

Registration number: 06671487

TouchType Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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TouchType Ltd

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TouchType Ltd

Company Information

Directors	K R Dolliver B O Omdorff
Company secretary	Reed Smith Corporate Services Limited
Company number	06671487 (UK)
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London EC2A 2RS
Auditors	BDO LLP 55 Baker Street London W1U 7EU

TouchType Ltd

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company is software development.

Results and dividends

The profit for the year, after taxation, amounted to £3,089,928 (2016 - profit of £83,220,966).

The directors have not recommended a dividend in the current or prior year.

Directors' of the company

The directors, who held office during the year, were as follows:

K R Dolliver

B O Omdorff

Qualifying third party indemnity provisions

A qualifying indemnity provision was in force for the benefit of each director of the company in respect of liabilities that may attach to them in their capacity as directors of the company or of associated companies. These indemnities were granted at different times according to the law in place at the time and where relevant are qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006. These indemnities were in force throughout the year and are currently in force.

Disclosure of information to the auditors

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 auditors are 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 auditors are aware of that information.

Going concern

The directors have considered it appropriate to prepare the financial statements on the going concern basis.

Reappointment of auditors

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

Small companies provision statement

In preparing this report, the directors have taken advantage of the small companies exemptions provided by s415A of the Companies Act 2006.

Approved by the Board on 7 March 2019 and signed on its behalf by:

.....
B O Omdorff
Director

TouchType Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 apply them consistently;
- make judgements 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; 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 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.

TouchType Ltd

Independent Auditor's Report to the Members of TouchType Ltd

Opinion

We have audited the financial statements of TouchType Ltd (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of its profit 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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 this regard.

TouchType Ltd

Independent Auditor's Report to the Members of TouchType Ltd

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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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 (FRC's) Ethical Standards for Auditors.

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.

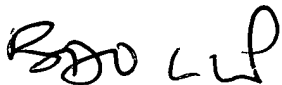
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

TouchType Ltd

Independent Auditor's Report to the Members of TouchType Ltd

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.



.....
Gary Hanson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

London

Date: 7 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TouchType Ltd

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	6,339,654	4,342,958
Cost of sales		<u>(2,325,037)</u>	<u>(1,734,654)</u>
Gross profit		4,014,617	2,608,304
Administrative expenses		<u>(408,034)</u>	<u>(10,253,220)</u>
Operating profit/(loss)	4	3,606,583	(7,644,916)
Gains on disposal of intellectual property and workforce to fellow subsidiary undertaking		-	106,613,185
Interest receivable and similar income	6	223,585	663,022
Interest payable and similar charges	7	<u>-</u>	<u>(61,493)</u>
Profit before tax		3,830,168	99,569,798
Tax on profit on ordinary activities	8	<u>(740,240)</u>	<u>(16,348,832)</u>
Profit for the year		<u>3,089,928</u>	<u>83,220,966</u>

	2017 £	2016 £
Profit for the year	<u>3,089,928</u>	<u>83,220,966</u>
Total comprehensive income for the year	<u>3,089,928</u>	<u>83,220,966</u>

TouchType Ltd

(Registration number: 06671487)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	9	11,644	19,747
Tangible assets		-	3,722
Investments	10	63	63
		<u>11,707</u>	<u>23,532</u>
Current assets			
Debtors	11	82,636,619	86,712,645
Cash at bank and in hand		656	744,914
		<u>82,637,275</u>	<u>87,457,559</u>
Creditors: amounts falling due within one year	12	(253,951)	(8,175,988)
Net current assets		<u>82,383,324</u>	<u>79,281,571</u>
Net assets		<u>82,395,031</u>	<u>79,305,103</u>
Capital and reserves			
Called up share capital	14	290	290
Share premium account		19,176,400	19,176,400
Profit and loss account		63,218,341	60,128,413
Shareholders' funds		<u>82,395,031</u>	<u>79,305,103</u>

The financial statements of TouchType Ltd, registration number 06671487, were approved and authorised for issue by the Board of Directors.

Approved by the Board on 7 March 2019 and signed on its behalf by:

.....
B O Ornderff
Director

TouchType Ltd

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2016	<u>263</u>	<u>17,715,598</u>	<u>(24,725,656)</u>	<u>(7,009,795)</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>83,220,966</u>	<u>83,220,966</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>83,220,966</u>	<u>83,220,966</u>
Shares issued during the year	<u>27</u>	<u>1,460,802</u>	<u>-</u>	<u>1,460,829</u>
Share based payment credit	<u>-</u>	<u>-</u>	<u>1,633,103</u>	<u>1,633,103</u>
At 31 December 2016	<u><u>290</u></u>	<u><u>19,176,400</u></u>	<u><u>60,128,413</u></u>	<u><u>79,305,103</u></u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2017	<u>290</u>	<u>19,176,400</u>	<u>60,128,413</u>	<u>79,305,103</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>3,089,928</u>	<u>3,089,928</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>3,089,928</u>	<u>3,089,928</u>
At 31 December 2017	<u><u>290</u></u>	<u><u>19,176,400</u></u>	<u><u>63,218,341</u></u>	<u><u>82,395,031</u></u>

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

TouchType Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities are set out in the directors' report.

2 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The directors do not believe that there are any key estimates and judgements which are required for the preparation of the financial statements.

The following principal accounting policies have been applied:

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Microsoft Corporation as at 31 December 2017 and these financial statements may be obtained by contacting Microsoft Investor Relations to order financial documents such as annual reports and Form 10-Ks free of charge.

Going concern

Having considered the current and projected financial position of the company, the directors have prepared the financial statements on the going concern basis. In making this determination, the directors have had particular regard to the financial position of Microsoft Corporation, the group in which the company is a member.

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Consolidation

The financial statements present information about the company as an individual undertaking and not about its group as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as its subsidiaries were included in the consolidated accounts of Microsoft Corporation, a company incorporated in the State of Washington, United States of America.

Revenue

Turnover includes commission income receivable and amounts derived from its parent company and a fellow group subsidiary in Ireland based on the greater of a revenue basis or a mark-up on total costs incurred. Revenue is recognised in the period in which the costs are incurred and once the values are approved by the Microsoft group.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

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.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling, which is the company's functional presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the company's functional currencies using the exchange rates prevailing at the invoiced dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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 instrument.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to statement of comprehensive income over the remaining vesting period.

On cancellation of share option awards, the remaining fair value yet to be charged to the statement of comprehensive income is recorded as an expense immediately.

Leased assets: Lessee

Annual rentals under operating lease agreements are charged to profit or loss on a straight-line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Interest income

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

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Taxation

The tax expense for the year comprises current and deferred tax. 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 reporting 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 statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries and branches and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2017 £	2016 £
Product revenue	986	273,202
Commission and royalties within the group	6,338,668	4,069,756
	<u>6,339,654</u>	<u>4,342,958</u>

The analysis of the company's turnover for the year by country is as follows:

	2017 £	2016 £
UK	986	796,997
Europe	18,025	1,190,957
Rest of world	6,320,643	2,355,004
	<u>6,339,654</u>	<u>4,342,958</u>

4 Operating profit/ (loss)

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation of tangible fixed assets	2,748	40,280
Amortisation of intangible assets	8,103	8,777
Exchange differences	(65,360)	179,507
Operating lease payments	(15,642)	168,782
Auditors remuneration	<u>16,000</u>	<u>16,000</u>

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

5 Information regarding Directors and Employees

The average monthly number of employees, including directors, during the year was as follows:

	2017 No.	2016 No.
Product development	-	22
Sales, marketing and product management	-	5
Operations	-	5
	<u>-</u>	<u>32</u>

Staff costs (including directors) consist of:

	2017 £	2016 £
Wages and salaries	-	2,213,332
Social security costs	1,364	436,586
Pension costs, defined contribution scheme	-	46,151
	<u>1,364</u>	<u>2,696,069</u>

None of the directors received any remuneration in respect of qualifying services as directors of the Company in the current year (2016: £101,788). No contributions were made to a defined contribution pension scheme on behalf of the directors (2016: £1,845).

6 Other interest receivable and similar income

	2017 £	2016 £
Interest Receivable from group companies	223,513	657,902
Other interest receivable	72	5,120
	<u>223,585</u>	<u>663,022</u>

7 Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	-	61,493

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Income tax

Tax charged/(credited) in the statement of comprehensive income

	2017 £	2016 £
Current taxation		
UK corporation tax	753,803	16,398,974
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(563)</u>
	<u>753,803</u>	<u>16,398,411</u>
Deferred taxation		
Origination of temporary differences	(13,563)	(49,580)
Changes to tax rates and laws	<u>-</u>	<u>1</u>
Total deferred taxation credit	<u>(13,563)</u>	<u>(49,579)</u>
Tax charge in the statement of comprehensive income	<u><u>740,240</u></u>	<u><u>16,348,832</u></u>

Reconciliation to current tax charge:

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19.25% (2016 - 20%).

The actual tax charge for the current and previous years differs from the standard rate for the reasons set out in the following reconciliation:

	2017 £	2016 £
Profit before tax	<u>3,830,168</u>	<u>99,569,798</u>
Corporation tax at standard rate	737,177	19,913,959
Expenses not deductible for tax purposes	10	1,141,102
Adjustments to tax charge in respect of prior periods	-	(563)
Other permanent differences arising from share option tax deduction at point of exercise	-	(2,573,929)
Other differences	1,263	(539)
Adjust deferred tax to average rate	1,790	(205,245)
Utilisation of previously unrecognised deferred tax asset	<u>-</u>	<u>(1,925,953)</u>
Total tax charge	<u><u>740,240</u></u>	<u><u>16,348,832</u></u>

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

9 Intangible assets

	Software and website £
Cost or valuation	
At 1 January 2017	<u>56,948</u>
At 31 December 2017	<u>56,948</u>
Amortisation	
At 1 January 2017	37,201
Amortisation charge	<u>8,103</u>
At 31 December 2017	<u>45,304</u>
Carrying amount	
At 31 December 2017	<u>11,644</u>
At 31 December 2016	<u>19,747</u>

Software and website costs are amortised evenly over their useful lives of 10 and 5 years respectively. Amortisation is included in administrative expenses in the profit and loss account.

10 Investments

	£ Group undertakings
Cost	
At 1 January 2017	<u>63</u>
At 31 December 2017	<u>63</u>
Carrying amount	
At 31 December 2017	<u>63</u>
At 31 December 2016	<u>63</u>

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

10 Investments (continued)

The principal undertakings in which the company's interest during the year is 20% or more are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2017	2016
TouchType Mobile Limited	Sales & Customer support	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS	100%	100%
TouchType Inc	Dormant	2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808	100%	100%
TouchType Mobile (Hong Kong) Limited	Dormant	Suites 406-409, 4/F Three Pacific Place, 1 Queens' Road East, Hong Kong	100%	100%
Fluency Meaning Limited	Dormant (dissolved 25 July 2017)	The Broadgate Tower Third Floor, 20 Primrose Street, London, EC2A 2RS	100%	100%

11 Trade and other debtors

	2017 £	2016 £
Trade debtors	-	34,300
Amounts owed by fellow group undertakings	80,932,268	86,445,567
Corporation tax	1,635,553	-
Other debtors	5,656	74,619
Prepayments and accrued income	-	108,581
Deferred tax assets	63,142	49,578
Total current trade and other debtors	82,636,619	86,712,645

All amounts shown under debtors fall due for payment within one year

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

12 Trade and other creditors

	2017 £	2016 £
Trade creditors	-	140,377
Corporation tax	-	7,785,706
Other creditors	1	1
Accruals and deferred income	253,950	249,904
	<u>253,951</u>	<u>8,175,988</u>

13 Deferred tax

	2017 £	2016 £
Accelerated capital allowances	32,117	38,563
Short-term timing differences	31,025	11,016
	<u>63,142</u>	<u>49,579</u>

	2017 £	2016 £
Balance at 1 January	49,579	-
Charged to the statement of comprehensive income in the year	13,563	49,579
Balance at 31 December	<u>63,142</u>	<u>49,579</u>

14 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £0.00 each	19,103,004	191.03	19,103,004	191.03
'A' ordinary shares of £0.00 each	7,478,200	74.78	7,478,200	74.78
'B' ordinary shares of £0.00 each	2,399,060	23.99	2,399,060	23.99
	<u>28,980,264</u>	<u>290</u>	<u>28,980,264</u>	<u>290</u>

TouchType Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

15 Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issues.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any costs.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

16 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £Nil (2016 - £46,151).

17 Related party transactions

In accordance with Section 33.1A of FRS 102 the company has taken advantage of the exemption available to 100% subsidiaries not to disclose transactions and balances within the group, as this company is included in publicly available consolidated accounts.

18 Parent and ultimate parent undertaking

The immediate and ultimate parent company is Microsoft Corporation, incorporated in the State of Washington, United States of America. Microsoft Corporation is the parent of the only group into which the results are consolidated. These consolidated accounts are available to the public and can be obtained by contacting Microsoft Investor Relations www.microsoft.com/en-us/investor.