

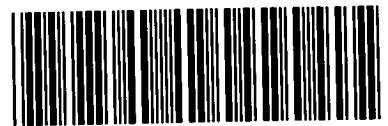
Apple Retail UK Limited

**Strategic Report,
Directors' Report and
Financial Statements**

Year ended 24 September 2022

Registered number 04996702

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Apple Retail UK Limited
Strategic Report, Directors' Report and Financial Statements
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Strategic Report

The directors of Apple Retail UK Limited (the "Company") present their strategic report for the year ended 24 September 2022.

The Company's ultimate parent is Apple Inc. ("Ultimate Parent", "Apple" or "Apple Inc."), a company incorporated in California, United States of America.

Principal activities and business review

Apple Inc. and its wholly-owned subsidiaries (the "Group") design, manufacture and market smart phones, tablets, personal computers, wearables, and accessories, and sell a variety of related services.

The Company's principal activity is the sale of personal computing products and mobile communication devices as well as a variety of related software, services, peripherals, networking solutions and various third-party hardware and software products.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2022	2021	Change
	£'000	£'000	%
Turnover	1,563,920	971,504	61%
Operating profit	43,482	37,626	16%
Total equity	359,844	289,469	24%

Turnover increased by 61% versus 2021. During 2022, aspects of the Company's business were still affected by the COVID-19 pandemic and the measures taken in response have affected and could in the future materially adversely impact the Company's business, results of operations and financial condition.

Operating profit increased by 16% versus 2021 due to turnover increase.

Total equity has increased by 24% year on year due to capital contributions received in the year in addition to the net profit recognised for the period.

There were 39 stores open as at 24 September 2022. Brompton Road in London opened during 2022.

In 2022, the Company had a monthly average number of employees of 4,893 (2021: 4,756).

Each indicator is 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 set out above.

Strategic Report (continued)

Risk and uncertainties

The risks and uncertainties faced by the business are those typical of the retail sector. The Company has invested in equipment and leasehold improvements, information systems, and personnel. In addition, the Company has also entered into operating lease commitments for retail space with lease terms generally ranging from 10 to 20 years.

Should the Company choose to terminate these commitments or close individual stores, including as a result of protective public safety measures in response to the COVID-19 pandemic, then the Company could incur substantial costs. Such costs could adversely affect the results of the Company's operations and financial condition. Additionally, a relatively high proportion of the store costs are fixed because of personnel costs, depreciation of store construction costs, and lease expenses. As a result, significant losses may result should the stores experience a significant decline in sales for any reason.

Potential risks and uncertainties unique to retail operations that could have an adverse impact on the Company include, among other things: macro-economic factors that have a negative impact on general retail activity; inability to manage costs associated with store construction and operation; inability to sell third-party hardware and software products at adequate margins; and inability to obtain and renew leases in quality retail locations at a reasonable cost.

COVID-19 has had, and continues to have, a significant impact around the world, prompting governments and businesses to take unprecedented measures in response. Such measures have included restrictions on travel and business operations, temporary closures of businesses, and quarantine and shelter-in-place orders. The COVID-19 pandemic has at times significantly curtailed global economic activity and caused significant volatility and disruption in global financial markets.

The COVID-19 pandemic and the measures taken in response have adversely affected and could in the future materially adversely impact the Company's business, results of operations and financial condition. During the course of the pandemic, certain of the Group's component suppliers and manufacturing and logistical service providers have experienced disruptions, resulting in supply shortages that affected sales worldwide, and similar disruptions could occur in the future. Public safety measures can also adversely impact consumer demand for the Group's products and services in affected areas.

The Company continues to monitor the situation and take appropriate actions in accordance with the recommendations and requirements of relevant authorities. The extent to which the COVID-19 pandemic may impact the Company's operational and financial performance remains uncertain and will depend on many factors outside the Company's control, including the timing, extent, trajectory and duration of the pandemic, the emergence of new variants, the development, availability, distribution and effectiveness of vaccines and treatments, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for consumer products. Additional future impacts on the Company may include, but are not limited to, material adverse effects on demand for the Company's products and services, the Company's supply chain and sales and distribution channels, the Company's ability to execute its strategic plans, and the Company's profitability and cost structure.

Financial risk is managed by Apple Inc.'s, specialist Treasury department under policies approved by its board of directors. Therefore, the financial risk facing the Company is considered low.

Results

The profit for the year after taxation amounted to £42,031,000 (2021: £37,393,000).

Post balance sheet events

There have been no other significant events affecting the Company since 24 September 2022

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Strategic Report (continued)

Section 172 Statement

The directors of the Company have acted during the financial period in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its member, and in doing so they have had regard to the matters set out in section 172(1) of the Companies Act 2006. Highlighted below are certain aspects of the duties under section 172(1) that the directors consider most relevant to the Company, and the key stakeholders of the Company. The directors receive training relevant to their role, including on directors' duties, to support their consideration of stakeholder impact.

The directors have delegated day-to-day engagement with stakeholders to management with relevant subject matter expertise, but they oversee this engagement and consider stakeholder impacts in relation to key decisions that are escalated to the board.

Culture

The Company is part of the Apple Inc. Group of companies. The Company aligns its corporate governance structures, policies and values with Apple Inc., and these structures, policies and values are adopted and applied in the Company by the directors. The Company's values are set out in the *statement of corporate governance arrangements* on pages 14 and 15. These values, including how they are applied by the Company, are discussed in more detail in our *statement of engagement with employees* on pages 9 to 11; *statement of engagement with suppliers, customers and others in a business relationship with the Company* on pages 11 to 14; and in our *streamlined energy and carbon report*, on pages 15 to 17.

Considering long-term impact of decisions

Apple Inc. and its subsidiaries (collectively, "Apple"), are demonstrating every day that business can and should be a force for good. At Apple, we're committed to leaving the world better than we found it, and the directors seek to have a long-term mindset when making decisions on behalf of the Company. That means supporting communities with global and local initiatives, investments, and donations that combat inequity, expand access to opportunity, and help respond to urgent needs.

Employees

At Apple, we work every day to create an inclusive, safe, and supportive environment for all our team members. We're always finding new ways to invest in our teams' development and to encourage collaboration and creativity. And we provide strong and comprehensive benefits and highly competitive total compensation. We believe we're a better and more innovative company when people have support and the opportunity to do their best work. We describe further how the Company engages with employees in our *statement of engagement with employees*, on pages 9 to 11.

The community, suppliers, customers and others in a business relationship

Our Human Rights Policy, which has been adopted by the Company following approval by the directors of the Company, governs how we treat everyone, including our customers, employees, business partners, and people at every level of our supply chain. See our *statement of engagement with suppliers, customers and others in a business relationship with the Company*, on pages 11 to 14 for more detail on how we monitor and nurture our business relationships.

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Strategic Report (continued)

Section 172 Statement (continued)

The environment

The Company participates in the global ambitions and targets of the Apple Inc. Group. Apple is acting with urgency to protect our planet's limited resources and to be a leader in the fight against climate change. Since 2020, we've been carbon neutral for our worldwide operations, and by 2030, our goal is to expand that progress to our entire supply chain and the lifetime use of our products. This carbon neutrality goal includes reducing emissions 75 percent compared with fiscal year 2015 and balancing the residual emissions with carbon removal — across the life cycle of all of our products by 2030. See our *streamlined energy and carbon report* on pages 15 to 17 for more information on the Company's energy and carbon usage and Apple's climate action commitments.

Principal decisions of the Company

As mentioned in the *statement of corporate governance arrangements*, decisions which are of strategic importance, are commercially material, or have a significant impact on key stakeholders are considered principal decisions of the Company. The board of the Company has taken the following principal decisions during the financial period:

Impact of Covid-19

Since the beginning of the pandemic, Apple's first priority has been the health and safety of our teams, their families and communities. We supported the COVID-19 public health response, delivered new innovative tools, and adapted our business to empower people with the information and technology they needed most. During the financial period, applicable Company employees were asked to return to working regularly in Company offices, subject to considerations of local conditions, local laws and the evaluation of risk to employees. Further details can be found in the *statement of engagement with employees*, on pages 9 to 11.

New store on Brompton Road ("Apple Brompton Road")

The Company opened a new store on Brompton Road, Knightsbridge, London on 28 July 2022, with this decision being considered and approved by the directors of the Company. The primary stakeholders affected by this decision were considered to be the local community. The impact on the environment, including how this factor is closely connected to the long-term success of the Company, was carefully considered given the indirect impact on many stakeholders of the Company, including its employees, customers and the local community. Like all Apple facilities, Apple Brompton Road is powered by 100 percent renewable energy.

By order of the board

Director


Peter R. Denwood

Dated 23 May 2023
8th Floor, 20 Farringdon Street
London EC4A 4AB

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Directors' Report

The directors of the Company present their report for the year ended 24 September 2022.

The Company's ultimate parent is Apple Inc. ("Ultimate Parent", "Apple" or "Apple Inc."), a company incorporated in California, United States of America.

Directors

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

Michael Boyd (resigned 24 January 2023)
Peter Denwood
Eamonn Clancy (appointed 24 January 2023)

The Company Secretary is Abogado Nominees Limited.

Dividend

No dividend for fiscal year 2022 (2021: £nil) was proposed or paid.

Future developments

The directors aim to sustain the management policies which will drive growth in the Company's results.

Post balance sheet events

There have been no other significant events affecting the Company since 24 September 2022

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the principal activities and business review, risks and uncertainties and key performance indicators sections of the Strategic Report. The directors believe the Company is well placed to manage its business risks successfully.

The Company's directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The results of the Company for the year ended 24 September 2022 as set out on page 23 are considered satisfactory.

Political contributions

The Company made no political contributions during the year (2021: £nil).

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Directors' Report (continued)

Other Information

The combined business results of the Company together with Apple (UK) Limited and Apple Europe Limited, were as follows:

	2022	2021
	£'000	£'000
Turnover	3,122,378	2,336,469
Operating profits	756,175	729,976
UK Corporation tax charge for year at 19% (2020:19%)	115,950	110,253
Total tax on profit on ordinary activities	96,465	95,882
Average monthly number of employees during the year	7,514	7,048

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Risks and uncertainties

The risks and uncertainties facing the Company are disclosed in the Strategic Report.

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.

Qualifying third-party indemnity provisions

The Company benefits from a global indemnity policy which protects its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

Reappointment of the auditors

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

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Directors' Report (continued)

Statement of engagement with employees

We've worked to embed respect for human rights across Apple in the technology we make, the way we make it, and how we treat people. Our Human Rights Policy, which has been adopted by the Company following approval by the directors of the Company, governs how we treat everyone, including our customers, employees, business partners, and people at every level of our supply chain. We set out an overview of our engagement with employees below, however for more detailed information, please see Apple's 2022 Environmental Social Governance website, which can be found here: <https://investor.apple.com/esg>

Employee engagement

At Apple, we work every day to create an inclusive, safe, and supportive environment for all our team members. We're always finding new ways to invest in our teams' development and to encourage collaboration and creativity. And we provide strong and comprehensive benefits and highly competitive total compensation. We believe we're a better and more innovative company when people have support and the opportunity to do their best work.

At Apple, we believe that open and honest communication among team members, managers, and leaders helps create a collaborative work environment where everyone can contribute, grow, and succeed.

Team members are encouraged to come to their managers with questions, feedback or concerns. If a team member is ever uncomfortable raising a particular issue with their manager, they can discuss it with any manager at Apple, their People Business Partner, People Support, or they can contact the Business Conduct team.

In addition, employees and managers can report incidents, near-misses, and observations—including newly identified hazards and risks—through an internal iOS app. Incident responses are addressed by Apple's Environmental, Health and Safety team through a consistent process that connects employees with care and support while identifying corrective actions where appropriate to prevent future occurrences.

Consulting with employees and their representatives

Another way team members can let us know how Apple is doing is to participate in surveys that we conduct regularly. These survey results are a great way for us to learn about what's going well and how we can do better in areas like career development, manager performance, and inclusivity, and teams are encouraged to create action plans based on the survey results.

We conduct annual surveys for all Apple Store team members to listen to their views on topics like leadership, management, career development, performance, values, culture, and work environment. Leaders from each organization use the survey insights to take steps to better support team members where they need it and to build action plans for their team. This survey is optional and anonymous.

Over the last two years in particular, we focused on listening to Apple Store employees as they were interacting most directly with customers during the pandemic and experiencing rapid change in how they worked to support those customers.

Apple is committed to listening and engaging with its employees in a supportive environment, and the Company has an employee representative team in place. This operates monthly at store level, quarterly at market level, and twice per year at national level. Dedicated resources and tools exist to support the effective representation of matters between employees and management.

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Directors' Report (continued)

Statement of engagement with employees (continued)

The Company's employees are also represented in the European Consultation Forum ("ECF"), Apple's European Works Council. The ECF gives Apple employees and central management in the European Economic Area ("EEA"), Switzerland and the UK ("the Region") a way to exchange views and establish dialogue on relevant transnational issues. Apple fully supports the ECF as a way to assist communication between the parts of its business in the Region and to provide a venue for feedback from its employees through the ECF's representatives. The ECF, however, does not replace consultation with employee representatives at the country and site level where applicable.

Opportunities to become shareholders in Apple Inc.

Beyond our highly competitive pay, employees are eligible to receive discretionary restricted stock units ("RSU") grants and become Apple shareholders. As outlined further in Note 5 to the financial statements, the Company's ultimate parent, Apple Inc. operates discretionary employee stock programs relevant to the Company. Apple is one of the few companies in the S&P 500, and the largest technology company, in which employees at all levels are eligible for RSU grants on an annual basis. Employees can also purchase Apple stock at a discount if voluntarily participating in Apple's Employee Stock Purchase Plan.

Inclusion and diversity

At Apple, we remain committed to our vision to build and sustain a more inclusive workforce that is representative of the communities we serve. Apple continues to work to increase diverse representation at every level, foster an inclusive culture, and support access to opportunity for all employees.

Apple aims to offer highly competitive total compensation that's in top tier of each local market and provides all employees with the opportunity to become a shareholder in Apple Inc. Since 2017, Apple has achieved and maintained gender pay equity for all employees. To maintain pay equity Apple conducts regular, in-depth assessment of total compensation including base pay, discretionary bonus and discretionary RSUs granted by Apple Inc.

We publish our Gender Pay Gap report on an annual basis and we're committed to improving the representation of women at all levels of the Company.

Accessibility

Accessibility is one of our values and a fundamental human right. To make sure that all of our team members have the support they need, Apple's own best-in-class accessibility features are in use across Apple by team members with disabilities to remove barriers and enable them to be more productive and successful. We have multiple accessibility-focused trainings available to team members, managers, and recruiters.

We have a dedicated global accessibility and accommodations team to support team members throughout their career journeys. And we have a directory of all of these accessibility resources available that team members can access and search. The Company is registered as a Disability Confident Employer. Please see our *statement of engagement with suppliers, customers and others in a business relationship* on pages 11 to 14.

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Directors' Report (continued)

Statement of engagement with employees (continued)

The impact of COVID-19 and return to the office

At every stage of the pandemic, our first priority has always been the health of our teams, customers, and communities. That meant being one of the first companies to close our offices and retail stores, and finding innovative ways to connect with colleagues and customers virtually.

Since 2020, we've continued our efforts and programs to support our people. To keep our teams informed, we deployed comprehensive resources with up-to-date COVID-19 information, including a dedicated platform for teams returning to the office. COVID-19 case support, implemented for all team members, included return-to-work guidance and contact tracing, with the utmost regard for employee privacy.

Statement of engagement with suppliers, customers and others in a business relationship with the Company

We've worked to embed respect for human rights across Apple in the technology we make, the way we make it, and how we treat people. Our Human Rights Policy, which has been adopted by the Company following approval by the directors of the Company, governs how we treat everyone, including our customers, employees, business partners, and people at every level of our supply chain. We set out an overview of our engagement with key stakeholders below, however for more detailed information, please see Apple's Environmental Social Governance website, which can be found here: <https://investor.apple.com/esg>

Supplier responsibility

Apple is deeply committed to working with our suppliers so that people in our supply chain are safe at work, are treated with dignity and respect, and so that our planet is protected throughout the process of building our products. Through our Supplier Code of Conduct (the "Code") and Supplier Responsibility Standards (the "Standards"), we hold ourselves and our suppliers to the highest standards of labour and human rights, environmental protections, and responsible business practices in our supply chain. And we go further to empower the people in our supply chain through initiatives like our Supplier Employee Development Fund, a \$50 million investment in programs designed to amplify worker voice and provide educational opportunities to the people in our supply chain.

Our suppliers must operate in full compliance with all applicable laws and regulations and in accordance with the principles included in the Code and the Standards, which draw from industry and internationally accepted principles, including, among others, the International Labour Organization's International Labour Standards and the United Nations' Guiding Principles on Business and Human Rights.

Further details on Apple's commitment to supplier responsibility are available at <https://www.apple.com/supplier-responsibility/>.

Accessibility

At Apple, we believe technology can play a powerful role in helping people to create, learn, be more collaborative and independent, foster dignity, and live out their dreams. Accessibility is a human right. Nowhere is that more evident than in our work in accessibility.

Directors' Report (continued)

Statement of engagement with suppliers, customers and others in a business relationship with the Company (continued)

Vision

Our features for blind and low-vision users include VoiceOver, an industry-leading screen reader that describes exactly what's happening on your device, and Zoom, a screen magnifier that lets you enlarge the content you see on your device. Magnifier, Apple's built-in app for iPhone and iPad, turns the camera into a digital magnifying glass to increase the size of any physical object you point it at. Detection Mode¹ in Magnifier combines the camera, LiDAR Scanner, and on-device machine learning to offer intelligent tools like People Detection, Door Detection² and Image Descriptions, which give you rich details of your surroundings.

Hearing

Apple was the first to work with top manufacturers to create hearing aids, cochlear implants, and sound processors designed specifically for iPhone and iPad to provide outstanding sound quality. Sound Recognition notifies users of external environmental sounds like running water, alarms, electrical appliances, breaking glass, and more, with the option to train your iPhone or iPad to listen for a specific alarm or electrical appliance sounds. Other features include sign language prominence in FaceTime, which can detect when someone uses sign language in Group calls; and Conversation Boost for AirPods Pro, which helps users better follow conversations in crowded or noisy environments.

Physical and motor skills

Users with limited mobility can use Switch Control to navigate their device with a variety of switches, including head-tracking, sound actions, and certified MFi switches. Voice Control³ helps a user control a device with voice commands across iPhone, iPad, and Mac. AssistiveTouch for Apple Watch helps users with upper-body limb differences to enjoy the benefits of Apple Watch without having to touch the display. Apple Watch Mirroring⁴ supports users with quadriplegia or other physical and motor disabilities in controlling Apple Watch via iPhone supported assistive features. iPadOS supports third-party eye-tracking devices, making it possible for people to control iPad using just their eyes.

Learning

Our products are built with an array of features to support people who are neurodivergent or have cognitive disabilities. Background sounds help minimize distractions and support users who want to focus, stay calm, or rest. With Speak Selection for iOS and macOS, audio can be used to support reading or writing comprehension, and Dictation and Siri help anyone who finds speaking easier than typing or writing. Another feature, Guided Access, limits a device to a single app and lets users control which features are available. Learn more about Apple's commitment to accessibility at <https://www.apple.com/accessibility>.

¹ Detection Mode requires devices with the LiDAR Scanner. The LiDAR Scanner is available only on iPhone 12 Pro, iPhone 12 Pro Max, iPhone 13 Pro, iPhone 13 Pro Max, iPad Pro 12.9 inch (4th generation or later), and iPad Pro 11 inch (2nd generation or later).

² Door Detection can read signs in Cantonese (Simplified, Traditional), Chinese (Simplified, Traditional), English (U.S.), French (France), German (Germany), Italian (Italy), Japanese (Japan), Korean (Korea), Portuguese (Brazil), Russian (Russia), Spanish (Spain), and Ukrainian (Ukraine). Door Detection should not be relied on in circumstances where you may be harmed or injured or in high-risk or emergency situations.

³ Voice Control is not available in all areas and on all Apple software. Voice Control utilizes the Siri speech recognition engine for Cantonese (Hong Kong), Chinese (China mainland), English (Australia, Canada, India, UK, U.S.), French (France), German (Germany), Japanese (Japan), and Spanish (Mexico, Spain, U.S.).

⁴ Apple Watch mirroring is available on Apple Watch Series 6 and later

Directors' Report (continued)

Statement of engagement with suppliers, customers and others in a business relationship with the Company
(continued)

Education

Apple has worked alongside educators for more than 40 years to inspire the next generation of learners, supporting creativity, problem-solving, communication, and collaboration. We believe that education can be a great force for equity, and our goal is to empower all educators and learners with technology that protects student privacy and is accessible for all.

We develop products, programs, tools, and resources for educators to create engaging learning experiences, and we support education leaders and administrators so they can get the most out of the technology in the classroom and beyond.

We believe coding is an essential literacy. Coding with Apple gives educators the tools and resources to help students express themselves and prepare for the future, no matter what career they pursue. Our coding resources make it easy for anyone to learn, write, and teach coding and app design using Swift, Apple's powerful open source programming language.

And we work hand in hand with communities, particularly communities of colour and others that are under resourced, to bring coding, creativity, and entrepreneurship opportunities to learners of all ages.

Privacy

Privacy is a fundamental human right, and we're constantly innovating to give users more transparency and control over their data. It's why we set the industry standard for minimizing data collection and processing a user's data on-device, and build industry-leading transparency and controls into our technology.

Hand in hand with the privacy of our users are our commitments to free expression and access to information. Our products and services help our customers learn, express their creativity, exercise their ingenuity, communicate privately and securely, and share information globally, whether by text message, audio, or sign language over FaceTime video.

Apple's products and services are built with innovative privacy technologies and techniques designed to minimize how much of your data Apple — or anyone else — can access. They contain features designed and implemented over decades to protect customers' privacy and give them control over their information.

Safari was the first browser to block third-party cookies by default as far back as 2003, and in 2017, Safari added Intelligent Tracking Prevention to further limit tracking while still enabling websites to function normally. Random identifiers ensure that routes customers take and the places they search in Maps are not associated with their Apple ID, and iMessage and FaceTime are end-to-end encrypted, so Apple can't eavesdrop on user communications. We launched Advanced Data Protection in December 2022 to provide our users with a means to end to end encrypt additional classes of their iCloud data including iCloud back-up and Photos. Siri was designed from the very beginning in 2011 to not associate the things that users say to Siri with their Apple ID, but instead uses a random identifier generated when a user first enables Siri. That has remained the same since then, and in 2021, with newly introduced on-device speech recognition, the audio of users' Siri requests is processed right on their iPhone or iPad by default.

Apple's Privacy Policy ensures that privacy remains a top priority in all that we do. Our suppliers are also obligated to apply our privacy principles via our contractual terms. We respect users' ability to know, access, change, transfer, restrict, and delete personal data, and we strive to collect the minimum amount of data necessary to power our products and services.

Apple's detailed privacy policy has been adopted by the Company following approval by the directors of the Company, and can be found at <https://www.apple.com/privacy/>.

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Directors' Report (continued)

Statement of engagement with suppliers, customers and others in a business relationship with the Company
(continued)

Ethics and compliance

Apple's Business Conduct Policy, which has been adopted by the Company following approval by the directors of the Company, outlines the principles of honesty, respect, confidentiality, and compliance that guide Apple's business practices and apply to Apple suppliers, contractors, consultants, and other business partners when providing goods and services to Apple or acting on our behalf. The Business Conduct Policy applies to all full time and part-time employees and is available to employees in over 20 languages.

The directors of the Company have delegated authority to Apple's Compliance and Business Conduct team, who focus on business conduct, political compliance, export and sanctions compliance, health compliance, antitrust compliance, anti-corruption compliance, and third-party compliance. Additional compliance functions are integrated into our business organizations.

Apple's ethical business practices are set out in our Business Conduct Policy and additional key compliance policies, which have also been adopted by the Company.

Our compliance policies can be found on Apple's Ethics and Compliance website at <https://www.apple.com/compliance/policies>.

Statement of Corporate Governance Arrangements

In the financial year ended 26 September 2020, the Company adopted a corporate governance policy (the "Corporate Governance Policy"), which reflects the global policies of Apple Inc., the Company's ultimate parent company. The Corporate Governance Policy has not been updated in the financial year ended 24 September 2022. Apple's corporate governance policies can be found on Apple's website (<https://investor.apple.com/leadership-and-governance/default.aspx>). The global Apple policies reflected in the Corporate Governance Policy include, amongst others, Apple Inc.'s Business Conduct Policy, Anti-Corruption Policy, Privacy Policy, Human Rights Policy and Supplier Code of Conduct. Additional information relating to a wide range of environment, social and governance (ESG) matters can be found in Apple's ESG Report and ESG Index, via the website mentioned above.

Apple's core values, which further guide the Company's directors and management, are:

Accessibility. We create the most accessible products and services in the world, because technology for everyone should meet everyone's needs.

Education. We believe education is a great equalizing force and a powerful source of opportunity for all.

Environment. We believe doing right by the planet is good for people, for communities, and for business.

Inclusion & Diversity. We're committed to making our company more inclusive and diverse and the world more just.

Privacy. We believe privacy is a fundamental human right.

Supplier Responsibility. We set the highest standards for labour and human rights, working across our global supply chain to expand opportunity and empower people.

Directors' Report (continued)

Statement of Corporate Governance Arrangements (continued)

These values, including how they are applied by the Company, are discussed in more detail in our *statement of engagement with employees* on pages 9 to 11; *statement of engagement with suppliers, customers and others in a business relationship* with the Company on pages 11 to 14; and in our *streamlined energy and carbon report* on pages 15 to 17.

In order to ensure that the directors of the Company fulfil their obligations to the Company and maintain the highest standards of corporate governance, the Corporate Governance Policy sets out guidelines on board composition, director training and requirements as to in-person board meetings. The current board of the Company represents a diverse mix of skills and experience which is appropriate to the needs of the Company. The directors have received training relevant to their role during the financial period. The directors have taken decisions on behalf of the Company throughout the financial period at board meetings (for matters of greatest significance to the Company and its stakeholders) and by means of written resolutions. The Corporate Governance Policy's requirements relating to directors of the Company have been met during the financial period.

In accordance with the Corporate Governance Policy, directors have delegated certain decision-making authority to management. Management means any individual or body with authority for making decisions on behalf of the Company including, for example, local, regional, and line-of-business management having relevant subject matter expertise and job responsibility. However, the directors retain oversight of delegated matters and, specifically, the Corporate Governance Policy defines as "principal decisions" certain decisions which are considered to be of strategic importance, commercially material, or have a significant impact on key stakeholders. Matters categorised as principal decisions require approval by the board of directors, whether or not they are required as a matter of law to be escalated to the board. Principal decisions of the Company made during the financial period in compliance with the Corporate Governance Policy are discussed in the Company's *section 172(1) statement*, on pages 5 to 6.

In accordance with the Corporate Governance Policy, the directors have met during the financial period to consider and discuss the Company's on-going response to the Pandemic and the impact of the Pandemic on the stakeholders of the Company, who have been identified in this context as the Company's sole shareholder, employees, customers and suppliers. The Company's response to the Pandemic is discussed in further detail in the *statement of engagement with employees* on pages 9 to 11 and the *section 172(1) statement* on pages 5 to 6.

The Company has undertaken two principal decisions during the financial period, which are discussed in the Company's *section 172(1) statement*, on pages 5 to 6.

The Company has not departed from the Corporate Governance Policy since its adoption.

Streamlined Energy and Carbon Reporting

Methodology

This assessment has been carried out by Antea Group USA in general accordance with the Greenhouse Gas Protocol and *ISO14064-1:2006 Greenhouse Gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals*.

Results

The table below sets out total energy consumption and resulting GHG emissions by Scope arising from business operations of the Company.

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (continued)

Summary GHG Emissions Results

Scope	FY21		FY22	
	kWh	tCO ₂ e	kWh	tCO ₂ e
Scope 1 - Heating Fuels	634,712	116.25	415,261	75.26
Scope 1 - Company Vehicles	-	-	-	-
Scope 2 - Purchased Electricity (Location-Based) ¹	13,528,734	2,872.56	13,217,332	2,555.97
Scope 2 - Purchased Electricity (Market-Based) ¹	13,528,734	-	13,217,332	-
Scope 3 - Rental Vehicles	46,035	10.67	7,278	1.65
Scope 3 - Employee Mileage	175,787	43.04	12,182	2.77
Total Gross Emissions*	14,385,268	169.96	13,652,053	79.68
Carbon Offset	-	(169.96)	-	(79.68)
Total Net Emissions	-	0.00	-	0.00

Intensity Ratios	FY21	FY22
kWh/sq.ft/year	35.96**	33.33
tCO ₂ e /employee/year	0.65	0.54
tCO ₂ e /£m/year	3.16	1.69

* Total Gross Emissions includes all Scope 1 emissions; Scope 2 – Purchased Electricity (Market- Based) only; and all Scope 3 emissions.

** This value is a small correction to the 34.35 kWh/sq. ft/year value reported in the Company's FY21 SECR statement. The previously reported FY21 figure erroneously excluded natural gas usage and has been updated to reflect the correct calculation methodology.

¹ Energy Consumption from purchased electricity is reported as both (1) Location-Based emissions, using UK Government emissions factors for grid electricity; and (2) Market-Based emissions, which take into account procurement of renewable electricity (backed by Renewable Energy Guarantees of Origin (REGO)) and emissions saved through the Company's renewable energy purchasing, resulting in a net nil tCO₂e count.

Climate Action Statement

Building on our achievement of carbon neutrality for Apple's⁵ corporate emissions, Apple is committed to total carbon neutrality across its entire supply chain by 2030, including material sourcing, manufacturing, shipping and in-use power of customer devices.

The Company is part of the Apple Group and the Apple Group as a whole has reduced its comprehensive carbon footprint by over 45% since the base year of 2015, with the aim of becoming carbon neutral by 2030, including a 75% reduction in emissions compared to 2015.

To reduce emissions from Apple's global facilities, we conduct regular energy audits of our corporate offices, retail stores and data centres to identify system improvements that could reduce energy use. The Apple Group has improved energy tracking and benchmarking processes. This helps us to identify low-performing buildings early and ensure issues are rectified quickly. We have integrated energy efficiency early in the design process for our new stores and refurbishments to ensure that savings are maximised.

⁵ References to Apple in this paragraph apply to the Group. The Company, as part of the Group, shares this commitment and participates in the Group's global actions to reduce carbon emissions.

Apple Retail UK Limited
Registered number 04996702

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (continued)

In fiscal year 2022, the Apple Group was especially focused on our efficiency measures in European retail stores as the region navigated energy shortages. Beyond aligning with all mandates in place, we established a task force to go above and beyond them, identifying and rolling out additional measures — related to LED lighting, temperature, and even keeping doors closed — in retail stores across the continent.

The Apple Group sources 100% renewable energy for our electricity use at our retail stores, offices and data centers. For over 90% of the electricity, we source renewable energy from Apple-created projects, including direct ownership, equity investments (such as solar, wind and low-impact hydro), or long-term renewable energy contracts (primarily sourced from solar and wind). In the remaining cases where we need more renewable energy than what's generated by our Apple-created projects, we directly purchase renewable energy through available utility green energy programs.

The Apple Group is applying high-quality forest, wetland and grassland protection or restoration projects to offset residual carbon and cover our remaining corporate scope 1 & 3 emissions. Apple is committed to leading by example when tackling global climate change; and we will continue to lend our voice to climate advocacy, joining with others to drive for collective action and strong climate positive policies.

For more details on Apple's environmental performance, please go to apple.com/environment

By order of the board

Director



Peter R. Denwood

Dated 23 May 2023
8th Floor, 20 Farringdon Street
London EC4A 4AB

Apple Retail UK Limited
Registered number 04996702

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

UK 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 Standards and applicable law), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Ireland'.

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 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.

By order of the board

Director



Peter R. Denwood

Dated 23 May 2023
8th Floor, 20 Farringdon Street
London EC4A 4AB

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLE RETAIL UK LIMITED

Opinion

We have audited the financial statements of Apple Retail UK Limited for the year ended 24 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 24 September 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following:

- We confirmed, through management enquiry, our understanding of management's going concern assessment process. We also engaged with management early to ensure all key risks and factors were considered in their assessment.
- We evaluated the appropriateness of management's assessment by assessing the financial condition of the Company including but not limited to:
 - assessing the recoverability of intercompany amounts and the Company's access to working capital facility arrangements within the Apple group;
 - inspecting the existence of intercompany agreements; and
 - re-calculating historic trend of net assets, net current assets and net profit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLE RETAIL UK LIMITED (Continued)

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from 23 May 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLE RETAIL UK LIMITED (Continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLE RETAIL UK LIMITED (Continued)

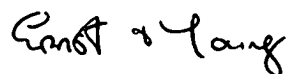
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, bribery and corruption practices, and Miscellaneous Reporting Regulations 2018.
- We understood how Apple Retail UK Limited is complying with those frameworks by making enquiries of management. We corroborated our enquires through reading the board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through inquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Use of our report

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.



George Deegan
Senior Statutory Auditor
for and on behalf of Ernst & Young, Statutory Auditor

Cork, Ireland

23 May 2023

Apple Retail UK Limited

Statement of comprehensive income for the year ended 24 September 2022

	Note	2022 £'000	2021 £'000
Turnover	2	1,563,920	971,504
Cost of sales		(1,215,480)	(648,838)
Gross profit		348,440	322,666
Administrative expenses		(382,399)	(342,530)
Other operating income	3	77,441	57,490
Operating profit	4	43,482	37,626
Other interest receivable and similar income	6	2,656	874
Interest payable and similar charges	7	(361)	(311)
Profit before taxation		45,777	38,189
Tax on profit	8	(3,746)	(796)
Profit for the financial year		42,031	37,393
Other comprehensive income		-	-
Total comprehensive income for the year		42,031	37,393


Apple Retail UK Limited

Statement of financial position at 24 September 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	9	94,151	68,603
Intangible fixed assets	10	18	23
		94,169	68,626
Current assets			
Stocks	11	81,049	60,505
Debtors: amounts falling due within one year	12	495,497	366,850
Cash at bank and in hand		3,051	3,832
		579,597	431,187
Creditors: amounts falling due within one year	13	(287,648)	(187,912)
Net current assets		291,949	243,275
Total assets less current liabilities		386,118	311,901
Creditors: amounts falling due after more than one year	14	(13,867)	(9,647)
Provisions	15	(12,407)	(12,785)
Net assets		359,844	289,469
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account		359,843	289,468
Shareholder's funds		359,844	289,469

These financial statements were approved by the board of directors on 23 May 2023
and were signed on its behalf by:

Director


Peter R. Denwood

Dated 23 May 2023

8th Floor, 20 Farringdon Street
London EC4A 4AB

Apple Retail UK Limited

**Statement of changes in equity
for the year ended 24 September 2022**

	Called up share capital £'000	Profit and loss account £'000	Capital reserves £'000	Total £'000
At 26 September 2020	1	28,222	193,608	221,831
Profit for the financial year	-	37,393	-	37,393
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	37,393	-	37,393
Capital contribution	-	30,245	-	30,245
Transfer between reserves	-	193,608	(193,608)	-
At 25 September 2021	1	289,468	-	289,469
Profit for the financial year	-	42,031	-	42,031
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	42,031	-	42,031
Capital contribution	-	28,344	-	28,344
At 24 September 2022	1	359,843	-	359,844

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

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.

Statement of compliance

Apple Retail UK Limited is a limited liability company incorporated in the United Kingdom. The Registered Office is, 8th Floor, 20 Farringdon Street, London EC4A 4AB.

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Ireland' ("FRS 102"), and with the Companies Act 2006.

Basis of preparation

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland":

- Section 3 Financial Statement Presentation paragraph 3.17(d)
- Section 7 Statement of Cash Flows
- Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48 (a) (iii), 11.48 (a) (iv), 11.48 (b) and 11.48 (c)
- Section 12 Other Financial Instruments Issues paragraphs 12.26, 12.27, 12.29 (a), 12.29 (b) and 12.29 (A)
- Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- Section 33 Related Party Disclosures paragraph 33.7.

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £'000.

Going concern

The financial statements have been prepared on the going concern basis. The directors are satisfied that adequate resources are available to the Company, and they have no reason to believe that any material uncertainty exists that would cast a doubt about the ability of the Company to continue as a going concern.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

1. Accounting Policies (continued)

Judgments 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 statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

• Deferred Tax Asset

Management 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.

• Impairment of non-financial assets

The Company reviews its non-financial assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to fair value. If these assets are considered to be impaired, the impairment recognised is equal to the amount by which the carrying value of the assets exceeds its fair value.

Revenue recognition

Net sales consist of revenue from the sale of iPhone, Mac, iPad, Wearables, Home and Accessories, services, and other products. The Company recognises revenue at the amount to which it expects to be entitled when control of the products or services is transferred to its customers. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products or services are transferred to its customers. For most of the Company's products net sales, control transfers when products are shipped. For the Company's services net sales, control transfers over time as services are delivered. Payment for products and services net sales is collected within a short period of time following transfer of control or commencement of delivery of services, as applicable.

The Company records reductions to products net sales related to future product returns, price protection and other customer incentive programs based on the Company's expectations and historical experience.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

1. Accounting Policies (continued)

Revenue recognition (continued)

For arrangements with multiple performance obligations, which represent promises within an arrangement that are capable of being distinct, the Company allocates revenue to all distinct performance obligations based on their relative stand-alone selling prices ("SSP"). When available, the Company uses observable prices to determine the SSP. When observable prices are not available, SSPs are established that reflect the Company's best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Company's process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the unique facts and circumstances related to each performance obligation including, where applicable, prices charged by the Company for similar offerings, market trends in the pricing for similar offerings, product-specific business objectives and the estimated cost to provide the performance obligation.

The Company has identified up to three performance obligations regularly included in arrangements involving the sale of iPhone, Mac, iPad, Wearables, Home and Accessories and certain other products. The first performance obligation, which represents the substantial portion of the allocated sales price, is the hardware and bundled software delivered at the time of sale. The second performance obligation is the right to receive certain product related bundled services, which include iCloud, Siri, and Maps. The third performance obligation is the right to receive, on a when-and-if-available basis, future unspecified software upgrades relating to the software bundled with each device. The Company allocates revenue and any related discounts to these performance obligations based on their relative SSPs. Because the Company lacks observable prices for the undelivered performance obligations, the allocation of revenue is based on the Company's estimated SSPs. Revenue allocated to the delivered hardware and bundled software is recognised when control has transferred to the customer, which generally occurs when the product is shipped. Revenue allocated to the product-related bundled services and unspecified software upgrade rights is deferred and recognised on a straight-line basis over the estimated period they are expected to be provided. Cost of sales related to delivered hardware and bundled software, including estimated warranty costs, are recognised at the time of sale. Costs incurred to provide product-related bundled services and unspecified software upgrade rights are recognised as cost of sales as incurred.

For the sale of third-party products where the Company obtains control of the product before transferring it to the customer, the Company recognises revenue based on the gross amount billed to customers. The Company considers multiple factors when determining whether it obtains control of third-party products including, but not limited to, evaluating if it has the ability to establish the price of the product, retains inventory risk for tangible products or has the responsibility for ensuring acceptability of the product.

The Company records revenue net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded within other current liabilities until remitted to the relevant government authority.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

1. Accounting Policies (continued)

Interest income

Income is recognised as interest accrues using the effective interest method.

Related party transactions

As the Company is a wholly owned indirect subsidiary of Apple Inc. the Company has taken advantage of the exemption contained in section 33.1A of FRS102 and has therefore not disclosed transactions or balances with entities which form part of the Group.

The consolidated financial statements of Apple Inc., within which the results of this Company are included, can be obtained from the address given in note 21 to the accounts.

Tangible and intangible fixed assets

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life, as follows:

Leasehold improvement	Lease term
Office equipment	3-7 years
Machinery and equipment	5 years

The carrying values of tangible fixed assets are reviewed at each reporting date for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The capital costs associated with capital projects, are accumulated in a construction in progress account until the project is placed in service. When a capital project is placed in service, the fixed assets are transferred from the construction in progress account to the appropriate capital asset accounts.

Intangible fixed assets

Capitalised costs related to internal-use software are amortized using the straight-line method over the estimated useful economic lives of the assets, which range from 3 to 5 years. Amortization is included in administration expenses in the Statement of comprehensive income.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

1. Accounting Policies (continued)

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 at 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 and laws that have been enacted or substantively enacted at the balance sheet date and 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.

Foreign currencies

The financial statements are presented in Sterling ("£"), which is the Company's presentational and functional currency, and the level of rounding is to the nearest £'000. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. The resulting monetary assets and liabilities are translated at the closing rate and the exchange differences are dealt with in the statement of comprehensive income.

Stocks

Stocks are valued on a first in first out basis at the lower of cost and net realizable value. Net realizable value is based on normal selling price, less further costs expected to be incurred to disposal.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives are recognised over the lease term on a straight-line basis.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

1. Accounting Policies (continued)

Share based payments

The Company recognises no shareholder dilution related to share-based payment transactions in which it receives employee services in exchange for equity instruments of the Company's ultimate Parent, Apple Inc. Share-based compensation cost for restricted stock units ("RSUs") is measured based on the closing fair market value of the Apple Inc.'s common stock on the date of grant. Share-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Black-Scholes-Merton ("BSM") option pricing model. The Company recognises share-based compensation cost as an expense over the requisite service period with a corresponding shareholder contribution recorded within equity.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to that liability.

Leasehold property restoration

Full provision is made for the Company's costs in relation to restoration liabilities at its leasehold properties. The estimated costs are capitalized as leasehold improvements and depreciated over the remaining useful life of the leasehold property. Current cost estimates are revised each year and any resulting change is reflected in the carrying amount of the relevant assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Short-term debtors and creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Short-term debtors and creditors are not discounted.

2. Turnover

Turnover comprises consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

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 analyzed as in the opinion of the directors the disclosure of this information would be seriously prejudicial to the interests of the company.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

3. Other operating income

	2022	2021
	£'000	£'000
Service fee income from Group undertakings	77,441	57,490

4. Operating profit

	2022	2021
	£'000	£'000
Operating profit is stated after charging:		
Loss on disposal of fixed assets	320	464
Depreciation of tangible fixed assets (note 9)	18,509	20,435
Foreign exchange losses	695	274
Amortization of intangible fixed assets (note 10)	5	5
Lease payments recognised as expenses	24,591	21,196

Audit fees were borne by another Group company in 2022 and 2021.

5. Staff costs

(a) Staff costs are analysed as follows:

	2022	2021
	£'000	£'000
Wages and salaries	179,924	156,208
Social security costs	27,905	24,706
Other pension costs (note 17)	9,706	8,806
Share based payments	28,344	30,246
Total staff costs	245,879	219,966

The average monthly number of employees during the year was 4,893 (2021: 4,756).

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

5. Staff costs (continued)

(b) Directors' remuneration

There were no payments to directors during the financial year (2021: nil).

(c) Share-based payments

As of 24 September 2022 and 25 September 2021, the Company did not have any equity-settled plans or transactions. However, the Company's ultimate parent, Apple Inc. had three employee benefit plans relevant to the Company: the 2022 Employee Stock Plan ("2022 Plan"), the 2014 Employee Stock Plan (the "2014 Plan") and the Employee Stock Purchase Plan (the "Purchase Plan"). Under these plans, the Company's ultimate parent issues shares of Apple Inc. upon vesting of restricted stock units (RSUs), exercise of stock options or the employees' purchase of shares under the plans. The issuance of shares and cash received upon exercise or sale is undertaken solely by Apple Inc. and as a result no dilution in shareholder's equity or cash inflows will occur for the Company. Apple Inc.'s relevant employee benefit plans are summarised as follows:

2022 Employee Stock Plan

RSUs granted under the 2022 Plan generally vest over four years, based on continued employment, and are settled upon vesting in shares of Apple Inc.'s common stock on a one-for-one basis.

2014 Employee Stock Plan

RSUs granted under the 2014 Plan generally vest over four years, based on continued employment, and are settled upon vesting in shares of Apple Inc.'s common stock on a one-for-one basis.

Employee Stock Purchase Plan

The Purchase Plan is an Apple Inc. shareholder approved plan under which substantially all employees may purchase Apple Inc. common stock through payroll deductions at a price equal to 85% of the lower of the fair market values of the stock as of the beginning or the end of six-month offering periods. An employee's payroll deductions under the Purchase Plan are limited to 10% of the employee's compensation and employees may not purchase more than US\$25,000 of stock during any calendar year.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

6. Other interest receivable and similar income

	2022	2021
	£'000	£'000
Interest on amounts owed from related undertakings	2,648	874
Other interest income	8	-
	2,656	874

7. Interest payable and similar charges

	2022	2021
	£'000	£'000
Bank charges and fees	50	64
Other interest and similar charges	311	247
	361	311

8. Taxes on profit

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax at 19% (2021: 19%)	4,890	868
Adjustment in respect of prior years ((over) / under provision)	(489)	202
Total current tax charge	4,401	1,070
Deferred tax:		
Depreciation / capital allowances	766	223
Share based payments timing differences	(70)	(22)
Impact of previously enacted future tax rate	(1,351)	(475)
Deferred tax charge/ (credit)	(655)	(274)
Tax on profit on ordinary activities	3,746	796

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

8. Taxes (continued)

(b) Reconciliation of the total tax charge

The tax charge for the year is different to the standard rate of corporation tax in the UK of 19% (2021:19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit on ordinary activities before taxation	45,777	38,189
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	8,698	7,256
Difference between UK GAAP and UK tax treatment of share-based compensation	(6,098)	(9,171)
Other permanent differences	3,364	3,483
Impact of previously enacted future tax rate	(1,351)	(475)
Adjustment in respect of prior years – (over)/ under provision	(489)	202
Adjustment in respect of prior year deferred tax asset – (over)/ under provision	(378)	(499)
Total tax expense	3,746	796

(c) Factors that may affect future tax charges

UK Government has enacted a new corporation tax rate of 25% from 1 April 2023. The rate applied to UK deferred tax assets and liabilities is 19% or 25% depending on the year that the deferred tax reverses (2021: 19% or 25%).

Deferred tax

The Company has a recognised deferred tax asset of £9,562,000 (2021: £8,907,000) comprising:

	2022	2021
	£'000	£'000
Accelerated capital allowances	293	1,058
Share based payments timing difference	9,269	7,849
	9,562	8,907
Deferred tax asset at start of year	8,907	8,633
Deferred tax credit in profit and loss account	655	274
Deferred tax asset at end of year	9,562	8,907

The Company reviews its position on the utilisation of deferred tax assets on an annual basis. Currently the Company expects £7,517,934 (2021: £6,397,512) of the closing deferred tax asset to be reversed during the next financial period.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

9. Tangible fixed assets

	Leasehold improvement	Office equipment	Machinery and equipment	Construction in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At the beginning of year	229,837	4,622	30,621	10,740	275,820
Additions	8,517	35	1,469	34,356	44,377
Transfer from CIP	20,127	-	353	(20,480)	-
Disposals	(2,334)	(27)	(16)	-	(2,377)
At end of year	256,147	4,630	32,427	24,616	317,820
Depreciation:					
At the beginning of year	(175,473)	(4,442)	(27,302)	-	(207,217)
Charge for year	(16,567)	(121)	(1,821)	-	(18,509)
Disposals	2,015	27	15	-	2,057
At end of year	(190,025)	(4,536)	(29,108)	-	(223,669)
Net book value:					
At 24 September 2022	66,122	94	3,319	24,616	94,151
At 25 September 2021	54,364	180	3,319	10,740	68,603

10. Intangible fixed assets

	Software	Total
	£'000	£'000
Cost		
At beginning of year	692	692
Additions	-	-
Disposals	-	-
At end of year	692	692
Amortisation		
At beginning of year	(669)	(669)
Charge for the year	(5)	(5)
Disposals	-	-
At end of year	(674)	(674)
Net book value		
At 24 September 2022	18	18
At 25 September 2021	23	23

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

11. Stocks

	2022	2021
	£'000	£'000
Finished goods	72,318	50,366
Service inventory	8,731	10,139
	81,049	60,505

There is no material difference between the replacement cost of stock and the carrying value.

12. Debtors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade debtors	43,458	62,239
Amounts owed by Group undertakings	428,419	282,309
Prepayments and accrued income	12,712	8,588
Deferred tax asset (note 8)	9,562	8,907
Corporation tax	1,346	4,807
	495,497	366,850

13. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	15,639	10,057
Amounts owed to Group undertakings	172,669	92,126
VAT	14,930	20,369
Other taxes and social security taxes	7,207	6,026
Accruals	58,951	42,757
Short term deferred revenue	18,252	16,577
	287,648	187,912

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

14. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Long term deferred revenue	13,867	9,647

15. Provisions

	National insurance on unvested SBP	Long term leasehold improvement	Total
	£'000	£'000	£'000
At 25 September 2021	10,293	2,492	12,785
Arising during the year	1,583	162	1,745
Utilised during the year	(2,123)	-	(2,123)
At 24 September 2022	9,753	2,654	12,407

The long term leasehold improvement provision is in respect of asset retirement obligations whereby the Company has an obligation to restore its leased premises to their original condition on vacation of the leases between 2022 and 2041.

A provision has been applied for national insurance contribution liability in relation to unvested restricted stock units and unexercised stock options, which are expected to vest between 2023 and 2027.

16. Called up share capital

	2022	2021
	£'000	£'000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1	1

On 16 December 2003, 1,000 ordinary shares were issued for £1,000 to the parent company, Apple Retail Europe Limited.

The ordinary shares carry the right to:

- receive notice of, attend, speak or vote at any general meeting of the Company. Where a matter is being decided on a show of hands, every member present in person and every proxy shall have one vote and poll, every member shall have one vote for every share held or for each £1 of stock held.
- participate in any dividends (if any) declared on that class of share; and
- in the winding up of the Company, repayment of capital paid upon such shares and the right to participate in the division of any surplus assets or profits of the Company.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

17. Pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independent administered fund. The pension costs charged for the period represents contributions payable by the Company to the scheme and amounted to £9,706,000 (2020: £8,806,000). The liability outstanding at year end was £2,774,000 (2021: £1,125,000).

18. Commitments

Capital Commitments

There are capital commitments at 24 September 2022 that amount to £12,210,000 (2021: £nil).

Other Commitments

As at 24 September 2022, there were no other commitments (2021: £nil).

19. Guarantees

The Company has issued a guarantee in favour of HM Customs & Excise in the amount of £1,000,000 (2021: £1,000,000).

20. Obligations under lease contracts

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2022	2021
	Buildings	Buildings
	£'000	£'000
- Not later than one year	27,191	24,617
- Later than one year and not later than five years	90,283	90,785
- Later than five years	129,989	133,916
	247,463	249,318

21. Ultimate parent undertaking and parent undertaking of largest Group of which the Company is a member

The Company's immediate parent undertaking is Apple Retail Europe Limited, a private company limited by shares incorporated in Ireland. The Company's ultimate parent undertaking is Apple Inc., a company incorporated in California, United States of America, the consolidated financial statements of which are publicly available from Investor Relations, Apple Inc., One Apple Park Way, Cupertino, California, 95014, United States of America. The smallest Group in which the results of the Company are consolidated is that headed by Apple Operations International Limited and the largest Group in which the results of the Company are consolidated is that headed by its ultimate parent undertaking, Apple Inc. The consolidated financial statements of Apple Operations International Limited are publicly available from the Registrar of Companies, CRO Public Office, Gloucester Place Lower, Mountjoy, Dublin 1, D01 F2X5, Ireland.

Apple Retail UK Limited

Notes to the financial statements for the year ended 24 September 2022

22. Related party transactions

The Company undertakes transactions with other Group undertakings. As the Company is a wholly-owned indirect subsidiary undertaking of Apple Inc., the consolidated financial statements of which are publicly available, disclosure of such transactions is not required under Section 33 Related party disclosures paragraph 33.1A of FRS 102 The Financial Reporting Standard applicable in the UK and Ireland.

23. Events after the reporting period

There have been no other significant events affecting the Company since 24 September 2022.

24. Approval of financial statements

The directors issued and approved the financial statements on 23 May 2023.