

# Apple (UK) Limited

## Directors' report and financial statements

Year ended 29 September 2012

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 29 September 2012

#### Principal activities and business review

Apple (UK) Limited provides services to group companies. These services include sales support, marketing and technical support. As of 29 September 2012, the company had 336 employees resulting in a weekly average of 368 employees, which was an increase of 16% 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 33 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 2012, Apple has continued to update its Mac line and applications. Apple also introduced the iPhone 5 and the new iPad.

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

The results of the company for the year ended 29 September 2012 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

- Turnover
- 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 £47,884,000 (2011: £38,478,000)

### 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 £69,100,000 (2011: £20,565,000) 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:

Gary Wipfler  
Gene Levoff

The Company Secretary is Abogado Nominees Limited.

### Political and charitable contributions

The company made no political contributions during the year (2011: £Nil). Donations to charity amounted to £1,090 (2011: £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 ... LEUNG.

Dated 10/6/2013

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 29 September 2012 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 29 September 2012 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,



**Anne O'Leary (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young, Statutory Auditor  
Cork, Ireland.

**14 June 2013**



# Apple (UK) Limited

## Profit and loss account

For the year ended 29 September 2012

	<i>Note</i>	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Turnover – continuing operations</b>	<b>2</b>	<b>93,133</b>	<b>69,743</b>
Distribution costs		(1,910)	(1,355)
Administrative expenses		(55,138)	(46,114)
		<hr/>	<hr/>
<b>Operating profit – continuing operations</b>	<b>3</b>	<b>36,085</b>	<b>22,274</b>
Interest receivable and similar income	6	882	664
Interest payable and similar charges	7	(9)	(18)
Income from participating interests	8	6,874	20,565
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>43,832</b>	<b>43,485</b>
Tax on profit on ordinary activities	10	4,052	(5,007)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>47,884</b>	<b>38,478</b>
		<hr/>	<hr/>

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

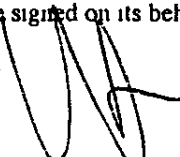
# Apple (UK) Limited

## Balance Sheet at 29 September 2012

	<i>Note</i>	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	11	3,519	3,488
Investments	12	3,715	3,715
		<u>7,234</u>	<u>7,203</u>
<b>Current assets</b>			
Debtors	13	47,752	81,766
Cash at bank and in hand		784	344
		<u>48,536</u>	<u>82,110</u>
<b>Creditors: amounts falling due within one year</b>	14	<b>(9,261)</b>	<b>(7,221)</b>
		<u>39,275</u>	<u>74,889</u>
<b>Net current assets</b>		<b>39,275</b>	<b>74,889</b>
		<u>46,509</u>	<u>82,092</u>
<b>Total assets less current liabilities</b>		<b>46,509</b>	<b>82,092</b>
		<u>46,509</u>	<u>82,092</u>
<b>Provisions for liabilities</b>	15	<b>(950)</b>	<b>(890)</b>
		<u>45,559</u>	<u>81,202</u>
<b>Net assets</b>		<b>45,559</b>	<b>81,202</b>
		<u>45,559</u>	<u>81,202</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,000	1,000
Profit and loss account	17	44,559	79,848
Capital contribution reserve	18	-	354
		<u>45,559</u>	<u>81,202</u>
<b>Shareholders' funds</b>	19	<b>45,559</b>	<b>81,202</b>
		<u>45,559</u>	<u>81,202</u>

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

Director



Print

GENE LEVOFF

Dated

10/6/2013

100 New Bridge Street  
London EC4V 6JA

# Apple (UK) Limited

Notes forming part of the financial statements  
Year ended 29 September 2012

## 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 29 September 2012

## 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)*

### Share Based Compensation

The Company recognizes no shareholder dilution related to share-based payment transactions in which it receives employee services in exchange for equity instruments of the Company's 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 expense over the requisite service period with a corresponding shareholder contribution recorded within equity.

### *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

	2012 £'000	2011 £'000
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration		
- audit of the financial statements	41	58
Depreciation	990	865
Hire of plant and machinery		
- rentals under operating leases	122	258
Other operating lease rentals	1,723	1,700
Foreign exchange losses	256	69
	<u>          </u>	<u>          </u>

## 4 Remuneration of directors

	2012 £'000	2011 £'000
Emoluments (including pension contributions)	-	-
	<u>          </u>	<u>          </u>

One director exercised share options in Apple Inc during the year (2011 2)

## 5 Staff numbers and costs

The average monthly number of employees during the year was 368 (2011 319) and is analysed into the following categories

	2012 Number	2011 Number
Sales Support/Marketing	272	229
Finance/Administration	35	33
Technical	61	57
	<u>          </u>	<u>          </u>
	368	319

Staff costs are analysed as follows.

	2012 £'000	2011 £'000
Wages and salaries	23,253	20,741
Social security costs	6,034	4,392
Other pension costs	1,301	886
Share based payments (note 9)	9,892	6,752
	<u>          </u>	<u>          </u>
	40,480	32,771

# Apple (UK) Limited

Notes (continued)

## 6 Interest receivable and similar income

	2012 £'000	2011 £'000
Interest from loans to related undertakings	866	661
Other	16	3
	<u>882</u>	<u>664</u>

## 7 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank charges and fees	7	8
Other	2	10
	<u>9</u>	<u>18</u>

## 8 Income from participating interests

The Company received dividends in the amount of £6,873,600 (2011 £20,564,639) from Apple Operations International during the year

# Apple (UK) Limited

Notes (continued)

## 9 Employee Benefit Plans

As of September 29, 2012, the Company did not have any equity-settled plans or transactions. However, the Company's Parent, Apple Inc. had two employee benefit plans relevant to the Company: the 2003 Employee Stock Plan (the "2003 Plan") and the Employee Stock Purchase Plan (the "Purchase Plan"). Under these plans, the Company's Parent issues shares of Apple Inc. upon vesting of restricted stock units (RSUs), exercise of stock options 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 shareholder's equity or cash inflows will occur for the Company. Apple Inc.'s relevant employee benefit plans are summarized as follows:

### 2003 Employee Stock Plan

The 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, non-statutory stock options, 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, RSUs granted under the 2003 Plan vest over two to four years, based on continued employment and are settled 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. All RSUs, other than RSUs held by the Chief Executive Officer of Apple Inc., granted under the 2003 Plan have dividend equivalent rights ("DER"), which entitle holders of RSUs to the same dividend value per share as holders of common stock. DER are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs. DER are accumulated and paid when the underlying shares vest. As of September 29, 2012, approximately 37.1 million shares were reserved for future issuance under the 2003 Plan.

### Employee Stock Purchase Plan

The 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 per share was \$108.44 and \$71.47 during 2012 and 2011. As of September 29, 2012, approximately 2.5 million shares were reserved for future issuance under the Purchase Plan.



## Apple (UK) Limited

Notes (continued)

### Restricted Stock Units

A summary of the Company's RSU activity and related information for the year ended September 29, 2012, is as follows (in thousands, except per share amounts and remaining contractual term in years):

	Number of RSUs	Weighted- Average Grant Date Fair Value
Balance at September 25, 2010	88	
Vested	(34)	
Granted	46	USD \$296.30
Cancelled/forfeited/expired/transferred, net	(9)	
Balance at September 24, 2011	91	
Vested	(43)	
Granted	53	USD \$433.62
Cancelled/forfeited/expired/transferred, net	(10)	
Balance at September 29, 2012	<u>91</u>	<u>USD \$337.55</u>

### Stock Option Activity

A summary of the Company's stock option activity and related information for the year ended September 29, 2012, is as follows (in thousands, except per share amounts and remaining contractual term in years):

	Number of Options	Exercisable	Weighted- Average Exercise Price	Remaining Contractual Life
Balance at September 25, 2010	123	83	JSD \$127.92	1
Exercised	(31)		USD \$109.52	
Granted	-			
Cancelled/forfeited/expired/transferred, net	(4)		USD \$134.82	
Balance at September 24, 2011	88	80	USD \$133.49	3
Exercised	(38)		USD \$115.27	
Granted	-			
Cancelled/forfeited/expired/transferred, net	1		USD \$173.72	
Balance at September 29, 2012	<u>51</u>	<u>51</u>	<u>USD \$148.30</u>	<u>2</u>

The exercise price for share options outstanding at 29 September 2012 ranges from \$70.57 to \$190.39

# Apple (UK) Limited

Notes (continued)

## Share-based Compensation

Share-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. Share-based compensation cost for stock options and employee stock purchase plan 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 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 purchases rights recorded for the years ended September 29, 2012 and September 24, 2011 was £9.892 million and £6.752 million, respectively with a corresponding shareholder contribution recorded within equity.

## 10 Tax on profit on ordinary activities

### (a) Analysis of tax charge

	2012 £'000	2011 £'000
UK Corporation tax	-	5,926
Adjustment in respect of prior years	(2,970)	(345)
<b>Total current tax charge (note 10 (b))</b>	<b>(2,970)</b>	<b>5,581</b>
Origination and reversal of timing differences	(1,082)	(574)
Deferred tax (note 13)	(1,082)	(574)
<b>Tax on profit on ordinary activities</b>	<b>(4,052)</b>	<b>5,007</b>

### (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 25% (2011: 26%). The differences are explained below:

# Apple (UK) Limited

Notes (continued)

## 10 Tax on profit on ordinary activities (continued)

Current tax reconciliation	2012 £'000	2011 £'000
Profit on ordinary activities before tax	43,832	43,485
Taxation charge at UK corporation tax rate of 25% (2011: 26%)	10,958	11,306
Effects of		
Overseas tax	310	26
Difference due to differing tax rates during the year	-	560
Expenses not deductible for tax purposes	2,474	1,756
Depreciation for period in excess of capital allowances	155	11
Permanent differences	182	185
Share scheme deduction	(6,636)	(2,571)
Adjustment in respect of prior years	(2,970)	(345)
Dividend received	(1,719)	(5,347)
Group relief received for nil payment	(5,724)	-
<b>Total current tax charge</b>	<b>(2,970)</b>	<b>5,581</b>

### (c) Factors that may affect future tax charges

In their budget of 21 March 2012, the UK Government announced a number of further changes to the UK Corporation Tax rate. These included a reduction in the UK corporation tax rate from 26% to 24% effective from 1 April 2012 (and substantively enacted as of 26 March 2012) and to 23% from 1 April 2013 (and substantively enacted as of 17 July 2012).

Announced in the Budget of 20 March 2013, the UK government intends to reduce the UK corporate income tax rate further to 20%, which will be enacted in Finance Act 2013.

Consequently, the Company will only recognise the impact of the rate change which is substantively enacted at the balance sheet date of 23% and will apply the 20% rate for deferred tax purposes once enacted.

# 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	3,228	3,111	276	6,615
Additions	522	500	-	1,022
Disposals	(12)	(49)	(74)	(135)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	3,738	3,562	202	7,502
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	1,167	1,684	276	3,127
Charge for year	445	545	-	990
Disposals	(11)	(49)	(74)	(134)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,601	2,180	202	3,983
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 29 September 2012	2,137	1,382	-	3,519
	<hr/>	<hr/>	<hr/>	<hr/>
At 24 September 2011	2,061	1,427	-	3,488
	<hr/>	<hr/>	<hr/>	<hr/>

## 12 Investments

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

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

	2012 £'000	2011 £'000
Amounts owed by group undertakings	15,313	14,155
Loans to group undertakings	17,557	64,161
Other debtors and prepayments	563	757
VAT receivable	345	207
Deferred tax asset	3,133	2,051
Corporation tax receivable	10,841	435
	<u>47,752</u>	<u>81,766</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 £3,133,000 (2011 £2,051,000) comprising

Deferred tax	2012 £'000	2011 £'000
Accelerated capital allowances	129	10
Leasehold retirement obligation	164	164
Share based payments timing difference	2,840	1,877
	<u>3,133</u>	<u>2,051</u>

# Apple (UK) Limited

Notes (continued)

## 14 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	1,505	1,186
Amounts owed to group undertakings	3,926	1,650
Social security taxes	874	1,145
Accruals	2,956	3,240
	<u>9,261</u>	<u>7,221</u>

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

## 15 Provisions for liabilities

	2012 £'000
At beginning of year	890
Accretion	60
	<u>950</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)

<b>16 Called up share capital</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<i>Authorised, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>17 Reconciliation of profit and loss reserves</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Opening profit and loss reserve	79,848	61,935
Total recognised gains and losses for year	47,884	38,478
Dividend paid	(69,100)	(20,565)
Recharge of Stock Compensation Expense	(14,073)	-
	<hr/>	<hr/>
Profit and loss account reserve at end of year	44,559	79,848
	<hr/>	<hr/>
<b>18 Capital contribution reserve</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of year	354	5,488
Capital contribution during year (note 9)	9,892	6,752
Recharge of Stock Compensation Expense	(10,246)	(11,886)
	<hr/>	<hr/>
At end of year	-	354
	<hr/>	<hr/>

# Apple (UK) Limited

Notes (continued)

<b>19 Reconciliation of movement in shareholders' funds</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds	81,202	68,423
Total recognised gains and losses for year	47,884	38,478
Capital contribution during year (Note 9)	9,892	6,752
Recharge of Stock Compensation Expense (Notes 17 & 18)	(24,319)	(11,886)
Dividends paid	(69,100)	(20,565)
<b>Closing shareholders' funds</b>	<b>45,559</b>	<b>81,202</b>

## 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 £1,301,000 (2011 £886,000). The liability outstanding at year end was £159,000 (2011 £135,000)

## 21 Commitments

### Capital commitments

There were no capital commitments at 29 September 2012 (2011 £Nil).

### Lease commitments

The annual commitments under non-cancellable operating leases at 29 September 2012 are as follows.

	2012		2011	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Operating leases which expire:				
- within one year	-	1	-	27
- in the second to fifth year	412	-	412	49
- over five years	1,270	-	1,270	-
	<u>1,682</u>	<u>1</u>	<u>1,682</u>	<u>76</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 10/6/2013