Company No: 3223028

Amazon.co.uk Limited
Report and Financial Statements

31 December 2013

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COMPANY INFORMATION

DIRECTORS

Michael Deal
Christopher North
Robert Mackenzie
Robert McWilliam

SECRETARY

Mitre Secretaries Limited

REGISTERED OFFICE

Patriot Court
1-9 The Grove
Slough
Berkshire
SL1 1QP

AUDITORS

Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1YE

BANKERS

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

SOLICITORS

Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

DIRECTORS' REPORT
for the year ended 31 December 2013

The directors of Amazon.co.uk Limited ("the Company") present the annual report containing directors' report, a strategic report and the financial statements for the year ended 31 December 2013.

DIRECTORS

The directors who served the Company during the year and subsequently were as follows:

Michael Deal
Christopher North
Robert Mackenzie
Robert McWilliam (Appointed on 1 April 2013)

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

DIRECTORS' LIABILITY

The Company has indemnified one or more of the directors of the Company against liability in respect of proceedings brought by third parties subject to the conditions set out in S234 of the Companies Act 2006. Such qualifying third party indemnity provisions were in force during the year and are in force as at the date of approving the directors' report.

DIVIDENDS

The directors do not recommend the payment of any dividends (2012: £nil).

EMPLOYEES

The Company is committed to providing equal opportunities for everyone who works at the Company, including anyone who applies to work for the Company or has worked for the Company. This policy applies to all employees, anyone working for any of the Company's business units or anyone visiting the Company's premises.

All applications from disabled persons are fully considered. Should an employee become disabled, it is the group's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Company's aim is to ensure that everyone achieves their full potential and that employment decisions and actions are not taken on discriminatory grounds.

The Company ensures that all employees in the UK have the opportunity to contribute to aspects of Amazon's business. Part of that contribution is realised through free flow of ideas and exchange of viewpoints through periodic meetings between management and employees, email announcements and the intranet site. Management keeps employees aware of the financial and commercial progress of Amazon's business and expect employees to ask questions, suggest improvements, and raise concerns. Such dialogue is celebrated and encouraged, as it is vital to the existence of a healthy, enterprising and a rewarding workplace. The Company encourages employees to participate in the performance of the Amazon group through ownership of Amazon shares.

DIRECTORS' REPORT
for the year ended 31 December 2013

HEALTH AND SAFETY

The Company considers that the health and safety of its workforce is very important. The Company's policy therefore sets out its commitment to health and safety. The policy applies to all employees and anyone working for the Company in any of its business units or who are visiting any of the Company's premises. It is the Company's policy to operate its business in accordance with the Health and Safety at Work Act 1974 and all applicable regulations made under this legislation so far as is reasonably practicable. This policy is regularly reviewed and revised, as appropriate, to take into account changes in circumstances or in legal requirements.

SUPPLIER PAYMENT POLICY

The Company's policy is to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of the contract.

FINANCIAL RISK MANAGEMENT

The directors have not disclosed the Company's financial risk management objectives and policies nor the Company's exposure to price risk, credit risk, and cash flow risk as such information is not considered material for the assessment of the Company's assets, liabilities, financial position and profit for the financial year.

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.

AUDITOR

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

On behalf of the Board

Christopher North
Director

Date: 10 March 2014

STRATEGIC REPORT
for the year ended 31 December 2013

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of fulfilment and corporate support services to other Amazon group undertakings. The business is expected to continue in this capacity for the foreseeable future.

GENERAL BUSINESS REVIEW

Turnover and headcount has increased as the Company continues to support the growth of the Amazon group. Administrative expenses increased by 40% in 2013 to £430,961,000 (2012: £307,362,000) primarily due to a 41% increase in average headcount. The Company made an operating profit for the year of £18,157,000 (2012: £12,790,000). The operating results are stated after a share based payment expense of £20,382,000 (2012: £14,510,000).

In addition to the 41% average headcount increase, the Company increased the amount of temporary labour deployed at its fulfilment centres and distribution depots and opened a new corporate office in central London. This expansion resulted in an increase in trade creditors of 39% to £27,637,000 (2012: £19,938,000).

The Company's operations generated an increase in net current assets during 2013 and are expected to do so for the foreseeable future. Existing cash resources and current debtors at 31 December exceed total current liabilities. On this basis the directors have a reasonable expectation that the Company has adequate resources to continue as an operational business for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicator for the Company is the control of administrative expenses. As part of the budgetary process, targets are set with respect to administrative expenses including headcount growth, in order to effectively manage the activities of the Company. Performance is reviewed on a regular basis and appropriate actions are taken as required.

PRINCIPAL RISKS AND UNCERTAINITIES

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, fulfilment 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 to date 31 December 2013, and subsequent filings.

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.

On behalf of the Board

Christopher North
Director

Date: 10 March 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report, strategic 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 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.CO.UK LIMITED

We have audited the financial statements of Amazon.co.uk Limited for the year ended 31 December 2013 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 Statement of Directors' Responsibilities, 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 (APB'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 Directors' Report and Strategic 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 the 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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMAZON.CO.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.

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, (Statutory Auditor)
London

Date: 10 March 2014

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
TURNOVER	2	449,118	320,152
Administrative expenses		(430,961)	(307,362)
OPERATING PROFIT	3	18,157	12,790
Interest receivable	6	787	649
Interest payable	7	(1,865)	(2,584)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		17,079	10,855
Tax charge on profit on ordinary activities	8	(4,153)	(3,152)
PROFIT FOR THE FINANCIAL YEAR	19	12,926	7,703

All amounts above arise from continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been prepared.

BALANCE SHEET
as at 31 December 2013

	Notes	*2013* *£'000*	*2012* *£'000*
FIXED ASSETS			
Tangible assets	9	164,159	151,947
CURRENT ASSETS			
Debtors:			
amounts falling due within one year	10(a)	113,617	66,932
amounts falling due after one year	10(b)	9,609	2,232
Cash at bank and in hand		1	6
		123,227	69,170
CREDITORS: amounts falling due within one year	11(a)	(78,450)	(51,221)
NET CURRENT ASSETS		44,777	17,949
TOTAL ASSETS LESS CURRENT LIABILITIES		208,936	169,896
CREDITORS: amounts falling due after more than one year	11(b)	(52,382)	(48,868)
PROVISION FOR LIABILITIES AND CHARGES	14	(9,402)	(7,184)
NET ASSETS		147,152	113,844
CAPITAL AND RESERVES			
Called up share capital	18,19	10,366	10,366
Other reserves	19	40,802	40,802
Share based awards reserve	19	74,359	53,977
Profit and loss account	19	21,625	8,699
SHAREHOLDER'S FUNDS	19	147,152	113,844

Approved by the Board

Christopher North
Director

Date: 10 March 2014

Company Number: 3223028

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The Company's operations generated an increase in net current assets during 2013 and are expected to do so for the foreseeable future. Existing cash resources and current debtors at 31 December exceed total current liabilities. On this basis the directors have a reasonable expectation that the Company has adequate resources to continue as an operational business for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

The principal accounting policies that have been continuously followed are set out below. Certain prior period amounts have been reclassified to conform to the current period presentation specifically liabilities of £3,041,000 previously presented in accruals are now included within trade creditors.

Turnover
Turnover, which is stated net of value added tax, represents amounts invoiced to other group companies and is attributable to the principal activity of the Company, recognised as services are provided.

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its ultimate parent company publishes consolidated financial statements which include a cash flow statement.

Tangible fixed assets
All fixed assets are initially recorded at cost. Costs comprise the purchase price and any direct costs incurred in bringing the asset to its location and condition for its intended use.

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Plant & Machinery	–	10 years
Office Equipment	–	2-5 years
Leasehold Improvements	–	Lower of expected useful life or lease term
Computer Equipment	–	2 years
Leasehold Buildings	–	Lower of expected useful life or lease term
Assets held under finance leases	–	Lower of expected useful life or lease term

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Provisions
The Company makes provisions in respect of leasehold dilapidation commitments where it is probable that a transfer of economic benefits will be required to settle a present obligation. The Company applies a risk-adjusted pre-tax discount rate in order to take effect of the time value of money to arrive at the value of the leasehold dilapidation provision. The accretion of the discount each year is recorded as interest payable and similar charges.

1. ACCOUNTING POLICIES (continued)

Leases
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets' useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Government grants
Grants received are credited to the profit and loss account as the expenditure to which they relate is incurred.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax or to receive tax credits, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs
The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Share based awards
In accordance with FRS 20, 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 20).

2. TURNOVER

Turnover by geographical segment has not been disclosed because, in the opinion of the directors, it would be prejudicial to the interests of the Company to do so.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

3. OPERATING PROFIT

This is stated after charging / (crediting):

		2013	*2012*
		£'000	*£'000*
Loss on sale of tangible fixed assets		71	159
Depreciation of tangible fixed assets	– owned assets	24,777	16,394
	– leased assets	2,214	2,235
Operating lease rentals	– land and buildings	21,873	15,901
	– plant and machinery	692	6
Auditor's remuneration	– audit of the financial statements	30	35
Net loss on foreign currency translation		207	109
Government grant income		(1,590)	(1,295)

4. STAFF COSTS

	2013	*2012*
	£'000	*£'000*
Wages and salaries	162,725	116,293
Social security costs	17,161	12,477
Staff pension contributions	3,195	2,442
Equity settled share based awards (note 20)	20,382	14,510
	203,463	145,722

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

	2013	*2012*
	No.	*No.*
Management and administration staff	5,912	4,191

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

5. DIRECTORS' EMOLUMENTS

	2013 *£'000*	*2012* *£'000*
Aggregate emoluments in respect of qualifying services	895	583
Value of Company pension contributions to money purchase schemes	21	11

	2013 *No.*	*2012* *No.*
Members of money purchase pension schemes	3	2
Directors who received share based awards	3	2
Directors who vested in or exercised share based awards	2	3

The amounts in respect of the highest paid director are as follows:

	2013 *£'000*	*2012* *£'000*
Aggregate emoluments in respect of qualifying services	413	211
Company contributions to money purchase pension schemes	7	3

The highest paid director in 2013 received share based awards during the year.

Certain directors' emoluments have been borne by the ultimate parent company, Amazon.com Inc., or one of its affiliated companies. These directors do not consider that they have received any remuneration for their services to the Company for the years ended 31 December 2013 and 2012.

6. INTEREST RECEIVABLE

	2013 *£'000*	*2012* *£'000*
Bank interest receivable	-	9
Interest receivable from Group companies	787	640
	787	649

7. INTEREST PAYABLE

	2013 *£'000*	*2012* *£'000*
Finance charges payable including finance leases	1,722	2,584
Accretion of discount on provision for liabilities and charges	143	-
	1,865	2,584

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

8. TAXATION

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax	9,733	2,440
Adjustment in respect of previous periods	10	2,631
Total current tax charge (note 8(b))	9,743	5,071
Deferred tax:		
Current year (credit)	(6,965)	(1,874)
Rate change adjustment	1,173	31
Adjustment in respect of prior years	202	(76)
Total deferred tax (credit)	(5,590)	(1,919)
Tax charge on profit on ordinary activities	4,153	3,152

(b) Factors affecting current tax charge

The tax charge assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are reconciled below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	17,079	10,855
Profit on ordinary activities multiplied by standard rate of corporation tax of 23.25% (2012: 24.5%)	3,971	2,660
Permanent differences during the year	(1,268)	(1,094)
Timing differences on share based awards	1,061	1,323
Timing differences on capital allowance claims	5,839	(580)
Other timing differences	130	144
Adjustments in respect of prior years	10	2,631
Relieved tax losses in current year	-	(13)
Total current tax charge (note 8(a))	9,743	5,071

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

8. TAXATION (continued)

(c) Deferred tax

The deferred tax asset recognised in the financial statements is as follows:

	2013 *£'000*	*2012* *£'000*
Timing differences on capital allowance claims	3,857	(1,180)
Timing differences related to share based awards	3,811	3,332
Other timing differences	154	80
Total deferred tax asset recognised in the financial statements (note 10(b))	7,822	2,232

	£'000
Deferred tax asset at 1 January 2013	2,232
Deferred tax credit for the year	6,965
Rate change adjustment	(1,173)
Adjustment in respect of prior years	(202)
Deferred tax asset at 31 December 2013	7,822

The Finance Bill 2012 introduced a reduction in the UK corporation tax rate to 24% from 1 April 2012 and a further reduction to 23% from 1 April 2013. These rates were enacted following Royal Assent on 17 July 2012.

The Finance Bill 2013 introduced further reductions in the UK rate of corporation tax. The main UK corporation tax rate will reduce from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. These rates were enacted on 17 July 2013 and therefore deferred tax assets and liabilities existing at 31 December 2013 have been calculated at a rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

9. TANGIBLE ASSETS

	Leasehold Improvements	*Plant & Machinery*	*Office Equipment*	*Computer Equipment*	*Leasehold Buildings*	*Assets under Construction*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Cost:							
1 January 2013	16,241	105,746	39,697	16,155	40,995	-	218,834
Additions	10,679	14,497	4,326	5,431	-	4,555	39,488
Disposals	(235)	-	(12)	(293)	-	-	(540)
31 December 2013	26,685	120,243	44,011	21,293	40,995	4,555	257,782
Depreciation:							
1 January 2013	7,752	28,699	17,594	10,451	2,391		66,887
Additions	2,605	10,368	8,517	3,287	2,214	-	26,991
Disposals	(98)	-	(10)	(147)	-	-	(255)
31 December 2013	10,259	39,067	26,101	13,591	4,605	-	93,623
Net book value:							
1 January 2013	8,489	77,047	22,103	5,704	38,604	-	151,947
31 December 2013	16,426	81,176	17,910	7,702	36,390	4,555	164,159

Included in the above are assets held under finance leases and capitalised in leasehold buildings and office equipment with a cost of £41,555,000 (2012: £41,555,000) and accumulated depreciation of £4,997,000 (2012: £2,783,000). The net book value of assets held under finance leases is £36,558,000 (2012: £38,772,000).

10. DEBTORS

	2013	*2012*
	£'000	*£'000*
(a) Amounts falling due within one year		
Amounts owed by group undertakings	96,534	53,849
Other debtors	8,724	4,438
Prepayments and accrued income	8,359	8,645
Corporation tax receivable	-	-
	113,617	66,932
(b) Amounts falling due after one year		
Deferred tax asset	7,822	2,232
Prepayments and accrued income	1,787	-
	9,609	2,232

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

11. CREDITORS

(a) Amounts falling due within one year

	2013 *£'000*	*2012* *£'000*
Bank overdraft	1,126	1,361
Trade creditors	27,637	19,938
Amounts owed to group undertakings	13,840	704
Corporation tax payable	232	2,824
Obligations under finance leases (note 12)	951	1,714
Other taxation and social security	7,973	5,041
Accruals	25,200	18,379
Deferred income – government grants (note 13)	1,491	1,260
	78,450	51,221

(b) Amounts falling due after one year	*2013* *£'000*	*2012* *£'000*
Obligations under finance leases (note 12)	37,027	38,280
Other long term creditors – lease incentives	12,408	7,916
Deferred income - government grants (note 13)	2,947	2,672
	52,382	48,868

12. OBLIGATIONS UNDER FINANCE LEASES

Amounts due under finance lease contracts:

	2013 *£'000*	*2012* *£'000*
Amounts payable:		
Within one year	2,912	3,444
In two to five years	15,045	14,502
After five years	38,176	41,208
Total gross payments	56,133	59,154
Less finance lease charges included above	(18,155)	(19,160)
	37,978	39,994
Amounts falling due within one year	951	1,714
Amounts falling due after one year	37,027	38,280
Total obligations under finance leases	37,978	39,994

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

13. DEFERRED INCOME - GOVERNMENT GRANTS

	£'000
At 1 January 2013	3,932
Received during the year	2,096
Recognised in income	(1,590)
At 31 December 2013	4,438

14. PROVISION FOR LIABILITIES AND CHARGES

	Lease Dilapidations £'000
At 1 January 2013	7,184
Provided during the year	2,075
Accretion of discount	143
At 31 December 2013	9,402

The provision held at 31 December 2013 is to cover estimated costs the Company may incur on exit of leasehold properties when the leases expire (see note 15).

15. COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non cancellable operating leases are as follows:

	2013	*2012*	*2013*	*2012*
	Land and buildings £'000	*Land and buildings £'000*	*Equipment £'000*	*Equipment £'000*
Operating lease which expire:				
Within one year	2,597	968	-	-
In one to two years	3,624	2,312	-	-
In two to five years	7,834	6,624	712	-
In over five years	15,390	8,716	-	-
	29,445	18,620	712	-

16. RELATED PARTY TRANSACTIONS

In accordance with the exemption stated in FRS 8 no details are shown of related party transactions with the Company's parent and fellow subsidiaries as they are wholly owned subsidiaries of the Amazon group.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

17. ULTIMATE PARENT COMPANY

The immediate parent company is Amazon EU Sarl which is incorporated in Luxembourg. The address of this company is 5 rue Plaetis, L-2338 Luxembourg, Luxembourg.

The Company regards Amazon.com, Inc, a company incorporated in the United States, 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 440 Terry Avenue North, Seattle, WA 98109-5210, USA.

18. SHARE CAPITAL

	2013 *No.*	2013 *£*	2012 *No.*	2012 *£*
Authorised:				
Ordinary shares of £1 each	40,000,000	40,000,000	40,000,000	40,000,000

	2013 *No.*	2013 *£*	2012 *No.*	2012 *£*
Allotted, called up and fully paid:				
Ordinary shares of £1 each	10,366,036	10,366,036	10,366,036	10,366,036

19. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS ON RESERVES

	Share capital £'000	*Other reserve £'000*	*Share based awards reserve £'000*	*Profit and loss account £'000*	*Total share-holder's funds £'000*
At 1 January 2012	9,366	11,802	39,467	996	61,631
Issue of shares	1,000	29,000	–	–	30,000
Profit for the year	–	–	–	7,703	7,703
Share based awards	–	–	14,510	–	14,510
At 31 December 2012	10,366	40,802	53,977	8,699	113,844
Profit for the year	–	–	–	12,926	12,926
Share based awards	–	–	20,382	–	20,382
At 31 December 2013	10,366	40,802	74,359	21,625	147,152

20. 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.co.uk Limited, as well as to consultants, agents, advisors and independent contractors, pursuant to Amazon's 1997 Stock Incentive Plan (the "1997 Plan") and Amazon's 1999 Nonofficer Employee Stock Option Plan (the "1999 Plan").

20. SHARE BASED AWARD PLANS (continued)

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 and 1999 Plans.

During 2013 and 2012, 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 five 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.com Inc's 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.

Details of unvested stock (restricted stock units) awarded to employees are set out below:

	2013		*2012*	
RSUs	*Number*	*Weighted Avg Share Price at grant date $*	*Number*	*Weighted Avg Share Price at grant date $*
Outstanding at the beginning of the year	438,882	190.35	420,827	150.50
Granted during the year	187,905	281.31	248,119	208.79
Forfeited during the year	(45,947)	199.72	(60,421)	174.86
Vested during the year [1]	(137,512)	167.24	(128,533)	115.68
Transfers out to other group undertakings	(10,671)	208.17	(41,110)	149.05
Outstanding at the end of the year	432,657	232.30	438,882	190.35

Scheduled vesting for outstanding restricted stock units as at 31 December 2013 was as follows:

	2014	2015	2016	2017	Thereafter	Total
Scheduled vesting	157,064	160,948	71,310	36,466	6,869	432,657

[1] The weighted average share price at the date of share based award vesting was $300.04 (2012: $217.27).