

Apple Xemplar Education Limited

Directors' report and financial statements

Year ended 29 September 2007

Registered number 3143694

FRIDAY



LK0GP1P0

LD4

25/07/2008

9

COMPANIES HOUSE

Apple Xemplar Education Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Statement of directors' responsibilities in respect of the Director's Report and financial statements	3
Independent auditor's report to the members of Apple Xemplar Education Limited	4-5
Profit and loss account	6
Balance sheet	7
Notes	8 - 13

Apple Xemplar Education Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 29 September 2007

Principal activities and business review

Apple Xemplar Education Limited sell Apple products and services, which are sourced from various group companies, to the UK education market including schools, other institutions and individuals. To fulfil its obligations to its customers, Apple Xemplar Education Limited receives administrative and logistical support from other group companies. For the year ended 29 September 2007, the company recorded turnover of £18,370,792, a 7.6% decline on the previous year.

Apple Xemplar Education Limited is a wholly owned subsidiary of Apple Inc., a company incorporated in California, United States of America and listed on the Nasdaq exchange. The Apple Inc Group of companies, referred to collectively as "Apple" design, manufacture and market

- Macintosh personal computers and related software, services and peripherals,
- Digital music players (iPod) and related accessories and services including the online sale of audio and video, and mobile phones (iPhone)

During 2007, Apple has continued to update its Mac line and applications. Apple also updated its popular iPod music players with a new iPod Nano, upgraded iPod Shuffle and classic models and introduced a totally new iPod in September, the iPod Touch.

Apple sells to education, consumer, creative professional, and business and government customers through a variety of direct and indirect distribution channels.

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

Risks and uncertainties

The risks and uncertainties faced by the business are those typical of the technology sector, but are mitigated by the historically strong financial performance of the company and its long standing reputation and tradition within the sector.

The directors consider the principal risks and uncertainties facing the company are

- margin reduction due to competition
- a rising cost base
- a sharp downturn in Education spending

The directors believe that these risks are effectively managed through a strong focus on competition, on our cost base and commercial and marketing activities.

Key performance indicators

Key performance indicators that are focused on by management include

- Sales
- Margin
- Overheads
- New industry developments

Apple Xemplar Education Limited

Directors' report *(continued)*

Key performance indicators *(continued)*

Each of these indicators are monitored by local management against budget and against prior periods. The directors are satisfied with the performance of the company during the year with regard to the indicators above.

Results and dividend

The profit for the year before taxation was £6,099,000 (2006 £4,743,000). The directors do not recommend the payment of a dividend (2006 £Nil).

Directors

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

Georges Guyon de Chemilly

Peter Oppenheimer

Pascal Cagni

Gary Wipfler

Tim Cook

Political and charitable contributions

The company made no political contributions during the year (2006 £Nil). Donations to charities amounted to £Nil (2006 £Nil).

Post balance sheet events

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

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

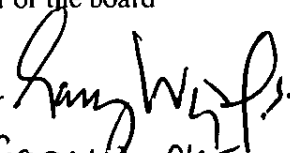
Election of the auditor

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and KPMG will therefore continue in office.

By order of the board

Director

Print


Gary Wipfler

Dated July 16, 2008

100 New Bridge Street
London EC4V 6JA

Apple Xemplar Education Limited

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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
1 Stokes Place
St. Stephens Green
Dublin 2
Ireland

Independent auditor's report to the members of Apple Xemplar Education Limited

We have audited the financial statements of Apple Xemplar Education Limited for the year ended 29 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and independent auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.



Independent auditor's report to the members of Apple Xemplar Education Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements

KPMG
Chartered Accountants
Registered Auditor

23 July 2008

Apple Xemplar Education Limited

Profit and loss account for the year ended 29 September 2007

	<i>Note</i>	2007 £'000	2006 £'000
Turnover – continuing operations	2	18,371	19,887
Cost of sales		(11,307)	(13,449)
		<hr/>	<hr/>
Gross profit		7,064	6,438
Administrative expenses		(1,789)	(2,398)
		<hr/>	<hr/>
Operating profit – continuing operations	3-5	5,275	4,040
Interest receivable and similar income	6	1,010	709
Interest payable and similar charges	7	(187)	(6)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		6,099	4,743
Tax on profit on ordinary activities	8	(2,033)	(1,047)
		<hr/>	<hr/>
Profit for the financial year	12	4,066	3,696
		<hr/>	<hr/>

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

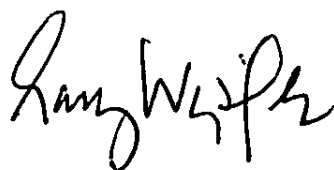
Apple Xemplar Education Limited

Balance sheet at 29 September 2007

		2007 £'000	2006 £'000
	<i>Note</i>		
Current assets			
Debtors	9	-	380
Cash at bank and in hand		24,789	22,067
		<u>24,789</u>	<u>22,447</u>
Creditors: amounts falling due within one year	10	(7,979)	(9,703)
		<u>16,810</u>	<u>12,744</u>
Total assets less current liabilities			
		<u>16,810</u>	<u>12,744</u>
Net assets		<u>16,810</u>	<u>12,744</u>
Capital and reserves			
Called up share capital	11	5,000	5,000
Profit and loss account	12	11,810	7,744
		<u>16,810</u>	<u>12,744</u>
Shareholders' funds – equity	12	<u>16,810</u>	<u>12,744</u>

These financial statements were approved by the board of directors on and were signed on its behalf by

Director



Dated July 16, 2008

Printed

Gary Wipfler

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 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 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 of exchange 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.

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.

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

	2007 £'000	2006 £'000
<i>Operating profit is stated after charging</i>		
Auditor's remuneration	15	17
	<u> </u>	<u> </u>

Apple Xemplar Education Limited

Notes (continued)

4 Remuneration of directors

	2007 £'000	2006 £'000
Emoluments (including pension contributions)	-	-

Two directors exercised share options in Apple Inc during the year (2006 5)

5 Staff numbers and costs

The company had no employees during the year (2006 None)

6 Interest receivable and similar income

	2007 £'000	2006 £'000
Bank interest receivable	1,010	709
	<u>1,010</u>	<u>709</u>

7 Interest payable and similar charges

	2007 £'000	2006 £'000
Bank charges	(2)	-
Interest payable on overdue taxes	(185)	(6)
	<u>(187)</u>	<u>(6)</u>

Apple Xemplar Education Limited

Notes (continued)

8 Tax on profit on ordinary activities

(a) Analysis of tax charge in year

	2007 £	2006 £
UK corporation tax (note 8(b))	2,033	1,047
Total current tax	<u>2,033</u>	<u>1,047</u>
Deferred tax (note 8(c))	-	-
	<u>2,033</u>	<u>1,047</u>

(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

	2007 £	2006 £
Profit on ordinary activities before tax	<u>6,099</u>	<u>4,743</u>
Taxation charge at UK corporation tax rate of 30%	1,830	1,423
Effects of		
Group relief received in respect of prior years	(367)	(375)
Adjustment in respect of prior years	570	(1)
Total current tax charge	<u>2,033</u>	<u>1,047</u>

(c) Deferred taxation

The company has no deferred tax assets or liabilities

Apple Xemplar Education Limited

Notes (continued)

9 Debtors

	2007 £'000	2006 £'000
Corporation tax	-	380
	<u>-</u>	<u>380</u>
	<u>-</u>	<u>380</u>
All debtors fall due within one year		

10 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to Group undertakings	6,349	8,938
VAT payable	568	741
Corporation tax	872	-
Accruals	190	22
	<u>7,979</u>	<u>9,703</u>
	<u>7,979</u>	<u>9,703</u>

The amounts owed to related undertakings are non-interest bearing. In general balances are settled every quarter.

11 Called up share capital - equity

	2007 £'000	2006 £'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)

12 Reconciliation of movement in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At beginning of year	5,000	7,744	12,744
Profit for the year	-	4,066	4,066
	<hr/>	<hr/>	<hr/>
At end of year	5,000	11,810	16,810
	<hr/>	<hr/>	<hr/>

13 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 Apple Inc , a company incorporated in California, 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 the company are consolidated

Copies of Apple Inc , accounts may be obtained from

1 Infinite Loop
Cupertino
CA 95014
USA

14 Post Balance Sheet Event

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

15 Approval of financial statements

The directors' approved the financial statements on *July 16, 2008*