

Palm Europe Limited

Report and Financial Statements

31 October 2014

THURSDAY



A4CQ906X

A23

30/07/2015

#144

COMPANIES HOUSE

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Caroline Morin
George Brasher

REGISTERED OFFICE

Amen Corner
Cain Road
Bracknell
Berkshire
RG12 1HN

AUDITORS

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31 October 2014.

PRINCIPAL ACTIVITY

The company was a distributor of smartphones, tablets and accessories throughout the EMEA region through fiscal 2011 whereupon Hewlett-Packard Company, the ultimate parent company, ceased marketing legacy Palm products. The company is currently a holding company.

The loss for the year, after taxation, was \$42,000 (2013: profit of \$1,546,000) as set out on page 7 of the financial statements.

During the year, an interim dividend of \$6,298,000 was paid (2013: nil). Subsequent to year end, the directors determined that an administrative error had occurred resulting in an element of this dividend payment being in excess of distributable earnings. The directors of Palm Europe Limited, and of its parent company, agreed that this excess element of \$57,000 should be repaid. Accordingly, an intercompany receivable was established, increasing amounts owed by group undertakings and shareholder's funds by \$57,000 at 31 October 2014. The directors do not recommend a final ordinary dividend (2013: nil).

DIRECTORS

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

Steven Burr	(resigned 30 June 2015)
Andrew Isherwood	(appointed 01 November 2013 and resigned 09 July 2015)
Caroline Morin	(appointed 09 July 2015)
George Brasher	(appointed 09 July 2015)

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

OVERSEAS BRANCHES

Subsequent to 31 October 2014, during December 2014, the Company de-registered its branch in Spain.

POST BALANCE SHEET EVENTS

During December 2014, Palm France SAS completed the formalities to delist before the Trade and Companies Register in France. Its only asset, a cash balance of \$139,000, was subsequently transferred to the company.

During January 2015, the company received a cash dividend of \$295,000 related to its shareholding in Palm Geneva SARL.

During February 2015, the company sold its entire shareholding in Palm Geneva SARL to Hewlett-Packard (Schweiz) GmbH for consideration of \$162,000.

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.

DIRECTORS' REPORT (continued)

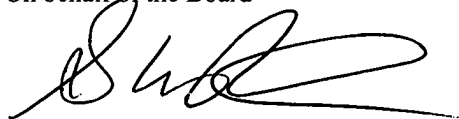
AUDITORS

Ernst & Young LLP continue as the company's auditor. In accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985, which continues in force under the Companies Act 2006, the company has elected to dispense with the obligation to appoint auditors annually.

STRATEGIC REPORT

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

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G Brasher', with a long horizontal flourish extending to the right.

George Brasher
Director
29 July 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 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 2014 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholder's Funds, the Balance Sheet and the related notes 1 to 14. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2014 and of its loss 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

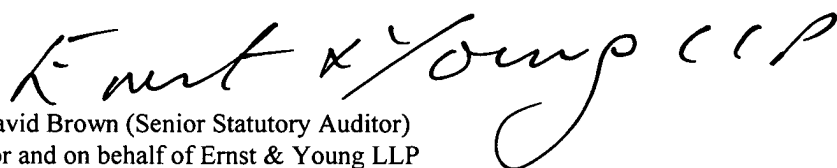
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



David Brown (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
Reading

29 July 2015

**PROFIT AND LOSS ACCOUNT
for the year ended 31 October 2014**

	Note	2014 \$'000	2013 \$'000
Turnover	2	182	90
Cost of sales		(2)	-
		<u>180</u>	<u>90</u>
Gross profit			
Distribution costs		-	(10)
Administrative (expenses)/credits		(232)	157
		<u>(232)</u>	<u>147</u>
Operating (loss)/profit	4	(52)	237
Gain on sale/liquidation of subsidiaries		-	1,655
		<u>(52)</u>	<u>1,892</u>
(Loss)/profit on ordinary activities before taxation			
Tax credit/(charge) on (loss)/profit on ordinary activities	5	10	(346)
		<u>10</u>	<u>(346)</u>
(Loss)/profit for the year		<u>(42)</u>	<u>1,546</u>

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

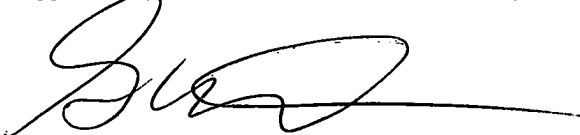
There are no recognised gains or losses other than those passing through the profit and loss account.

Palm Europe Limited

BALANCE SHEET 31 October 2014

	Note	2014 \$'000	2013 \$'000
Fixed assets			
Investments	7	<u>142</u>	<u>142</u>
Current assets			
Debtors	8	68	4
Cash at bank and in hand		<u>1,722</u>	<u>8,955</u>
		1,790	8,959
Creditors: amounts falling due within one year	9	<u>(1,768)</u>	<u>(2,504)</u>
Net current assets		<u>22</u>	<u>6,455</u>
Total assets less current liabilities		164	6,597
Provision for liabilities	10	<u>-</u>	<u>(142)</u>
Net assets		<u>164</u>	<u>6,455</u>
Capital and reserves			
Called up share capital	11	156	156
Profit and loss account	12	<u>8</u>	<u>6,299</u>
Shareholder's funds	12	<u>164</u>	<u>6,455</u>

Approved by the Board of Directors on 29 July 2015



George Brasher
Director

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 October 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on a going concern basis.

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 1.6586 for the year ended 31 October 2014. The period-end exchange rate from Pounds Sterling to US Dollars was 1.6000 as of 31 October 2014.

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

In accordance with Financial Reporting Standard 1 (revised), Palm Europe Limited has not published a cash flow statement as its ultimate parent company, Hewlett-Packard Company, 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 is a wholly owned subsidiary of Hewlett-Packard Company. Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions or balances with wholly owned entities of the Hewlett-Packard group or investees of the group.

Taxation

UK corporation tax is provided 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.

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.

Revenue recognition

Turnover includes the amounts received in accordance with a cost plus agreement that guarantees cash flows from group companies collectively owned by a parent company, Hewlett-Packard The Hague.

Investments

Investments are included at cost less provisions for impairment.

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 October 2014

5. TAXATION ON ORDINARY ACTIVITIES

(a) Current tax

	2014 \$'000	2013 \$'000
UK corporation tax		
Current corporation tax based on (loss)/profit for the year at 21.83% (2013: 23.42%)	(10)	314
Under provision in prior year	-	32
	<u>(10)</u>	<u>346</u>
Total current tax (note 5(b))	<u>(10)</u>	<u>346</u>

(b) Factors affecting current tax

	2014 \$'000	2013 \$'000
(Loss)/profit on ordinary activities before taxation	(52)	1,892
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of corporation tax rate of 21.83% (2013: 23.42%)	(11)	443
<i>Effects of:</i>		
Under provision in prior year	-	32
Non-taxable income	-	(3)
Expenses not deductible for tax purposes	1	-
Movement in short term timing differences	-	(137)
Capital allowances in excess of depreciation	-	11
	<u>(10)</u>	<u>346</u>
Total current tax (note 5(a))	<u>(10)</u>	<u>346</u>

Changes to UK Corporation Tax

The Finance Bill 2013 included a reduction in the UK corporation tax rate from 23% to 21% from 1 April 2014 and a further reduction to 20% from 1 April 2015. These rates were substantively enacted on 2 July 2013.

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. No other future changes to the corporation tax rate have been proposed.

6. DIVIDENDS

During the year ended 31 October 2014, an interim dividend of \$6,298,000 was paid (2013: nil).

During the year, an interim dividend of \$6,298,000 was paid. Subsequent to year end, the directors determined that an administrative error had occurred resulting in an element of this dividend payment being in excess of distributable earnings. The directors of Palm Europe Limited, and of its parent company, agreed that this excess element of \$57,000 should be repaid. Accordingly, an intercompany receivable was established, increasing amounts owed by group undertakings and shareholder's funds by \$57,000 at 31 October 2014. The directors do not recommend a final ordinary dividend (2013: nil).

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 October 2014

7. INVESTMENTS IN SUBSIDIARY COMPANIES

Shares in group companies	2014 \$'000	2013 \$'000
Cost and net book value		
At beginning of period	142	177
Disposals	-	(35)
	<u>142</u>	<u>142</u>
At end of period	<u>142</u>	<u>142</u>

Name of company	Country of incorporation
Palm France SAS	France
Palm Benelux BV	Netherlands
Palm Geneva SARL	Switzerland

The company owns 100% of the ordinary share capital of the above companies.

During April 2013, Palm Italy Srl completed its liquidation by transferring its cash balances of \$54,000 to the company, resulting in a gain on liquidation of subsidiary of \$44,000.

During June 2013, the company sold its entire shareholding in Palm Germany GmbH to Compaq Computer Deutschland for consideration of \$1,636,000, resulting in a gain on sale of subsidiary of \$1,611,000.

During February 2015, the company sold its entire shareholding in Palm Geneva SARL to Hewlett-Packard (Schweiz) GmbH for consideration of \$162,000.

8. DEBTORS

	31 Oct. 2014 \$'000	31 Oct. 2013 \$'000
Amounts due within one year:		
Amounts owed by group undertakings	68	-
Other debtors	-	4
	<u>68</u>	<u>4</u>

9. CREDITORS: amounts falling due within one year

	2014 \$'000	2013 \$'000
Corporation tax	121	468
Amounts owed to group undertakings	402	530
Accruals and deferred income	1,245	1,506
	<u>1,768</u>	<u>2,504</u>

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 October 2014

10. PROVISIONS FOR LIABILITIES

	\$'000
At 31 October 2013	142
Released to profit and loss account	(142)
Utilised in the year	-
	<hr/>
At 31 October 2014	-
	<hr/> <hr/>

During the year ended 31 October 2014, the company released the provision for technical support costs not utilised during the customer support period which is now expired.

11. CALLED UP SHARE CAPITAL

	2014	2013
	\$'000	\$'000
Called up, allotted and fully paid		
100,000 ordinary shares of £1 (\$1.56) each	156	156
	<hr/>	<hr/>

12. RECONCILIATION OF MOVEMENTS ON SHAREHOLDER'S FUNDS

	Share capital \$'000	Profit and loss account \$'000	Total \$'000
At 1 November 2012	156	4,747	4,903
Profit for the year	-	1,546	1,546
Currency translation differences	-	6	6
	<hr/>	<hr/>	<hr/>
At 31 October 2013	156	6,299	6,455
Loss for the year	-	(42)	(42)
Currency translation differences	-	(8)	(8)
Dividend paid	-	(6,298)	(6,298)
Amount of dividend subsequently reclaimed	-	57	57
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2014	156	8	164
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party and the largest undertaking which consolidates these financial statements is Hewlett-Packard Company, which is incorporated in the United States of America.

Copies of the group financial statements of Hewlett-Packard Company can be obtained from 3000 Hanover Street, Palo Alto, California, 94304, USA.

The smallest undertaking, which consolidates these financial statements, is Hewlett-Packard The Hague BV. Copies of the group financial statements of Hewlett-Packard The Hague BV can be obtained from Startbaan 16, 1187 XR Amstelveen, The Netherlands.

The company's immediate parent undertaking is Palm Ireland Investment, a company incorporated in Ireland.

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 October 2014

14. POST BALANCE SHEET EVENTS

During December 2014, Palm France SAS completed the formalities to delist before the Trade and Companies Register in France. Its only asset, a cash balance of \$139,000, was subsequently transferred to the company.

During January 2015, the company received a cash dividend of \$295,000 related to its shareholding in Palm Geneva SARL.

During February 2015, the company sold its entire shareholding in Palm Geneva SARL to Hewlett-Packard (Schweiz) GmbH for consideration of \$162,000.