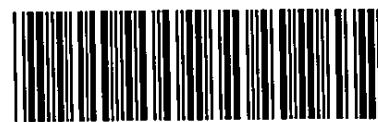


MICROSOFT RESEARCH LIMITED

Report and Financial Statements

52 weeks ended 2 July 2010

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MICROSOFT RESEARCH LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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MICROSOFT RESEARCH LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Herbert, resigned 8 November 2010
A Blake, appointed 8 November 2010
K R Dolliver
B O Orndorff

SECRETARY

RB Secretariat Ltd

REGISTERED OFFICE

Microsoft Campus
Thames Valley Park
Reading
Berkshire
RG6 1WG

BANKERS

National Westminster Bank Plc
12 High Street
Windsor
Berkshire
SL4 1LQ

Citibank NA
CGC, Canada Square, Canary Wharf
London
E14 5LB

SOLICITORS

Reed Smith
The Broadgate Tower
20 Primrose Street
London
London
EC2A 2RS

Hewitson Becke & Shaw
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

AUDITORS

Deloitte LLP
Reading
United Kingdom

TAX ADVISERS

KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

MICROSOFT RESEARCH LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 week period ended 2 July 2010

PRINCIPAL ACTIVITIES

Microsoft Research Limited is engaged in computer science research

REVIEW OF RESULTS AND FUTURE PROSPECTS

The results for the period are shown on page 5 Turnover increased by 10% to £35,551,762 (2009 £32,445,941) The company recorded a profit before taxation of £34,600 (2009 £564,344 loss) The directors feel that this leaves them in a sound position for the coming period Dividends of £6,000,000 were paid in the period (2009 £8,000,000)

The company maintained a strong balance sheet and had net assets at 2 July 2010 of £5,527,499 (2009 £6,487,229)

PRINCIPAL RISKS AND UNCERTAINTIES

The company earns revenue on a cost-plus basis, reimbursed by other group companies It does not have significant borrowings or foreign currency exposure The Microsoft group continues to invest in research activities In the opinion of the directors, there are no significant risks and uncertainties facing the company

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 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

DIRECTORS

The directors who served during the period and to the date of signing are shown on page 1

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 auditors are 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 auditors are 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 have expressed their willingness to continue in office as auditors The company passed elective resolutions on 13 March 1997 dispensing with the requirements to hold annual general meetings

Approved by the Board and signed on behalf of the board on 09 06. 2011

A Blake
Director



MICROSOFT RESEARCH LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 MICROSOFT RESEARCH LIMITED

We have audited the financial statements of Microsoft Research Limited for the 52 weeks ended 2 July 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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).

This report is made solely to the company's members, as a body, in accordance with chapter 3 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. 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 2 July 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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.



Susan Barratt BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

09.06.2011

MICROSOFT RESEARCH LIMITED

PROFIT AND LOSS ACCOUNT

52 weeks ended 2 July 2010

	Note	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
TURNOVER	2	35,551,762	32,445,941
Administrative expenses		<u>(35,550,285)</u>	<u>(33,201,529)</u>
OPERATING GAIN / (LOSS)	4	1,477	(755,588)
Interest payable and similar charges	5	(2,711)	(1,134)
Interest receivable and similar income	6	<u>35,834</u>	<u>192,378</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		34,600	(564,344)
Tax credit on profit on ordinary activities	7	<u>1,100,659</u>	<u>2,191,020</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u>1,135,259</u>	<u>1,626,676</u>

All amounts derive from continuing operations

There were no recognised gains and losses in the current or prior year other than as shown in the profit and loss account above. Accordingly, no statement of total recognised gains and losses has been presented.

MICROSOFT RESEARCH LIMITED

BALANCE SHEET

As at 2 July 2010

	Note	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
FIXED ASSETS			
Tangible fixed assets	9	903,134	1,558,518
Investments	10	8,479	8,479
		<u>911,613</u>	<u>1,566,997</u>
CURRENT ASSETS			
Debtors	11	13,653,059	13,476,213
Cash at bank and in hand		408,812	-
		<u>14,061,871</u>	<u>13,476,213</u>
CREDITORS: amounts falling due within one year	12	<u>(7,669,914)</u>	<u>(8,555,981)</u>
NET CURRENT ASSETS		<u>6,391,957</u>	<u>4,920,232</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		7,303,570	6,487,229
PROVISION FOR LIABILITIES	14	<u>(1,776,071)</u>	-
NET ASSETS		<u><u>5,527,499</u></u>	<u><u>6,487,229</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	30,000	30,000
Profit and loss account	16	<u>5,497,499</u>	<u>6,457,229</u>
SHAREHOLDER'S FUNDS	16	<u><u>5,527,499</u></u>	<u><u>6,487,229</u></u>

The financial statements of Microsoft Research Limited, Registered Number 03369488, were approved by the Board of Directors on **09.06.2011**

Signed on behalf of the Board of Directors



A Blake

Director

NOTES TO THE ACCOUNTS
52 weeks ended 2 July 2010

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These have been consistently applied in both the current and preceding financial periods.

Accounting convention

The financial statements are prepared under the historical cost convention.

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 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.

Share-based payments

The Microsoft group operates a number of share-based payment arrangements.

The fair value of awards granted is spread over the vesting period of those awards. A corresponding amount is credited to reserves. Refer to note 17 for details of how the fair value of awards is determined.

Cash flow statement

Under FRS1 "Cash flow statements" the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Financial year

The financial year is the fifty two or fifty three week period ending on the Friday closest to 30 June.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	Over the period of the lease
Computer equipment	33 - 100% per annum
Fixtures, fittings and telecoms equipment	33% per annum

Investments

Investments are stated at cost, less any provision for impairment. The company has one investment, as described in note 10. The company does not control this investment, hence is not required to prepare consolidated accounts to include the results of the investment.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease, even if the payments are not made on such a basis.

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.

NOTES TO THE ACCOUNTS
52 weeks ended 2 July 2010

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 substantially 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

Research and development expenditure

Expenditure on research and development is written off in the period in which it is incurred

Grants

Grants awarded to support research projects are recorded at the date the company grants the award. Grant amounts committed but not yet paid are included in accruals. The amount of the grant which is accrued is restricted to those sums which have been committed to at the balance sheet date

Pensions

The company makes contributions into the Microsoft Group personal pension scheme dependent upon the contributions of the employees themselves. The contributions are charged to the profit and loss account as they become due and payable. Differences between contributions payable on the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Foreign currencies

Transactions in foreign currencies during the period are recorded 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 rate of exchange at the balance sheet date

All exchange gains and losses are taken to the profit and loss account

2. TURNOVER

Turnover represents amounts derived from the parent undertaking in the United States of America and is wholly derived from the company's principal activity. The turnover is stated at cost plus ten percent. Turnover is recognised on an accruals basis

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 2 July 2010

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	53 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
The average number of employees (including directors) during the year was as follows:		
Research	132	137
Other	26	26
	<u>158</u>	<u>163</u>
Staff costs:		
Wages and salaries	13,147,637	12,701,144
Social security costs	2,047,681	1,109,606
Other pension costs	628,666	699,576
Share-based payments charge	3,905,304	3,147,900
	<u>19,729,288</u>	<u>17,658,226</u>
Director's emoluments:	£	£
Remuneration	326,625	234,667
Pension contribution	21,600	21,390
	<u>348,225</u>	<u>256,057</u>
Highest paid director	£	£
Fees and other emoluments	348,225	256,057

Contributions were made to a defined contribution pension scheme on behalf of one director (2009 one) The other two directors (2009 two) of the Parent Company have apportioned their remuneration between the group companies that they serve and the allocation for Microsoft Research Limited is nil (2009 £nil)

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 2 July 2010

4. OPERATING GAIN / (LOSS)

	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
Operating loss is stated after charging:		
Rentals under other operating leases		
- plant and machinery	19,636	17,688
- other	1,345,555	1,345,555
Depreciation of tangible fixed assets	1,445,015	868,943
Auditor's remuneration – audit services	20,400	19,515
	<u>1,830,606</u>	<u>2,251,699</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
Bank interest and charges	<u>2,711</u>	<u>1,134</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
Bank interest receivable	-	23,879
Other interest receivable	-	18,443
Interest received from group undertakings	35,834	150,056
	<u>35,834</u>	<u>192,378</u>

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 2 July 2010

7. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
UK corporation tax	222,852	(957,996)
Adjustment in respect of prior years – current tax	(18,044)	(759,456)
Total Current tax credit for the period	204,808	(1,717,452)
Deferred tax credit – current year	(1,305,467)	(473,568)
Total deferred credit for the period	(1,305,467)	(473,568)
Total tax credit for the period	(1,100,659)	(2,191,020)

The average standard rate of current tax for the period, based on the UK standard rate of corporation tax is 28% (2009 28%) The current tax charge for the period differs from 28% (2009 28%) for the reasons set out in the following reconciliation

	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
Profit (loss) on ordinary activities before tax	34,600	(564,344)
Tax charge on ordinary activities at 28% (2009 28%)	9,688	(158,016)
Permanent adjustments	272,776	70,000
Differences between depreciation and capital allowances	224,008	103,473
R&D tax credit	(952,000)	(952,000)
Other timing differences	668,380	(21,453)
Adjustments in respect of prior years	(18,044)	(759,456)
Current tax credit for the year	204,808	(1,717,452)

8. DIVIDENDS

	52 weeks ended 2 July 2010 £	53 weeks ended 3 July 2009 £
Dividends proposed and paid in the year (£200 per share, 2009 £266 66 per share)	6,000,000	8,000,000

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 2 July 2010

9. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Computer equipment £	Fixtures, fittings and telecoms equipment £	Total £
Cost				
3 July 2009	1,448,943	2,880,802	1,931,661	6,261,406
Additions	382,104	392,630	14,897	789,631
Disposals		(223,185)		(223,185)
2 July 2010	<u>1,831,047</u>	<u>3,050,247</u>	<u>1,946,558</u>	<u>6,827,852</u>
Accumulated depreciation				
3 July 2009	780,851	2,244,888	1,677,149	4,702,888
Charge for the period	240,924	1,028,544	175,547	1,445,015
Disposals		(223,185)		(223,185)
At 2 July 2010	<u>1,021,775</u>	<u>3,050,247</u>	<u>1,852,696</u>	<u>5,924,718</u>
Net book value				
At 2 July 2010	<u>809,272</u>	<u>-</u>	<u>93,862</u>	<u>903,134</u>
At 3 July 2009	<u>668,092</u>	<u>635,914</u>	<u>254,512</u>	<u>1,558,518</u>

10. INVESTMENTS

	2010 £	2009 £
Cost and net book value	<u>8,479</u>	<u>8,479</u>

The company holds 50% of the share capital of The Microsoft Research – University of Trento Centre for Computational and Systems Biology, società consortile a r.l. This is a private limited liability consortium, registered in Italy. The principal activity of the consortium is in research and development.

11. DEBTORS

	2010 £	2009 £
Amounts owed by group undertakings	9,132,696	8,586,425
Corporation tax	1,556,954	3,219,636
Deferred tax asset (note 13)	2,417,572	1,112,105
Prepayments and accrued income	545,837	558,047
	<u>13,653,059</u>	<u>13,476,213</u>

All debtors are due within one year, with the exception of deferred tax.

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 2 July 2010

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	861,353	361,648
Other creditors including taxation and social security	595,652	363,343
Accruals and deferred income	6,212,909	7,080,317
Bank loans and overdraft	-	750,673
	<u>7,669,914</u>	<u>8,555,981</u>

Included in other creditors is £543,546 (2009 £363,343) in respect of tax and social security

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 2 July 2010.

13. DEFERRED TAX ASSET

	2010 £	2009 £
The deferred tax provision comprises of		
Capital allowances taken in excess of depreciation	(211,323)	(435,331)
Share-based payments	1,960,515	1,547,436
Short term timing differences	668,380	-
	<u>2,417,572</u>	<u>1,112,105</u>
The movement in deferred tax asset during the period was as follows		
Balance at 3 July 2009	1,112,105	638,537
Credited to profit and loss account in the period	1,305,467	473,568
Balance at 2 July 2010	<u>2,417,572</u>	<u>1,112,105</u>

14. PROVISIONS FOR LIABILITIES

	Dilapidations £'000
Balance at 3 July 2009	-
Charged to the profit and loss in the period	<u>1,776,071</u>
Balance at 2 July 2010	<u>1,776,071</u>

The provision for dilapidations is being built up to provide for potential charges at the end of the lease period on rental properties. The lease expires within 3 years of the year end date.

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS 52 weeks ended 2 July 2010

15. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Authorised 200,000 ordinary shares of £1 each	200,000	200,000
Called up, allotted and fully paid 30,000 £1 ordinary shares	30,000	30,000

16. COMBINED STATEMENT OF MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Called up capital share £	Profit and loss account £	Shareholder's funds 2010 £	Shareholder's funds 2009 £
Profit for the financial period	-	1,135,259	1,135,259	1,626,676
Dividend paid	-	(6,000,000)	(6,000,000)	(8,000,000)
Share-based payment – contribution received	-	3,905,011	3,905,011	3,147,900
Net (reduction) / addition to shareholder's funds	-	(959,730)	(959,730)	(3,225,424)
Opening shareholder's funds	30,000	6,457,229	6,487,229	9,762,653
Closing shareholder's funds	30,000	5,497,499	5,527,499	6,487,229

17. SHARE BASED PAYMENTS

Stock Awards

The group has a stock award scheme whereby employees are awarded shares in Microsoft Corporation. These shares vest equally on the first to fifth anniversary of the award date. The employees do not make any payment for these shares. Awards are forfeited if the employee leaves the group before the relevant anniversary date of those awards has been reached.

Details of the share awards outstanding during the year are as follows

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 2 July 2010

17. SHARE BASED PAYMENTS (CONTINUED)

	2010	2009
Number of share awards		
Weighted average exercise price (in £)	-	-
Outstanding at beginning of period	613,857	475,955
Granted during the period	368,418	280,337
Forfeited during the period	(56,913)	(2,721)
Exercised during the period	(177,038)	(139,754)
Expired during the period	-	-
Outstanding at the end of the period	748,324	613,817
Exercisable at the end of the period	-	-

The estimated average share price at the date share awards vested during the period ended 2 July 2010 was \$26.63 (period ended 3 July 2009 \$26.02)

In both the periods ended 2 July 2010 and 3 July 2009, awards were granted on numerous dates. The aggregate of the estimated fair values of the options granted on those dates was £5,387,461 (2009 £3,881,680)

The fair values of awards granted is based upon the market price of the underlying share as of the date of the grant, reduced by the present value of estimated future dividends

The company recognised total expenses of £3,377,469 and £2,513,511 related to stock award transactions during 2010 and 2009 respectively

Shared Performance Stock Awards

The group has a Shared Performance Stock Awards ("SPSA") scheme whereby employees are granted shares in Microsoft Corporation if the group meets specified performance targets. A quarter of each award vests each year between one and four years after the end of each performance measurement period.

The fair value of the SPSAs is measured as the market price of the underlying share as of the date of the grant, reduced by the present values of estimated future dividends

The company recognised total expenses of £498,858 and £634,389 related to SPSA transactions during 2010 and 2009 respectively

Legacy Share-based Payment Schemes

The company recognised a further £28,623 (2009 £nil) relating to historic share option schemes. No new awards were made under these schemes during the current or preceding financial period.

MICROSOFT RESEARCH LIMITED

NOTES TO THE ACCOUNTS

52 weeks ended 2 July 2010

18. OPERATING LEASE COMMITMENTS

At 2 July 2010, the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2010 £	Other 2010 £	Total 2010 £	Land and buildings 2009 £	Other 2009 £	Total 2009 £
Leases which expire Within 2 to 5 years	1,371,810	10,031	1,381,841	1,370,420	24,129	1,394,549
	<u>1,371,810</u>	<u>10,031</u>	<u>1,381,841</u>	<u>1,370,420</u>	<u>24,129</u>	<u>1,394,549</u>

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking of the company, which is also the controlling party and the largest company preparing group accounts in which the results of the company are consolidated, is Microsoft Corporation, a company incorporated in the state of Washington in the United States of America. 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.

The immediate parent company is Microsoft Ireland Capital Limited, which is the smallest company preparing group accounts which include the results of the company.

20. RELATED PARTY TRANSACTIONS

In accordance with FRS 8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, the Microsoft Corporation group have not been disclosed in these financial statements.