

Registered number: 00764797

APPLE CORPS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

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APPLE CORPS LIMITED

COMPANY INFORMATION

Directors

Y O Lennon
O T Harrison
J L Eastman
B V Grakal

Company secretary

J V Jones

Registered number

00764797

Registered office

27 Ovington Square
London
SW3 1LJ

Independent auditors

Sopher + Co LLP
Chartered Accountants & Statutory Auditors
5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

APPLE CORPS LIMITED

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APPLE CORPS LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2018**

Introduction

The directors present their strategic report for the year ended 31 January 2018.

Business review

The group continues to exploit audio, visual and ancillary activities mainly relating to The Beatles. Group turnover has decreased from £24 million to £23 million. Group profit for the year before taxation has remained similar at £5.5 million (2017 - £5.7 million). Group net assets are £15.5 million (2017 - £17.8 million).

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the group relate to the general state of the worldwide music industry and the protection of copyrights.

The directors confirm that, in accordance with the Companies Act 2006, they have considered and reviewed the provisions relating to the financial risk management and policies of the group. As a result of the review, the directors have concluded that the group will be able to continue funding its activities through its cash reserves, retained profits and cash flows from ongoing activities.

Financial key performance indicators

The directors consider turnover, profit and net assets to be the key performance indicators for the group.

This report was approved by the board and signed on its behalf.



J V Jones
Secretary

Date: *24 August 2018*

APPLE CORPS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2018**

The directors present their report and the financial statements for the year ended 31 January 2018.

Directors

The directors who served during the year were as follows:

Y O Lennon
O T Harrison
J L Eastman
B V Grakal

Results and dividends

The profit for the year, after taxation, amounted to £4,191,247 (2017 - £4,356,926).

Ordinary dividends of £6,000,000 (2017 – £Nil) were declared and paid during the year. The directors do not recommend a final dividend.

Future developments

The group will continue to develop opportunities relating to its principal business activities.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the group's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the group since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.


J V Jones
Secretary

Date: *24 AUGUST 2018*

APPLE CORPS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2018**

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPLE CORPS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF APPLE CORPS LIMITED

Opinion

We have audited the financial statements of Apple Corps Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

APPLE CORPS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF APPLE CORPS LIMITED
(CONTINUED)**

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

APPLE CORPS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF APPLE CORPS LIMITED
(CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.



Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of
Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

Date:

APPLE CORPS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2018

	Note	2018 £	2017 £
Turnover			
Group and share of joint ventures' turnover		40,170,610	43,515,827
Less: share of joint ventures' turnover		(17,264,467)	(19,105,002)
Group turnover	4	22,906,143	24,410,825
Administrative expenses		(20,741,262)	(21,194,232)
Other operating income	5	1,222,000	994,800
Group operating profit	6	3,386,881	4,211,393
Share of profit of joint venture		904,193	772,703
Share of profit of associates		954,080	671,781
Total operating profit		5,245,154	5,655,877
Interest receivable and similar income	10	212,327	55,186
Interest payable and expenses		-	(1,103)
Profit before taxation		5,457,481	5,709,960
Tax on profit	11	(1,266,234)	(1,353,034)
Profit for the financial year		4,191,247	4,356,926
Other comprehensive income for the year			
Currency translation differences		(460,687)	386,461
Total comprehensive income for the year		3,730,560	4,743,387

The notes on pages 12 to 26 form part of these financial statements.


All amounts relate to continuing operations.


APPLE CORPS LIMITED
REGISTERED NUMBER:00764797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2018

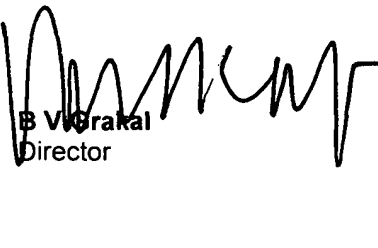
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	-	-
Tangible assets	14	1,720,108	1,754,115
Investments	15	3,482,753	3,559,345
		<u>5,202,861</u>	<u>5,313,460</u>
Current assets			
Debtors: amounts falling due within one year	17	5,464,182	5,913,246
Cash at bank and in hand		17,933,513	16,931,643
		<u>23,397,695</u>	<u>22,844,889</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(12,704,887)	(9,957,799)
Net current assets		10,692,808	12,887,090
Provisions for liabilities			
Deferred tax	19	(349,164)	(384,605)
Net assets		15,546,505	17,815,945
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		15,546,405	17,815,845
		<u>15,546,505</u>	<u>17,815,945</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Y O Lennon
Director


O T Harrison
Director


J L Eastman
Director


B V Grakal
Director

Date: 14 AUGUST 2018


The notes on pages 12 to 26 form part of these financial statements.


APPLE CORPS LIMITED
REGISTERED NUMBER:00764797
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2018

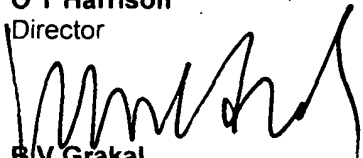
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	-	-
Tangible assets	14	1,720,108	1,754,115
Investments	15	326,534	326,534
		<u>2,046,642</u>	<u>2,080,649</u>
Current assets			
Debtors: amounts falling due within one year	17	5,186,013	5,290,505
Cash at bank and in hand		15,546,530	15,217,181
		<u>20,732,543</u>	<u>20,507,686</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(11,265,222)	(8,446,844)
Net current assets		<u>9,467,321</u>	<u>12,060,842</u>
Net assets		<u><u>11,513,963</u></u>	<u><u>14,141,491</u></u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account		11,513,863	14,141,391
		<u><u>11,513,963</u></u>	<u><u>14,141,491</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Y O Lennon
Director


J L Eastman
Director


O T Harrison
Director


B V Grakal
Director

Date: 24 August 2018

The notes on pages 12 to 26 form part of these financial statements.

APPLE CORPS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent company £	Total equity £
At 1 February 2016	100	13,072,458	13,072,558	13,072,558
Profit for the year	-	4,356,926	4,356,926	4,356,926
Currency translation differences	-	386,461	386,461	386,461
At 1 February 2017	100	17,815,845	17,815,945	17,815,945
Profit for the year	-	4,191,247	4,191,247	4,191,247
Currency translation differences	-	(460,687)	(460,687)	(460,687)
Dividends: Equity capital	-	(6,000,000)	(6,000,000)	(6,000,000)
At 31 January 2018	100	15,546,405	15,546,505	15,546,505

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 February 2016	100	10,665,663	10,665,763
Profit for the year	-	3,475,728	3,475,728
At 1 February 2017	100	14,141,391	14,141,491
Profit for the year	-	3,372,472	3,372,472
Dividends: Equity capital	-	(6,000,000)	(6,000,000)
At 31 January 2018	100	11,513,863	11,513,963

APPLE CORPS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	4,191,247	4,356,926
Adjustments for:		
Depreciation of tangible assets	49,362	52,618
Interest paid	-	1,103
Interest received	(212,327)	(55,186)
Taxation charge	1,266,234	1,353,034
Decrease in debtors	168,109	766,480
Increase in creditors	2,630,169	3,677,608
Share of operating profit in joint ventures	(904,193)	(772,703)
Share of operating profit in associates	(954,080)	(671,781)
Corporation tax paid	(720,937)	(844,886)
Foreign exchange	(308,546)	(221,423)
Net cash generated from operating activities	5,205,038	7,641,790
Cash flows from investing activities		
Purchase of tangible fixed assets	(15,355)	(2,515)
Interest received	212,327	55,186
Dividends from associates and joint ventures	1,445,585	546,000
Net cash from investing activities	1,642,557	598,671
Cash flows from financing activities		
Dividends paid	(6,000,000)	-
Interest paid	-	(1,103)
Net cash used in financing activities	(6,000,000)	(1,103)
Net increase in cash and cash equivalents	847,595	8,239,358
Cash and cash equivalents at beginning of year	16,931,643	8,305,824
Foreign exchange gains and losses	154,275	386,461
Cash and cash equivalents at the end of year	17,933,513	16,931,643
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,933,513	16,931,643

The notes on pages 12 to 26 form part of these financial statements.

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2018

1. General information

Apple Corps Limited is a limited liability company incorporated in England and Wales with its registered office address at 27 Ovington Square, London, SW3 1LJ.

The group's principal activities during the year continued to be the exploitation of the audio, visual and ancillary activities relating to The Beatles.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of Apple Corps Limited and its subsidiary undertakings, drawn up to 31 January each year. No company statement of comprehensive income is presented for Apple Corps Limited as permitted by section 408 of the Companies Act 2006.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other ventures under a contractual agreement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the group's share of the identifiable net assets.

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

2. Accounting policies (continued)

2.4 Investments

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost.

The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2.5 Intangible assets

Intangible fixed assets acquired separately from a business are capitalised at cost. They are amortised on a straight line basis over their estimated useful life.

The carrying value of intangible fixed assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Freehold buildings	–	over 50 years
Fixtures, fittings and equipment	–	over 4 years
Website costs	–	over 3 years

Freehold land is not depreciated. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.7 Royalty income

Royalty income is accounted for on an accruals basis. Royalty audit claims are not booked as income until amounts arising from such claims are received by the group.

2.8 Returns

No provision is made for any reduction in royalties in subsequent periods as a result of the return of products sold in respect of which royalties would normally have been accounted for during the year. Any reductions are accounted for as a deduction from turnover in subsequent periods.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on sufficient notice agreed in advance.

APPLE CORPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is £ Sterling.

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Consolidated Statement of Comprehensive Income.

The financial statements of overseas subsidiary undertakings and joint ventures are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are recognised in other comprehensive income. All other translation differences are taken to the Consolidated Statement of Comprehensive Income.

2.14 Dividends

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

APPLE CORPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

2. Accounting policies (continued)

2.15 Current and deferred taxation

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.16 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.17 Affiliated Undertakings

In the financial statements, companies are described as affiliated to Apple Corps Limited if:

- (i) they have the same shareholders or ultimate shareholders as Apple Corps Limited; or
- (ii) the company is owned by one or more of the shareholders of Apple Corps Limited.

2.18 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made judgments to determine whether there are indicators of impairment of the group's investments. This involved estimation of future cash flows expected to be generated by these investments and the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

4. Group turnover

Turnover represents income derived from the group's continuing ordinary activities, stated net of value added tax, and is accounted for on an accruals bases.

It is the opinion of the directors that, in view of the nature of the group's business, the markets in which it operates do not differ substantially from each other and are, therefore, treated as one market for the purposes of disclosing the particulars of turnover in these financial statements.

5. Other operating income

	2018	2017
	£	£
Administration fees receivable	<u>1,222,000</u>	<u>994,800</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

6. Group operating profit

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	49,362	52,618
Exchange differences	631,757	(579,435)
Operating lease rentals - office equipment	1,110	1,516
Defined contribution pension cost	7,034	3,983
	<u>689,263</u>	<u>(1,000,418)</u>

7. Auditors' remuneration

	2018	2017
	£	£
Fees payable to the group's auditor for the audit of the group's annual financial statements	35,000	35,000
Fees payable to the group's auditor in respect of:		
Taxation compliance services to the company and its UK subsidiaries	56,952	56,952
	<u>91,952</u>	<u>91,952</u>

8. Directors' remuneration

	2018	2017
	£	£
Fees	800,000	800,000
Other emoluments	123,851	115,977
	<u>923,851</u>	<u>915,977</u>

The aggregate emoluments of the highest paid director amounted to £230,963 (2017 - £228,994).

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

9. Employees

Staff costs for the group and the company, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	2,761,109	2,519,852
Social security costs	279,056	244,760
Cost of defined contribution scheme	7,034	3,983
	<u>3,047,199</u>	<u>2,768,595</u>

The average monthly number of employees, excluding directors, during the year was as follows:

	2018 No.	2017 No.
Administration	<u>11</u>	<u>11</u>

10. Interest receivable

	2018 £	2017 £
Bank interest receivable	49,315	24,505
Other interest	163,012	30,681
	<u>212,327</u>	<u>55,186</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

11. Taxation

	2018 £	2017 £
Corporation tax		
UK corporation tax on profit for the year	793,255	879,350
Adjustments in respect of prior periods	2,325	(224)
Double taxation relief	(34,818)	(35,714)
Foreign tax		
Foreign tax on income for the year	496,776	125,017
Total current tax	1,257,538	968,429
Deferred tax		
Origination and reversal of timing differences	8,696	384,605
Taxation on profit on ordinary activities	1,266,234	1,353,034

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the composite rate of corporation tax in the UK of 19.2% (2017 - 20%). The differences are reconciled below:

	2018 £	2017 £
Profit on ordinary activities before tax	5,457,481	5,709,960
Profit on ordinary activities multiplied by the composite rate of corporation tax in the UK of 19.2% (2017 - 20%)	1,046,517	1,141,992
Effects of:		
Expenses not deductible for tax purposes	13,789	6,977
Depreciation for year in excess of capital allowances	1,183	9,201
Overseas tax rate in excess of UK rate	202,420	195,088
Prior year under/(over) provision	2,325	(224)
Total tax charge for the year	1,266,234	1,353,034

12. Parent company profit for the year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the year was £3,372,472 (2017 - £3,475,728).

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

13. Intangible assets

Group and Company

	Trademarks £
Cost	
At 1 February 2017	518,067
At 31 January 2018	<u>518,067</u>
Amortisation	
At 1 February 2017	518,067
At 31 January 2018	<u>518,067</u>
Net book value	
At 31 January 2018	<u>-</u>
At 31 January 2017	<u>-</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

14. Tangible fixed assets

Group and Company

	Freehold land and building £	Fixtures, fittings and equipment £	Website costs £	Total £
Cost				
At 1 February 2017	2,385,367	182,890	30,518	2,598,775
Additions	-	15,355	-	15,355
At 31 January 2018	<u>2,385,367</u>	<u>198,245</u>	<u>30,518</u>	<u>2,614,130</u>
Depreciation				
At 1 February 2017	656,545	157,597	30,518	844,660
Charge for the year on owned assets	37,604	11,758	-	49,362
At 31 January 2018	<u>694,149</u>	<u>169,355</u>	<u>30,518</u>	<u>894,022</u>
Net book value				
At 31 January 2018	<u>1,691,218</u>	<u>28,890</u>	<u>-</u>	<u>1,720,108</u>
At 31 January 2017	<u>1,728,822</u>	<u>25,293</u>	<u>-</u>	<u>1,754,115</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

15. Fixed asset investments

Group

	Investments in associates £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 February 2017	822,980	2,736,365	3,559,345
Foreign exchange movement	-	(314,025)	(314,025)
Dividends received	(742,400)	(703,185)	(1,445,585)
Share of profit/(loss)	778,825	904,193	1,683,018
At 31 January 2018	<u>859,405</u>	<u>2,623,348</u>	<u>3,482,753</u>

Net book value

At 31 January 2018	<u>859,405</u>	<u>2,623,348</u>	<u>3,482,753</u>
At 31 January 2017	<u>822,980</u>	<u>2,736,365</u>	<u>3,559,345</u>

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 February 2017	154,836	171,700	326,536
At 31 January 2018	<u>154,836</u>	<u>171,700</u>	<u>326,536</u>
Impairment			
At 1 February 2017	2	-	2
At 31 January 2018	<u>2</u>	<u>-</u>	<u>2</u>
Net book value			
At 31 January 2018	<u>154,834</u>	<u>171,700</u>	<u>326,534</u>
At 31 January 2017	<u>154,834</u>	<u>171,700</u>	<u>326,534</u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

16. Subsidiary undertakings and participating interests

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

Name	Country of incorporation	Holding	Principal activity
Apple Corps S.A +	Switzerland	100 %	In liquidation
Apple Corps Inc.	USA	100 %	Intermediate holding company
Apple Show Inc.	USA	100 %	Intermediate holding company
Python Music Limited	UK	100 %	Dormant

+ Year ended 31 December 2017

All shareholdings are ordinary shares or common stock.

Indirect Subsidiary undertakings

Name	Country of incorporation	Holding	Principal activity
Apple Records Inc. (California)	USA	100 %	Exploitation of musical copyrights
Apple Records Inc. (New York)	USA	100 %	Dormant
Apple Music Publishing Inc.	USA	100 %	Dormant
Apple Films Inc	USA	100 %	Exploitation of film copyrights

APPLE CORPS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018**

16. Subsidiary undertakings and participating interests (continued)

Joint ventures

Name	Country of incorporation	Holding	Principal activity
The Cirque Apple Creation Partnership+		50 %	Creation of musical performance
Cirque Apple Las Vegas, L.L.C.*+	USA	50 %	Producing and presenting live shows

+ Year ended 31 December 2017

* Held by a subsidiary undertaking.

The address of The Cirque Apple Creation Partnership is 27 Ovington Square, London SW3 1LJ.

The principal place of business of Cirque Apple Las Vegas L.L.C is 6775 Edmond Street, Suite 300, Las Vegas, Nevada, 89118, USA.

Associates

Name	Class of shares	Holding	Principal activity
Maclen (Music) Limited+	'C' ordinary shares	20 %	Holding company
Maclen Joint Limited+	Ordinary shares	20 %	Exploitation of music rights
Subafilms Limited+	Ordinary shares	23.9 %	Marketing, production and distribution of films

Maclen Joint Limited is held by an associated undertaking.

+ Year ended 31 December 2017

17. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts owed by group undertakings	-	-	459	518
Amounts owed by joint ventures, associated and affiliated undertakings	841,901	794,834	581,708	497,370
Other debtors	17,840	557,052	17,840	238,785
Prepayments and accrued income	4,604,441	4,561,360	4,586,006	4,553,832
	5,464,182	5,913,246	5,186,013	5,290,505

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

18. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts owed to group undertakings	-	-	679	767
Amounts owed to associated undertakings	1,032,639	1,032,639	-	-
Amounts owed to affiliated undertakings	349,684	412,267	-	20,184
Corporation tax	117,834	38,226	117,125	38,226
Other taxation and social security	603,396	196,493	603,396	196,493
Accruals and deferred income	10,601,334	8,278,174	10,544,022	8,191,174
	<u>12,704,887</u>	<u>9,957,799</u>	<u>11,265,222</u>	<u>8,446,844</u>

19. Deferred taxation

Group

	2018 £
At beginning of year	384,605
Charged to profit or loss	8,696
Foreign exchange movement	(44,137)
At end of year	<u><u>349,164</u></u>

At end of year

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £
Accelerated capital allowances	<u><u>349,164</u></u>	<u><u>384,605</u></u>

APPLE CORPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2018

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

21. Dividends

	2018 £	2017 £
Equity dividends on ordinary shares	6,000,000	-
	<u>6,000,000</u>	<u>-</u>

22. Contingent liabilities

The group and company are involved in various legal disputes in the ordinary course of business and, as at 31 January 2018, the directors are of the opinion that none of the claims or disputes of which they are aware will result in a material loss to the group or company.

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,034 (2017 - £3,983).

24. Related party transactions

Amounts charged to the Consolidated Statement of Comprehensive Income include aggregate fees of £3,490,250 each (2017 - £2,978,750) paid to the beneficial shareholders (Sir JP McCartney, Mr R Starkey, Mrs YO Lennon and Mrs OT Harrison) and their related companies in connection with the provision of promotional services and name and likeness rights. At the balance sheet date, the company owed £8,671,600 (2017 - £6,710,600) to the shareholders and their related companies.

25. Key management compensation

During the year, the company paid compensation of £2,500,796 (2017 - £2,250,018) to its key management personnel.