

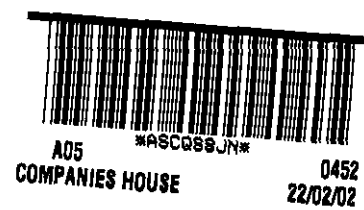
0930123

PYTHON MUSIC LIMITED

Report and Accounts

31 January 2001

 ERNST & YOUNG



Python Music Limited

Registered No. 932123

DIRECTORS

Mrs Y O Lennon

J L Eastman

H L Gerrard

SECRETARY

Standby Films Limited

AUDITORS

Ernst & Young LLP

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

REGISTERED OFFICE

27 Ovington Square

London SW3 1LJ

Python Music Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 January 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £15,772 (2000 - £14,179).

The directors do not recommend the payment of a dividend.

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 follows:

Mrs Y O Lennon
G Harrison (died 29 November 2001)
J L Eastman
H L Gerrard

Mrs Y O Lennon and G Harrison had an interest in the parent undertaking, Apple Corps Limited, as at 1 February 2000 and 31 January 2001. Their interests are disclosed in the accounts of that company.

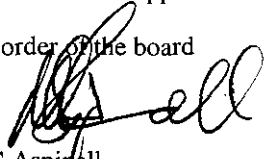
There are no other directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 18 December 1997. Accordingly, Ernst & Young LLP will be deemed to be reappointed as auditors.

By order of the board


N S Aspinall
For and on behalf of
Standby Films Limited
Secretary

18 February 2002

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 INDEPENDENT AUDITORS
to the members of Python Music Limited**

We have audited the company's accounts for the year ended 31 January 2001, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 8. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

19 February 2002

Python Music Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 January 2001

	<i>Notes</i>	<i>2001</i> £	<i>2000</i> £
Interest payable on long term loan	4	(15,772)	(14,179)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(15,772)</u>	<u>(14,179)</u>
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR	6	<u>(15,772)</u>	<u>(14,179)</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 £15,772 in the year ended 31 January 2001 and the loss of £14,179 in the year ended 31 January 2000.

Python Music Limited

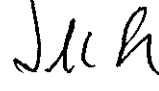
BALANCE SHEET

at 31 January 2001

	Notes	2001 £	2000 £
CREDITORS: amounts falling due within one year			
Amounts owed to parent undertaking		(4,761)	(4,761)
Amounts owed to associated undertaking		(694,299)	(678,527)
Amounts owed to affiliated undertaking		(22,627)	(22,627)
NET CURRENT LIABILITIES		<u>(721,687)</u>	<u>(705,915)</u>
CREDITORS: amounts falling due after more than one year			
Long term loan from associated undertaking	4	(225,000)	(225,000)
		<u>(946,687)</u>	<u>(930,915)</u>
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Profit and loss account	6	(946,689)	(930,917)
Equity shareholders' funds	6	<u>(946,687)</u>	<u>(930,915)</u>

ERNST & YOUNG


) Directors
)
)
)



18 February 2002

Python Music Limited

NOTES TO THE ACCOUNTS at 31 January 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Fundamental accounting concept

The accounts have been prepared on a going concern basis on the assumption that the parent and associated undertakings will provide any necessary financial support to the company to enable it to meet its liabilities as and when they fall due.

Affiliated undertakings

In these accounts undertakings are described as affiliated to Python Music Limited if the undertaking is owned by one or more of the ultimate shareholders of Python Music Limited's parent undertaking, Apple Corps 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 2001 the company had unutilised tax losses of £2,998 (2000 - £2,998) which are available for offset against future trading profits.

The company expects to surrender losses to other group undertakings in respect of the years ended 31 January 2001 and 31 January 2000 for no consideration.

Loan interest accrued in prior years' accounts to 31 January 1996, but not yet paid, amounting to £613,176 has not been 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 2001 £225,000 (2000 - £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

	Authorised		Allotted, called up and fully paid	
	2001 No.	2000 No.	2001 £	2000 £
Ordinary shares of £1 each	100	100	2	2

Python Music Limited

NOTES TO THE ACCOUNTS at 31 January 2001

6. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 February 1999	2	(916,738)	(916,736)
Loss for the year	-	(14,179)	(14,179)
At 31 January 2000	2	(930,917)	(930,915)
Loss for the year	-	(15,772)	(15,772)
At 31 January 2001	2	(946,689)	(946,687)

7. RELATED PARTY TRANSACTIONS

At 31 January 2001 the company owed Subafilms Limited, an associated undertaking of the parent undertaking, £694,299 (2000 - £678,527) and £225,000 (2000 - £225,000) in respect of loans and accrued interest thereon.

The company also owed Apple Films Limited, an affiliated undertaking £22,627 (2000 - £22,627).

An amount of £4,761 was also owed to the parent undertaking, Apple Corps Limited, at 31 January 2001 and 31 January 2000.

8. 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. Copies of Apple Corps Limited's accounts can be obtained from the Registrar of Companies in Cardiff.