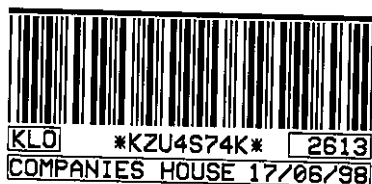


## Report and Accounts

### *Apple Corps Limited*

31 January 1997



 **ERNST & YOUNG**

# Apple Corps Limited

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Registered No. 764797

## **DIRECTORS**

Mrs Y O Lennon  
H L Gerrard  
J L Eastman  
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

# Apple Corps Limited

## DIRECTORS' REPORT

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

### RESULTS AND DIVIDENDS

The group profit for the year, after taxation, amounted to £10,244,283 (1996 – £3,802,897).

Interim dividends amounting to £10,600,000 have been declared and paid in respect of the year. The directors do not recommend the payment of a final dividend.

### REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The principal activity of the group is the exploitation of audio, visual and ancillary activities relating to "The Beatles". No changes to this activity are proposed.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the share capital of the company were as follows:

	<i>Ordinary shares 31 January 1997</i>	<i>Ordinary shares 1 February 1996</i>
Mrs Y O Lennon	25	25
G Harrison	25	25
H L Gerrard	–	–
J L Eastman	–	–

### 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 16 December 1997. Accordingly, Ernst & Young will be deemed to be reappointed as auditors.

By order of the board



For and on behalf of  
Standby Films Limited

Secretary

11 June 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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
to the members of Apple Corps Limited

We have audited the accounts on pages 5 to 18, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

**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 group'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 and of the group as at 31 January 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
London

11 June 1998

# Apple Corps Limited

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 January 1997

	Notes	1997 £	1996 £
<b>TURNOVER</b>	2	41,815,145	32,079,829
Administrative expenses		30,446,752	28,648,587
		<u>11,368,393</u>	<u>3,431,242</u>
Exchange differences		30,082	(25,233)
Other operating income		760,000	640,000
Income from interests in associated undertakings		740,860	428,918
		<u>1,530,942</u>	<u>1,043,685</u>
<b>OPERATING PROFIT</b>	3	<u>12,899,335</u>	<u>4,474,927</u>
Interest receivable	6	981,052	1,392,800
Interest payable	7	(15,614)	(17,309)
		<u>965,438</u>	<u>1,375,491</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>13,864,773</u>	<u>5,850,418</u>
Tax charge on profit on ordinary activities	8	(3,620,490)	(2,047,521)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>10,244,283</u>	<u>3,802,897</u>
<b>ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING</b>	9	<u>10,244,283</u>	<u>3,802,897</u>
Dividends paid – interim		(10,600,000)	(486,580)
<b>RETAINED (DEFICIT)/PROFIT FOR THE YEAR</b>	17	<u>(355,717)</u>	<u>3,316,317</u>

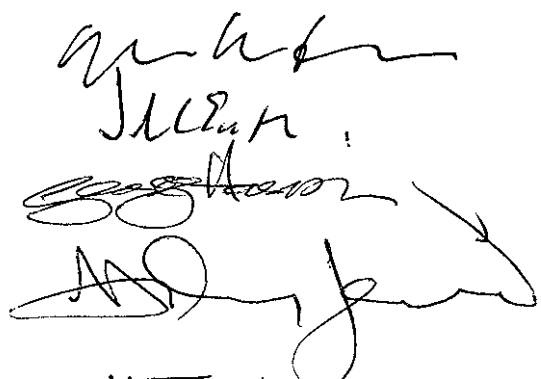
## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1997 £	1996 £
Profit for the financial year attributable to members of the parent company	10,244,283	3,802,897
Exchange difference on retranslation of net assets of subsidiary undertakings	(28,249)	9,810
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>10,216,034</u>	<u>3,812,707</u>

# Apple Corps Limited

## GROUP BALANCE SHEET at 31 January 1997

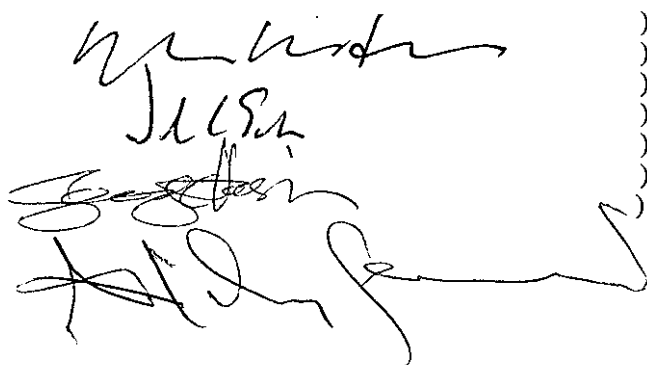
	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	71,836	87,172
Investments:			
In associated undertakings	11	433,255	447,713
		<u>505,091</u>	<u>534,885</u>
<b>CURRENT ASSETS</b>			
Film production costs		–	3,659,991
Debtors	12	3,005,788	3,831,974
Cash and short term deposits at bank and in hand		13,550,088	22,461,193
		<u>16,555,876</u>	<u>29,953,158</u>
<b>CREDITORS: amounts falling due within one year</b>	14	8,010,549	19,617,333
		<u>8,545,327</u>	<u>10,335,825</u>
<b>NET CURRENT ASSETS</b>			
		<u>9,050,418</u>	<u>10,870,710</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>9,050,418</u>	<u>10,870,710</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	15	–	1,436,326
		<u>9,050,418</u>	<u>9,434,384</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	100	100
Profit and loss account	17	9,050,318	9,434,284
		<u>9,050,418</u>	<u>9,434,384</u>
Shareholders' funds	17		
		<u>9,050,418</u>	<u>9,434,384</u>


 ) Directors  
 11 June 1998

# Apple Corps Limited

## BALANCE SHEET at 31 January 1997

	Notes	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	71,836	87,172
Investments	11	176,482	176,482
		<u>248,318</u>	<u>263,654</u>
<b>CURRENT ASSETS</b>			
Film production costs		–	3,659,991
Debtors	12	3,069,044	3,901,655
Cash and short term deposits at bank and in hand		10,616,500	21,145,854
		<u>13,685,544</u>	<u>28,707,500</u>
<b>CREDITORS: amounts falling due within one year</b>	14	6,811,138	17,488,987
		<u>6,874,406</u>	<u>11,218,513</u>
<b>NET CURRENT ASSETS</b>			
		<u>7,122,724</u>	<u>11,482,167</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	15	–	1,436,326
		<u>7,122,724</u>	<u>10,045,841</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	100	100
Profit and loss account	17	7,122,624	10,045,741
		<u>7,122,724</u>	<u>10,045,841</u>
<b>Shareholders' funds</b>	17		
		<u>7,122,724</u>	<u>10,045,841</u>



Directors

11 June 1998



# Apple Corps Limited

## GROUP STATEMENT OF CASH FLOWS for the year ended 31 January 1997

	Notes	1997 £	1996 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	3(b)	2,979,119	19,209,898
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		1,986,196	387,656
Interest paid		(15,614)	(17,309)
Dividends received from associated undertakings		520,000	486,580
Dividends paid		(10,600,000)	(486,580)
<b>NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(8,109,418)	370,347
<b>TAXATION</b>			
Corporation tax paid (including advance corporation tax)		(3,028,563)	(105,612)
Overseas tax paid		(733,836)	(349,838)
<b>TAX PAID</b>		(3,762,399)	(455,450)
<b>INVESTING ACTIVITIES</b>			
Payments to acquire tangible fixed assets		(18,407)	(116,229)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(18,407)	(116,229)
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(8,911,105)	19,008,566
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	13	(8,911,105)	19,008,566

NOTES TO THE ACCOUNTS

at 31 January 1997

1. ACCOUNTING POLICIES

*Accounting convention*

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

*Basis of consolidation*

The group accounts consolidate the accounts of Apple Corps Limited and all its subsidiary undertakings drawn up to 31 January each year, with the exception of Apple Corps S.A., whose accounts are made up to 31 December and Apple Corps Inc. and its subsidiaries, whose accounts are made up to 30 June, in both cases for local fiscal reasons.

Undertakings, other than subsidiary undertakings, in which the group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence, are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 December 1996.

No profit and loss account is presented for Apple Corps Limited as permitted by section 230 of the Companies Act 1985.

*Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset by equal annual instalments over its expected useful life, which is four years.

*Film production costs*

Film production costs are carried at cost and are amortised on release of the film under the income forecast method.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated that the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

*Foreign currencies*

*Company*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

*Group*

The accounts of the overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

*Affiliated undertakings*

In these accounts companies are described as affiliated to Apple Corps Limited if:

- (i) they have the same shareholders or ultimate shareholders as Apple Corps Limited; or
- (ii) the company is owned by one or more of the shareholders of Apple Corps Limited.

# Apple Corps Limited

## NOTES TO THE ACCOUNTS

at 31 January 1997

### 1. ACCOUNTING POLICIES (continued)

#### *Leasing commitments*

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

#### *Returns*

No provision is made for any reduction in royalties receivable in subsequent periods as a result of the return of records sold in respect of which royalties would normally have become due and payable during the year. Any reductions are accounted for as a deduction from turnover in subsequent periods.

### 2. TURNOVER

Turnover represents income derived from the group's ordinary activities, stated net of value added tax, and is accounted for when the income would normally be due and payable to the group.

It is the opinion of the directors that, in view of the nature of the group's business, the markets in which it operates do not differ substantially from each other and are, therefore, treated as one market for the purposes of disclosing turnover in these accounts.

### 3. OPERATING PROFIT

(a) This is stated after charging:

	1997 £	1996 £
Directors' remuneration (see below)	600,000	600,000
Depreciation	33,743	38,865
Auditors' remuneration – audit services	30,000	30,000
– non-audit services	358,741	338,000
Operating lease rentals – land and buildings	75,000	66,034
	<u>          </u>	<u>          </u>

(b) Reconciliation of operating profit to net inflow from operating activities:

	1997 £	1996 £
Operating profit	12,899,335	4,474,927
Depreciation	33,743	38,865
Translation reserve	(28,249)	9,810
Share of profits of associated undertakings	(740,860)	(428,918)
Decrease/(increase) in film production costs	3,659,991	(110,338)
(Increase)/decrease in debtors	(178,958)	96,372
(Decrease)/increase in creditors	(12,665,883)	15,129,180
	<u>          </u>	<u>          </u>
Net cash inflow from operating activities	2,979,119	19,209,898
	<u>          </u>	<u>          </u>

# Apple Corps Limited

## NOTES TO THE ACCOUNTS

at 31 January 1997

### 4. DIRECTORS' REMUNERATION

	1997 £	1996 £
Fees	600,000	600,000
Other emoluments (including pension contributions)	58,302	—
	<u>658,302</u>	<u>600,000</u>

There was no chairman of the company during the year and no highest paid director.

Directors' emoluments (excluding pension contributions) fell within the following ranges:

	1997 No.	1996 No.
£145,001 – £150,000	—	4
£160,001 – £165,000	4	—
	<u>4</u>	<u>4</u>

### 5. STAFF COSTS *Excluding directors*

	1997 £	1996 £
Wages and salaries	152,590	156,943
Social security costs	15,350	12,579
	<u>167,940</u>	<u>169,522</u>
	No.	No.
The average number of employees, excluding directors, all employed in an administrative capacity, was	8	8
	<u>8</u>	<u>8</u>

### 6. INTEREST RECEIVABLE

	1997 £	1996 £
Bank deposits	936,752	387,656
Other interest	—	1,005,144
Interest on certificate of tax deposit	44,300	—
	<u>981,052</u>	<u>1,392,800</u>

# Apple Corps Limited

## NOTES TO THE ACCOUNTS at 31 January 1997

### 7. INTEREST PAYABLE

	1997 £	1996 £
Other interest	15,614	17,309

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	1997 £	1996 £
Based on the profit for the year:		
Corporation tax at 33% (1996 – 33%)	4,820,000	357,830
Deferred taxation	(1,436,326)	1,436,326
	3,383,674	1,794,156
Double taxation relief	(732,338)	(233,448)
	2,651,336	1,560,708
Overseas taxation	733,836	349,838
	3,385,172	1,910,546
Adjustment in respect of previous years	–	(852)
	3,385,172	1,909,694
Associated undertakings	235,318	137,827
	3,620,490	2,047,521

### 9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The profit dealt with in the accounts of the parent undertaking was £7,676,883 (1996 – £4,002,591).

# Apple Corps Limited

## NOTES TO THE ACCOUNTS at 31 January 1997

### 10. TANGIBLE FIXED ASSETS

*Group and Company*

	<i>Fixtures, fittings and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 February 1996	206,715	35,000	241,715
Additions	18,407	–	18,407
Disposals	(48,310)	–	(48,310)
	<hr/>	<hr/>	<hr/>
At 31 January 1997	176,812	35,000	211,812
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1 February 1996	119,543	35,000	154,543
Provided during the year	33,743	–	33,743
Disposals	(48,310)	–	(48,310)
	<hr/>	<hr/>	<hr/>
At 31 January 1997	104,976	35,000	139,976
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 January 1997	71,836	–	71,836
	<hr/>	<hr/>	<hr/>
At 1 February 1996	87,172	–	87,172
	<hr/>	<hr/>	<hr/>

### 11. INVESTMENTS

*Group*

	<i>1997</i>	<i>Associated undertakings 1996</i>
	£	£
Share of net assets at 1 February	447,713	643,202
Share of after tax profits for the year	505,542	291,091
Less dividends received	(520,000)	(486,580)
	<hr/>	<hr/>
Share of net assets at 31 January	433,255	447,713
	<hr/>	<hr/>

# Apple Corps Limited

## NOTES TO THE ACCOUNTS at 31 January 1997

### 11. INVESTMENTS (continued)

#### Company

	<i>Subsidiary undertakings</i>	<i>Associated undertakings</i>	<i>Total</i>
	£	£	£
Cost			
At 1 February 1996 and 31 January 1997	12,827	171,700	184,527
Amounts written off:			
At 1 February 1996 and 31 January 1997	(8,045)	—	(8,045)
Net book value:			
At 1 February 1996 and 31 January 1997	4,782	171,700	176,482

The company holds more than 10% of the equity of the following undertakings:

<i>Name of company</i>	<i>Country of incorporation (or registration)</i>	<i>Proportion of share capital held</i>	<i>Nature of business</i>
<b>Subsidiary undertakings</b>			
Apple Corps S.A.	Switzerland	100%	Intermediate holding company
Apple Corps Inc.	USA	100%*	Intermediate holding company
Apple Records Inc. (California)	USA	100%*	)
Apple Records Inc. (New York)	USA	100%*	)
Apple Music Inc.	USA	100%*	)
Apple Films Inc.	USA	100%*	)
			Exploitation of film copyrights
Apple Charity	USA	100%	Charity
Python Music Limited	England & Wales	100%	Production and commercial exploitation of films
Apple Publicity Limited	England & Wales	100%	Dormant
Apple Management Limited	England & Wales	100%	Dormant
Apple Electronics Limited	England & Wales	80%	Dormant

\* Held by a subsidiary undertaking.

# Apple Corps Limited

## NOTES TO THE ACCOUNTS at 31 January 1997

### 11. INVESTMENTS (continued)

<i>Name of company</i>	<i>Country of incorporation (or registration)</i>	<i>Proportion of share capital held</i>	<i>Nature of business</i>
<b><i>Associated undertakings</i></b>			
Maclen (Music) Limited	England & Wales	20%	Exploitation of musical copyrights
Maclen Joint Limited*	England & Wales	20%	Exploitation of musical copyrights
Subafilms Limited	England & Wales	23.9%	Marketing, production and distribution of films and videos

\* Held by an associated undertaking.

### 12. DEBTORS

	<i>1997</i>	<i>Group 1996</i>	<i>1997</i>	<i>Company 1996</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Prepayments	12,500	4,074	12,500	4,074
Amounts owed by subsidiary undertakings after deducting provision of £53,174 (1996 – £53,174)	–	–	73,912	73,218
Amounts owed by associated undertakings	2,523,070	2,763,052	2,523,070	2,763,052
Amounts owed by affiliated undertakings	110,871	17,655	110,871	17,655
Other debtors	359,347	1,047,193	348,691	1,043,656
	<u>3,005,788</u>	<u>3,831,974</u>	<u>3,069,044</u>	<u>3,901,655</u>

### 13. CASH AND CASH EQUIVALENTS

	<i>1997</i>	<i>1996</i>	<i>Change in year</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash and short term deposits at bank and in hand	13,550,088	22,461,193	(8,911,105)
	<u>1996</u>	<u>1995</u>	<u>Change in year</u>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash and short term deposits at bank and in hand	22,461,193	3,452,627	19,008,566



# Apple Corps Limited

## NOTES TO THE ACCOUNTS at 31 January 1997

### 14. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	£	£	£	£
Accruals	3,506,018	15,649,193	3,502,274	15,645,222
Amounts owed to associated undertakings	651,417	635,803	—	—
Amounts owed to affiliated undertakings	490,386	572,877	—	—
Loan (see below)	225,000	225,000	—	—
Other creditors	1,861,907	2,317,738	1,434,912	1,627,043
Current corporation tax	1,275,821	216,722	1,873,952	216,722
	<u>8,010,549</u>	<u>19,617,333</u>	<u>6,811,138</u>	<u>17,488,987</u>

The loan of £225,000 is from an associated undertaking and interest is payable at 1% above the base rate of National Westminster Bank PLC. There are no fixed terms for repayment.

### 15. DEFERRED TAXATION

*Group and Company*

Deferred taxation provided in the accounts, which represents the full potential liability, is as follows:

	<i>1997</i>	<i>1996</i>
	£	£
Other timing differences	—	1,436,326
	<u>—</u>	<u>1,436,326</u>

### 16. 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>
	No.	No.	£	£
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS  
at 31 January 1997

17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

*Group*

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 February 1995	100	6,108,157	6,108,257
Exchange differences on retranslation of net assets of subsidiary undertakings	—	9,810	9,810
Profit for the year	—	3,802,897	3,802,897
Dividends	—	(486,580)	(486,580)
At 1 February 1996	100	9,434,284	9,434,384
Exchange differences on retranslation of net assets of subsidiary undertakings	—	(28,249)	(28,249)
Profit for the year	—	10,244,283	10,244,283
Dividends	—	(10,600,000)	(10,600,000)
At 31 January 1997	100	9,050,318	9,050,418

*Company*

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 February 1995	100	6,529,730	6,529,830
Profit for the year	—	4,002,591	4,002,591
Dividends	—	(486,580)	(486,580)
At 1 February 1996	100	10,045,741	10,045,841
Profit for the year	—	7,676,883	7,676,883
Dividends	—	(10,600,000)	(10,600,000)
At 31 January 1997	100	7,122,624	7,122,724

18. CONTINGENT LIABILITIES

The group is involved in various legal disputes in the ordinary course of business and, as at 31 January 1997, the directors are of the opinion that none of the claims or disputes of which they are aware will result in a material loss to the group.

# Apple Corps Limited

## NOTES TO THE ACCOUNTS

at 31 January 1997

### 19. OTHER FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

*Group and company*

	<i>Land and buildings</i>	
	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
Within one year	—	—
In over five years	75,000	75,000

### 20. RELATED PARTY TRANSACTIONS

(a) Amounts charged to the profit and loss account include fees for the promotional services of the beneficial shareholders (Mr G Harrison, Sir J P McCartney, Mr R Starkey and Mrs Y O Lennon) amounting to £5,392,500 each (1996 – £3,830,000 each) and name and likeness payments amounting to £200,030 each (1996 – £72,000 each).

(b) The company is party to an agreement with Maclen (Music) Limited and its wholly owned subsidiary undertaking, Maclen Joint Limited, in which Mrs Y O Lennon and Sir J P McCartney each has a direct interest of 40% in the share capital. Apple Corps Limited provides administration services to Maclen (Music) Limited and Maclen Joint Limited for which £760,000 was included as income in the profit and loss account in the year (1996 – £640,000).