

# APPLE COMPUTER (UK) LIMITED

*(Company registration no. 1591116)*

**Report and Accounts**

**September 30, 1994**



# APPLE COMPUTER (UK) LIMITED

Annual report and accounts for the year ended September 30,1994

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## Contents

### Page

1	Report of the directors
2	Statement of Directors' responsibilities in respect of the accounts
3	Report of the auditors
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7	Notes forming part of the cash flow statement
8	Notes forming part of the accounts

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Directors	E.B.Stead R.E.O'Leary M. Newton
Secretary	N. Soo E.B.Stead
Registered Office	Rolls House 7, Rolls Buildings Fetter Lane London EC4 1NH
Auditors	Ernst and Young 400 Capability Green Luton Bedfordshire LU1 3LU

## APPLE COMPUTER (UK) LIMITED

### DIRECTORS' REPORT

The directors submit their report and accounts for the year ended September 30, 1994.

#### Results and dividends

The profit for the year, after taxation, amounted to £9,717,259 (1993 - £5,808,087)

The directors do not recommend the payment of a dividend.

#### Principal activities, 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.

The directors consider the results for the year to be satisfactory.

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

There have been no events since the balance sheet which materially affect the position of the company.

#### Fixed assets

Movements on fixed assets are set out in note 7 to the accounts.

#### Directors and their interests

The directors who served during the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	September 30, 1994	September 24, 1993
S. Olsson (resigned 22nd July 1994)	-	-
R.E.O'Leary (appointed 22nd July 1994)	-	-
M. Newton	-	-
E.B.Stead	-	-


#### Auditors

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

BY ORDER OF THE BOARD

N.Soo

Secretary

 26 July 1995.

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

### **Statement of Directors' responsibilities in respect of the accounts**

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Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company and of the profit or loss of the company for that period.

In preparing those accounts, the directors are required to :

- select suitable accounting policies and apply them consistently ;
- make judgments 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 accounts ; and
- prepare the accounts 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 accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Report of the auditors

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To the members of Apple Computer (UK) Limited

We have audited the financial statements on pages 4 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

*Respective responsibilities of directors and auditors*

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

*Basis of 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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

*Opinion*

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th September 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst and Young  
Chartered Accountants  
Registered Auditor  
Luton

26 July 1995.

**APPLE COMPUTER (UK) LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED SEPTEMBER 30, 1994**

	<b>Notes</b>	<b>1994</b> £	<b>1993</b> £
Turnover	2	55,813,633	56,771,649
Cost of sales		11,329,684	9,329,707
		.....	.....
Gross profit		44,483,949	47,441,942
Distribution costs		2,581,743	2,061,018
Administrative expenses		27,067,831	36,306,513
		.....	.....
Profit before interest and taxation	3	14,834,375	9,074,411
Interest receivable	5	11,209	22,619
		.....	.....
Profit on ordinary activities before taxation		14,845,584	9,097,030
Tax on profit on ordinary activities	6	5,128,325	3,288,943
		.....	.....
Profit on ordinary activities after taxation		9,717,259	5,808,087
Retained profit brought forward		14,483,279	8,675,192
		.....	.....
Retained profit carried forward		<u>24,200,538</u>	<u>14,483,279</u>
<b>Reconciliation of movements in shareholders' funds</b>			
Profit attributable to the members of the company		9,717,259	5,808,087
Opening shareholders' funds		15,483,279	9,675,192
		.....	.....
Closing shareholders' funds		<u>25,200,538</u>	<u>15,483,279</u>

There are no recognised gains and losses other than the profit for the period.

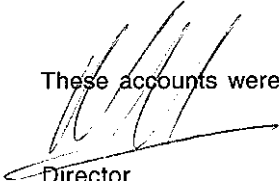
The notes on pages 7 to 15 form part of these accounts

**APPLE COMPUTER (UK) LIMITED**

**BALANCE SHEET AT SEPTEMBER 30, 1994**

	Notes	1994 £	1993 £
Fixed assets			
Tangible assets	7	32,965,888	34,198,153
Current assets:			
Inventory	9	579,449	417,939
Debtors	10	38,689,691	42,239,760
Cash at bank and in hand		75,025	329,298
		<u>39,344,165</u>	<u>42,986,997</u>
Creditors: amounts falling due within one year	11	20,986,938	35,579,294
Net current assets		<u>18,357,227</u>	<u>7,407,703</u>
Total assets less current liabilities		51,323,115	41,605,856
Creditors: amounts falling due after more than one year	12	26,122,577	26,122,577
Provision for liabilities and charges: Deferred taxation	13	-	-
		<u>25,200,538</u>	<u>15,483,279</u>
Capital and reserves			
Called up share capital	14	1,000,000	1,000,000
Profit & loss account		24,200,538	14,483,279
		<u>25,200,538</u>	<u>15,483,279</u>

These accounts were approved on 26th July 1995

  
Director  
Mike Newton

The notes on pages 7 to 15 form part of these accounts

**APPLE COMPUTER (UK) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 1994**

	NOTE	1994 £	1993 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	2,280,409	6,296,211
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(914)	(1,533)
Interest received		12,123	24,152
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		11,209	22,619
TAXATION			
Corporation tax paid		(4,050,000)	(1,592,079)
Corporation tax received		0	0
TAX PAID		(4,050,000)	(1,592,079)
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(1,335,350)	(5,689,489)
Proceeds from sale of tangible fixed assets		401,181	31,741
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(934,169)	(5,657,748)
NET CASH OUTFLOW BEFORE FINANCING		(2,692,551)	(930,997)
FINANCING			
Increase in loan repayable to group undertaking	4	-	-
NET CASH INFLOW FROM FINANCING		-	-
DECREASE IN CASH AND CASH EQUIVALENTS	2	(2,692,551)	(930,997)
		(2,692,551)	(930,997)

The notes on pages 7 to 15 form part of these accounts



**APPLE COMPUTER (UK) LIMITED**

**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 1994**

**1. Reconciliation of operating profit to net cash inflow from operating activities**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Operating profit	14,834,375	9,074,411
Depreciation	2,394,111	2,194,019
(Profit)/Loss on disposal of fixed assets	(227,677)	1,084,925
Increase in inventory	(161,510)	(235,000)
Decrease/(Increase) in debtors	3,550,069	(30,118,559)
(Decrease)/Increase in creditors	(18,108,959)	24,296,415
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>2,280,409</u>	<u>6,296,211</u>

**2. Analysis of changes in cash and cash equivalents during the year**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Balance at September 24, 1993	(253,962)	677,035
Net cash outflow	(2,692,551)	(930,997)
	<hr/>	<hr/>
Balance at September 30, 1994	<u>(2,946,513)</u>	<u>(253,962)</u>

**3. Analysis of cash and cash equivalents**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	75,025	329,298
Bank overdrafts	(3,021,538)	(583,260)
	<hr/>	<hr/>
	<u>(2,946,513)</u>	<u>(253,962)</u>

**4. Analysis of changes in financing during the year**

Loan due to group undertaking at 24 September, 1993	26,122,577	26,122,577
Loan due to group undertaking at 30 September, 1994	<u>26,122,577</u>	<u>26,122,577</u>

## APPLE COMPUTER (UK) LIMITED

### NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1994

#### 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:

Office equipment	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 30, 1994

(continued)

#### 2. Turnover

Turnover represents the invoiced amount of goods sold and services provided all of which are continuing (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

	1994 £	1993 £
(a) This is stated after charging:		
Directors' remuneration (see below)	226,698	325,524
Auditors' remuneration - Audit	37,610	35,500
- Non audit services	48,161	48,625
Depreciation (see Note 7)	2,394,111	2,194,019
Depreciation additional reserve release	(603,587)	1,222,074
(Profit)/Loss on disposal of fixed assets	(227,677)	1,084,925
Operating lease/rental		
Plant and machinery	898,746	1,077,475
Land and buildings	<u>913,814</u>	<u>528,933</u>

#### (b) Directors' remuneration:

Emoluments (including pension contributions)	<u>226,698</u>	<u>325,524</u>
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The emoluments of the highest paid director, excluding pension contributions, were £211,817 (1993- £198,936). Other directors' emoluments, excluding pension contributions fell within the following range:

	No.	No.
£Nil - £5000	2	5
£95,000 - £100,000	-	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 30, 1994**

(continued)

**4. Staff costs**

	<b>1994</b>	<b>1993</b>
	£	£
Wages and salaries	5,814,732	10,482,487
Social security costs	660,523	875,337
Other pension costs	344,546	351,005
	<u>6,819,801</u>	<u>11,708,829</u>

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

	<b>1994</b>	<b>1993</b>
Sales and marketing	72	79
Distribution and administration	55	68
	<u>127</u>	<u>147</u>

**5. Interest receivable**

	<b>1994</b>	<b>1993</b>
	£	£
Interest receivable:		
Bank	12,123	24,152
Other		
Interest payable:		
Bank	(914)	(1,533)
Other wholly repayable within 5 years	-	-
	<u>11,209</u>	<u>22,619</u>

**6. Tax on profit on ordinary activities**

	<b>1994</b>	<b>1993</b>
	£	£
Corporation Tax:		
Based on the profit for the year:		
Current taxation at 33%	5,078,161	3,288,943
Underprovision in previous years	50,164	-
	<u>5,128,325</u>	<u>3,288,943</u>

APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1994  
(continued)

7. Tangible fixed assets

	Land (Long leasehold) £	Buildings £	Leasehold Improvement £	Office Equipment £	Apple Own Use £	Total £
COST:						
At September 24, 1993	17,519,492	15,973,931	380,914	5,399,923	2,152,315	41,426,575
Additions		101,900	-	710,032	523,418	1,335,350
Disposals		-	-	192,911	601,971	794,882
Transfers		-	-	-	-	-
At September 30, 1994	17,519,492	16,075,831	380,914	5,917,044	2,073,762	41,967,043
DEPRECIATION:						
At September 24, 1993	-	1,885,060	380,914	3,519,542	1,442,906	7,228,422
Additions		1,029,320	-	952,461	412,330	2,394,111
Disposals		-	-	131,827	489,551	621,378
Transfers		-	-	-	-	-
At September 30, 1994	-	2,914,380	380,914	4,340,176	1,365,685	9,001,155
NET BOOK VALUE						
At September 30, 1994	17,519,492	13,161,451	-	1,576,868	708,077	32,965,888
At September 24, 1993	17,519,492	14,088,871	-	1,880,381	709,409	34,198,153

# **APPLE COMPUTER (UK) LIMITED**

## **NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1994**

(continued)

### **8. Investments**

	Unlisted Investments £
Cost	
At September 24, 1993	1,500,000
Additions	-
At September 30, 1994	<u>1,500,000</u>
Amounts written off	
At September 24, 1993	1,500,000
Provided in year	-
At September 30, 1994	<u>1,500,000</u>
Net book value	
At September 30, 1994	<u>-</u>
At September 24, 1993	<u>-</u>

The company owns 39% of the issued ordinary share capital and 43% of the issued preference share capital of Advanced Risc Machines Holdings Limited, a company registered in England. The Advanced Risc Machines Group has not been accounted for as an associated undertaking because Apple Computer (UK) Limited does not have significant influence over its operations. The aggregate amount of capital and reserves of the group as at 31st December 1993 were £4,014,761 and the profit for the year then ended was £401,054. The Advanced Risc Machines group is run as an independent research group.

### **9. Inventory**

	1994 £	1993 £
Goods for resale	<u>579,449</u>	<u>417,939</u>

### **10. Debtors**

	1994 £	1993 £
Trade debtors	2,211,880	1,712,272
Amounts owed by group undertakings	35,889,717	39,870,889
Prepayments	588,094	656,599
Other debtors	-	-
	<u>38,689,691</u>	<u>42,239,760</u>

**APPLE COMPUTER (UK) LIMITED**

**NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1994**

(continued)

**11. Creditors: amounts falling due within one year**

	<b>1994</b>	<b>1993</b>
	£	£
Trade creditors	1,548,170	1,520,821
Bank overdraft	3,021,538	583,260
Amounts owed to group undertakings	5,934,076	21,454,965
Taxes and social security costs	619,812	1,514,815
Accruals	4,292,349	6,012,765
Corporation tax	5,570,993	4,492,668
	<u>20,986,938</u>	<u>35,579,294</u>

**12. Creditors: amounts falling due after more than one year**

	<b>1994</b>	<b>1993</b>
	£	£
Loan due to group undertaking	<u>26,122,577</u>	<u>26,122,577</u>

This loan is repayable after 5 years and accrues no interest.

**13. Deferred taxation**

	<b>Potential</b>		<b>Provision</b>	
	<b>1994</b>	<b>1993</b>	<b>1994</b>	<b>1993</b>
	£	£	£	£
Capital allowances in advance of depreciation	(188,875)	(74,055)	-	-
Other differences in recognising revenue and expense items in other periods for tax purposes	(29,457)	(134,557)	-	-
	<u>(218,332)</u>	<u>(208,612)</u>	<u>-</u>	<u>-</u>

# **APPLE COMPUTER (UK) LIMITED**

## **NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1994**

(continued)

### **14. Share capital**

	Authorised, allotted, called up and fully paid	
	1994 No.	1993 No.
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### **15. Capital commitments**

There were no capital commitments at September 30, 1994.

### **16. 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.

### **17. Other financial commitments**

At September 30, 1994, the company had annual commitments under non-cancellable operating leases as set out below:

	1994	1994	1993	1993
	Building £	Other £	Building £	Other £
Operating leases expiring:				
Within 1 year:	-	122,012	-	91,340
2-5 years:	-	478,738	-	618,727
Over 5 years:	-	-	-	-
	<u>-</u>	<u>600,750</u>	<u>-</u>	<u>710,067</u>



**APPLE COMPUTER (UK) LIMITED**

**NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1994**  
(continued)

**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