

**Apple Retail UK Limited**

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

**Year ended 25 September 2021**

**Registered number 4996702**



**Apple Retail UK Limited**  
**Strategic Report, Directors' Report and Financial Statements**  
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**Apple Retail UK Limited**  
**Registered number 4996702**

## **Strategic Report**

The directors of Apple Retail UK Limited (the “Company”) present their strategic report for the year ended 25 September 2021.

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 Group’s products include iPhone®, Mac®, iPad®, Apple Watch® and a variety of other devices and accessories. The Group’s services include digital content stores and streaming services, AppleCare®, iCloud®, licensing and various other services. The Group sells its products and services worldwide through various direct and indirect distribution channels. The Group’s customers are primarily in the consumer, small and mid-sized business, education, enterprise and government markets.

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:

	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Turnover	971,504	1,104,239	-12%
Operating profit	37,626	29,134	29%
Total equity	289,469	221,831	30%

Turnover decreased by 12% versus 2020. During 2021, aspects of the Company’s business were adversely affected by 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.

Operating profit increased by 29% versus 2020 due to other operating income.

Total equity has increased by 30% year on year due to capital contributions received in the year in addition to the net profit recognised for the period.

There were 38 stores open as at 25 September 2021. No new stores have been opened during 2021.

In 2021, the Company had a monthly average number of employees of 4,756 (2020: 5,120).

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. The Company's retail stores, have been temporarily closed at various times. In many cases, as stores and points of sale have reopened, they are subject to operating restrictions to protect public health and the health and safety of employees and customers. The Company has at times required substantially all of its employees to work remotely.

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 £37,393,000 (2020: £28,222,000).

### **Post balance sheet events**

There are no subsequent events at the end of the reporting period.

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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 members as a whole, 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 13 and 14. These values, including how they are applied by the Company, are discussed in more detail in our *statement of engagement with employees* on pages 10 to 11; *statement of engagement with suppliers, customers and others in a business relationship with the Company* on pages 12 to 13; and in our *streamlined energy and carbon report*, on pages 15 and 16.

### **Considering long-term impact of decisions**

We believe business can and should be a force for good. Achieving that takes innovation, hard work, and a focus on serving others. It also means leading with our values in the technology we make, in the way we make it, and in how we treat people and the planet we share. Apple is dedicated 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.

### **Employees**

At Apple, we're not all the same. And that's our greatest strength. We draw on the differences in who we are, what we've experienced, and how we think. Because to create products that serve everyone, we believe in including everyone. We know that the long-term success of the Company is dependent on its people. We describe further how the Company engages with employees in our *statement of engagement with employees*, on pages 10 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 12 to 13 for more detail on how we monitor and nurture our business relationships.

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**Strategic Report (continued)**

**The environment**

The Company participates in the global ambitions and targets of the Apple Inc. group. Apple is committed to creating products that enrich the lives of our customers in a way that protects the earth's resources that we all share.

Apple will become carbon neutral across its entire business, manufacturing supply chain, and product life cycle by 2030. Apple is already carbon neutral today for its global corporate operations, and this new commitment means that by 2030, every Apple device sold will have net zero climate impact.

Our strategy focuses on three interconnected areas: climate change, resources, and smarter chemistry. Our comprehensive carbon footprint informs the work we do to reduce our emissions, including our roadmap to carbon neutrality. Within our resources pillar, we're working to make our products using only recycled and renewable materials and eliminate plastic from our packaging. And we are committed to using safer materials to create better products for those who design, make, use, and recycle them. All the work we do aims to improve environmental health, not just for our customers, suppliers, and employees, but also for broader global communities

**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 COVID-19 pandemic (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.

**COVID-19 – retail store closures**

The Company temporarily closed some of its retail stores at various points during the year in response to local conditions, local laws and the evaluation of risk to employees and the public by the Company and the Apple Inc. group. These and related decisions were discussed and approved by the directors of the Company. Further details, including a description of the way in which our stakeholders' interests were taken into account in decision-making, can be found in the *statement of engagement with employees*, on pages 10 to 11.

**COVID-19 – office closures**

The Company substantially closed all of its office locations on a temporary basis in March 2020 in response to the Pandemic, with this and related decisions being discussed and approved by the directors of the Company. These office closures continued in some form during the year, with some flexibility to work in offices introduced from time to time based on local conditions, local laws and the evaluation of risk to employees and the public by the Company and the Apple Inc. group. Further details of the Company's response to the Pandemic, including the way in which our stakeholders' interests were taken into account in decision-making, can be found in the *statement of engagement with employees*, on pages 10 to 11.

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**Strategic Report** (continued)

By order of the board

Director

  
Peter R. Denwood

Dated 24 June 2022  
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 25 September 2021.

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  
Peter Denwood

The Company Secretary is Abogado Nominees Limited.

### **Dividend**

No dividend for fiscal year 2021 (2020: £38,229,000) 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 are no subsequent events at the end of the reporting period.

### **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 25 September 2021 as set out on page 22 are considered satisfactory.

### **Political contributions**

The Company made no political contributions during the year (2020: £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:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	2,336,469	2,286,439
Operating profits	729,976	590,387
UK Corporation tax charge for year at 19% (2020:19%)	110,253	102,262
Total tax on profit on ordinary activities	95,882	96,368
Average monthly number of employees during the year	7,048	7,115

### **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**

#### **Employee engagement**

At Apple, we're not all the same. And that's our greatest strength. We draw on the differences in who we are, what we've experienced, and how we think. Because to create products that serve everyone, we believe in including everyone. We believe that open and honest communication among team members, managers, and leadership fosters an open, collaborative work environment where everyone can participate, develop, and thrive. Team members are encouraged to come to their manager with questions, feedback, or concerns. Our goal is to listen and learn—and to use those lessons to build an even better work environment for all. Our Company directors delegate day-to-day management of employee matters to local managers, trusting their expertise to ensure the best experience and support for their teams.

#### **Consulting with employees and their representatives**

The Company regularly invites all store-based employees to complete an online feedback questionnaire, which allows the Company to hear directly from team members about their own experiences of working at the Company and is designed to help support an environment of consistent and ongoing feedback among the Company's teams and leadership. This survey is optional and anonymous. Further surveys of other employee groups may be carried out on an ad-hoc basis. We use the data and comments from these surveys and meetings to inform our employee experience, engagement levels, and feedback on any Company initiatives. Feedback is analysed at a team and organisational level with action plans in place where we see areas for improvement.

Apple is committed to listening and engaging with its employees in a supportive environment, and 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.

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.

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 ("EHS") team through a consistent process that connects employees with care and support while identifying corrective actions where appropriate to prevent future occurrences.

#### **Involvement of employees in the Company's performance**

As outlined further in Note 1 to the financial statements, the Company's ultimate parent, Apple Inc. operates two employee benefit plans relevant to the Company: the 2014 Employee Stock Plan and the Employee Stock Purchase Plan. This is part of Apple's global approach to employee benefits. All employees are eligible to receive awards of restricted stock units from Apple Inc. under the 2014 Employee Stock Plan and have the opportunity to invest in Apple Inc. stock through participation in the Employee Stock Purchase Plan, which enables employees to participate in the success of the Company and the Group.

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## **Directors' Report (continued)**

### **Statement of engagement with employees (continued)**

#### **Inclusion and Diversity**

Across Apple, we're strengthening our long-standing commitment to making our company more inclusive and diverse. We're committed to hiring inclusively, providing training and development opportunities, fostering an inclusive culture, and ensuring equitable pay for all employees. And we're continuing to focus on increasing diverse representation at every level of the company to help Apple become an even better reflection of the world we live in.

We believe in equal pay for equal work. In every country where we operate, team members of all genders earn the same when engaging in similar work with comparable experience and performance. To maintain pay equity, we engage a third party to independently evaluate compensation across all of Apple using statistical modelling. This rigorous review considers annual total compensation, including base salary, bonuses, and Restricted Stock Units (RSUs), as well as a variety of data related to pay, including job level, location, performance ratings, and tenure. As part of our commitment, we've also stopped asking candidates about their salary history. We continue to publish our Gender Pay Gap report on an annual basis. Whilst we currently have a gender pay gap in favour of men, this gender pay gap is driven by the representation of women in our workforce across levels and tenure. We will continue our efforts to improve the representation of women at all levels of the Company, and hold ourselves accountable for driving progress.

#### **Accessibility**

The Company encourages applications for employment from people with a disability. Equal opportunities are available to employees with disabilities for training, career development and promotion. 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 12 to 13 for more details on our newest accessibility features, such as SignTime, which bring benefits to our employees as well as customers.

#### **The 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.

Apple was one of the first major companies to lead the COVID-19 response, temporarily closing our retail stores and moving to flexible work arrangements for our corporate offices globally. We have continued to pay our teams during temporary store and office closures; expanded our paid leave policies; provided team members with personal protective equipment; and established policies and procedures for a safe environment. Together with our suppliers, we also implemented new health and safety procedures for supplier workforces, and worked to support our suppliers' ability to pay their hourly workers. And we have further supported our business partners by accelerating our payments to suppliers and extending payment and credit terms for our resellers.

We're dedicated to protecting our team members and our customers everywhere we operate—a responsibility COVID-19 has brought into even greater focus. At every stage of the Pandemic, we make decisions based on the latest local data and public health guidance, and we share lessons across our EHS teams globally so we can continuously improve our safety programs.

The decisions to close, from time to time, the Company's retail stores and substantially all of the Company's offices and ask employees to work remotely during this time, including pivoting certain retail employee roles to support the needs of the Company and its customers, were considered principal decisions of the Company. The key stakeholders impacted by such decisions were the employees and customers of the Company. The interests of the stakeholders were aligned with the Company's goal of safeguarding the health and well-being of employees and customers. The Company seeks feedback on its response to the Pandemic on a continuous basis and has received positive feedback from impacted stakeholders.

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## **Directors' Report (continued)**

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

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've worked hard to embed respect for human rights across Apple—in the technology we make, the way we make it, and how we treat people.

### **Supplier responsibility and environment**

Developed in 2005, the Apple Supplier Code of Conduct (the "Code") and the Apple Supplier Responsibility Standards (the "Standards") outline our requirements for suppliers in the areas of labour and human rights, health and safety, environment, management systems and ethics. Both the Code and the Standards have been adopted by the Company following approval by the directors of the Company. Apple continues to evaluate and update the Code and Standards annually, raising the bar that suppliers must meet and then supporting them in reaching it.

### **Accessibility**

Apple believes accessibility is a human right and technology should be accessible to everyone. Our products are powerful and affordable assistive devices, with built-in accessibility features such as VoiceOver, Voice Control, and support for Made for iPhone hearing aids. New features, such as AssistiveTouch on Apple Watch, Background Sounds, and support for eye-tracking devices continue Apple's mission to make our technology customisable to the diverse needs of all our users. Apple launched a new service in 2021, called SignTime. This enables customers to communicate with AppleCare and retail customer care by using British Sign Language (BSL) right in their web browsers. Customers visiting Apple store locations can also use SignTime to remotely access a sign language interpreter without booking ahead of time. You can read more about Apple's commitment to accessibility at <https://www.apple.com/accessibility>.

### **Education**

At Apple, we believe that our customers should expect more from their technology in learning. For over 40 years Apple has helped educators spark student engagement with new ways to learn, giving students complete freedom of expression. Apple technology and services support learning that's connected, collaborative, creative and personal for every individual, no matter how they learn, where they learn or what they love to do. Beyond our hardware and software — our programs and curricula ensure that education institutions have what they need to effectively employ their use of technology in schools. These include Apple Teacher, a free, self paced online professional learning program to help teachers learn how to get the most from iPad or Mac, and our free suite of creativity apps for teaching and learning. Apple has developed curricula to support creative learning and coding such as Everyone Can Create and Everyone Can Code. To date these curriculum and teaching materials have reached millions of users worldwide. In Apple retail stores, customers can participate in free 'Today at Apple' sessions based on Everyone Can Create and Everyone Can Code. Topics include photography, video, music, design, and coding basics as well as Photography on iPhone, Directing the Portrait, Getting Started with Swift Playgrounds, Capturing Cinematic Shots, Sketching Ideas in Notes, Getting Started with Podcasting, and Managing Screen Time.

### **Privacy**

At Apple, we believe privacy is a fundamental human right. And so much of our customers' personal information—information they have a right to keep private—lives on their Apple devices. Every Apple product is designed from the ground up to protect that information. And to empower our customers to choose what they share and with whom. With every software release we introduce ever greater controls for our users so they can manage these choices including for the apps that they download from the App Store.

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**Directors' Report (continued)**

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

Our customers' personal data should always be protected on devices and never shared without our customers' permission. Apple supports privacy by building tools into devices, making data requests clear, empowering users with controls, and requiring external groups to follow applicable laws if seeking access to personal data controlled by Apple. Encryption, on-device intelligence, and other tools are built into Apple products to let customers share what they want on their terms. Sometimes user data is used to provide customers with a more personalised experience; however, users are given controls to manage these settings. We also use techniques like Differential Privacy to improve user experiences while protecting the information they share with Apple. Differential Privacy adds random information to user data before it is analysed by Apple, so we can't link that data to a specific device.

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/legal/privacy/en-ww>.

**Bribery and corruption**

Apple seeks to conduct business ethically, honestly and in full compliance with applicable laws and regulations. Apple does not tolerate any form of corruption. Apple's Anti-Corruption Policy details our commitment to complying with anti-corruption laws.

The directors of the Company have delegated authority to Apple's Business Conduct and Global Compliance group, which helps employees and third parties make the right decisions regarding ethical and lawful behaviour. This is done through a variety of resources, including Apple's policy "Business Conduct: The Way We Do Business Worldwide" and various anti-corruption policies, which have been adopted by the Company following approval by the directors of the Company. The Company's business conduct policy describes Apple's principles for employee interactions with customers, other businesses, governments, and communities.

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 25 September 2021. 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.

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## **Directors' Report (continued)**

### **Statement of Corporate Governance Arrangements (continued)**

**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.

These values, including how they are applied by the Company, are discussed in more detail in our *statement of engagement with employees* on pages 10 to 11; *statement of engagement with suppliers, customers and others in a business relationship* with the Company on pages 12 to 13; and in our *streamlined energy and carbon report* on pages 15 to 16.

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 to consider and discuss the Company's ongoing response to the Covid-19 pandemic (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 directors approved the measures being taken by the Company during the Pandemic and were satisfied that such measures were appropriate to protect the health and safety of employees, customers and suppliers, balancing the desire on the part of customers to access Apple's products in-person at Apple stores and the need to protect the health of all of the impacted stakeholders. Protecting such stakeholders is indirectly to the benefit of the sole shareholder. The Company's response to the Pandemic is discussed in further detail in the *statement of engagement with employees* on pages 10 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.

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## Directors' Report (continued)

### Streamlined Energy and Carbon Reporting

#### Methodology

This assessment has been verified by a third-party (Delta-Simons Environmental Consultants Limited) to be carried out in general accordance to *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.

Scope	FY21		FY20	
	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Scope 1 - Heating Fuels	634,712	116.25	634,712	116.70
Scope 1 - Company Vehicles	-	-	-	-
Scope 2 - Purchased Electricity (Location-Based) <sup>1</sup>	13,528,734	2,872.56	13,840,357	3,226.74
Scope 2 – Purchased Electricity (Market-Based) <sup>1</sup>	13,528,734	-	13,840,357	-
Scope 3 - Rental Vehicles	46,035	10.67	46,035	10.83
Scope 3 - Employee Mileage	175,787	43.04	124,515	30.86
<b>Total Gross Footprint*</b>	<b>14,385,268</b>	<b>169.96</b>	<b>14,645,620</b>	<b>158.39</b>
Carbon Offset (April 2020 onwards)	-	(169.96)	-	(39.66)
<b>Total Net Emissions</b>	-	<b>0.00</b>	-	118.73

Intensity Ratios	FY21	FY20
kWh/sq.ft/year	34.35	36.75 <sup>2</sup>
tCO <sub>2</sub> e /employee/year	0.65	0.66
tCO <sub>2</sub> e /£m/year	3.16	3.07

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

<sup>1</sup> 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 tCO<sub>2</sub>e count

<sup>2</sup> Previously stated as 43.23 kWh/sq.ft/year. On review of data for the current reporting period, an error was identified in the calculations for the floor areas used to calculate Energy Use Intensity (kWh/sq.ft/year) for FY20, as previously reported by the Company. This has been amended at the earliest available opportunity in accordance with relevant guidance.

**Apple Retail UK Limited**  
**Registered number 4996702**

**Directors' Report** (continued)

**Streamlined Energy and Carbon Reporting** (continued)

**Climate Action Statement**

Building on our achievement of carbon neutrality for Apple's<sup>3</sup> 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.

We have reduced our comprehensive carbon footprint by 40% since it peaked in 2015, with the aim of becoming carbon neutral by 2030, including a 75% reduction in emissions compared to 2015.

To reduce emissions from Apple facilities, we conduct regular energy audits of our corporate offices, retail stores and data centres to identify system improvements that could reduce energy use. We have 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.

For our electricity, we source 100% renewable energy primarily through 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 few 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.

Apple has partnered with Conservation International to invest in 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](https://apple.com/environment).

By order of the board

Director

  
Peter R. Denwood

Dated 24 June 2022  
8th Floor, 20 Farringdon Street  
London EC4A 4AB

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<sup>3</sup> 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 4996702**

**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 24 June 2022  
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 25 September 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25, 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 company's affairs as at 25 September 2021 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 24 June 2022.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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.

### **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.

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 17, 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.

- ▶ 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.



## 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)*

- 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.

Ian Venner  
Senior Statutory Auditor  
for and on behalf of Ernst & Young, Statutory Auditor

Cork, Ireland

27 June 2022

Apple Retail UK Limited

Statement of comprehensive income  
for the year ended 25 September 2021

	Note	2021 £'000	2020 £'000
<b>Turnover</b>	2	971,504	1,104,239
Cost of sales		(648,838)	(766,275)
<b>Gross profit</b>		<b>322,666</b>	<b>337,964</b>
Administrative expenses		(342,530)	(336,069)
Other operating income	3	57,490	27,239
<b>Operating profit</b>	4	<b>37,626</b>	<b>29,134</b>
Other interest receivable and similar income	6	874	2,035
Interest payable and similar charges	7	(311)	(291)
<b>Profit before taxation</b>		<b>38,189</b>	<b>30,878</b>
Tax on profit	8	(796)	(2,656)
<b>Profit for the financial year</b>		<b>37,393</b>	<b>28,222</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>37,393</b>	<b>28,222</b>


**Apple Retail UK Limited**

**Statement of financial position  
at 25 September 2021**

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	68,603	77,958
Intangible fixed assets	11	23	28
		68,626	77,986
<b>Current assets</b>			
Stocks	12	60,505	46,437
Debtors: amounts falling due within one year	13	366,850	203,647
Cash at bank and in hand		3,832	884
		431,187	250,968
<b>Creditors: amounts falling due within one year</b>	14	(187,912)	(82,113)
<b>Net current assets</b>		243,275	168,855
<b>Total assets less current liabilities</b>		311,901	246,841
<b>Creditors: amounts falling due after more than one year</b>	15	(9,647)	(10,512)
<b>Provisions</b>	16	(12,785)	(14,498)
<b>Net assets</b>		289,469	221,831
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account		289,468	28,222
Capital reserves		-	193,608
<b>Shareholder's funds</b>		289,469	221,831

These financial statements were approved by the board of directors on 24 June 2022  
and were signed on its behalf by:

Director

  
Peter R. Denwood

Dated 24 June 2022

8th Floor, 20 Farringdon Street  
London EC4A 4AB

**Apple Retail UK Limited**

**Statement of changes in equity  
for the year ended 25 September 2021**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Capital reserves £'000</b>	<b>Total £'000</b>
<b>At 28 September 2019</b>	<b>1</b>	<b>38,229</b>	<b>162,837</b>	<b>201,067</b>
Profit for the financial year	-	28,222	-	28,222
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	28,222	-	28,222
Capital contribution	-	-	30,771	30,771
Dividends paid (note 9)	-	(38,229)	-	(38,229)
<b>At 26 September 2020</b>	<b>1</b>	<b>28,222</b>	<b>193,608</b>	<b>221,831</b>
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)	-
Dividends paid (note 9)	-	-	-	-
<b>At 25 September 2021</b>	<b>1</b>	<b>289,468</b>	<b>-</b>	<b>289,469</b>



## **Apple Retail UK Limited**

### **Notes to the financial statements for the year ended 25 September 2021**

#### **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 25 September 2021**

#### **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 recognized in the financial statements:

- **Deferred Tax Asset**

Management estimation is required to determine the amount of deferred tax assets that can be recognized, 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 recognized 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 recognizes 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 25 September 2021**

#### **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 recognized 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 recognized 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 recognized at the time of sale. Costs incurred to provide product-related bundled services and unspecified software upgrade rights are recognized 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 recognizes 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 25 September 2021

#### 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 22 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 amortised using the straight-line method over the estimated useful economic lives of the assets, which range from 3 to 5 years. Amortisation is included in administration expenses in the Statement of comprehensive income.

## **Apple Retail UK Limited**

### **Notes to the financial statements for the year ended 25 September 2021**

#### **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 realisable value. Net realisable 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 25 September 2021**

#### **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 recognizes 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 capitalised 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 analysed 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 25 September 2021

#### 3. Other operating income

	2021	2020
	£'000	£'000
Service fee income from Group undertakings	57,490	27,239

#### 4. Operating profit

	2021	2020
	£'000	£'000
Operating profit is stated after charging:		
Loss on disposal of fixed assets	464	523
Depreciation of tangible fixed assets (note 10)	20,435	24,476
Foreign exchange losses	274	517
Amortization of intangible fixed assets (note 11)	5	5
Lease payments recognised as expenses	21,196	24,166

Audit fees were borne by another Group company in 2021 and 2020.

#### 5. Staff costs

(a) Staff costs are analysed as follows:

	2021	2020
	£'000	£'000
Wages and salaries	156,208	155,482
Social security costs	24,706	28,135
Other pension costs (note 19)	8,806	8,620
Share based payments	30,246	30,771
<b>Total staff costs</b>	<b>219,966</b>	<b>223,008</b>

The average monthly number of employees during the year was 4,756 (2020: 5,120).

## Apple Retail UK Limited

### Notes to the financial statements for the year ended 25 September 2021

#### 5. Staff costs (continued)

##### (b) Directors' remuneration

There were no payments to directors during the financial year (2020: Nil).

##### (c) Share-based payments

As of 25 September 2021, the Company did not have any equity-settled plans or transactions. However, the Company's Ultimate Parent, Apple Inc. had two employee benefit plans relevant to the Company: 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) 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 shareholders' equity or cash inflows will occur for the Company. Apple Inc.'s relevant employee benefit plans are summarized as follows:

##### 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 Employee Stock Purchase Plan (the "Purchase Plan") is 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. As of 25 September 2021, approximately 96.3 million shares were reserved for future issuance under the Purchase Plan.

#### 6. Other interest receivable and similar income

	2021	2020
	£'000	£'000
Interest on amounts owed from related undertakings	874	2,030
Other interest income	-	5
	874	2,035



## Apple Retail UK Limited

### Notes to the financial statements for the year ended 25 September 2021

#### 7. Interest payable and similar charges

	2021	2020
	£'000	£'000
Bank charges and fees	64	79
Other interest and similar charges	247	212
	<b>311</b>	<b>291</b>

#### 8. Taxes on profit

##### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2021	2020
	£'000	£'000
Current tax:		
UK corporation tax at 19% (2020: 19%)	868	3,802
Adjustment in respect of prior years (under provision)	202	665
<b>Total current tax charge</b>	<b>1,070</b>	<b>4,467</b>
Deferred tax:		
Depreciation / capital allowances	223	(1,504)
Share based payments timing differences	(22)	(307)
Impact of previously enacted future tax rate	(475)	-
Deferred tax charge/ (credit)	<b>(274)</b>	<b>(1,811)</b>
<b>Tax on profit on ordinary activities</b>	<b>796</b>	<b>2,656</b>

##### (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% (2020:19%). The differences are explained below:

	2021	2020
	£'000	£'000
Profit on ordinary activities before taxation	38,189	30,878
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	7,256	5,867
Difference between UK GAAP and UK tax treatment of share based compensation	(9,171)	(4,912)
Other permanent differences	3,483	2,200
Adjustment in respect of prior years (under provision)	202	665
Prior period adjustment to deferred tax asset (under/ (over) provision)	(499)	(1,164)
Impact of previously enacted future tax rate	(475)	-
<b>Total tax expense</b>	<b>796</b>	<b>2,656</b>

## Apple Retail UK Limited

### Notes to the financial statements for the year ended 25 September 2021

#### 8. Taxes (continued)

##### (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 (2020: 19%).

##### Deferred tax

The Company has a recognised deferred tax asset of £8,907,000 (2020: £8,633,200) comprising:

	2021	2020
	£'000	£'000
Accelerated capital allowances	1,058	1,281
Share based payments timing difference	7,849	7,352
	<b>8,907</b>	<b>8,633</b>
Deferred tax asset at start of year	8,633	6,822
Deferred tax credit in profit and loss account	274	1,811
<b>Deferred tax asset at end of year</b>	<b>8,907</b>	<b>8,633</b>

The Company reviews its position on the utilisation of deferred tax assets on an annual basis. Currently the Company expects £6,397,512 (2020: £6,713,020) of the closing deferred tax asset to be reversed during the next financial period.

#### 9. Dividends

	2021	2020
	£'000	£'000
Declared and paid during the year	-	38,229

## Apple Retail UK Limited

### Notes to the financial statements for the year ended 25 September 2021

#### 10. Tangible fixed assets

	Leasehold improvement	Office equipment	Machinery and equipment	Construction in progress	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost:</b>					
At the beginning of year	233,657	4,969	30,351	3,266	272,243
Additions	2,234	-	866	8,423	11,523
Transfer from CIP	726	-	223	(949)	-
Disposals	(6,780)	(347)	(819)	-	(7,946)
<b>At end of year</b>	<b>229,837</b>	<b>4,622</b>	<b>30,621</b>	<b>10,740</b>	<b>275,820</b>
<b>Depreciation:</b>					
At the beginning of year	(164,972)	(4,586)	(24,727)	-	(194,285)
Charge for year	(16,865)	(203)	(3,367)	-	(20,435)
Disposals	6,364	347	792	-	7,503
<b>At end of year</b>	<b>(175,473)</b>	<b>(4,442)</b>	<b>(27,302)</b>	<b>-</b>	<b>(207,217)</b>
<b>Net book value:</b>					
<b>At 25 September 2021</b>	<b>54,364</b>	<b>180</b>	<b>3,319</b>	<b>10,740</b>	<b>68,603</b>
<b>At 26 September 2020</b>	<b>68,685</b>	<b>383</b>	<b>5,624</b>	<b>3,266</b>	<b>77,958</b>

#### 11. Intangible fixed assets

	Software	Total
	£'000	£'000
<b>Cost</b>		
At beginning of year	714	714
Additions	-	-
Disposals	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>
<b>Amortisation</b>		
At beginning of year	(686)	(686)
Charge for the year	(5)	(5)
Disposals	-	-
<b>At end of year</b>	<b>(691)</b>	<b>(691)</b>
<b>Net book value</b>		
<b>At 25 September 2021</b>	<b>23</b>	<b>23</b>
<b>At 26 September 2020</b>	<b>28</b>	<b>28</b>

## Apple Retail UK Limited

### Notes to the financial statements for the year ended 25 September 2021

#### 12. Stocks

	2021	2020
	£'000	£'000
Finished goods	50,366	36,518
Service inventory	10,139	9,919
	<b>60,505</b>	<b>46,437</b>

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

#### 13. Debtors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade debtors	62,239	22,133
Amounts owed by Group undertakings	282,309	164,083
Amounts owed by parent undertaking	-	-
Prepayments and accrued income	8,588	6,884
Deferred tax asset (note 8)	8,907	8,633
Corporation tax	4,807	1,914
	<b>366,850</b>	<b>203,647</b>

The amounts owed by Group undertakings are interest bearing and repayable on demand.

#### 14. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	10,057	10,028
Amounts owed to Group undertakings	92,126	662
VAT	20,369	13,860
Other taxes and social security taxes	6,026	6,388
Accruals	42,757	34,920
Short term deferred revenue	16,577	16,255
	<b>187,912</b>	<b>82,113</b>

The amounts owed to Group undertakings are non-interest bearing and repayable on demand.

## Apple Retail UK Limited

### Notes to the financial statements for the year ended 25 September 2021

#### 15. Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Long term deferred revenue	9,647	10,512

#### 16. Provisions

	National insurance on unvested SBP	Long term leasehold improvement	Total
	£'000	£'000	£'000
At 26 September 2020	11,589	2,909	14,498
Arising during the year	1,880	-	1,880
Utilised during the year	(3,176)	(417)	(3,593)
<b>At 25 September 2021</b>	<b>10,293</b>	<b>2,492</b>	<b>12,785</b>

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 2021 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 2022 and 2025.

#### 17. Called up share capital

	2021	2020
	£'000	£'000
<b>Allotted, called up and fully paid</b>		
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 25 September 2021

#### 18. 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 £8,806,451 (2020: £8,620,000). The liability outstanding at year end was £1,254,782 (2020: £1,168,000).

#### 19. Commitments

##### Capital Commitments

There were no capital commitments at 25 September 2021 (2020: £nil).

##### Other Commitments

As at 25 September 2021, there were no other commitments (2020: £nil).

#### 20. Guarantees

The Company has issued a guarantee in favour of HM Customs & Excise in the amount of £1,000,000 (2020: £1,000,000).

#### 21. Obligations under lease contracts

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

	2021	2020
	Buildings	Buildings
	£'000	£'000
- Not later than one year	24,617	19,541
- Later than one year and not later than five years	90,785	82,242
- Later than five years	133,916	138,186
	<b>249,318</b>	<b>239,969</b>

#### 22. 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 25 September 2021**

#### **23. 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.

#### **24. Events after the reporting period**

There have been no other significant events affecting the Company since 25 September 2021.

#### **25. Approval of financial statements**

The directors issued and approved the financial statements on 24 June 2022.