

Apple (UK) Limited

Strategic report,
directors' report and
financial statements

Year ended 26 September 2015

Registered number 1591116



Apple (UK) Limited

Strategic report, directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Strategic report	1-2
Directors' report	3-4
Statement of directors' responsibilities in respect of the directors' report and the financial statements	5
Independent auditor's report to the members of Apple (UK) Limited	6-7
Profit and loss account	8
Balance sheet	9
Notes forming part of the financial statements	10-24

Apple (UK) Limited

Registered number 1591116

Strategic report

The directors of Apple (UK) Limited (the "Company") present their strategic report for the year ended 26 September 2015.

Principal activities and business review

Apple Inc. and its wholly-owned subsidiaries (the "Group") designs, manufactures and markets mobile communication and media devices, personal computers and portable digital music players, and sells a variety of related software, services, accessories, networking solutions and third-party digital content and applications. The Group's products and services include iPhone®, iPad®, Mac®, iPod®, Apple Watch®, Apple TV®, a portfolio of consumer and professional software applications, iOS, OS X® and watchOS™ operating systems, iCloud®, Apple Pay® and a variety of accessory, service and support offerings. The Group also sells and delivers digital content and applications through the iTunes Store®, Mac App Store, iBooks Store™ and Apple Music™ (collectively "Internet Services"). The Group sells its products worldwide through its retail stores, online stores and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers and value-added resellers. In addition, the Group sells a variety of third-party Apple compatible products, including application software and various accessories through its online and retail stores.

The Group sells to consumers, small and mid-sized businesses and education, enterprise and government customers.

Sales of Apple products have been growing in recent years with the Group recording a 28% growth in worldwide net sales in Fiscal Year 2015 over Fiscal Year 2014.

The Company provides services to group affiliates. These services include sales support, marketing and technical support.

The Company's financial year is the 52 or 53-week period that ends on the last Saturday of September. The Company's financial years 2015 and 2014 ended on September 26, 2015 and September 27, 2014, respectively.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2015 £'000	2014 £'000	Change %
Operating costs	78,555	77,797	+1%
Staff numbers	403	369	+9%

Operating costs have risen by 1% year on year. This increase is due to a rise in headcount across various functions of the business. As a result, the associated payroll costs have increased, along with general employee expenses.

Apple (UK) Limited

Strategic report (continued)

In 2015, the Company had a monthly average number of employees of 403 (2014: 369), which was an increase of 9% on the prior year. This is driven by increased business activities and the overall growth of the business.

Each indicator is monitored by local management against budget and against prior periods. The directors are satisfied with the performance of the Company during the year with regard to the indicators set out above.

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:

- retaining key employees and succession planning
- a rising cost base.

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

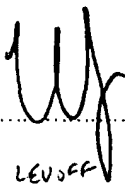
Results

The profit for the year after taxation amounted to £71,544,000 (2014: £75,472,000).

By order of the board

Director

Print.....


GENE LEVOFF

Dated 14 JUNE 2016

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Directors' report

The directors of the Company present their report for the year ended 26 September 2015.

Directors

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

Gary Wipfler

Gene Levoff

The Company Secretary is Abogado Nominees Limited.

Dividend

A dividend of £35,915,000 (2014: £87,659,000) was proposed and paid during the year.

Future developments

There are no significant future developments expected to impact the Company.

Post balance sheet events

The company received a dividend of \$71,640,000, and paid a dividend of £46,875,613.43 on 26 November 2015.

The company received a dividend of \$24,178,500, and paid a dividend of £17,357,100 on 23 March 2016.

The company received a dividend of \$25,074,000, and paid a dividend of £17,352,249.13 on 26 May 2016.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the principal activities and business review, risks and uncertainties and key performance indicators sections of the Strategic Report. The directors believe the Company is well placed to manage its business risks successfully.

The Company's directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The results of the Company for the year ended 26 September 2015 as set out on page 8 are considered satisfactory.

Political contributions

The Company made no political contributions during the year (2014: £Nil).

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. Employees receive regular updates on the business, products and matters of concern to them. The Company uses anonymous surveys to hear directly from team members about their own experiences working at Apple, to help

Apple (UK) Limited

Directors' report (continued)

Employee involvement (*continued*)

support an environment of consistent and ongoing feedback among our teams and leadership. The Company's employees are represented in the European Consultation Forum, Apple's European Works Council. All employees are encouraged to invest in the Group through participation in the employee share purchase plan.

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 LEUSOFF

Dated 14 JUNE 2016

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 strategic report, 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.



Building a better
working world

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 26 September 2015 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 5, 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. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 26 September 2015 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.



Building a better
working world

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

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Date 16 June 2016

Apple (UK) Limited

Profit and loss account

For the year ended 26 September 2015

	<i>Note</i>	2015 £'000	2014 £'000
Turnover – continuing operations	2	121,539	116,190
Administrative expenses		(78,555)	(77,797)
		—	—
Operating profit – continuing operations	3	42,984	38,393
Interest receivable and similar income	6	486	412
Interest payable and similar charges	7	(16)	(10)
Income from participating interests	8	34,598	43,813
		—	—
Profit on ordinary activities before taxation		78,052	82,608
Tax on profit on ordinary activities	10	(6,508)	(7,136)
		—	—
Profit for the financial year		71,544	75,472
		—	—

There are no recognised gains or losses for either year other than those dealt with in the profit and loss account.

Apple (UK) Limited

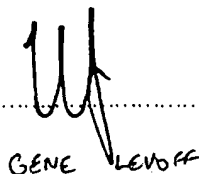
Balance Sheet at 26 September 2015

	<i>Note</i>	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	11	5,421	3,593
Investments	12	3,715	3,715
		<u>9,136</u>	<u>7,308</u>
Current assets			
Debtors	13	95,663	73,937
Cash at bank and in hand		2,232	1,282
		<u>97,895</u>	<u>75,219</u>
Creditors: amounts falling due within one year	14	(15,797)	(19,047)
Net current assets		<u>82,098</u>	<u>56,172</u>
Total assets less current liabilities		<u>91,234</u>	<u>63,480</u>
Provisions for liabilities	15	(5,339)	(4,816)
Net assets		<u>85,895</u>	<u>58,664</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	84,895	57,664
Capital contribution reserve	18	-	-
		<u>85,895</u>	<u>58,664</u>
Shareholder's funds	19	<u>85,895</u>	<u>58,664</u>

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

Director

Print.....


GENE LEVOFF

Dated 14 JUNE 2016

100 New Bridge Street
London EC4V 6JA

Apple (UK) Limited

Notes forming part of the financial statements
Year ended 26 September 2015

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

A separate cash flow statement is not presented by the Company, as the information is included in the cash flow statement prepared by Apple Inc. in the manner prescribed by Financial Reporting Standard No. 1 (revised) - Cash flow 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 Financial Reporting Standard 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	5 years
Leasehold improvement	lesser of 10 years or lease term

Apple (UK) Limited

Notes (continued)

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 expressed in GBP (£'000). 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 gains and losses 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 service fee 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

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

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

	2015 £'000	2014 £'000
<i>Operating profit is stated after charging:</i>		
Auditor's remuneration		
- audit of the financial statements	-	34
Depreciation of tangible fixed assets (note 11)	1,521	930
Hire of plant and machinery		
- rentals under operating leases	31	-
Other operating lease rentals	1,705	1,360
Foreign exchange gains	(947)	(19)
	<u> </u>	<u> </u>

Audit fees are borne by another group company in FY15.

4 Remuneration of directors

There were no payments to directors during the financial year (2014: Nil).

Both directors exercised Apple Inc. restricted stock units during the year. (2014: One Director exercised share options in Apple Inc.).

5 Staff numbers and costs

The average monthly number of employees during the year was 403 (2014: 369) and is analysed into the following categories:

	2015 Number	2014 Number
Sales Support/Marketing	263	242
Finance/Administration	62	45
Technical	78	82
	<u> </u>	<u> </u>
	403	369
	<u> </u>	<u> </u>

Apple (UK) Limited

Notes (continued)

5 Staff numbers and costs (continued)

Staff costs are analysed as follows:

	2015 £'000	2014 £'000
Wages and salaries	34,440	30,377
Social security costs	8,304	10,384
Other pension costs	1,727	1,519
Share based payments (note 9)	19,621	16,417
	<hr/>	<hr/>
Total staff costs	64,092	58,697
	<hr/> <hr/>	<hr/> <hr/>

6 Interest receivable and similar income

	2015 £'000	2014 £'000
Interest from loans to related undertakings	332	292
Other	154	120
	<hr/>	<hr/>
	486	412
	<hr/> <hr/>	<hr/> <hr/>

7 Interest payable and similar charges

	2015 £'000	2014 £'000
Bank charges and fees	10	7
Other	6	3
	<hr/>	<hr/>
	16	10
	<hr/> <hr/>	<hr/> <hr/>

8 Income from participating interests

The Company received dividends in the amount of £34,598,011 (2014: £43,812,535) during the year.

Apple (UK) Limited

Notes (continued)

9 Employee Benefit Plans

As of September 26, 2015, the Company did not have any equity-settled plans or transactions. However the Company's Parent, Apple Inc. had three employee benefit plans relevant to the Company: the 2014 Employee Stock Plan (the "2014 Plan"), 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:

2014 Employee Stock Plan

In the second quarter of 2014, shareholders approved the 2014 Employee Stock Plan (the "2014 Plan") and terminated Apple Inc.'s authority to grant new awards under the 2003 Employee Stock Plan (the "2003 Plan"). The 2014 Plan provides for broad-based equity grants to employees, including executive officers, and permits the granting of RSUs, stock grants, performance-based awards, stock options and stock appreciation rights, as well as cash bonus awards. RSUs granted under the 2014 Plan generally vest over four years, based on continued employment, and are settled upon vesting in shares of Apple Inc.'s common stock on a one-for-one basis. Each share issued with respect to RSUs granted under the 2014 Plan reduces the number of shares available for grant under the plan by two shares. RSUs cancelled and shares withheld to satisfy tax withholding obligations increase the number of shares available for grant under the 2014 Plan utilizing a factor of two times the number of RSUs cancelled or shares withheld. Currently, all RSUs granted under the 2014 Plan have dividend equivalent rights ("DERs"), which entitle holders of RSUs to the same dividend value per share as holders of common stock. DERs are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs. DERs are accumulated and paid when the underlying shares vest. Upon approval of the 2014 Plan, Apple Inc. reserved 385 million shares plus the number of shares remaining that were reserved but not issued under the 2003 Plan. Shares subject to outstanding awards under the 2003 Plan that expire, are cancelled or otherwise terminate, or are withheld to satisfy tax withholding obligations with respect to RSUs, will also be available for awards under the 2014 Plan. As of September 26, 2015, approximately 442.9 million shares were reserved for future issuance under the 2014 Plan.

2003 Employee Stock Plan

The 2003 Plan is a shareholder approved plan that provided for broad-based equity grants to employees, including executive officers. The 2003 Plan permitted the granting of incentive stock options, nonstatutory 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. RSUs granted under the 2003 Plan generally vest over two to four years, based on continued employment and are settled upon vesting in shares of Apple Inc.'s common stock on a one-for-one basis. All RSUs, other than RSUs held by the Chief Executive Officer, granted under the 2003 Plan have DERs. DERs are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs. DERs are accumulated and paid when the underlying shares vest. In the second quarter of 2014, Apple Inc. terminated the authority to grant new awards under the 2003 Plan.

Apple (UK) Limited

Notes (continued)

9 Employee Benefit Plans (continued)

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the "Purchase Plan") is a 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 \$25,000 of stock during any calendar year. As of September 26, 2015, approximately 53.0 million shares were reserved for future issuance under the Purchase Plan.

Restricted Stock Units

A summary of the Company's RSU activity and related information for the two years ended September 26, 2015, is as follows (in thousands, except per-share amounts and remaining contractual term in years):

	<u>Number of RSUs</u>	<u>Weighted- Average Grant Date Fair Value</u>
Balance at September 28, 2013	560	USD \$65.26
Vested	(282)	
Granted.....	460	USD \$72.05
Cancelled/forfeited/expired/transferred, net.....	(10)	
Balance at September 27, 2014	<u>728</u>	<u>USD \$71.60</u>
Vested	(300)	
Granted.....	363	USD \$104.29
Cancelled/forfeited/expired/transferred, net.....	(71)	
Balance at September 26, 2015	<u><u>720</u></u>	<u><u>USD \$87.67</u></u>

Stock Option Activity

A summary of the Company's stock option activity and related information for the two years ended September 26, 2015, is as follows (in thousands, except per share amounts and remaining contractual term in years):

Apple (UK) Limited

Notes (continued)

9 Employee Benefit Plans (continued)

	Number of Options	Exercisable	Weighted- Average Exercise Price	Remaining Contractual Life
Balance at September 28, 2013	203	203	USD \$22.32	1.10
Exercised	(136)		USD \$21.69	
Granted	-			
Cancelled/forfeited/expired/transferred, net	8			
Balance at September 27, 2014	75	75	USD \$23.81	0.42
Exercised	(73)		USD \$23.74	
Granted	-			
Cancelled/forfeited/expired/transferred, net	(2)			
Balance at September 26, 2015	-	-	-	-

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 purchase plan rights recorded for the years ended September 26, 2015 and September 27, 2014 was £19.621 million and £16.417 million, respectively with a corresponding shareholder contribution recorded within equity.

Apple (UK) Limited

Notes (continued)

10 Tax on profit on ordinary activities

(a) Analysis of tax charge

	2015 £'000	2014 £'000
UK corporation tax	7,301	8,025
Adjustment in respect of prior years	18	(138)
Total current tax charge (note 10 (b))	<u>7,319</u>	<u>7,887</u>
Origination and reversal of timing differences	<u>(811)</u>	<u>(751)</u>
Deferred tax credit (note 13)	<u>(811)</u>	<u>(751)</u>
Tax on profit on ordinary activities	<u><u>6,508</u></u>	<u><u>7,136</u></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 20.5% (2014: 22%). The differences are explained below.

Current tax reconciliation

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	78,052	82,608
Taxation charge at UK corporation tax rate of 20.5% (2014: 22%)	16,000	18,174
Effects of:		
Depreciation in excess of capital allowances	308	200
Expenses not deductible	227	137
Difference between UK GAAP and UK tax treatment of share based compensation	(2,141)	(847)
Adjustment in respect of prior years	18	(138)
Dividend received exempt from UK corporation tax	(7,093)	(9,639)
Total current tax charge	<u><u>7,319</u></u>	<u><u>7,887</u></u>

Apple (UK) Limited

Notes (continued)

10 Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Accordingly, where applicable, these rates have been applied in the measurement of the deferred tax assets and liabilities at 26 September 2015.

A further reduction to the rate of UK corporation tax was substantively enacted on 26 October 2015. The impact of this is to reduce the UK corporation tax rate to 19% from 1 April 2017, and from 19% to 18% from 1 April 2020.

11 Tangible fixed assets

	Leasehold improvement £'000	Office equipment £'000	Apple own use £'000	Total £'000
<i>Cost</i>				
At beginning of year	3,872	4,352	14	8,238
Additions	1,732	1,617	-	3,349
Disposals	(669)	(360)	(1)	(1,030)
Transfers	199	321		520
	-----	-----	-----	-----
At end of year	5,134	5,930	13	11,077
	-----	-----	-----	-----
<i>Depreciation</i>				
At beginning of year	2,059	2,572	14	4,645
Charge for year	611	910	-	1,521
Disposals	(149)	(360)	(1)	(510)
	-----	-----	-----	-----
At end of year	2,521	3,122	13	5,656
	-----	-----	-----	-----
<i>Net book value</i>				
At 26 September 2015	2,613	2,808	-	5,421
	-----	-----	-----	-----
At 27 September 2014	1,813	1,780	-	3,593
	-----	-----	-----	-----

Apple (UK) Limited

Notes (continued)

12 Investments

Share in group
undertakings
£'000

Cost at beginning and end of year 3,715

The share in group undertakings is less than 20% of the nominal value of the share capital of the group undertakings. In the opinion of the directors, the investment is worth at least the amount at which it is stated in the balance sheet.

13 Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	42,976	26,880
Loans to group undertakings	46,920	42,346
Other debtors and prepayments	19	147
VAT receivable	811	438
Deferred tax asset	4,937	4,126
	<u>95,663</u>	<u>73,937</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.

The Company has a recognised deferred tax asset of £4,937,000 (2014: £4,126,000) comprising:

Deferred tax	2015 £'000	2014 £'000
Accelerated capital allowances	413	318
Leasehold retirement obligation	164	164
Share based payments timing difference	4,360	3,644
	<u>4,937</u>	<u>4,126</u>

Apple (UK) Limited

Notes (continued)

14 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	2,020	911
Amounts owed to group undertakings	-	1,085
Social security taxes	2,121	2,475
Accruals	5,595	4,435
Corporation tax payable	6,061	10,141
	<u>15,797</u>	<u>19,047</u>

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

15 Provisions for liabilities

	National insurance on unvested SBP £'000	Long term leasehold improvement £'000	Total £'000
At 27 September 2014	3,746	1,070	4,816
Arising during the year	463	60	523
	<u>4,209</u>	<u>1,130</u>	<u>5,339</u>

A leasehold improvement accrual has been applied in respect of asset retirement obligations whereby the Company has an obligation to restore its leased premises to their original condition on vacation of the premises at the end of the lease in 2017.

A provision has been applied for national insurance contribution liability in relation to unvested restricted stock units and unexercised stock options.

Apple (UK) Limited

Notes (continued)

16 Called up share capital	2015	2014
	£'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	2015	2014
	£'000	£'000
Opening profit and loss reserve	57,664	72,447
Total recognised gains and losses for year	71,544	75,472
Dividend paid	(35,915)	(87,659)
Recharge of stock compensation expense	(8,398)	(2,596)
	<hr/>	<hr/>
Profit and loss account reserve at end of year	84,895	57,664
	<hr/>	<hr/>
18 Capital contribution reserve	2015	2014
	£'000	£'000
At beginning of year	-	-
Capital contribution during year (note 9)	19,621	16,417
Recharge of stock compensation expense	(19,621)	(16,417)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>
19 Reconciliation of movement in shareholder's funds	2015	2014
	£'000	£'000
Opening shareholder's funds	58,664	73,447
Total recognised gains and losses for year	71,544	75,472
Capital contribution during year (Note 9)	19,621	16,417
Recharge of stock compensation expense (Notes 17 & 18)	(28,019)	(19,013)
Dividends paid	(35,915)	(87,659)
	<hr/>	<hr/>
Closing shareholder's funds	85,895	58,664
	<hr/>	<hr/>

Apple (UK) Limited

Notes (continued)

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 £1,726,000 (2014: £1,519,000). The liability outstanding at year end was £264,000 (2014: £232,000).

21 Commitments

Capital commitments

There were no capital commitments at 26 September 2015 (as at September 2014 £Nil).

Lease commitments

The annual commitments under non-cancellable operating leases at 26 September 2015 are as follows:

	2015 Buildings £'000	2014 Buildings £'000
Operating leases which expire:		
- within one year	-	-
- in the second to fifth year	1,311	1,270
- over five years	56	-
	<hr/>	<hr/>
	1,367	1,270
	<hr/> <hr/>	<hr/> <hr/>

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

The company received a dividend of \$71,640,000, and paid a dividend of £46,875,613.43 on 26 November 2015.

The company received a dividend of \$24,178,500, and paid a dividend of £17,357,100 on 23 March 2016.

The company received a dividend of \$25,074,000, and paid a dividend of £17,352,249.13 on 26 May 2016.

24 Approval of financial statements

The directors' issued and approved the financial statements on ~~14~~ *14 JUNE 2016*