

Company Registration No. 09616816

MSFT MCIO LIMITED

Report and Financial Statements
Period ended 30 June 2016



MSFT MCIO LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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MSFT MCIO LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K R Dolliver
B O Omdorff
C H Rose appointed 1 September 2016

SECRETARY

Reed Smith Corporate Services Limited

COMPANY NUMBER

09616816 (England)

REGISTERED OFFICE

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

BANKERS

Citibank, N.A.
PO Box 449
Riverdale House
Molesworth Street
SE13 7EU

SOLICITORS

Reed Smith LLP
Beaufort House
15 St Botolph Street
London
EC3A 7EE

Olswang Solicitors
90 High Holborn
London
WC1V 6XX

MSFT MCIO LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS (continued)

SOLICITORS (continued)

Osborne Clark
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

TAX ADVISERS

KPMG LLP
Arlington Business Park
Theale
Berkshire
RG7 4SD

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Deloitte House
Station Place
Cambridge
UK
CB1 2FP

MSFT MCIO LIMITED

STRATEGIC REPORT

The directors present their strategic report for the 13 month period ended 30 June 2016.

BUSINESS REVIEW

The primary purpose of the company is to provide data centre support for other group companies. The current period is the company's first period of activity. Turnover for the period amounted to £26m with a profit after taxation of £1m. The majority of turnover comprises commissions from other group companies.

STRATEGY, OBJECTIVES AND BUSINESS MODEL

The Directors have not presented a separate analysis of the strategy, objectives or business model of the Microsoft group as this analysis has been disclosed as part of the Microsoft Corporation consolidated Form 10-K for the year ended 30 June 2016, which are publicly available. MSFT MCIO Limited's business model is expected to remain as it continues to provide data centre support to Microsoft's UK customer base.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the company are intrinsically linked to the other Microsoft group companies. Their performance continues to be strong and there is not considered to be a significant risk to the company's continuing profitability. The company has no significant borrowings or foreign exchange exposure. The company's principal financial assets are bank balances and cash, and other receivables. The main liabilities of the company are due to other group companies and not considered a significant risk as their performance continues to be strong.

Other risks include cyber-attacks, security vulnerabilities, outages and data losses which could lead to reduced revenue, increased costs, liability claims, or harm to our competitive position. See a discussion of these factors and other risks under Risk Factors in our fiscal year 2016 Form 10-K.

Approved by the Board of Directors
and signed on behalf of the Board



K R Dolliver

Director

Date 19 December 2016

MSFT MCIO LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 13 month period ended 30 June 2016. The Company was incorporated on 1 June 2015 and this is the first period of account.

DIVIDENDS

The directors approved a dividend for the period of £Nil.

GOING CONCERN

The company and the Microsoft group have considerable financial resources. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The company has a letter of support that Microsoft Corporation will guarantee the solvency of the company and provide it with sufficient financing resources for at least 12 months from the date of signing the financial statements.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

RISKS 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.

FUTURE PROSPECTS

The company will continue to support other group companies and in view of the current economic climate, the board is looking forward to sustaining the level of revenue and profits in the following years.

DIRECTORS

The directors who served during the period and up to the date of this report unless otherwise stated are shown on page 1.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms 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 he ought to have taken as a director in order to make himself 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.

Deloitte LLP were appointed in the year and have expressed their willingness to continue in office as auditor. The company passed elective resolutions dispensing with the requirements to hold annual general meetings and to re-appoint auditors annually.

Approved by the Board of Directors
and signed on behalf of the Board


K R Dolliver

Director

Date 19 December 2016

MSFT MCIO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSFT MCIO LIMITED

We have audited the financial statements of MSFT MCIO Limited for the period ended 30 June 2016 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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, 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 (APB'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 30 June 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, United Kingdom Accounting Standards and applicable law including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK
Date

20 December 2016

MSFT MCIO LIMITED**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**

Period ended 30 June 2016

	Note	2016 £'000
TURNOVER	2	26,060
GROSS PROFIT		<u>26,060</u>
Administrative expenses		(24,232)
OPERATING PROFIT	3	<u>1,828</u>
Interest payable and similar charges	5	(19)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,809</u>
Tax on profit on ordinary activities	6	(324)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,485</u>
OTHER COMPREHENSIVE INCOME		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,485</u>

All amounts derive from continuing operations.

There was no other comprehensive income or expenses other than those shown in the Profit and Loss Account and Other Comprehensive Income above.

MSFT MCIO LIMITED**BALANCE SHEET****30 June 2016**

	Note	2016 £'000
FIXED ASSETS		
Tangible assets	7	38,116
		<u>38,116</u>
CURRENT ASSETS		
Debtors	8	8,711
Corporation tax		430
		<u>9,141</u>
CREDITORS		
Creditors: amounts falling due within one year	9	(45,019)
NET CURRENT (LIABILITIES)/ASSETS		<u>(35,878)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,238</u>
CREDITORS: amounts falling due in more than one year		
Deferred tax liability	10	(753)
NET ASSETS		<u>1,485</u>
CAPITAL AND RESERVES		
Profit and loss account		<u>1,485</u>
SHAREHOLDERS' FUNDS		<u>1,485</u>

The financial statements of MSFT MCIO Limited, registration number 09616816, were approved and authorised for issue by the Board of Directors on 19 December 2016.

Signed on behalf of the Board of Directors


K R Dolliver
Director

MSFT MCIO LIMITED**STATEMENT OF CHANGES IN EQUITY**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Total comprehensive income for the period			
Profit or loss for the period	-	1,485	1,485
	<u>-</u>	<u>1,485</u>	<u>1,485</u>
Total comprehensive income for the period	-	1,485	1,485
	<u>-</u>	<u>1,485</u>	<u>1,485</u>
Balance at 30 June 2016	-	1,485	1,485
	<u>-</u>	<u>1,485</u>	<u>1,485</u>

MSFT MCIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2016

1. ACCOUNTING POLICIES

MSFT MCIO Limited (the "Company") is a company incorporated and domiciled in the UK.

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Microsoft Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Microsoft Corporation are prepared in accordance with US generally accepted accounting principles (GAAP) and are available to the public and may be obtained from the Investor Relations Department, Microsoft Corporation, 1 Microsoft Way, Redmond, Washington, 98052-6399, USA.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel and related party transactions within the group.

As the consolidated financial statements of Microsoft Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

MSFT MCIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available-for-sale and liabilities for cash-settled share-based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

The properties do not qualify to be treated as investment properties as defined by IAS40 and accordingly have not been revalued to market value but are subject to annual depreciation.

Going concern

The company had a profit after tax in the year of £1,485k and was in a net asset position of £1,485k.

The company and the Microsoft group have considerable financial resources. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The company has a letter of support that Microsoft Corporation will guarantee the solvency of the company and provide it with sufficient financing resources for 12 months from the date of signing the financial statements.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover includes commission income receivable and amounts derived from the ultimate parent undertaking in the United States based on 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.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Provision is made for any permanent diminution in value.

Depreciation is calculated so as to write off the cost, less residual value of fixed assets on a straight-line basis over their expected useful lives at the following rates:

Office equipment, furniture and fittings	33% per annum
Computer and technical equipment	33% to 100% per annum
Leasehold improvements	over the period of the lease

Residual value is calculated on prices prevailing at the date of acquisition.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Lease incentives are considered as part of the overall cost of the lease and amortised straight line over the period of the lease.

Provisions

Provisions are recognised when the company has a present obligation in respect of a past event, when it is more likely than not that an outflow of resources will be required to settle the obligation and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered to be material.

Pension scheme

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

MSFT MCIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised without discounting, in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Transactions in foreign currencies during the period are translated into sterling at the average rate ruling for the month of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates of exchange at the balance sheet date. All exchange gains and losses are taken to the profit and loss account.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors believe there are no critical accounting judgements and no key sources of estimation uncertainty.

2. TURNOVER

Turnover represents amounts received and receivable, excluding value added tax, in respect of goods and services provided during the period. Turnover is attributable to the provision of marketing and support services to group companies. It includes commission receivable by the company under agreements with a fellow subsidiary.

	2016 £'000
Commission within the group	26,060
	<u>26,060</u>

MSFT MCIO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Period ended 30 June 2016

3. OPERATING PROFIT2016
£'000

Operating profit is stated after charging/(crediting)

Rentals under operating leases	2,702
- other operating leases	3,331
Depreciation - owned assets	(185)
Foreign exchange (gain) or loss	
Auditor's remuneration:	
- audit services	20

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES2016
No.Average number of persons employed
Sales and distribution

2

2016
£'000

Staff costs	
Wages and salaries	39
Social security costs	4
Pension	2

45

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

5. INTEREST PAYABLE AND SIMILAR CHARGES2016
£'000

Interest payable on loans to parent company	19
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MSFT MCIO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Period ended 30 June 2016

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £'000
United Kingdom corporation tax	(429)
Total current tax	(429)
Deferred tax - current period	753
Total tax charge for the period	<u>324</u>

Reconciliation to total tax charge:

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 20.00%. The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	2016 £'000
Profit on ordinary activities before tax	1,809
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	<u>362</u>
Effects of:	
Tax credit on ordinary activities at 20.00%	-
Depreciation on non-qualifying assets	2
Short-term timing differences	(40)
Total tax charge	<u>324</u>

The company had no recognised or unrecognised deferred tax assets or liabilities in the period.

MSFT MCIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 June 2016

7. TANGIBLE FIXED ASSETS

	Office equipment, furniture and fittings £'000	Computer and technical equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
Additions	1,020	39,202	962	41,184
Transfers between group companies	5	5,882	-	5,887
At 30 June 2016	<u>1,025</u>	<u>45,084</u>	<u>962</u>	<u>47,071</u>
Accumulated depreciation				
Charge for the period	77	3,244	10	3,331
Transfers between group companies	2	5,622	-	5,624
At 30 June 2016	<u>79</u>	<u>8,866</u>	<u>10</u>	<u>8,955</u>
Net book value At 30 June 2016	<u>946</u>	<u>36,218</u>	<u>952</u>	<u>38,116</u>

8. DEBTORS

	2016 £'000
Other debtors	8,118
Prepayments and accrued income	593
	<u>8,711</u>

Interest is received on amounts owed by group undertakings, except short-term trading balances, using a Reuter's 12-month interest rate at 0.6725%.

Intercompany debtors are repayable on demand. All amounts are due within one year.

MSFT MCIO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Period ended 30 June 2016

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000
Trade creditors	22,371
Amounts owed to fellow group undertakings	19,562
Other creditors	1
Other taxation and social security	8
Accruals	2,913
Deferred income	164
	<u>45,019</u>

Interest is paid on amounts owed to group undertakings, except short-term trading balances, using a Reuter's 12-month interest rate at 0.6725%.

Included in creditors are amounts totalling £8k in respect of tax and social security and £Nil in respect of unpaid pension contributions.

The company is part of a group banking arrangement whereby all cash balances are swept overnight into a bank account held by another group company. The bank liability shown above represents uncleared payments as at 30 June 2016.

10. DEFERRED TAX

The deferred tax liability consists of the following amounts:

	2016 £'000
Timing differences in respect of capital allowances	753
	<u>753</u>
	£'000
Charged to the profit and loss in the period	(753)
Balance at 30 June 2016	<u>753</u>

The Finance Act 2016, which provides for reductions in the main rate of corporation tax from 21% to 20% effective from 1 April 2016, to 19% effective from 1 April 2017 and 17% effective from 1 April 2020 was substantively enacted on 15 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date. The rate change will also impact the amount of any future cash tax payments.

MSFT MCIO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Period ended 30 June 2016

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £'000
Deferred tax liability (note 10)	<u>753</u>

12. CALLED UP SHARE CAPITAL

	2016 £'000
Authorised, called up, allotted and fully paid 1 ordinary shares of £1 each	<u>.</u>
Authorised 1 authorised shares of £1 each	<u>.</u>

'B' ordinary shareholders are not entitled to any voting rights in accordance with the company's Articles of Association. In all other respects the shares rank pari passu.

13. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2016 £'000
Operating leases which expire:	
Within 1 year	3,740
Between 2 and 5 years inclusive	22,238
After 5 years	38,735
	<u>64,713</u>

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £2k.

15. SUBSEQUENT EVENTS

No material events have taken place subsequent to the year end.

MSFT MCIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2016

16. ULTIMATE PARENT UNDERTAKING

The immediate parent company and controlling party is Microsoft Ireland Operations Limited. The ultimate parent undertaking of the company, which is also the controlling undertaking, is Microsoft Corporation, a company incorporated in the state of Washington in the United States of America. Microsoft Corporation is the parent of the only group into which the results are consolidated. Copies of Microsoft Corporation's annual report are available on written request from the Investor Relations Department, Microsoft Corporation, 1 Microsoft Way, Redmond, Washington, 98052-6399, USA.

17. RELATED PARTY TRANSACTIONS

In accordance with FRS 101, transactions with other group undertakings within, and investee related parties of, the Microsoft Corporation group have not been disclosed in these financial statements.