

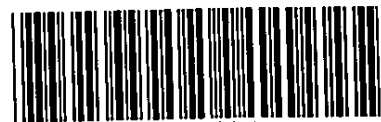
Apple (UK) Limited

**Directors' report and
financial statements**

Year ended 24 September 2011

Registered number 1591116

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Apple (UK) Limited

Directors' report and financial statements

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Apple (UK) Limited

Registered Number 1591116

Directors' report

The directors present their annual report and audited financial statements for the year ended 24 September 2011

Principal activities and business review

Apple (UK) Limited provides services to group companies. These services include sales support, marketing and technical support. As of 24 September 2011, the company had 312 employees resulting in a weekly average of 290 employees, which was an increase of 9% 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 29 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 2011, Apple has continued to update its Mac line and applications. Apple also introduced the iPhone 4S and iPad2.

Apple sells to education, consumer, creative professional, and business and government customers through a variety of direct and indirect distribution channels.

Sales of Apple products have been growing in recent years with Apple Inc recording a 66% growth in worldwide net revenue in Fiscal Year 2011 over Fiscal Year 2010. With this strong performance in sales of Apple products on a worldwide and regional basis, despite the worldwide recession it is expected that Apple (UK) Limited will continue to grow its headcount and service revenues.

The results of the company for the year ended 24 September 2011 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 £38,478,000 (*2010: £20,833,000*).

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

A dividend of £20,565,000 (*2010: £Nil*) was proposed and paid during the year.

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 (resigned 29 August 2011)

Gary Wipfler

Gene Levoff (appointed 29 August 2011)

The Company Secretary is Abogado Nominees Limited

Political and charitable contributions

The company made no political contributions during the year (*2010: £Nil*). The company made no donations to charities during the year (*2010: £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


Gene Levoff

Dated 31 May 2012

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 24 September 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. 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 (APB'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 24 September 2011 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 cursive script that reads 'Ian Gregory'.

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

8 June 2012

Apple (UK) Limited

Profit and loss account

For the year ended 24 September 2011

	<i>Note</i>	2011 £'000	2010 £'000
Turnover – continuing operations	2	69,743	68,985
Distribution costs		(1,355)	(2,594)
Administrative expenses		(46,114)	(39,862)
		—	—
Operating profit – continuing operations	3	22,274	26,529
Interest receivable and similar income	6	664	440
Interest payable and similar charges	7	(18)	(20)
Income from participating interests	8	20,565	-
		—	—
Profit on ordinary activities before taxation		43,485	26,949
Tax on profit on ordinary activities	10	(5,007)	(6,116)
		—	—
Profit for the financial year		38,478	20,833
		—	—

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 24 September 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	11	3,488	3,334
Investments	12	3,715	3,715
		<u>7,203</u>	<u>7,049</u>
Current assets			
Debtors	13	81,766	77,789
Cash at bank and in hand		344	316
		<u>82,110</u>	<u>78,105</u>
Creditors: amounts falling due within one year	14	(7,221)	(15,615)
		<u>74,889</u>	<u>62,490</u>
Net current assets			
		<u>82,092</u>	<u>69,539</u>
Provisions for liabilities	15	(890)	(1,116)
		<u>81,202</u>	<u>68,423</u>
Net assets			
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	79,848	61,935
Capital contribution reserve	18	354	5,488
		<u>81,202</u>	<u>68,423</u>
Shareholders' funds	19		

These financial statements were approved by the board of directors on 31 May 2012 and were signed on its behalf by

Director

Print

Gene Levoff

Dated 31 May 2012

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Notes forming part of the financial statements
Year ended 24 September 2011

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 convention

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 24 September 2011

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

	2011 £'000	2010 £'000
<i>Operating profit is stated after charging.</i>		
Auditor's remuneration		
- audit of the financial statements	58	58
Depreciation	865	786
Hire of plant and machinery		
- rentals under operating leases	258	316
Other operating lease rentals	1,700	2,072
Foreign exchange losses /(gains)	69	(248)
	<u> </u>	<u> </u>

4 Remuneration of directors

	2011 £'000	2010 £'000
Emoluments (including pension contributions)	-	-
	<u> </u>	<u> </u>

Two directors exercised share options in Apple Inc. during the year (2010: 1).

5 Staff numbers and costs

The average monthly number of employees during the year was 319 (2010: 289) and is analysed into the following categories:

	2011 Number	2010 Number
Sales Support/Marketing	229	202
Finance/Administration	33	34
Technical	57	53
	<u> </u>	<u> </u>
	319	289
	<u> </u>	<u> </u>

Staff costs are analysed as follows

	2011 £'000	2010 £'000
Wages and salaries	20,741	17,823
Social security costs	4,392	3,217
Other pension costs	886	738
Share based payments (note 9)	6,752	4,980
	<u> </u>	<u> </u>
	32,771	26,758
	<u> </u>	<u> </u>

Apple (UK) Limited

Notes (continued)

6 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest from loans to related undertakings	661	391
Other	3	49
	<u>664</u>	<u>440</u>

7 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank charges and fees	8	7
Other	10	13
	<u>18</u>	<u>20</u>

8 Income from participating interests

The Company received dividends in the amount of £20,564,639 (2010: £Nil) from Apple Operations International during the year

Apple (UK) Limited

Notes (continued)

9 Share-based payments

As of September 24, 2011, the Company did not have any equity settled plans or transactions. However, the Company's Parent, Apple Inc. had two stock incentive plans relevant to the Company: the 2003 Employee Stock Plan (the "2003 Plan") and the Employee Stock Purchase Plan (the "Purchase Plan"). Under the 2003 Plan, the Company's Parent issues shares of Apple Inc. upon exercise of stock options issued under the plan. The issuance of shares and cash received upon exercise is solely undertaken by Apple Inc. and as a result, no dilution in shareholder's equity or cash inflows will occur for the Company (Apple (UK) Limited).

Apple Inc.'s primary employee benefit plans are summarized as follows:

2003 Employee Stock Plan

The 2003 Plan is an Apple Inc. shareholder approved plan that provides for broad-based equity 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. Options granted under the 2003 Plan generally expire seven to ten 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, restricted stock units (RSUs) granted under the 2003 Plan vest over two to four years, based on continued employment and are paid upon vesting in shares of Apple Inc. common stock on a one-for-one basis. Each share issued with respect to an award granted under the 2003 Plan (other than a stock option or stock appreciation right) reduces the number of shares available for grant under the plan by two shares, whereas shares issued in respect of an option or stock appreciation right count against the number of shares available for grant on a one-for-one basis. As of September 24, 2011, approximately 50.8 million shares were reserved for future issuance under the 2003 Plan.

Employee Stock Purchase Plan

The Purchase Plan is an Apple Inc. 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 USD\$25,000 of stock during any calendar year. The weighted average fair value of stock purchase rights was \$71.47 and \$45.03 per share during 2011 and 2010, respectively. As of September 24, 2011, approximately 3.1 million shares were reserved for future issuance under the Purchase Plan.

Apple (UK) Limited

Notes (continued)

9 Share-based payments (continued)

Restricted Stock Units

A summary of the Company's RSU activity and related information for the year ended September 24, 2011, is as follows (in thousands, except per-share amounts):

	<u>Number of RSUs</u>	<u>Weighted- Average Grant Date Fair Value</u>
Balance at September 26, 2009	75	
Vested	(24)	
Cancelled/forfeited/expired/transferred	(16)	
Granted	<u>53</u>	<u>USD\$199.66</u>
Balance at September 25, 2010	88	
Vested	(34)	
Cancelled/forfeited/expired/transferred	(9)	
Granted	<u>46</u>	<u>USD\$296.30</u>
Balance at September 24, 2011	<u>91</u>	

Stock Option Activity

A summary of the Company's stock option activity and related information for the year ended September 24, 2011, is as follows (in thousands, except per share amounts and remaining contractual term in years)

	<u>Number Outstanding</u>	<u>Exercisable</u>	<u>Weighted- Average Exercise Price</u>	<u>Remaining Contractual Life</u>
Balance at September 26, 2009	246	138	USD\$119.16	2
Exercised	(72)		USD\$115.53	
Cancelled/forfeited/expired/transferred	(51)		USD\$155.43	
Granted	-		-	
Balance at September 25, 2010	123	83	USD \$127.92	1
Exercised	(31)		USD \$109.52	
Cancelled/forfeited/expired/transferred	(4)		USD \$134.82	
Granted	-		-	
Balance at September 24, 2011	<u>88</u>	<u>80</u>	<u>USD\$133.49</u>	<u>3</u>

Apple (UK) Limited

Notes (continued)

9 Share-based payments (continued)

Share-based Compensation

Share-based compensation cost for 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 and employee stock purchase plan rights ("stock purchase rights") is estimated at the grant date and offering date, respectively, based on the fair-value as calculated by the Black-Scholes-Merton (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 expected life of Apple Inc.'s 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 recognizes share-based compensation cost as expense over the requisite service period.

Total share-based compensation expense related to employee stock options, RSUs and employee stock purchase rights recorded for the years ended September 24, 2011 and September 25, 2010 was £6.752 million and £4.980 million respectively with a corresponding shareholder contribution recorded within equity.

10 Tax on profit on ordinary activities

(a) Analysis of tax charge

	2011 £'000	2010 £'000
UK Corporation tax	5,926	5,848
Adjustment in respect of prior years	(345)	(349)
Total current tax charge (note 10 (b))	5,581	5,499
Origination and reversal of timing differences	(574)	617
Deferred tax (note 13)	(574)	617
Tax on profit on ordinary activities	5,007	6,116

(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 26% (2010: 28%). The differences are explained below.

Apple (UK) Limited

Notes (continued)

10 Tax on profit on ordinary activities (continued)

Current tax reconciliation

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	43,485	26,949
Taxation charge at UK corporation tax rate of 26% (2010 28%)	<u>11,306</u>	<u>7,546</u>
Effects of		
Russian tax current year adjustments	26	52
Difference due to differing tax rates during the year	560	-
Expenses not deductible for tax purposes	1,756	1,394
Depreciation for period in excess of capital allowances	11	22
Permanent timing differences	185	131
Share scheme deduction	(2,571)	(3,297)
Adjustment in respect of prior years	(345)	(349)
Dividend Received	(5,347)	-
Total current tax charge	<u><u>5,581</u></u>	<u><u>5,499</u></u>

(c) Factors that may affect future tax charges

On 21 March 2012, the UK Government announced that the main rate of corporation tax will be reduced to 24% in the financial year commencing 1 April 2012, to 23% in 2013 and 22% in 2014.

Apple (UK) Limited

Notes (continued)

11 Tangible fixed assets

	Leasehold improvement £'000	Office equipment £'000	Apple own use £'000	Total £'000
<i>Cost</i>				
At beginning of year	2,747	2,652	367	5,766
Additions	588	490	7	1,085
Disposals	(107)	(31)	(98)	(236)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	3,228	3,111	276	6,615
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>				
At beginning of year	877	1,188	367	2,432
Charge for year	340	518	7	865
Disposals	(50)	(22)	(98)	(170)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At end of year	1,167	1,684	276	3,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>				
At 24 September 2011	2,061	1,427	-	3,488
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 25 September 2010	1,870	1,464	-	3,334
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

12 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)

13 Debtors

	2011 £'000	2010 £'000
Amounts owed by group undertakings	14,155	18,611
Loans to group undertakings	64,161	56,670
Other debtors and prepayments	757	637
VAT receivable	207	394
Deferred tax asset	2,051	1,477
Corporation Tax Receivable	435	-
	<u>81,766</u>	<u>77,789</u>

All of the above debtors are due within one year. The loans to group undertakings are interest bearing. 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 £2,051,000 (2010: £1,477,000) comprising:

Deferred tax	2011 £'000	2010 £'000
Accelerated capital allowances	10	13
Leasehold retirement obligation	164	164
Share based payments timing difference	1,877	1,300
	<u>2,051</u>	<u>1,477</u>

Apple (UK) Limited

Notes (continued)

14 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	1,186	737
Amounts owed to group undertakings	1,650	9,071
Social security taxes	1,145	1,059
Accruals	3,240	1,259
Corporation tax payable	-	3,489
	<u>7,221</u>	<u>15,615</u>

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

15 Provisions for liabilities

	2011 £'000
At beginning of year	1,116
Decrease in provision	(333)
Accretion	107
	<u>890</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 £1,250,000 in this regard and has discounted them at a rate of 5.83% to net present value.

Apple (UK) Limited

Notes (continued)

16 Called up share capital	2011	2010
	£'000	£'000
<i>Authorised, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
17 Reconciliation of profit and loss reserves	2011	2010
	£'000	£'000
Opening profit and loss reserve	61,935	41,102
Total recognised gains and losses for year	38,478	20,833
Dividend paid	(20,565)	-
	<hr/>	<hr/>
Profit and loss account reserve at end of year	79,848	61,935
	<hr/>	<hr/>
18 Capital contribution reserve	2011	2010
	£'000	£'000
At beginning of year	5,488	9,780
Capital contribution during year (note 9)	6,752	4,980
Recharge of Stock Compensation Expense	(11,886)	(9,272)
	<hr/>	<hr/>
At end of year	354	5,488
	<hr/>	<hr/>

Apple (UK) Limited

Notes (continued)

19 Reconciliation of movement in shareholders' funds	2011 £'000	2010 £'000
Opening shareholders' funds	68,423	51,882
Total recognised gains and losses for year	38,478	20,833
Capital contribution during year (Note 18)	6,752	4,980
Recharge of Stock Compensation Expense (Note 18)	(11,886)	(9,272)
Dividends paid	(20,565)	-
Closing shareholders' funds	81,202	68,423

20 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 £886,000 (2010: £738,000). The liability outstanding at year end was £135,000 (2010: £93,000).

21 Commitments

Capital commitments

There were no capital commitments at 24 September 2011 (2010 £Nil).

Lease commitments

The annual commitments under non-cancellable operating leases at 24 September 2011 are as follows:

	2011		2010	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Operating leases which expire:				
- within one year	-	27	-	166
- in the second to fifth year	412	49	369	80
- over five years	1,270	-	1,280	-
	<u>1,682</u>	<u>76</u>	<u>1,649</u>	<u>246</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)

22 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

23 Post balance sheet events

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

24 Approval of financial statements

The directors' issued and approved the financial statements on 31 May 2012.