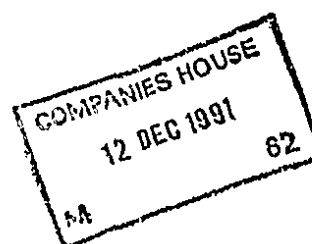


**APPLE COMPUTER (UK) LIMITED**

*(Company registration no. 1591116)*

**Report and Accounts**

**27th September 1991**



## **APPLE COMPUTER (UK) LIMITED**

### **DIRECTORS' REPORT**

The directors submit their report and accounts for the year ended September 27, 1991.

#### **Results and dividends**

The profit for the year, after taxation, but before extraordinary item, amounted to £ 1,610,814 (1990 - £1,971,603).

The directors do not recommend the payment of a dividend.

#### **Review of the business and future developments**

The company's principal activities during the year were the provision of services to support the distribution of Apple Computer products in the United Kingdom and the performance of service work for Apple Computer products.

In November 1990 the company acquired a minority holding under a joint venture agreement in a company called Advanced Risc Machines Limited. Due to the inherent risk in this undertaking, the investment of £1,500,000 has been provided against in full as set out in note 8 to the accounts.

The directors do not envisage any change in the activities of the company in the foreseeable future.

#### **Directors and their interests**

The directors who served during the year were as follows:

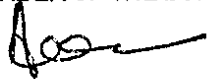
A.A. Eisenstat	(U.S.A.)
S. Olsson	
A. Weekes	
M. Newton	(Appointed October 1, 1990)
P. Chauveau	(Resigned October 1, 1990)

No director had any disclosable interests in the share capital of the company or group undertakings incorporated in the United Kingdom at any time during the year.

#### **Auditors**

Ernst and Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD



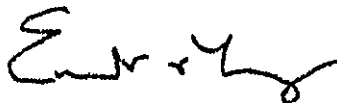
A. WEEKES  
Secretary

October 31st 1991

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
APPLE COMPUTER (UK) LIMITED**

We have audited the accounts on pages 3 to 12 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at September 27, 1991 and of its profit and source and application of funds for the year then ended and have been prepared in accordance with the Companies Act 1985.



ERNST & YOUNG  
Registered Auditor  
London

October 31, 1991

APPLE COMPUTER (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED SEPTEMBER 27, 1991

	Notes	1991 £	1990 £
Turnover	2	35,756,504	34,433,3
Cost of sales		6,570,932	6,897,9
Gross profit		29,185,572	26,974,0
Distribution costs and administrative expenses		26,577,272	24,322,5
Profit before interest and taxation	3	2,608,300	3,212,9
Interest receivable/(payable)	5	19,241	(5,8)
Profit on ordinary activities before taxation		2,627,541	3,207,0
Tax on profit on ordinary activities	6	1,016,727	1,235,4
Profit on ordinary activities after taxation		1,610,814	1,971,6
Extraordinary item	8	1,500,000	
Profit for the financial year		110,814	1,971,6
Retained profit brought forward		3,268,598	1,296,5
Retained profit carried forward		3,379,412	3,268,5

The notes on pages 6 to 12 form part of these financial statements

APPLE COMPUTER (UK) LTD

BALANCE SHEET AT SEPTEMBER 27, 1991

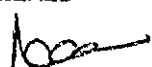
	Notes	1991 £	1990 £
<b>ASSETS</b>			
Fixed assets:			
Tangible fixed assets	7	29,249,923	20,285,673
Investments	8	-	-
Current assets:			
Inventory	9	429,592	1,064,032
Debtors	10	4,200,082	3,672,374
Cash at bank and in hand		1,646,761	909,306
		6,276,435	5,645,712
		<u>35,526,358</u>	<u>25,931,385</u>
<b>LIABILITIES</b>			
Capital and reserves:			
Called up share capital	11	1,000,000	1,000,000
Profit & loss account		3,379,412	3,268,598
Provision for liabilities and charges:			
Deferred taxation	12	-	126,117
Creditors: amounts falling due within one year	13	5,024,369	5,686,153
Creditors: amounts falling due after more than one year	17	26,122,577	15,850,517
		<u>35,526,358</u>	<u>25,931,385</u>

M. NEWTON



)  
) Directors  
)

A. WEEKES



October 31st, 1991

The notes on pages 6 to 12 form part of these financial statements

**APPLE COMPUTER (UK) LIMITED**

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED SEPTEMBER 27, 1991**

	1991 £	1990 £
<b>Source of Funds:</b>		
Profit on ordinary activities before taxation	2,627,541	3,207,070
Adjustment for items not involving the movement of funds:		
Depreciation	1,609,452	1,185,286
Loss on disposal of fixed assets	86,591	-
	<hr/> 4,323,584	<hr/> 4,392,356
<b>Funds from other sources:</b>		
Proceeds from sale of tangible fixed assets	-	-
Increase in long term loan	10,272,060	4,850,517
	<hr/> 14,595,644	<hr/> 9,242,873
<b>Application of Funds:</b>		
Purchase of tangible fixed assets	10,660,293	6,482,307
Purchase of investment	1,500,000	-
Tax paid	1,050,000	926,003
	<hr/> 1,385,351	<hr/> 1,834,563
<b>Increase in working capital:</b>		
<b>Components of (decrease)/ increase in working capital:</b>		
Inventory	(634,440)	(133,189)
Debtors	527,708	(1,205,548)
Creditors	754,628	1,902,528
	<hr/> 647,896	<hr/> 593,791
<b>Movement in net liquid funds:</b>		
Bank overdraft	-	331,467
Cash at bank and in hand	737,455	909,305
	<hr/> <u>1,385,351</u>	<hr/> <u>1,834,563</u>

The notes on pages 6 to 12 form part of these financial statements

## APPLE COMPUTER (UK) LIMITED

### NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991

#### 1. Accounting policies

##### Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

##### 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:

Construction-in-progress	not depreciated until asset comes into use
Office equipment	33% straight line
Motor vehicles	33% straight line
Building - shell and core	straight line over 30 years
Building - fit out	straight line over 10 years
Apple own use	33% straight line

##### Inventory

Inventory is stated at the lower of cost, on a F.I.F.O. basis, and net realisable value.

##### Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

##### Foreign currencies

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

##### Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

##### Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

# APPLE COMPUTER (UK) LIMITED

## NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991 (continued)

### 2. Turnover

Turnover represents the invoiced amount of goods sold and services provided (net of value added tax), together with commissions received and receivable.

The directors have elected not to disclose the analysis of turnover and profit before taxation by class of business and geographical market, on the grounds that it would be prejudicial to the interests of the company to do so.

### 3. Operating profit

	1991 £	1990 £
(a) This is stated after charging:		
Directors' remuneration (see below)	216,269	341,061
Auditors' remuneration	26,000	26,600
Depreciation	1,609,452	1,185,286
Reorganisation costs	806,574	-
Software development costs	232,338	5,523
Operating lease/rental		
Plant and machinery	873,462	870,340
Land and buildings	<u>638,470</u>	<u>174,872</u>

#### (b) Directors' remuneration:

Fees	-	-
Other emoluments (including pension contributions)	<u>216,269</u>	<u>341,061</u>

The emoluments of the highest paid director, excluding pension contributions, were £115,949 (1990 - £167,064). Other directors' emoluments, excluding pension contributions fell within the following range:

	No.	No.
£Nil - £5000	2	4
£70,000 - £75,000	-	1
£85,000 - £90,000	1	-
£90,000 - £95,000	-	1
£115,000 - £120,000	1	-
£165,000 - £170,000	-	1

The directors are covered by the parent company's group directors' indemnity insurance policy. No allocation of premium costs is made by the parent company.



APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991  
(continued)

4. Staff costs

	1991 £	1990 £
Wages and salaries	7,411,495	6,672,202
Social security costs	670,093	726,303
Other pension costs	280,977	245,049
	<u>8,362,565</u>	<u>7,643,554</u>

(Including directors' emoluments and reorganisation costs.)

The average weekly number of employees during the year was made up as follows:

	1991	1990
Sales and marketing	117	140
Distribution and administration	<u>63</u>	<u>54</u>
	<u>180</u>	<u>194</u>

5. Interest receivable/(payable)

	1991 £	1990 £
Interest receivable:		
Bank	29,006	-
Other	11,491	2,625
Interest payable:		
Bank	(5,316)	(4,027)
Other	<u>(15,940)</u>	<u>(4,452)</u>
	<u>19,241</u>	<u>(5,854)</u>

6. Tax on profit on ordinary activities

	1991 £	1990 £
Based on the profit for the year:		
Current taxation at 33.5%	1,058,547	1,216,223
Deferred taxation at 33%	(126,117)	126,117
Corporation tax:		
Under/(over) provided in previous years	84,297	(106,873)
	<u>1,016,727</u>	<u>1,235,467</u>

APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991  
(continued)

7. Tangible fixed assets

	Land (Long leasehold) £	Buildings £	Leasehold Improvement £	Office Equipment £	Apple Own Use £	Construction In Progress £	Total £
CCST:							
September 28 1990	7,919,492	5,159,724	352,580	2,880,172	1,353,894	5,354,165	23,020,027
Additions	-	55,674	-	435,909	193,103	9,975,607	10,660,293
Disposals	-	-	-	183,590	233,327	-	416,917
Transfers	-	(1,796)	28,334	(26,538)	-	-	-
September 27 1991	<u>7,919,492</u>	<u>5,213,602</u>	<u>380,914</u>	<u>3,105,953</u>	<u>1,313,670</u>	<u>15,329,772</u>	<u>33,263,403</u>
DEPRECIATION:							
September 28 1990	-	406,334	352,580	1,363,375	612,065	-	2,734,354
Additions	-	289,770	-	904,105	415,577	-	1,609,452
Disposals	-	-	-	174,748	155,578	-	330,326
Transfers	-	(359)	28,334	(27,975)	-	-	-
September 27 1991	<u>-</u>	<u>695,745</u>	<u>380,914</u>	<u>2,064,757</u>	<u>872,064</u>	<u>-</u>	<u>4,013,480</u>
NET BOOK VALUE							
September 27 1991	<u>7,919,492</u>	<u>4,517,857</u>	<u>-</u>	<u>1,041,196</u>	<u>441,606</u>	<u>15,329,772</u>	<u>29,249,923</u>
September 28 1990	<u>7,919,492</u>	<u>4,753,390</u>	<u>-</u>	<u>1,516,797</u>	<u>741,829</u>	<u>5,354,165</u>	<u>20,285,673</u>

# APPLE COMPUTER (UK) LIMITED

## NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991

(continued)

### 8. Investments

	1991 £	1990 £
Unlisted investments		
At cost 27th September 1991	1,500,000	-
Less: provision against investment (extraordinary item)	(1,500,000)	-
At valuation 27th September 1991	<u>-</u>	<u>-</u>

The company owns 46% of the issued ordinary share capital and 46% of the issued preference share capital of Advanced Risc Machines Limited, a company registered in England.

The provision against the investment in the profit and loss account is considered to be an extraordinary item as the investment does not form part of the ordinary course of activities of the company.

### 9. Inventory

	1991 £	1990 £
Goods for resale	<u>429,592</u>	<u>1,064,032</u>

### 10. Debtors

	1991 £	1990 £
Trade debtors	801,599	652,056
Amounts owed by group undertakings	2,813,387	2,426,550
Prepayments	460,528	298,185
Other debtors	124,568	295,583
	<u>4,200,082</u>	<u>3,672,374</u>

### 11. Share capital

	Authorised, allotted, called up and fully paid'	
	1991 No.	1990 No.
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991  
(continued)

12. Deferred taxation

	Potential		Provision	
	1991	1990	1991	1990
	£	£	£	£
Capital allowances in advance of depreciation	(196,872)	128,944	-	128,944
Other differences in recognising revenue and expense items in other periods for tax purposes	(3,425)	(2,827)	-	(2,827)
	<u>(200,297)</u>	<u>126,117</u>	<u>-</u>	<u>126,117</u>

13. Creditors: amounts falling due within one year

	1991	1990
	£	£
Trade creditors	975,282	1,113,856
Amounts owed to group undertakings	64,352	60,786
Amounts owed to parent company	18,115	830,860
Taxes and social security costs	245,548	287,249
Accruals	2,462,226	2,227,400
Corporation tax	1,258,846	1,166,002
	<u>5,024,369</u>	<u>5,686,153</u>

Included within accruals is £43,360 (1990 - £31,321) relating to outstanding contributions payable to the pension scheme.

14. Capital commitments

	1991	1990
	£	£
Contracted:		
Land and buildings	-	9,493,493
Other	-	-
	<u>-</u>	<u>9,493,493</u>

# APPLE COMPUTER (UK) LIMITED

## NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1991 (continued)

### 15. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16. Other financial commitments

At September 27, 1991, the company had annual commitments under non-cancellable operating leases as set out below:

	1991	1991	1990	1990
	Building	Other	Building	Other
	£	£	£	£
Operating leases expiring:				
Within 1 year:	-	82,251	-	106,665
2-5 years:	-	567,684	-	491,015
Over 5 years:	142,776	-	142,776	-
	<u>142,776</u>	<u>649,935</u>	<u>142,776</u>	<u>597,680</u>

### 17. Creditors: amounts falling due after more than one year

	1991	1990
	£	£
Loan due to group undertaking	<u>26,122,577</u>	<u>15,850,517</u>

This loan is repayable after 5 years.

### 18. Ultimate parent company

Apple Computer Inc., incorporated in the USA, is the ultimate parent company.

Apple Computer (UK) Limited forms part of the Group accounts prepared by the ultimate parent company. Copies of Apple Computer Inc. Group accounts may be obtained from:

20525 Mariani Avenue  
Cupertino  
CA 95014 USA