

Unaudited Financial Statements DeepMind Technologies Limited (formerly Friars 2022 Limited)

For the period from 23 September 2010 to 30 September 2011



Registered number: 7386350

Abbreviated accounts

Company Information

Directors	Demis Hassabis Luke Nosek Shane Legg Mustafa Suleyman Jaan Tallin
Company number	7386350
Registered office	4th Floor 55-56 Russell Square London WC1B 4HP
Accountants	Grant Thornton UK LLP Chartered Accountants 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY
Bankers	National Westminster Bank 252 Regent Street Mayfair London W1B 3BP

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Chartered accountants' report to the board of directors on the preparation of the unaudited abbreviated accounts of DeepMind Technologies Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the abbreviated accounts of DeepMind Technologies Limited for the period ended 30 September 2011 which comprise the Balance sheet and the related notes from the company's accounting records and from information and explanations you have given to us

As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com

This report is made solely to the Board of Directors of DeepMind Technologies Limited, as a body, in accordance with the terms of our engagement letter dated 31 October 2011. Our work has been undertaken solely to prepare for your approval the abbreviated accounts of DeepMind Technologies Limited and state those matters that we have agreed to state to Board of Directors of DeepMind Technologies Limited, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants in England and Wales, as detailed at www.icaew.com. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than DeepMind Technologies Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that DeepMind Technologies Limited has kept adequate accounting records and to prepare statutory abbreviated accounts that give a true and fair view of the company's assets, liabilities, financial position and loss. You consider that DeepMind Technologies Limited is exempt from the statutory audit requirement for the period ended 30 September 2011.

We have not been instructed to carry out an audit or review of the abbreviated accounts of DeepMind Technologies Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory abbreviated accounts.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Cambridge

Date 10 February 2012

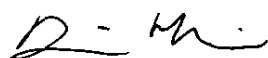
Abbreviated balance sheet

As at 30 September 2011

	Note	£	2011 £
Fixed assets			
Tangible assets	2		58,669
Current assets			
Debtors		99,869	
Cash at bank and in hand		<u>1,851,390</u>	
		1,951,259	
Creditors: amounts falling due within one year		<u>(46,042)</u>	
Net current assets			<u>1,905,217</u>
Total assets less current liabilities			1,963,886
Creditors: amounts falling due after more than one year			<u>(270,445)</u>
Net assets			<u><u>1,693,441</u></u>
Capital and reserves			
Called up share capital	3		638
Share premium account			1,986,176
Profit and loss account			<u>(293,373)</u>
Shareholders' funds			<u><u>1,693,441</u></u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period from 23 September 2010 to that in question in accordance with section 476 of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 30 September 2011 and of its loss for the period then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company.

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on 31 January 2012.



Demis Hassabis
Director

The notes on pages 3 to 4 form part of these financial statements

Notes to the abbreviated accounts

For the period from 23 September 2010 to 30 September 2011

1. Accounting policies

1.1 Basis of accounting

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group will continue trading for the foreseeable future

During the first period of trade the company incurred a loss of £293,373. At 30 September 2011 the company had a cash balance of £1,851,470 from the shares and loan issued in the year. Given the current spending pattern, and based on forecasts and budgets prepared by management, the board considers the company has sufficient liquidity for the foreseeable future. Further funding was secured in December 2011 (note 4)

1.3 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at cost

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	2 years straight line
Office equipment	-	2 years straight line
Computer equipment	-	2 years straight line

1.5 Operating leases

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

Notes to the abbreviated accounts

For the period from 23 September 2010 to 30 September 2011

2. Tangible fixed assets

	£
Cost	
Additions	<u>70,576</u>
At 30 September 2011	<u>70,576</u>
Depreciation	
Charge for the period	<u>11,907</u>
At 30 September 2011	<u>11,907</u>
Net book value	
At 30 September 2011	<u><u>58,669</u></u>

3. Share capital

	2011 £
Allotted, called up and fully paid	
3,386,754- Ordinary shares of £0 0001 each	338.675
2,996,998- Series A preferred shares of £0 0001 each	299.700
	<u><u>638</u></u>

On incorporation the company issued 1 Ordinary share of £1 each

On 22 December 2010 the company sub-divided its 1 Ordinary share into 10,000 Ordinary shares of 0 0001p each. At this date a further 2,790,000 shares with a nominal value of £0 0001 were allotted and fully paid.

On 23 February 2011 a further 586,754 Ordinary shares of nominal value £0 0001 each were allotted and £0 5714 per share was paid. On this date 2,996,998 series A preferred shares with a nominal value of £0 001 each were allotted and £0 5714 per share was paid.

The total consideration received for all issued shares was £2,048,036.

Rights of shares

Each Series A preferred share carries one vote for each ordinary share into which it may convert and is not redeemable. Each Series A preferred share shall be convertible, at the option of the holder, at any time after the date of issue into that number of fully paid ordinary shares. The Series A preferred shareholders may receive dividends, when and if decided by the board, at a rate of 8% of the subscription price in priority to any other distribution, and have a prior entitlement on a liquidation event.

4. Post balance sheet events

On 23 December 2011 the company completed a funding round raising £10.3m. At the same time the loan of £270,445 was converted into 96,558 Series B preferred shares.