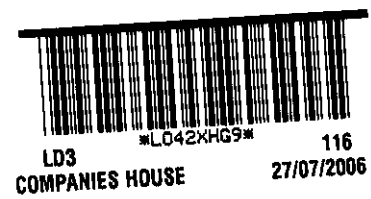


# **Apple Xemplar Education Limited**

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

**Year ended 24 September 2005**

*Registered number 3143694*



# Apple Xemplar Education Limited

## Directors' report and financial statements

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# Apple Xemplar Education 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 the sale of information technology products, services and solutions into the UK educational sector.

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

### Results and dividend

The profit for the year before taxation was £5,579k (2004: £2,234k). The directors do not recommend the payment of a dividend (2004: £Nil).

### 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

Pascal Cagni

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

No important events affecting the company have taken place since the end of the financial year.

### 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 Xemplar Education 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 Xemplar Education Limited

We have audited the financial statements on pages 4 to 11.

### 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 Xemplar Education Limited

## Profit and loss account for the year ended 24 September 2005

	<i>Note</i>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
<b>Turnover</b>	<b>2</b>	<b>20,598</b>	14,435
Cost of sales		(12,362)	(9,017)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>8,236</b>	5,418
Administrative expenses		(3,221)	(3,495)
		<hr/>	<hr/>
<b>Operating profit</b>	<b>3-5</b>	<b>5,015</b>	1,923
Interest receivable and similar income	<b>6</b>	<b>564</b>	311
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>5,579</b>	2,234
Tax on profit on ordinary activities	<b>7</b>	(1,662)	(600)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<b>11</b>	<b>3,917</b>	1,634
		<hr/>	<hr/>

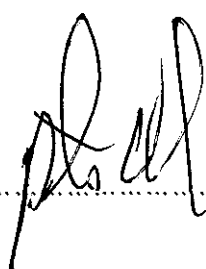
There are no other recognised gains and losses for the year. All gains and losses are from continuing activities.

# Apple Xemplar Education Limited

## Balance sheet at 24 September 2005

	Note	2005 £'000	2004 £'000
<b>Current assets</b>			
Debtors	8	-	57
Cash at bank and in hand		16,614	10,482
		<u>16,614</u>	<u>10,539</u>
<b>Creditors: amounts falling due within one year</b>	9	(7,566)	(5,408)
		<u></u>	<u></u>
<b>Net assets</b>		<u>9,048</u>	<u>5,131</u>
<b>Capital and reserves</b>			
Called up share capital	10	5,000	5,000
Profit and loss account	11	4,048	131
		<u></u>	<u></u>
<b>Shareholders' funds – equity</b>	11	<u>9,048</u>	<u>5,131</u>

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

Director 

Dated July 20, 2006

Printed Peter Appenheimer

# Apple Xemplar Education 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.

#### ***Cashflow***

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.

#### ***Related Party Transactions***

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.

#### ***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.

#### ***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.

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.



# Apple Xemplar Education Limited

## Notes *(continued)*

### 1 **Accounting policies** *(continued)*

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Net sales consist primarily of revenue from the sale of products (hardware, software, and peripherals), and extended warranty and support contracts. The Company recognises revenue pursuant to applicable accounting standards.

The Company recognises revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable. Product is considered delivered to the customer once it has been shipped and risk of loss has been transferred. For most of the Company's product sales, these criteria are met at the time the product is shipped. For online sales to individuals and for certain other sales, the Company defers revenue until the customer receives the product because the Company legally retains a portion of the risk of loss on these sales during transit. Revenue from extended warranty and support contracts is deferred and recognised rateably over the warranty and support periods. These contracts typically include extended phone support, certain repairs, web-based support resources, diagnostic tools, and extend the Company's basic limited parts and labour warranty.

The Company sells software and peripheral products obtained from other companies.

The Company records reductions to revenue for estimated commitments related to price protection and for customer incentive programs, including reseller and end user rebates, and other sales programs and volume-based incentives. The estimated cost of these programs is accrued as a reduction to revenue in the period the Company has sold the product and committed to plan. The Company also records reductions to revenue for expected future product returns based on the Company's historical experience.

Generally, the Company does not offer specified or unspecified upgrade rights to its customers in connection with software sales or the sale of extended warranty and support contracts. However, a limited number of the Company's software products are available with maintenance agreements that grant customers rights to unspecified future upgrades over the maintenance term on a when and if available basis. Revenue associated with such maintenance is recognised rateably over the maintenance term.

# Apple Xemplar Education Limited

## Notes (continued)

### 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	17	16
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

	2005 £'000	2004 £'000
Emoluments (including pension contributions)	-	-
	<u>          </u>	<u>          </u>

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

### 5 Staff numbers and costs

The company had no employees during the year. (2004: None).

### 6 Interest receivable and similar income

	2005 £'000	2004 £'000
Bank interest receivable	555	311
Tax interest receivable	9	-
	<u>564</u>	<u>311</u>

# Apple Xemplar Education Limited

## Notes (continued)

### 7 Tax on profit on ordinary activities

#### (a) Analysis of tax charge in year

	2005 £	2004 £
UK corporation tax (note 6(b))	1,662	600
Total current tax	1,662	600
Deferred tax (note 6(c))	-	-
	<b>1,662</b>	<b>600</b>

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

The current tax charge is different from the standard rate of tax, based on the standard rate of tax in the UK. The difference is explained as follows:

	2005 £	2004 £
Profit on ordinary activities before tax	5,579	2,234
Taxation charge at UK corporation tax rate of 30%	1,674	670
Effects of:		
Capital allowances for period in excess of depreciation	-	(35)
Short term timing differences	-	(29)
Adjustment in respect of prior years	(12)	(6)
<b>Total current tax charge</b>	<b>1,662</b>	<b>600</b>

#### (c) Deferred taxation

There is no deferred tax for this company.

# Apple Xemplar Education Limited

## Notes (continued)

### 8 Debtors

	2005 £'000	2004 £'000
Corporation tax	-	57
	<u>-</u>	<u>57</u>
	<u>-</u>	<u>57</u>

All debtors fall due within one year.

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

	2005 £'000	2004 £'000
Trade creditors	-	4
Amounts owed to related undertakings	6,149	4,846
VAT payable	176	541
Corporation tax	1,215	-
Accrued and deferred income	-	17
Accruals	26	-
	<u>7,566</u>	<u>5,408</u>
	<u>7,566</u>	<u>5,408</u>

### 10 Called up share capital - equity

	2005 £'000	2004 £'000
<i>Authorised, called up and fully paid</i> 5,000,000 ordinary shares of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

# Apple Xemplar Education Limited

Notes (continued)

## 11 Reconciliation of movement in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At beginning of year	5,000	131	5,131
Profit for the year	-	3,917	3,917
	<hr/>	<hr/>	<hr/>
At end of year	5,000	4,048	9,048
	<hr/>	<hr/>	<hr/>

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

The company is a subsidiary undertaking of Apple Operations International (formerly "Apple Computer Inc. Limited", a company incorporated in Ireland). Apple Computer Inc., incorporated in the United States of America, is the ultimate parent undertaking and controlling party and is the largest undertaking into which the results of Apple Xemplar Education Limited are consolidated.

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

1 Infinite Loop  
Cupertino  
CA 95014  
USA

The smallest company into which the results of Apple Xemplar Education Limited are consolidated is Apple Operations International.