

# **Apple Computer (UK) Limited**

## **Directors' report and financial statements**

**Year ended 24 September 2005**

*Registered number 1591116*



# Apple Computer (UK) Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities in respect of the Directors Report and financial statements	2
Independent auditors' report to the members of Apple Computer (UK) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 15

# Apple Computer (UK) Limited

## Directors' report

The directors present their annual report and audited financial statements for the year ended 24 September 2005.

### Principal activities and business review

The company's principal activity is to provide services to other group companies.

### Results

The profit for the year after taxation amounted to £5,632,000 (2004: £2,260,000 profit).

### Review of business

The results of the company for the year ended 24 September 2005 as set out on page 4 are considered satisfactory.

### Dividend

No dividend (2004: £Nil) was paid or proposed.

### Directors and their interests

The directors who held office during the year were as follows:

Georges Guyon de Chemilly

Nancy Heinen (on 1 May 2006, resigned as a director)

Peter Oppenheimer (replaced Nancy Heinen as secretary on 11 May 2006)

Gary Wipfler

Tim Cook (on 8 May 2006, was appointed as a director)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. The interests of the directors in other group companies are disclosed in the directors' report of the parent company.

### Political and charitable contributions

The company made no political contributions during the year (2004: £Nil). Donations to UK charities amounted to £Nil (2004: £Nil).

### Post balance sheet events

During Fiscal Year 2006, Apple Computer (UK) Limited received an interim dividend from its investee Apple Operations International (formerly 'Apple Computer Inc. Ltd') and proposed and paid an interim dividend out to its shareholder Apple Computer Inc.

### Auditors

KPMG, Chartered Accountants, will continue in office.

By order of the board

Director.....

Print.....Peter Oppenheimer

Dated...July 20, 2006

100 New Bridge Street  
London EC4V 6JA

# Apple Computer (UK) Limited

## Statement of directors' responsibilities in respect of the Directors' Report and financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG**  
**Chartered Accountants**  
90 South Mall  
Cork  
Ireland

## Independent auditors' report to the members of Apple Computer (UK) Limited

We have audited the financial statements on pages 4 to 15.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

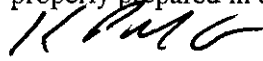
### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 24 September 2005 and of its profit for the 12 month year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG**  
Chartered Accountants  
Registered Auditors

Date: 20 July 2006

# Apple Computer (UK) Limited

## Profit and loss account

*for the year ended 24 September 2005*

	<i>Note</i>	<b>2005</b> <b>£'000</b>	2004 £'000
<b>Turnover</b>	2	<b>23,379</b>	19,590
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross profit</b>		<b>23,379</b>	19,590
Distribution costs		(387)	(562)
Administrative expenses		(18,226)	(16,635)
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>4,766</b>	2,393
Interest receivable and similar income	6	897	555
Interest payable & similar charges	7	(206)	(41)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>5,457</b>	2,907
Tax on profit on ordinary activities	8	175	(647)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	14	<b>5,632</b>	2,260
		<hr/>	<hr/>

There were no other recognised gains or losses other than those shown above.

# Apple Computer (UK) Limited

## Balance sheet at 24 September 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	9	547	621
Investments	10	3,715	3,716
		<hr/>	<hr/>
		4,262	4,337
<b>Current assets</b>			
Debtors	11	24,579	20,311
Cash at bank and in hand		2,183	1,079
		<hr/>	<hr/>
		26,762	21,390
<b>Creditors: amounts falling due within one year</b>	12	(2,622)	(2,957)
		<hr/>	<hr/>
<b>Net current assets</b>		24,140	18,433
		<hr/>	<hr/>
<b>Net assets</b>		28,402	22,770
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	1,000	1,000
Profit and loss account	14	27,402	21,770
		<hr/>	<hr/>
<b>Shareholders' funds – equity</b>	14	28,402	22,770
		<hr/>	<hr/>

These financial statements were approved by the board of directors on ..... July 20, 2006 .....  
and were signed on its behalf by:

Director.....

Print.....

Peter Oppenheimer

Dated..... July 20, 2006 .....

100 New Bridge Street  
London EC4V 6JA

# Apple Computer (UK) Limited

## Notes

*forming part of the financial statements*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

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

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Apple Computer, Inc. the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The consolidated financial statements of Apple Computer, Inc., within which the results of this company are included, can be obtained from the address given in the notes to the accounts.

#### ***Investments***

Investments are valued at cost, less any charge for impairment.

#### ***Fixed assets & 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:

Office equipment	20% straight line
Leasehold improvements	lesser of 10 years or lease term
Apple own use	33% - 100% straight line

#### ***Taxation***

Current tax is provided on the company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

# Apple Computer (UK) Limited

## Notes (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### 1 Accounting policies (continued)

#### *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 the profit and loss account on a straight line basis over the term of the lease.

#### *Turnover*

The company earns commission income under commission agent agreements in place with related group undertakings. Commission receivable for the provision of services to group companies is recognised when earned.

### 2. Turnover

As permitted by paragraph 55(5) of Schedule 4 to the Companies Act 1985, turnover is not analysed as in the opinion of the directors the disclosure of this information would be seriously prejudicial to the interests of the company.

### 3 Operating profit

	2005 £'000	2004 £'000
<i>Operating profit is stated after charging:</i>		
Auditors' remuneration		
- audit	33	30
Depreciation	240	251
Hire of plant and machinery		
- rentals under operating leases	303	282
Other operating lease rentals	1,420	1,311
Loss on disposal of tangible fixed assets	51	54

# Apple Computer (UK) Limited

## Notes (continued)

### 4 Remuneration of directors

	2005 £'000	2004 £'000
Emoluments (including pension contributions)	-	-

Two directors exercised share options in Apple group companies during the year (2004: 2).

### 5 Staff numbers and costs

The average weekly number of employees (including directors) during the year was 138 (2004: 157) and is analysed into the following categories:

	2005 Number	2004 Number
Sales/Marketing	81	84
Finance/Administration	20	22
Technical	37	51
	138	157

	2005 £'000	2004 £'000
Wages and salaries	8,427	8,739
Social security costs	1,659	1,216
Other pension costs	275	362
	10,361	10,317

### 6 Interest receivable and similar income

	2005 £'000	2004 £'000
Bank interest receivable	30	40
Interest from Loans to related undertakings	862	515
Other	5	-
	897	555

# Apple Computer (UK) Limited

Notes *(continued)*

## 7 Interest payable & similar charges

	2005	2004
	£'000	£'000
Bank Charges and Fees	111	18
Other	95	23
	<hr/>	<hr/>
	206	41
	<hr/>	<hr/>

## 8 Tax on profit on ordinary activities

### (a) Analysis of tax charge

	2005	2004
	£'000	£'000
UK Corporation tax (note 8(b))	(214)	600
	<hr/>	<hr/>
<b>Total current tax charge</b>	<b>(214)</b>	<b>600</b>
	<hr/>	<hr/>
Deferred tax (note 11)	39	47
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	<b>(175)</b>	<b>647</b>
	<hr/>	<hr/>

# Apple Computer (UK) Limited

## Notes (continued)

### (b) Factors affecting tax charge for year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

#### Current tax reconciliation

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before tax	5,457	-
Taxation charge at UK corporation tax rate of 30%	1,637	-
Effects of:		
Capital allowances for period in excess of depreciation	(16)	(25)
Expensed fixed assets	9	2
Short term timing differences	-	(2)
Permanent timing differences	(2,317)	(274)
Adjustment in respect of prior years	(214)	27
Group relief surrendered not paid	114	-
Utilisation Losses (carry back to 2004)	573	-
<b>Total current tax charge</b>	<b>(214)</b>	<b>600</b>

# Apple Computer (UK) Limited

## Notes (continued)

### 9 Tangible fixed assets

	<b>Leasehold improvement £'000</b>	<b>Office equipment £'000</b>	<b>Apple own use £'000</b>	<b>Total £'000</b>
<b><i>Cost</i></b>				
At beginning of year	813	1,383	1,210	3,406
Additions	90	37	90	217
Disposals	(56)	(407)	(1,041)	(1,504)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	847	1,013	259	2,119
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Depreciation</i></b>				
At beginning of year	333	1,282	1,170	2,785
Charge for year	83	42	115	240
Disposals	(7)	(406)	(1,040)	(1,453)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	409	918	245	1,572
	<hr/>	<hr/>	<hr/>	<hr/>
<b><i>Net book value</i></b>				
At 24 September 2005	438	95	14	547
	<hr/>	<hr/>	<hr/>	<hr/>
At 25 September 2004	480	101	40	621
	<hr/>	<hr/>	<hr/>	<hr/>

### 10 Investments

	<b>Share in group undertakings £'000</b>
Cost at beginning and end of year	3,715
	<hr/>

The above investment represents 3.58% of ordinary share capital of Apple Operations International (formerly Apple Computer Inc. Ltd.), a company incorporated in the Republic of Ireland

# Apple Computer (UK) Limited

## Notes (continued)

### 11 Debtors

#### Debtors due within one year:

	2005 £'000	2004 £'000
Amounts owed by related undertakings	10,376	5,121
Loans to related undertakings	11,426	14,413
Other debtors and prepayments	549	470
Deferred tax asset	151	190
Corporation tax recoverable	1,492	117
	<hr/>	<hr/>
	23,994	20,311
	<hr/>	<hr/>

#### Debtors due after more than one year:

Amounts owed by related undertakings	585	-
	<hr/>	<hr/>
	24,579	20,311
	<hr/>	<hr/>

The loans to related undertakings are interest bearing. The amounts owed by related undertakings are non-interest bearing.

The company has a recognised deferred tax asset of £151,000 (2004: £190,000) arising from the excess of depreciation over capital allowances.

### 12 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	896	998
Social security	349	274
Accruals	1,377	1,685
	<hr/>	<hr/>
	2,622	2,957
	<hr/>	<hr/>

# Apple Computer (UK) Limited

## Notes (continued)

### 13 Called up share capital

	2005 £'000	2004 £'000
<i>Authorised, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000

### 14 Reconciliation of shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At beginning of year	1,000	21,770	22,770
Profit for the year	-	5,632	5,632
	<hr/>	<hr/>	<hr/>
<b>At end of year</b>	<b>1,000</b>	<b>27,402</b>	<b>28,402</b>
	<hr/>	<hr/>	<hr/>

### 15 Pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. The pension costs charged for the period represents contributions payable by the company to the scheme and amounted to £275,421 (2004: £362,130). The liability outstanding at the year end was £29,660 (2004: £41,616).

# Apple Computer (UK) Limited

Notes (continued)

## 16 Commitments

### *Capital commitments*

There were no capital commitments at 24 September 2005 (2004 £Nil).

### *Lease commitments*

The annual commitments under non-cancellable operating leases at 24 September 2005 are as follows:

	2005		2004	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Operating leases which expire:				
- within one year	-	305	-	156
- in the second to fifth year	-	343	-	126
- over five years	1,311	-	1,311	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,311	648	1,311	282
	<hr/>	<hr/>	<hr/>	<hr/>

## 17 Post Balance Sheet Events

During Fiscal Year 2006, Apple Computer (UK) Limited received an interim dividend of £23,102,689 from its investee Apple Operations International (formerly 'Apple Computer Inc. Ltd') and proposed and paid an interim dividend of £37,000,000 out to its shareholder Apple Computer Inc.

# Apple Computer (UK) Limited

## Notes *(continued)*

### **18 Ultimate parent company and parent undertaking of larger group of which the company is a member**

Apple Computer Inc., incorporated in the United States of America, is the ultimate parent undertaking and controlling party and is both the smallest and largest undertaking into which the results of Apple Computer UK Limited are consolidated.

Copies of Apple Computer Inc., accounts may be obtained from:

1 Infinite Loop  
Cupertino  
CA 95014  
USA