

Registered number: 01500669

**Microsoft Mobile UK Holdings Limited**

**Annual report and financial statements**

**For the year ended 31 December 2018**

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**Microsoft Mobile UK Holdings Limited**

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**Company Information**

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<b>Directors</b>	Benjamin Orndorff Keith Dolliver Leigh Anne Kiviat
<b>Company secretary</b>	Reed Smith Corporate Services Limited
<b>Registered number</b>	01500669
<b>Registered office</b>	The Broadgate Tower Third Floor 20 Primrose Street London United Kingdom EC2A 2RS
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading RG1 3BD
<b>Bankers</b>	Citibank Canada Square Canary Wharf London E14 5LB
<b>Solicitors</b>	Reed Smith LLP The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS

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**Microsoft Mobile UK Holdings Limited**

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## **Microsoft Mobile UK Holdings Limited**

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### **Strategic report For the year ended 31 December 2018**

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#### **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 2018.

#### **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 Mobile 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 2018. 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 UK Holdings Limited has a long term loan and interest of £35m owed to its subsidiary Microsoft Mobile UK Limited.

The loss for the year before taxation was £296,000 (2017 - £308,000). At the end of the financial year the Company reported net current liabilities of £33,169,000 (2017 - £32,873,000) and net assets of £29,504,000 (2017 - £29,800,000).

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 subsequent to the year end.

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## Microsoft Mobile UK Holdings Limited

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### Strategic report For the year ended 31 December 2018

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#### 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.

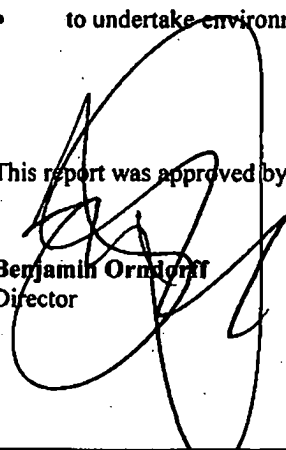
#### Environmental Policy

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 30 September 2019 and signed on its behalf.



Benjamin Ormrod  
Director

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## **Microsoft Mobile UK Holdings Limited**

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### **Directors' report For the year ended 31 December 2018**

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The Directors present their report and the financial statements for the year ended 31 December 2018.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £296,000 (2017 - £308,000).

The Director's did not declare a dividend payment for the financial year 2018 (2017 - £nil). The Directors do not recommend the payment of a final dividend for the year (2017 - £nil).

#### **Directors**

The Directors who served during the year and up to the date of signing were:

Benjamin Ormdorff  
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 party 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.

#### **Going concern**

The Directors acknowledge that Microsoft Mobile UK 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.

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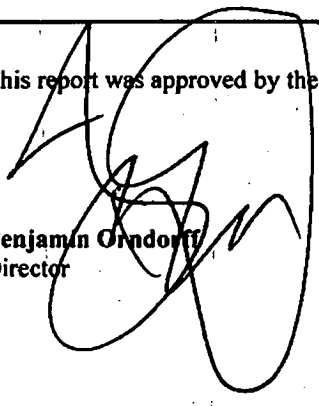
**Microsoft Mobile UK Holdings Limited**

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**Directors' report (continued)**  
**For the year ended 31 December 2018**

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This report was approved by the board on 30 September 2019 and signed on its behalf:



**Benjamin Orndorff**  
Director

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**Microsoft Mobile UK Holdings Limited**

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**Directors' responsibilities statement  
For the year ended 31 December 2018**

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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 to 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.



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**Microsoft Mobile UK Holdings Limited**

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

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**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Microsoft Mobile UK Holdings Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

**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.

**Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

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**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**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 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 or the Directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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**Microsoft Mobile UK Holdings Limited**

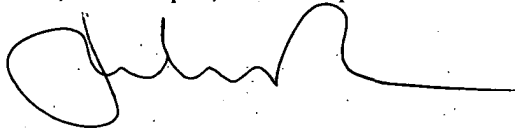
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**Independent auditor's report to the members of Microsoft Mobile UK Holdings Limited (continued)**

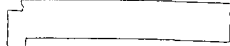
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**Use of our report**

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.



Julian Rae (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom



7 October 2019

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**Microsoft Mobile UK Holdings Limited**

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**Statement of comprehensive income**  
**For the year ended 31 December 2018**

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	Note	2018 £000	2017 £000
Administrative expenses		1	(5)
<b>Operating profit/(loss)</b>		<b>1</b>	<b>(5)</b>
Interest payable and similar charges	5	(297)	(303)
<b>Loss on ordinary activities before taxation</b>		<b>(296)</b>	<b>(308)</b>
Taxation on loss on ordinary activities	6	-	-
<b>Loss for the financial year</b>		<b>(296)</b>	<b>(308)</b>

The above results were derived from discontinued operations. There was no comprehensive income or expenses other than shown above.

The notes on pages 12 to 19 form part of these financial statements.

**Microsoft Mobile UK Holdings Limited**  
**Registered number:01500669**

**Balance sheet**  
**As at 31 December 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Investments	7	62,673	62,673
		<u>62,673</u>	<u>62,673</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	8	3,335	3,318
		<u>3,335</u>	<u>3,318</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	9	(36,504)	(36,191)
		<u>(36,504)</u>	<u>(36,191)</u>
<b>Net current liabilities</b>		<u>(33,169)</u>	<u>(32,873)</u>
<b>Total assets less current liabilities</b>		<u>29,504</u>	<u>29,800</u>
<b>Net assets</b>		<u>29,504</u>	<u>29,800</u>
<b>Capital and reserves</b>			
Called-up share capital	10	32,654	32,654
Other reserves		42,673	42,673
Profit and loss account		(45,823)	(45,527)
		<u>29,504</u>	<u>29,800</u>

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

  
**Benjamin Orndorff**  
 Director  
 Date: 30 September 2019

The notes on pages 12 to 19 form part of these financial statements.

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**Microsoft Mobile UK Holdings Limited**

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**Statement of changes in equity**  
**For the year ended 31 December 2018**

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	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2017</b>	32,654	42,673	(45,219)	30,108
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(308)	(308)
<b>Total comprehensive income for the year</b>	-	-	(308)	(308)
<b>At 1 January 2018</b>	32,654	42,673	(45,527)	29,800
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(296)	(296)
<b>Total comprehensive income for the year</b>	-	-	(296)	(296)
<b>At 31 December 2018</b>	32,654	42,673	(45,823)	29,504

The notes on pages 12 to 19 form part of these financial statements.

**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Microsoft Mobile UK Holdings Limited is a private company limited by shares incorporated in England. The registered number is 01500669. The registered office is The Broadgate Tower Third Floor, 20 Primrose Street, London, United Kingdom, EC2A 2RS. The principal activity can be found in the Strategic report on page 1.

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).

The financial statements are presented in Sterling (£) which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand.

**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 and 18A 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 2018 and these financial statements may be obtained from One Microsoft Way, Redmond, Washington, USA.

**Notes to the financial statements  
For the year ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.3 New standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The following new or revised standards have no material impact on the financial statements due to the nature of the intercompany revenue and balances.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases was issued in January 2016 and is applicable to annual reporting periods beginning on or after 01 January 2019. The Company decided not to early adopt IFRS 16.

**1.4 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.

**1.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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 Statement of comprehensive income 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 the Statement of comprehensive income for the period.

**1.6 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 the Microsoft Mobile UK Holdings Limited's income, expenses and liabilities are denominated in sterling despite the ultimate parent company reporting in US dollars.



**Notes to the financial statements  
For the year ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.7 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 Statement of comprehensive income. 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.

**1.8 Finance costs**

Finance costs are charged to the Statement of comprehensive income 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.

**1.9 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**Notes to the financial statements  
For the year ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.10 Current and deferred taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge 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.

**1.11 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 2018**

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**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 effect 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 the actual outcomes could differ from those estimates.

In preparing the financial statements, the Directors have made the following judgements:

***Intercompany balances***

Determining whether there are indicators of impairment of the Company's intercompany receivables. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the group entities, as well as any significant changes to the technological, market, economic or legal environments in which the operate.

Management believe there are no further areas that involve a higher degree of judgement or areas where assumptions and estimates are material to the financial statements.

**3. Auditors' remuneration**

The fee for auditing the financial statements of £5,100 (2017 - £5,100) for the Company for both the current and prior financial year was 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 ultimate parent, Microsoft Corporation.

**4. Employees**

The Company has no employees other than the Directors who did not receive any remuneration (2017 - £NIL) for qualifying services to the Company. The Directors of the Company are remunerated by Microsoft Corporation for all their services to the group.

**5. Interest payable and similar charges**

	2018 £000	2017 £000
Interest payable on amounts owed to group undertakings	297	303
	<u>297</u>	<u>303</u>

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**Microsoft Mobile UK Holdings Limited**

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**Notes to the financial statements  
For the year ended 31 December 2018**

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**6. Taxation**

	2018 £000	2017 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on loss on ordinary activities</b>	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(296)	(308)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(56)	(59)
<b>Effects of:</b>		
Effects of group relief/ other reliefs	56	59
<b>Total tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

The standard rate of applied on ordinary activities is 19% (2017: 19.25%). The finance (No.2) Act 2017 received Royal Assent on 16 November 2017 which will reduce the rate further to 17% from 1 April 2020. The new rates have accordingly been recognised in these accounts when calculating deferred tax.

**Deferred Taxation**

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%.

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**Microsoft Mobile UK Holdings Limited**

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**Notes to the financial statements  
For the year ended 31 December 2018**

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**7. Investments**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2018	62,673
At 31 December 2018	<u>62,673</u>
<b>Net book value</b>	
At 31 December 2018	<u>62,673</u>
At 31 December 2017	<u>62,673</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Address	Class of shares	Holding	Principal activity
Microsoft Mobile UK Limited	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS	Ordinary	100%	Non-trading.

The Company held investments in Microsoft Mobile UK Limited for all of the financial year 2018. Microsoft Mobile UK Limited is no longer a cash generating business with its sale and distribution of mobile phones shrinking substantially. The investment valuation is appropriate as it is in line with the net asset position.

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**Microsoft Mobile UK Holdings Limited**

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**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**8. Debtors: Amounts falling due within one year**

	2018 £000	2017 £000
Amounts owed by group undertakings	3,335	3,318
	<u>3,335</u>	<u>3,318</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.

**9. Creditors: Amounts falling due within one year**

	2018 £000	2017 £000
Amounts owed to group undertakings	36,502	36,186
Accruals and deferred income	2	5
	<u>36,504</u>	<u>36,191</u>

**10. Called-up share capital**

	2018 £000	2017 £000
<b>Shares classified as equity</b>		
<b>Allotted, authorised, called-up and fully paid</b>		
32,653,502 ordinary shares of £1 each	<u>32,654</u>	<u>32,654</u>

**11. 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. Copies of Microsoft Corporation's annual report are available on written request from the Investor Relations Department at their registered address Microsoft Corporation, 1 Microsoft Way, Redmond, Washington, 98052-6399, USA.