

Google UK Limited

Annual report and financial statements for the year ended 31 December 2007

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Google UK Limited

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Google UK Limited

Company information

Directors

Nikesh Arora
John Herlihy
Graham Law
Lloyd Hartley Martin
John Kent Walker

Secretary

T J G Secretaries Limited

Registered office

Belgrave House
76 Buckingham Palace Road
London
SW1W 9TQ

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

Citibank plc
336 Strand
London
WC2R 1HB

Solicitors

Taylor Wessing
Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

Google UK Limited

Directors' report for the year ended 31 December 2007

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2007.

Principal activity and review of business

The principal activity of the company during the year was the provision of marketing services to Google Ireland Limited and the provision of research and development services to Google Inc.

The directors have no intention to change the business in the foreseeable future.

Position during the financial year

There were no significant new activities that had a material impact on the company's results during the financial year ended 31 December 2007.

There were no new products and services introduced during the financial year ended 31 December 2007 that had a material impact on the financial statements.

There were no other special factors that affected performance in the period under review.

Principal risks and uncertainties facing the business

As a provider of marketing and research and development services to Google Ireland Limited and Google Inc., the company's principal risks and uncertainties relate to scaling back its operations due to a reduction in demand for its services. The demand for its services would be impacted by the principal risks and uncertainties faced by Google Ireland Limited and Google Inc., namely:

- Competition from other internet companies, including web search providers, internet access providers, internet advertising companies and destination websites that may also bundle their services with internet access.
- Competition from traditional media companies may not be included in the advertising budgets of large advertisers, which in turn could harm its operating results.
- Revenue is generated almost entirely from advertising, and the reduction in spending by, or loss of advertisers could seriously harm the business.
- Google has a short operating history and a relatively new business model in an emerging and rapidly evolving market. This makes it difficult to evaluate future prospects and may increase the risk that the group will not continue to be successful.
- New technologies could block advertisements, which would harm the business.
- The business depends on a strong brand, and if the company is unable to maintain and enhance the brand, the ability to expand the base of users, advertisers and Google Network members will be impaired and the business and operating results will be harmed.

Key performance indicators

Turnover

Turnover increased from £64,549,244 to £104,161,241 in 2007, an increase of £39,611,997. This increase is due to a significant increase in employment and other costs impacting on the Cost Plus Agreement.

Administrative expenses

Administrative expenses increased from £66,339,082 to £108,066,271, an increase of £41,727,189 in 2007. This increase relates to an increase in demand for the company's marketing services in the UK.

The profit and loss account and balance sheet are set out on pages 7 and 9, respectively. The loss for the financial year, amounting to £4,031,277 has been deducted from reserves.

Google UK Limited

Directors' report for the year ended 31 December 2007 (continued)

Research and development

The company continued to provide research and development services to its parent company, Google Inc. During the year, the company spent £10,136,949 (2006: £4,484,723) on research and development. Such expenses may fall into the following categories: research, development engineering and fixes or revisions.

Future developments

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

Results and dividends

The profit and loss account for the year ended 31 December 2007 is set out on page 7.

The directors do not recommend the payment of a dividend (2006: £nil).

Charitable donations

During the year the company made charitable donations of £nil (2006: £7,806).

Directors

The directors who held office during the year and up to the date of this report, except as noted below, are as follows:

Nikesh Arora	
John Herlihy	(appointed 15 February 2007)
Graham Law	(appointed 15 February 2007)
Lloyd Hartley Martin	(appointed 15 February 2007)
John Kent Walker	(appointed 15 February 2007)
David Carl Drummond	(resigned 15 February 2007)
George Reyes	(resigned 15 February 2007)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

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Directors' report for the year ended 31 December 2007 (continued)

Employees

The company has an active programme for informing and involving its employees. In addition to many informal practices, the company operates active Social Clubs and Culture Clubs across the company's sites which comprise representatives of the workforce and management. Regular briefings and other opportunities for dialogue with senior management are conducted for employees. The company also has an intranet website which it updates regularly with company and industry news.

The company is committed to the recruitment and retention of first-rate people, and therefore offers a highly competitive compensation and benefits package. It believes in rewarding performance and encouraging employees to contribute to and share in the success and growth of the business. Consequently, the company operates a Share Incentive Plan and Cash Bonus Plan that rewards all employees for the success of the company and their own personal performance.

The company is an equal opportunity employer. Applications for employment are considered without regard to gender, race, age, nationality or disability, taking into account the abilities of the individual and the requirements of the vacant position. All employees enjoy the same benefits, career development, promotion prospects and comprehensive training.

Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, providing that all trading terms and conditions have been complied with.

At 31 December 2007 the company had an average of 5 days purchases outstanding in trade creditors (2006: 21 days).


Disclosure of information to auditors

The directors confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware. The directors also confirm they have each taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

On 1 June 2008, Ernst & Young LLP were appointed as auditors of the company.

By order of the board


Director
6 February 2009

Google UK Limited

Independent auditors' report to the members of Google UK Limited

We have audited the company's financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

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Independent auditors' report to the members of Google UK Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

9 February 2009

Google UK Limited

Profit and loss account for the year ended 31 December 2007

	Note	2007 £	As restated 2006 £
Turnover	3	104,161,241	64,549,244
Administrative expenses		(108,066,271)	(66,339,082)
Operating loss	4	(3,905,030)	(1,789,838)
Interest receivable and similar income	5	493,462	205,979
Interest payable and similar charges	6	(12,603)	-
Loss on ordinary activities before taxation		(3,424,171)	(1,583,859)
Tax on loss on ordinary activities	9	(607,106)	5,029,209
(Loss)/profit for the financial year	15	(4,031,277)	3,445,350

All above activities relate to continuing operations.

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Statement of total recognised gains and losses for the year ended 31 December 2007

	Note	2007 £	As restated 2006 £
(Loss)/profit for the financial year	15	(4,031,277)	3,445,350
Total recognised gains and losses relating to the year		(4,031,277)	3,445,350
Prior year adjustment	2	(5,210,729)	
Total recognised gains and losses since last annual report		(9,242,006)	

Google UK Limited

Balance Sheet as at 31 December 2007

	Note	2007 £	As restated 2006 £
Fixed assets			
Tangible assets	10	7,373,660	6,302,041
Current assets			
Debtors	11	19,974,967	8,728,692
Cash at bank and in hand		18,365,132	16,958,170
		38,340,099	25,686,862
Creditors: amounts falling due within one year	12	(25,038,446)	(18,687,984)
Net current assets		13,301,653	6,998,878
Net assets		20,675,313	13,300,919
Capital and reserves			
Called up share capital	14	1,000	1,000
Share option reserve	15	20,118,146	8,712,475
Profit and loss account	15	556,167	4,587,444
Shareholder's funds	16	20,675,313	13,300,919

The financial statements on pages 7 to 21 were approved by the board of directors on 6 February 2009 and were signed on its behalf by:

Director



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Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently in the current and previous financial year, are set out below.

Cash flow statement

Financial Reporting Standard 1 (Revised 1996) "Cash Flow Statements", exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The company has taken advantage of this exemption.

Tangible fixed assets and depreciation

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold buildings	-	straight line over 25 years
Leasehold improvements	-	33% straight line
Computer equipment and software	-	50% straight line
Fixtures, fittings and equipment	-	20% straight line
Production and network equipment	-	33% straight line
Assets in course of construction	-	no depreciation as assets not in use

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year from Google Inc. and Google Ireland Limited. The company recognises revenue on a cost plus basis, based on the level of expenses incurred during the year.

Pensions

For the defined contribution pension scheme, the expected cost of providing pensions to employees is charged to the profit and loss account as incurred over the period of employment of pensionable employees. The cost is calculated, with the benefit of advice from an independent actuary, at what is expected to be a reasonably stable proportion of pensionable pay.

Taxation

The charge for taxation is based on the (loss)/profit for the year.

Deferred tax is provided on timing differences to the extent that it is expected to become payable/recoverable in the foreseeable future and any amount not provided for is disclosed as a contingent liability/asset. Deferred tax arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Deferred tax balances are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date and revenues, costs and non monetary assets at the exchange rates ruling at the transaction date. Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with through the profit and loss account.

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Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Principal accounting policies (continued)

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Lease premiums and similar incentives that are received or paid are treated as deferred or accrued income and released to the profit and loss account on a straight line basis over the lease term or, if shorter, over the period to the next rent review.

Research and development

Research and development expenditure is expensed to the profit and loss account in the year in which it is incurred.

Share-based payments

In accordance with Financial Reporting Standard 20 "Share-based payments", the company reflects the economic cost of awarding shares and share options to employees by recording an expense in the profit and loss account equal to the fair value of the benefits awarded. The expense is recognised in the profit and loss account over the vesting period of the award.

2 Prior year adjustment

A prior year adjustment has been made in order to reflect a revision in the charge made for share based payments. This has resulted in an increase in staff costs of £5,210,729 from £36,407,344 to £41,618,073, a decrease in the profit and loss reserve from £9,798,173 to £4,587,444 and an increase in the share option reserve from £3,501,746 to £8,712,475.

3 Turnover

The total turnover of the company for the year has been derived from its principal activity.

	2007 £	2006 £
Geographical market		
US cost plus revenue	11,150,644	4,933,195
Ireland cost plus revenue	93,010,597	59,616,049
	104,161,241	64,549,244

4 Operating loss

	2007 £	2006 £
Operating loss is stated after charging:		
Depreciation of tangible assets	2,337,580	1,623,482
Auditors' remuneration – audit services	58,758	36,850
Auditors' remuneration – other non-audit services	-	38,823
Operating lease charges - other	4,056,567	3,908,839
Research and development expenditure	10,136,949	4,484,723

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Notes to the financial statements for the year ended 31 December 2007 (continued)

5 Interest receivable and similar income

	2007 £	2006 £
Bank interest receivable	493,462	205,979

6 Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank overdraft	12,603	-

7 Employee information

The average monthly numbers of employees (including directors) during the year were:

	2007 No	2006 No
Marketing	351	208
Research and development	92	35
Management and administration	96	41
	539	284

Employment costs

	2007 £	As restated 2006 £
Wages and salaries	51,788,613	30,441,202
Social security costs	7,261,395	3,732,400
Other pension costs	1,724,086	823,685
Cost of employee share scheme (note 17)	11,405,671	6,620,786
	72,179,765	41,618,073

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Notes to the financial statements for the year ended 31 December 2007 (continued)

7 Employee information (continued)

Directors' remuneration

	2007 £	2006 £
Aggregate emoluments	588,850	903,667
Other pension costs	11,370	10,107

The directors' remuneration stated above relates to one director, who is therefore also the highest paid director. Pension costs are accruing to one director under the company's defined contribution scheme (2006: one). Four (2006: four) directors hold share options in the ultimate parent undertaking, Google Inc. Two (2006: two) of the directors exercised options during the year.

8 Pension costs

The company operates a defined contribution scheme for certain employees. The employees' pension entitlements are secured by contributions by the company to a separately administered pension fund. Annual contributions are based on the advice of a professionally qualified actuary. The defined contribution pension charge for the year was £1,724,086 (2006: £823,685).

As at 31 December 2007 pension contributions of £336,310 were outstanding (2006: £174,044).

9 Tax on loss on ordinary activities

	2007 £	2006 £
Current tax		
UK corporation tax at 30% (2006: 30%)	148,039	-
Adjustments in respect of previous periods	(46,208)	-
Total current tax	101,831	-
Deferred tax		
Origination and reversal of timing differences	460,967	(5,029,209)
Adjustments in respect of previous periods	(290,973)	-
Impact of change in UK tax rate	335,281	-
Total deferred tax (note 13)	505,275	(5,029,209)
Tax charge/(credit) on loss on ordinary activities	607,106	(5,029,209)

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Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Tax on loss on ordinary activities (continued)

The tax assessed for the year is higher (2006: higher) than the standard rate of corporation tax in the United Kingdom of 30% (2006: 30%). The differences are explained below:

	2007 £	2006 £
Loss on ordinary activities before tax	(3,424,171)	(1,583,859)
Tax on loss on ordinary activities at the standard rate of corporation tax of 30% (2006: 30%)	(1,027,251)	(475,158)
Effects of:		
Expenses not deductible for tax purposes	3,466,861	2,079,357
Other timing differences	159,095	-
Depreciation for the year in excess of capital allowances	643,499	161,041
Non-trade relationship credits	-	(61,794)
Utilisation of brought forward losses	(1,157,626)	-
Exercised share options deductible for tax	(1,936,539)	(1,703,446)
Adjustments in respect of previous periods	(46,208)	-
Total current tax	101,831	-

Notes to the financial statements for the year ended
31 December 2007 (continued)

10 Tangible assets

Cost	Freehold buildings £	Leasehold improvements £	Computer equipment and software £	Fixtures, fittings and equipment £	Production and network equipment £	Assets in course of construction £	Total £
At 1 January 2007	45,000	4,646,341	717,764	1,260,336	1,243,516	884,911	8,797,868
Additions	-	1,533,001	2,426	553,936	1,859,926	-	3,949,289
Disposals	-	-	-	-	-	(540,090)	(540,090)
Transfer	(45,000)	35,874	-	9,126	-	-	-
At 31 December 2007	-	6,215,216	720,190	1,823,398	3,103,442	344,821	12,207,067
Depreciation							
At 1 January 2007	2,550	960,608	496,369	707,043	329,257	-	2,495,827
Charge for the year	1,650	855,315	202,426	490,301	787,888	-	2,337,580
Transfer	(4,200)	3,896	-	304	-	-	-
At 31 December 2007	-	1,819,819	698,795	1,197,648	1,117,145	-	4,833,407
Net book value							
At 31 December 2007	-	4,395,397	21,395	625,750	1,986,297	344,821	7,373,660
At 31 December 2006	42,450	3,685,733	221,395	553,293	914,259	884,911	6,302,041

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Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	9,547,419	2,134,419
Corporation tax recoverable	-	249,855
Deferred tax (note 13)	4,523,934	5,029,209
Other debtors	4,126,383	1,014,954
Prepayments and accrued income	1,777,231	300,255
	19,974,967	8,728,692

12 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	848,919	2,719,280
Corporation tax payable	148,039	-
Other taxes and social security	5,362,946	1,454,057
Accruals and deferred income	18,678,542	14,514,647
	25,038,446	18,687,984

13 Deferred tax asset

	2007 £	2006 £
At 1 January	5,029,209	-
(Charge)/credit to profit and loss account (note 9)	(505,275)	5,029,209
At 31 December	4,523,934	5,029,209

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Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Deferred tax asset (continued)

Deferred tax is analysed as follows:

	Unprovided 2007 £	Provided 2007 £	Unprovided 2006 £	Provided 2006 £
Accelerated capital allowances	-	447,590	-	(912,601)
Losses	-	3,982,178	-	5,941,810
Short term timing differences	1,224,515	94,166	-	-
	1,224,515	4,523,934	-	5,029,209

A deferred tax asset of £1,224,515 (2006: £nil) relating to share options has not been recognised as in the opinion of the directors a tax deduction is unlikely to be available for these options.

14 Called up share capital

	2007 £	2006 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

15 Reserves

	Share option reserve £	Profit and loss account £
At 1 January 2007 as previously reported	3,501,746	9,798,173
Prior year adjustment	5,210,729	(5,210,729)
At 1 January 2007 as restated	8,712,475	4,587,444
Loss for the financial year	-	(4,031,277)
Adjustment in respect of employee share schemes	11,405,671	-
At 31 December 2007	20,118,146	556,167

Prior year adjustment

A prior year adjustment has been made in order to reflect a revision in the charge made for share based payments.

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Notes to the financial statements for the year ended 31 December 2007 (continued)

16 Reconciliation of movements in shareholder's funds

	2007 £	As restated 2006 £
(Loss)/profit for the financial year	(4,031,277)	3,445,350
Adjustment in respect of employee share schemes	11,405,671	6,620,786
Net addition to shareholder's funds	7,374,394	10,066,136
Opening shareholder's funds	13,300,919	3,234,783
Closing shareholder's funds	20,675,313	13,300,919

17 Share based payments

The ultimate parent undertaking, Google Inc., awards stock options under the 1998 Stock Plan, the 2000 Stock Plan, the 2003 Stock Plan, the 2003 Stock Plan (No.2), the 2003 Stock Plan (No.3) and the 2004 Stock Plan and plans assumed through acquisitions, all of which are collectively referred to as the 'Stock Plans'. Options are generally granted for a term of 10 years. Options granted under the Stock Plans generally vest 25% after the first year of service and rateably each month over the remaining 36 month period, contingent upon employment within the Google Inc. group ("Google") on the date of vest. Options granted under Stock Plans other than the 2004 Stock Plan may be exercised prior to vesting.

Under the Stock Plans, ordinary share options and Restricted Stock Units (RSUs) have been issued. An RSU award is an agreement to issue shares of Google Inc. stock at the time of vest. RSUs issued to new employees vest over four years with a yearly cliff contingent upon employment with Google on the dates of vest. These RSUs vest from zero to 37.5 percent of the grant amount at the end of each of the four years from date of hire based on the employee's performance.

The fair value of share based payment awards was estimated using the Black-Scholes option pricing model with the following assumptions and weighted average fair values:

	2007	2006
Expected stock price volatility	34%	34%
Option life (years)	10	10
Expected life (years)	5.1	3.6
Risk free interest rate	4.37%	4.70%
Expected dividends expressed as a dividend yield	-	-
Weighted average fair value per option granted – ordinary shares	£112.16	£72.66
Weighted average fair value per option granted – RSUs	£276.82	£223.59

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Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Share based payments (continued)

Risk free interest rate

The risk free rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

Expected stock price volatility

Our assumptions about stock price volatility have been based exclusively on the implied volatilities of publicly traded options to buy Google Inc. stock with contractual terms closest to the expected life of options granted to Google employees.

Expected life

Until the third quarter of 2007, assumptions about the expected term have been based on that of companies that have option vesting and contractual terms, expected stock volatility and employee demographics and physical locations that are similar to Google due to limited relevant historical information. Commencing in the fourth quarter of 2007, the expected term was estimated based upon the historical behaviour of Google employees, based on historical exercise patterns and the expected future holding period.

The company's ordinary share option and RSU activities consisted of the following:

Ordinary share options	2007		2006	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 January	213,875	142.29	172,923	94.21
Granted	118,114	285.35	80,489	229.76
Exercised	(29,187)	31.59	(39,537)	59.46
Forfeited	(7,301)	126.28	-	-
Outstanding at 31 December	295,501	209.07	213,875	142.29
Exercisable at 31 December	84,125	134.06	36,532	88.08

RSUs	2007		2006	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 January	39,309	187.50	17,876	124.70
Granted	27,007	276.82	26,457	223.59
Exercised	(12,998)	189.77	(5,024)	99.41
Forfeited	(2,042)	237.64	-	-
Outstanding at 31 December	51,276	236.29	39,309	187.50
Exercisable at 31 December	20,112	165.18	7,024	121.10

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Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Share based payments (continued)

The table below summaries information regarding the company's exercisable share options:

Ordinary share options

Range of exercise price	2007			2006		
	Weighted average exercise price £	Number of shares	Weighted average remaining life (years)	Weighted average exercise price £	Number of shares	Weighted average remaining life (years)
£0.00 - £50.00	18.44	16,442	6.26	14.62	14,262	6.99
£50.01 - £100.00	91.39	18,154	7.04	94.12	7,957	8.05
£100.01 - £150.00	140.68	8,726	7.55	143.60	4,639	8.54
£150.01 - £200.00	165.59	21,784	8.03	161.51	9,093	9.02
£200.01 - £250.00	218.19	10,107	8.77	215.88	581	9.42
£250.01 - £300.00	255.20	8,890	9.52	-	-	-
£300.01 - £350.00	314.17	22	9.81	-	-	-

RSUs

Range of exercise price	2007			2006		
	Weighted average exercise price £	Number of shares	Weighted average remaining life (years)	Weighted average exercise price £	Number of shares	Weighted average remaining life (years)
£50.00 - £100.00	86.11	6,000	0.94	87.58	4,000	1.94
£100.01 - £150.00	146.13	2,416	1.61	144.88	437	2.53
£150.01 - £200.00	169.44	4,047	1.95	157.62	2,059	2.68
£200.01 - £250.00	224.04	6,290	1.74	212.98	528	2.89
£250.01 - £300.00	255.20	1,221	2.89	-	-	-
£300.01 - £350.00	331.50	138	0.27	-	-	-

The weighted average share price during the period for options exercised over the year was £270.65 (2006: £210.11). The total charge for the year relating to employee share-based payment plans was £11,405,671 (2006: £6,620,786), all of which related to equity share based payment transactions. After deferred tax, the total charge was £11,405,671 (2006: £6,620,786), as the related deferred tax asset has not been recognised (see note 13).

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Notes to the financial statements for the year ended 31 December 2007 (continued)

18 Operating lease commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases expiring as follows:

Land and buildings	2007 £	2006 £
After five years	6,163,814	4,028,045

19 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures", for subsidiaries with 90% or more of whose voting rights are controlled within the group, from the requirement to give details of transactions with entities that are part of the Google Inc. group.

20 Immediate and ultimate parent undertakings

The company's immediate parent undertaking is Google International LLC.

The company's ultimate parent undertaking is Google Inc., a company incorporated in Delaware, USA. The largest group in which the results of the company are consolidated is that headed by Google Inc. and the consolidated financial statements are available to the public and may be obtained from 1600 Amphitheatre Parkway, Mountain View CA 94043.