

Python Music Limited

Registered No. 932123

DIRECTORS

Mrs Y O Lennon
J L Eastman
H L Gerrard
G Harrison

SECRETARY

Standby Films Limited

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

27 Ovington Square
London SW3 1LJ

 ERNST & YOUNG



Python Music Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 January 1997.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £15,614 (1996 – loss of £17,309) which when added to losses brought forward of £865,566 leaves £881,180 of losses to carry forward.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity was the production and commercial exploitation of films.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as shown on page 1.

Mrs Y O Lennon and G Harrison have an interest in the parent undertaking, Apple Corps Limited. Their interests are disclosed in the accounts of that company.

There are no other directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

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

By order of the board



For and on behalf of
Standby Films Limited

Secretary

26 February 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Python Music Limited

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

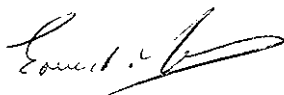
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 January 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

17 February 1998

Python Music Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 January 1997

	<i>Notes</i>	<i>1997</i> £	<i>1996</i> £
Interest payable on long term loan	4	(15,614)	(17,309)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(15,614)</u>	<u>(17,309)</u>
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(15,614)</u>	<u>(17,309)</u>
Losses brought forward		(865,566)	(848,257)
LOSSES CARRIED FORWARD		<u><u>(881,180)</u></u>	<u><u>(865,566)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £15,614 in the year ended 31 January 1997 and the loss of £17,309 in the year ended 31 January 1996.

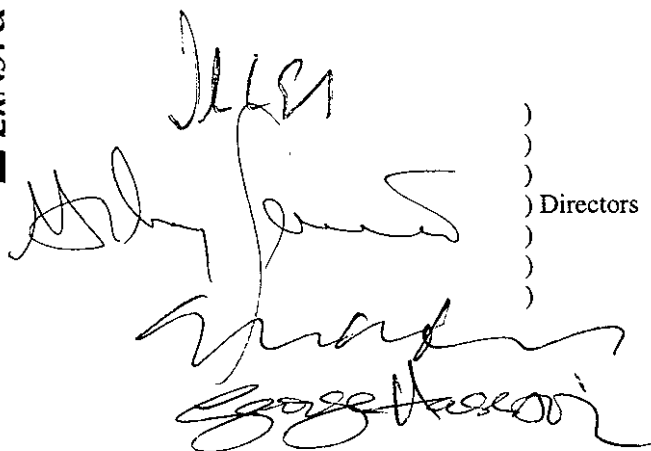
Python Music Limited

BALANCE SHEET

at 31 January 1997

	Notes	1997 £	1996 £
CREDITORS: amounts falling due within one year			
Amounts owed to parent undertaking		4,761	4,761
Amounts owed to associated undertaking	3	628,790	613,176
Amounts owed to affiliated company		22,627	22,627
NET CURRENT LIABILITIES		<u>656,178</u>	<u>640,564</u>
CREDITORS: amounts falling due after more than one year			
Long term loan from associated undertaking	4	225,000	225,000
		<u>(881,178)</u>	<u>(865,564)</u>
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Profit and loss account		(881,180)	(865,566)
Shareholders' funds		<u>(881,178)</u>	<u>(865,564)</u>

ERNST & YOUNG



) Directors

26 February 1998

Python Music Limited

NOTES TO THE ACCOUNTS at 31 January 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and on a going concern basis which assumes the continued financial support of the parent and associated undertakings.

The accounts are prepared in accordance with applicable accounting standards.

Affiliated company

In these accounts companies are described as affiliated to Python Music Limited if:

- (a) they have the same shareholders as Python Music Limited; or
- (b) the company is owned by one or more of the ultimate shareholders of Python Music Limited.

2. DIRECTORS' REMUNERATION

None of the directors received any remuneration from the company during the year.

3. TAX ON LOSS ON ORDINARY ACTIVITIES

At 31 January 1997 the company had unutilised tax losses of £2,998 (1996 – £2,998) which are available for offset against future trading profits.

Loan interest accrued in these and in prior years' accounts, but not yet paid, amounting to £628,790 at 31 January 1997 (1996 – £613,176) is not included in calculating the company's available tax losses, as it is not an allowable expense for taxation purposes until such time as the interest is paid.

4. LONG TERM LOAN

At 31 January 1997 £225,000 (1996 – £225,000) was outstanding on a financing loan from Subafilms Limited, an associated undertaking of the ultimate parent undertaking. Interest on this loan is chargeable at one per cent above the base rate of National Westminster Bank PLC. There are no fixed terms for repayment.

5. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	100	100	2	2

NOTES TO THE ACCOUNTS
at 31 January 1997

6. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 February 1995	2	(848,257)	(848,255)
Loss for the year	—	(17,309)	(17,309)
At 1 February 1996	2	(865,566)	(865,564)
Loss for the year	—	(15,614)	(15,614)
At 31 January 1997	2	(881,180)	(881,178)

7. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the largest and smallest group of undertakings of which the company is a member and for which group accounts are drawn up is Apple Corps Limited, a company registered in England and Wales. Copies of Apple Corps Limited's accounts can be obtained from the Registrar of Companies in Cardiff.