

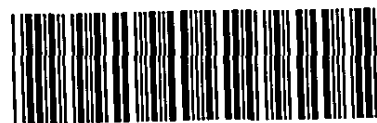
Registered No 764797

## **Apple Corps Limited**

### **Report and Financial Statements**

31 January 2010

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COMPANIES HOUSE

Apple Corps Limited

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Registered No 764797

**Directors**

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

**Secretary**

J V Jones

**Auditors**

Sopher + Co  
Chartered Accountants & Statutory Auditors  
5 Elstree Gate  
Elstree Way  
Borehamwood  
Herts WD6 1JD

**Registered Office**

27 Ovington Square  
London SW3 1LJ

## Directors' report

The directors present their report and financial statements for the year ended 31 January 2010

### Directors

The Directors who served during the year were as follows

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

### 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"

### Business Review

The group turnover in the year of nearly £50 million was significantly higher than the previous year. The increase was largely attributable to the release of albums and a video game. As a result, the group profit for the year increased considerably from £6 million to over £15 million before taxation. Group net assets have increased to almost £32 million (2009- £26 million) and the group has no debt. The directors consider turnover, profit and net assets to be the key performance indicators for the group.

The directors consider that the principal risks and uncertainties faced by the group relate to the general state of the worldwide music industry and ongoing protection of copyrights.

### Results and dividends

The consolidated profit for the year, after taxation, is £10,843,019 (2009 – profit of £4,239,278). Ordinary dividends of £4,100,000 (2009 – nil) were declared and paid during the year. The directors do not recommend a final dividend.

### Financial risk management and liquidity risk

The directors confirm that, in accordance with the Companies Act 2006, they have considered and reviewed the provisions 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.

### Future developments

The group will continue to develop opportunities relating to its principal business activities.

### Charitable contributions

During the year, the group made charitable donations of £117,102.

## Directors' report


### 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

The auditors, Sopher + Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the Board



J V Jones  
Secretary

Date 22 October 2010

## 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, 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 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 2010, set out on pages 7 to 29. 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 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 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**

As explained more fully in the statement of directors' responsibilities, 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 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 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 group's and the parent 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.

### **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 31 January 2010 and of the group's 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.

# **Independent auditor's report**

**to the members of Apple Corps Limited**

## **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



S M Iseman (Senior statutory auditor)

for and on behalf of

**SOPHER + CO**

Chartered Accountants

Statutory Auditors

5 Elstree Gate  
Elstree Way  
Borehamwood  
Herts WD6 1JD

Date 22 October 2010

## Group profit and loss account

for the year ended 31 January 2010

	Notes	2010 £	2009 £
<b>Turnover</b>			
Turnover group and share of joint ventures' turnover		73,479,182	51,219,070
Less share of joint ventures' turnover		(23,562,553)	(35,506,859)
<b>Group turnover</b>	2	49,916,629	15,712,211
Administrative expenses		(38,917,607)	(14,953,953)
		10,999,022	758,258
Other operating income		1,436,800	1,083,120
<b>Group operating profit</b>	3	12,435,822	1,841,378
Share of operating profit in joint ventures		1,921,243	3,067,228
Share of operating profit in associates		883,775	782,673
		2,805,018	3,849,901
<b>Total operating profit, group and share of joint ventures and associates</b>		15,240,840	5,691,279
Interest receivable	6	132,460	662,954
Interest payable and similar charges	7	(3,492)	(178,469)
<b>Profit on ordinary activities before taxation</b>		15,369,808	6,175,764
Tax on profit on ordinary activities	8	(4,526,789)	(1,936,486)
<b>Profit for the financial year attributable to members of the parent company</b>		10,843,019	4,239,278

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss Account

The notes on pages 12 to 29 form part of these financial statements



**Group statement of total recognised gains and losses**  
**for the year ended 31 January 2010**

	2010	2009
	£	£
Profit for the financial year excluding share of profits of joint ventures and associates	8,019,701	529,540
Share of joint venturers' profit for the year	2,198,944	3,151,630
Share of associates' profit for the year	624,374	558,108
	<hr/>	<hr/>
Profit for the financial year attributable to members of the parent company	10,843,019	4,239,278
Exchange difference on retranslation of net assets of subsidiary undertakings	(819,247)	1,650,575
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the year</b>	<b>10,023,772</b>	<b>5,889,853</b>
	<hr/>	<hr/>

The notes on pages 12 to 29 form part of these financial statements

## Group Balance Sheet

for the year ended 31 January 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	10	—	—
Tangible assets	11	2,072,543	2,080,406
Investment in joint ventures	12	—	—
Share of gross assets		6,628,581	9,054,769
Share of gross liabilities		(2,248,187)	(3,681,816)
Investment in associates	12	4,380,394	5,372,953
		855,559	1,061,184
		5,235,953	6,434,137
		7,308,496	8,514,543
<b>Current assets</b>			
Debtors	13	27,321,057	6,362,242
Cash at bank and in hand		16,745,653	26,498,315
		44,066,710	32,860,557
<b>Creditors</b> amounts falling due within one year	14	(19,510,529)	(15,434,195)
<b>Net current assets</b>		24,556,181	17,426,362
<b>Total assets less current liabilities</b>		31,864,677	25,940,905
<b>Net assets</b>		31,864,677	25,940,905
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Profit and loss account	19	31,864,577	25,940,805
<b>Equity shareholders' funds</b>	19	31,864,677	25,940,905



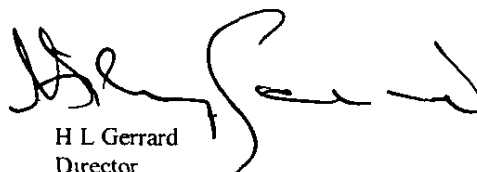
Y O Lennon  
Director



J L Eastman  
Director



O T Harrison  
Director



H L Gerrard  
Director

Date 22 October 2010  
Registered No.764797

The notes on pages 12 to 29 form part of these financial statements

## Company Balance Sheet

for the year ended 31 January 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	10	—	—
Tangible assets	11	2,072,543	2,080,406
Investments	12	176,536	731,581
		<u>2,249,079</u>	<u>2,811,987</u>
<b>Current assets</b>			
Debtors	13	27,747,776	7,387,634
Cash at bank and in hand		12,395,661	22,456,799
		<u>40,143,437</u>	<u>29,844,433</u>
<b>Creditors</b> amounts falling due within one year	14	(18,008,421)	(13,542,116)
		<u>22,135,016</u>	<u>16,302,317</u>
<b>Net current assets</b>			
		<u>24,384,095</u>	<u>19,114,304</u>
<b>Total assets less current liabilities</b>			
		<u>24,384,095</u>	<u>19,114,304</u>
<b>Net assets</b>			
		<u>24,384,095</u>	<u>19,114,304</u>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Profit and loss account	19	24,383,995	19,114,204
		<u>24,384,095</u>	<u>19,114,304</u>
<b>Equity shareholders' funds</b>	19		
		<u>24,384,095</u>	<u>19,114,304</u>



Y O Lennon  
Director



O T Harrison  
Director



J L Eastman  
Director



H L Gerrard  
Director

Date 22 October 2010

Registered No 764797

The notes on pages 12 to 29 form part of these financial statements

## Group statement of cash flows

for the year ended 31 January 2010

	Notes	2010 £	2009 £
<b>Net cash (outflow) / inflow from operating activities</b>	20(a)	(5,603,262)	8,822,940
<b>Dividends from joint ventures and associates</b>			
Dividends from joint ventures		1,248,439	3,468,368
Dividends from associates		830,000	380,000
		2,078,439	3,848,368
<b>Returns on investments and servicing of finance</b>	20(b)	128,968	447,511
<b>Taxation</b>	20(c)	(3,557,521)	(6,828,685)
<b>Capital expenditure and financial investment</b>	20(d)	1,300,714	2,060,154
<b>Equity dividends paid</b>	18	(4,100,000)	–
<b>Financing</b>	20(e)	–	(5,389,654)
<b>(Decrease) / increase in cash</b>		(9,752,662)	2,960,634

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

	Notes	2010 £	2009 £
(Decrease) / increase in cash	20(f)	(9,752,662)	2,960,634
Cash outflow from decrease in loans		–	5,389,654
<b>Movement in net funds</b>		(9,752,662)	8,350,288
<b>Net funds at 1 February</b>	20(f)	26,498,315	18,148,027
<b>Net funds at 31 January</b>	20(f)	16,745,653	26,498,315

The notes on pages 12 to 29 form part of these financial statements

## Notes to the financial statements

at 31 January 2010

### 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 408 of the Companies Act 2006.

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 fixed assets***

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

The carrying value of intangible fixed 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.

#### ***Tangible fixed assets***

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, 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
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 2010

### 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.

#### *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 2010

### 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)

	2010 £	2009 £
Auditor's remuneration – audit services	35,000	35,000
– taxation services*	95,728	94,116
Depreciation of owned fixed assets	63,312	57,975
Operating lease rentals – office equipment	4,904	6,291
Exchange loss/(gain) on foreign currency long term borrowings	–	115,526

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

### 4. Directors' remuneration

	2010 £	2009 £
Fees	600,000	600,000
Other Emoluments	122,863	153,565
	722,863	753,565

The aggregate emoluments of the highest paid director amounted to £194,567 (2009 – £202,315)

### 5. Staff costs

	2010 £	2009 £
Wages and salaries	1,797,867	1,129,462
Social security costs	220,865	136,189
	2,018,732	1,265,651

## Notes to the financial statements

at 31 January 2010

### 5. Staff costs (continued)

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

	2010 No	2009 No
Administration	12	13

### 6. Interest receivable

	2010 £	2009 £
Bank interest receivable	30,783	484,666
Other interest	101,677	178,288
	<u>132,460</u>	<u>662,954</u>

### 7. Interest payable and similar charges

	2010 £	2009 £
Loan interest	3,492	160,850
Bank loans	–	17,481
Other interest	–	138
	<u>3,492</u>	<u>178,469</u>

### 8 Tax

(a) Tax on profit on ordinary activities

	2010 £	2009 £
<i>Current tax</i>		
UK corporation tax	3,464,100	290,482
Double taxation relief	(277,383)	(94,462)
	<u>3,186,717</u>	<u>196,020</u>
Foreign tax	1,301,224	683,428
Share of associates' current tax	259,401	224,564
Current tax attributable to joint ventures	57,148	916,875
	<u>4,804,490</u>	<u>2,020,887</u>
<i>Deferred tax</i>		
Share of joint ventures' deferred tax	(277,701)	(84,401)
	<u>4,526,789</u>	<u>1,936,486</u>



## Notes to the financial statements

at 31 January 2010

### 8. Tax (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 28% (2009 – 28.33%). The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before tax	15,369,808	6,175,764
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28.33%)	4,303,546	1,749,799
<i>Effects of</i>		
Expenses not deductible for tax purposes	11,472	32,506
Depreciation in excess of capital allowances	9,398	8,080
Overseas timing differences	116,111	287,085
Prior year under / (over) provision	137,554	(315,026)
Overseas tax rate in excess of UK rate	226,409	258,443
Current tax for the year	4,804,490	2,020,887

#### (c) Deferred taxation

Deferred tax is analysed as follows

##### *Group and Company*

	2010 £	2009 £
Depreciation in advance of capital allowances	10,800	10,600
Deferred tax asset	10,800	10,600

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 £9,369,791 (2009 – £1,929,583)

## Notes to the financial statements

at 31 January 2010

### 10 Intangible fixed assets

*Group and Company*

	<i>Trademarks</i> £
Cost	
At 1 February 2009 and 31 January 2010	518,067
Amortisation	
At 1 February 2009 and 31 January 2010	518,067
Net book value	
At 1 February 2009 and 31 January 2010	–

### 11. Tangible fixed assets

*Group and Company*

	<i>Freehold land and buildings</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Website costs</i> £	<i>Total</i> £
Cost				
At 1 February 2009	2,385,367	478,492	30,518	2,894,377
Additions	–	55,449	–	55,449
At 31 January 2010	2,385,367	533,941	30,518	2,949,826
Depreciation				
At 1 February 2009	355,507	427,946	30,518	813,971
Provided during the year	37,604	25,708	–	63,312
At 31 January 2010	393,111	453,654	30,518	877,283
Net book value				
At 31 January 2010	1,992,256	80,287	–	2,072,543
At 31 January 2009	2,029,860	50,546	–	2,080,406

## Notes to the financial statements

at 31 January 2010

### 12. Investments

#### Group

	2010 £	2009 £
Joint ventures (a)		
The Cirque Apple Creation Partnership	703,831	792,912
Cirque Apple Las Vegas, L L C	3,676,563	4,580,041
	<u>4,380,394</u>	<u>5,372,953</u>
Associates (b)		
Maclean (Music) Limited	480,374	641,343
Subafilms Limited	375,185	419,841
	<u>855,559</u>	<u>1,061,184</u>
	<u>5,235,953</u>	<u>6,434,137</u>

#### (a) Joint ventures

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

	£
At 1 February 2009	792,912
Share of profit retained by joint venture	199,579
Capital repaid	(160,335)
Exchange rate differences	(128,325)
At 31 January 2010	<u>703,831</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

	2010 £	2009 £
Fixed assets	205,589	500,999
Current assets	1,425,569	1,256,568
Share of gross assets	<u>1,631,158</u>	<u>1,757,567</u>
Liabilities due within one year	<u>927,327</u>	<u>964,655</u>
Share of gross liabilities	<u>927,327</u>	<u>964,655</u>
Share of net assets	<u>703,831</u>	<u>792,912</u>

## Notes to the financial statements

at 31 January 2010

### 12. Investments (continued)

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

	2010 £	2009 £
Turnover	5,734,310	9,040,376
Profit before tax	199,579	120,536
Taxation	—	—
Profit after tax	199,579	120,536

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

	£
At 1 February 2009	4,580,041
Share of profit retained by joint venture	1,999,364
Capital repayments	(1,195,828)
Dividends received	(1,248,438)
Exchange differences	(458,576)
At 31 January 2010	3,676,563

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

	2010 £	2009 £
Fixed assets	2,138,914	3,959,602
Current assets	2,858,509	3,337,600
Share of gross assets	4,997,423	7,297,202
Liabilities due within one year	710,708	1,730,521
Liabilities due after more than one year	610,152	986,640
Share of gross liabilities	1,320,860	2,717,161
Share of net assets	3,676,563	4,580,041

## Notes to the financial statements

at 31 January 2010

### 12. Investments (continued)

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

	2010	2009
	£	£
Turnover	17,828,243	26,466,483
Profit before tax	1,721,663	2,946,693
Taxation	277,701	84,401
Profit after tax	1,999,364	3,031,094

#### (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 2009	641,343
Share of profit retained by associate	669,031
Dividends received	(830,000)
At 31 January 2010	480,374

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

	2010	2009
	£	£
Fixed assets	59	59
Current assets	1,956,142	1,757,723
Share of gross assets	1,956,201	1,757,782
Liabilities due within one year	1,475,827	1,116,439
Share of gross liabilities	1,475,827	1,116,439
Share of net assets	480,374	641,343

## Notes to the financial statements

at 31 January 2010

### 12. Investments (continued)

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

	2010 £	2009 £
Turnover	2,394,698	1,730,208
Profit before tax	928,555	711,023
Taxation	(259,524)	(202,524)
Profit after tax	669,031	508,499

#### (ii) Subafilms Limited

	£
At 1 February 2009	419,841
Share of loss retained by associate	(44,656)
At 31 January 2010	375,185

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

	2010 £	2009 £
Fixed assets	—	—
Current assets	477,432	512,341
Share of gross assets	477,432	512,341
Liabilities due within one year	93,762	84,015
Deferred taxation	8,485	8,485
Share of gross liabilities	102,247	92,500
Share of net assets	375,185	419,841

## Notes to the financial statements

at 31 January 2010

### 12. Investments (continued)

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

	2010	2009		
	£	£		
Turnover	67,651	129,807		
Loss before tax	(44,780)	71,650		
Taxation	124	(22,041)		
Profit after tax	(44,656)	49,609		
<i>Company</i>				
	<i>Subsidiary</i>	<i>Associated</i>	<i>Joint</i>	
	<i>undertakings</i>	<i>undertakings</i>	<i>venture</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 February 2009	349,323	171,700	218,603	739,626
Capital repayments	(336,442)	–	(218,603)	(555,045)
At 31 January 2010	12,881	171,700	–	184,581
Amounts provided				
At 1 February 2009 and 31 January 2010	(8,045)	–	–	(8,045)
Net book value				
At 31 January 2010	4,836	171,700	–	176,536
At 31 January 2009	341,278	171,700	218,603	731,581

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

## Notes to the financial statements

at 31 January 2010

### 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>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 2010

### 12 Investments (continued)

		<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 and 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 2009

\* 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 L L C is 980 Kelly Johnson Drive, Las Vegas, Nevada, 89119, USA

### 13. Debtors

	<i>2010</i>	<i>Group 2009</i>	<i>2010</i>	<i>Company 2009</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts owed by subsidiary undertakings	–	–	619,891	1,307,853
Amounts owed by associated undertakings	559,284	942,044	559,284	942,044
Amounts owed by joint ventures	56,631	111,184	15,723	15,723
Amounts owed by affiliated undertakings	238,099	298,367	139,052	131,052
Corporation tax repayable	1,652,381	1,487,499	1,650,713	1,487,499
Other debtors	617,530	277,488	617,172	277,125
Prepayments and accrued income	24,197,132	3,245,660	24,145,941	3,226,338
	<u>27,321,057</u>	<u>6,362,242</u>	<u>27,747,776</u>	<u>7,387,634</u>

## Notes to the financial statements

at 31 January 2010

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

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	£	£	£	£
Amounts owed to associated undertakings	1,282,216	1,283,723	259,711	264,711
Amounts owed to affiliated undertakings	261,441	345,260	–	–
Accruals and deferred income	16,232,804	13,266,157	16,036,228	13,101,868
Corporation tax	1,654,203	539,055	1,632,617	175,537
Other taxes and social security costs	79,865	–	79,865	–
	<u>19,510,529</u>	<u>15,434,195</u>	<u>18,008,421</u>	<u>13,542,116</u>

## Notes to the financial statements

at 31 January 2010

### 15 Commitments under operating leases

At 31 January 2010 the group and company had annual commitments under non-cancellable operating leases as set out below

	2010	Other 2009
	£	£
Operating leases which expire In two to five years	5,000	6,300

### 16. Contingent liabilities

The group and company are involved in various legal disputes in the ordinary course of business and, as at 31 January 2010, 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

### 17. Authorised and issued share capital

	2010	2009
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	100	100

	No	2010 £	No	2009 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100	100	100	100

### 18. Dividends

	2010 £	2009 £
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares		
Interim	4,100,000	—

## Notes to the financial statements

at 31 January 2010

### 19 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 2008	100	20,050,952	20,051,052
Profit for the year	–	4,239,278	4,239,278
Exchange differences on retranslation of subsidiary undertakings	–	1,650,575	1,650,575
At 31 January 2009	100	25,940,805	25,940,905
Profit for the year	–	10,843,019	10,843,019
Exchange differences on retranslation of subsidiary undertakings	–	(819,247)	(819,247)
Dividends declared and paid	–	(4,100,000)	(4,100,000)
At 31 January 2010	100	31,864,577	31,864,677
<i>Company</i>			
	<i>Share capital £</i>	<i>Profit account £</i>	<i>Total share- funds £</i>
At 1 February 2008	100	17,184,621	17,184,721
Profit for the year	–	1,929,583	1,929,583
At 31 January 2009	100	19,114,204	19,114,304
Profit for the year	–	9,369,791	9,369,791
Dividends declared and paid	–	(4,100,000)	(4,100,000)
At 31 January 2010	100	24,383,995	24,384,095

### 20 Notes to the statement of cash flows

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

	<i>2010 £</i>	<i>2009 £</i>
Group operating profit	12,435,822	1,841,378
Depreciation	63,312	57,975
Unrealised exchange loss	(269,648)	2,166
(Increase)/decrease in debtors	(20,793,933)	(1,346,246)
Increase/(decrease) in creditors	2,961,185	8,267,667
Net cash (outflow) / inflow from operating activities	(5,603,262)	8,822,940

## Notes to the financial statements

at 31 January 2010

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

#### (b) Returns on investments and servicing of finance

	2010	2009
	£	£
Interest received	132,460	662,954
Interest paid	(3,492)	(215,443)
	<u>128,968</u>	<u>447,511</u>

#### (c) Taxation

	2010	2009
	£	£
Corporation tax recovered	–	112,500
Corporation tax paid	(1,950,000)	(4,500,000)
Overseas tax paid	(1,607,521)	(2,441,185)
	<u>(3,557,521)</u>	<u>(6,828,685)</u>

#### (d) Capital expenditure and financial investment

	2010	2009
	£	£
Payments to acquire tangible fixed assets	(55,449)	(24,500)
Investment in joint ventures – capital repayments received	1,356,163	2,084,654
	<u>1,300,714</u>	<u>2,060,154</u>

#### (e) Financing

	2010	2009
	£	£
Repayment of bank loans	–	(561,166)
Repayment of unsecured loan	–	(4,828,488)
	<u>–</u>	<u>(5,389,654)</u>

## Notes to the financial statements

at 31 January 2010

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

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

	<i>At</i>		<i>At</i>
	<i>31 January</i>	<i>Cash</i>	<i>31 January</i>
	<i>2009</i>	<i>flows</i>	<i>2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash at bank and in hand	26,498,315	(9,752,662)	16,745,653

### 21 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 £5,585,200 each (2009 – £1,152,000 each) and name and likeness payments amounting to £2,176,250 each (2009 – £1,338,125 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 £1,436,800 was included as income in the profit and loss account in the year (2009 – £1,038,120). The amount due from Maclen Joint Limited at the year end amounted to £557,043 (2009 – £939,833)
- (c) At 31 January 2010, the company owed £259,711 (2009 – £264,711) to Subafilms Limited, a company owned by one of more of the shareholders of Apple Corps Limited

### 22 Controlling party

The company has no ultimate controlling party