

FINAL

Apple Computer (UK) Limited

**Directors' report and
financial statements**

Year ended 25 September 2004

Registered number 1591116



Apple Computer (UK) Limited

Directors report and financial statements

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Apple Computer (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 25 September 2004.

Principal activities and business review

The company's principal activity is to provide services to other group companies.

Results

The Profit for the year after taxation amounted to £2,260k (2003: £2,367k profit).

Review of business

The results of the company for the year ended 25 September 2004 as set out on page 5 are considered satisfactory.

Dividend

No dividend (2003: £Nil) was paid.

Directors and their interests

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

N Heinen
G Guyon de Chemilly
P Oppenheimer
G Wipfler

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Political and charitable contributions

The company made no political contributions during the year (2003: £Nil). Donations to UK charities amounted to nil (2003: £Nil).

Post balance sheet events

No important events affecting the company have taken place since the end of the financial year.

Auditors

KPMG, Chartered Accountants, will continue in office.

By order of the board



Director.....

Dated... 4TH JAN 06

Apple Computer (UK) Limited

Directors' report (*continued*)

Print.....

100 New Bridge Street
London EC4V 6JA

Apple Computer (UK) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG
Chartered Accountants
90 South Mall
Cork
Ireland

Independent auditors' report to the members of Apple Computer (UK) Limited

We have audited the financial statements on pages 6 to 17.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act, 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and independent auditors in relation to the financial statements

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



KPMG
Chartered Accountants
90 South Mall
Cork
Ireland

Independent auditors' report to the members of Apple Computer (UK)
Limited (*continued*)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 25 September 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

5 January 2006

Apple Computer (UK) Limited

Profit and loss account

for the year ended 25 September 2004

	<i>Note</i>	2004 £'000	2003 £'000
Turnover	<i>1</i>	19,590	21,302
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		19,590	21,302
Distribution costs		(562)	(903)
Administrative expenses		(16,635)	(18,027)
		<hr/>	<hr/>
Operating profit	<i>2 - 4</i>	2,393	2,372
Other interest receivable and similar income	<i>5</i>	555	435
Interest payable	<i>6</i>	(41)	(12)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,907	2,795
Tax on profit on ordinary activities	<i>7</i>	(647)	(428)
		<hr/>	<hr/>
Retained profit for the year	<i>13</i>	2,260	2,367
		<hr/>	<hr/>

All results relate to continuing operations. There were no other recognised gains or losses other than those shown above.

Apple Computer (UK) Limited

Balance sheet at 25 September 2004

	<i>Note</i>	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	8	621	647
Investments	9	3,716	3,716
		<hr/>	<hr/>
		4,337	4,363
Current assets			
Debtors	10	20,311	18,443
Cash at bank and in hand		1,079	537
		<hr/>	<hr/>
		21,390	18,980
Creditors: amounts falling due within one year	11	(2,957)	(2,833)
		<hr/>	<hr/>
Net current assets		18,433	16,147
		<hr/>	<hr/>
Net assets		22,770	20,510
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	21,770	19,510
		<hr/>	<hr/>
Shareholders' funds – equity	13	22,770	20,510
		<hr/>	<hr/>

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



Director.....

Dated 4th JAN '06..

100 New Bridge Street

Apple Computer (UK) Limited

Balance sheet
at 25 September 2004

Print.....

London EC4V 6JA

Apple Computer (UK) Limited

Notes

forming part of the financial statements

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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Apple Computer Inc. the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

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

Investments

Investments are valued at cost, less any charge for impairment.

Depreciation

Depreciation 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:

Office equipment	33% straight line
Leasehold improvements	period of lease
Apple own use	33% straight line

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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.

Apple Computer (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated 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.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Operating leases

Rentals paid under operating lease are charged to the profit and loss account on a straight line basis over the term of the lease.

Turnover

Turnover represents the amounts derived from the provision of services during the year, all of which are continuing (net of value added tax).

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.

2 Operating profit

	2004 £'000	2003 £'000
<i>Operating profit is stated after charging:</i>		
Auditors' remuneration		
- audit	30	31
Depreciation	251	277
Hire of plant and machinery		
- rentals under operating leases	282	302
Other operating lease rentals	1,311	1,311
Loss on disposal of tangible fixed assets	54	4
	<hr/>	<hr/>

Apple Computer (UK) Limited

Notes (continued)

3 Remuneration of directors

	2004 £'000	2003 £'000
Emoluments (including pension contributions)	-	-
Retirement benefits are accruing to the following number of directors under:	Number of directors	
Money purchase scheme	-	-

Two director's exercised share options in Apple group companies during the year (2003: 2).

4 Staff costs

	2004 £'000	2003 £'000
Wages and salaries	8,739	8,500
Social security costs	1,216	1,058
Other pension costs	362	364
	<u>10,317</u>	<u>9,922</u>

The average weekly number of employees (including directors) during the year was 157 (2003: 162).

5 Interest receivable

	2004 £'000	2003 £'000
Bank interest receivable	40	66
Interest from group undertakings	515	355
Other	-	14
	<u>555</u>	<u>435</u>

6 Interest payable

Apple Computer (UK) Limited

Notes (continued)

	2004 £'000	2003 £'000
On bank loans and overdrafts	18	11
Other	23	1
	<u>41</u>	<u>12</u>
7 Tax on profit on ordinary activities		
	2004 £'000	2003 £'000
Corporation tax at 30% (2003: 30%)	573	847
Adjustment in respect of prior periods	27	(407)
	<u>600</u>	<u>440</u>
Total current tax charge	600	440
Deferred Tax	47	(12)
	<u>647</u>	<u>428</u>

The current tax charge for the period is 8% lower than the standard rate of corporation tax in the UK(30%). The differences are explained below.

Current tax reconciliation

Profit on ordinary activities before tax	2,907	2,795
Current tax at 30%	872	839
Effects of:		
Capital allowances for period in excess of depreciation	(25)	(33)
Expensed fixed assets	2	43
Short term timing differences	(2)	(24)
Permanent timing differences	(274)	22
Adjustment in respect of prior years	27	(407)
	<u>600</u>	<u>440</u>
Total current tax charge (see above)	<u>600</u>	<u>440</u>

Apple Computer (UK) Limited

Notes (continued)

8 Tangible fixed assets

	Leasehold improvement £'000	Office equipment £'000	Apple own use £'000	Total £'000
Cost				
At beginning of year	718	1,866	1,169	3,753
Additions	223	15	41	279
Disposals	(128)	(498)	-	(626)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	813	1,383	1,210	3,406
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	340	1,719	1,047	3,106
Charge for year	76	52	123	251
Disposals	(83)	(489)	-	(572)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	333	1,282	1,170	2,785
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 25 September 2004	480	101	40	621
	<hr/>	<hr/>	<hr/>	<hr/>

Apple Computer (UK) Limited

Notes *(continued)*

At 28 September 2003	378	147	122	647
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9 Investments

Share in group
undertakings
£'000

Cost at beginning and end of year	3,716
	<u> </u>

Representing 3.58% of ordinary share capital of Apple Computer Inc Ltd (Republic of Ireland)

Apple Computer (UK) Limited

Notes (*continued*)

10 Debtors

	2004 £'000	2003 £'000
Amounts owed by group undertakings	5,121	7,186
Loans to group undertakings	14,413	9,792
Other debtors and prepayments	470	1,029
Deferred tax asset	190	237
Corporation Tax	117	199
	<hr/>	<hr/>
	20,311	18,443
	<hr/>	<hr/>

The loans to group undertakings are interest bearing.

The company has a recognised deferred tax asset of £190,000 (2003: £237,000) arising from the excess of depreciation over capital allowances.

11 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	998	1,224
<i>Other creditors including taxation and social security costs:</i>		
other taxes and social security	729	277
Accruals	1,230	1,332
	<hr/>	<hr/>
	2,957	2,833
	<hr/>	<hr/>

12 Called up share capital

	2004 £'000	2003 £'000
<i>Authorised, allotted up and fully paid</i> 1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

13 Reconciliation of shareholders' funds

Share capital	Profit and loss account	Total shareholders' funds
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Apple Computer (UK) Limited

Notes (continued)

	£'000	£'000	£'000
At beginning of year	1,000	19,510	20,510
Profit for the year	-	2,260	2,260
	<hr/>	<hr/>	<hr/>
At end of year	1,000	21,770	22,770
	<hr/>	<hr/>	<hr/>

14 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 £362,130 (2003: £363,925). The liability outstanding at the year end was £41,616 (2003: £48,006).

15 Commitments

Capital commitments

There were no capital commitments at 25 September 2004 (2003 £Nil).

Lease commitments

The annual commitments under non-cancellable operating leases at 25 September 2004 are as follows:

	2004		2003	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Operating leases which expire:				
- within one year	-	156	-	35
- in the second to fifth year	-	126	-	267
- over five years	1,311	-	1,311	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,311	282	1,311	302
	<hr/>	<hr/>	<hr/>	<hr/>

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

Apple Computer (UK) Limited

Notes *(continued)*

Apple Computer Inc., incorporated in the United States of America, is the ultimate parent undertaking and controlling party and is both the smallest and largest undertaking into which the results of Apple Computer UK Limited are consolidated.

Copies of Apple Computer Inc., accounts may be obtained from:

1 Infinite Loop
Cupertino
CA 95014
USA