

Registered No 764797

Apple Corps Limited

Report and Financial Statements

31 January 2011



Apple Corps Limited

Registered No 764797

Directors

Y O Lennon
O T Harrison
H L Gerrard
J L Eastman

Secretary

J V Jones

Auditors

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

Registered Office

27 Ovington Square
London SW3 1LJ

Directors' report

The directors present their report and financial statements for the year ended 31 January 2011

Directors

The Directors who served during the year were as follows

Y O Lennon
O T Harrison
H L Gerrard
J L Eastman

Principal activities and review of the business

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

Business review

The group turnover was £19.7 million. The turnover in the previous year was higher largely due to the release of albums and a game in late 2009. The current year continued to see income from those sources but, as is common in the industry, not at the same level as at the time of first release. As a result, the group profit after tax for the year decreased from £10.8 million to £3.5 million. Group net assets are £17.5 million (2010 - £31.9 million) and the group has no debt. The directors consider turnover, profit and net assets to be the key performance indicators for the group.

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.

Results and dividends

The consolidated profit for the year, after taxation, is £3,523,170 (2010 – profit of £10,843,019). Ordinary dividends of £18,000,000 (2010 – £4,100,000) were declared and paid during the year. The directors do not recommend a final dividend.

Financial risk management and liquidity risk

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.

Future developments

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

Directors' report

Charitable contributions

During the year, the group made charitable donations of £98,656

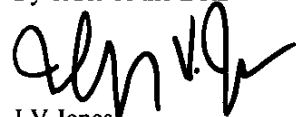
Disclosure of information to the auditors

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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, 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 auditor is aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co 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.

By order of the Board



J V Jones
Secretary

Date 10 October 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 disclose with reasonable accuracy at any time the financial position of the group and the company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Apple Corps Limited

We have audited the financial statements of Apple Corps Limited for the year ended 31 January 2011, set out on pages 7 to 28. 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 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, 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 and express an opinion on 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 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2011 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.

Independent auditor's report

to the members of Apple Corps Limited

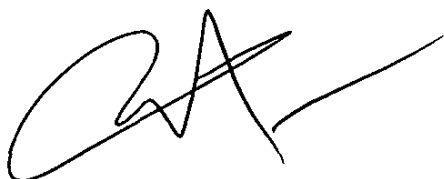
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period 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 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 remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Stephen Iseman (Senior statutory auditor)

for and on behalf of

Sopher + Co

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

Date 10 October 2011

Group profit and loss account

for the year ended 31 January 2011

	Notes	2011 £	2010 £
Turnover			
Turnover group and share of joint ventures' turnover		42,113,554	73,479,182
Less share of joint ventures' turnover		(22,380,230)	(23,562,553)
Group turnover	2	19,733,324	49,916,629
Administrative expenses		(18,418,356)	(38,917,607)
		1,314,968	10,999,022
Other operating income		1,467,200	1,436,800
Group operating profit	3	2,782,168	12,435,822
Share of operating profit in joint ventures		1,180,782	1,921,243
Share of operating profit in associates		1,055,033	883,775
		2,235,815	2,805,018
Total operating profit group and share of joint ventures and associates		5,017,983	15,240,840
Interest receivable	6	103,171	132,460
Interest payable and similar charges	7	(3,469)	(3,492)
Profit on ordinary activities before taxation		5,117,685	15,369,808
Tax on profit on ordinary activities	8	(1,594,515)	(4,526,789)
Profit for the financial year attributable to members of the parent company		3,523,170	10,843,019

All amounts relate to continuing operations

The notes on pages 12 to 28 form part of these financial statements

Group statement of total recognised gains and losses
for the year ended 31 January 2011

	2011	2010
	£	£
Profit for the financial year excluding share of profits of joint ventures and associates	1,198,264	8,019,701
Share of joint venturers' profit for the year	1,554,382	2,198,944
Share of associates' profit for the year	770,524	624,374
	<hr/>	<hr/>
Profit for the financial year attributable to members of the parent company	3,523,170	10,843,019
Exchange difference on retranslation of net assets of subsidiary undertakings	155,770	(819,247)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	3,678,940	10,023,772
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 28 form part of these financial statements

Group balance sheet

at 31 January 2011

	Notes	2011 £	2010 £
Fixed assets			
Intangible assets	10	—	—
Tangible assets	11	2,015,871	2,072,543
Investment in joint ventures	12		
Share of gross assets		4,807,212	6,628,581
Share of gross liabilities		(2,437,283)	(2,248,187)
Investment in associates	12	2,369,929 784,771	4,380,394 855,559
		3,154,700	5,235,953
		5,170,571	7,308,496
Current assets			
Debtors	13	9,418,679	27,321,057
Cash at bank and in hand		15,983,696	16,745,653
		25,402,375	44,066,710
Creditors amounts falling due within one year	14	(13,029,329)	(19,510,529)
Net current assets		12,373,046	24,556,181
Total assets less current liabilities		17,543,617	31,864,677
Net assets		17,543,617	31,864,677
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	19	17,543,517	31,864,577
Equity shareholders' funds	19	17,543,617	31,864,677



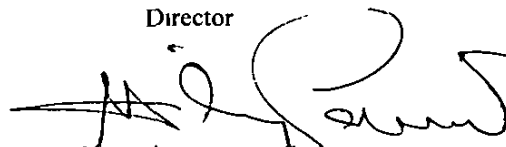
Y O Lennon
Director



J L Eastman
Director



O T Harrison
Director



H L Gerrard
Director

Date 10 October 2011

Registered No 764797

The notes on pages 12 to 28 form part of these financial statements

Company balance sheet

at 31 January 2011

	Notes	2011 £	2010 £
Fixed assets			
Intangible assets	10	—	—
Tangible assets	11	2,015,871	2,072,543
Investments	12	176,536	176,536
		<u>2,192,407</u>	<u>2,249,079</u>
Current assets			
Debtors	13	9,211,717	27,747,776
Cash at bank and in hand		9,887,400	12,395,661
		<u>19,099,117</u>	<u>40,143,437</u>
Creditors amounts falling due within one year	14	(11,131,771)	(18,008,421)
Net current assets		<u>7,967,346</u>	<u>22,135,016</u>
Total assets less current liabilities		<u>10,159,753</u>	<u>24,384,095</u>
Net assets		<u>10,159,753</u>	<u>24,384,095</u>
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	19	10,159,653	24,383,995
Equity shareholders' funds	19	<u>10,159,753</u>	<u>24,384,095</u>



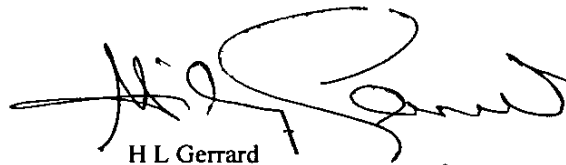
Y O Lennon
Director



O T Harrison
Director



J L Eastman
Director



H L Gerrard
Director

Date 10 October 2011
Registered No 764797

The notes on pages 12 to 28 form part of these financial statements

Group statement of cash flows

for the year ended 31 January 2011

	Notes	2011 £	2010 £
Net cash inflow / (outflow) from operating activities	20(a)	13,742,401	(5,603,262)
Dividends from joint ventures and associates			
Dividends from joint ventures		2,185,315	1,248,439
Dividends from associates		841,312	830,000
		3,026,627	2,078,439
Returns on investments and servicing of finance	20(b)	99,702	128,968
Taxation	20(c)	(1,000,169)	(3,557,521)
Capital expenditure and financial investment	20(d)	1,369,482	1,300,714
Equity dividends paid	18	(18,000,000)	(4,100,000)
(Decrease) / increase in cash		(761,957)	(9,752,662)

Reconciliation of net cash flow to movement in net funds

	Notes	2010 £	2009 £
(Decrease) / increase in cash	20(e)	(761,957)	(9,752,662)
Movement in net funds		(761,957)	(9,752,662)
Net funds at 1 February	20(e)	16,745,653	26,498,315
Net funds at 31 January	20(e)	15,983,696	16,745,653

The notes on pages 12 to 28 form part of these financial statements

Notes to the financial statements

at 31 January 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

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 profit and loss account 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 venturers under a contractual agreement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross 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.

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.

Intangible fixed 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 lives up to a maximum of 20 years.

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.

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

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.

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.

Returns

No provision is made for any reduction in royalties receivable 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.

Notes to the financial statements

at 31 January 2011

1. Accounting policies (continued)

Foreign currencies

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.

The financial statements of overseas subsidiary undertakings 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 taken directly to reserves. All other translation differences are taken to the profit and loss account.

Deferred tax

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.

Obligations under operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

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.

Notes to the financial statements

at 31 January 2011

2. 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

3. Group operating profit

(a) This is stated after charging/(crediting)

	2011 £	2010 £
Auditor's remuneration – audit services	35,000	35,000
– taxation services*	53,058	95,728
Depreciation of owned fixed assets	67,816	63,312
Operating lease rentals – office equipment	5,002	4,904

*The fees for taxation services all relate to the company and its UK subsidiaries

4. Directors' remuneration

	2011 £	2010 £
Fees	800,000	600,000
Other Emoluments	128,136	122,863
	928,136	722,863

The aggregate emoluments of the highest paid director amounted to £250,685 (2010 – £194,567)

5. Staff costs

	2011 £	2010 £
Wages and salaries	1,191,830	1,797,867
Social security costs	143,955	220,865
	1,335,785	2,018,732

Notes to the financial statements

at 31 January 2011

5. Staff costs (continued)

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

	2011 No	2010 No
Administration	12	12

6. Interest receivable

	2011 £	2010 £
Bank interest receivable	23,367	30,783
Other interest	79,804	101,677
	103,171	132,460

7. Interest payable and similar charges

	2011 £	2010 £
Loan interest	3,375	3,492
Other interest	94	—
	3,469	3,492

8. Tax

(a) Tax on profit on ordinary activities

	2011 £	2010 £
<i>Current tax</i>		
UK corporation tax on profit for the year	673,120	3,326,546
Adjustments in respect of prior periods	(13,713)	137,554
Double taxation relief	(79,351)	(277,383)
	580,056	3,186,717
Foreign tax	1,072,309	1,301,224
Share of associates' current tax	284,509	259,401
Current tax attributable to joint ventures	31,240	57,148
Total current tax (note 8(b))	1,968,114	4,804,490
<i>Deferred tax</i>		
Share of joint ventures' deferred tax	(373,599)	(277,701)
Tax charge for the year	1,594,515	4,526,789

Notes to the financial statements

at 31 January 2011

8. Tax (continued)

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2010 – 28 %) The differences are reconciled below

	2011 £	2010 £
Profit on ordinary activities before tax	5,117,685	15,369,808
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 – 28 %)	1,432,952	4,303,546
<i>Effects of</i>		
Expenses not deductible for tax purposes	9,372	11,472
Depreciation in excess of capital allowances	10,820	9,398
Overseas timing differences	308,535	116,111
Prior year under / (over) provision	(13,713)	137,554
Overseas tax rate in excess of UK rate	220,148	226,409
Current tax for the year	1,968,114	4,804,490

(c) Deferred taxation

Deferred tax is analysed as follows

Group and Company

	2011 £	2010 £
Depreciation in advance of capital allowances	–	10,800
Deferred tax asset	–	10,800

The asset had not been recognised in the financial statements on the grounds that there was insufficient evidence available that the asset would be recovered in future years

9. Profit attributable to members of parent company

The profit dealt with in the financial statements of the parent company was £3,775,658 (2010 – £9,369,791)

Notes to the financial statements

at 31 January 2011

10. Intangible fixed assets

Group and Company

	<i>Trademarks</i>
	£
Cost	
At 1 February 2010 and 31 January 2011	518,067
Amortisation	
At 1 February 2010 and 31 January 2011	518,067
Net book value	
At 1 February 2010 and 31 January 2011	–

11. Tangible fixed assets

Group and Company

	<i>Freehold land and buildings</i>	<i>Fixtures, fittings and equipment</i>	<i>Website costs</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 February 2010	2,385,367	533,941	30,518	2,949,826
Additions	–	11,144	–	11,144
At 31 January 2011	2,385,367	545,085	30,518	2,960,970
Depreciation				
At 1 February 2010	393,111	453,654	30,518	877,283
Provided during the year	37,604	30,212	–	67,816
At 31 January 2011	430,715	483,866	30,518	945,099
Net book value				
At 31 January 2011	1,954,652	61,219	–	2,015,871
At 31 January 2010	1,992,256	80,287	–	2,072,543

Notes to the financial statements

at 31 January 2011

12. Investments

Group

	2011 £	2010 £
Joint ventures (a)		
The Cirque Apple Creation Partnership	627,159	703,831
Cirque Apple Las Vegas, L L C	1,742,770	3,676,563
	<u>2,369,929</u>	<u>4,380,394</u>
Associates (b)		
Maclen (Music) Limited	533,472	480,374
Subafilms Limited	251,299	375,185
	<u>784,771</u>	<u>855,559</u>
	<u>3,154,700</u>	<u>5,235,953</u>

(a) Joint ventures

(i) The Cirque Apple Creation Partnership

	£
At 1 February 2010	703,831
Share of profit retained by joint venture	107,652
Capital repayments	(184,500)
Exchange rate differences	176
At 31 January 2011	<u>627,159</u>

Additional disclosures are given in respect of The Cirque Apple Creation Partnership, which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows

	2011 £	2010 £
Fixed assets	108,747	205,589
Current assets	1,334,566	1,425,569
Share of gross assets	<u>1,443,313</u>	<u>1,631,158</u>
Liabilities due within one year	816,154	927,327
Share of gross liabilities	<u>816,154</u>	<u>927,327</u>
Share of net assets	<u>627,159</u>	<u>703,831</u>

Notes to the financial statements

at 31 January 2011

12. Investments (continued)

(i) The Cirque Apple Creation Partnership (continued)

	2011 £	2010 £
Turnover	5,391,380	5,734,310
Profit before tax	107,652	199,579
Taxation	—	—
Profit after tax	107,652	199,579

(ii) Cirque Apple Las Vegas, L L C

	£
At 1 February 2010	3,676,563
Share of profit retained by joint venture	1,446,730
Capital repayments	(1,196,126)
Dividends received	(2,185,315)
Exchange differences	918
At 31 January 2011	1,742,770

Additional disclosures are given in respect of Cirque Apple Las Vegas, L.L.C., which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows

	2011 £	2010 £
Fixed assets	800,927	2,138,914
Current assets	2,562,972	2,858,509
Share of gross assets	3,363,899	4,997,423
Liabilities due within one year	1,384,424	710,708
Liabilities due after more than one year	236,705	610,152
Share of gross liabilities	1,621,129	1,320,860
Share of net assets	1,742,770	3,676,563

Notes to the financial statements

at 31 January 2011

12. Investments (continued)

(ii) Cirque Apple Las Vegas, L L C (continued)

	2011 £	2010 £
Turnover	16,988,850	17,828,243
Profit before tax	1,073,130	1,721,663
Taxation	373,599	277,701
Profit after tax	1,446,729	1,999,364

(b) Associates

(i) Maclen (Music) Limited

The figures presented for Maclen (Music) Limited represent the group's combined share of Maclen (Music) Limited and its subsidiary Maclen Joint Limited

	£
At 1 February 2010	480,374
Share of profit retained by associate	703,098
Dividends received	(650,000)
At 31 January 2011	533,472

Additional disclosures are given in respect of Maclen (Music) Limited, which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows

	2011 £	2010 £
Fixed assets	59	59
Current assets	1,154,249	1,956,142
Share of gross assets	1,154,308	1,956,201
Liabilities due within one year	620,836	1,475,827
Share of gross liabilities	620,836	1,475,827
Share of net assets	533,472	480,374

Notes to the financial statements

at 31 January 2011

12. Investments (continued)

(i) Maclen (Music) Limited (continued)

	2011 £	2010 £
Turnover	2,445,353	2,394,698
Profit before tax	977,792	928,555
Taxation	(274,694)	(259,524)
Profit after tax	703,098	669,031

(ii) Subafilms Limited

	£
At 1 February 2010	375,185
Share of profit retained by associate	67,426
Dividends received	(191,312)
At 31 January 2011	251,299

Additional disclosures are given in respect of Subafilms Limited, which exceeds certain 25% thresholds under FRS 9 'Associates and Joint Ventures', as follows

	2011 £	2010 £
Fixed assets	—	—
Current assets	334,439	477,432
Share of gross assets	334,439	477,432
Liabilities due within one year	74,655	93,762
Deferred taxation	8,485	8,485
Share of gross liabilities	83,140	102,247
Share of net assets	251,299	375,185

Notes to the financial statements

at 31 January 2011

12. Investments (continued)

(11) Subafilms Limited (continued)

	2011 £	2010 £		
Turnover	142,415	67,651		
Profit / (loss) before tax	77,240	(44,780)		
Taxation	(9,814)	124		
Profit / (loss) after tax	67,426	(44,656)		
<i>Company</i>				
	<i>Subsidiary undertakings £</i>	<i>Associated undertakings £</i>	<i>Joint venture £</i>	<i>Total £</i>
Cost				
At 1 February 2010 and 31 January 2011	12,881	171,700	–	184,581
Amounts provided				
At 1 February 2010 and 31 January 2011	(8,045)	–	–	(8,045)
Net book value				
At 31 January 2011	4,836	171,700	–	176,536
At 31 January 2010	4,836	171,700	–	176,536

Notes to the financial statements

at 31 January 2011

12. Investments (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

	<i>Country of Incorporation (or registration) if not Great Britain</i>	<i>Proportion of voting rights and shares 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%*	Exploitation of musical copyrights
Apple Music Publishing Inc	USA	100%*	Exploitation of musical copyrights
Apple Films Inc	USA	100%*	Exploitation of film copyrights
Apple Washington	USA	100%	Charity
Apple Publicity Limited		100%	Dormant
Apple Management Limited		100%	Dormant
Apple Electronics Limited		100%	Dormant
Apple Charity (UK) Limited		100%*	Charity
Python Music Limited		100%	Production and commercial exploitation of films
Apple Show Inc	USA	100%	Intermediate holding company

* Held by a subsidiary undertaking

+ Year ended 31 December 2010

All shareholdings are ordinary shares or common stock

Notes to the financial statements

at 31 January 2011

12. Investments (continued)

		<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Associated undertakings			
Maclen (Music) Limited+	'C' ordinary shares	20%	Holding company
Maclen Joint Limited+	Ordinary shares	20%	Exploitation of musical copyrights
Subafilms Limited+	Ordinary shares	23.9%	Marketing, production and distribution of films and videos

Maclen Joint Limited is held by an associated undertaking

		<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Joint ventures			
The Cirque Apple Creation Partnership+		50%	Creation of musical performance
Cirque Apple Las Vegas, L L C * + (incorporated in the USA)		50%	Producing and presenting a live show

+ Year ended 31 December 2010

* Held by a subsidiary undertaking

The registered office 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 980 Kelly Johnson Drive, Las Vegas, Nevada, 89119, USA

13. Debtors

	<i>2011</i>	<i>Group 2010</i>	<i>2011</i>	<i>Company 2010</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts owed by subsidiary undertakings	—	—	487	619,891
Amounts owed by associated undertakings	501,844	559,284	501,844	559,284
Amounts owed by joint ventures	43,063	56,631	—	15,723
Amounts owed by affiliated undertakings	158,600	238,099	8,000	139,052
Corporation tax repayable	16,737	1,652,381	16,737	1,650,713
Other debtors	665,241	617,530	664,839	617,172
Prepayments and accrued income	8,033,194	24,197,132	8,019,810	24,145,941
	<u>9,418,679</u>	<u>27,321,057</u>	<u>9,211,717</u>	<u>27,747,776</u>

Notes to the financial statements

at 31 January 2011

14. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	£	£	£	£
Amounts owed to associated undertakings	1,025,880	1,282,216	—	259,711
Amounts owed to affiliated undertakings	313,029	261,441	—	—
Accruals and deferred income	10,896,462	16,232,804	10,704,164	16,036,228
Corporation tax	702,000	1,654,203	335,649	1,632,617
Other taxes and social security costs	91,958	79,865	91,958	79,865
	<u>13,029,329</u>	<u>19,510,529</u>	<u>11,131,771</u>	<u>18,008,421</u>

15. Commitments under operating leases

At 31 January 2011 the group and company had annual commitments under non-cancellable operating leases as set out below

	<i>2011</i>	<i>Other</i>
	£	£
Operating leases which expire		
In two to five years	<u>5,000</u>	<u>5,000</u>

16. Contingent liabilities

The group and company are involved in various legal disputes in the ordinary course of business and, as at 31 January 2011, 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 and company

17. Authorised and issued share capital

<i>Authorised</i>	<i>2011</i>	<i>2010</i>
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>	<i>2011</i>	<i>2010</i>
	<i>No</i>	<i>No</i>
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

18. Dividends

	<i>2011</i>	<i>2010</i>
	£	£
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares		
Interim	<u>18,000,000</u>	<u>4,100,000</u>

Notes to the financial statements

at 31 January 2011

19. Reconciliation of shareholders' funds and movements on reserves

<i>Group</i>	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 1 February 2009	100	25,940,805	25,940,905
Profit for the year	–	10,843,019	10,843,019
Exchange differences on retranslation of subsidiary undertakings	–	(819,247)	(819,247)
Dividends declared and paid	–	(4,100,000)	(4,100,000)
At 31 January 2010	100	31,864,577	31,864,677
Profit for the year	–	3,523,170	3,523,170
Exchange differences on retranslation of subsidiary undertakings	–	155,770	155,770
Dividends declared and paid	–	(18,000,000)	(18,000,000)
At 31 January 2011	100	17,543,517	17,543,617
<i>Company</i>			
	<i>Share capital £</i>	<i>Profit account £</i>	<i>Total share- funds £</i>
At 1 February 2009	100	19,114,204	19,114,304
Profit for the year	–	9,369,791	9,369,791
Dividends declared and paid	–	(4,100,000)	(4,100,000)
At 31 January 2010	100	24,383,995	24,384,095
Profit for the year	–	3,775,658	3,775,658
Dividends declared and paid	–	(18,000,000)	(18,000,000)
At 31 January 2011	100	10,159,653	10,159,753

20. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>2011 £</i>	<i>2010 £</i>
Group operating profit	2,782,168	12,435,822
Depreciation	67,816	63,312
Unrealised exchange loss	154,680	(269,648)
Decrease / (increase) in debtors	16,266,734	(20,793,933)
(Decrease) / increase in creditors	(5,528,997)	2,961,185
Net cash inflow / (outflow) from operating activities	13,742,401	(5,603,262)

Notes to the financial statements

at 31 January 2011

20. Notes to the statement of cash flows (continued)

(b) Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	103,171	132,460
Interest paid	(3,469)	(3,492)
	<u>99,702</u>	<u>128,968</u>

(c) Taxation

	2011 £	2010 £
Corporation tax recovered	1,650,713	–
Corporation tax paid	(1,925,000)	(1,950,000)
Overseas tax paid	(725,882)	(1,607,521)
	<u>(1,000,169)</u>	<u>(3,557,521)</u>

(d) Capital expenditure and financial investment

	2011 £	2010 £
Payments to acquire tangible fixed assets	(11,144)	(55,449)
Investment in joint ventures – capital repayments received	1,380,626	1,356,163
	<u>1,369,482</u>	<u>1,300,714</u>

(e) Analysis of changes in net funds

	At 31 January 2010 £	Cash flows £	At 31 January 2011 £
Cash at bank and in hand	16,745,653	(761,957)	15,983,696

Notes to the financial statements

at 31 January 2011

21. Related party transactions

- (a) Amounts charged to the profit and loss account include fees for the promotional services of the beneficial shareholders (Sir J P McCartney, Mr R Starkey, Mrs Y O Lennon and Mrs O T Harrison) amounting to £1,890,000 each (2010 – £5,585,200 each) and name and likeness payments amounting to £1,103,250 each (2010 – £2,176,250 each)
- (b) The company is party to an agreement with Maclen (Music) Limited and its wholly owned subsidiary undertaking, Maclen Joint Limited, in which Mrs Y O Lennon and Sir J P McCartney each has a direct interest of 40% in the share capital. Apple Corps Limited provides administration services to Maclen Joint Limited for which £1,467,200 was included as income in the profit and loss account in the year (2010 – £1,436,800). The amount due from Maclen Joint Limited at the year end amounted to £494,423 (2010 – £557,043).
- (c) At 31 January 2011, the company was owed £5,000 (2010 – owed to £259,711) by Subafilms Limited, a company owned by one of more of the shareholders of Apple Corps Limited.

22. Controlling party

The company has no ultimate controlling party