

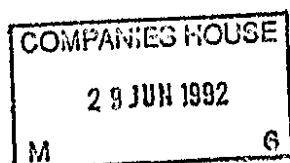
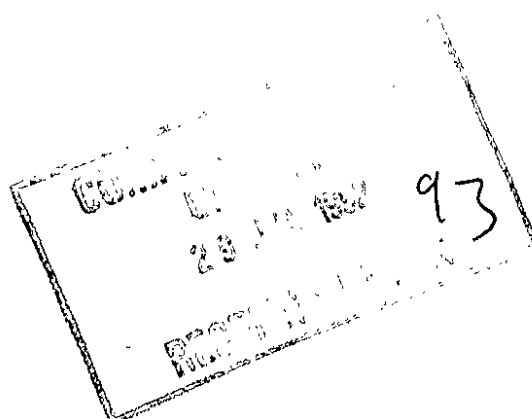
764797

REPORT AND ACCOUNTS

Apple Corps Limited

31 JANUARY 1991

ERNST & YOUNG



# Apple Corps Limited

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Registered No.764797

## DIRECTORS

Mrs Y O Lennon

D J O'Brien

H L Gerrard

J L Eastman

## SECRETARY

Standby Films Limited

## AUDITORS

Ernst & Young

Becket House

1 Lambeth Palace Road

London SE1 7EU

## REGISTERED OFFICE

6 Stratton Street

London W1X 5FD

# Apple Corps Limited

## DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 January 1991.

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, of Apple Corps Limited and its subsidiaries amounted to £1,130,743.

A dividend of £800,000 has been paid in respect of the year.

### REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of the company and its subsidiaries is the exploitation of musical copyrights. No changes to this activity are proposed.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as listed on page 2 and their interests in the share capital of the company were as follows:

	1991 Ordinary shares	1990 Ordinary shares
Mrs Y O Lennon	25	25
D J O'Brien	-	-
H L Gerrard	-	-
J L Eastman	-	-

The company is a party to an agreement with Macfén (Music) Limited, in which Mrs Lennon had a disclosable interest in 40% of the share capital, for the administration of that company.

### AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

N S Aspinall

For and on behalf of  
Standby Films Limited

Secretary

23 June 1992

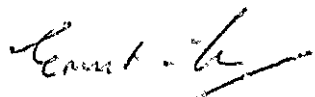
ERNST & YOUNG

**REPORT OF THE AUDITORS**  
to the members of Apple Corps Limited

We have audited the accounts on pages 5 to 17 in accordance with Auditing Standards.

We are unable to form an opinion as to whether or not long-term receivables of £172,338 (1990 - £172,338) will ultimately prove to be recoverable and accordingly whether any provision for non-recovery is required at 31 January 1991 in respect of this amount.

Subject to any adjustment that might have been necessary as a result of the matter referred to above, in our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 January 1991 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
London  
23 June 1992

# Apple Corps Limited and Subsidiaries

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 January 1991

	Notes	1991 £	1990 £
<b>TURNOVER</b>	2/19	4,910,279	14,056,281
Administrative expenses		(6,314,683)	(8,504,019)
		(1,404,404)	5,552,262
Exchange differences		(58,955)	(4,524)
Share of profits of associated undertakings	4	270,108	252,365
		211,153	247,841
<b>OPERATING(LOSS)/PROFIT</b>		(1,193,251)	5,800,103
Interest receivable	6/19	1,098,045	2,018,603
Interest payable	7	(35,302)	(33,787)
		1,062,743	1,984,816
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(130,508)	7,784,919
Taxation charge on(loss)/ profit on ordinary activities	8	(1,000,235)	(2,370,883)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	9	(1,130,743)	5,414,036
Dividends	10	(800,000)	(6,591,400)
<b>(LOSS) FOR THE YEAR</b>	18	(1,930,743)	(1,177,364)

# Apple Corps Limited and Subsidiaries

## GROUP BALANCE SHEET

at 31 January 1991

	Notes	1991 £	1990 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	8,447	8,137
Investments:			
In associated undertakings	12	229,408	608,252
Long-term receivables	21	172,338	172,338
		<u>410,193</u>	<u>788,727</u>
<b>CURRENT ASSETS</b>			
Debtors	13	3,280,718	1,952,117
Cash and short-term deposits at bank and in hand	14	4,123,582	4,904,297
		<u>7,404,300</u>	<u>6,856,414</u>
<b>CREDITORS: amounts falling due within one year</b>	15	8,664,521	6,609,902
<b>NET CURRENT(LIABILITIES)/ASSETS</b>		<u>(1,260,221)</u>	<u>246,512</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(850,028)</u>	<u>1,035,239</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	(1,363)	(7,254)
		<u>(851,391)</u>	<u>1,027,985</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100	100
Profit and loss account	18	(851,491)	1,027,885
		<u>(851,391)</u>	<u>1,027,985</u>

*[Handwritten signatures]*

Directors

23 June 1992

# Apple Corps Limited

## BALANCE SHEET

at 31 January 1991

	Notes	1991 £	1990 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	8,447	8,137
Investments:			
In subsidiary and associated undertakings	12	176,482	176,482
Long-term receivables	21	172,338	172,338
		<u>357,267</u>	<u>356,957</u>
<b>CURRENT ASSETS</b>			
Debtors	13	3,570,167	2,241,102
Cash and short term deposits at bank and in hand	14	3,137,888	3,839,124
		<u>6,708,055</u>	<u>6,080,226</u>
<b>CREDITORS: amounts falling due within one year</b>	15	7,362,110	5,234,213
<b>NET CURRENT(LIABILITIES)/ASSETS</b>		<u>(654,055)</u>	<u>846,013</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(296,788)</u>	<u>1,202,970</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	16	(1,363)	(7,254)
		<u>(298,151)</u>	<u>1,195,716</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100	100
Profit and loss account	18	(298,251)	1,195,616
		<u>(298,151)</u>	<u>1,195,716</u>

T.L.

*W. L. L.*  
*W. L. L.*  
*J. H.*

Directors

23 June 1992

# Apple Corps Limited and Subsidiaries

## GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31 January 1991

	1991 £	1990 £
<b>SOURCE OF FUNDS</b>		
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(130,508)	7,784,919
Adjustment for items not involving the movement of funds:		
Depreciation	3,720	2,110
Translation reserve	51,367	27,109
	<u>(75,421)</u>	<u>7,814,138</u>
Share of profits before taxation of associated undertakings	(270,108)	(252,365)
Dividends receivable from associated undertakings	400,000	105,587
	<u>129,892</u>	<u>(146,778)</u>
<b>TOTAL GENERATED FROM OPERATIONS</b>	<u>54,471</u>	<u>7,667,360</u>
<b>APPLICATION OF FUNDS</b>		
Dividends paid.	(800,000)	(6,591,400)
Purchase of tangible fixed assets	(4,030)	(9,042)
Taxation	(530,488)	(2,576,772)
	<u>(1,334,518)</u>	<u>(9,177,214)</u>
<b>DECREASE IN WORKING CAPITAL</b>	<u>(1,280,047)</u>	<u>(1,509,854)</u>
<b>COMPONENTS OF DECREASE IN WORKING CAPITAL</b>		
Prepayments and other debtors	592,009	(152,927)
Due from associates and affiliates	150,044	(43,873)
Trade creditors, accruals and other creditors	(1,234,602)	(1,913,298)
Due to associates and affiliates	(6,783)	(17,854)
EMI/capitol receivable	-	(1,500,000)
	<u>(499,332)</u>	<u>(3,627,952)</u>
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
Bank and cash	(780,715)	2,118,098
	<u>(1,280,047)</u>	<u>(1,509,854)</u>



# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 1. ACCOUNTING POLICIES

#### *Historical cost convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Depreciation*

The group policy is to provide depreciation on all fixed assets. The rates used are calculated to write off the cost less estimated residual value of each asset by equal annual instalments over its expected useful life, which for vehicles, fixtures, fittings and equipment is four years.

#### *Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated that the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

#### *Basis of consolidation*

The group accounts consolidate the accounts of Apple Corps Limited and all its subsidiary undertakings drawn up to 31 January 1991, with the exception of Apple Corps S.A., whose accounts are made up to 31 December 1990 and Apple Corps Inc. and its subsidiaries, whose accounts are made up to 30 June 1990, in both cases for local fiscal reasons.

Undertakings other than subsidiary undertakings, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence, are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 December 1990.

No profit and loss account is presented for Apple Corps Limited as provided by Section 230 of the Companies Act 1985.

#### *Foreign currencies*

##### *Company*

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 profit and loss account.

##### *Group*

The accounts of the overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

#### *Affiliated undertakings*

In these accounts 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.

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 2. TURNOVER

Turnover comprises:

(a) Royalties from the sale of records recorded by "The Beatles" which are accounted for when the royalties would normally become due and payable to the company or its subsidiaries.

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

(b) Administration fees from an associated undertaking, and sundry royalty, music publishing and film distribution income.

No disclosure is given in respect of turnover arising in each geographical market or class of business since the directors believe this would be prejudicial to the interests of the group.

### 3. (LOSS)PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) This is stated after charging:

	1991 £	1990 £
Directors' remuneration (see below)	1,040,000	1,450,000
Depreciation	3,720	2,110
Auditors' remuneration	40,000	40,000
(b) Directors' remuneration		
Fees	400,000	400,000
Other emoluments (including pension contributions)	640,000	1,050,000
	1,040,000	1,450,000
Emoluments (excluding pension contributions) of the highest paid director	740,000	1,150,000

The emoluments (excluding pension contributions) of the other directors fell within the following range:

	1991 No.	1990 No.
£95,001 - £100,000	3	3

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 4. ASSOCIATED UNDERTAKINGS

Dividends receivable from associated undertakings, which are unlisted, amounted to £533,333 (1990 - £140,783) including related tax credit of £133,333 (1990 - £35,196).

### 5. STAFF COSTS

	1991 £	1990 £
Wages and salaries	16,306	17,491
Social security costs	1,463	1,633
	<u>17,769</u>	<u>19,124</u>

The average number of employees (all employed in an administrative capacity) was

No.	No.
1	1

### 6. INTEREST RECEIVABLE

	1991 £	1990 £
Bank deposits	566,519	2,018,603
Interest supplement on repayment of corporation tax	531,526	-
	<u>1,098,045</u>	<u>2,018,603</u>

### 7. INTEREST PAYABLE

	1991 £	1990 £
Bank loans and overdrafts	-	-
Other loans with no fixed repayment terms	35,302	33,787
	<u>35,302</u>	<u>33,787</u>

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 8. TAXATION CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1991 £	1990 £
Based on the results for the year:		
Corporation tax at 35%	-	2,255,000
Deferred taxation	(5,891)	25,390
	(5,891)	2,280,390
Double taxation relief	-	(268,685)
	(5,891)	2,011,705
ACT written(back)/off	(406,984)	-
Overseas taxation	282,235	271,053
	(130,640)	2,282,758
Associated undertakings	115,619	88,125
Adjustment in respect of prior years	15,256	-
Inland Revenue settlement (see below)	1,000,000	-
	1,000,235	2,370,883

During the year ended 31 January 1992 agreement was reached with the Inland Revenue regarding the corporation tax liabilities of the company for the eight years ended 31 January 1990. As a result of this agreement an additional £1,000,000 is payable to the Inland Revenue.

At 30 June 1990 Apple Corps Inc., and its subsidiaries had loss carry forwards of approximately \$1,800,000 expiring in periods up to 1999.

### 9. (LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	1991 £	1990 £
Dealt with in the accounts of the holding company	(693,867)	5,353,908
Retained by subsidiary undertakings	(58,032)	1,475
Retained by associated undertakings	(378,844)	58,653
	(1,130,743)	5,414,036

### 10. DIVIDENDS

	1991 £	1990 £
Ordinary - paid	800,000	6,591,400

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 11. TANGIBLE FIXED ASSETS

*Group and Company*

	<i>Fixtures and fittings £</i>	<i>Vehicles and equipment £</i>	<i>Total £</i>
Cost:			
At 1 February 1990	9,916	86,171	96,087
Additions	—	4,030	4,030
Disposals	—	—	—
At 31 January 1991	9,916	90,201	100,117
Depreciation:			
At 1 February 1990	1,779	86,171	87,950
Provided during the year	2,712	1,008	3,720
Disposals	—	—	—
At 31 January 1991	4,491	87,179	91,670
Net book value:			
At 31 January 1991	5,425	3,022	8,447
At 1 February 1990	8,137	—	8,137

### 12. INVESTMENTS

*Group*

	<i>Associated undertakings £</i>
Share of net assets at 1 February 1990	608,252
Share of after tax profit for the year	154,489
Dividends receivable including related tax credit of £133,333	(533,333)
Share of net assets at 31 January 1991	229,408

*Company*

	<i>Subsidiary undertakings £</i>	<i>Associated undertakings £</i>	<i>Total £</i>
Cost:			
At 1 February 1990 and 31 January 1991	12,827	171,700	184,527
Amounts written off:			
At 1 February 1990 and 31 January 1991	(8,045)	—	(8,045)
Net book value:			
At 1 February 1990 and 31 January 1991	4,782	171,700	176,482

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 12. INVESTMENTS (continued)

The group holds more than 10% of the equity of the following companies:

<i>Name of company</i>	<i>Country of incorporation (or registration)</i>	<i>Proportion of share capital held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>			
Apple Corps S.A.	Switzerland	100	Intermediate holding company
Apple Corps Inc.	USA	100*	Intermediate holding company
Apple Records Inc (California)	USA	100*	) ) ) ) Exploitation of musical copyrights
Apple Records Inc. (New York)	USA	100*	
Apple Music Inc.	USA	100*	
Apple Films Inc.	USA	100*	
Python Music Limited	England & Wales	100	Exploitation of film copyrights. Production and commercial exploitation of films.
Apple Publicity Limited	England & Wales	100	Dormant
Apple Management Limited	England & Wales	100	Dormant
Apple Electronics Limited	England & Wales	100	Dormant
<i>Associated undertakings</i>			
Maclen (Music) Limited	England & Wales	20	Exploitation of musical copyrights
Subafilms Limited	England & Wales	23.9	Marketing, producing and distribution of films and videos

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 13. DEBTORS

	1991	Group 1990	1991	Company 1990
	£	£	£	£
Prepayments	101,602	32,768	101,602	32,768
Amounts owed by subsidiary undertakings (after deducting provision of £53,174 (1990 - £53,174))	—	—	300,213	299,502
Amounts owed by associated undertakings	411,854	261,835	411,854	261,835
Amounts owed by affiliated undertakings	10,909	10,884	10,909	10,884
Taxation recoverable	2,212,805	1,626,257	2,212,786	1,626,242
Other debtors	543,548	20,373	532,803	9,871
	<u>3,280,718</u>	<u>1,952,117</u>	<u>3,570,167</u>	<u>2,241,102</u>

### 14. CASH AND SHORT TERM DEPOSITS

Following the dissolution on 31 December 1974 of the partnership, The Beatles and Co., in which the company previously had an 80% interest, the former receiver and manager of the partnership had retained, with the permission of the court, funds due to Apple Corps Limited in order to meet any liabilities that might be payable by him in respect of the former partnership. At 31 January 1990 cash and short term deposits included balances withheld amounting to £371,906. Matters have now been completed and the receiver has released the monies he was holding.

### 15. CREDITORS: amounts falling due within one year

	1991	Group 1990	1991	Company 1990
	£	£	£	£
Trade creditors	33,946	39,650	—	—
Accruals	5,694,215	4,463,980	5,692,280	4,226,831
Taxation	1,287,496	474,262	1,261,928	444,398
Amounts owed to subsidiary undertakings	—	—	262,856	263,012
Amounts owed to associated undertakings	574,868	483,683	60,081	4,195
Amounts owed to affiliated undertakings	511,795	596,197	—	—
Loan (see below)	225,000	225,000	—	—
Other creditors	337,201	327,130	84,965	295,777
	<u>8,664,521</u>	<u>6,609,902</u>	<u>7,362,110</u>	<u>5,234,213</u>

The loan of £225,000 is from an associated company and interest is payable at 1% above the base rate of National Westminster Bank PLC. There are no fixed terms for repayment.

# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 16. DEFERRED TAXATION

Deferred taxation has been provided in full in these accounts on all material timing differences and is made up as follows:

#### Group and Company

	1991 £	1990 £
Accrued interest not taxable until received	5,461	25,323
Capital allowances in advance of depreciation	33	67
	<u>5,494</u>	<u>25,390</u>
Advance corporation tax recoverable	(4,131)	(18,136)
	<u>1,363</u>	<u>7,254</u>

### 17. SHARE CAPITAL

	1991 No.	Authorised 1990 No.	Allotted, called up and fully paid 1991 £	1990 £
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 18. PROFIT AND LOSS ACCOUNT

	Group £	Company £
Balance at 1 February 1990	1,027,885	1,195,616
Exchange differences on retranslation of net assets of foreign subsidiaries	51,367	-
(Loss)/retained profit for the year	(1,130,743)	(693,867)
Dividend	(800,000)	(800,000)
Balance at 31 January 1991	<u>(851,491)</u>	<u>(298,251)</u>

### 19. ROYALTY AUDIT CLAIM

The accounts for the year ended 31 January 1990 included £9,183,764 in turnover and £1,575,526 in interest receivable resulting from the settlement of a royalty audit claim in that year.

### 20. CONTINGENCIES

The group is involved in various legal disputes in the ordinary course of business and, as at 31 January 1991, 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.



# Apple Corps Limited and Subsidiaries

## NOTES TO THE ACCOUNTS

at 31 January 1991

### 21. LONG TERM RECEIVABLES

*Group and Company*

	1991	1990
	£	£
Non-interest bearing advances	<u>172,338</u>	<u>172,338</u>

Non-interest bearing advances at 31 January 1991 and 1990 include £10,697 advanced to Mr J O Lennon, the late husband of Mrs Y O Lennon.

### 22. CAPITAL COMMITMENTS

At 31 January 1991 capital commitments contracted for and not provided in these accounts amounted to £nil (1990 - £Nil).

At 31 January 1991 no amounts had been authorised by the directors but not contracted for (1990 - £Nil).