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Apple Computers (UK) Limited

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Report and Accounts September 27, 1985

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RECORDED
28 JUL 1986



Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Chartered Accountants London

COMPANIES REGISTRATION
LONDON
28 JUL 1986
OFFICE

APPLE COMPUTER (UK) LIMITED

1.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended September 27, 1985.

Results and dividends

The loss for the year, after taxation, amounted to £220,857.

The directors do not recommend the payment of a dividend.

Review of the business

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

Share capital

On February 1, 1985 the company's authorised share capital was increased to £1,000,000 by the creation of 999,000 new ordinary shares of £1 each. These new shares were issued to the parent company at par value in order to improve the capital base of the company.

Fixed assets

The company invested £186,361 on fixed assets during the year consisting principally of plant and equipment.

Directors and their interests

The directors who served during the year were as follows:

A. A. Eisenstat (U.S.A.)
K. R. Zerbe (U.S.A.)
M. H. Spindler
D. Hancock

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 year. Directors' interests in the ultimate holding company are disclosed in the accounts of Apple Computer Inc.

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 as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

HR Beirne 15 May 1986
H. R. BEIRNE
Secretary



Arthur Young

Chartered Accountants
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 1NH

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 27, 1985 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

ARTHUR YOUNG
May 15, 1986

APPLE COMPUTER (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 27, 1985

4.

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Turnover			
Cost of sales	2	9,242,860	8,550,984
Gross profit		<u>1,295,716</u>	<u>938,127</u>
Distribution costs and administrative expenses		7,947,144	7,612,857
Operating (loss)/profit	3	<u>8,227,209</u>	<u>7,408,036</u>
Interest payable	5	(280,065)	204,821
(Loss)/profit on ordinary activities before taxation		<u>(4,444)</u>	<u>(5,550)</u>
Tax on (loss)/profit on ordinary activities	6	(284,509)	199,271
(Loss)/profit for the financial year		<u>63,652</u>	<u>(66,871)</u>
Retained profit/(loss) brought forward		(220,857)	132,400
Retained (loss)/profit carried forward		<u>33,274</u>	<u>(99,126)</u>
		<u>£ (187,583)</u>	<u>£ 33,274</u>

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

APPLE COMPUTER (UK) LIMITED

5.

BALANCE SHEET AT SEPTEMBER 27, 1985

	<u>Notes</u>	£	<u>1985</u> £	<u>1984</u> £
ASSETS				
Tangible fixed assets	7		350,251	313,644
Current assets:				
Inventory	8	455,694		665,856
Debtors	9	794,244		940,565
Cash at bank and in hand		58,436		1,249
			1,308,374	1,607,670
			<u>£1,658,625</u>	<u>£1,921,314</u>
LIABILITIES				
Capital and reserves:				
Called up share capital	10		1,000,000	1,000
Profit and loss account			(187,583)	33,274
Provision for liabilities and charges:				
Deferred taxation	11		3,219	26,802
Creditors	12		842,989	1,860,238
D. HANCOCK	 Directors			
A. A. EISENSTAT				
			<u>£1,658,625</u>	<u>£1,921,314</u>

(Signature)
Directors

15th May 1986

(Signature)
15 May 1986



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 YEAR ENDED SEPTEMBER 27, 1985

	£	<u>1985</u> £	<u>1984</u> £
Source of funds:			
Profit on ordinary activities before taxation		-	199,271
Adjustment for items not involving the movement of funds:			
Depreciation		147,754	149,508
Profit on disposal of tangible fixed assets		-	(4,610)
		<u>147,754</u>	<u>344,169</u>
Funds from other sources:			
Proceeds of sales of tangible fixed assets		2,000	5,331
Proceeds from increase in share capital		999,000	-
		<u>1,148,754</u>	<u>349,500</u>
Application of funds:			
Loss on ordinary activities before taxation	(284,509)		-
Purchase of tangible fixed assets	(186,361)		(40,930)
		<u>(470,870)</u>	<u>(40,930)</u>
Increase in working capital		<u>£ 677,884</u>	<u>£308,570</u>
Components of increase in working capital:			
Inventory		(210,162)	136,143
Debtors		(146,321)	506,147
Creditors		977,180	68,445
		<u>620,697</u>	<u>710,735</u>
Movement in net liquid funds:			
Cash at bank and in hand		57,187	(402,165)
		<u>£677,884</u>	<u>£308,570</u>

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

APPLE COMPUTER (UK) LIMITED

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1985

7.

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets 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 liability method on all timing differences which are expected to reverse in the foreseeable future. This differs from prior years, when the deferral method was used. The impact of this change is not material, and no prior period adjustment is necessary.

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

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1985
(continued)

8.

3. Operating (loss)/profit

	<u>1985</u>	<u>1984</u>
	£	£
(a) This is stated after charging:		
Directors' remuneration		
Depreciation	65,268	148,699
Hire of plant and machinery	147,754	149,508
(Gain)/loss on translation of foreign exchange	237,727	216,176
Redundancy costs	(15,584)	7,274
Software development costs	16,794	208,699
	90,000	-
	=====	=====

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

(b) Directors' remuneration:

Fees	-	-
Other emoluments (including pension contributions)	65,268	98,824
Compensation for loss of office	-	49,875
	-----	-----
	£ 65,268	£ 148,699
	=====	=====

The emoluments of the highest paid director, excluding pension contributions, was £65,268 (1984 - £92,885). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

	<u>1985</u>	<u>1984</u>
	No.	No.
£ Nil - £ 5,000	3	3
£50,001 - £55,000	-	1

4. Staff costs

	<u>1985</u>	<u>1984</u>
	£	£
Wages and salaries (excluding redundancy costs)	1,537,089	1,299,752
Social security costs	93,845	102,197
	-----	-----
	£1,630,934	£1,401,949
	=====	=====

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

	<u>1985</u>	<u>1984</u>
	No.	No.
Sales and marketing	43	46
Distribution and administration	38	45
	-----	-----
	81	91
	=====	=====

APPLE COMPUTER (UK) LIMITED

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NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1985
(continued)

4. Staff costs
(continued)

Senior employees

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

	<u>1985</u> No.	<u>1984</u> No.
£20,000 - £25,000	8	10
£25,001 - £30,000	5	3
£30,001 - £35,000	5	4
£35,001 - £40,000	-	-
£40,001 - £45,000	3	-
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	-	2
	<u>23</u>	<u>20</u>

5. Interest payable

	<u>1985</u>	<u>1984</u>
Bank loans and overdrafts	£ 4,444	£ 5,550

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

	<u>1985</u> £	<u>1984</u> £
Based on the (loss)/profit for the year:		
Current taxation	-	40,069
Deferred taxation	(38,069)	26,802
	<u>(38,069)</u>	<u>66,871</u>
Taxation (over)/underprovided in previous years:		
Current taxation	(40,069)	-
Deferred taxation	14,486	-
	<u>£(63,652)</u>	<u>£66,871</u>

Losses available to be carried forward against future profits amount to £11,901 (1984 - Nil).

APPLE COMPUTER (UK) LIMITED

10.

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1985
(continued)

7. Tangible fixed assets

	<u>Leasehold improvements</u> £	<u>Office equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost:				
At September 28, 1984	338,448	283,688	7,805	629,941
Additions	-	186,361	-	186,361
Disposals	-	-	(2,000)	(2,000)
At September 27, 1985	338,448	470,049	5,805	814,302
Depreciation:				
At September 28, 1984	83,855	228,167	4,275	316,297
Provided during the year	33,844	112,422	1,488	147,754
Disposals	-	-	-	-
At September 27, 1985	117,699	340,589	5,763	464,051
Net book value:				
At September 27, 1985	£220,749	£129,460	£ 42	£350,251
At September 28, 1984	£254,593	£ 55,521	£ 3,530	£313,644

8. Inventory

	<u>1985</u>	<u>1984</u>
Goods for resale	£ 455,694	£665,856

9. Debtors

	<u>1985</u> £	<u>1984</u> £
Trade debtors	94,979	232,276
Amounts owed by group companies	597,493	565,999
Prepayments	101,772	142,290
	£ 794,244	£940,565

10. Share capital

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1985</u> No.	<u>1984</u> No.	<u>1985</u>	<u>1984</u>
Ordinary shares of £1 each	1,000,000	1,000	£1,000,000	£ 1,000

On February 1, 1985 the company's authorised share capital was increased to £1,000,000 by the creation of 999,000 new ordinary shares of £1 each. These new shares were issued to the parent company at par value in order to improve the capital base of the company.

NOTES TO THE ACCOUNTS AT SEPTEMBER 27, 1985
(continued)

11. Deferred taxation

	<u>1985</u> £	<u>1984</u> £
Capital allowances in advance of depreciation	5,486	29,209
Other differences in recognising revenue and expense items in other periods for taxation purposes	(2,267)	(2,407)
	<u>£ 3,219</u>	<u>£ 26,802</u>

12. Creditors: amounts falling due within one year

	<u>1985</u> £	<u>1984</u> £
Trade creditors	124,688	206,752
Amounts owed to group companies	46,130	73,648
Taxes and social security costs	138,110	42,747
Accruals	534,061	1,497,022
Corporation tax	-	40,069
	<u>£842,989</u>	<u>£1,860,238</u>

13. Ultimate holding company

Apple Computer Inc., incorporated in the United States of America, is the ultimate holding company.