microsoft-10-K-2024-07-30-Financial_Report - ACCOUNTING POLICIES (Policies)

	12 Months Ended
	Jun. 30, 2024
prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We have recast certain prior period amounts to conform to the current period presentation. The recast of these p	
Principles of Consolidation The consolidated financial statements include the accounts of Microsoft Corporation and its subsidiaries. Intercompany transactions and balances have bee	
ntangible assets; allowances for doubtful accounts; the market value of, and demand for, our inventory; stock-based compensation forfeiture rates; when technological feasibility is achieved for our products; the potential outcon	
ts and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Translation adjustm	
required to determine whether the software license is considered distinct and accounted for separately, or not distinct and accounted for together with the cloud service and recognized over time. Certain cloud services, primari (In millions) Year Ended June 30, 2024 2023 2022 Balance, beginning of period $ 716 $ 710 $ 798 Charged to costs and other 386 258 157 Write-offs (218) (252) (245) Balance, end of period $ 884 $ 716 $ 710 Allowance for doubtful accounts included in our consolidated balance sheets: (In millions) June 30, 2024 2023 2022 Accounts receivable, net of allowance for doubtful accounts $ 830 $ 650 $ 633 Other long-term assets 54 66 77 Total $ 884 $ 716 $ 710 e to cover expected losses based on troubled accounts, historical experience, and other currently available evidence. Assets Recognized from Costs to Obtain a Contract with a Customer We recognize an asset for the increm	
n PCs sold by original equipment manufacturers ("OEM"), to drive traffic to our websites, and to acquire online advertising space; costs incurred to support and maintain cloud-based and other online products and services, incl	
ted repair costs, and knowledge of specific product failures (if any). The specific hardware warranty terms and conditions vary depending upon the product sold and the country in which we do business, but generally include p	
nses also include third-party development and programming costs and the amortization of purchased software code and services content. Such costs related to software development are included in research and development	
k-based compensation expense, and other headcount-related expenses associated with sales and marketing personnel, and the costs of advertising, promotions, trade shows, seminars, and other programs. Advertising costs a	
. The fair value of stock awards is based on the quoted price of our common stock on the grant date less the present value of expected dividends not received during the vesting period. We measure the fair value of PSUs usin	
ons. Certain income and expenses are not reported in tax returns and financial statements in the same year. The tax effect of such temporary differences is reported as deferred income taxes. Deferred tax assets are reported	
ncial health of, and business outlook for, the investee. If we have plans to sell the security or it is more likely than not that we will be required to sell the security before recovery, then a decline in fair value below cost is recorde	
Gains and losses representing hedge components excluded from the assessment of effectiveness are recognized in other income (expense), net. For derivative instruments designated as cash flow hedges, gains and losses a	
able inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies. Our Level 2 investments include commercial paper, certificates of deposit, U.S. agency securities, fo	
to the purchase and production of inventories. Net realizable value is the estimated selling price less estimated costs of completion, disposal, and transportation. We regularly review inventory quantities on hand, future purcha	
r the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives of our property and equipment are generally as follows: computer software developed or acquired for internal use, three years ;	
ase term. As most of our leases do not provide an implicit rate, we generally use our incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at c	
sted for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (May 1) and between annual tests if an event occurs or circumstances change that would more lik	
subject to amortization and are amortized over the estimated useful life in proportion to the economic benefits received. We evaluate the recoverability of intangible assets periodically by taking into account events or circumsta	
n the board of directors of Inflection. As of the date of the agreement with Inflection, Reprogrammed Interchange LLC ("Reprogrammed") and entities affiliated with Greylock Ventures ("Greylock") each held less than a 10 % ec	
ginning with our annual reporting for fiscal year 2025 and interim periods thereafter, with early adoption permitted. We are currently evaluating the impact of this standard on our segment disclosures. Income Taxes – Improvem	
umber of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding du	
e segments benefit and are generally allocated based on relative gross margin. In addition, certain costs are incurred at a corporate level and allocated to our segments. These allocated costs generally include legal, including	