

Registered No. 03903962

Palm Europe Limited

Report and Financial Statements

31 October 2016

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COMPANIES HOUSE

Officers and Professional Advisors

Directors

Caroline Morin
George Brasher

Secretary

M Ben-Touval

Registered office

Amen Corner
Cain Road
Bracknell
Berkshire
United Kingdom
RG12 1HN

Auditors

Ernst & Young
Apex Plaza
Forbury Road
Reading
United Kingdom
RG1 1YE

Directors' Report

The directors present their report and the financial statements of the company for the year ended 31 October 2016.

Principal Activity

The company was a distributor of smartphones, tablets and accessories throughout the EMEA region through fiscal 2011 whereupon HP Inc, the ultimate parent company, ceased marketing legacy Palm products.

On 11 May 2016, the company sold its entire shareholding in Palm Benelux B.V. to Perseus Holding B.V., resulting in gain of \$79,000.

The profit for the year, after taxation, was \$4,000 (PY: \$492,000) as set out on page 7 of the financial statements.

The directors do not recommend any dividends during the year.

Directors

The directors who served the company during the year, and to date, were as follows:

Caroline Morin
George Brasher

During the year, and up to the date of approval of the financial statements, the company had in place third party indemnity provision for the benefit of all the directors of the company.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the report and the financial statements.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors


In accordance with section 487 the companies Act 2006, Ernst & Young shall be deemed to be re-appointed as auditors of the company.

Small company exemptions

Advantage has been taken of the exemption under section 414B of the Companies Act 2006 from the requirement to prepare a Strategic Report

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the Board


Caroline Morin
Director
26 May 2017

Directors' Responsibilities Statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 those financial statements, the directors are required to:

- select accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate 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 Palm Europe Limited

We have audited the financial statements of Palm Europe Limited for year ended 31 October 2016 which comprise the Income statement, the Statement of Financial position and the related notes 1 to 12. 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) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

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 auditor

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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 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 (continued)

to the members of Palm Europe Limited

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Report of the Directors.



Marcus Butler (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
26 May 2017

**Statement of Comprehensive Income
for the year ended 31 October 2016**

| | Note | 2016 \$'000 | 2015 \$'000 |
|--|-------------|------------------------|------------------------|
| Other Income | | - | 91 |
| Administrative expenses | | (50) | (33) |
| | | <u> </u> | <u> </u> |
| Operating (loss)/profit | 4 | (50) | 58 |
| Dividend Income | | - | 295 |
| Interest Payable and similar charges | | - | (6) |
| Gain on sale/liquidation of subsidiaries | 7 | 79 | 157 |
| | | <u> </u> | <u> </u> |
| Profit on ordinary activities before taxation | | 29 | 504 |
| Tax on profit on ordinary activities | 5 | (25) | (12) |
| | | <u> </u> | <u> </u> |
| Profit for the year | | <u>4</u> | <u>492</u> |

All of the activities of the company are classed as continuing.

There are no recognised gains or losses other than those passing through the profit and loss account.

**Statement of Changes in Equity
for the year ended 31 October 2016**

| | Share capital \$'000 | Profit and loss account \$'000 | Total Equity \$'000 |
|----------------------------------|-------------------------|---|---------------------------|
| At 31 October 2014 | 156 | 8 | 164 |
| Profit for the year | - | 492 | 492 |
| Currency translation differences | - | (11) | (11) |
| At 31 October 2015 | 156 | 489 | 645 |
| As at 1 November 2015 | 156 | 489 | 645 |
| Profit for the year | - | 4 | 4 |
| At 31 October 2016 | 156 | 493 | 649 |

**Statement of Financial Position
at 31 October 2016**

| | Note | 2016 \$'000 | 2015 \$'000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Investments | 7 | - | 22 |
| Current assets | | | |
| Debtors | 8 | 743 | - |
| Cash at bank and in hand | | 514 | 1,477 |
| | | 1,257 | 1,477 |
| Creditors: amounts falling due within one year | 9 | (608) | (854) |
| Net current assets | | 649 | 623 |
| Net assets | | 649 | 645 |
| Capital and reserves | | | |
| Called up share capital | 10 | 156 | 156 |
| Profit and loss account | | 493 | 489 |
| Shareholder's funds | | 649 | 645 |

Approved by the Board of Directors and signed on its behalf by:



Caroline Morin
Director
26 May 2017

**Notes to the financial statements
at 31 October 2016**

1. Accounting Policies

Statement of compliance

Palm Europe Limited is a limited liability company incorporated in England. The Registered Office is Amen Corner, Cain Road, Bracknell, Berkshire, RG12 1HN

The Palm Europe Limited financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Palm Europe Limited for the year ended 31 October 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 12

Basis of preparation

The financial statements of the Company were authorised for issue by the Board of Directors on 26 May 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in US Dollar which is the functional currency of the company and rounded to the nearest \$'000..

The US Dollar is the functional currency of the company, as the majority of the company's trading transactions are conducted in this currency. The average exchange rate from Pounds Sterling to US Dollars was 1.3999 for the year ended 31 October 2016 (PY:1.5433). The period-end exchange rate from Pounds Sterling to US Dollars was 1.222 as of 31 October 2016 (PY:1.5140).

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the Company's key sources of estimation uncertainty:

- Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the report and the financial statements.

Cash flow statement

In accordance with Section 7, Palm Europe Limited has not published a cash flow statement as its ultimate parent company, HP Inc, which is incorporated in the United States of America, has published consolidated financial statements in which the cash flows of the company are included.

Related Party Transactions

The Company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Section 33 ("Related Party Transactions"), and accordingly has not provided details of its transactions with other wholly owned entities forming part of the HP Inc. group

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax

**Notes to the financial statements
at 31 October 2016**

1. Accounting Policies (Continued)

Taxation (continued)

losses are recognised only to the extent that the directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency transactions

Transactions in foreign currencies are recorded in US dollars at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The financial statements of overseas branches are translated into US dollars at the closing rate of exchange and the difference arising from the translation of the opening net investment at the closing rates is taken directly to reserves. All other translation differences are dealt with in the profit and loss account.

Investments

Investments are included at cost less provisions for impairment.

2. Auditor's remuneration

Auditor's remuneration for the financial year ended 31 October 2016 is \$11,897 (PY: \$14,000)

3. Directors' Emoluments

Directors' emoluments have been borne by fellow group companies. The directors of the company are also directors or officers of other companies within the HP Inc group. The directors' services to the company do not occupy a significant amount of their time and are considered to be incidental. As such, these directors do not consider that they have received any remuneration for their services to the company for the years ended 31 October 2016 and 2015.

4. Operating Loss

Operating loss is stated after charging/ (crediting):

| | 2016 | 2015 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Rentals under operating leases | 9 | 9 |
| Foreign exchange gain | (20) | (57) |
| Auditors' remuneration - audit services | 12 | 13 |
| - other services | - | 1 |
| | <u>-</u> | <u>1</u> |

**Notes to the financial statements
at 31 October 2016**

5. Tax

(a) Tax on profit/(loss) on ordinary activities

| | 2016 | 2015 |
|--|-----------|-----------|
| | \$'000 | \$'000 |
| Current tax: | | |
| United Kingdom corporation tax based on profit/(loss) for the year at 20% (2015: 20.41%) | (1) | 12 |
| Adjustment in respect of previous periods | 26 | - |
| Tax on profit/(loss) on ordinary activities (note 5(b)) | <u>25</u> | <u>12</u> |

(b) Factors affecting current tax

The tax assessed on the profit/(loss) on ordinary activities for the period is different to the standard rate of corporation tax in the United Kingdom of 20%. The differences are reconciled below:

| | 2016 | 2015 |
|---|-----------|-----------|
| | \$'000 | \$'000 |
| Profit/(loss) on ordinary activities before taxation | 31 | 504 |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax rate in the United Kingdom of 20.41% (2014: 21.83%) | 6 | 103 |
| Effects of: | | |
| Non-taxable income | - | (92) |
| Expenses not deductible for tax purposes | - | 1 |
| Foreign exchange movements on tax and group relief | (6) | - |
| Losses not recognised | 2 | - |
| Adjustment from previous periods | 25 | - |
| Gains | (2) | - |
| Total current tax (note 5(a)) | <u>25</u> | <u>12</u> |

(c) Factors that may affect future tax changes

The Finance Bill 2014 included a reduction in the United Kingdom corporation tax rate from 21% to 20% from 1 April 2015, which continues to support the previous announcement included in The Finance Bill 2013. The Finance Bill 2015 left the United Kingdom corporation tax rate at 20% from 1 April 2016. The bill also reduced the rate to 19% effective from 1 April 2017 until 1 April 2020 when the rate will be reduced further to an 18% level. These rates were substantively enacted on 26 October 2015.

**Notes to the financial statements
at 31 October 2016**

7. Investments in subsidiary companies

| | 2016 | 2015 |
|----------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Shares in group companies | | |
| Cost and net book value | | |
| At beginning of the year | 22 | 142 |
| Disposals | (22) | (120) |
| At end of the year | <u>-</u> | <u>22</u> |

During May 2016, the company sold its entire shareholding in Palm Benelux B.V. to Perseus Holding B.V. resulting in profit of \$79,000

8. Debtors

| | 2016 | 2015 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Amounts due within one year: | | |
| Amounts owed by group undertakings | <u>743</u> | <u>-</u> |
| | 743 | - |

9. Creditors: amounts falling due within one year

| | 2016 | 2015 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Corporation tax | 26 | 1 |
| Amounts owed to group undertakings | - | 186 |
| Accruals and deferred income | <u>582</u> | <u>667</u> |
| | 608 | 854 |

10. Called up share capital

| | 2016 | 2015 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Called up, allotted and fully paid | | |
| 100,000 ordinary shares of £1 (\$1.56) each | <u>156</u> | <u>156</u> |

11. Ultimate parent company and controlling party

The immediate parent company is Palm Ireland Investment Company. The ultimate parent company and controlling party, and the smallest and largest undertaking which consolidates these financial statements, is HP Inc, which is incorporated in the United States of America. Copies of the consolidated financial statements of HP Inc can be obtained from 1501 Page Mill Road, Palo Alto, California 94304, USA.

12. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 November 2014. There were no recognition, measurement and classification differences between FRS 102 and UK GAAP on the company's total equity shareholders' funds, profit and cash flows for the financial year for the years previously reported under UK GAAP following the date of transition to FRS 102.