

Registered number: 07571825

**Havok TRL (GB) Limited**

**Annual report and financial statements  
For the year ended 31 December 2016**



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**Havok TRL (GB) Limited**

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**Company Information**

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**Directors**

D Coghlan  
K Dolliver  
B Orndorff

**Company secretary**

Reed Smith Corporate Services Limited

**Registered number**

07571825

**Registered office**

The Broadgate Tower Third Floor  
20 Primrose Street  
London  
United Kingdom  
EC2A 2RS

**Independent auditor**

Deloitte LLP  
Statutory Auditor  
1 Station Square  
Cambridge  
UK  
CB1 2GA

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**Havok TRL (GB) Limited**

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**Havok TRL (GB) Limited**

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

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**Business review**

The principal activity of the Company was the provision of sales and marketing services to its parent company Telekinesys Research Limited whose principal activity is the development and sale of software and related services to the interactive entertainment and simulation industry. The Company has ceased to trade as at 31 December 2016. The directors have taken the decision to liquidate, accordingly the company has not prepared the financial statements on a going concern basis.

The results for the period and the financial position at the period end were considered satisfactory by the directors.

In October 2015, the parent including the Company was acquired by Microsoft Corporation.

The comparative information is for the period from 28 December 2014 to 31 December 2015.

**Principal risks and uncertainties**

The Company depends currently on its parent company for all of its revenue and the delay or loss of such revenue could adversely affect the company's business, financial condition and operating results.

This report was approved by the board on 12 January 2018 and signed on its behalf.

  
**B Orndorff**  
Director

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**Havok TRL (GB) Limited**

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

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

**Directors**

The directors who served during the year were:

D Coghlan  
K Dolliver  
B Omdorff

**Employees involvement**

The well-being of the company's employees is safeguarded through the strict adherence to health and safety standards. The company has taken the necessary action to ensure compliance with those standards, including the adoption of a safety statement and the implementation of mandatory staff training programs.

**Going concern**

The directors have taken the decision to cease trading for the foreseeable future and liquidate the company, as such the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs were committed at the balance sheet date.

**Risk and uncertainties**

The principal risks and uncertainties of the company are intrinsically linked to the other Microsoft group companies. These are detailed in the strategic report.

**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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**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 12 January 2018 and signed on its behalf.

  
B Omdorff  
Director

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**Havok TRL (GB) Limited**

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**Directors' responsibilities statement  
For the year ended 31 December 2016**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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.

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**Havok TRL (GB) Limited**

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**Independent auditor's report to the shareholders of Havok TRL (GB) Limited**

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We have audited the financial statements of Havok TRL (GB) 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 16. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 page 3. 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. 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 Auditing Practices Board'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 loss 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.

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Havok TRL (GB) Limited

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**Independent auditor's report to the shareholders of Havok TRL (GB) Limited (continued)**

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**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  
Cambridge, UK

Date: 12 January 2018



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**Havok TRL (GB) Limited**

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**Statement of comprehensive income**  
**For the year ended 31 December 2016**

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	Note	2016 £	2015 £
Turnover	3	29,607	437,470
Gross profit		29,607	437,470
Administrative expenses		(44,510)	(402,793)
Operating (loss)/profit	4	(14,903)	34,677
Interest receivable and similar income	7	174	-
(Loss)/profit before tax		(14,729)	34,677
Tax on (loss)/profit	8	(312)	(7,309)
(Loss)/profit for the year		(15,041)	27,368
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(15,041)	27,368

The notes on pages 9 to 17 form part of these financial statements.

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

**Havok TRL (GB) Limited**  
**Registered number:07571825**

**Balance sheet**  
**As at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	9	-	705
		<u>-</u>	<u>705</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	120,020	167,556
Cash at bank and in hand	11	-	206,154
		<u>120,020</u>	<u>373,710</u>
Creditors: amounts falling due within one year	12	(20,280)	(259,634)
<b>Net current assets</b>		<u>99,740</u>	<u>114,076</u>
<b>Total assets less current liabilities</b>		<u>99,740</u>	<u>114,781</u>
<b>Net assets</b>		<u><u>99,740</u></u>	<u><u>114,781</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Profit and loss account		99,739	114,780
		<u>99,740</u>	<u>114,781</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

12 January 2018

**B Omdorff**  
Director

The notes on pages 9 to 17 form part of these financial statements.

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**Havok TRL (GB) Limited**

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

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1	114,780	114,781
<b>Comprehensive income for the year</b>			
Loss for the year	-	(15,041)	(15,041)
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	(15,041)	(15,041)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2016</b>	<b>1</b>	<b>99,739</b>	<b>99,740</b>

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

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	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 28 December 2014	1	87,412	87,413
<b>Comprehensive income for the period</b>			
Profit for the period	-	27,368	27,368
<b>Other comprehensive income for the period</b>	-	-	-
<b>Total comprehensive income for the period</b>	-	27,368	27,368
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2015</b>	<b>1</b>	<b>114,780</b>	<b>114,781</b>

The notes on pages 9 to 17 form part of these financial statements.

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

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Havok TRL (GB) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the company information page.

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 judgment in applying the Company's accounting policies (see note 2).

The company transitioned from previously extant UK GAAP to FRS102 as at 1 January 2016. Information on the impact of first-time adoption is given in note 16.

The financial statements are presented in GBP.

The following principal accounting policies have been applied:

**1.2 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);  
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 to 11.48C  
the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;  
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 2016 and these financial statements may be obtained from One Microsoft Way, Redmond, Washington, 98052-6399 United States of America.

**1.3 Going concern**

The directors have taken the decision to cease trading for the foreseeable future and liquidate the company, as such the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such costs were committed at the balance sheet date.

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

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**1. Accounting policies (continued)**

**1.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Computer equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**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.

**1. Accounting policies (continued)**

**1.8 Creditors**

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

**1.9 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

**1.10 Interest income**

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

**1.11 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.

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

In the view of the directors there are no judgements or estimates used in the preparation of the financial statements.

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**Havok TRL (GB) Limited**

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

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**3. Turnover**

Turnover represents royalty income receivable, commission receivable from the ultimate parent undertaking in the United States based on a mark-up on total costs incurred and commission receivable from a fellow group company based on costs recharged.

	2016 £	2015 £
Commission within the group	29,607	437,470
	<u>29,607</u>	<u>437,470</u>

**4. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	705	1,017
Operating lease rentals	-	1,074
Write off of intercompany debtor	17,594	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16,234	-
	<u>16,234</u>	<u>-</u>

In the prior year the audit fee was borne by the parent as part of an overall group fee.

**5. Employees**

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

	2016 No.	2015 No.
Administration	<u>2</u>	<u>2</u>

**6. Directors' remuneration**

None of the directors received any remuneration in respect of qualifying services as directors of the Company in the current year or in the prior year as they do not have any employment contracts with the Company.

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**Havok TRL (GB) Limited**

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

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**7. Interest receivable and similar income**

	2016 £	2015 £
Interest receivable from group companies	174	-
	<u>174</u>	<u>-</u>

**8. Tax on profit**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	(668)	7,445
Adjustments in respect of previous periods	980	(136)
	<u>312</u>	<u>7,309</u>
<b>Total current tax</b>	<u>312</u>	<u>7,309</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>312</u>	<u>7,309</u>



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**Havok TRL (GB) Limited**

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

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**8. Tax on profit (continued)****Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit before tax	(14,729)	34,677
Effects of:		
Expenses not deductible for tax purposes	1	195
Adjustment from previous periods	980	(136)
Deferred tax not recognised	2,277	206
Other differences	-	22
<b>Total tax charge for the year/period</b>	<b>312</b>	<b>7,309</b>

**Factors that may affect future tax charges**

The Finance (No. 2) Act 2015, substantively enacted on 26 October 2015, reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020, whilst the Finance Act 2016, substantively enacted on 6 September 2016, included further reduction of the rate of 18% to 17% from 1 April 2020. The above changes to the rates of corporation tax will impact the amount of future cash tax payments to be made by the company.

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**Havok TRL (GB) Limited**

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

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**9. Tangible fixed assets**

	Computer equipment £
<b>Cost</b>	
At 1 January 2016	3,494
Disposals	(2,572)
At 31 December 2016	<u>922</u>
<b>Depreciation</b>	
At 1 January 2016	2,789
Charge for the year on owned assets	705
Disposals	(2,572)
At 31 December 2016	<u>922</u>
<b>Net book value</b>	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>705</u>

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**Havok TRL (GB) Limited**

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

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**10. Debtors**

	2016 £	2015 £
Amounts due from parent undertakings	119,620	163,904
VAT	400	3,652
	<u>120,020</u>	<u>167,556</u>

All amounts are due within one year.

**11. Cash at bank and in hand**

	2016 £	2015 £
Cash at bank and in hand	-	206,154
	<u>-</u>	<u>206,154</u>

**12. Creditors - amounts falling due within one year**

	2016 £	2015 £
Amounts owed to group undertakings	-	248,388
Corporation tax	312	6,445
Accruals and deferred income	19,968	4,801
	<u>20,280</u>	<u>259,634</u>

**13. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1 Ordinary Shares share of £1	<u>1</u>	<u>1</u>

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**Havok TRL (GB) Limited**

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

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**14. Post balance sheet events**

There were no significant events since the balance sheet date.

**15. Controlling party**

Telekinesys Research Limited, a company incorporated in the Republic of Ireland, is the company's immediate parent undertaking and controlling party. The parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements are prepared and which the company is a member is Microsoft Corporation, a company incorporated in the State of Washington, United States of America. Copies of these consolidated financial statements are available from its registered office at One Microsoft Way, Redmond, Washington, 98052-6399 United States of America.

**16. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.