

Apple Xemplar Education Limited

Directors' report and financial statements

Year ended 25 September 2010

Registered number 3143694

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Apple Xemplar Education Limited

Directors' report and financial statements

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Apple Xemplar Education Limited

Registered Number 3143694

Directors' report

The directors present their annual report and audited financial statements for the year ended 25 September 2010.

Principal activities and business review

Apple Xemplar Education Limited sell Apple products and services, which are sourced from Apple Sales International, 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 25 September 2010, the company recorded turnover of £15,130,000, a 13% decrease on the previous year.

Apple Xemplar Education Limited's ultimate parent undertaking is 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 tablet computers and related software, services and peripherals,
- Digital music players (iPod) and related accessories and services including the online sale of audio and video, TV shows and movies and mobile phones (iPhone)

During 2010, Apple has continued to update its Mac line and applications. Apple also updated its popular iPod music players with new Nano and Shuffle, upgraded Touch iPod models and introduced the iPhone 4 and the iPad.

The directors consider the results of the company for 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 £387,000 (2009: £705,000). The directors do not recommend the payment of a dividend (2009: £14,364,000).

Future Developments

The directors aim to maintain the management policies of recent years and increase education sales.

Directors

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

Peter Oppenheimer

Pascal Cagni

Gary Wipfler

Tim Cook (resigned 17 November 2009)

The Company Secretary is Abogado Nominees Limited

Political and charitable contributions

The company made no political contributions during the year (2009: £Nil). Donations to charities amounted to £Nil (2009: £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 auditors

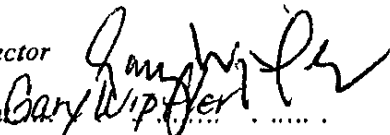
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself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

Reappointment of the auditors

In accordance with s.487 of the Companies Act 2006, Ernst & Young, Chartered Accountants, will be deemed reappointed as auditors of the company.

By order of the board

Director

Prim 

Dated 20 May 2011

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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**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 25 September 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 25 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLE XEMPLAR
EDUCATION LIMITED (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Anne O'Leary (Senior Statutory Auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Cork, Ireland.

Date: 26 May 2011

Apple Xemplar Education Limited

Profit and loss account

for the year ended 25 September 2010

	<i>Note</i>	2010 £'000	2009 £'000
Turnover – continuing operations	2	15,130	17,335
Cost of sales		(13,124)	(15,515)
		<hr/>	<hr/>
Gross profit		2,006	1,820
Administrative expenses		(1,701)	(1,449)
		<hr/>	<hr/>
Operating profit – continuing operations	3	305	371
Interest receivable and similar income	6	84	337
Interest payable and similar charges	7	(2)	(3)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		387	705
Tax on profit on ordinary activities	8	(108)	(233)
		<hr/>	<hr/>
Profit for the financial year		279	472
		<hr/>	<hr/>

There are no recognised gains or losses for either year other than the profit attributable to the members of the company

Apple Xemplar Education Limited

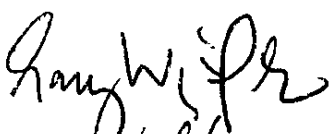
Balance Sheet at 25 September 2010

	Note	2010 £'000	2009 £'000
Current assets			
Debtors	9	12,756	14,060
Cash at bank and in hand		794	837
		<u>13,550</u>	<u>14,897</u>
Creditors: amounts falling due within one year	10	(7,799)	(9,425)
		<u>5,751</u>	<u>5,472</u>
Total assets less current liabilities		<u>5,751</u>	<u>5,472</u>
Net assets		<u>5,751</u>	<u>5,472</u>
Capital and reserves			
Called up share capital	11	5,000	5,000
Profit and loss account		751	472
		<u>5,751</u>	<u>5,472</u>
Shareholders' funds	12	<u>5,751</u>	<u>5,472</u>

These financial statements were approved by the board of directors on 20 May 2011 and were signed on its behalf by

Director

Dated 20 May 2011


Printed Gary Ripfeler

Apple Xemplar Education Limited

Notes forming part of the financial statements

Year ended 25 September 2010

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's ultimate parent undertaking is 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 68(5) of Schedule 1 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, 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

	2010 £'000	2009 £'000
<i>Operating profit is stated after charging.</i>		
Auditor's remuneration	28	32

Apple Xemplar Education Limited

Notes (continued)

4 Remuneration of directors

	2010 £'000	2009 £'000
Emoluments (including pension contributions)	-	-

Two directors exercised share options in Apple Inc during the year (2009 2)

5 Staff numbers and costs

The company had no employees during the year (2009 None)

6 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest receivable	-	235
Intercompany interest receivable	84	102
	<u>84</u>	<u>337</u>

7 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank charges	2	3

Apple Xemplar Education Limited

Notes (continued)

8 Tax on profit on ordinary activities

(a) Analysis of tax charge in year

	2010 £'000	2009 £'000
UK corporation tax (note 8(b))	108	233
Total current tax	108	233
Deferred tax (note 8(c))	-	-
	108	233

(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

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	387	705
Taxation charge at UK corporation tax rate of 28% (2009:28%)	108	197
Effects of: Adjustment in respect of prior years	-	36
Total current tax charge	108	233

(c) Deferred taxation

The company has no deferred tax assets or liabilities

(d) Factors affecting future tax rate

In the 2010 Emergency Budget, the Chancellor announced that legislation will be introduced to reduce the main rate of corporation tax to 27% in the financial year commencing 1 April 2011 and that there will be further cuts in the main rate in future years 26% in 2012-13, 25% in 2013-14 and 24% in 2014-15.

Apple Xemplar Education Limited

Notes (continued)

9 Debtors

	2010 £'000	2009 £'000
VAT receivable	-	34
Corporation tax	1,066	1,317
Loans to group undertakings	11,491	12,709
Amounts owed by group undertakings	199	-
	<u>12,756</u>	<u>14,060</u>

All debtors fall due within one year

The loans to group undertakings are interest bearing. (Interest Rate 0.73%)

10 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	7,671	9,422
VAT payable	126	-
Accruals	2	3
	<u>7,799</u>	<u>9,425</u>

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

11 Called up share capital

	2010 £'000	2009 £'000
Authorised, called up and fully paid 5,000,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Apple Xemplar Education Limited

Notes (continued)

12 Reconciliation of movement in shareholders' funds	2010 £'000	2009 £'000
Opening shareholders' funds	5,472	19,364
Profit for the year	279	472
Dividends paid	-	(14,364)
Closing shareholders' funds	5,751	5,472

13 Ultimate parent company and parent undertaking of largest 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 events

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

15 Approval of financial statements

The directors' issued and approved the financial statements on . *20 May 2011* .