

APPLE CORPS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

APPLE CORPS LIMITED

COMPANY INFORMATION

Directors

Y O Lennon
O T Harrison
B V Grakal
L V Eastman
S O Lennon

Company secretary

J V Jones

Registered number

00764797

Registered office

27 Ovington Square
London
SW3 1LJ

Independent auditors

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

APPLE CORPS LIMITED

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APPLE CORPS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2023

Introduction

The directors present their strategic report for the year ended 31 January 2023.

Business review

The Group continues to exploit audio, visual and ancillary activities mainly relating to The Beatles. Due to reduced releases in the year, Group turnover has dropped from £58.4 million to £27.3 million and Group profit for the year before taxation reduced to £7.9 million (2022 - £11.7 million).

Joint ventures' turnover has returned to pre-pandemic levels following the reopening of the show in August 2021.

Ordinary dividends of £16.6 million were declared and paid during the year which has resulted in a decrease in Group net assets to £17.5 million (2022 - £24.6 million) but the financial position of the Group remains strong with no debt.

Principal risks and uncertainties

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

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.

Financial key performance indicators

The directors consider turnover, profit, cash reserves and net assets to be the key performance indicators for the Group.

This report was approved by the board and signed on its behalf.

J V Jones

Secretary

Date: 11 September 2023

APPLE CORPS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their report and the financial statements for the year ended 31 January 2023.

Results and dividends

The profit for the year, after taxation, amounted to £9,422,018 (2022 - £9,515,429).

Ordinary dividends of £16,618,000 (2022 – £800,000) were declared and paid during the year. The directors do not recommend a final dividend.

Directors

The directors who served during the year were as follows:

Y O Lennon
O T Harrison
B V Grakal
L V Eastman
S O Lennon

Future developments

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

Directors and officers' liability insurance

The Group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. This insurance cover applied throughout the financial year ended 31 January 2023 and through to the date of this report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

J V Jones
Secretary

Date: 11 September 2023

APPLE CORPS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2023**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPLE CORPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLE CORPS LIMITED

Opinion

We have audited the financial statements of Apple Corps Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2023, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

APPLE CORPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLE CORPS LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLE CORPS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the audio and visual sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the Company's remuneration policies.

APPLE CORPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLE CORPS LIMITED (CONTINUED)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of

Sopher + Co LLP

Chartered Accountants

Statutory Auditors

5 Elstree Gate

Elstree Way

Borehamwood

Hertfordshire

WD6 1JD

11 September 2023

APPLE CORPS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2023

	Note	2023 £	2022 £
Turnover			
Group and share of joint ventures' turnover		47,266,682	66,212,260
Less: share of joint ventures' turnover		(20,013,420)	(7,812,532)
Group turnover		27,253,262	58,399,728
Cost of sales		(1,418,486)	(22,272,827)
Gross profit		25,834,776	36,126,901
Administrative expenses		(20,591,795)	(26,271,188)
Other operating income	5	1,268,000	1,127,800
Operating profit	6	6,510,981	10,983,513
Share of profit/(loss) of joint ventures		529,580	(84,616)
Share of profit of associates		874,561	758,713
Total operating profit		7,915,122	11,657,610
Interest receivable and similar income	10	42,007	46,026
Profit before taxation		7,957,129	11,703,636
Tax on profit	11	1,464,889	(2,188,207)
Profit for the financial year		9,422,018	9,515,429
Currency translation differences		121,336	26,053
Total comprehensive income for the year		9,543,354	9,541,482

The notes on pages 13 to 27 form part of these financial statements.

All amounts relate to continuing operations.

APPLE CORPS LIMITED
REGISTERED NUMBER:00764797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	-	-
Tangible assets	14	1,485,094	1,528,615
Investments	15	1,880,462	1,305,421
		<u>3,365,556</u>	<u>2,834,036</u>
Current assets			
Debtors: amounts falling due within one year	16	12,326,179	7,658,158
Bank and cash balances		14,838,031	49,614,785
		<u>27,164,210</u>	<u>57,272,943</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(12,878,868)	(35,335,895)
Net current assets		<u>14,285,342</u>	<u>21,937,048</u>
Total assets less current liabilities		<u>17,650,898</u>	<u>24,771,084</u>
Provisions for liabilities			
Deferred taxation	18	(171,998)	(217,538)
Net assets		<u><u>17,478,900</u></u>	<u><u>24,553,546</u></u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		17,478,800	24,553,446
		<u><u>17,478,900</u></u>	<u><u>24,553,546</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B V Grakal
Director

Date: 11 September 2023

The notes on pages 13 to 27 form part of these financial statements.

APPLE CORPS LIMITED
REGISTERED NUMBER:00764797

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	-	-
Tangible assets	14	1,485,094	1,528,615
Investments	15	321,854	321,854
		<u>1,806,948</u>	<u>1,850,469</u>
Current assets			
Debtors: amounts falling due within one year	16	9,967,453	6,893,800
Bank and cash balances		13,101,931	47,887,202
		<u>23,069,384</u>	<u>54,781,002</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(10,162,450)	(33,588,622)
Net current assets		<u>12,906,934</u>	<u>21,192,380</u>
Net assets		<u>14,713,882</u>	<u>23,042,849</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		14,713,782	23,042,749
		<u>14,713,882</u>	<u>23,042,849</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B V Grakal
Director

Date: 11 September 2023

The notes on pages 13 to 27 form part of these financial statements.

APPLE CORPS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 1 February 2021	100	15,811,964	15,812,064
Profit for the year	-	9,515,429	9,515,429
Currency translation differences	-	26,053	26,053
Dividends: Equity capital	-	(800,000)	(800,000)
At 1 February 2022	100	24,553,446	24,553,546
Profit for the year	-	9,422,018	9,422,018
Currency translation differences	-	121,336	121,336
Dividends: Equity capital	-	(16,618,000)	(16,618,000)
At 31 January 2023	100	17,478,800	17,478,900

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2023

	Called up share capital £	Profit and loss account £	Total equity £
At 1 February 2021	100	15,105,180	15,105,280
Profit for the year	-	8,737,569	8,737,569
Dividends: Equity capital	-	(800,000)	(800,000)
At 1 February 2022	100	23,042,749	23,042,849
Profit for the year	-	8,289,033	8,289,033
Dividends: Equity capital	-	(16,618,000)	(16,618,000)
At 31 January 2023	100	14,713,782	14,713,882

The notes on pages 13 to 27 form part of these financial statements.

APPLE CORPS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	9,422,018	9,515,429
Adjustments for:		
Depreciation of tangible assets	58,297	72,063
Interest received	(42,007)	(46,026)
Taxation charge	(1,464,889)	2,188,207
(Increase)/decrease in debtors	(3,833,685)	79,899
(Decrease)/increase in creditors	(21,818,430)	16,026,791
Share of (profit)/loss of joint ventures	(529,580)	84,616
Share of profit of associates	(874,561)	(758,713)
Corporation tax paid	(2,795,963)	(1,295,927)
Foreign exchange	(2,343,851)	(446,391)
Tax credit receivable	2,899,457	-
Net cash generated from operating activities	(21,323,194)	25,419,948
Cash flows from investing activities		
Purchase of tangible fixed assets	(14,776)	(9,046)
Interest received	42,007	46,026
Dividends from associates	704,000	720,400
Net cash from investing activities	731,231	757,380
Cash flows used in financing activities		
Dividends paid	(16,618,000)	(800,000)
Net cash used in financing activities	(16,618,000)	(800,000)
Net (decrease)/increase in cash and cash equivalents	(37,209,963)	25,377,328
Cash and cash equivalents at beginning of year	49,614,785	23,774,292
Foreign exchange gains and losses	2,433,209	463,165
Cash and cash equivalents at the end of year	14,838,031	49,614,785
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	14,838,031	49,614,785

The notes on pages 13 to 27 form part of these financial statements.

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. General information

Apple Corps Limited is a private limited liability company incorporated in England and Wales with its registered office address at 27 Ovington Square, London, SW3 1LJ.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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 Statement of Comprehensive Income 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 ventures under a contractual agreement are treated as joint ventures.

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.

2.3 Associates and joint ventures

In the Group financial statements, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the investee. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings and joint ventures are shown as the Group's share of the identifiable net assets.

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.5 Intangible 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 life.

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.

2.6 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

Freehold land is not depreciated. 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.

2.7 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.

2.8 Returns

No provision is made for any reduction in royalties 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.

2.9 Debtors

Short term debtors are measured at the transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on sufficient notice agreed in advance.

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is £ Sterling.

Transactions and balances

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 Statement of Financial Position date. All differences are taken to the Consolidated Statement of Comprehensive Income.

The financial statements of overseas subsidiary undertakings and joint ventures are translated at the rate of exchange ruling at the Statement of Financial Position date. The exchange differences arising on the retranslation of opening net assets are recognised in other comprehensive income. All other translation differences are taken to the Consolidated Statement of Comprehensive Income.

2.14 Dividends

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Current and deferred taxation

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position date.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.17 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.

2.18 Pensions

Defined contribution pension plan

The Company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. Significant judgements and estimates

In preparing these financial statements, the directors have made judgments to determine whether there are indicators of impairment of the Group's investments. This involved estimation of future cash flows expected to be generated by these investments and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

4. Group 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 basis.

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.

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

5. Other operating income

	2023 £	2022 £
Administration fees receivable	<u>1,268,000</u>	<u>1,127,800</u>

6. Operating profit

This is stated after charging:

	2023 £	2022 £
Exchange differences	(2,187,410)	(523,943)
Other operating lease rentals	<u>434</u>	<u>501</u>

7. Auditors' remuneration

	2023 £	2022 £
Fees Payable to the Group's auditor in respect of:		
Audit-related assurance services	35,000	35,000
Taxation compliance services	73,620	73,620
	<u>108,620</u>	<u>108,620</u>

8. Directors' remuneration

	2023 £	2022 £
Fees	800,000	800,000
Other emoluments	132,413	117,284
	<u>932,413</u>	<u>917,284</u>

The highest paid director received remuneration of £233,103 (2022 - £229,321).

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £
Wages and salaries	2,731,497	2,944,719
Social security costs	289,839	305,912
Cost of defined contribution scheme	34,376	32,753
	<u>3,055,712</u>	<u>3,283,384</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Administration	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>

10. Interest receivable

	2023 £	2022 £
Bank interest receivable	42,007	35,683
Other interest	-	10,343
	<u>42,007</u>	<u>46,026</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	1,312,301	2,212,208
Adjustments in respect of previous periods	(3,052,657)	(1,800)
Double taxation relief	(13,048)	(11,535)
Foreign tax		
Foreign tax on income for the year	353,693	(23,087)
Foreign tax in respect of prior periods	-	19,505
Total current tax	(1,399,711)	2,195,291
Deferred tax		
Origination and reversal of timing differences	(65,178)	(7,084)
Taxation on profit on ordinary activities	(1,464,889)	2,188,207

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>7,957,129</u>	<u>11,703,636</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,511,855	2,223,691
Effects of:		
Expenses not deductible for tax purposes	16,617	7,662
Depreciation for year in excess of capital allowances	94,103	18,096
Overseas tax rate greater /(less) than the UK rate	32,671	(3,285)
Prior year (over)/under provision	(157,001)	17,705
Film Tax Credit in respect of prior period	(2,899,457)	-
Unrelieved tax losses carried forward	856	-
Movement in deferred tax	(65,178)	(7,084)
Other differences	645	(68,578)
Total tax charge for the year	(1,464,889)	2,188,207

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

12. Parent company profit for the year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent Company's profit for the year was £8,289,033 (2022 - £8,737,569).

13. Intangible assets

Group and Company

	Trademarks £
Cost	
At 1 February 2022	518,068
At 31 January 2023	518,068
Amortisation	
At 1 February 2022	518,068
At 31 January 2023	518,068
Net book value	
At 31 January 2023	-
At 31 January 2022	-

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

14. Tangible fixed assets

Group and Company

	Freehold property £	Fixtures and fittings £	Other fixed assets £	Total £
Cost				
At 1 February 2022	2,309,558	310,213	30,518	2,650,289
Additions	-	14,776	-	14,776
Disposals	-	(63,893)	-	(63,893)
At 31 January 2023	2,309,558	261,096	30,518	2,601,172
Depreciation				
At 1 February 2022	813,887	277,269	30,518	1,121,674
Charge for the year on owned assets	36,092	22,205	-	58,297
Disposals	-	(63,893)	-	(63,893)
At 31 January 2023	849,979	235,581	30,518	1,116,078
Net book value				
At 31 January 2023	1,459,579	25,515	-	1,485,094
At 31 January 2022	1,495,671	32,944	-	1,528,615

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

15. Fixed asset investments

Group

	Investments in associates £	Investments in joint ventures £	Total £
Cost			
At 1 February 2022	850,896	454,525	1,305,421
Foreign exchange movement	-	41,031	41,031
Dividends received	(704,000)	-	(704,000)
Share of profit	708,430	529,580	1,238,010
At 31 January 2023	855,326	1,025,136	1,880,462
Net book value			
At 31 January 2023	855,326	1,025,136	1,880,462
At 31 January 2022	850,896	454,525	1,305,421

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 February 2022	150,156	171,700	321,856
At 31 January 2023	150,156	171,700	321,856
Impairment			
At 1 February 2022	2	-	2
At 31 January 2023	2	-	2
Net book value			
At 31 January 2023	150,154	171,700	321,854
At 31 January 2022	150,154	171,700	321,854

APPLE CORPS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

Subsidiary undertakings and participating interests

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Apple Corps Inc.	USA	Intermediate holding company	100 %
Apple Show Inc.	USA	Intermediate holding company	100 %
Python Music Limited	UK	Dormant	100 %
Apple Films Production Limited	UK	Film Production	100 %

All shareholdings are ordinary shares or common stock.

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
Apple Records Inc. (California)	USA	Exploitation of musical copyrights	100 %
Apple Records Inc. (New York)	USA	Dormant	100 %
Apple Music Publishing Company Inc.	USA	Dormant	100 %
Apple Films Inc.	USA	Exploitation of film copyrights	100 %

Associates

The following were associates of the Company:

Name	Principal activity	Class of shares	Holding
Maclen (Music) Limited+	Holding company	'C' ordinary shares	20 %
Maclen Joint Limited+	Exploitation of music rights	Ordinary shares	20 %
Subafilms Limited+	Marketing, production and distribution of films	Ordinary shares	23.9 %

Maclen Joint Limited is held by an associated undertaking.

+ Year ended 31 December 2022

APPLE CORPS LIMITED

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FOR THE YEAR ENDED 31 JANUARY 2023

Joint ventures

The following were joint ventures of the Company:

Name	Registered office	Principal activity	Holding
The Cirque Apple Creation Partnership ⁺		Creation of musical performances	50 %
Cirque Apple Las Vegas, L.L.C.* ⁺	USA	Producing and presenting live shows	50 %

⁺ Year ended 31 December 2022

* Held by a subsidiary undertaking.

The 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 1151 Grier Drive, Suite C, Las Vegas, Nevada 89119, USA.

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts owed by group undertakings	-	-	1,238,408	1,165
Amounts owed by joint ventures and associated undertakings	768,273	703,194	641,755	447,620
Other debtors	1,125,347	449,073	809,437	149,796
Prepayments and accrued income	6,698,765	6,505,891	6,688,684	6,295,219
Corporation tax repayable	3,733,794	-	589,169	-
	<u>12,326,179</u>	<u>7,658,158</u>	<u>9,967,453</u>	<u>6,893,800</u>

17. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts owed to group undertakings	-	-	334,593	2,610,044
Amounts owed to associated undertakings	1,078,451	1,057,971	45,812	25,332
Amounts owed to affiliated undertakings	394,548	366,257	-	-
Corporation tax	-	638,598	-	692,908
Other taxation and social security	56,562	46,375	56,562	46,375
Accruals and deferred income	11,349,307	33,226,694	9,725,483	30,213,963
	<u>12,878,868</u>	<u>35,335,895</u>	<u>10,162,450</u>	<u>33,588,622</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

18. Deferred taxation

Group

	2023 £
At beginning of year	217,538
Released to profit or loss	(65,178)
Foreign exchange movement	19,638
At end of year	<u>171,998</u>

The provision for deferred taxation is made up as follows:

	Group 2023 £	Group 2022 £
Accelerated capital allowances	<u>171,998</u>	<u>217,538</u>

19. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

20. Contingent liabilities

The Group and Company are involved in various disputes in the ordinary course of business and, as at 31 January 2023, 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 or Company.

21. Pension commitments

The Company contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £34,376 (2022 - £32,753).

APPLE CORPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

22. Related party transactions

Amounts charged to the Consolidated Statement of Comprehensive Income include aggregate fees of £4,247,000 each (2022 - £5,307,750) payable to the beneficial shareholders (Sir JP McCartney, Sir R Starkey, Mrs YO Lennon and Mrs OT Harrison) and their related companies in connection with the provision of promotional services and name and likeness rights. At the Statement of Financial Position date, the Group owed £8,609,400 (2022 - £15,693,400) to the shareholders and their related companies.

During the year, the Company paid dividends of £4,154,500 (2022 - £200,000) to Mrs Y O Lennon, a director of the Company.

23. Key management compensation

During the year, the Company paid compensation of £2,296,620 (2022 - £2,507,906) to its key management personnel.

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