

Apple Computers (UK) Limited

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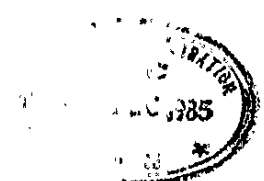
Report and Accounts September 28, 1984



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London



APPLE COMPUTER (UK) LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the period ended September 28, 1984.

Results and dividends

The profit for the period, after taxation, amounted to £132,400.

The directors do not recommend the payment of a dividend.

Review of the business

The company's principal activities during the period 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.

Share capital

On February 1, 1985 the company's authorised share capital was increased to £1,000,000 by the creation of 990,000 new ordinary shares of £1 each. These new shares were issued to the parent company at par value.

Fixed assets

The company invested £40,930 on fixed assets during the period consisting principally of plant and equipment.

Directors and their interests

The directors who served during the period were as follows:

P. M. Cobb	(Chairman)	(Resigned July 23, 1984)
A. A. Eisenstat	(U.S.A.)	
K. R. Zerbe	(U.S.A.)	
M. H. Spindler		
K. C. Hall		(Resigned February 10, 1984)
D. Hancock		(Appointed October 1, 1984)

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

Political and charitable contributions

During the period, the company made charitable contributions totalling £Nil.

Close company

The company is not a close company within the provisions of the Income and Corporation Taxes Act, 1970.



APPLE COMPUTER (UK) LIMITED

2.

DIRECTORS' REPORT
(continued)

Auditors

A resolution to reappoint Arthur Young (formerly Arthur Young McClelland Moores & Co.) as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



E. O'LEARY
Secretary

September 3, 1985



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

3.

Arthur Young

Chartered Accountants
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 3NH

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

We have audited the accounts on pages 4 to 11 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at September 28, 1984 and of its profit and source and application of funds for the period then ended and comply with the Companies Act 1985.

ARTHUR YOUNG

September 3, 1985



APPLE COMPUTER (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 28, 1984

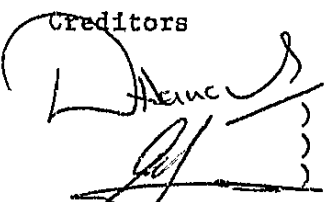
	<u>Notes</u>	<u>1984</u> (52 weeks) £	<u>1983</u> (53 weeks) £
Turnover	2	8,550,984	6,133,610
Cost of sales		(938,127)	(1,223,523)
Gross profit		7,612,857	4,910,087
Distribution costs and administrative expenses		7,408,036	5,087,934
Operating profit/(loss)	3	204,821	(177,847)
Interest receivable		-	2,905
Interest payable	5	(5,550)	(607)
		(5,550)	2,298
Profit/(loss) on ordinary activities before taxation		199,271	(175,549)
Tax on profit/(loss) on ordinary activities	6	(66,871)	56,084
Profit/(loss) for the financial period		132,400	(119,465)
Retained (loss)/profit brought forward		(99,126)	20,339
Retained profit/(loss) carried forward		£ 33,274	£ (99,126)

The notes on pages 7 to 11 form part of these accounts

APPLE COMPUTER (UK) LIMITED

5.

BALANCE SHEET AT SEPTEMBER 28, 1984

	<u>Notes</u>	£	<u>1984</u> £	<u>1983</u> £
ASSETS				
Tangible fixed assets	7		313,644	422,943
Current assets:				
Inventory	8	665,856		529,713
Debtors	9	940,565		434,418
Cash at bank and in hand		1,249		403,414
			1,607,670	1,367,545
			<u>£1,921,314</u>	<u>£1,790,488</u>
LIABILITIES				
Capital and reserves:				
Called up share capital	10		1,000	1,000
Profit and loss account			33,274	(99,126)
Provision for liabilities and charges:				
Deferred taxation	11		26,802	-
Creditors	12		1,860,238	1,888,614
 Directors				
September 3, 1985				
			<u>£1,921,314</u>	<u>£1,790,488</u>

The notes on pages 7 to 11 form part of these accounts

APPLE COMPUTER (UK) LIMITED

6.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED SEPTEMBER 28, 1984

	<u>1984</u> (52 weeks) £	<u>1983</u> (53 weeks) £
Source of funds:		
Profit/(loss) on ordinary activities before taxation	199,271	(175,549)
Adjustment for items not involving the movement of funds:		
Depreciation	149,508	144,912
Profit on disposal of tangible fixed assets	(4,610)	(7,148)
	<u>344,169</u>	<u>(37,785)</u>
Total generated from/(absorbed by) operations		
Funds from other sources:		
Proceeds of sales of tangible fixed assets	5,331	15,509
	<u>349,500</u>	<u>(22,276)</u>
Application of funds:		
Purchase of tangible fixed assets	(40,930)	(91,965)
	<u>£308,570</u>	<u>£(114,241)</u>
Increase/(decrease) in working capital		
Components of increase/(decrease) in working capital:		
Inventory	136,143	256,424
Debtors	506,147	190,057
Creditors	68,445	(941,253)
	<u>710,735</u>	<u>(494,772)</u>
Movement in net liquid funds:		
Cash at bank and in hand	(402,165)	380,531
	<u>£308,570</u>	<u>£(114,241)</u>

The notes on pages 7 to 11 form part of these accounts

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1984

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

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:

Leasehold improvements	- 10% straight line
Office equipment	- 25% to 50% using double declining balance method
Motor vehicles	- 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 deferral method on all timing differences, which are expected to reverse in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are converted 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.

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.

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1984
(continued)

3. Operating profit

	<u>1984</u> £	<u>1983</u> £
(a) This is stated after charging:		
Directors' remuneration	148,699	121,837
Depreciation	149,508	144,435
Hire of plant and machinery	216,176	193,888
Loss on translation of foreign exchange	7,274	86,218
Redundancy costs	208,699	-

The auditors' remuneration is paid directly by Apple Computer Inc.

(b) Directors' remuneration:

Fees	-	-
Other emoluments (including pension contributions)	98,824	121,837
Compensation for loss of office	49,875	-
	<u>£ 148,699</u>	<u>£ 121,837</u>

The emoluments of the chairman, who was also the highest paid director, excluding pension contributions, were £92,885 (1983 - £50,000). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	<u>1984</u> No.	<u>1983</u> No.
£ Nil - £ 5,000	3	5
£ 5,001 - £10,000	-	1
£50,001 - £55,000	1	-

4. Staff costs

	<u>1984</u> £	<u>1983</u> £
Wages and salaries (excluding redundancy costs)	1,299,752	1,260,199
Social security costs	102,197	102,826
	<u>£1,401,949</u>	<u>£1,363,025</u>

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

	<u>1984</u> No.	<u>1983</u> No.
Sales and marketing	46	53
Distribution and administration	45	48
	<u>91</u>	<u>101</u>

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1984
(continued)

4. Staff costs
(continued)

Senior employees

The following number of senior employees received remuneration falling within the ranges below:

	<u>1984</u> No.	<u>1983</u> No.
£20,000 - £25,000	10	1
£25,001 - £30,000	3	3
£30,001 - £35,000	4	2
£35,001 - £40,000	-	1
£50,001 - £55,000	1	-
£60,001 - £65,000	2	1
	<u>20</u>	<u>8</u>

5. Interest payable

	<u>1984</u>	<u>1983</u>
Bank loans and overdrafts	£ 5,550	£ 607

6. Tax on profit/(loss) on ordinary activities

	<u>1984</u> £	<u>1983</u> £
Based on the profit/(loss) for the period:		
Current taxation	40,069	-
Deferred taxation	26,802	(56,084)
	<u>£66,871</u>	<u>£(56,084)</u>

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1984
(continued)7. Tangible fixed assets

	<u>Leasehold improvements</u> £	<u>Office equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost:				
At September 30, 1983	338,088	247,581	24,639	610,308
Additions	360	36,107	4,463	40,930
Disposals	—	—	(21,297)	(21,297)
At September 28, 1984	338,448	283,688	7,805	629,941
Depreciation:				
At September 30, 1983	50,016	116,281	21,068	187,365
Provided during the period	33,839	111,886	3,783	149,508
Disposals	—	—	(20,576)	(20,576)
At September 30, 1983	83,855	228,167	4,275	316,297
Net book value:				
At September 28, 1984	£254,593	£ 55,521	£ 3,530	£313,644
At September 30, 1983	£288,072	£131,300	£ 3,571	£422,943

8. Inventory

	<u>1984</u>	<u>1983</u>
Goods for resale	£665,856	£529,713

9. Debtors

	<u>1984</u> £	<u>1983</u> £
Trade debtors	232,276	208,646
Amounts owed by group companies	565,999	163,272
Prepayments	142,290	62,500
	£940,565	£434,418

10. Share capital

	<u>1984</u> No.	<u>1983</u> No.	<u>Allotted, called up and fully paid</u> 1984	<u>1983</u>
Ordinary shares of £1 each	1,000	1,000	£ 1,000	£ 1,000

On February 1, 1985 the company's authorised share capital was increased to £1,000,000 by the creation of 990,000 new ordinary shares of £1 each. These new shares were issued to the parent company at par value.

NOTES TO THE ACCOUNTS AT SEPTEMBER 28, 1984
(continued)

11. Deferred taxation

Deferred taxation provided in the accounts is as follows:

	<u>1984</u> £	<u>1983</u> £
Capital allowances in advance of depreciation	29,209	67,600
Other differences in recognising revenue and expense items in other periods for taxation purposes	(2,407)	(2,214)
Tax losses	-	(65,386)
	<u>£ 26,802</u>	<u>£ Nil</u>

12. Creditors: amounts falling due within one year

	<u>1984</u> £	<u>1983</u> £
Trade creditors	206,752	179,884
Amounts owed to group companies	73,648	63,896
Taxes and social security costs	42,747	38,540
Accruals	1,497,022	1,606,294
Corporation tax	40,069	-
	<u>£1,860,238</u>	<u>£1,888,614</u>

13. Ultimate holding company

Apple Computer Inc., incorporated in the United States of America, is the ultimate holding company.