b>Tax on loss on ordinary activities</b>	<u>4,327</u>	<u>(182,027)</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax 21.49% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(28,480,502)</u>	<u>(11,648,466)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	(6,121,357)	(2,708,268)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	9,082,868	4,413,484
Capital allowances for period in excess of depreciation	166,931	147,167
Utilisation of tax losses	(5,578,768)	(1,963,145)
Effects of other tax rates/credits	(9)	(75)
Adjustments to tax charge in respect of prior periods	-	(185,196)
Movement in short term timing differences	519,642	-
Income not taxable for tax purposes	(201,197)	-
Share option timing differences	2,136,217	114,006
<b>Current tax charge/(credit) for the year (see note above)</b>	<u>4,327</u>	<u>(182,027)</u>

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 6. Taxation (continued)

##### Factors that may affect future tax charges

A reduction in the UK main Corporation tax rate to 20% was substantively enacted on 2 July 2013 and was effective from 1 April 2015.

Further changes to the Corporation tax rate were announced in the Budget on 8 July 2015 to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

The company has unrecognised deferred tax assets of £21,394,108 (2013: £18,591,117) which can be offset against suitable future profits (see note 11).

#### 7. Tangible assets

	Leasehold improvements £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Assets in the course of construction £	Total £
<b>Cost</b>						
At 1 January 2014	4,422,137	318,981	263,812	487,918	1,308,088	6,800,936
Additions	3,380,366	1,385,528	102,980	80,454	11,028,692	15,978,020
Disposals	(4,526,756)	(344,486)	(32,662)	(501,701)	(246,853)	(5,652,458)
Transfers	9,768,527	2,273,414	9,000	38,986	(12,089,927)	-
At 31 December 2014	13,044,274	3,633,437	343,130	105,657	-	17,126,498
<b>Depreciation</b>						
At 1 January 2014	1,589,307	210,305	173,812	486,136	-	2,459,560
Charge for the year	3,147,871	625,288	48,927	19,354	-	3,841,440
On disposals	(3,913,966)	(121,827)	(24,474)	(486,357)	-	(4,546,624)
At 31 December 2014	823,212	713,766	198,265	19,133	-	1,754,376
<b>Net book value</b>						
At 31 December 2014	12,221,062	2,919,671	144,865	86,524	-	15,372,122
At 31 December 2013	2,832,830	108,676	90,000	1,782	1,308,088	4,341,376



## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 8. Debtors

	2014 £	2013 £
Amounts owed by group undertakings	19,458,060	7,805,494
Corporation tax	677,579	682,027
Other debtors	1,309,526	926,586
Prepayments and accrued income	2,412,871	1,374,085
	<u>23,858,036</u>	<u>10,788,192</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2014 £	2013 £
Trade creditors	701,554	577,677
Amounts owed to group undertakings	7,440,623	1,450,256
Other taxation and social security	3,701,227	1,400,004
Accruals and deferred income	11,046,377	6,639,576
	<u>22,889,781</u>	<u>10,067,513</u>

Amounts owed to group undertakings are unsecured, repayable on demand and carry no interest. In the prior year loans of £1,200,000 bore interest at 1% above LIBOR. During the year the company repaid this loan.

At 31 December 2013, accruals and deferred income included £936,100 relating to dilapidation's.

#### 10. Creditors: amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertaking	1,261,737	1,261,737
Accruals and deferred income	4,219,110	3,922,181
	<u>5,480,847</u>	<u>5,183,918</u>

Amounts owed to group undertaking are unsecured and interest free. Whilst there is no fixed repayment date, repayment of this balance will not be sought within twelve months of the balance sheet date.

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 11. Deferred taxation

	2014 £	2013 £
At beginning and end of year	-	-

The deferred taxation balance is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	380,548	239,048
Timing differences on share based payments	11,356,354	3,503,658
Losses carried forward	9,657,206	14,848,411
Deferred tax not provided for	(21,394,108)	(18,591,117)
Total	-	-

The deferred tax asset has not been recognised as there is uncertainty that in the foreseeable future there will be suitable profits from which the underlying timing differences can be deducted.

#### 12. Provisions

	Dilapidations £
At 1 January 2014	-
Increase in provision during the year	2,096,539
At 31 December 2014	2,096,539

#### Dilapidations

The dilapidations provision relates to the estimated costs to be incurred to return the currently occupied leased premises to a condition equivalent to that prior to occupation. Any reconstruction work would occur at the end of the lease in 2023. Amounts charged to the profit and loss account in the year are included within administrative expenses.

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 13. Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

#### 14. Reserves

	Profit and loss account £
At 1 January 2014	9,107,507
Loss for the financial year	(28,484,829)
Reserve credit for share based payment plan	<u>35,438,446</u>
At 31 December 2014	<u>16,061,124</u>

#### 15. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	9,108,507	5,095,206
Loss for the financial year	(28,484,829)	(11,466,439)
Reserve credit for share based payment plan	<u>35,438,446</u>	<u>15,479,740</u>
Closing shareholders' funds	<u>16,062,124</u>	<u>9,108,507</u>

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 16. Share based payments

At 31 December 2014 Facebook, Inc. had one active stock based employee compensation plan (the 2012 Equity Incentive Plan ("the Plan"), which replaced the 2005 Stock Plan on 31 January 2012), under which new awards may be granted. Awards may include incentive share options, non statutory share options, share purchase rights or restricted ordinary shares. The company has granted only restricted ordinary shares ('RSUs') to employees of Facebook UK Limited. RSUs may be settled in cash or equity however the company intends to equity settle all RSUs. The vesting condition of the RSUs is that the employees must remain in employment until the initial vesting event.

The Plan permits the grant of RSUs over ordinary shares (class B common stock) in Facebook, Inc. The per share exercise price of RSUs granted is generally nil.

The fair value of each RSU is estimated on the date of grant as the share price at the date of grant.

RSUs are granted to employees under the Plan upon hire or based on performance criteria established by management. RSUs are independent of ordinary share options and are subject to forfeiture if employment terminates prior to the release of the restrictions.

Since 1 January 2011 an initial vesting event is defined as either (i) 31 December 2013 or (ii) an earlier date between 1 January 2013 and 31 December 2013 that is specified by Facebook, Inc. or (iii) the date of a change in control of Facebook, Inc.

During the vesting period, ownership of the shares cannot be transferred. Once shares are issued pursuant to the terms of an RSU agreement, these shares have the same dividend and voting rights as other ordinary shares.

The fair value of RSUs granted in the year was £42.66 (US\$70.32) (2013: £21.51 (US\$33.65)).

The weighted average share price during the year for RSUs settled was £41.66 (US\$68.68). (2013: £10.40 (US\$16.27)).

The total charge for the year relating to employee share based payment plans was £35,438,446 (US\$58,416,734) (2013: £15,479,740 (US\$24,214,957)).

RSUs outstanding at the end of the year have the following grant dates:

	Year of grant	2014 RSUs Number	2013 RSUs Number
<b>Vesting period</b>			
4 years	2010	8,761	122,633
4 years	2011	44,804	178,426
5 years	2011	223,820	313,030
4 years	2012	317,982	316,544
4 years	2013	1,152,302	1,298,751
4 years	2014	2,227,221	-
<b>Total RSUs outstanding at 31 December</b>		<b>3,974,890</b>	<b>2,229,384</b>

## Facebook UK Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 17. Pension commitments

The company operates a defined contributions pension scheme. The cost of contributions to the defined contribution scheme amounts to £1,194,322 (2013: £nil). There was an amount outstanding at the year end totalling £321,169 (2013: £nil).

#### 18. Commitments and contingencies

##### (a) Operating lease commitments

At 31 December the company had annual commitments under non-cancellable operating leases as follows:

##### Land and buildings

	2014 £	2013 £
<b>Expiry date:</b>		
Between 2 and 5 years	-	1,913,588
After more than 5 years	<b>5,482,438</b>	2,847,822
Total	<b><u>5,482,438</u></b>	<b><u>4,761,410</u></b>

##### (b) Contingencies

Contingent liabilities exist but are not recognised in the financial statements as it is not considered probable that an outflow of resources embodying economic benefits will be required to settle these liabilities. These contingencies relate to potential tax reassessments for years 2010 – 2014. The company will defend any and all such claims on presentation and believes that there is a possible, but not a probable obligation in relation to these matters.

#### 19. Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Facebook, Inc.

#### 20. Immediate parent undertaking and ultimate controlling party

The company's immediate parent undertaking is Facebook Global Holdings II, LLC, a company registered in the United States of America. Facebook Global Holdings II, LLC does not prepare publicly available consolidated financial statements.

The company's ultimate parent undertaking is Facebook, Inc., a company registered in the United States of America. Facebook, Inc. prepares consolidated financial statements which are publicly available at [investor.fb.com](http://investor.fb.com).