

Company Registration Number 3977902

GOOGLE UK LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2001



GOOGLE UK LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

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GOOGLE UK LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

S Brin
L E Page

Company secretary

TJG Secretaries Limited

Registered office

Carmelite
50 Victoria Embankment
London
EC4Y 0DX

Auditors

Blick Rothenberg
Chartered Accountants
Registered Auditors
12 York Gate
Regent's Park
London, NW1 4QS

GOOGLE UK LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2001.

Principal activity and business review

The principal activity of the company which commenced on 1 January 2001 was the marketing of Google's Premium Sponsored links programme.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

It is proposed to transfer the retained profit for the year of £5,190 to reserves.

The directors and their interests in shares of the company

The directors who served the company during the year were as follows:

S Brin
L E Page

None of the directors had an interest in the share capital of the company at the beginning and end of the year.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.

The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

GOOGLE UK LIMITED

DIRECTORS' REPORT *(continued)*


YEAR ENDED 31 DECEMBER 2001

Auditors

Blick Rothenberg were appointed as auditors during the period and a resolution to re-appoint them for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

S Brin
Director



25/6/2003

GOOGLE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2001

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

GOOGLE UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*


YEAR ENDED 31 DECEMBER 2001

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

12 York Gate
Regent's Park
London, NW1 4QS

26 June 2003


BLICK ROTHENBERG
Chartered Accountants
Registered Auditors

GOOGLE UK LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2001

	Note	Year to 31 Dec 01 £	Period from 20 Apr 00 to 31 Dec 00 £
Turnover	2	190,328	—
Administrative expenses		(176,668)	—
Profit on ordinary activities before taxation		13,660	—
Tax on profit on ordinary activities	5	(8,470)	—
Retained profit for the financial year		<u>5,190</u>	<u>—</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

GOOGLE UK LIMITED

BALANCE SHEET

31 DECEMBER 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		7,180		—
Current assets					
Debtors	7	42,199		—	
Cash at bank		<u>1,000</u>		<u>1,000</u>	
		43,199		1,000	
Creditors: Amounts falling due within one year	8	<u>(44,189)</u>		—	
Net current (liabilities)/assets			<u>(990)</u>		1,000
Total assets less current liabilities			<u>6,190</u>		<u>1,000</u>
Capital and reserves					
Called-up equity share capital	10		1,000		1,000
Profit and loss account	11		<u>5,190</u>		—
Shareholders' funds	12		<u>6,190</u>		<u>1,000</u>

These financial statements were approved by the directors on the 25/6/2003 and are signed on their behalf by:



S Brin
Director

GOOGLE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

1. Accounting policies

1.1 Basis of accounting

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

1.2 Turnover

Turnover represents amounts receivable for services to the parent company, net of VAT.

1.3 Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment - 50% straight line

1.4 Pensions

The company makes contributions to certain employees personal pension schemes. The annual contributions payable are charged to the profit and loss account. The company does not operate its own pension scheme.

1.5 Deferred taxation

Deferred taxation is provided using the liability method, on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which anticipated timing differences will reverse. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

2. Turnover

The turnover and profit before tax are attributable to the principal activity of the company.

A geographical analysis of turnover is given below:

	Year to 31 Dec 01 £	Period from 20 Apr 00 to 31 Dec 00 £
Rest of the world	<u>190,328</u>	<u>-</u>

3. Operating profit

Operating profit is stated after charging:

	Year to 31 Dec 01 £	Period from 20 Apr 00 to 31 Dec 00 £
Depreciation	5,029	-
Auditors' remuneration: - as auditors	<u>4,000</u>	<u>-</u>

GOOGLE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

4. Particulars of employees

The average number of staff, including the directors, employed by the company during the financial year was:

	Year to 31 Dec 01 Number	Period from 20 Apr 00 to 31 Dec 00 Number
Administration and sales	2	—
Management	2	2
	<u>4</u>	<u>2</u>

The aggregate payroll costs of the above were:

	Year to 31 Dec 01 £	Period from 20 Apr 00 to 31 Dec 00 £
Wages and salaries	96,246	—
Social security costs	10,847	—
Other pension costs	1,112	—
	<u>108,205</u>	<u>—</u>

5. Tax on profit on ordinary activities

Taxation

	Year to 31 Dec 01 £	Period from 20 Apr 00 to 31 Dec 00 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2000: —%)	<u>8,470</u>	<u>—</u>

GOOGLE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

6. Tangible fixed assets

	Computer equipment £
Cost	
Additions	<u>12,209</u>
At 31 December 2001	<u>12,209</u>
Depreciation	
Charge for the year	<u>5,029</u>
At 31 December 2001	<u>5,029</u>
Net book value	
At 31 December 2001	<u>7,180</u>
At 31 December 2000	<u>—</u>

7. Debtors

	2001 £	2000 £
Amounts owed by group undertakings	28,649	—
Prepayments and accrued income	<u>13,550</u>	<u>—</u>
	<u>42,199</u>	<u>—</u>

8. Creditors: Amounts falling due within one year

	2001 £	2000 £
Corporation tax	8,470	—
Accruals and deferred income	<u>35,719</u>	<u>—</u>
	<u>44,189</u>	<u>—</u>

GOOGLE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

9. Related party transactions and controlling party

Transactions with related parties are as follows:

Name (Relationship) Transaction	Amount 2001 £	2000 £	Amount due (to)/from related parties	
			2001 £	2000 £
Google Inc. (Parent company) Sales	190,328	—	28,649	—

The immediate controlling party is Google Inc. (now Google Technology Inc.), a company incorporated in the United States of America. There is no ultimate controlling party.

10. Share capital

	2001		2000	
	Number	£	Number	£
Authorised share capital:				
Ordinary	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:				
Ordinary	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

11. Reserves

	Profit and loss account £
Profit for the year	<u>5,190</u>
Balance carried forward	<u>5,190</u>

12. Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	5,190	—
New equity share capital subscribed	—	1,000
Net addition to funds	<u>5,190</u>	<u>1,000</u>
Opening shareholders' equity funds	<u>1,000</u>	—
Closing shareholders' equity funds	<u>6,190</u>	<u>1,000</u>

GOOGLE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

13. Ultimate parent company

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Google Inc., a company incorporated in the United States of America. Copies of the group financial statements are not available to the public.