

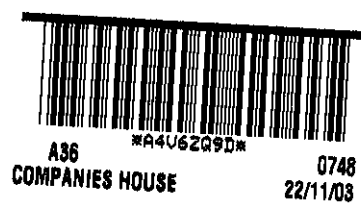
Python Music Limited

Report and Financial Statements

31 January 2003

 ERNST & YOUNG

9 32123



Python Music Limited

Registered No: 932123

Directors

Mrs Y O Lennon
Mrs O T Harrison
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

Directors' report

The directors present their report and financial statements for the year ended 31 January 2003.

Results and dividends

The loss for the year, after taxation, amounted to £11,250 (2002 - £13,396).

The directors do not recommend the payment of a dividend.

Principal activity

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

J L Eastman

H L Gerrard

Mrs O T Harrison (appointed 28 March 2002)

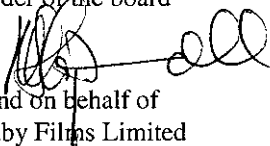
Mrs Y O Lennon and Mrs O T Harrison have an interest in the parent undertaking, Apple Corps Limited and their interests are disclosed in the financial statements of that company.

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

Auditors

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


For and on behalf of
Standby Films Limited
Secretary

24 SEP 2003

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 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; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

Independent auditors' report

to the members of Python Music Limited

We have audited the company's financial statements for the year ended 31 January 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 8. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

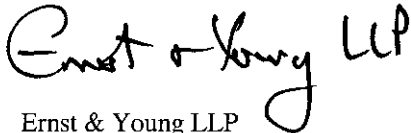
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report

to the members of Python Music Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

29 SEP 2003

Profit and loss account

for the year ended 31 January 2003

	Notes	2003 £	2002 £
Interest payable on long term loan	4	(11,250)	(13,396)
Loss on ordinary activities before taxation		<u>(11,250)</u>	<u>(13,396)</u>
Tax on loss on ordinary activities	3	—	—
Loss for the financial year	6	<u>(11,250)</u>	<u>(13,396)</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 £11,250 in the year ended 31 January 2003 and the loss of £13,396 in the year ended 31 January 2002.

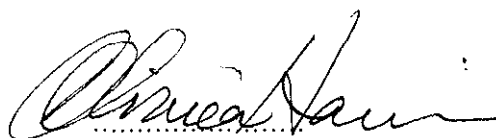
Balance sheet

at 31 January 2003

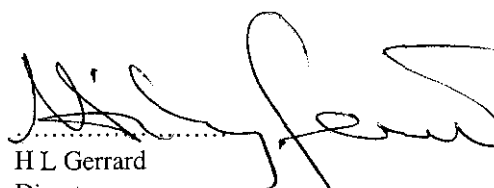
	Notes	2003 £	2002 £
Creditors: amounts falling due within one year			
Amounts owed to parent undertaking		(4,761)	(4,761)
Amounts owed to associated undertaking		(718,945)	(707,695)
Amounts owed to affiliated undertaking		(22,627)	(22,627)
Net current liabilities		<u>(746,333)</u>	<u>(735,083)</u>
Creditors: amounts falling due after more than one year			
Long term loan from associated undertaking	4	(225,000)	(225,000)
		<u>(971,333)</u>	<u>(960,083)</u>
Capital and reserves			
Called up share capital	5	2	2
Profit and loss account	6	(971,335)	(960,085)
Equity shareholders' deficit	6	<u>(971,333)</u>	<u>(960,083)</u>

ERNST & YOUNG


 Mrs Y O Lennon
 Director


 Mrs O T Harrison
 Director


 J L Eastman
 Director


 H L Gerrard
 Director

24 SEP 2003

Notes to the financial statements

at 31 January 2003

1. Accounting policies

Accounting convention

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

Fundamental accounting concept

The financial statements 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 financial statements 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. Profit and loss account

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

There were no employees other than the directors.

The auditors' remuneration has been borne by the parent undertaking.

3. Tax on loss on ordinary activities

(a) Analysis of charge in year:

	2003	2002
	£	£
<i>Current tax</i>		
UK corporation tax on the loss for the year	—	—
	<u> </u>	<u> </u>

(b) Factors affecting tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003	2002
	£	£
Loss on ordinary activities before tax	(11,250)	(13,396)
	<u> </u>	<u> </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 - 30%)	(3,375)	(4,018)
<i>Effects of:</i>		
Tax losses surrendered to other group undertakings	3,375	4,018
	<u> </u>	<u> </u>
Current tax for the year	<u> </u>	<u> </u>

At 31 January 2003, the company had unutilised tax losses of £2,998 (2002 - £2,998) which are available for offset against future trading profits.

Notes to the financial statements

at 31 January 2003

3. Tax on loss on ordinary activities (continued)

The company expects to surrender losses to other group undertakings in respect of the years ended 31 January 2003 and 31 January 2002 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 it is paid.

4. Long term loan

At 31 January 2003, £225,000 (2002 - £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>	
	2003	2002	2003	2002
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	100	100	2	2

6. Reconciliation of shareholders' deficit and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 31 January 2001	2	(946,689)	(946,687)
Loss for the year	—	(13,396)	(13,396)
At 31 January 2002	2	(960,085)	(960,083)
Loss for the year	—	(11,250)	(11,250)
At 31 January 2003	2	(971,335)	(971,333)

7. Related party transactions

At 31 January 2003 the company owed Subafilms Limited, an associated undertaking of the parent undertaking, £718,945 (2002 - £707,695) and £225,000 (2002 - £225,000) in respect of loans and accrued interest thereon.

The company also owed Apple Films Limited, an affiliated undertaking, £22,627 (2002 - £22,627).

An amount of £4,761 was also owed to the parent undertaking, Apple Corps Limited, at 31 January 2003 and 31 January 2002.

8. Ultimate parent undertaking

The parent undertaking of the largest and smallest group of undertakings of which the company is a member is Apple Corps Limited. Copies of Apple Corps Limited's financial statements can be obtained from the Registrar of Companies in Cardiff.