

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Copy of financial statements and reports

Company details

Company name

APPLE PTY LIMITED

ACN

002 510 054

Lodgement details

Registered agent number

277

Registered agent name

BAKER MCKENZIE

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial
year ends

Financial year end date

28-09-2019

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

9392944000

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

2171872000

How many employees are employed by the large proprietary company and the entities that it controls?

4073

How many members does the large proprietary company have?

1

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **14-07-2009**

Name of auditor

ERNST & YOUNG

Address

**680 GEORGE STREET
SYDNEY NSW 2000**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been authenticated by

Name **BAKER MCKENZIE**

This form has been submitted by

Name **Joanne GRANGE**

Date **24-01-2020**

For more help or information

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ABN 46002510054

Apple Pty Limited

Annual Financial Statements
28 September 2019

Apple Pty Limited

General Information

Directors

Anthony King
Paul Whittingham
Peter Denwood

Company Secretaries

Rebecca McCallum
Paul Whittingham

Registered Office

Level 2
20 Martin Place
Sydney NSW 2000
Australia

Auditor

Ernst & Young

Principal Banker

Citibank

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Apple Pty Limited

Directors' Report

The directors present their report to the members together with the audited financial statements of the consolidated entity Apple Pty Limited (the "Group") for the financial year ended 28 September 2019.

Directors

The directors of the Group in office during the financial year and at the date of this report are:

Anthony King
Paul Whittingham
Peter Denwood

Company particulars

Apple Pty Limited is incorporated and domiciled in Australia. The address of the registered office is:

Apple Pty Limited
Level 2
20 Martin Place
Sydney NSW 2000
Australia

Principal activities

The principal activities of the Company are those relating to the sale and marketing of mobile communication devices and personal computers. The Company also sells a variety of related software, services, accessories, networking solutions, and digital content and applications.

Operating and financial review

Net profit after tax for the Group for the financial year was \$286,718,000 (2018: \$232,533,000).

Revenue for the Group for the financial year was \$9,392,944,000 (2018: \$9,085,684,000).

Apple Pty Limited

Directors' Report

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. However, the directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Share-based payments

The ultimate parent entity of the Group, Apple Inc., grants equity instruments over unissued ordinary shares in Apple Inc. to the employees of the Group as part of their remuneration.

The fair value of the share-based payments is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date.

All share-based payments expire on the earlier of their expiry date or 90 days after termination of the employee's employment.

Indemnification and insurance of officers and directors

Indemnification

The Group provides an indemnity to any director, secretary and executive officer of the Group against any liabilities incurred by that person in defending any proceedings relating to that person's position with the Group in specified circumstances.

Indemnification and insurance of officers and directors (cont'd)

Insurance premiums

During the financial year the ultimate parent entity has paid premiums on behalf of the Group in respect of directors' and officers' liability and legal expenses insurance contracts for the financial year ended 28 September 2019 and since the financial year, the ultimate parent entity has paid or agreed to pay on behalf of the Group, premiums in respect of such insurance contracts for the financial year ending 28 September 2019. Such insurance contracts insure against certain liability (subject to specific exclusions) of persons who are or have been directors or executive officers of the Group.


Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

Independence

The auditor's independence declaration is set out on page 8 and forms part of the directors' report for financial year ended 28 September 2019.

Signed in accordance with a resolution of the Directors



Anthony King
Director



Paul Whittingham
Director

Dated at Sydney,

20 January 2020

Apple Pty Limited

Directors' Declaration

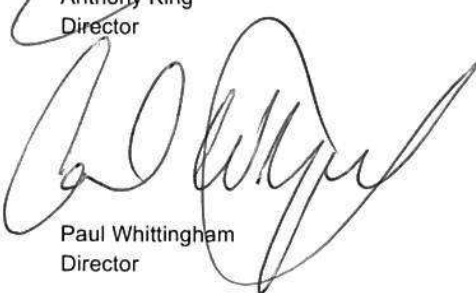
In accordance with a resolution of the directors of Apple Pty Limited, we state that:

(1) In the opinion of the directors:

- (a) the financial statements and notes of Apple Pty Limited and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of Apple Pty Limited and the consolidated entity's financial position as at 28 September 2019 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent disclosed in Note 2 of the financial statements and Corporate Regulations 2001.
- (b) at the date of this declaration, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,


Anthony King
Director


Paul Whittingham
Director

Dated at Sydney,

20 January 2020

Independent Auditor's Report to the Members of Apple Pty Limited

Opinion

We have audited the financial report of Apple Pty Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 28 September 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 28 September 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001* and to meet Section 3CA of the *Taxation Administration Act 1953*. Our report is intended solely for Apple Pty Limited and its members and should not be used by parties other than Apple Pty Limited and its members. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Lisa Nijssen-Smith
Partner
Sydney
20 January 2020



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working world**

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Auditor's Independence Declaration to the Directors of Apple Pty Limited


As lead auditor for the audit of Apple Pty Limited for the financial year ended 28 September 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Apple Pty Limited and the entities it controlled during the financial year.



Ernst & Young



Lisa Nijssen-Smith
Partner
20 January 2020

Apple Pty Limited

Consolidated Statement of Financial Position as at 28 September 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Inventories	4	265,199	208,483
Trade and other receivables	5	863,697	838,329
Derivative financial instruments	6	44,345	30,675
Other current assets	7	24,112	28,626
Cash and cash equivalents		607,708	715,980
		<u>1,805,061</u>	<u>1,822,093</u>
Non-current assets			
Property, plant and equipment	9	139,410	145,344
Intangible asset - software		36	84
Deferred tax assets	10	224,520	208,699
Other non-current assets		<u>2,845</u>	<u>3,617</u>
		<u>366,811</u>	<u>357,744</u>
Total assets		<u><u>2,171,872</u></u>	<u><u>2,179,837</u></u>
Current liabilities			
Trade and other payables	11	673,907	812,916
Provisions	12	236,140	161,117
Provision for taxation		49,705	34,395
Deferred revenue	13	193,813	197,942
Employee benefits		46,098	44,005
Other current liabilities		<u>29,557</u>	<u>33,644</u>
		<u>1,229,220</u>	<u>1,284,019</u>
Non-current liabilities			
Deferred revenue	13	93,292	99,274
Provisions	12	154,971	173,692
Employee benefits		6,669	5,933
Other non-current liabilities		<u>61,409</u>	<u>76,707</u>
		<u>316,341</u>	<u>355,606</u>
Total liabilities		<u><u>1,545,561</u></u>	<u><u>1,639,625</u></u>
Net assets		<u><u>626,311</u></u>	<u><u>540,212</u></u>

Apple Pty Limited

Consolidated Statement of Financial Position as at 28 September 2019 (cont'd)

	Note	2019 \$'000	2018 \$'000
Share capital and reserve			
Share capital	14	10	10
Share-based compensation reserve		230,672	230,672
Hedging reserve		66,198	—
Translation reserve		578	374
Retained profits		328,853	309,156
		<u>626,311</u>	<u>540,212</u>
Total equity and liabilities		<u>2,171,872</u>	<u>2,179,837</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Apple Pty Limited

Consolidated Statement of Comprehensive Income for the financial year ended 28 September 2019

	Note	2019 \$'000	2018 \$'000
Revenue	15	9,392,944	9,085,684
Cost of sales		(8,427,042)	(8,185,134)
Gross profit		965,902	900,550
Other income - net	16	31,524	31,018
Selling, general and administrative expenses		(602,154)	(543,738)
Finance income		12,387	8,850
Profit before income tax	17	407,659	396,680
Income tax expense	19	(120,941)	(164,147)
Profit for the year		286,718	232,533
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
– Effective portion of changes in fair value of cash flow hedges		66,198	–
– Currency translation differences arising from consolidation		204	(435)
Total comprehensive income for the year, net of tax		353,120	232,098

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Apple Pty Limited

Consolidated Statement of Changes in Equity for the financial year ended 28 September 2019

	Share capital \$'000	Share-based compensation reserve \$'000	Hedging reserve \$'000	Translation reserve \$'000	Retained profits \$'000	Total \$'000
At 1 October 2017	10	230,672	–	809	76,623	308,114
Profit for the year	–	–	–	–	232,533	232,533
Currency translation differences arising from consolidation	–	–	–	(435)	–	(435)
At 29 September 2018	10	230,672	–	374	309,156	540,212
At 30 September 2018	10	230,672	–	374	309,156	540,212
Profit for the year	–	–	–	–	286,718	286,718
Dividends (Note 21)	–	–	–	–	(267,021)	(267,021)
Other comprehensive income:						
– Effective portion of changes in fair value of cash flow hedges	–	–	66,198	–	–	66,198
– Currency translation differences arising from consolidation	–	–	–	204	–	204
At 28 September 2019	10	230,672	66,198	578	328,853	626,311

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Apple Pty Limited

Consolidated Statement of Cash Flows for the financial year ended 28 September 2019

	2019	2018
	\$'000	\$'000
Cash flow from operating activities		
Profit before income tax	407,659	396,680
Adjustments for:		
Share-based compensation expense	—	—
Depreciation and amortisation	43,817	41,232
Interest income	(12,387)	(8,850)
Provisions	550,323	381,086
Property, plant and equipment written off	7,399	713
Provision for inventory obsolescence	4,938	8,214
Net unrealised foreign exchange losses/(gains)	34,983	(30,743)
Operating cash flow before changes in working capital	1,036,732	788,332
Changes in working capital		
Inventories	(61,654)	(68,587)
Other current assets	4,514	(18,215)
Other non-current assets	772	30
Trade and other receivables	(25,368)	(225,937)
Trade and other payables	(108,334)	354,821
Provisions utilised	(494,358)	(375,160)
Employee benefits	2,829	4,380
Other current liabilities	(4,087)	33,644
Other non-current liabilities	(15,298)	55,418
Deferred revenue	(10,111)	(93,643)
Changes in working capital	(711,095)	(333,249)
Cash flow from operations	325,637	455,083
Interest received	12,387	8,850
Income taxes paid	(134,041)	(75,001)
Net cash flow generated from operating activities	203,983	388,932

Apple Pty Limited**Consolidated Statement of Cash Flows for the financial year ended 28 September 2019**

	2019 \$'000	2018 \$'000
Investing activities		
Purchase of property, plant and equipment	(45,234)	(32,572)
Net cash flow used in investing activities	<u>(45,234)</u>	<u>(32,572)</u>
Financing activity		
Dividends paid	(267,021)	–
Net cash flow used in financing activity	<u>(267,021)</u>	<u>–</u>
Net (decrease)/increase in cash and cash equivalents	(108,272)	356,360
Cash and cash equivalents at beginning of year	715,980	359,620
Cash and cash equivalents at end of year	<u><u>607,708</u></u>	<u><u>715,980</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Apple Pty Limited (the "Company") is a company limited by shares incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is located at Level 2, 20 Martin Place, Sydney. The consolidated financial statements of the Group as at and for the year ended 28 September 2019 comprise the Company and its New Zealand subsidiary (together referred to as the "Group"). The financial year end of the Group is based on a 52-week period (FY18: 52-week period).

The Group markets mobile communication devices and personal computers. The Group also sells a variety of related software, services, accessories, networking solutions and digital content and applications.

The immediate and ultimate holding companies are Apple Operations International and Apple Inc., incorporated in Ireland and the United States of America, respectively.

Related corporations in these financial statements refer to members of the Apple Inc. group of companies.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Group is a for-profit, private sector entity. Therefore, the consolidated financial statements for the Group are general-purpose financial statements that have been prepared in accordance with the requirements of the Corporations Act 2001, the Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs), and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements are presented in Australian Dollars (AUD) and all values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group has adopted all the new and revised standards and interpretations of the Australian Accounting Standards Board that are effective for annual periods beginning on or after 30 September 2018. Except for the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

Financial instruments

On 30 September 2018, the Group adopted AASB 9 *Financial Instruments*, which updates certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. The Group did not restate the comparative information in respect of the prior periods presented, as adoption of the new financial instruments standard did not have a material impact on previously reported amounts.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

Revenue recognition

On 30 September 2018, the Group adopted AASB 15 *Revenue from Contracts with Customers*, and additional amendments issued to clarify the guidance (collectively referred to herein as the "new revenue standard"), which amends the existing accounting standards for revenue recognition. The Group adopted the new revenue standard utilising the full retrospective transition method. The Group did not restate total net sales in the prior periods presented, as adoption of the new revenue standard did not have a material impact on previously reported amounts.

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
AASB 16 <i>Leases</i>	1 January 2019
AASB Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

Except for AASB 16, the directors expect that the adoption of the other standard above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of AASB 16 are described below.

AASB 16 *Leases*

AASB 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of "low value" assets and short-term leases. AASB 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company has performed a preliminary impact assessment of the adoption of AASB 16 and expects that the adoption of AASB 16 will result in increase in total assets and total liabilities.

The Company plans to adopt the new standard on the required effective date by applying AASB 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 29 September 2019.

The Company is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to AASB 16 and assessing the possible impact of adoption.

2. Summary of significant accounting policies (cont'd)

2.4 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at the balance sheet date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2.5 Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of statement of financial position are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. These are recognised initially in equity as foreign currency translation reserve in the statement of financial position and recognised in the profit or loss in the event of disposal of the foreign operations.

2.6 Property, plant and equipment

All items of property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is computed by use of the straight-line basis over the estimated useful lives of the assets as follows:

Leasehold building and improvements	-	5 to 10 years
Furniture and equipment	-	3 to 7 years

The useful life and depreciation method are reviewed at each financial year-end

2.7 Impairment of non-financial assets

Intangible asset, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to the higher of fair value less cost of disposal and value-in-use. If intangible asset, property, plant and equipment are considered to be impaired, the impairment to be recognised equals the amount by which the carrying value of the asset exceeds its recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.8 Financial instruments

(a) Recognition

The Group classifies its financial instruments at amortised cost. The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit and loss ("FVTPL") (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

(b) Measurement

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value and subsequently carried at amortised cost less any impairment.

Cash and cash equivalents comprise of cash balances and deposits with original maturity of three months or less.

(c) Impairment of financial assets at amortised cost

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

Impairment losses on financial assets at amortised cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised.

(d) De-recognition

Financial assets

The Group de-recognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on de-recognition are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 Financial instruments (cont'd)

(d) De-recognition (cont'd)

Financial liabilities

The Group de-recognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group accounts for its derivative instruments as either assets or liabilities and carries them at fair value.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income ("OCI") in shareholders' equity and reclassified into the profit or loss in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of the gain or loss on the derivative instrument, if any, is recognised in profit or loss in the current period. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. For options designated as cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness.

Fair value measurements

The Group's valuation techniques used to measure the fair value of the Group's financial instruments, which generally have counterparties with high credit ratings, are based on model-driven valuations using significant inputs derived from or corroborated by observable market data.

Fair value is estimated by applying the following hierarchy, which prioritises the inputs used to measure fair value into three levels and bases the categorisation within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

2. Summary of significant accounting policies (cont'd)

2.9 Inventories

Inventories are stated at the lower of cost, computed using the first-in, first-out method, and net realisable value. Any adjustments to reduce the cost of inventories to their net realisable value are recognised in profit or loss in the current period.

2.10 Warranty costs

The Group provides for the estimated cost of hardware and software warranties at the time the related revenue is recognised. The Group assesses the adequacy of its accrued warranty liabilities and adjusts the amounts as necessary based on actual experience and changes in future estimates.

2.11 Employee benefits

Short-term employee benefits and contributions to defined contribution plans

Salaries, annual bonuses, paid annual leave and long service leave to be settled within 12 months, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

Any actuarial gains or losses are recognised in the profit or loss in the period in which they arise.

Share-based compensation

Share-based compensation cost for restricted stock units (RSUs) is measured based on the closing fair market value of Apple Inc.'s common stock on the date of grant. Share-based compensation cost for stock options and employee stock purchase plan rights is estimated at the grant date and offering date, respectively, based on the fair-value as calculated by the Black-Scholes-Merton ("BSM") option-pricing model. The BSM option-pricing model incorporates various assumptions including expected volatility, expected life and interest rates. The Group recognises share-based compensation cost as expense over the requisite service period.

2.12 Revenue recognition

Net sales consist of revenue from the sale of iPhone, Mac, iPad, services and other products. The Group recognises revenue at the amount to which it expects to be entitled when control of the products or services is transferred to its customers. Control is generally transferred when the Group has a present right to payment and title and the significant risks and rewards of ownership of products or services are transferred to its customers. For most of the Group's products net sales, control transfers when products are shipped. For the Group's services net sales, control transfers over time as services are delivered. Payment for products and services net sales is collected within a short period of time following transfer of control or commencement of delivery of services, as applicable.

2. Summary of significant accounting policies (cont'd)

2.12 Revenue recognition (cont'd)

The Group records reductions to products net sales related to future product returns, price protection and other customer incentive programs based on the Group's expectations and historical experience.

For arrangements with multiple performance obligations, which represent promises within an arrangement that are capable of being distinct, the Group allocates revenue to all distinct performance obligations based on their relative stand-alone selling prices ("SSP"). When available, the Group uses observable prices to determine the SSP. When observable prices are not available, SSPs are established that reflect the Group's best estimates of what the selling prices of the performance obligations would be if they were sold regularly on a stand-alone basis. The Group's process for estimating SSPs without observable prices considers multiple factors that may vary depending upon the unique facts and circumstances related to each performance obligation including, where applicable, prices charged by the Group for similar offerings, market trends in the pricing for similar offerings, product-specific business objectives and the estimated cost to provide the performance obligation.

The Group has identified up to three performance obligations regularly included in arrangements involving the sale of iPhone, Mac, iPad and certain other products. The first performance obligation, which represents the substantial portion of the allocated sales price, is the hardware and bundled software delivered at the time of sale. The second performance obligation is the right to receive certain product-related bundled services, which include iCloud, Siri and Maps. The third performance obligation is the right to receive, on a when-and-if-available basis, future unspecified software upgrades relating to the software bundled with each device.

The Group allocates revenue and any related discounts to these performance obligations based on their relative SSPs. Because the Group lacks observable prices for the undelivered performance obligations, the allocation of revenue is based on the Group's estimated SSPs.

Revenue allocated to the delivered hardware and bundled software is recognised when control has transferred to the customer, which generally occurs when the product is shipped. Revenue allocated to the product-related bundled services and unspecified software upgrade rights is deferred and recognised on a straight-line basis over the estimated period they are expected to be provided. Cost of sales related to delivered hardware and bundled software, including estimated warranty costs, are recognised at the time of sale. Costs incurred to provide product-related bundled services and unspecified software upgrade rights are recognised as cost of sales as incurred.

For the sale of third-party products where the Group obtains control of the product before transferring it to the customer, the Group recognises revenue based on the gross amount billed to customers. The Group considers multiple factors when determining whether it obtains control of third-party products including, but not limited to, evaluating if it has the ability to establish the price of the product, retains inventory risk for tangible products or has the responsibility for ensuring acceptability of the product. For third-party applications sold through the App Store, Mac App Store and TV App Store and certain digital content sold through the iTunes Store, the Group does not obtain control of the product before transferring it to the customer. Therefore, the Group accounts for such sales on a net basis by recognising in services net sales only the commission it retains.

The Group records revenue net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded within other current liabilities until remitted to the relevant government authority.

2. Summary of significant accounting policies (cont'd)

2.13 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognised for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards.

Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realised or settled.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.
The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables respectively in the statement of financial position.

3. Significant accounting judgments and estimates

The preparation of financial statements and related disclosures require the Group's management to make judgments, assumptions and estimates that affect the amounts reported in its financial statements and accompanying notes. Management bases its estimates on historical experience and on various other assumptions it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates, and such differences may be material.

Management believes the Group's critical accounting policies and estimates are those related to revenue recognition, warranty costs, valuation and impairment of intangible assets, inventory valuation and income taxes. Management considers these as critical because they are important to the portrayal of the Group's financial results, and they require management to make judgments and estimates about inherently uncertain matters.

3. Significant accounting judgments and estimates (cont'd)

Revenue recognition

The Group has identified up to three performance obligations regularly included in arrangements involving the sale of iPhone, Mac, iPad and certain other products. The first performance obligation, which represents the substantial portion of the allocated sales price, is the hardware and bundled software delivered at the time of sale. The second performance obligation is the right to receive certain product-related bundled services, which include iCloud, Siri and Maps. The third performance obligation is the right to receive, on a when-and-if-available basis, future unspecified software upgrades relating to the software bundled with each device. The Group allocates revenue and any related discounts to these performance obligations based on their relative stand-alone selling prices ("SSP"). Because the Group lacks observable prices for the undelivered performance obligations, the allocation of revenue is based on the Group's estimated SSPs. Revenue allocated to the product-related bundled services and unspecified software upgrade rights is deferred and recognised on a straight-line basis over the estimated period they are expected to be provided.

The Group's process for determining estimated SSPs involves management's judgment and considers multiple factors that may vary over time depending upon the unique facts and circumstances related to each deliverable. Should future facts and circumstances change, the Group's SSPs and the future rate of related amortisation for unspecified software upgrades and services related to future sales of these devices could change. Factors subject to change include the nature of the unspecified software upgrade rights and product-related bundled services offered, their estimated value and the estimated period they are expected to be provided.

Warranty costs

Under the terms of the Group's sales agreements, the Group will provide phone support services and rectify any product defects arising within one year of the date of sale, together with any claims outside this one year period as required by Australian Consumer Law. The Group accrues for the estimated cost of warranties in the period the related revenue is recognised based on historical and projected warranty claim rates, historical and projected cost-per-claim and knowledge of specific product failures that are outside of the Group's typical experience. The Group regularly reviews these estimates and the current installed base of products subject to warranty protection to assess the appropriateness of its recorded warranty liabilities and adjusts the amounts as necessary. If actual product failure rates or repair costs differ from estimates, revisions to the estimated warranty liabilities would be required and could materially affect the Group's financial results. The carrying amounts of the Group's provision for product warranties at the end of the reporting period are disclosed in Note 12 to the financial statements.

3. Significant accounting judgments and estimates (cont'd)

Inventory valuation

The Group records a write-down for inventories, including third-party products held for resale, which have become obsolete or are in excess of anticipated demand or net realisable value. The Group performs a regular review of inventory, which considers multiple factors including demand forecasts, product life cycle status, product development plans, current sales levels and component cost trends. If the Group determines that an asset is not recoverable, it records an impairment loss equal to the amount by which the carrying value of such an asset exceeds its net realisable value.

The industries in which the Group competes are subject to a rapid and unpredictable pace of product and component obsolescence and demand changes. In certain circumstances the Group may be required to record additional write-downs of inventory. These circumstances include future demand or market conditions for the Group's products being less favorable than forecasted, unforeseen technological changes or changes to the Group's product development plans that negatively impact the utility of any of these assets. Such write-downs would adversely affect the Group's financial results in the period when the additional write-downs were recorded.

Income taxes

The Group records a tax provision for the anticipated tax consequences of its reported financial results. The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognised for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realised or settled.

Management believes it is more likely than not that forecasted income will be sufficient to fully recover the Group's deferred tax assets. In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of relevant tax laws. Resolution of these uncertainties in a manner inconsistent with management's expectations could have a material impact on the Group's financial condition and financial results. The carrying amount of the Group's deferred tax assets as at 28 September 2019 is \$224,520,000 (2018: \$208,699,000) as disclosed in Note 10 to the financial statements).

4. Inventories

	2019	2018
	\$'000	\$'000
Inventories – at cost	293,153	231,499
Provisions for obsolescence	(27,954)	(23,016)
	<u>265,199</u>	<u>208,483</u>
Inventories recognised as an expense in cost of sales		
Inclusive of the following charge	6,811,795	6,587,950
- Inventories written-down	<u>4,938</u>	<u>8,214</u>

5. Trade and other receivables

	2019 \$'000	2018 \$'000
Trade receivables	853,495	836,743
Allowance for expected credit losses - non-related parties	—	(7)
	<u>853,495</u>	<u>836,736</u>
Amounts due from - related corporations	10,056	1,487
Other receivables	146	106
	<u>863,697</u>	<u>838,329</u>

Amounts due from related corporations are unsecured, non-interest bearing and are repayable on demand.

As at 29 September 2018, trade receivables with an initial carrying value of \$7,000 were impaired and fully provided for. See below for the movements in the allowance for expected credit losses:

	Total \$'000
At 1 October 2017	46
Charge for the year	—
Utilised	(39)
Unused amounts reversed	—
	<u>7</u>
At 29 September 2018 and at 30 September 2018	7
Charge for the year	—
Utilised	(7)
Unused amounts reversed	—
	<u>—</u>
At 28 September 2019	<u>—</u>

6. Derivative financial instruments

Forward currency and foreign exchange option contracts are mainly used to hedge foreign currency risk arising from the purchases and sales denominated in currencies other than AUD.

The following table shows the notional amounts of the Group's outstanding derivative instruments amounts associated with outstanding or unsettled derivative instruments as of 28 September 2019 and 29 September 2018:

	2019			2018		
	Contract/ Notional Amount \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional Amount \$'000	Assets \$'000	Liabilities \$'000
Forward Currency contracts	7,291,893	53,783	(10,900)	5,697,922	26,450	(844)
Foreign Exchange Option contracts	600,107	3,132	(1,670)	853,096	7,627	(2,558)

7. Other current assets

	2019 \$'000	2018 \$'000
Deferred cost	6,121	14,184
Others	17,991	14,442
	<u>24,112</u>	<u>28,626</u>

Other current assets in 2019 include an amount of \$7,899,000 (2018: \$12,412,000) funded into escrow, where it will remain restricted from general use.

8. Investment in subsidiary

Apple Sales New Zealand, which is 100% owned by the Company, commenced trading during the financial year ended 29 September 2007. The share capital of Apple Sales New Zealand is NZ\$1.

9. Property, plant and equipment

	Leasehold building and improvements \$'000	Furniture and equipment \$'000	Construction in progress \$'000	Total \$'000
Cost				
At 1 October 2017	192,290	94,838	26,689	313,817
Additions	9,168	9,903	13,501	32,572
Reclassifications	24,289	5,289	(29,578)	–
Disposals and write-offs	(12,937)	(2,500)	–	(15,437)
At 29 September 2018 and at 30 September 2018	212,810	107,530	10,612	330,952
Additions	9,356	15,774	20,104	45,234
Reclassifications	11,277	3,662	(14,939)	–
Disposals and write-offs	(9,985)	(5,221)	(4,339)	(19,545)
At 28 September 2019	223,458	121,745	11,438	356,641
Accumulated depreciation				
At 1 October 2017	108,630	50,661	–	159,291
Depreciation charge for the year	22,639	18,402	–	41,041
Disposals and write-offs	(12,365)	(2,359)	–	(14,724)
At 29 September 2018 and at 30 September 2018	118,904	66,704	–	185,608
Depreciation charge for the year	23,109	20,660	–	43,769
Disposals and write-offs	(8,416)	(3,730)	–	(12,146)
At 28 September 2019	133,597	83,634	–	217,231
Net carrying amount				
At 29 September 2018	93,906	40,826	10,612	145,344
At 28 September 2019	89,861	38,111	11,438	139,410

10. Deferred tax assets

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Deferred Revenue \$'000	Provisions \$'000	Property, plant and equipment \$'000	Derivatives \$'000	Total \$'000
At 1 October 2017	59,996	141,773	10,308	4,001	216,078
Credited/(charged) to:					
- profit or loss	(4,822)	9,481	(358)	(11,661)	(7,360)
- exchange difference	(9)	(8)	(1)	(1)	(19)
At 29 September 2018 and at 30 September 2018	55,165	151,246	9,949	(7,661)	208,699
Credited/(charged) to:					
- profit or loss	(3,004)	13,149	(493)	18,506	28,158
- other comprehensive income	—	—	—	(12,527)	(12,527)
- exchange difference	89	112	1	(12)	190
At 28 September 2019	52,250	164,507	9,457	(1,694)	224,520

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. The deductible temporary differences do not expire under current tax legislation.

11. Trade and other payables

	2019 \$'000	2018 \$'000
Trade payables	218,581	204,252
Amounts due to		
- related corporations	203,375	381,641
- ultimate holding company	19,601	16,219
	441,557	602,112
Other payables and accruals	232,350	210,804
	673,907	812,916

Amounts due to related corporations and ultimate holding company are unsecured, non-interest bearing and are repayable on demand.

12. Provisions

	Warranty costs \$'000	Others \$'000	Total \$'000
At 1 October 2017	279,594	49,328	328,922
Provision made during the year	205,807	175,279	381,086
Provision used during the year	(187,066)	(188,094)	(375,160)
Exchange differences	(35)	(4)	(39)
At 29 September 2018 and at 30 September 2018	298,300	36,509	334,809
Provision made during the year	256,532	293,791	550,323
Provision used during the year	(192,615)	(301,743)	(494,358)
Exchange differences	240	97	337
At 28 September 2019	362,457	28,654	391,111
	2019	2018	
	\$'000	\$'000	
Analysed as:			
Current liabilities	236,140	161,117	
Non-current liabilities	154,971	173,692	
	391,111	334,809	

13. Deferred Revenue

The Group records deferred revenue when it receives payments in advance of the delivery of products or the performance of services. This includes amounts that have been deferred for unspecified and specified software upgrade rights and non-software services that are attached to hardware and software products.

	2019 \$'000	2018 \$'000
Current deferred revenue	193,813	197,942
Non-current deferred revenue	93,292	99,274
	287,105	297,216

14. Share capital

	2019 \$'000	2018 \$'000
Issued and fully paid:		
10,000 (2018: 10,000) ordinary shares of \$1 each	10	10

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share.

Apple Pty Limited**Notes to the Financial Statements - 28 September 2019**

15. Revenue

	2019 \$'000	2018 \$'000
Products	8,158,112	8,058,520
Services	1,234,832	1,027,164
	<u>9,392,944</u>	<u>9,085,684</u>

16. Other income / (expenses) - net

	2019 \$'000	2018 \$'000
Service fee income	143,866	97,526
Foreign exchange gain/(loss)	(12,234)	1,023
Net unrealised foreign exchange gain on derivatives	—	18,476
Others	<u>(100,108)</u>	<u>(86,007)</u>
	<u>31,524</u>	<u>31,018</u>

Service fee income is recognised when the services are rendered.

17. Profit before income tax

The following items have been included in arriving at profit before income tax:

	2019 \$'000	2018 \$'000
Depreciation and amortisation	43,817	41,232
Property, plant and equipment written off	<u>7,399</u>	<u>713</u>

18. Employee benefits

	2019	2018
	\$'000	\$'000
Salaries and bonuses	263,251	252,700
Contributions to defined contribution plans	31,000	25,896
Share-based compensation	60,446	49,124
Other short-term benefits	64,737	63,669
Other long-term benefits	2,946	1,493
	<u>422,380</u>	<u>392,882</u>

As of 28 September 2019 and 29 September 2018, the Group did not have any equity-settled plans or transactions. However, Apple Inc. had three employee benefit plans relevant to the Group: the 2014 Employee Stock Plan (the "2014 Plan"), the 2003 Employee Stock Plan (the "2003 Plan"), and the Employee Stock Purchase Plan (the "Purchase Plan"). Under these plans, shares of Apple Inc. are issued upon vesting of restricted stock units (RSUs), exercise of stock options or purchase of shares under the plans by employees. The issuance of shares and cash received upon exercise or sale is undertaken solely by Apple Inc.

19. Income taxes

Major components of income tax expense for the financial years ended 28 September 2019 and 29 September 2018 are as follows:

	2019	2018
	\$'000	\$'000
Current income tax		
- current income taxation	151,509	126,823
- (over)/under provision in respect of previous years	<u>(2,410)</u>	<u>29,964</u>
	149,099	156,787
Deferred income tax expense/(income)	<u>(28,158)</u>	<u>7,360</u>
	<u>120,941</u>	<u>164,147</u>

19. Income taxes (cont'd)

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable tax rates for the years ended 28 September 2019 and 29 September 2018 are as follows:

	2019 \$'000	2018 \$'000
Profit before income tax	407,659	396,680
Tax at the applicable tax rate of 30% (2018: 30%)	122,298	119,004
Adjustments:		
Expenses not deductible for tax purposes	1,053	15,179
(Over)/under provision in respect of previous years	(2,410)	29,964
	<u>120,941</u>	<u>164,147</u>

20. Commitments

(a) Capital commitments

Capital expenditures contracted for as at the date of the statement of financial position but not recognised in the financial statements are as follows:

	2019 \$'000	2018 \$'000
Capital commitment in respect of property, plant and equipment	<u>6,813</u>	<u>5,309</u>

(b) Operating lease commitments – as lessee

The Group leases are negotiated for terms ranging from one to twenty-one years.

At the date of the statement of financial position, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2019 \$'000	2018 \$'000
Payable:		
Within 1 year	33,345	33,087
After 1 year but within 5 years	126,114	102,533
More than 5 years	84,838	75,338
	<u>244,297</u>	<u>210,958</u>

21. Dividends

	2019 \$'000	2018 \$'000
Final fully franked dividend	267,021	–

Dividends to the shareholder are recognised when the dividends are approved for payment.

22. Fair value of financial instruments

Assets and liabilities measured at fair value

The following table shows the fair value of each class of assets and liabilities at the end of the reporting period:

2019	Derivative financial instruments \$'000
Level 2: Assets	
Forward currency / foreign exchange option contracts (Note 6)	44,345
2018	
Level 2: Assets	
Forward currency / foreign exchange option contracts (Note 6)	30,675

Forward currency and foreign exchange option contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various observable inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves.

23. Related party transactions

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	2019 \$'000	2018 \$'000
Key management personnel compensation	21,992	20,431

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2019 \$'000	2018 \$'000
Sales and services to:		
Ultimate holding company	(3,312)	(3,181)
Related corporations	(3,547)	(2,509)
Purchases from:		
Ultimate holding company	6,416	4,420
Related corporations	7,819,629	7,641,623
Share of sales, marketing and administrative expenses recovered from:		
Ultimate holding company	(13,750)	(17,393)
Related corporations	(125,771)	(88,261)
Share of sales, marketing and administrative expenses charged by:		
Ultimate holding company	89,751	91,229
Related corporations	60,447	49,124

Related corporations comprise mainly of companies that are under common control of Apple Inc.

24. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019	2018
	\$'000	\$'000
Current assets	1,695,497	1,706,054
Total assets	2,049,285	2,050,683
Current liabilities	1,187,957	1,221,057
Total liabilities	1,484,574	1,555,611
Share capital	10	10
Reserves	280,363	228,041
Retained profits	284,338	267,021
	<u>564,711</u>	<u>495,072</u>
Profit for the year	284,338	207,020
Total comprehensive income	336,660	207,020

25. Contingencies

From time to time the Group is party to legal claims or litigation. Apple Inc. will fund any settlement or judgment resulting from a lawsuit filed against a company in the Group, except those settlements or judgments that are insignificant to such company.

26. Comparatives

Certain comparative figures have been reclassified to conform to the current year's presentation.