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Apple Computer (UK) Limited

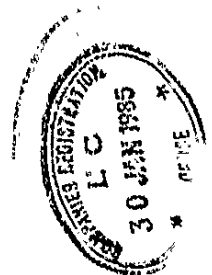
Report and Accounts September 30, 1983



Arthur Young McClelland Moores & Co.

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London



APPLE COMPUTER (UK) LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the period ended September 30, 1983.

Results and dividends

The loss for the period, after taxation, amounted to £119,465.

The directors do not recommend the payment of a dividend.

Review of the business

The company's principal activities during the period were the provision of services to support the distribution of Apple Computer products in the United Kingdom and the performance of warranty and service work for Apple Computer products.

Fixed assets

The company invested £91,965 on fixed assets during the period consisting principally of leasehold improvements and plant and equipment.

Directors and their interests

The directors who served during the period were as follows:

P. M. Cobb	(Chairman)	(Resigned July 23, 1984))
M. J. Brewer		(Resigned October 26, 1982)
S. J. Brewer		(Resigned October 26, 1982)
D. A. J. Collis		(Resigned October 26, 1982)
K. C. Hall		(Resigned February 10, 1983)
A. A. Eisenstat	(U.S.A.)	
K. R. Zerbe	(U.S.A.)	
M. H. Spindler		
D. Hancock		(Appointed October 1, 1984)

No director had any disclosable interests in the share capital of the company or group companies incorporated in the United Kingdom at any time during the period.

Political and charitable contributions

During the period, the company made charitable contributions totalling £285.

Close company

The company is not a close company within the provisions of the Income and Corporation Taxes Act, 1970.



APPLE COMPUTER (UK) LIMITED

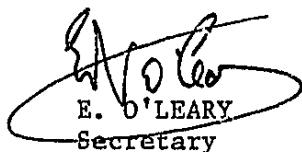
2.

DIRECTORS' REPORT
(continued)

Auditors

A resolution to reappoint Arthur Young McClelland Moores & Co. as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD


E. O'LEARY
Secretary

November 19, 1984

REPORT OF THE AUDITORS TO THE MEMBERS OF
APPLE COMPUTER (UK) LIMITED

We have audited the accounts on pages 4 to 11 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at September 30, 1983 and of its loss and source and application of funds for the period then ended and comply with the Companies Acts 1948 to 1981.

Arthur Young McClelland Moors & Co.

ARTHUR YOUNG McCLELLAND MOORES & CO.

November 19, 1984

APPLE COMPUTER (UK) LIMITED

4.

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 1983

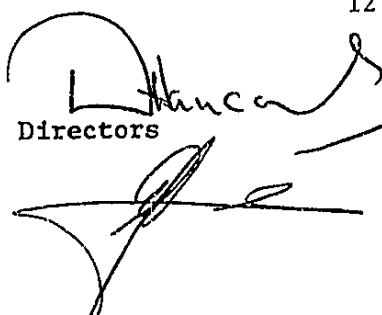
	<u>Notes</u>	<u>1983</u> (53 weeks) £	<u>1982</u> (52 weeks) £
Turnover	2	6,133,610	4,156,083
Cost of sales		(1,223,523)	(906,468)
Gross profit		4,910,087	3,249,615
Distribution costs and administrative expenses		5,087,934	3,172,326
Operating (loss)/profit	3	(177,847)	77,289
Interest receivable		2,905	882
Interest payable	5	(607)	(1,748)
		2,298	(866)
(Loss)/profit on ordinary activities before taxation		(175,549)	76,423
Tax on (loss)/profit on ordinary activities	6	56,084	(56,084)
(Loss)/profit for the financial period		(119,465)	20,339
Retained profit brought forward		20,339	-
Retained (loss)/profit carried forward		£ (99,126)	£ 20,339

The notes on pages 7 to 11 form part of these accounts

APPLE COMPUTER (UK) LIMITED

5.

BALANCE SHEET AT SEPTEMBER 30, 1983

	<u>Notes</u>	£	<u>1983</u> £	<u>1982</u> £
ASSETS				
Tangible fixed assets			422,943	484,251
Current assets:				
Inventory	8	529,713		273,289
Debtors	9	434,418		244,361
Cash at bank and in hand		403,414		22,883
			1,367,545	540,533
			£1,790,488	£1,024,784
LIABILITIES				
Capital and reserves:				
Called up share capital	10		1,000	1,000
Profit and loss account			(99,126)	20,339
Provision for liabilities and charges:				
Deferred taxation	11		-	56,084
Creditors	12		1,888,614	947,361
D. HANCOCK)			
M. H. SPINDLER)			
)			
November 19, 1984				
			£1,790,488	£1,024,784

The notes on pages 7 to 11 form part of these accounts

APPLE COMPUTER (UK) LIMITED

6.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 1983

	<u>1983</u> (53 weeks) £	<u>1982</u> (52 weeks) £
Source of funds:		
(Loss)/profit on ordinary activities before taxation	(175,549)	76,423
Adjustment for items not involving the movement of funds:		
Depreciation	144,912	61,069
(Profit)/loss on disposal of tangible fixed assets	(7,148)	9,167
Total (absorbed by)/generated from operations	<u>(37,785)</u>	<u>146,659</u>
Funds from other sources:		
Proceeds of sales of tangible fixed assets	15,509	5,075
Issue of shares	-	1,000
	<u>(22,276)</u>	<u>152,734</u>
Application of funds:		
Purchase of tangible fixed assets	(91,965)	(559,562)
Decrease in working capital	<u>£ (114,241)</u>	<u>£ (406,828)</u>
Components of decrease in working capital:		
Inventory	256,424	273,289
Debtors	190,057	244,361
Creditors	(941,253)	(947,361)
	<u>(494,772)</u>	<u>(429,711)</u>
Movement in net liquid funds:		
Cash at bank and in hand	380,531	22,883
	<u>£ (114,241)</u>	<u>£ (406,828)</u>

The notes on pages 7 to 11 form part of these accounts

NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1983

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

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

Leasehold improvements	- 10% straight line
Office equipment	- 25% to 50% using double declining balance method
Motor vehicles	- 33% straight line

Inventory

Inventory is stated at the lower of cost, on a F.I.F.O. basis, and net realisable value.

Deferred taxation

Deferred taxation is provided on the deferral method on all timing differences, which are expected to reverse in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are converted at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided (net of value added tax), together with commissions received and receivable.

The directors have elected not to disclose the analysis of turnover and profit before taxation by class of business and geographical market, on the grounds that it would be prejudicial to the interests of the company to do so.

APPLE COMPUTER (UK) LIMITED

8.

NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1983
(continued)

3. Operating profit

	<u>1983</u> £	<u>1982</u> £
(a) This is stated after charging:		
Directors' remuneration	121,837	146,662
Depreciation	144,435	61,069
Hire of plant and machinery	193,888	74,492
Loss on translation of foreign exchange	86,218	4,459
	=====	=====

The auditors' remuneration is paid directly by Apple Computer Inc.

(b) Directors' remuneration:

Fees	-	-
Other emoluments (including pension contributions)	121,837	146,662
	-----	-----
	£121,837	£146,662
	=====	=====

The emoluments of the chairman, excluding pension contributions, were £50,000 (1982 - £21,390) and of the highest paid director, excluding pension contributions, £58,370 (1982 - £42,477). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	<u>1983</u> No.	<u>1982</u> No.
£ Nil - £ 5,000	5	2
£ 5,001 - £10,000	1	-
£35,001 - £40,000	-	2

4. Staff costs

	<u>1983</u> £	<u>1982</u> £
Wages and salaries	1,260,199	946,786
Social security costs	102,826	93,323
Other pension costs	-	-
	-----	-----
	£1,363,025	£1,040,109
	=====	=====

The average weekly number of employees during the period was made up as follows:

	<u>1983</u> No.	<u>1982</u> No.
Sales and marketing	53	43
Distribution and administration	48	49
	-----	-----
	101	92
	=====	=====

NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1983
(continued)4. Staff costs
(continued)

Senior employees

The following number of senior employees received remuneration falling within the ranges below:

	<u>1983</u> No.	<u>1982</u> No.
£20,000 - £25,000	1	2
£25,001 - £30,000	3	1
£30,001 - £35,000	2	-
£35,001 - £40,000	1	-
£40,001 - £45,000	1	-
	<u>8</u>	<u>3</u>

5. Interest payable

	<u>1983</u>	<u>1982</u>
Bank loans and overdrafts	£ 607	£ 882

6. Tax on (loss)/profit on ordinary activities

	<u>1983</u>	<u>1982</u>
Based on the profit/(loss) for the period:		
Deferred taxation	£ 56,084	£ (56,084)

7. Tangible fixed assets

	<u>Leasehold improvements</u> £	<u>Office equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost:				
At September 24, 1982	327,205	175,168	40,459	542,832
Additions	10,883	81,082	-	91,965
Disposals	-	(8,669)	(15,820)	(24,489)
	<u>338,088</u>	<u>247,581</u>	<u>24,639</u>	<u>610,308</u>
At September 30, 1983				
Depreciation:				
At September 24, 1982	16,414	24,448	17,719	58,581
Provided during the period	33,602	97,264	14,046	144,912
Disposals	-	(5,431)	(10,697)	(16,128)
	<u>50,016</u>	<u>116,281</u>	<u>21,068</u>	<u>187,365</u>
At September 30, 1983				
Net book value:				
At September 30, 1983	£288,072	£131,300	£ 3,571	£ 422,943
	<u>£288,072</u>	<u>£131,300</u>	<u>£ 3,571</u>	<u>£ 422,943</u>
At September 24, 1982	£310,791	£150,720	£ 22,740	£ 484,251
	<u>£310,791</u>	<u>£150,720</u>	<u>£ 22,740</u>	<u>£ 484,251</u>

NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1983
(continued)

8. Inventory

	<u>1983</u>	<u>1982</u>
Goods for resale	£ 529,713	£ 273,289
	=====	=====

9. Debtors

	<u>1983</u>	<u>1982</u>
	£	£
Trade debtors	208,646	92,300
Amounts owed by group companies	163,272	89,441
Prepayments	62,500	62,620
	=====	=====
	£ 434,418	£ 244,361
	=====	=====

10. Share capital

	<u>1983</u>	<u>1982</u>	<u>Allotted, called up</u>	<u>and fully paid</u>
	No.	No.	1983	1982
Ordinary shares of £1 each	1,000	1,000	£ 1,000	£ 1,000
	=====	=====	=====	=====

11. Deferred taxation

The directors decided to reverse the deferred taxation provision during 1983 as they consider that the potential relief for trading losses exceeds any taxation which it is estimated might otherwise become payable on the results of the reversal of timing differences. An analysis of such timing difference is shown below:

	<u>1983</u>	<u>1982</u>
	£	£
Capital allowances in advance of depreciation	67,600	73,130
Other differences in recognising revenue and expense items in other periods for taxation purposes	(2,214)	(884)
	(65,386)	(16,162)
Tax losses	=====	=====
	£ Nil	£ 56,084
	=====	=====

APPLE COMPUTER (UK) LIMITED

11.

NOTES TO THE ACCOUNTS AT SEPTEMBER 30, 1983
(continued)

12. Creditors: amounts falling due within one year

	<u>1983</u> £	<u>1982</u> £
Trade creditors	179,884	156,580
Amounts owed to group companies	63,896	322,465
Taxes and social security costs	38,540	33,558
Accruals	1,606,294	434,758
	<u>£1,888,614</u>	<u>£ 947,361</u>
	=====	=====

13. Transactions with directors

During the period a loan of £20,000 was made to K. C. Hall by the company. This was repaid, together with interest of £190 on March 7, 1983.

Through their interests in Data Efficiency Limited, M. J. Brewer, S. J. Brewer and D. A. J. Collis were interested in contracts for the purchase of goods for resale by the company.

14. Ultimate holding company

Apple Computer Inc., incorporated in the State of California, United States of America, is regarded by the directors, as the ultimate holding company.