

# **Apple Corps Limited**

## **Report and Financial Statements**

31 January 2008

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COMPANIES HOUSE

# Apple Corps Limited

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Registered No: 764797

## **Directors**

Mrs Y O Lennon  
Mrs O T Harrison  
H L Gerrard  
J L Eastman

## **Secretary**

J V Jones

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **Registered office**

27 Ovington Square  
London  
SW3 1LJ

## Directors' report

The directors present their report and financial statements for the year ended 31 January 2008.

### Results and dividends

The consolidated profit for the year, after taxation, is £47,955,968 (2007- £2,736,122). Ordinary dividends of £35,142,326 (2007 – £nil) were declared and paid during the year. The directors do not recommend a final dividend.

### Principal activities and review of the business

The group's principal activities during the year continued to be the exploitation of the audio, visual and ancillary activities relating to "The Beatles".

The group performed as expected during the year and the directors do not envisage any changes in its activities.

### Directors

The Directors who served during the year were as follows:

Mrs Y O Lennon  
Mrs O T Harrison  
H L Gerrard  
J L Eastman

### Financial Risk Management and Liquidity risk

The directors confirm that, in accordance with the Companies Act 1985 (Operating and Financial Review and Directors Report) Regulations 2005, they have considered and reviewed the provisions included within schedule 7(5A), relating to the financial risk management and policies of the group. As a result of the review, the directors have concluded that the group will be able to continue funding its activities through its cash reserves, retained profits and cash flows from ongoing activities.

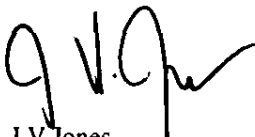
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 16 December 1997. Accordingly, Ernst & Young LLP will be deemed to be reappointed as auditors.

By order of the board



J V Jones  
Secretary

22 OCT 2008

## 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). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and 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 Apple Corps Limited**

We have audited the group and parent company financial statements (the "financial statements") of Apple Corps Limited for the year ended 31 January 2008 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows, and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for the preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Independent auditor's report

to the members of Apple Corps Limited (continued)

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 January 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*28 November 2008*

## Group profit and loss account

for the year ended 31 January 2008

	Notes	2008 £	2007 £
<b>Turnover</b>			
Turnover: group and share of joint ventures' turnover		42,030,138	29,871,265
Less: share of joint ventures' turnover		(25,665,400)	(11,374,472)
<b>Group turnover</b>	2	16,364,738	18,496,793
Administrative expenses		(16,218,850)	(16,876,273)
		145,888	1,620,520
Other operating income		866,500	698,360
<b>Group operating profit</b>	3	1,012,388	2,318,880
Share of operating profit in joint ventures		2,605,844	1,376,873
Share of operating profit in associates		915,614	512,424
		3,521,458	1,889,297
<b>Total operating profit: group and share of joint ventures and associates</b>		4,533,846	4,208,177
Profit on sale of fixed assets		50,607,632	—
Interest receivable	6	1,818,199	334,564
Interest payable and similar charges	7	(594,790)	(666,862)
<b>Profit on ordinary activities before taxation</b>		56,364,887	3,875,879
Tax on profit on ordinary activities	8	(8,408,919)	(1,139,757)
<b>Profit for the financial year attributable to members of the parent company</b>		47,955,968	2,736,122

## Group statement of total recognised gains and losses

for the year ended 31 January 2008

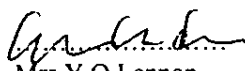
	2008 £	2007 £
Profit for the financial year excluding share of profits of joint ventures and associates	45,581,997	1,864,957
Share of joint venturers' profit for the year	1,734,394	514,409
Share of associates' profit for the year	639,577	356,756
	<hr/>	<hr/>
Profit for the financial year attributable to members of the parent company	47,955,968	2,736,122
Exchange difference on retranslation of net assets of subsidiary undertakings	(6,420)	(302,737)
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>	<b>47,949,548</b>	<b>2,433,385</b>
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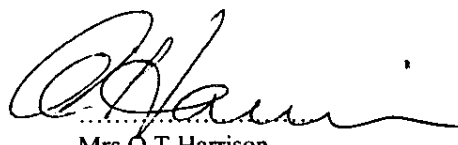


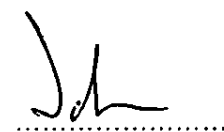
## Group balance sheet

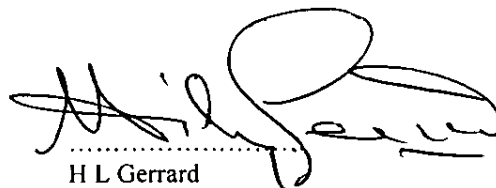
at 31 January 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	10	—	—
Tangible assets	11	2,113,881	2,149,552
Investment in joint ventures:	12		
Share of gross assets		8,841,709	9,079,291
Share of gross liabilities		(3,997,571)	(3,345,099)
Investment in associates	12	4,844,138	5,734,192
		883,084	643,506
		5,727,222	6,377,698
		7,841,103	8,527,250
<b>Current assets</b>			
Debtors	13	3,479,982	10,115,439
Cash at bank and in hand		23,537,681	9,294,657
		27,017,663	19,410,096
<b>Creditors: amounts falling due within one year</b>	14	(10,711,516)	(15,227,884)
<b>Net current assets</b>		16,306,147	4,182,212
<b>Total assets less current liabilities</b>		24,147,250	12,709,462
<b>Creditors: amounts falling due after more than one year</b>			
Loans	15	(4,096,198)	(5,465,632)
<b>Net assets</b>		20,051,052	7,243,830
<b>Capital and reserves</b>			
Called up share capital	18	100	100
Profit and loss account	20	20,050,952	7,243,730
<b>Equity shareholders' funds</b>	20	20,051,052	7,243,830

  
Mrs Y O Lennon  
Director

  
Mrs O T Harrison  
Director

  
J L Eastman  
Director

  
H L Gerrard  
Director

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# Company balance sheet

at 31 January 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	10	—	—
Tangible assets	11	2,113,881	2,149,552
Investments	12	2,819,456	3,254,035
		<u>4,933,337</u>	<u>5,403,587</u>
<b>Current assets</b>			
Debtors	13	7,276,254	14,500,085
Cash at bank and in hand		19,520,175	6,960,787
		<u>26,796,429</u>	<u>21,460,872</u>
<b>Creditors:</b> amounts falling due within one year	14	(10,448,847)	(14,495,200)
<b>Net current assets</b>		<u>16,347,582</u>	<u>6,965,672</u>
<b>Total assets less current liabilities</b>		<u>21,280,919</u>	<u>12,369,259</u>
<b>Creditors:</b> amounts falling due after more than one year			
Loans	15	(4,096,198)	(5,465,632)
<b>Net assets</b>		<u>17,184,721</u>	<u>6,903,627</u>
<b>Capital and reserves</b>			
Called up share capital	18	100	100
Profit and loss account	20	17,184,621	6,903,527
<b>Shareholders' funds</b>	20	<u>17,184,721</u>	<u>6,903,627</u>



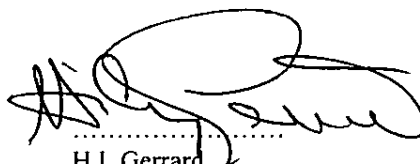
Mrs Y O Lennon  
Director



Mrs O T Harrison  
Director



J L Eastman  
Director



H L Gerrard  
Director

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## Group statement of cash flows

for the year ended 31 January 2008

	Notes	2008 £	2007 £
<b>Net cash inflow from operating activities</b>	21(a)	954,843	3,126,213
<b>Dividends from joint ventures and associates</b>			
Dividends from joint ventures		1,508,902	—
Dividends from associates		400,000	300,000
		1,908,902	300,000
<b>Returns on investments and servicing of finance</b>	21(b)	358,094	281,961
<b>Taxation</b>	21(c)	(4,104,974)	106,115
<b>Capital expenditure and financial investment</b>	21(d)	51,559,523	(2,436,443)
<b>Equity dividends paid</b>	19	(35,142,326)	—
<b>Financing</b>	21(e)	(1,291,038)	(86,333)
<b>Increase in cash</b>		14,243,024	1,291,513

### Reconciliation of net cash flow to movement in net funds

	Notes	2008 £	2007 £
Increase in cash	21(f)	14,243,024	1,291,513
Cash outflow from decrease in loans		1,291,038	86,333
Change in net debt resulting from cash flows		15,534,062	1,377,846
Exchange difference		97,390	620,473
<b>Movement in net funds</b>		15,631,452	1,998,319
<b>Net funds at 1 February</b>	21(f)	2,516,575	518,256
<b>Net funds at 31 January</b>	21(f)	18,148,027	2,516,575

## Notes to the financial statements

at 31 January 2008

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### *Basis of consolidation*

The group financial statements consolidate the financial statements of Apple Corps Limited and its subsidiary undertakings, drawn up to 31 January each year. No company profit and loss account is presented for Apple Corps Limited as permitted by section 230 of the Companies Act 1985.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual agreement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

#### *Investments*

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost.

The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Intangible assets*

Intangible assets acquired separately from a business are capitalised at cost. They are amortised on a straight line bases over their estimated useful lives up to a maximum of 20 years.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 50 years
Fixtures, fittings and equipment	-	over 4 years
Motor vehicles	-	over 4 years
Website costs	-	over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Royalty Income*

Royalty income is accounted for on an accruals basis. Royalty audit claims are not booked as income until amounts arising from such claims are received by the group.

#### *Returns*

No provision is made for any reduction in royalties receivable in subsequent periods as a result of the return of products sold in respect of which royalties would normally have been accounted for during the year. Any reductions are accounted for as a deduction from turnover in subsequent periods.

## Notes to the financial statements

at 31 January 2008

### 1. Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening assets are taken directly to reserves. All other translation differences are taken to the profit and loss account.

#### *Interest bearing loans and borrowings*

All loans and borrowings are initially recognised at fair value less directly attributable transactions costs.

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Obligations under operating leases*

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

#### *Affiliated Undertakings*

In the financial statements, companies are described as affiliated to Apple Corps Limited if:

- (i) they have the same shareholders or ultimate shareholders as Apple Corps Limited; or
- (ii) the company is owned by one or more of the shareholders of Apple Corps Limited.

## Notes to the financial statements

at 31 January 2008

### 2. Turnover

Turnover represents income derived from the group's continuing ordinary activities, stated net of value added tax, and is accounted for on an accruals bases.

It is the opinion of the directors that, in view of the nature of the group's business, the markets in which it operates do not differ substantially from each other and are, therefore treated as one market for the purposes of disclosing the particulars of turnover in these financial statements.

### 3. Group operating profit

(a) This is stated after charging/(crediting):

	2008 £	2007 £
Auditor's remuneration - audit services	35,000	35,000
- taxation services*	174,762	187,766
- other services*	25,000	—
Depreciation of owned fixed assets	63,671	91,454
Operating lease rentals – office equipment	5,770	6,975
Exchange gain on foreign currency long term borrowings	(97,395)	(620,473)

The auditor's remuneration in respect of audit services includes £30,000 (2007 - £30,000) relating to the company.

\*The taxation services and other services fees all relate to the company and its UK subsidiaries.

### 4. Directors' remuneration

	2008 £	2007 £
Fees	600,000	600,000
Other Emoluments	140,383	105,666
	740,383	705,666

The aggregate emoluments of the highest paid director amounted to £198,993 (2007 - £190,353).

### 5. Staff costs

	2008 £	2007 £
Wages and salaries	896,031	360,284
Social security costs	117,965	38,025
	1,013,996	398,309

## Notes to the financial statements

at 31 January 2008

### 5. Staff costs (continued)

The average monthly number of employees, excluding directors, during the year was made up as follows:

	2008 No.	2007 No.
Administration	14	13

### 6. Interest receivable

	2008 £	2007 £
Bank interest receivable	1,785,392	316,736
Other interest	32,807	17,828
	<u>1,818,199</u>	<u>334,564</u>

### 7. Interest payable and similar charges

	2008 £	2007 £
Loan interest	554,725	627,072
Bank loans	39,636	39,756
Other interest	429	34
	<u>594,790</u>	<u>666,862</u>

### 8. Taxation

#### (a) Tax on profit on ordinary activities

	2008 £	2007 £
<i>Current tax:</i>		
UK corporation tax	7,269,432	–
Double taxation relief	(159,734)	–
	<u>7,109,698</u>	<u>–</u>
Foreign tax	151,734	121,625
Share of associates' current tax	276,037	155,668
Share of joint ventures' current tax	943,965	–
	<u>8,481,434</u>	<u>277,293</u>
<i>Deferred tax:</i>		
Share of joint ventures' deferred tax	(72,515)	862,464
	<u>8,408,919</u>	<u>1,139,757</u>

## Notes to the financial statements

at 31 January 2008

### 8. Taxation (continued)

(b) Factors affecting the current tax charge:

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2007 - 30%). The differences are reconciled below:

	2008 £	2007 £
Profit on ordinary activities before tax	56,364,887	3,875,879
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	16,909,466	1,162,764
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9,406	407,040
Capital allowances in excess of depreciation	(14,330)	16,893
Overseas timing differences	(177,722)	(896,219)
Losses utilised	—	(414,778)
Fixed assets – March 1982 valuation	(8,422,235)	—
Overseas tax rate in excess of UK rate	176,849	1,593
Current tax for the year	8,481,434	277,293

(c) Deferred taxation

Deferred tax is analysed as follows:

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Depreciation in advance of capital allowances	13,000	48,000	13,000	48,000
Tax losses carried forward	—	94,000	—	94,000
Deferred tax asset	13,000	142,000	13,000	142,000

The rate of corporation tax in the UK will reduce to 28% from 1 April 2008. As a result the unrecognised deferred tax balance as at 31 January 2008 has been calculated based on the new rate. The asset has not been recognised in the financial statements on the grounds that there is insufficient evidence available that the asset will be recovered in future years.

### 9. Profit attributable to members of parent company

The profit dealt with in the financial statements of the parent company was £45,423,420 (2007 - £1,880,950).



## Notes to the financial statements

at 31 January 2008

### 10. Intangible fixed assets

*Group and Company*

	<i>Trademarks</i> £
Cost:	
At 1 February 2007 and 31 January 2008	518,067
Amortisation:	
At 1 February 2007 and 31 January 2008	518,067
Net book value:	
At 31 January 2007 and 31 January 2008	—

### 11. Tangible fixed assets

*Group and Company*

	<i>Freehold land and buildings</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Website costs</i> £	<i>Total</i> £
Cost:					
At 1 February 2007	2,385,367	425,992	95,329	30,518	2,937,206
Additions	—	28,000	—	—	28,000
Disposals	—	—	(95,329)	—	(95,329)
At 31 January 2008	2,385,367	453,992	—	30,518	2,869,877
Depreciation:					
At 1 February 2007	280,195	381,612	95,329	30,518	787,654
Provided during the year	37,605	26,066	—	—	63,671
Disposals	—	—	(95,329)	—	(95,329)
At 31 January 2008	317,800	407,678	—	30,518	755,996
Net book value:					
At 31 January 2008	2,067,567	46,314	—	—	2,113,881
At 31 January 2007	2,105,172	44,380	—	—	2,149,552

## Notes to the financial statements

at 31 January 2008

### 12. Investments

*Group*

	2008 £	2007 £
Joint ventures (a)		
The Cirque Apple Creation Partnership	1,072,486	923,804
Cirque Apple Las Vegas, L.L.C.	3,771,652	4,810,388
	<u>4,844,138</u>	<u>5,734,192</u>
Associates (b)		
Maclen (Music) Limited	512,852	523,499
Subafilms Limited	370,232	120,007
	<u>883,084</u>	<u>643,506</u>
	<u>5,727,222</u>	<u>6,377,698</u>

(a) Joint ventures

(i) The Cirque Apple Creation Partnership

	£
At 1 February 2007	923,804
Share of profit retained by joint venture	151,223
Other	(2,541)
	<u>1,072,486</u>
At 31 January 2008	<u>1,072,486</u>

Additional disclosures are given in respect of The Cirque Apple Creation Partnership, which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows:

	2008 £	2007 £
Fixed assets	648,808	983,790
Current assets	1,242,645	565,399
Share of gross assets	<u>1,891,453</u>	<u>1,549,189</u>
Liabilities due within one year	818,967	625,385
Share of gross liabilities	<u>818,967</u>	<u>625,385</u>
Share of net assets	<u>1,072,486</u>	<u>923,804</u>

## Notes to the financial statements

at 31 January 2008

### 12. Investments (continued)

#### (i) The Cirque Apple Creation Partnership (continued)

	2008 £	2007 £
Turnover	6,854,785	2,840,880
Profit before tax	201,860	167,283
Taxation	(50,637)	–
Profit after tax	151,223	167,283

#### (ii) Cirque Apple Las Vegas, L.L.C.

At 1 February 2007	£ 4,810,388
Share of profit retained by joint venture	74,264
Capital repayments	(1,148,121)
Other	35,121
At 31 January 2008	3,771,652

Additional disclosures are given in respect of Cirque Apple Las Vegas, L.L.C., which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows:

	2008 £	2007 £
Fixed assets	3,781,295	4,623,433
Current assets	3,168,961	2,906,669
Share of gross assets	6,950,256	7,530,102
Liabilities due within one year	2,388,655	1,857,250
Liabilities due after more than one year	789,949	862,464
Share of gross liabilities	3,178,604	2,719,714
Share of net assets	3,771,652	4,810,388

## Notes to the financial statements

at 31 January 2008

### 12. Investments (continued)

#### (ii) Cirque Apple Las Vegas, L.L.C. (continued)

	2008 £	2007 £
Turnover	18,810,615	8,533,591
Profit before tax	2,403,983	1,209,590
Taxation	(820,813)	(862,464)
Profit after tax	1,583,170	347,126

#### (b) Associates

##### (i) Maclen (Music) Limited

The figures presented for Maclen (Music) Limited represent the group's combined share of Maclen (Music) Limited and its subsidiary Maclen Joint Limited.

	£
At 1 February 2007	523,499
Share of profit retained by associate	(10,647)
At 31 January 2008	512,852

Additional disclosures are given in respect of Maclen (Music) Limited, which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows:

	2008 £	2007 £
Fixed assets	59	59
Current assets	1,458,667	1,266,585
Share of gross assets	1,458,726	1,266,644
Liabilities due within one year	945,874	743,145
Share of gross liabilities	945,874	743,145
Share of net assets	512,852	523,499

## Notes to the financial statements

at 31 January 2008

### 12. Investments (continued)

#### (i) Maclen (Music) Limited (continued)

	2008 £	2007 £
Turnover	1,369,178	1,088,935
Profit before tax	555,536	462,841
Taxation	(166,184)	(138,953)
Profit after tax	389,352	323,888

#### (ii) Subafilms Limited

At 1 February 2007	£ 120,007
Share of profit retained by associate	(250,225)
At 31 January 2008	370,232

Additional disclosures are given in respect of Subafilms Limited, which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows:

	2008 £	2007 £
Fixed assets	—	—
Current assets	973,210	833,667
Share of gross assets	973,210	833,667
Liabilities due within one year	594,493	705,175
Deferred taxation	8,485	8,485
Share of gross liabilities	602,978	713,660
Share of net assets	370,232	120,007

## Notes to the financial statements

at 31 January 2008

### 12. Investments (continued)

#### (ii) Subafilms Limited (continued)

	2008 £	2007 £
Turnover	327,473	85,150
Profit before tax	360,078	49,584
Taxation	(109,854)	(16,716)
Profit after tax	250,224	32,868

#### Company

	Subsidiary undertakings £	Associated undertakings £	Joint venture £	Total £
Cost:				
At 1 February 2007	2,247,146	171,700	843,234	3,262,080
Additions	–	–	210,354	210,354
Capital repayments	(446,349)	–	(165,204)	(611,553)
Exchange difference	–	–	(33,380)	(33,380)
At 31 January 2008	1,800,797	171,700	855,004	2,827,501
Amounts provided:				
At 1 February 2007 and 31 January 2008	(8,045)	–	–	(8,045)
Net book value:				
At 31 January 2008	1,792,752	171,700	855,004	2,819,456
At 31 January 2007	2,239,101	171,700	843,234	3,254,035

The capital repayments by subsidiary undertakings represent capital repaid in Apple Show Inc. The capital repayments by joint venture represents capital repaid by Cirque Apple Creation Partnership.

## Notes to the financial statements

at 31 January 2008

### 12. Investments (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of undertaking</i>	<i>Country of incorporation (or registration) if not Great Britain</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<b>Subsidiary undertakings</b>			
Apple Corps S.A. +	Switzerland	100%	Intermediate holding company
Apple Corps Inc.	USA	100%*	Intermediate holding company
Apple Records Inc. (California)	USA	100%*	Exploitation of musical copyrights
Apple Records Inc. (New York)	USA	100%*	Exploitation of musical copyrights
Apple Music Publishing Inc.	USA	100%*	Exploitation of musical copyrights
Apple Films Inc.	USA	100%*	Exploitation of film copyrights
Apple Washington	USA	100%	Charity
Apple Publicity Limited		100%	Dormant
Apple Management Limited		100%	Dormant
Apple Electronics Limited		100%	Dormant
Apple Charity (UK) Limited		100%*	Charity
Python Music Limited		100%	Production and commercial exploitation of films
Apple Show Inc.	USA	100%	Intermediate holding company

\* Held by a subsidiary undertaking.

All shareholdings are ordinary shares or common stock.

## Notes to the financial statements

at 31 January 2008

### 12. Investments (continued)

<i>Name of undertaking</i>	<i>Proportion of voting rights and shares held</i>		<i>Nature of business</i>
<b>Associated undertakings</b>			
Maclen (Music) Limited+	'C' ordinary shares	20%	Holding company
Maclen Joint Limited+	Ordinary shares	20%	Exploitation of musical copyrights
Subafilms Limited+	Ordinary shares	23.9%	Marketing, production and distribution of films and videos

Maclen Joint Limited is held by an associated undertaking.

	<i>Proportion of voting rights or shares held</i>	<i>Nature of business</i>
<b>Joint ventures</b>		
The Cirque Apple Creation Partnership+	50%	Creation of musical performance
Cirque Apple Las Vegas, L.L.C.* + (incorporated in the USA)	50%	Producing and presenting a live show

+ Year ended 31 December 2007

\* Held by a subsidiary undertaking.

The registered office address of The Cirque Apple Creation Partnership is 27 Ovington Square, London SW3 1LJ.

The principal place of business of Cirque Apple Las Vegas is 980 Kelly Johnson Drive, Las Vegas, Nevada, 89119, USA.



## Notes to the financial statements

at 31 January 2008

### 13. Debtors

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	£	£	£	£
Amounts owed by subsidiary undertakings	–	–	2,917,602	3,735,842
Amounts owed by associated undertakings	925,031	684,160	1,931,999	1,676,419
Amounts owed by joint ventures	63,428	267,148	28,168	30,499
Amounts owed by affiliated undertakings	198,853	180,201	123,052	115,052
Corporation tax repayable	–	360,411	–	360,411
Other debtors	–	1,384	–	1,384
Prepayments and accrued income	2,292,670	8,622,135	2,275,433	8,580,478
	<u>3,479,982</u>	<u>10,115,439</u>	<u>7,276,254</u>	<u>14,500,085</u>

### 14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	£	£	£	£
Current instalment due on loans (note 15)	1,330,430	2,214,739	1,330,430	2,214,739
Amounts owed to affiliated undertakings	211,045	217,726	–	–
Accruals and deferred income	6,345,092	12,789,337	6,242,829	12,280,461
Corporation tax	2,802,129	6,082	2,852,766	–
Other taxes and social security costs	22,820	–	22,822	–
	<u>10,711,516</u>	<u>15,227,884</u>	<u>10,448,847</u>	<u>14,495,200</u>

### 15. Loans

	<i>Group and Company</i>	
	2008	2007
	£	£
Not wholly repayable within five years:		
Variable rate bank loan at 1% over bank rate, repayable in annual instalments of £86,333	561,166	647,500
Variable rate loans at 2% over J P Morgan Chase, Prime Rate, from shareholders, repayable in quarterly instalments of US\$600,000	4,828,488	6,130,582
Interest accrued on variable rate loans	36,974	902,289
	<u>5,426,628</u>	<u>7,680,371</u>
Less: included in creditors: amounts falling due within one year (note 14)	(1,330,430)	(2,214,739)
	<u>4,096,198</u>	<u>5,465,632</u>

## Notes to the financial statements

at 31 January 2008

### 15. Loans (continued)

	2008	2007
	£	£
Amounts repayable:		
In one year or less	1,330,430	2,214,739
In more than one year but not more than two years	1,293,455	1,312,450
In more than two years but not more than five years	2,673,244	3,937,349
	<hr/>	<hr/>
	5,297,129	7,464,538
In more than five years	129,499	215,833
	<hr/>	<hr/>
	5,426,628	7,680,371
	<hr/>	<hr/>

The variable rate bank loan is secured by a fixed legal charge over the freehold land and buildings.

### 16. Commitments under operating leases

At 31 January 2008 the group and company had annual commitments under non-cancellable operating leases as set out below:

	2008	Other 2007
	£	£
Operating leases which expire:		
In two to five years	5,400	5,400
	<hr/>	<hr/>

### 17. Contingent liabilities

The group and company are involved in various legal disputes in the ordinary course of business and, as at 31 January 2008, the directors are of the opinion that none of the claims or disputes of which they are aware will result in a material loss to the group and company.

### 18. Authorised and issued share capital

	Authorised	
	2008	2007
	£	£
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	Allotted, called up and fully paid	
	2008	2007
	No.	No.
	£	£
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

## Notes to the financial statements

at 31 January 2008

### 19. Dividends

	2008	2007
	£	£
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
Interim for 2008	35,142,326	—

### 20. Reconciliation of shareholders' funds and movements on reserves

<i>Group</i>	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total share-holders' funds</i> £
At 1 February 2006	100	4,810,345	4,810,445
Profit for the year	—	2,736,122	2,736,122
Exchange differences on retranslation of subsidiary undertakings	—	(302,737)	(302,737)
At 1 February 2007	100	7,243,730	7,243,830
Profit for the year	—	47,955,968	47,955,968
Exchange differences on retranslation of subsidiary undertakings	—	(6,420)	(6,420)
Dividends declared and paid	—	(35,142,326)	(35,142,326)
At 31 January 2008	100	20,050,952	20,051,052

<i>Company</i>	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total share-holders' funds</i> £
At 1 February 2006	100	5,022,577	5,022,677
Profit for the year	—	1,880,950	1,880,950
At 1 February 2007	100	6,903,527	6,903,627
Profit for the year	—	45,423,420	45,423,420
Dividends declared and paid	—	(35,142,326)	(35,142,326)
At 31 January 2008	100	17,184,621	17,184,721

## Notes to the financial statements

at 31 January 2008

### 21. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2008 £	2007 £
Group operating profit	1,012,388	2,318,880
Depreciation	63,671	91,454
Unrealised exchange loss/(gain)	31,844	(643,721)
Decrease/(increase) in debtors	6,275,046	(6,561,560)
(Decrease)/increase in creditors	(6,428,106)	7,921,160
Net cash inflow from operating activities	954,843	3,126,213

(b) Returns on investments and servicing of finance

	2008 £	2007 £
Interest received	1,818,199	334,564
Interest paid	(1,460,105)	(52,603)
	358,094	281,961

(c) Taxation

	2008 £	2007 £
Corporation tax recovered	285,411	302,740
Corporation tax paid	(4,237,500)	(75,000)
Overseas tax paid	(152,885)	(121,625)
	(4,104,974)	106,115

(d) Capital expenditure and financial investment

	2008 £	2007 £
Payments to acquire tangible fixed assets	(28,000)	(16,706)
Investment in joint ventures	979,891	(2,419,737)
Receipts from sale of fixed assets	50,607,632	—
	51,559,523	(2,436,443)

## Notes to the financial statements

at 31 January 2008

### 21. Notes to the statement of cash flows (continued)

#### (e) Financing

	2008 £	2007 £
Repayment of bank loans	(86,333)	(86,333)
Repayment of unsecured loan	(1,204,705)	—
	<u>(1,291,038)</u>	<u>(86,333)</u>

#### (f) Analysis of changes in net funds

	At 31 January 2007 £	Cash flows £	Non cash movements £	Exchange differences £	At 31 January 2008 £
Cash at bank and in hand	9,294,657	14,243,024	—	—	23,537,681
Debt due within one year	(1,312,450)	1,291,038	(1,293,455)	21,411	(1,293,456)
Debt due after one year, excluding accrued interest	(5,465,632)	—	1,293,455	75,979	(4,096,198)
	<u>2,516,575</u>	<u>15,534,062</u>	<u>—</u>	<u>97,390</u>	<u>18,148,027</u>

## Notes to the financial statements

at 31 January 2008

### 22. Related party transactions

- (a) Amounts charged to the profit and loss account include fees for the promotional services of the beneficial shareholders (Sir J P McCartney, Mr R Starkey, Mrs Y O Lennon and Mrs O T Harrison) amounting to £1,482,200 each (2007 – £2,110,225 each) and name and likeness payments amounting to £1,063,000 each (2007 – £561,750 each).
- (b) The company is party to an agreement with Maclen (Music) Limited and its wholly owned subsidiary undertaking, Maclen Joint Limited, in which Mrs Y O Lennon and Sir J P McCartney each has a direct interest of 40% in the share capital. Apple Corps Limited provides administration services to Maclen Joint Limited for which £821,500 was included as income in the profit and loss account in the year (2007 – £653,360). The amount due from Maclen Joint Limited at the year end amounted to £821,683 (2007 – £535,513).
- (c) At 31 January 2008, the company was owed a net amount of £1,108,135 (2007 – £1,138,754) by Subafilms Limited, a company owned by one or more of the shareholders of Apple Corps Limited.
- (d) Loans by the shareholders to the company as set out below:

	<i>Balance owed at 31 Jan 2008 £</i>	<i>Balance owed at 31 Jan 2007 £</i>
G H Estate Limited	1,207,122	1,759,964
Sir J P McCartney	1,207,122	1,758,813
Mrs Y O Lennon	1,207,122	1,756,825
Widgeon Investments Limited	1,207,122	1,757,268

The amounts owed at 31 January 2008 are included in loans (note 15).

The company has no ultimate controlling party.