

Registered Number: 3977902

GOOGLE UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FINANCIAL PERIOD ENDED 31 DECEMBER 2021



DIRECTORS' REPORT AND FINANCIAL STATEMENTS
For the Period Ended 31 December 2021

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STRATEGIC REPORT

For the Period Ended 31 December 2021

The directors present their strategic report of Google UK Limited ("the Company") for the period ended 31 December 2021.

Changes of the year end

We changed our financial year end to 31 December from 30 June. Due to the change in year end, audited results cover the 18 month period to 31 December 2021 with comparative data being the audited results for the year to 30 June 2020.

Directors' Duties under section 172 of the Companies Act

The directors who served during the year have acted in good faith and intended to promote the long-term success of the Company. The directors have considered the interest of the Company's employees, the interest of the Company's stakeholders, the consequences of any long-term decision made and the maintaining of business relationships with suppliers, customers and others whilst undertaking their activities during the year. In doing this the directors have had regard to the matters set out in s172(1)(a-f) of the Companies Act. The following paragraphs describe how the directors fulfill their duties:

Risk management and long term decision making

The Company utilises compliance and governance mechanisms to minimise risk. The Company's policies and processes effectively identify, evaluate, manage and mitigate the risks it is facing, and it continues to iterate and evolve its approach to risk management. For more details on risks see page 3 of the Strategic report.

Our people

Please refer to the Directors' report section "Employee engagement" for further details on employee engagement.

Business relationships

As is normal for companies of our size, authority for operational decision making is delegated to management on a day-to-day basis. Over the course of the period, management shares relevant information on business relationships and compliance matters with the Company's directors and, as appropriate, the Alphabet board.

Stakeholders

Given the number of stakeholders and the size of the wider Alphabet Group, stakeholder engagement takes place at both an operational and Alphabet Group level. The decisions made by the Company during the period ended 31 December 2021 have been made in accordance with the Company and Group's vision, key stakeholder engagement and with our business strategy at the core of what we do.

Reputation, community and environment

Globally, the Company supports Group initiatives to significantly improve the lives of as many people as possible. These initiatives can be explored in more detail at about.google/commitments.

The Company, Google, and the Group support the local community through various initiatives:

We support small businesses across the UK via our Digital Garage initiatives - these provide free digital skills training to help SMEs grow online. Digital Garage training products also help jobseekers, and people looking to upskill in their current roles, learn new digital skills that will help them develop in the workplace. Our Google Career Certificates scheme supports this work by providing a free training course that is designed to help users get a new job via a connected Employment Consortium that we have established in the UK.

We also work closely with local partners to design initiatives that enhance our reputation as a good local actor and support inclusive economic opportunity in our London home of Camden. Current partnerships include NGO training sessions, scaled work experience and taster sessions focusing on supporting underrepresented communities. We also run targeted SMB mentoring and support designed to help local businesses navigate digital opportunities.

STRATEGIC REPORT - continued
For the Period Ended 31 December 2021

Directors' Duties under section 172 of the Companies Act (*continued*)

Additional detail and further local initiatives, including the impact of the Group, Google, and the Company's activities in the UK, can be found at: about.google/intl/ALL_uk/google-in-uk/.

The Company reports the environmental impact of its business in the United Kingdom through its emissions and energy use report. This report is available in full in the Directors' Report.

The Group is committed to driving sustainable practices across its business. In 2007, Google was the first major company to reach carbon neutrality - offsetting as much carbon as its operations generated. Since 2017, it has matched its global electricity consumption with 100% renewable energy, which has made it the world's largest corporate buyer of renewable energy. Google is now striving to be the first major company to achieve 24/7 carbon-free energy by 2030, as well as enabling 5 GW of new carbon-free energy in some of its key manufacturing regions by 2030.

The Group is also committed to building technology that helps people do more for the planet - through unifying its practices, partnerships, and products to foster sustainability at scale. By organising information about our planet, and making it actionable through technology, Google helps people make a more positive impact together. To find out more about Google's sustainability programme see <https://sustainability.google/>.

Review of the business

The principal activities of the Company are the provision of research and development services and the provision of marketing services to other group undertakings.

The key financial and other performance indicators during the 18 month financial period ended 31 December 2021 and the 12 month financial year ended 30 June 2020 were as follows:

Turnover

Turnover increased from £1,806 million to £3,392 million in the period, an increase of £1,586 million. A higher demand for the Company's services and a rise in employment and other costs impact the service fee receivable by the Company.

Administration expenses

Administration expenses increased from £1,519 million to £2,280 million in the period, an increase of £761 million. Increased headcount and associated costs during the period are the main drivers of this increase.

Statement of financial position

The Company's total assets increased from £1,800 million to £2,629 million in the period, an increase of £829 million.

In 2013, the Company entered into a 999 year lease with Kings Cross Central Limited Partnership ("KCCLP"). The total cost of the land recorded as at 31 December 2021 is £290 million. Planning permission for the building was granted in August 2017 and pre-commencement works began in November 2017. The construction works commenced before the end of 2017, with the first piles being sunk in December 2017. During FY21, the steel framework was completed on all floors up to truss level. The office glass façade and mechanical, electrical & plumbing installation also commenced.

The statement of comprehensive income and the statement of financial position are set out on pages 13 and 14 respectively. The profit for the financial period of £896 million (year ended 30 June 2020: £226 million) has been credited to reserves.

Headcount

The Company's average headcount increased from 5,124 in the year ended 30 June 2020 to 5,701 in the period ended 31 December 2021, an increase of 577.

STRATEGIC REPORT - continued
For the Period Ended 31 December 2021

Principal risks and uncertainties

As a provider of marketing services and research and development services, the Company's principal risks and uncertainties relate to the scaling back of its operations due to a potential reduction in demand for its services.

The demand for its services would be impacted by the principal risks and uncertainties faced by other group undertakings namely:

- These businesses face intense competition. If they do not continue to innovate and provide products and services that are useful to users, they may not remain competitive, and their revenues and operating results could be adversely affected.
- These businesses generate a significant portion of their revenues from advertising and the reduction in spending by or loss of advertisers could seriously harm them.
- A variety of new and existing U.S and foreign laws could subject these businesses to claims or otherwise harm them.
- Privacy concerns and breached security measures relating to these businesses technology could damage the business's reputation and deter current and potential users from using the businesses products and services.
- Acquisitions and investments could result in operating difficulties, dilution and other harmful consequences to the Company.
- Evolving laws and legal systems may adversely affect the Company's revenues and could subject the Company to new regulatory costs and challenges (including the transfer of personal data between the EU and the United Kingdom), in addition to other adverse effects that the Company is unable to effectively anticipate.

By order of the board



Paul T. Manicle
Director
Date: 27 September 2022

DIRECTORS' REPORT
For the Period Ended 31 December 2021

The directors present their directors' report of Google UK Limited ("the Company") for the period ended 31 December 2021.

Directors

The directors who held office during the period and up to the date of this report were:

Paul T. Manicle
Ken Yi

Company secretary

The company secretary for the period and up to the date of this report is Taylor Wessing Secretaries Limited.

Research and development

The Company continued to provide research and development services to other US group undertakings. The Company has incurred £958 million (year ended 30 June 2020: £510 million) in providing contract research and development services to other group undertakings during the period. Such expenses may fall into the following categories: research, development and engineering.

Future developments

There are no future changes anticipated in the business of the Company at this time.

Going concern

The directors of the Company have received written assurances from an intermediate parent undertaking, Google LLC, that it will continue to provide adequate financial support to the Company for a period of at least twelve months, from the date of approval of these financial statements to enable the Company to discharge its obligations to all creditors as they fall due. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Statement of corporate governance arrangements

The Company provides marketing and research and development services to other undertakings in the Group. Alphabet Inc. is the ultimate holding company of all subsidiaries and businesses within the Group.

Guiding principles and code of conduct

The Group's conduct is guided by the principle, "do the right thing". This means, among other things, following the law, acting honourably, and treating co-workers with courtesy and respect. Further specifics are set out in the Code of Conduct (<https://abc.xyz/investor/other/code-of-conduct/>) which is adopted by the Group. All Group employees, board members, temps, vendors and contractors, and those doing business on behalf of the Group are expected to comply with the Code, and are responsible for understanding, promoting, and implementing the Group's guiding principles (<https://www.google.com/about/philosophy.html>).

The Company's Board (the "Board") considers that the Code of Conduct, guiding principles, and the corporate governance arrangements described below cover the key areas of the Company's corporate governance framework. Because of this, the Board has decided not to formally adopt a recognised code of corporate governance but instead adopts the following bespoke approach.

The Board

The Board consists of a Financial Controller who provides regional oversight and financial expertise, and a Legal Director who brings legal, corporate governance and risk expertise to the Board. Prior to appointment, all Company directors undergo a formal induction programme. The Company's Board is supported by highly skilled leaders and employees within the Company and the wider Group. The size and structure of the Board is considered appropriate to meet the Company's strategic needs and challenges.

DIRECTORS' REPORT - continued
For the Period Ended 31 December 2021

Statement of corporate governance arrangements (*continued*)

The Company and the Group are committed to creating a diverse and inclusive workforce at all levels that is representative of the users it serves. Hiring remains the cornerstone of the Group's efforts to create a diverse workforce. Further details on diversity is available in Google's diversity annual report (<https://diversity.google/annual-report/>).

Risks

As detailed in the s.172 Statement, it is normal for companies of this size to delegate authority for day-to-day operational decisions to management. The Company's management team makes decisions throughout the financial period on important matters relating to the Company, including principal risks and opportunities. Where necessary and appropriate, these are considered by a broader set of relevant stakeholders within the Group and also by the Board. Details of the principal risks and opportunities considered by the Board in the financial period ending 31 December 2021 are set out in the Strategic Report.

The strategic, financial, and execution risks and exposures associated with the Company and the Group's business are identified and mitigated through collaboration with leaders across the Group and by the systems, processes and controls in operation. The Company and the Group recognise that some risks cannot be eliminated; the Group's policies and decisions (including decisions of the Board), are therefore guided by principles of risk management balanced with the strategic objectives of the Group and the Company, in line with the Group's overarching guiding principles.

Employee engagement

Consultation of employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company. Communication with all employees continues through briefing groups and the intranet website which it updates regularly with Company and industry news.

The Company is an equal opportunity workplace. We are committed to equal employment opportunity regardless of race, colour, ancestry, religion, sex, national origin, sexual orientation, age, citizenship, marital status, disability, gender identity or Veteran status. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Remuneration

The Company and the Group's remuneration strategy is made in support of the following goals:

- To attract and retain the world's best talent;
- To support the Group's culture of innovation and performance; and
- To align employee and Alphabet Inc. stockholders' interests.

Conducting equity pay analysis and recommending initiatives to close any identified pay gaps and foster fair and equitable people processes is also central to the Group's approach to remuneration - for example, in relation to gender, this includes bias avoidance training, developing and progressing talented women within Google, and increasing the number of female engineers and leaders. The Company's Gender Pay Gap Report can be found at about.google/belonging/diversity-annual-report/2022/.

All material remuneration decisions which affect the Company are considered from a Company, local, and regional perspective.

Stakeholder engagement

There is active engagement with all stakeholders of the Company, including suppliers, employees, owners, the local community and environment, and other stakeholders. Please refer to Section 172(1) statement in the strategic report for further details.

DIRECTORS' REPORT - continued
For the Period Ended 31 December 2021

Results and dividends

The Company's profit for the financial period ended 31 December 2021 is £896 million (year ended 30 June 2020: £226 million). The directors do not propose the payment of a dividend for the period (year ended 30 June 2020: £nil).

Events since period end date

On 4 February 2022, Google UK acquired 100% of the trust units in Central Saint Giles Unit Trust; 100% of the ordinary shares of CSG General Partner Limited and 100% of interests in CSG GP LLP, all of which are engaged in property investment and management services. The acquisitions were undertaken in order to assume ownership of the Central Saint Giles office building in London.

Google UK paid £788 million in consideration for the above acquisitions.

No other matter or circumstance has occurred subsequent to the end of the reporting period that has significantly affected the operations of the Company, the results of those operations or the state of affairs of the Company.

No dividends were proposed or declared after the reporting date but before the financial statements were authorised for issue.

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in section 236 of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the Alphabet Inc. group throughout the financial period and to the date of approval of the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 financial period.

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;
- State whether applicable 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 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.

DIRECTORS' REPORT - continued
For the Period Ended 31 December 2021

Emissions and energy use

Sustainability is one of our core values at Google, and we strive to build sustainability into everything we do. Google has been a leader on sustainability and climate change since its founding over 20 years ago.

- In 2007, Google became the first major company to be carbon neutral for its operations.
- In 2017, Google became the first major company to match 100% of its annual electricity use with renewable energy, which it has achieved for five consecutive years.

In the period to 31 December 2021, the Company total operational greenhouse gas (GHG) emissions were 2,767 metric tonnes of carbon dioxide equivalent (tCO₂e). Select GHG emissions and other emissions and energy use metrics are reported below.

GHG emissions	Units	18 month period ended 31 December 2021	Year ended 30 June 2020
Scope 1 ¹	tCO ₂ e	140	50
Scope 2 (market-based) ²	tCO ₂ e	1,687	7,229
Scope 2 (location-based) ²	tCO ₂ e	10,468	10,483
Scope 3 ³	tCO ₂ e	940	12,137
Total operational GHG emissions (Scope 1, 2 [market-based], and 3 ³)	tCO ₂ e	2,767	19,416

Other emissions and energy use metrics	Units	18 month period ended 31 December 2021	Year ended 30 June 2020
Carbon intensity per unit of revenue([Scope 1 + Scope 2 market-based] / revenue)	tCO ₂ e/£ 'm	0.539	4.031
Energy consumption	kWh	45,396,901	44,370,765

Methodology applied

GHG emissions are calculated according to The Greenhouse Gas Protocol standards and guidance, developed by the World Resources Institute ("WRI") and the World Business Council for Sustainable Development ("WBCSD"). The operational control approach has been used to define the reporting boundary, which means that a company accounts for GHG emissions from operations over which it has control. It does not account for GHG emissions from operations in which it owns an interest but has no control. The Company defines operational control as having the authority to introduce and implement operational policies over an asset. The geographical scope of the emissions and energy use metrics includes the Company's offices, and technical infrastructure under its operational control ("Facilities").

¹Scope 1 emissions are direct emissions from sources we own or over which we have operational control, such as company vehicles or generators at Google's offices.

²Scope 2 emissions are indirect emissions from the production of electricity we purchase to run our operations and the production of space heating for offices. The location-based category reflects the average carbon intensity of the electric grids where our operations are located and thus where our energy consumption occurs. The market-based category incorporates our procurement choices, i.e., our renewable energy purchases via contractual mechanisms like power purchase agreements ("PPAs"). Scope 2 GHG emissions capture natural gas from leased Facilities and electricity consumption generated by Facilities. Where natural gas consumption from offices or electricity consumption for Facilities was not available, consumption is estimated based on best available information.

DIRECTORS' REPORT - continued
For the Period Ended 31 December 2021

Emissions and energy use (*continued*)

³Scope 3 emissions are indirect emissions from other sources in our value chain. The Company reports Scope 3 business travel emissions generated by the Company's employees and candidates. In 2021, we began reporting Scope 3 employee teleworking emissions.

Energy efficiency

The Company undertook energy efficiency incentives throughout the year to improve efficiency and reduce annual energy consumption. Key initiatives included the following - Installation of lighting controls, improvements in Building Management Systems strategy, upgrading of heating & air-conditioning systems and LED lighting upgrades. All buildings are managed to ensure plant run time efficiency and energy savings initiative logs are maintained in order to track operational efficiencies.

Disclosure of information to auditors

The directors confirm that, so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for appointment of Ernst and Young as auditor of the Company.

By order of the board



Paul T. Manicle

Director

Date: 27 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOOGLE UK LIMITED

Opinion

We have audited the financial statements of Google UK Limited for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

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

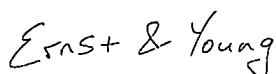
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic operations, including health and safety, employees, data protection and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities, where applicable.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override in relation to valuation of investment held in other group entity to be a fraud risk. We reviewed net assets position of Company's investment per investee's latest signed annual accounts and noted no indicators of impairment.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of management and those charged with governance, review of board minutes and review of management's policies and procedures that have been established to prevent non-compliance with such laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Brian Lenihan (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin
27 September 2022

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the Period Ended 31 December 2021

	Notes	18 Month Period Ended 31 December 2021	Year Ended 30 June 2020
		£'000	£'000
Turnover	5	3,391,551	1,805,509
Administration expenses		(2,279,654)	(1,519,346)
Operating profit	6	1,111,897	286,163
Interest receivable and similar income	7	33	51
Interest payable and similar expenses	8	(14,160)	(9,847)
Other income and expenses		(232)	—
Profit on ordinary activities before taxation		1,097,538	276,367
Tax on profit on ordinary activities	10	(201,460)	(50,373)
Profit for the financial period		896,078	225,994
Other comprehensive income for the period:			
Other comprehensive income		—	—
Total comprehensive income for the period		896,078	225,994

Turnover and operating profit arose solely from continuing operations.

The notes on pages 16 to 36 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

Registered Number: 3977902

	Notes	31 December 2021 £'000	30 June 2020 £'000
Fixed assets			
Tangible assets	11	1,705,939	1,437,056
Total fixed assets		1,705,939	1,437,056
Current assets			
Debtors: amounts falling due within one year	12	806,266	263,111
Debtors: amounts falling due after more than one year	13	116,319	100,266
Cash and cash equivalents		296	—
Total current assets		922,881	363,377
Creditors: amounts falling due within one year	14	(797,913)	(402,612)
Net current assets/(liabilities)		124,968	(39,235)
Total assets less current liabilities		1,830,907	1,397,821
Creditors: amounts falling due after more than one year	15	(578,543)	(471,593)
Provisions for liabilities	16	(61,159)	(24,912)
Net assets		1,191,205	901,316
Capital and reserves			
Called up share capital presented as equity	18	50,001	50,001
Other equity reserves		—	43,224
Profit and loss account		1,141,204	808,091
Total shareholder's funds		1,191,205	901,316

The financial statements were approved and authorised for issue by the board of directors. They were signed on its behalf by:



Paul T. Manicle
 Director
 Date: 27 September 2022

The notes on pages 16 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Period Ended 31 December 2021

	Called up share capital presented as equity £'000	Other equity reserves £'000	Retained earnings £'000	Total equity £'000
At 1 July 2019	50,001	82,458	582,097	—
Profit for the financial period	—	—	225,994	225,994
Share-based payments, net of tax	—	531,757	—	531,757
Share-based payment recharge	—	(570,991)	—	(570,991)
Balance at 30 June 2020	50,001	43,224	808,091	901,316
At 1 July 2020	50,001	43,224	808,091	901,316
Profit for the financial period	—	—	896,078	896,078
Transfer between reserves	—	562,965	(562,965)	—
Share-based payments, net of tax	—	923,497	—	923,497
Share-based payment recharge	—	(1,529,686)	—	(1,529,686)
Balance at 31 December 2021	50,001	—	1,141,204	1,191,205

The notes on pages 16 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Period Ended 31 December 2021

1. General information

Google UK Limited ("the Company") is a Private Company Limited by Shares domiciled and incorporated in United Kingdom. The Company's registered number is 03977902 and registered office and principal place of business is at Belgrave House, 76 Buckingham Palace Road, London, SW1W9TQ, United Kingdom.

The financial statements of the Company for the period from 1 July 2020 to 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 27 September 2022.

The Company's ultimate holding company is Alphabet Inc., a company incorporated in the United States of America, while its immediate holding company is Google International LLC, a company incorporated in United States of America. Related companies in these financial statements refer to the group of companies under the Alphabet Inc. group.

The principal activities of the Company are the provision of research and development services and the provision of marketing services to other group undertakings.

2. Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"), UK Generally Accepted Accounting Practice, and in accordance with the Companies Act 2006.

3. Accounting policies

(a) Basis of preparation of financial statements

The financial statements are prepared on a going concern basis under the historical cost convention.

The directors of the Company have received written assurances from an intermediate parent undertaking, Google LLC, that it will continue to provide adequate financial support to the Company for a period of at least twelve months from the date of approval of these financial statements to enable the Company to discharge its obligations to all creditors as they fall due. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

The financial statements were prepared in British Pound Sterling ("£") and all amounts have been rounded to the nearest thousand, unless otherwise indicated.

(b) Financial reporting standard 101 - reduced disclosure exemptions

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRS. The Company is a qualifying entity for the purposes of FRS 101.

In accordance with the exemptions available under the reduced disclosure Framework of FRS 101, the Company has availed of the following exemptions in accordance with paragraph 8 of FRS 101 in respect of:

- The requirements of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1 (a reconciliation of the number of shares outstanding at the beginning and at the end of the period),
 - paragraph 73(e) of IAS 16 "Property, Plant and Equipment",
- The requirements of paragraphs 10(d), 16, 38A-D, 40A-D, 111 and 134 to 136 of IAS 1 "Presentation of Financial Statements";
- The requirements of IAS 7 "Statement of Cash Flows";

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

- The requirements of paragraphs 30 to 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (requirement to disclose information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements of IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more group members and the requirements of paragraph 17 to disclose key management compensation;
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 "Share Based Payment";
- The requirements of paragraph B64(d, e and k) of IFRS 3 "Business Combinations";
- The requirements of IFRS 7 "Financial Instruments Disclosures";
- The requirements of paragraphs 91 to 99 of IFRS 13 "Fair Value Measurement";
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, "Revenue from Contracts with Customers";
- The requirements of paragraph 52, 58, 89 (second sentence), 90, 91 and 93 of IFRS 16 "Leases".

The remaining exemptions available under the FRS 101 Framework have not been availed of as they were not applicable to the Company at this time.

The preparation of financial statements in conformity with FRS 101 requires management to exercise judgement in the process of applying the Company's accounting policies and requires the use of accounting estimates and assumptions.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 4.

New and amended standards and interpretations effective during 2021

None of the new or amended accounting standards or interpretations had a material impact to the financial statements of the entity.

(c) Foreign currency

(i) Functional and presentation currency

The financial statements of the Company's operations are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in British Pound Sterling ("£"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in currencies other than the Company's functional currency ("foreign currency") are recorded at average month end rates of exchange which approximates the actual rates on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on translation of monetary items are included in profit or loss for the financial period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

(d) Turnover

The Company recognises revenue when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Marketing services support and R&D services

The Company generates revenue through service agreements with other Alphabet group companies, being the provision of marketing and services support and the provision of R&D services.

In order to calculate the service fee charged under both arrangements, a margin is applied to the amount of expenses incurred, as agreed between parties in the performance of services. Where the transaction price contains variable consideration, the Company uses the most likely amount method in estimating revenue. These estimates are not constrained, as the Company assesses that it is highly probable that a significant reversal of revenue will not occur.

Revenue from these service agreements are recognised when obligations to the customer are satisfied, and control of the promised services are transferred. The Company recognises revenue over time, as the customer simultaneously receives and consumes the benefits as the service is provided. The Company applies an output method, based on underlying financial results as agreed between parties, which is considered to faithfully depict the transfer of control to the customer.

(e) Income tax

The tax expense for the year comprises current and deferred tax.

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the deferred tax asset or liability arises from the initial recognition of an asset or liability which affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that there will be suitable future taxable profits available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Employee benefits

Short term employee benefits

Short term employee benefits, including wages and salaries, are recognised as an expense in the financial year in which the employees render the related service.

Employee entitlements to salaries and wages, annual leave and other benefits are recognised as a liability when they accrue to the employees. The undiscounted liability is expected to be settled wholly within 12 months of the end of the reporting period.

Defined contribution plans

The Company operates a defined contribution scheme for employees and makes contributions to a separately administered pension fund.

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions. Once contributions have been paid, the Company has no further payment obligations.

(g) Provisions for liabilities

General

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Asset retirement obligation

The Company assesses agreements that include leases for requirements to return leased premises to their original condition. Assessments are carried out by independent third party valuers to determine the level of work required and to evaluate the likely cost. A provision for dilapidations is recognised over the life of the lease for the best estimate of the cost of rectification at the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (continued)

(h) Research and development

Research and development costs are expensed in the period in which they are incurred. The Company currently incurs no development costs which would meet the criteria for capitalisation as development expenditure under IAS 38.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short term, highly liquid investments with maturities of three months or less, that are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within current liabilities in the statement of financial position.

The company participates in an intergroup cash pooling programme, which involves the transfer of cash amounts and bank overdrafts to an intergroup cash pooling entity. The amounts placed with the cash pooling entity are classified as "Amounts owed to other group undertakings" (Note 14) and measured at amortised cost.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(k) Equity instruments issued

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issuance of new shares are shown in the equity as a reduction from the proceeds.

(l) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ('FVTPL'), directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('FVTOCI'), or FVTPL), and
- those to be measured at amortised cost.

A financial asset is measured at amortised cost if it has not been designated as FVTPL and meets both of the following conditions:

- it is held within a business model whose objective is to hold to collect contractual cash flow; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it has not been designated as FVTPL and meets both of the following conditions:

- it is held within a business model whose objective is both to hold to collect contractual cash flow and sell financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments are recognised at fair value and subsequently measured at fair value through profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the Company's debt instruments are measured at amortised cost as the assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The Company's debt instruments consist of the following:

- Cash and cash equivalents
- Amounts owed by group undertakings
- Trade debtors
- Other debtors
- Deposits

Impairment of debt instruments measured at amortised cost

For trade debtors, including intercompany trade debtors, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics. The Company uses judgement in making assumptions around the risk of default and expected loss rates, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For loans owed from group undertakings, the Company applies the general approach to providing for expected credit losses, as prescribed by IFRS 9. The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

Management considers amounts due from group undertakings to have 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

(m) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

The Company's financial liabilities are classified as follows:

- Financial liabilities held at amortised cost

The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

(i) Financial liabilities held at amortised cost

Financial liabilities at amortised cost are included in 'Creditors: amounts falling due within one year' and 'Creditors: amounts falling due after more than one year' in the statement of financial position.

Creditors are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest expense relating to the financial liability is recognised in profit or loss on a time proportion basis using the effective interest rate method.

Trade creditors and other creditors represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade creditors approximate fair value due to their short term nature. The amounts are unsecured and are generally paid within 30 - 90 days of recognition.

(n) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception. The arrangement is, or contains a lease, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Arrangements as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, less any lease incentives received; plus any initial direct costs incurred; plus an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is depreciated over the shorter of the useful life of the asset and the lease term. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, an appropriate incremental borrowing rate, as determined by the Company.

The lease liability is subsequently measured at amortised cost using the effective interest rate method and re-measured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or for certain lease modifications. A corresponding adjustment will be made to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The carrying amount of the lease liability is reduced to reflect lease payments made by the Company during the period.

Practical expedients and exemptions

The Company has lease agreements with lease and non-lease components. The Company has elected the practical expedient to account for lease and any associated non-lease components together as a single lease component for all classes of underlying assets.

The Company does not recognise the right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Arrangements as a lessor

At the lease commencement date, the Company determines whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset then the lease is classified as an operating lease.

(o) Tangible assets

Property, plant and equipment is initially recorded at cost. Subsequent to initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and impairment value, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of standard performance of the asset before the expenditure was made, will flow to the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from their use. On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is provided on the straight line method over their estimated useful lives as follows:

– Buildings	periods up to 25 years
– Leasehold improvements	7 years or the lease term
– Information technology assets	periods up to 3 years
– Furniture and fixtures	periods up to 7 years

Assets under construction primarily relate to buildings. These are not depreciated as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The assets' useful lives and methods of depreciation are reviewed at each financial period end and adjusted prospectively, if appropriate.

Effective 1 July 2020, Google UK changed its accounting policy for long leasehold land to be accounted for as leases under IFRS 16. This results in a reclassification within Tangible assets on the Statement of Financial Position and has no material impact on the Statement of Profit and Loss and Other Comprehensive Income for current or prior periods.

(p) Borrowing costs

Specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period they occur.

(q) Impairment of non-financial and financial assets measured at cost

The carrying amounts of the non-financial assets and financial assets measured at cost financial fixed assets are reviewed at each reporting date to determine whether there is any indication of impairment in value. If any such indication exists, the assets recoverable amount is estimated.

An impairment in value is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment in value is recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at each reporting date as to whether there is any indication that an impairment in value recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

An impairment in value recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation, if no impairment in value had been recognised.

Reversals of impairment in value are recognised in profit or loss. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

3. Accounting policies (*continued*)

(r) Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Restricted share units ("RSUs") are measured based on the fair market values of the underlying share on the dates of grant.

The share-based payment relating to share options is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes-Merton ("BSM") option pricing model. The BSM model requires the use of assumptions including expected volatility and expected term.

The Company is required to estimate the expected forfeiture rate (based on historical experience) and only recognise an expense for those shares expected to vest. To the extent the actual forfeiture rate is different from the estimate, the share-based payment is adjusted prospectively. The movement in cumulative expense since the previous balance sheet date is recognised in the Statement of Profit and Loss and Other Comprehensive Income, with a corresponding entry in equity ("Other equity reserves" account).

The Company reimburses another group undertaking, Google LLC, for share options / RSUs issued to its employees. Share-based payment expense and share-based payment reimbursements are recorded separately in "Other equity reserves". Share-based payment reimbursements represent returns of capital to Google LLC to the extent that the Company has sufficient balances within "Other equity reserves" to cover such reimbursements.

Reimbursements will represent distributions to Google LLC in instances where cumulative reimbursements exceed the Company's "Other equity reserves" balance.

Cash-settled transactions

The Company does not have share-based payment resulting from cash-settled transactions.

4. Critical accounting estimates and judgements

Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, the following critical judgement(s) has/have been made which may have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

Tangible assets

The annual depreciation on tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. See Note 11 for the carrying amount of the tangible assets. The useful economic lives for each class of tangible assets are outlined within Note 3(o). Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

5. Turnover

The total revenue of the Company for the period has been primarily derived from its principal activity, being primarily the provision of marketing services and the provision of R&D services to other group undertakings.

An analysis of turnover is not disclosed in line with Schedule 1 of Statutory Instrument 2008 No.410.

6. Operating Profit

	18 month Period Ended 31 December 2021 £'000	Year Ended 30 June 2020 £'000
Profit before income tax includes the following specific expenses:		
Auditor's remuneration - Audit of entity financial statements	106	90
Research & development costs	958,219	510,253
Depreciation of tangible assets (excluding Right of use assets)	66,275	43,866
Net loss/(gain) on disposal of tangible assets	6,273	(4,817)

7. Interest receivable and similar income

	18 month Period Ended 31 December 2021 £'000	Year Ended 30 June 2020 £'000
Interest income on cash and cash equivalents	11	51
Interest income derived from intercompany loans	22	—
	33	51

8. Interest payable and similar expenses

	18 month Period Ended 31 December 2021 £'000	Year Ended 30 June 2020 £'000
Interest expense derived from intercompany loans (Note 14)	365	289
Interest expense derived from lease liabilities (Note 20)	12,995	9,558
Bank interest and other similar expenses	800	—
	14,160	9,847

9. Staff numbers and costs

	18 month Period Ended 31 December 2021 £'000	Year Ended 30 June 2020 £'000
Staff costs were as follows:		
Wages and salaries	1,063,372	577,931
Social security costs	258,544	118,727
Share-based payments	828,943	508,948
Defined contribution plan expense	51,902	28,828
	2,202,761	1,234,434

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

9. Staff numbers and costs (*continued*)

Staff and other costs are arrived at after recharging £376 million [Wages and salaries: £231m, Social security costs: £132m, Pension costs £13m] (year ended 30 June 2020: £196 million [Wages and salaries: £138m, Social security costs: £50m, Pension costs: £8m]) to group companies.

The Company operates a defined contribution scheme for directors and employees. The pension entitlements of employees are secured through contributions by the Company to a separately administered pension fund. Annual contributions are based on a percentage of employees' base salary. The Company matches the employees' contribution up to a maximum of 7%. The pension liability at 31 December 2021 was £8.2 million (at 30 June 2020: £6.1 million).

The average number of persons employed by the Company during the period, analysed by category, was as follows:

	18 month Period Ended 31 December 2021	Year Ended 30 June 2020
Sales and Marketing	2,275	1,932
Research and Development	2,412	2,428
Management and Administration	1,014	764
	5,701	5,124

The directors' remuneration for the period and previous year was borne by another group undertaking.

During the period, no director held share options (year ended 30 June 2020: none) in the ultimate parent undertaking, Alphabet Inc. None of the Directors exercised options during the period (year ended 30 June 2020: none).

No director (year ended 30 June 2020: none) received shares under a long-term incentive scheme.

No director (year ended 30 June 2020: none) was accruing benefits under the Company's defined contribution scheme.

10. Tax on profit on ordinary activities

	18 month period ended 31 December 2021 £'000	Year ended 30 June 2020 £'000
(a) Income tax expense relating to profit or loss		
Current tax:		
Current tax charge	195,801	68,091
Adjustment for prior year tax	(575)	(1,260)
	195,226	66,831
Deferred tax:		
Origination and reversal of timing differences	14,570	(12,306)
Adjustment for prior year tax	72	954
Tax rate changes	(8,408)	(5,106)
	6,234	(16,458)
Total income tax expense	201,460	50,373

During the period, an aggregate income tax amount of £95.3 million was credited directly to equity (year ended 30 June 2020: £22.8 million) related to share-based payments.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

10. Tax on profit on ordinary activities (*continued*)

(b) Numerical reconciliation of income tax expense to tax payable

	18 month Period Ended 31 December 2021 £'000	Year Ended 30 June 2020 £'000
Profit on ordinary activities before tax	1,097,538	276,367
Tax on profit on ordinary activities at the standard rate of income tax of 19% (30 June 2020: 19%)	208,532	52,510
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,829	2,834
Adjustments in respect of current income tax of previous years	(503)	(306)
Effect of tax rate changes	(8,408)	(5,106)
Differences including foreign exchange arising in respect of share based compensation	10	441
Total tax charge for the period	201,460	50,373

Factors affecting future tax charges

Changes to the United Kingdom tax rates were announced on 03 March 2021, and enacted during the reporting period. These changes include an increase to tax rate from 19% to 25% from 01 April 2023.

Unrecognised deferred tax asset

The Company has not recognised a deferred tax asset of £0.4m (30 June 2020: £1.6m) relating to deferred interest deductions under corporate interest restriction rules due to insufficient certainty that the deferred tax asset is recoverable.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

11. Tangible assets

	Long Term Leased Land ROU Asset £'000	Building £'000	Leasehold Improvements £'000	Information technology assets £'000	Furniture and fixtures £'000	Construction in progress £'000	Right of use asset £'000	Total £'000
Cost								
At 1 July 2020	290,499	4,880	215,112	96,229	21,565	506,583	583,830	1,718,699
Additions	—	—	82,046	22,250	1,098	126,507	233,656	465,557
Disposals	—	—	(11,938)	(12,292)	(463)	(5,398)	(608)	(30,699)
At 31 December 2021	290,499	4,880	285,220	106,187	22,201	627,692	816,878	2,153,557
Depreciation								
At 1 July 2020	—	1,542	121,996	66,519	17,348	4,003	70,235	281,643
Charge for period	—	431	42,412	20,016	2,938	—	122,266	188,062
Disposals	—	—	(11,938)	(9,723)	(426)	—	—	(22,087)
At 31 December 2021	—	1,973	152,470	76,811	19,860	4,003	192,501	447,618
Net book value								
At 30 June 2020	290,499	3,338	93,116	29,710	4,217	502,580	513,595	1,437,056
At 31 December 2021	290,499	2,907	132,750	29,376	2,340	623,689	624,377	1,705,939

*The land is held under a 999 year lease which has been treated as a right of use (ROU) asset.

**Impairment charge of £4 million is in respect of costs associated with design alterations that are no longer attributable to the final design of the new office space at Kings Cross.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

11. Tangible assets (*continued*)

Capitalised borrowing costs

The amount of borrowing costs capitalised during the period ended 31 December 2021 was £nil (year ended 30 June 2020: £nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 0.90% which is the effective rate of the borrowing used to finance the construction.

Right-of-use assets

'Tangible assets' includes right-of-use assets. See Note 20 for details on right-of-use assets disclosed within 'Tangible assets'.

12. Debtors: Amounts falling due within one year

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Amounts owed by other group undertakings	791,112	190,874
Prepayments and accrued income	12,400	32,064
Corporation tax receivable	—	36,279
Other debtors	1,929	3,894
Other assets	825	—
	806,266	263,111

Amounts owed by other group undertakings, subsidiary undertakings and parent undertakings are unsecured, interest free and repayable on demand.

13. Debtors: Amounts falling due after more than one year

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Prepayments and accrued income	5,954	4,385
Deferred tax assets (see Note 17)	110,293	95,151
Deposits	55	730
Other assets	17	—
	116,319	100,266

Included within the total prepayments balance of £18.3m is prepaid facilities of £5m and prepaid property tax of £6.2m.

Within the deferred tax asset balance of £110m is an amount of £106m relating to the deferred tax asset on share based compensation expense. The significant majority of this amount will be recoverable in a period greater than one year.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

14. Creditors: Amounts falling due within one year

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Trade creditors	52,710	37,678
Amounts owed to other group undertakings	101,653	48,195
Accruals	356,903	172,365
Lease liabilities	80,800	69,843
Corporation tax payable	20,594	—
VAT payable	41,720	2,502
PAYE/ PRSI	143,533	71,985
Bank loans and overdraft	—	44
	797,913	402,612

Trade creditors approximate fair value due to their short term nature. Trade creditors are unsecured and non-interest bearing and are normally settled on 30-90 days terms.

The 'Amounts owed to other group undertakings' include amounts of £25.6m (30 June 2020: £42.7m) that arise as a result of the Company's participation in an intragroup cash pooling program. The program involves the transfer of cash amounts, bank overdrafts and balances with related parties to an intragroup cash pooling entity, as part of the efficient management of cash balances within the wider group. These amounts are unsecured, interest bearing and repayable on demand.

15. Creditors: Amounts falling due after more than one year

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Lease liabilities	572,587	466,812
Other creditors	5,956	4,780
	578,543	471,592

16. Provisions for liabilities

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Provisions for liabilities (see breakdown below)	61,159	24,912
	61,159	24,912

	Asset retirement obligations	Temporary staffing services	Total
	£'000	£'000	£'000
At the beginning of the period	24,912	—	24,912
Arising during the period	—	37,540	37,540
Utilised during the period	(2,591)	—	(2,591)
Unwinding of discount rate	1,298	—	1,298
At the end of the period	23,619	37,540	61,159

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

16. Provisions for liabilities (continued)

Asset retirement obligations

Asset retirement obligations represent the estimated removal costs associated with the obligation of the Company to remove all leasehold improvements upon expiry of the leases relating to leased office premises, which fall payable within the period between 2020 and 2030.

Temporary staffing services

In the current year, the Company recognized provisions related to temporary staffing services.

17. Deferred taxes

	At 31 Dec 2021 £'000	At 30 June 2020 £'000
The balance comprises temporary differences attributable to:		
Fixed Assets	(2,158)	3,026
Temporary Trading Differences	6,064	4,800
Share-based payments	106,387	87,325
Net deferred tax assets	110,293	95,151
Reflected in the statement of financial position as follows:		
Deferred tax assets	110,293	95,151
Net deferred tax assets	110,293	95,151

	Fixed Assets £'000	Temporary Trading Differences £'000	Share- based payments £'000	Total £'000
The movement in the deferred tax assets and liabilities are analysed as follows:				
At 1 July 2019	4,760	4,213	62,028	71,001
Charged/(credited) to the:				
- statement of profit and loss	(903)	710	17,605	17,412
- statement of other comprehensive income	-	-	7,692	7,692
-prior period adjustment	(831)	(123)	-	(954)
At 30 June 2020	3,026	4,800	87,325	95,151
At 1 July 2020	3,026	4,800	87,325	95,151
Charged/(credited) to the:				
- statement of profit and loss	(5,233)	1,385	(2,314)	(6,162)
- statement of other comprehensive income	-	-	21,376	21,376
-prior period adjustment	49	(121)	-	(72)
At 31 December 2021	(2,158)	6,064	106,387	110,293

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

17. Deferred taxes (continued)

A deferred tax asset of £106.4m (30 June 2020: £87.3m) has been recognised in respect of the share units and options as the Directors are of the opinion that a tax deduction will be likely in the future. The remaining deferred tax asset recognised within the temporary differences is relating to an asset retirement provision of £4.5m (30 June 2020: £3.6m) and pensions and bonuses of £1.6m (30 June 2020: £1.2m).

18. Capital and reserves

a) Called up share capital presented as equity

	At 31 Dec 2021 £'000	At 30 June 2020 £'000
Authorised, allotted, called up and fully paid		
50,001,000 ordinary shares of £ 1 each	50,001	50,001

There were no movements in the Company's share capital during the period (year ended 30 June 2020: none)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

19. Share based payments

The Company's ultimate parent undertaking, Alphabet Inc. ("Alphabet") maintains the 2004 Share Plan, the 2012 Share plan, the 2021 Share Plan and plans assumed through acquisitions, all of which are collectively referred to as the "Share Plans". These Share Plans are equity-settled.

Under the Share Plans, incentive and non-qualified share options or rights to purchase common share may be granted to eligible participants. Options are generally granted for a term of 10 years. Options granted under the Share Plans generally vest 25% after the first year of service and ratably each month over the remaining 36 month period contingent upon employment with the Company on the vesting date.

From 1 January 2012, the Company reimburses Google LLC for share options / RSUs granted to its employees. The reimbursement for the period ended 31 December 2021 was £816 million (year ended 30 June 2020: £342 million). The share-based payment charge and the share-based payment recharge are shown separately under "Other capital reserves".

Ordinary Share Options

	At 31 Dec 2021		At 30 June 2020	
	Number of share	Weighted average	Number of share	Weighted average
Exercised during the year	(2,478)	284.41	(6,149)	250.39
Net transfer to other group undertakings	(116)	252.67	371	282.99
Outstanding at end of year	—	—	2,594	282.99

The weighted average remaining contractual life for the share options outstanding as at 31 December 2021 is 0 years (30 June 2020: 1.77 years). There were no share options outstanding at 31 December 2021. The weighted average share price of Alphabet in the period was £2,120.51 (year ended 30 June 2020: £1,286.63).

Under these Share Plans, Alphabet has also issued RSUs. An RSU award is an agreement to issue shares of Alphabet's share at the time of vest. RSUs issued to employees generally vest over four years contingent upon employment with the Company on the dates of vest.

The total expense for the period arising from equity-settled share-based payment transactions is £829 million (year ended 30 June 2020: £509 million).

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

19. Share based payments (continued)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year. The exercise price disclosures are given in US\$ as this is the currency in which the options are exercisable and the underlying shares are quoted.

The following table summarises additional information regarding the range of exercise price for options outstanding at 31 December 2021 and 30 June 2020:

	At 31 Dec 2021			At 30 June 2020		
	Number of share options	Weighted average exercise price	Weighted average remaining life (years)	Number of share options	Weighted average exercise price	Weighted average remaining life (years)
Range of exercise price						
\$5 - \$100.00	—	—	—	—	—	—
\$100.01 - \$200.00	—	—	—	—	—	—
\$200.01 - \$300.00	—	—	—	2,332	280.77	1.29
\$300.01 - \$400.00	—	—	—	262	302.75	0.48

The following summarises the activity for unvested RSUs for the period:

	At 31 Dec 2021		At 30 June 2020	
	Number of share options	Weighted average grant date fair value USD	Number of share options	Weighted average grant date fair value USD
Unvested at start of period	1,015,372	1,190.34	1,049,523	1,027.27
Vested during the period*	(865,008)	1,320.98	(530,514)	1,051.17
Unvested at end of period	605,959	1,596.99	1,015,372	1,190.34

*RSUs are measured based on the fair market values of the underlying listed share price on the dates of grant.

20. Leases

Amounts recognised in the statement of financial position

(i) Right-of-use assets

	Land and Buildings	Technical Infrastructure	Total
	£'000	£'000	£'000
Balance at 1 July 2020	470,274	43,321	513,595
Additions	223,903	9,753	233,656
Amortisation charge for the period	(107,257)	(15,009)	(122,266)
Disposal, Terminations	-	(608)	(608)
Balance at 31 December 2021	586,920	37,457	624,377

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

20. Leases (continued)

	Land and Buildings	Technical Infrastructure	Total
	£'000	£'000	£'000
Balance at 1 July 2019	459,169	41,069	500,238
Additions	71,596	12,390	83,986
Amortisation charge for the period	(60,491)	(9,744)	(70,235)
Disposal, Terminations	-	(394)	(394)
Balance at 30 June 2020	470,274	43,321	513,595

Right-of-use assets are included as part of 'Tangible assets' in the statement of financial position. Refer to Note 11.

(ii) Lease liabilities

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Balance at start of period	536,655	519,388
Additions	232,687	75,876
Interest expense for the period	12,992	9,558
Disposal, Terminations	(620)	(403)
Lease payments	(128,052)	(67,781)
Foreign exchange differences	(275)	17
Balance at end of period	653,387	536,655

Lease liabilities included in the statement of financial position are split as follows:

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Current	80,800	69,843
Non-Current	572,587	466,812
Total lease liabilities	653,387	536,655

Lease liabilities are included as part of 'Creditors: amounts falling due within one year' and 'Creditors: amounts due after more than one year' in the statement of financial position. Refer to Note 14 and Note 15.

Amounts recognised in the statement of profit or loss

	At 31 Dec 2021	At 30 June 2020
	£'000	£'000
Expense relating to short-term leases	360	(102)
Expense relating to leases of low-value assets that are not short-term leases	330	-
Expense relating to variable lease payments not included in lease liabilities	20,447	11,831
	21,137	11,729

Other qualitative and quantitative lessee disclosures:

The Company has entered into various leases on land and buildings, with lease terms between 1 and 15 years.

NOTES TO THE FINANCIAL STATEMENTS - continued
For the Period Ended 31 December 2021

21. Parent and ultimate controlling party

At 31 December 2021, the Company was a wholly owned subsidiary of Google International LLC, a company incorporated in United States of America.

The ultimate holding company and ultimate controlling party is Alphabet Inc., a company incorporated in the United States of America. The ultimate holding company and controlling party is the smallest and largest group into which these financial statements are consolidated. The consolidated financial statements are available to the public and may be obtained from 1600 Amphitheatre Parkway, Mountain View, CA 94043, United States of America or can be obtained from the investor relations website at <http://investor.google.com/>.

All transactions recorded in the period with related entities are shown in notes 5, 7, 8, 9, 12, 14 & 19. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries of Alphabet Inc.

22. Commitments

(a) Capital commitments

At 31 December 2021, the Company had capital commitments of £86.6 million (30 June 2020: £214.8 million) in respect of works which have been contracted for but not provided for. These commitments relate to Google UK's Kings Cross office building currently under construction.

23. Contingent liabilities

The Company is of the position that there are no contingent liabilities which require disclosure as at period end (30 June 2020: none).

24. Post balance sheet events

No dividends were proposed or declared after the reporting date but before the financial statements were authorised for issue.

On 4 February 2022, Google UK acquired 100% of the trust units in Central Saint Giles Unit Trust; 100% of the ordinary shares of CSG General Partner Limited and 100% of interests in CSG GP LLP, all of which are engaged in property investment and management services. The acquisitions were undertaken in order to assume ownership of the Central Saint Giles office building in London.

Google UK paid £788 million in consideration for the above acquisitions.

No other matter or circumstance has occurred subsequent to the end of the reporting period that has significantly affected the operations of the Company, the results of those operations or the state of affairs of the Company.

25. Approval of the financial statements

The board of directors approved these financial statements for issue on 27 September 2022.