

Registration number: 03232655

Lionhead Studios Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2018

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Lionhead Studios Limited

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Lionhead Studios Limited

Company Information

Directors	K R Dolliver B O Orndorff
Company secretary	Reed Smith Corporate Services Limited
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London Berkshire EC2A 2RS
Solicitors	Pinsent Masons 3 Colmore Circus 15 St Botolph Street Birmingham B4 6BH Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG
Tax Advisers	KPMG LLP Theale Berkshire
Auditors	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading United Kingdom RG1 3BD

Lionhead Studios Limited

Strategic Report for the Year Ended 30 June 2018

The directors present their strategic report for the year ended 30 June 2018.

Principal activity

The principal activity of Lionhead Studios Limited was the creation and development of video game software. The Company's main aim was to develop products to support its parent company with the primary goal of increasing market share and profitability for the Group. The Company has since ceased to trade.

Fair review of the business

The principal area of business activity for Lionhead Studios Limited, a subsidiary of Microsoft Corporation, is the United Kingdom. On 7th March 2016 it was announced that development of the key title, Fable Legends has ceased and therefore the Company has ceased to trade. During the year the leases have expired and all related provisions have been settled.

Key performance indicators

The Directors do not monitor the performance of the company at a statutory level through the use of key performance indicators (KPI's). The Microsoft group manages its business and manages the delivery of its strategic objectives through the application of KPI's at a business group level.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks including credit and liquidity. The Company does not use derivative financial instruments for speculative purposes or to hedge these risks, as they are largely mitigated due to support provided by its parent company, Microsoft Corporation.

Credit risk

The Company's principal financial assets are debtors. The Company's credit risk is primarily attributable to debtors; this is not considered a significant risk due to the nature of such balances.

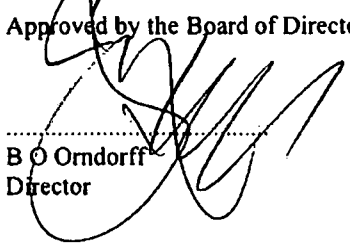
Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company relies on support from its parent company, Microsoft Corporation.

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 2019, which is publicly available at www.microsoft.com. Microsoft Limited's business model is expected to remain consistent as it continues to provide marketing and support services to Microsoft UK's customer base.

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


B O Orndorff
Director

Lionhead Studios Limited

Directors' Report for the Year Ended 30 June 2018

The directors present their annual report and the audited financial statements financial statements for the year ended 30 June 2018.

Dividend

The profit for the year ended 30 June 2018 after taxation was £21k (2017: loss of £107k).

The directors do not recommend payment of an ordinary dividend (2017: £nil).

Going concern

The Company has net current assets as set out in the balance sheet on page 9. The Company is not a going concern as it has ceased to trade in prior year, as mentioned in Strategic Report on page 2. The business has ceased to trade and therefore, the directors have prepared the annual report and accounts on a basis other than going concern. For further details see note 1 in the financial statements.

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 announced during 2016 that the development of its key title has ceased and therefore it has ceased to trade.

Directors' of the company

The directors, who held office during the year and up to the date of this report, were as follows:

K R Dolliver

B O Orndorff

No qualifying third-party indemnity provisions were made by the Company during the financial period for the benefit of its directors.

Disclosure of information to the auditors

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 reasonable 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.

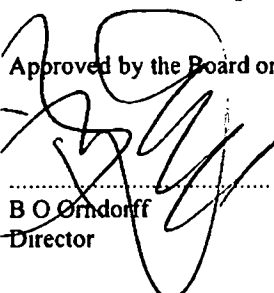
Reappointment of auditors

Deloitte LLP 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.

Post balance sheet events

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

Approved by the Board on 16/01/20 and signed on its behalf by:


B O Orndorff
Director

Lionhead Studios 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

Lionhead Studios Limited

Independent auditor's report to the members of Lionhead Studios Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lionhead Studios Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lionhead Studios Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Other information

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

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

We have nothing to report in respect of these matters.

Lionhead Studios Limited

Independent auditor's report to the members of Lionhead Studios Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Lionhead Studios Limited

Independent auditor's report to the members of Lionhead Studios Limited (continued)

Use of our report

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



Julian Rae (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

Date:

17 January 2020

Lionhead Studios Limited

Profit and Loss Account for the Year Ended 30 June 2018

	Note	2018 £ 000	2017 £ 000
Turnover		53	103
Administrative expenses		<u>(66)</u>	<u>(179)</u>
Operating loss	2	(13)	(76)
Other interest receivable and similar income	4	<u>16</u>	<u>21</u>
Profit/(loss) before tax		3	(55)
Tax on profit/(loss)	5	<u>18</u>	<u>(52)</u>
Profit/(loss) for the year		<u><u>21</u></u>	<u><u>(107)</u></u>

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

Lionhead Studios Limited

(Registration number: 03232655)
Balance Sheet as at 30 June 2018

	Note	30 June 2018 £ 000	30 June 2017 £ 000
Current assets			
Debtors	6	-	1,188
Deferred tax assets		-	91
Corporation Tax		508	459
		<u>508</u>	<u>1,738</u>
Creditors: Amounts falling due within one year			
Creditors: amounts falling due within one year	8	(95)	(714)
Provisions	9	-	(632)
	8	<u>(95)</u>	<u>(1,346)</u>
Net assets		<u>413</u>	<u>392</u>
Capital and reserves			
Called up share capital	10	61	61
Profit and loss account		<u>352</u>	<u>331</u>
Shareholders' funds		<u>413</u>	<u>392</u>

The financial statements of Lionhead Studios Limited, registration number 03232655, were approved and authorised for issue by the Board of Directors.

Approved by the Board on 16/01/20 and signed on its behalf by:

.....
 B O Orndorff
 Director

Lionhead Studios Limited

Statement of Changes in Equity for the Year Ended 30 June 2018

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2016	61	438	499
Loss for the year	-	(107)	(107)
Total comprehensive expense	-	(107)	(107)
At 30 June 2017	61	331	392

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 July 2017	61	331	392
Profit for the year	-	21	21
Total comprehensive income	-	21	21
At 30 June 2018	61	352	413

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Lionhead Studios Limited (the "Company") 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 page 1.

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 meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1. Accounting Policies (continued)

Summary of disclosure exemptions

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

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.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company has net current assets as set out in the balance sheet on page 9. The Company's business activities, together with the factors likely to affect its future development and position, are set out in its strategic report on page 2. On 7th of March 2016 it was announced that the development of the key title, Fable Legends, will cease and therefore the Company ceased to trade. The Directors have assessed that the Company's principal activity has ceased. Thus the annual financial statements have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis. The business has ceased to trade in the year and therefore, the directors have prepared the annual report and accounts on a basis other than going concern.

Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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 over 3 years

Computer equipment over 3 years

Leasehold improvements over 5 years

Computer software over 3 years

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

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

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, either in the Company or available through Group relief, from which the future reversal of the underlying timing differences can be deducted.

Leased Assets and Obligations

All leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight-line basis over the lease term.

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1. Accounting policies (continued)

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.

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.

Provisions for the expected cost of dilapidation obligations are built up over the period of the lease at the best estimate of the expenditure required to settle the company's obligations at the end of the lease.

Foreign currencies

Transactions in foreign currencies during the year 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.

Financial Instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provision of the instrument. Because of their short term nature the carrying amount of trade receivables and trade payables approximates their fair value. Trade receivables and payables are initially recognised at fair value and subsequently at amortised cost less any provision for impairment. Cash and cash equivalents include cash at bank and in hand.

Summary of significant accounting policies and key accounting estimates

In the application of the Company's accounting policies, which are described above, 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 that the recoverability of receivables balances represents the critical accounting judgement and key source of estimation uncertainty. Given the nature of the balance the directors have concluded the settlement of receivables is not doubtful and therefore no provision is required.

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

2 Profit for the financial year

Profit for the financial year is stated after charging

	2018 £ 000	2017 £ 000
Depreciation expense	-	12
Auditors remuneration for audit services	16	10
Loss on disposal of property, plant and equipment	<u>-</u>	<u>50</u>

3 Information regarding Directors and Employees

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
	<u>-</u>	<u>-</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	<u>-</u>	<u>2</u>

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 and do not have any employment contracts with the Company.

4 Other interest receivable

	2018 £ 000	2017 £ 000
Interest Receivable from parent company	3	3
Interest Receivable from fellow group undertakings	<u>13</u>	<u>18</u>
	<u>16</u>	<u>21</u>

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

5 Tax on profit/(loss)

Tax charged/(credited) in the profit and loss account

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	(96)	3
UK corporation tax adjustment to prior periods	(13)	51
Total Current Tax	<u>(109)</u>	<u>54</u>
Deferred taxation		
Deferred Tax - current year	91	(1)
Deferred tax - prior year adjustment	-	(1)
Total deferred taxation	<u>91</u>	<u>(2)</u>
Tax (receipt)/expense in the profit and loss account	<u>(18)</u>	<u>52</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% (2017 - 19.75%).

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

	2018 £ 000	2017 £ 000
Profit/(loss) before tax	<u>3</u>	<u>(55)</u>
Corporation tax at standard rate	1	(11)
Permanent adjustments	-	10
Short term timing differences	-	3
Prior year adjustment	(13)	50
Deferred tax expense (credit) relating to changes in tax rates or laws	(6)	-
Total tax (credit)/charge	<u>(18)</u>	<u>52</u>

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

6 Debtors

	30 June 2018 £ 000	30 June 2017 £ 000
Amounts owed by fellow group undertakings	-	1,118
Other debtors	-	56
Prepayments	-	14
	<u>-</u>	<u>1,188</u>

Interest is received on amounts owed by group undertakings using a Reuter's 12-month interest rate. Intercompany debtors were repayable on demand. All amounts were due within one year and unsecured.

7 Deferred tax

	2018 £ 000	2017 £ 000
Deferred Tax on Provisions	<u>-</u>	<u>91</u>
		2018 £ 000
Credited / (charged) to the profit and loss account in the year		91
(Charged) to other comprehensive income in the year		<u>(91)</u>
Balance at 30 June 2018		<u>-</u>

The Finance Act 2016, provides for reductions in the main rate of corporation tax to 19% effective from 1 April 2017, and to 17% effective from 1 April 2020. This will reduce the company's future current tax charge accordingly.

Deferred tax has been recognised at a rate of 17%.

8 Creditors: amounts falling due within one year

	30 June 2018 £ 000	30 June 2017 £ 000
Trade creditors	2	134
Amounts due to related parties	49	539
Other creditors	9	13
Accrued expenses	<u>35</u>	<u>28</u>
	<u>95</u>	<u>714</u>

Interest is paid on amounts owed to group undertakings using a Reuter's 12-month interest rate. Intercompany creditors are repayable on demand. All amounts are due within one year and unsecured.

Lionhead Studios Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

9 Provisions for Liabilities

	Dilapidations £ 000	Onerous contracts £ 000	Total £ 000
At 1 July 2017	(507)	(125)	(632)
Utilised in the year	<u>507</u>	<u>125</u>	<u>632</u>
At 30 June 2018	<u>-</u>	<u>-</u>	<u>-</u>

The provision for dilapidations provides for potential charges at the end of the lease period on rental properties. The provision for onerous contracts provides for rent expenses payable under operating lease contracts for the properties which are no longer being used. The leases expired within the year.

10 Share capital

Authorised, allotted, called up and fully paid shares

	2018 £ 000	2017 £ 000
5,075,000 Ordinary A Shares of £0.01 each	51	51
993,380 Ordinary B Shares of £0.01 each	<u>10</u>	<u>10</u>
	<u>61</u>	<u>61</u>

'A' ordinary shares have attached to them full voting, dividend and capital distribution rights, they do not confer any rights of redemption.

'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.

11 Related party transactions

As at 30 June 2018 and 30 June 2017, the company was a wholly owned subsidiary of Microsoft Corporation. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with other wholly owned entities of Microsoft Corporation.

There have been no transactions entered into with non-wholly owned subsidiaries of Microsoft Corporation. Details of balances held with other group undertakings can be found in notes 6 and 8.

12 Parent and ultimate parent undertaking

The immediate parent company is Microsoft 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 at their registered address Microsoft Corporation, 1 Microsoft Way, Redmond, Washington, 98052-6399, USA.