

Apple (UK) Limited

**Directors' report and
financial statements**

Year ended 25 September 2010

Registered number 1591116

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Apple (UK) Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-3
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditor's report to the members of Apple (UK) Limited	5-6
Profit and loss account	7
Balance sheet	8
Notes	9-24

Apple (UK) Limited

Registered Number 1591116

Directors' report

The directors present their annual report and audited financial statements for the year ended 25 September 2010

Principal activities and business review

Apple (UK) Limited provides services to group companies. These services include sales support, marketing and technical support. As of 25 September 2010, the company had 271 employees resulting in a weekly average of 265 employees, which was an increase of 10% on the prior year. This growth was seen primarily in the sales support and marketing area. The company operates a branch office in The Russian Federation to provide sales support, marketing and other services to group companies trading with Russian customers. There are currently 24 employees in this branch.

Apple (UK) Limited is a wholly owned subsidiary of Apple Inc, a company incorporated in California, United States of America and listed on the Nasdaq exchange. The Apple Inc. group of companies, referred to collectively as "Apple" design, manufacture and market:

- Macintosh personal and tablet computers and related software, services and peripherals,
- Digital music players (iPod) and related accessories and services including the online sale of audio and video, TV shows and movies and mobile phones (iPhone).

During 2010, Apple has continued to update its Mac line and applications. Apple also updated its popular iPod music players with new Nano and Shuffle, upgraded Touch iPod models and introduced the iPhone 4 and the iPad.

Apple sells to education, consumer, creative professional, and business and government customers through a variety of direct and indirect distribution channels. Apple (UK) Limited's principal business is the provision of sales support and marketing and technical support in connection with sales of Apple products in the UK market.

Sales of Apple products have been growing in recent years with Apple Inc recording a 52% growth in worldwide net revenue in Fiscal Year 2010 over Fiscal Year 2009. This strong performance in worldwide sales of Apple products, despite the worldwide recession is also reflected in the underlying sales of Apple products in the UK market and is therefore the basis for robust financial performance of Apple (UK) Limited.

The results of the company for the year ended 25 September 2010 as set out on page 7 are considered satisfactory.

Risks and uncertainties

The risks and uncertainties faced by the business are those typical of the technology sector, but are mitigated by the historically strong financial performance of the company and its long standing reputation and tradition within the sector.

The directors consider the principal risks and uncertainties facing the company are:

- margin reduction due to competition
- retaining key employees and succession planning
- a rising cost base
- a sharp downturn in individual and commercial spends

Apple (UK) Limited

Directors' report *(continued)*

Risks and uncertainties *(continued)*

The directors believe that these risks are effectively managed through a strong focus on competition, on our cost base and on our key employees.

Key performance indicators

Key performance indicators that are focused on by management include:

- Sales
- Margin
- Overheads
- New industry developments

Each of these indicators are 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 above

Results

The profit for the year after taxation amounted to £20,833,000 *(2009. £15,775,000 profit)*

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 Directors 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 in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Dividend

No dividend was paid or proposed in the year *(2009. £Nil)*

Future developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years

Directors

The directors who held office during the year were as follows

Peter Oppenheimer (also secretary since 11 May 2006)

Gary Wipfler

Tim Cook (resigned 17 November 2009)

Political and charitable contributions

The company made no political contributions during the year *(2009. £Nil)*. The company made no donations to charities during the year *(2009. £Nil)*.

Apple (UK) Limited

Directors' report *(continued)*

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.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

Post balance sheet events

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

Disclosure of information to the auditors

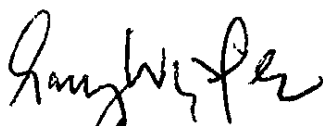
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Reappointment of the auditors

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

By order of the board

Director



Print. Gary Wipfler

Dated 20 May 2017

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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.

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

We have audited the financial statements of Apple (UK) Limited for the year ended 25 September 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 25 September 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

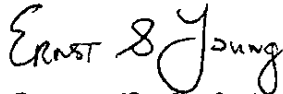
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APPLE (UK) LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

A handwritten signature in black ink that reads 'Ernst & Young'.

**Ian Gregory (Senior Statutory Auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Cork, Ireland.**

Date: 26 May 2011

Apple (UK) Limited

Profit and loss account

For the year ended 25 September 2010

	Note	2010 £'000	2009 £'000
Turnover – continuing operations	2	68,985	51,041
Distribution costs		(2,594)	(866)
Administrative expenses		(39,862)	(33,188)
		—	—
Operating profit – continuing operations	3	26,529	16,987
Interest receivable and similar income	6	440	967
Interest payable and similar charges	7	(20)	(160)
		—	—
Profit on ordinary activities before taxation		26,949	17,794
Tax on profit on ordinary activities	9	(6,116)	(2,019)
		—	—
Profit for the financial year		20,833	15,775

There are no recognised gains or losses for either year other than the profit attributable to the members of the company

Apple (UK) Limited

Balance Sheet at 25 September 2010

	<i>Note</i>	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	10	3,334	2,604
Investments	11	3,715	3,715
		<u>7,049</u>	<u>6,319</u>
Current assets			
Debtors	12	77,789	50,683
Cash at bank and in hand		316	681
		<u>78,105</u>	<u>51,364</u>
Creditors: amounts falling due within one year	13	(15,615)	(4,752)
		<u>62,490</u>	<u>46,612</u>
Net current assets		62,490	46,612
		<u>69,539</u>	<u>52,931</u>
Total assets less current liabilities		69,539	52,931
		<u>68,423</u>	<u>51,882</u>
Provisions for liabilities	14	(1,116)	(1,049)
		<u>68,423</u>	<u>51,882</u>
Net assets		68,423	51,882
		<u>68,423</u>	<u>51,882</u>
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account	16	61,935	41,102
Capital contribution reserve	17	5,488	9,780
		<u>68,423</u>	<u>51,882</u>
Shareholders' funds	18	68,423	51,882
		<u>68,423</u>	<u>51,882</u>

These financial statements were approved by the board of directors on 20 May 2011 and were signed on its behalf by:

Director

Print

Gary Wipf
.....

Dated 20 May 2011

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Notes forming part of the financial statements
Year ended 25 September 2010

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

Cashflow

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

Related party transactions

As the company is a wholly owned subsidiary of Apple 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 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

Fixed assets & depreciation

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

Office equipment	20% straight line
Leasehold improvement	lesser of 10 years or lease term
Apple own use	100% straight line

Apple (UK) Limited

Notes forming part of the financial statements
Year ended 25 September 2010

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 by 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 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 reported in GBP (£). Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary 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 leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Turnover

The company earns income under service agreements in place with related group undertakings. Income receivable for the provision of services to group companies is recognised when earned.

Apple (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Equity settled share based payment transactions

The Apple share schemes allow employees to acquire shares in Apple Inc. They are all equity settled. The fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. Apple Inc., uses the Black-Scholes-Merton (BSM) option-pricing model to calculate the fair value. Share entitlements granted by Apple Inc, are subject to certain non-market based vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the profit and loss account is based on the fair value of the total number of entitlements expected to vest and is recognised ratably on a front loaded basis over the vesting period. The cumulative charge to the profit and loss account is only reversed where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the company before the end of the vesting period. A credit is made to a share option contribution reserve for the share options charge, representing the fact that the share options are over common stock of the ultimate parent company. Costs recharged to the company by its ultimate parent company in respect of options exercised are debited to the capital contribution reserve directly.

Provisions for liabilities

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 net present value of the company's costs in relation to restoration liabilities at its leasehold properties. The net present value of the estimated costs is capitalised as leasehold improvements and depreciated over the remaining useful life of the leasehold property. The unwinding of the discount element on the restoration provision is reflected in profit or loss. Current cost estimates are revised each year and any resulting change is reflected in the carrying amount of the relevant assets.

2 Turnover

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 (UK) Limited

Notes (continued)

3 Operating profit

	2010 £'000	2009 £'000
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration		
- audit of the financial statements	58	66
Depreciation	786	715
Hire of plant and machinery		
- rentals under operating leases	316	225
Other operating lease rentals	2,072	1,731
Foreign exchange gains	(248)	-
	<u> </u>	<u> </u>

4 Remuneration of directors

	2010 £'000	2009 £'000
Emoluments (including pension contributions)	-	-
	<u> </u>	<u> </u>

One director exercised share options in Apple Inc. during the year (2009 1)

5 Staff numbers and costs

The average monthly number of employees during the year was 289 (2009: 260) and is analysed into the following categories

	2010 Number	2009 Number
Sales Support/Marketing	202	174
Finance/Administration	34	36
Technical	53	50
	<u> </u>	<u> </u>
	289	260
	<u> </u>	<u> </u>

Staff costs are analysed as follows.

	2010 £'000	2009 £'000
Wages and salaries	17,823	15,514
Social security costs	3,217	2,265
Other pension costs	738	546
Share based payments (note 8)	4,980	4,238
	<u> </u>	<u> </u>
	26,758	22,563
	<u> </u>	<u> </u>

Apple (UK) Limited

Notes (continued)

6 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest receivable	-	66
Interest from loans to related undertakings	391	571
Other	49	330
	<u>440</u>	<u>967</u>

7 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank charges and fees	7	7
Other	13	153
	<u>20</u>	<u>160</u>

Apple (UK) Limited

Notes (continued)

8 Share-based payments

Apple Inc., has two share option schemes in operation for Apple (UK) Limited employees and executives of the company (the "2003 Employee Stock Plan" and the "Employee Stock Purchase Plan"). Details of the respective plans are outlined below.

The 2003 Employee Stock Plan (the "2003 Plan") is a shareholder approved plan that provides for broad-based grants to employees, including executive officers. The 2003 Plan permits the granting of incentive stock options, nonstatutory stock options, restricted stock units ("RSUs"), stock appreciation rights, stock purchase rights and performance-based awards. Based on the terms of individual option grants, options granted under the 2003 Plan generally expire 7 to 10 years after the grant date and generally become exercisable over a period of four years, based on continued employment, with either annual, semi-annual or quarterly vesting. In general, RSU's granted under the 2003 Plan vest over two to four years, are subject to the employees' continued employment and do not have an expiration date.

Apple Inc. has a shareholder approved employee stock purchase plan (the "Purchase Plan"), under which substantially all employees may purchase common stock through payroll deductions at a price equal to 85% of the lower of the fair market values as of the beginning and end of six-month offering periods. Stock purchases under the Purchase Plan are limited to 10% of an employee's compensation, up to a maximum of USD 25,000 in any calendar year.

The terms and conditions of each grant is as follows; all options are to be settled by physical delivery of shares.

Grant date / entitled employees	Number of instruments in thousands	Vesting conditions	Contractual life of options
Options Granted in 2001	512	1 to 4 years service	7-10 Years
Options Granted in 2002	170	1 to 4 years service	7-10 Years
Options Granted in 2003	5	1 to 4 years service	7-10 Years
Options Granted in 2004	88	1 to 4 years service	7-10 Years
Options Granted in 2005	46	1 to 4 years service	7-10 Years
Options Granted in 2006	23	1 to 4 years service	7-10 Years
Options/RSU's Granted in 2007	116	1 to 4 years service	7-10 Years
Options/RSU's Granted in 2008	155	1 to 4 years service	7-10 Years
Options/RSU's Granted in 2009	64	1 to 4 years service	7-10 Years
RSU's Granted in 2010	53	1 to 4 years service	7-10 Years
Total share options and RSU's	1,232		

Apple (UK) Limited

Notes (continued)

8 Share-based payments (continued)

The number and weighted average exercise price of share options is as follows:

	Weighted average price 2010 USD	Number of options 2010 '000	Weighted average price 2009 USD	Number of options 2009 '000
Outstanding at 27 September 2009	119.16	246	110.56	301
Forfeited during the period	155.43	(51)	173.99	(5)
Exercised during the period	115.53	(72)	69.44	(51)
Granted during the period	-	-	95.88	1
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at 25 September 2010	127.92	123	119.16	246
Exercisable at 25 September 2010	113.14	83	100.93	138
	<hr/>	<hr/>	<hr/>	<hr/>

The options outstanding at 25 September 2010 have a weighted average exercise price of USD 127.92 and a weighted average contractual life of 1 year.

The number of Restricted Stock Units is as follows:

	Number of RSUs 2010 '000	Number of RSUs 2009 '000
Outstanding at 26 September 2009	75	31
Transfers out during the period	(11)	(3)
Forfeited during the period	(5)	(2)
Exercised during the period	(24)	(14)
Granted during the period	53	63
	<hr/>	<hr/>
Outstanding at 25 September 2010	88	75
	<hr/>	<hr/>
Exercisable at 25 September 2010	-	-
	<hr/>	<hr/>

Stock-based compensation cost for RSUs is measured based on the closing fair market value of Apple Inc.'s common stock on the date of grant. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the BSM option-pricing model. The BSM option-pricing model incorporates various assumptions including expected volatility, expected life and interest rates. The expected volatility is based on the historical volatility of Apple Inc.'s common stock over the most recent period commensurate with the estimated expected

Apple (UK) Limited

Notes (continued)

8 Share-based payments (continued)

life of the stock options and other relevant factors including implied volatility in market traded options on Apple Inc's common stock. Apple Inc bases its expected life assumption on its historical experience and on the terms and conditions of the stock awards it grants to employees. The company recognises stock-based compensation cost as expense ratably on a front loaded basis over the requisite service period

The weighted average assumptions used for 2009 and 2010, and the resulting estimates of weighted-average fair value per share of options granted and of employee stock purchase plan rights ("stock purchase rights") during those periods are as follows:

	2010	2009
Expected life of stock options	10 years	4.54 years
Expected life of stock purchases	6 months	6 months
Interest rate - stock options	3.71%	2.04%
Interest rate - stock purchases	0.25%	0.58%
Volatility - stock options	36.30%	50.98%
Volatility - stock purchases	33.28%	52.16%
Dividend yields	-	-
Weighted-average fair value of options granted during the year	\$0.00	\$38.03
Weighted-average fair value of stock purchases during the year	\$45.32	\$31.37

The weighted-average grant date fair value of RSUs granted during the year ended September 25, 2010 was \$199.66 (2009, \$101.17).

Employee expenses (Note 5)	2010	2009
	£'000	£'000
Total employee cost	4,980	4,238

Apple (UK) Limited

Notes (continued)

9 Tax on profit on ordinary activities

(a) Analysis of tax charge

	2010 £'000	2009 £'000
UK Corporation tax (note 9 (b))	5,848	3,793
Adjustment in respect of prior years	(349)	115
Total current tax charge	<u>5,499</u>	<u>3,908</u>
Origination and reversal of timing differences	<u>617</u>	<u>(1,889)</u>
Deferred tax (note 12)	<u>617</u>	<u>(1,889)</u>
Tax on profit on ordinary activities	<u>6,116</u>	<u>2,019</u>

(b) Factors affecting tax charge for year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained below

Apple (UK) Limited

Notes (continued)

9 Tax on profit on ordinary activities (continued)

Current tax reconciliation

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	26,949	17,794
Taxation charge at UK corporation tax rate of 28% (2009.28%)	<u>7,546</u>	<u>4,982</u>
Effects of:		
Group relief received from Apple Retail UK	-	(212)
Russian tax current year adjustments	52	91
Russian tax rate difference	-	37
Expenses not deductible for tax purposes	1,394	1,187
Depreciation for period in excess of capital allowances	22	(6)
Permanent timing differences	131	156
Share scheme deduction	(3,297)	(2,442)
Adjustment in respect of prior years	(349)	115
Total current tax charge	<u><u>5,499</u></u>	<u><u>3,908</u></u>

(c) Factors that may affect future tax charges

In 2010, the UK Government announced that legislation will be introduced to reduce the main rate of corporation tax to 27% in the financial year commencing 1 April 2011 and that there will be further cuts in the main rate in future years: 26% in 2012-13, 25% in 2013-14 and 24% in 2014-15.

Apple (UK) Limited

Notes (continued)

10 Tangible fixed assets

	Leasehold improvement £'000	Office equipment £'000	Apple own use £'000	Total £'000
<i>Cost</i>				
At beginning of year	2,060	1,932	295	4,287
Additions	687	727	103	1,517
Disposals	-	(7)	(31)	(38)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	2,747	2,652	367	5,766
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>				
At beginning of year	666	722	295	1,683
Charge for year	211	472	103	786
Disposals	-	(6)	(31)	(37)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	877	1,188	367	2,432
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>				
At 25 September 2010	1,870	1,464	-	3,334
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 26 September 2009	1,394	1,210	-	2,604
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11 Investments

	Share in group undertakings £'000
Cost at beginning and end of year	3,715
	<u> </u>

The above investment represents 3.58% of ordinary share capital of Apple Operations International, a company incorporated in the Republic of Ireland. In the opinion of the directors, the investment in Apple Operations International is worth at least the amount at which it is stated in the balance sheet.

Apple (UK) Limited

Notes (continued)

12 Debtors

	2010 £'000	2009 £'000
Amounts owed by group undertakings	18,611	19,743
Loans to group undertakings	56,670	27,990
Other debtors and prepayments	637	723
VAT receivable	394	133
Deferred tax asset	1,477	2,094
	<u>77,789</u>	<u>50,683</u>

All of the above debtors are due within one year. The loans to group undertakings are interest bearing (Interest Rate 0.73%). The amounts owed by group undertakings are non-interest bearing. In general balances are settled every quarter.

The company has a recognised deferred tax asset of £1,477,000 (2009: £2,094,000) comprising:

Deferred tax	2010 £'000	2009 £'000
Accelerated capital allowances	13	(7)
Leasehold retirement obligation	164	114
Share based payments timing difference	1,300	1,987
	<u>1,477</u>	<u>2,094</u>

Apple (UK) Limited

Notes (continued)

13 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	737	894
Amounts owed to group undertakings	9,071	-
Social security taxes	1,059	794
Accruals	1,259	1,138
Corporation tax payable	3,489	1,926
	<u>15,615</u>	<u>4,752</u>

The amounts owed to group undertakings are non-interest bearing. In general balances are settled every quarter.

14 Provisions for liabilities

	2010 £'000
At beginning of year	1,049
Accretion	67
	<u>1,116</u>

The provision for liabilities is in respect of an asset retirement obligation whereby the company has an obligation to restore its leased premises to its original condition on vacation of the premises at the end of the lease in 2017. The company has provided for expected future costs of £1,583,000 in this regard and has discounted them at a rate of 5.83% to net present value.

Apple (UK) Limited

Notes (continued)

15 Called up share capital	2010	2009
	£'000	£'000
<i>Authorised, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
16 Reconciliation of profit and loss reserves	2010	2009
	£'000	£'000
Opening profit and loss reserve	41,102	25,327
Total recognised gains and losses for year	20,833	15,775
	<hr/>	<hr/>
Profit and loss account reserve at end of year	61,935	41,102
	<hr/>	<hr/>
17 Capital contribution reserve	2010	2009
	£'000	£'000
At beginning of year	9,780	5,542
Capital contribution during year (note 8)	4,980	4,238
Recharge of Stock Compensation Expense	(9,272)	-
	<hr/>	<hr/>
At end of year	5,488	9,780
	<hr/>	<hr/>

Apple (UK) Limited

Notes (continued)

18 Reconciliation of movement in shareholders' funds	2010	2009
	£'000	£'000
Opening shareholders' funds	51,882	31,869
Total recognised gains and losses for year	20,833	15,775
Capital contribution during year (Note 17)	4,980	4,238
Recharge of Stock Compensation Expense (Note 17)	(9,272)	-
Closing shareholders' funds	68,423	51,882

19 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 £738,000 (2009: £546,000). The liability outstanding at year end was £93,000 (2009: £102,000).

20 Commitments

Capital commitments

There were no capital commitments at 25 September 2010 (2009: £Nil).

Lease commitments

The annual commitments under non-cancellable operating leases at 25 September 2010 are as follows.

	2010		2009	
	Buildings	Other	Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
- within one year	-	166	-	9
- in the second to fifth year	369	80	-	151
- over five years	1,280	-	1,516	-
	<u>1,649</u>	<u>246</u>	<u>1,516</u>	<u>160</u>

Guarantees

The company has issued a guarantee in favour of HM Customs & Excise in the amount of £100,000.

Apple (UK) Limited

Notes *(continued)*

21 Ultimate parent company and parent undertaking of largest group of which the company is a member

Apple Inc , a company incorporated in California, 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 (UK) Limited are consolidated

Copies of Apple Inc , accounts may be obtained from

1 Infinite Loop
Cupertino
CA 95014
USA

22 Post balance sheet events

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

23 Approval of financial statements

The directors' issued and approved the financial statements on . *20..May 2011*