Python Music Limited

Report and Financial Statements

31 January 2008

Registered No 932123

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

Secretary
Apple Corps Limited

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
27 Ovington Square
London SW3 1LJ

Directors' report

The directors present their report and financial statements for the year ended 31 January 2008

Principal activity and review of the business

The principal activity of the company during the year was the production and commercial exploitation of films The company's result for the year was as expected

Directors

The directors who served the company during the year were as follows

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 5 December 1997 Accordingly, Ernst & Young LLP will be deemed to be reappointed as auditors

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

By order of the board

For and on behalf of
Apple Corps Limited
Secretary

22 OCT 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these 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 that 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 auditor's report

to the members of Python Music Limited

We have audited the company's financial statements for the year ended 31 January 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 9 These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 auditor's report

to the members of Python Music Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

27 OCT 2008

Profit and loss account

for the year 31 January 2008

	Notes	2008 £	2007 £
Interest payable on long term loan		(14,710)	(12,813)
Loss on ordinary activities before taxation	2	(14,710)	(12,813)
Tax on loss on ordinary activities	3	–	–
Loss for the financial year		(14,710)	(12,813)

Statement of total recognised gains and losses

for the year ended 31 January 2008

There are no recognised gains or losses other than those shown in the profit and loss account above

Balance sheet
at 31 January 2008

	Notes	2008 £	2007 £
Creditors amounts falling due within one year	4	(809,356)	(794,646)
Net current liabilities		(809,356)	(794,646)
Creditors amounts falling due after more than one year			
Long term loan from associated undertaking	5	(225,000)	(225,000)
		(1,034,356)	(1,019,646)
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7	(1,034,358)	(1,019,648)
Equity shareholders' deficit	7	(1,034,356)	(1,019,646)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities

Mrs Y O Lennon
Director

Mrs O T Harrison
Director

J L Eastman
Director

H L Gerrard
Director

22 OCT 2008

Notes to the financial statements

at 31 January 2008

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention

Going concern

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 The directors have no reason to believe this financial support will not continue in the future and consider it appropriate to adopt a going concern basis

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a cash flow statement on the grounds that the company is small as defined in companies' legislation

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. Loss on ordinary activities before taxation

There were no employees other than the directors during the year (2007 – nil)

None of the directors received any remuneration from the company during the year (2007 – £nil)

The auditors' remuneration in both years has been borne by the parent undertaking

3. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	2008	*2007*
	£	*£*
Current tax		
UK corporation tax on the loss for the year	–	–

(b) Factors affecting tax charge for the year

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 – 30%) The differences are explained below

	2008	*2007*
	£	*£*
Loss on ordinary activities before tax	(14,710)	(12,813)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 – 30%)	(4,413)	(3,844)
Tax losses surrendered to other group undertakings	4,413	3,844
Current tax for the year (note 3(a))	–	–

Notes to the financial statements

at 31 January 2008

3. Tax (continued)

(c) Factors that may affect future tax charges

At 31 January 2008, the company had unutilised tax losses of £2,998 (2007 – £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 2008 and 31 January 2007 for no consideration

Loan interest accrued in prior years' financial statements 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. Creditors: amounts falling due within one year

	2008	*2007*
	£	*£*
Amounts owed to group undertakings	4,761	4,761
Amounts owed to associated undertakings	781,968	767,258
Amounts owed to affiliated undertaking	22,627	22,627
	809,356	794,646

5. Long term loan

At 31 January 2008, £225,000 (2007 – £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

6. Authorised and issued share capital

	2008	*2007*
Authorised	*£*	*£*
Ordinary shares of £1 each	100	100

		2008		*2007*
Allotted, called up and fully paid	*No*	*£*	*No*	*£*
Ordinary shares of £1 each	2	2	2	2

Notes to the financial statements

at 31 January 2008

7. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 31 January 2006	2	(1,006,835)	(1,006,833)
Loss for the year	–	(12,813)	(12,813)
At 31 January 2007	2	(1,019,648)	(1,019,646)
Loss for the year	–	(14,710)	(14,710)
At 31 January 2008	2	(1,034,358)	(1,034,356)

8. Related party transactions

At 31 January 2008 the company owed Subafilms Limited, an associated undertaking of the parent undertaking, £225,000 (2007 – £225,000) and £781,968 (2007 – £767,258) in respect of a long-term loan Interest payable amounting to £14,710 (2007 – £12,813) was accrued on the long-term loan

The company also owed Apple Films Limited, an affiliated undertaking, £22,627 (2007 – £22,627)

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions and balances with other members or investees of the Apple Corps Limited group of companies

9. Ultimate parent undertaking and controlling party

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