

Registered number: 01500669

Microsoft Mobile UK Holdings Limited

Annual report and financial statements

For the year ended 31 December 2016

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Microsoft Mobile UK Holdings Limited

Company Information

Directors	Benjamin Orndorff Keith Dolliver Leigh Anne Kiviat
Company secretary	Reed Smith Corporate Services Limited
Registered number	01500669
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London United Kingdom EC2A 2RS
Independent auditor	Deloitte LLP Statutory Auditor Deloitte House Station Place Cambridge CB1 2FP
Bankers	Citibank Canada Square Canary Wharf London E14 5LB
Solicitors	Reed Smith LLP The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS

Microsoft Mobile UK Holdings Limited

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Microsoft Mobile UK Holdings Limited

Strategic report For the year ended 31 December 2016

Introduction

The directors are responsible for preparing a strategic report in accordance with the Regulations set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These regulations came into force in October 2013.

The directors present their strategic report for Microsoft Mobile UK Holdings Limited (the 'Company') for the year ended 31 December 2016.

Business review

The principal activity of Microsoft Mobile UK Holdings Limited (the "Company") was to hold investments and act as a holding company for Microsoft UK Limited. The directors acknowledge that the company will no longer operate as such due to future plans to end operations.

The Company held investments in Microsoft Mobile UK Limited for all of the financial year 2016. Microsoft Mobile UK Limited is no longer a cash generating business with its sale and distribution of mobile phones shrinking substantially. The net asset position does support this and therefore the investment valuation is appropriate.

Microsoft Mobile Holdings had long term loan and interest of over £36m owed to its subsidiary Microsoft Mobile UK Limited.

The loss for the year before taxation was £355,000 (2015 - £330,000). At the end of the financial year the Company reported net current liabilities of £32,565,000 (2015 - liabilities of £32,210,000) and net assets of £30,108,000 (2015 - £30,463,000).

The company is not a trading entity and as a result there is no turnover to report.

Strategy, subsequent events and future developments

Future developments

The Company will continue to hold its investment in Microsoft Mobile UK Limited, a subsidiary company.

Subsequent events

There were no material events which came to the attention of the directors at year end.

Microsoft Mobile UK Holdings Limited

**Strategic report
For the year ended 31 December 2016**

Principal risks and uncertainties***Financial risk management***

The operations of the Company expose it to a number of financial risks including the effects of interest rate, cash flow and credit risk. In order to minimise the impact of these financial risks, the Microsoft group has a central treasury function which manages all the financial risk of the group. All cash management of the Company is handled by group treasury.

Interest rate and cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. All of these are with Microsoft group companies and are subject to either fixed interest rates or variable interest rates determined by the central treasury team. If the directors consider any assets or liabilities to be at risk of default then guarantee is sought from the parent company for the level of that risk. Interest rates are determined by group treasury which ensures that all interest rate risk relating to the Company is retained within the group.

Credit risk

All amounts due to the Company are due by group entities and credit risk relating to these amounts are managed by the central treasury function. Accordingly, credit risk is assessed by the directors as being minimal.

Environmental Policy

Microsoft Mobile UK Holdings Limited, as the parent company of Microsoft Mobile UK Limited, places serious emphasis on ensuring the trading company controls and manages its activities to ensure risks to the health, safety and welfare of its employees, customers and the general public are identified and action taken to minimise or eliminate their effects.

Adverse effects of operational activities on the environment will be minimised as far as practicable with the following key objectives:

- to comply with its legal obligations under the current Health, Safety and Welfare Act and the Environmental Protection Act, together with all other applicable statutory provisions and relevant codes of practice;
- to promote health, safety and environmental awareness throughout the organisation;
- to maintain a safe and healthy working environment for its employees, with adequate facilities appropriate to the nature of the business activities;
- to minimise the social impact of the Company activities and avoid damage to the environment through regular reviews of the business from environmental and management systems audits; and
- to undertake environmental impact studies as part of any Company relocation or enlargement of existing facilities.

This report was approved by the board on 27 December 2017 and signed on its behalf.

Benjamin Orndorff
Director

Microsoft Mobile UK Holdings Limited

**Directors' report
For the year ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- 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.

Dividends

The loss for the year, after taxation, amounted to £355,000 (2015 - £330,000).

The directors did not declare a dividend payment for the financial year 2016 (2015 - £nil)

Directors

The directors who served during the year were:

Benjamin Omdorff
Keith Dolliver
Leigh Anne Kiviat

Insurance of directors

Following shareholder approval the Company has provided an indemnity for its directors and secretary which is a qualifying third indemnity provision for the purposes of the Companies Act 2006.

Matters covered in the Strategic report

Details of the Company's future developments, financial risk management and environmental policy are provided in the Strategic report on pages 1 to 2.

Microsoft Mobile UK Holdings Limited

Directors' report (continued)
For the year ended 31 December 2016

Going concern

The directors acknowledge that Microsoft Mobile Holdings Limited is no longer a cash generating entity and has stated their intention to dissolve the entity. The entity will cease to trade and the Company will at some point commence the statutory work necessary for dissolution. Using this background, we do not consider the entity meeting the going concern criteria even if dissolution takes longer than 12 months after the signing of these financial statements.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Events since the end of the year

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 December 2017 and signed on its behalf.


Benjamin Oudorff
Director

Independent auditor's report to the members of Microsoft Mobile UK Holdings Limited

We have audited the financial statements of Microsoft Mobile UK Holdings Limited for the year ended 31 December 2016, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 15. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Standards) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its results 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.

Emphasis of matter - Financial Statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Independent auditor's report to the members of Microsoft Mobile UK Holdings Limited (continued)

Opinion on other matter 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

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



Julian Rae (Senior statutory auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor
Cambridge
Date: 29 December 2017

Microsoft Mobile UK Holdings Limited

Statement of comprehensive income
For the year ended 31 December 2016

	Note	2016 £000	2015 £000
Interest receivable	5	18	22
Interest payable and similar charges	6	(373)	(352)
(Loss) on ordinary activities before taxation		(355)	(330)
Taxation on loss on ordinary activities	7	-	-
(Loss) for the year		(355)	(330)

	Note	2016 £000	2015 £000
(Loss) for the financial year		(355)	(330)
Other comprehensive income		-	-
Total comprehensive expense for the year		(355)	(330)

The notes on pages 10 to 18 form part of these financial statements.

Microsoft Mobile UK Holdings Limited
Registered number:01500669

Balance sheet
As at 31 December 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	8		62,673		62,673
			<u>62,673</u>		<u>62,673</u>
Current assets					
Debtors	9	1		1	
Amounts owed by group undertakings	10	3,492		3,319	
Cash at bank and in hand	11	-		155	
		<u>3,493</u>		<u>3,475</u>	
Creditors: Amounts falling due within one year	12	(36,058)		(35,685)	
Net current liabilities			<u>(32,565)</u>		<u>(32,210)</u>
Total assets less current liabilities			<u>30,108</u>		<u>30,463</u>
Net assets			<u>30,108</u>		<u>30,463</u>
Capital and reserves					
Called up share capital	13		32,654		32,654
Other reserves			42,673		42,673
Profit and loss account			<u>(45,219)</u>		<u>(44,864)</u>
			<u>30,108</u>		<u>30,463</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


Benjamin Orndorff

Director


Keith Dolliver

Director

Date: 27 December 2017

The notes on pages 10 to 18 form part of these financial statements.

Microsoft Mobile UK Holdings Limited

**Statement of changes in equity
For the year ended 31 December 2016**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	32,654	42,673	(44,864)	30,463
Comprehensive income for the year				
Loss for the year	-	-	(355)	(355)
Total comprehensive income for the year	-	-	(355)	(355)
At 31 December 2016	32,654	42,673	(45,219)	30,108

**Statement of changes in equity
For the year ended 31 December 2015**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	32,654	42,673	(44,534)	30,793
Comprehensive income for the year				
Loss for the year	-	-	(330)	(330)
Total comprehensive income for the year	-	-	(330)	(330)
At 31 December 2015	32,654	42,673	(44,864)	30,463

The notes on pages 10 to 18 form part of these financial statements.

Microsoft Mobile UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Microsoft Mobile UK Holdings Limited is a limited liability company incorporated in England. The registered office is The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Microsoft Corporation as at 31 December 2016 and these financial statements may be obtained from One Microsoft Way, Redmond, Washington, USA.

1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, principal risks and uncertainties, financial risk management objectives, performance and position are set out in the strategic report and the directors' report.

As noted in the Directors report, it is the intention of the directors to wind up the company within months of signing these financial statements. As a result, these financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the assets to net realisable value. The financial statements do not include any costs incurred since the Balance Sheet date or any provision for the future costs of liquidating the business.

1. Accounting policies (continued)

1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.5 Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Sterling is used as the functional currency due to the fact that the majority of Microsoft Mobile UK Holdings Limited's income, expenses and liabilities are denominated in sterling despite the ultimate parent company reporting in US dollars.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and loss account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

1.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.10 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.11 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.13 Group financial statements

The Company is exempt under the Companies Act 2006 s401 from the requirement to prepare group financial statements on the grounds that at the balance sheet date, it was a wholly owned subsidiary of Microsoft Corporation, a company incorporated in USA, whose subsidiary undertakings are fully consolidated within the consolidated financial statements of that undertaking. Microsoft Corporation prepares its financial statements in accordance with US Generally Accepted Accounting Practice.

These financial statements represent information about the Company as an individual undertaking and not about its group.

The consolidated financial statements of Microsoft Corporation, in which the results of Microsoft UK Holdings Limited and its subsidiaries are included, are available from One Microsoft Way, Redmond, Washington, USA.

Notes to the financial statements
For the year ended 31 December 2016

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no significant judgements affecting the reported loss or net assets.

3. Auditors' remuneration

The audit fee of £5,100 (2015 - £5,100) for the Company for the financial year has been borne by Microsoft Mobile UK Limited.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated financial statements of the Company's parent, Microsoft Corporation.

4. Employees

The Company has no employees other than the directors who did not receive any remuneration (2015 - £NIL) for qualifying services to the Company. The directors of the Company are remunerated by the Microsoft Corporation for all their services to the group.

5. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	18	22
	<u>18</u>	<u>22</u>

6. Interest payable and similar charges

	2016 £000	2015 £000
Bank interest payable	373	352
	<u>373</u>	<u>352</u>

Microsoft Mobile UK Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2016**

7. Taxation**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 -lower than) the standard rate of corporation tax in the UK of 20.00% (2015 -20.25%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(355)	(330)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 -20.25%)	(71)	(67)
Effects of:		
Tax rate changes	11	-
Amounts not recognised	60	67
Total tax charge for the year	-	-

Factors that may affect future tax charges

The Finance Act 2013, which provided for a reduction in the main rate of corporation tax to 21% effective from 1 April 2014 and a further reduction to 20% effective from 1 April 2015, was enacted during 2013. The Finance (No.2) Act 2015, which provided for a reduction in the main rate of corporation tax to 19% effective from 1 April 2017 and further reduction to 18% from 1 April 2020, was enacted during 2015. The Finance Act 2016, which reduced the main rate of corporation tax to 17% from 1 April 2020 (replacing the 18% reduction) was enacted during 2016.

The deferred tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and the tax laws) that have been enacted or substantively enacted by the balance sheet date. The deferred tax has therefore been calculated at 17%.

Unrecognised deferred tax

There were unrecognised deferred tax losses of £60,338 at 31 December 2016 (2015 - losses of £67,007)

Microsoft Mobile UK Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2016**

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	62,673
At 31 December 2016	<u>62,673</u>
Impairment	
At 1 January 2016	-
At 31 December 2016	<u>-</u>
Net book value	
At 31 December 2016	<u>62,673</u>
At 31 December 2015	<u>62,673</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Microsoft Mobile UK Limited	England and Wales	Ordinary	100%	Research, development, sales and marketing of mobile communication devices.

The Company held investments in Microsoft Mobile UK Limited for most of the financial year 2016. Microsoft Mobile UK Limited is no longer a cash generating business with its sale and distribution of mobile phones shrinking substantially. The net asset position does support it and therefore the investment valuation is appropriate.

Microsoft Mobile UK Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2016**

9. Debtors

	2016 £000	2015 £000
Due within one year		
Other debtors	1	1
	<u>1</u>	<u>1</u>

10. Amounts owed by group undertakings

	2016 £000	2015 £000
Amounts owed by group undertakings	3,492	3,319
	<u>3,492</u>	<u>3,319</u>

Amounts owed by group undertakings comprise a current account deposit with Microsoft Mobile Global Finance.

The credit risk associated with inter group investments and other balances is considered low because the Microsoft group uses the group entity called Microsoft Mobile Global Finance to manage all cash and financial risk management across the organisation.

11. Cash at bank and in hand

	2016 £000	2015 £000
Cash at bank and in hand	-	155
	<u>-</u>	<u>155</u>

12. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	36,058	35,685
	<u>36,058</u>	<u>35,685</u>

Microsoft Mobile UK Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2016**

13. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
32,653,502 (2015 - 32,653,502) ordinary shares of £1 each	32,654	32,654

14. Controlling party

The immediate parent undertaking is Microsoft Mobile Oy, a company incorporated in Finland and the ultimate parent undertaking and controlling party is Microsoft Corporation, a company based in Redmond, Washington, USA. Microsoft Corporation is the smallest and largest group into which the company's results are consolidated.