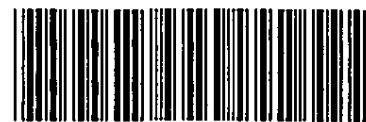


The Disney Store Limited
(Registered Number 2523767)

Directors' Report and Financial Statements
Year ended 27 September 2008

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The Disney Store Limited

Directors' Report For The Year Ended 27 September 2008

The directors present their report and the audited financial statements of the Company for the year ended 27 September 2008.

Principal activities, review of business and future developments

The company's principal activity during the year was the speciality retail of Disney merchandise. Sales increased year over year from 2007 due to stronger franchises, capital investment in the store portfolio and a general increase in the UK retail industry.

The profit for the period after taxation amounted to £2,643,000 (2007: loss of £5,348,000). The directors do not recommend that a dividend is paid for the year ended 27 September 2008 (2007: £nil).

The Directors are satisfied with the performance of the Company and look forward to the future with optimism.

Principal risks and uncertainties and future outlook

From the perspective of the company, its principal risks and uncertainties and future outlook are integrated with those of Walt Disney Company Group ("the group") and are not managed separately. Accordingly, Walt Disney Company's annual report should be referred to in order to gain a more detailed understanding of business performance and related risks and uncertainties.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors

The directors who held office during the year are given below:

Marsha L Reed
Nigel Cook
John Hobson

No director had an interest in the share capital of the company or any other company within the group during the year requiring disclosure under the Companies Act 1985.

Company Secretary

Peter Wiley

Charitable donations

During the year the company made charitable contributions totalling £963 (2007:£nil) to UK based charities.

Employment policy

The company is an Equal Opportunity Employer – no cast member or job applicant will receive less favourable treatment on the grounds of race, colour, religion, ethnic or national origins, sex, age or disability.

The Disney Store Limited

Directors' Report

For The Year Ended 27 September 2008 (Continued)

Employment policy (continued)

This policy will be applied in the context of all conditions of work, including selection, employment, pay and benefit, facilities, promotion and training by the management, cast and its agents.

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The company places considerable value in the involvement of its employees and has continued its previous practice of keeping them well informed on matters affecting them as employees and the financial and economic performance of their business units and of the company as a whole. This is achieved through formal and informal meetings and the company magazine.

Provision of Information to Auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report". Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 27 September 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

An elective resolution has been passed to dispense with the obligation to annually reappoint the auditors, and therefore PricewaterhouseCoopers LLP are deemed to be reappointed for the next financial year.

By order of the board

N Cook



25 February 2009

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISNEY STORE LIMITED FOR THE YEAR ENDED 27 SEPTEMBER 2008

We have audited the financial statements of The Disney Store Limited for the year ended 27 September 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

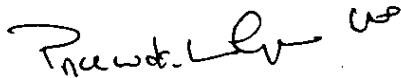
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 September 2008 and of its profit 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.

A handwritten signature in black ink, appearing to read "PwC" followed by a stylized flourish.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
25 February 2009

The Disney Store Limited

Profit And Loss Account For The Year Ended 27 September 2008

	Note	2008 £'000	2007 £'000 (as represented)
Turnover		99,828	91,655
Cost of sales		(35,906)	(39,103)
Gross profit		63,922	52,552
Distribution costs		(5,099)	(5,132)
Administrative costs		(54,615)	(52,849)
Operating profit/(loss)	3	4,208	(5,429)
Loss on sale of fixed assets		(173)	-
Interest receivable and similar income	6	232	229
Interest payable and similar charges	6	(1,465)	(1,375)
Profit/(Loss) on ordinary activities before taxation		2,802	(6,575)
Taxation on profit/(loss) on ordinary activities	7	(159)	1,227
Profit/(Loss) for the financial year	16	2,643	(5,348)
Opening reserves		(56,538)	(51,190)
Closing reserves		(53,895)	(56,538)

All of the above transactions relate to continuing operations.

There were no recognised gains and losses for the year, other than the profit for the current year, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The notes on pages 8 to 18 represent an integral part of the financial statements.

The Disney Store Limited

Balance Sheet As At 27 September 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible fixed assets	8	12,774	6,127
Current assets			
Stock	9	23,648	20,256
Debtors	10	20,782	17,232
Cash at bank and in hand		405	797
		44,835	38,285
Creditors: amounts falling due within one year	11	(54,543)	(43,989)
Net current liabilities		(9,708)	(5,704)
Total assets less current liabilities		3,066	423
Creditors: amounts falling due after more than one year	12	(18,000)	(18,000)
Net Liabilities		(14,934)	(17,577)
Capital and reserves			
Called up share capital	15	-	-
Share premium account	16	38,961	38,961
Profit and loss account	16	(53,895)	(56,538)
Total equity shareholders' funds		(14,934)	(17,577)

The notes on pages 8 to 18 represent an integral part of the financial statements.

The financial statements on pages 6 to 18 were approved by the board of directors on 23 February 2009 and were signed on its behalf by



N Cook

25 February 2009

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

1 Accounting Policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards on a basis consistent with the prior year. The financial statements have been prepared on a going concern basis as the intermediate parent company, Walt Disney International Limited, has indicated its intention to continue to support the company for a period of twelve months from the date of approval of these financial statements. The principal accounting policies are set out below.

Cash flow statement

The company is a wholly-owned subsidiary of The Walt Disney Company, and is included in the consolidated financial statements of The Walt Disney Company, which are publicly available. In accordance with the provisions of Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements' the company has elected not to produce a cash flow statement.

Accounting reference date

The company has taken advantage of flexibility under the Companies Act 1985 to end the accounting period on the closest Saturday to 30 September each year. An accounting reference date of 27 September 2008 has been adopted for the current year.

The financial year represents the 53 weeks ended Saturday 27 September 2008 (prior year the 52 weeks ended 29 September 2007).

Change of accounting policy

The company adopted FRS 26 "Financial instrument: Recognition and Measurement", and FRS 29 "Financial instruments: disclosures", in the 2008 financial statements. The adoption of the standards represents a change in accounting policy which has no impact on the prior year figures.

Cash at bank and in hand

Cash at bank and in hand comprise cash on hand, demand deposits and other cash in transit.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis over their estimated useful lives as follows:

Leasehold improvements:	the lesser of 10 years or the remaining term of the lease
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Office equipment, furniture, fixtures and fittings:	3 -10 years
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Depreciation is not provided on construction in progress.

Leased assets

Operating lease payments are charged to the profit and loss account as incurred.

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

1 Accounting Policies (Continued)

Share-based payments

The fair value of grants made under equity settled employee share option plans is calculated at the date of grant using appropriate models. In accordance with FRS 20 'Share Based Payments', the fair value of share options is charged to the profit and loss account over the vesting period of the options with a corresponding credit to the profit and loss account reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. The share-based payment charge in the period is not material to the company.

Lease Incentives

Lease incentives primarily include up-front cash payments or rent-free periods. Lease incentives are capitalised and spread over the period of the lease term.

Impairment of fixed assets

Fixed assets are assessed for impairment by comparing their carrying values to the future discounted cash flows expected to be generated by these assets, whenever events or changes in circumstances indicate that impairment may exist. For the purpose of this assessment, the smallest grouping of assets in respect of which separately identifiable and largely independent cash flows can be identified is considered to be an individual store.

Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Pre-opening costs

Expenditure other than on tangible fixed assets, incurred in relation to individual store sites prior to store opening is written off as incurred.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

1 Accounting Policies (Continued)

Translation of foreign currencies

Assets and liabilities in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rates ruling at the balance sheet date or at the contracted rate where the underlying exposure has been hedged. All exchange differences thus arising are reported as part of the profit and loss account for the year.

Pensions

The company makes pension commitments to employee's individual pension plans. The company contribution is to match employee contributions up to a limit of 4% or 6% of employee salaries depending on the employee's position in the company. Contributions to individual pension plans are charged to the profit and loss account in the year they fall due.

Turnover

Turnover represents the amounts receivable for goods supplied to customers during the period exclusive of value added tax.

2 Comparative Figures

The comparative figures for the cost of sales, distribution costs and administrative expenses have been adjusted to reflect a reclassification between the administrative and distribution activities of the company. The effect is as follows:

	As previously recorded £'000	Transfer £'000	2007 (as represented) £'000
Cost of sales	(37,043)	(2,060)	(39,103)
Distribution costs	(6,291)	1,159	(5,132)
Selling and Marketing Costs	(26,562)	8,657	(17,905)
Administrative Expenses	(27,188)	(7,756)	(34,944)
	(97,084)	-	(97,084)

3 Operating profit/(loss) on ordinary activities before taxation

Operating profit /(loss) is stated after charging/(crediting):

	2008 £'000	2007 £'000
Auditors' remuneration – audit services	85	87
– other services	-	-
Depreciation and Impairment of owned assets	2,494	2,166
Loss on disposal of tangible fixed assets	173	4
Operating lease rentals		
- Land and buildings	15,494	14,525
- Plant and equipment	114	57
Foreign exchange (gain)/loss	(1,346)	1

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

4 Directors' emoluments

	2008 £'000	2007 £'000
Aggregate emoluments	385	341
Company contributions paid to pension scheme	27	15
Highest paid Director		
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	372	327
Company contributions paid to pension schemes	26	14

Retirement benefits are accruing in relation to two directors (2007: two directors) under a money purchase scheme. During the year two directors (2007: two directors) received share options under long term incentive schemes and two directors (2007: two directors) exercised options over company shares in The Walt Disney Company Limited.

5 Staff costs (including directors' emoluments)

	2008 £'000	2007 £'000
Wages and salaries	20,712	18,705
Social security costs	1,398	1,206
Other pension costs	598	297
	22,708	20,208

The average number of employees during the year including directors was made up as follows:

	2008 £'000	2007 £'000
Administration	222	192
Retail - full time	161	162
- part time	1,043	1,018
Distribution	143	149
	1,569	1,521

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

6 Interest receivable and payable

Interest receivable

	2008 £'000	2007 £'000
Bank interest receivable	232	229
	<u>232</u>	<u>229</u>

Interest payable

	2008 £'000	2007 £'000
Interest due on group loan	1,053	957
Other Interest due to group companies	325	359
External Interest	87	59
	<u>1,465</u>	<u>1,375</u>

7 Tax on profit/(loss) on ordinary activities

The credit for taxation based upon the taxable loss for the year is comprised of:

	2008 £'000	2007 £'000
Current tax		
UK Corporation tax at 29% (2007: 30%)	67	(1,363)
Prior year adjustment	(90)	219
Total Current Tax	<u>(23)</u>	<u>(1,144)</u>
Deferred tax		
Origination and reversal of timing differences		
Current year	309	(271)
Prior year	(127)	188
Total deferred tax (note 13)	<u>182</u>	<u>(83)</u>
Tax on profit/(loss) on ordinary activities	<u>159</u>	<u>(1,227)</u>

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

7 Tax on profit/(loss) on ordinary activities (Continued)

Factors affecting the tax (credit)/charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (29%).
The differences are explained below:

	2008 £'000	2007 £'000
Profit/(Loss) on ordinary activities before tax	2,802	(6,575)
Profit/(Loss) on ordinary activities multiplied by the standard rate in the UK of 29% (2007: 30%)	813	(1,973)
Effects of:		
Expenses not deductible for tax purposes	204	149
Accelerated capital allowances and other timing differences	212	461
Utilisation of brought forward losses	(1,161)	-
Prior year adjustment	(90)	219
Current tax (credit)/charge for period	(23)	(1,144)

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

8 Tangible fixed assets

	Leasehold Improvements £'000	Office equipment, furniture, fixtures and fittings £'000	Construction In Progress £'000	Total £'000
Cost				
At 30 September 2007	17,105	26,196	2,109	45,410
Additions	2,829	306	6,177	9,312
Disposals	(1,515)	(1,360)	(112)	(2,987)
Transfers	3,786	919	(4,705)	-
At 27 September 2008	22,205	26,061	3,469	51,735
Accumulated Depreciation				
At 30 September 2007	(15,065)	(24,216)	-	(39,281)
Charge for the year	(1,308)	(1,186)	-	(2,494)
Disposals	1,514	1,300	-	2,814
At 27 September 2008	(14,859)	(24,102)	-	(38,961)
Net book amount				
At 27 September 2008	7,346	1,959	3,469	12,774
At 30 September 2007	2,040	1,980	2,108	6,127

The brought forward figures have been adjusted for comparative purposes to correctly classify impairments of leasehold improvements.

9 Stock

	2008 £'000	2007 £'000
Consumables	418	541
Goods for resale	23,230	19,715
	23,648	20,256

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

10 Debtors

	2008 £'000	2007 £'000
Amounts due from group undertakings	10,600	8,934
Other debtors	3,339	1,652
Taxes recoverable from group undertakings	1,275	1,345
Prepayments and accrued income	5,283	4,834
Deferred tax asset	285	467
	20,782	17,232

A portion of the amounts owed by group undertakings are unsecured, repayable on demand and interest bearing. The remaining amounts owed by group undertakings are unsecured, repayable on demand and interest free.

11 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank Overdraft	840	-
Trade creditors	19,620	15,716
Amounts owed to group undertakings	21,276	22,171
Taxes and social security costs	468	454
Accruals and deferred income	12,339	5,648
	54,543	43,989

A portion of the amounts owed to fellow subsidiary undertakings are unsecured, repayable on demand and interest bearing. The remaining amounts owed to group undertakings are unsecured, repayable on demand and interest free.

12 Creditors: amounts falling due after more than one year

	2008 £'000	2007 £'000
Amounts payable within two to five years:		
Amounts owed to group undertaking	18,000	18,000
	18,000	18,000

The £18,000,000 due to group undertaking bears interest at 5.37% (2007: 4.78%), is unsecured and has no fixed repayment date.

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

13 Deferred Income Tax

Deferred tax is provided in the accounts as follows:

	2008 £'000	2007 £'000
Accelerated capital allowances	(285)	(467)
	(285)	(467)
At 30 September 2007	(467)	(384)
Charge to the profit and loss account		
Current year	309	(271)
Prior year	(127)	188
Deferred tax provided at 27 September 2008	(285)	(467)

A potential deferred tax asset of £1,947,138 (2007: £3,068,549) relating to unutilised losses has not been recognised. These losses will be off settable against taxable profits and currently the timing of the recoverability of the asset is relatively uncertain.

14 Lease obligations

Annual operating lease commitments under non-cancellable operating leases on land and buildings by expiry date:

	2008 £'000	2007 £'000
The maturity of these amounts is as follows:		
Within one year	3,532	1,154
Within two to five years	6,887	10,058
After five years	1,080	111
	11,499	11,323

Other operating lease commitments in relation to store sites, are based on a percentage of the stores' sales and are not subject to a minimum annual amount.

Annual operating lease commitments on plant and machinery by expiry date:

	2008 £'000	2007 £'000
The maturity of these amounts is as follows:		
Within one year	9	19
Within two to five years	72	65
	81	84

Prior year annual operating lease commitments on plant and machinery have been restated to include car lease commitments that were excluded in prior year.

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

15 Called up share capital

	Authorised 2008 £	2007 £	Allotted and fully paid 2008 £	2007 £
Equity				
Ordinary Shares of £1 each	101	101	101	101

16 Reconciliation of movements in equity shareholders' funds

	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
At 30 September 2007	38,961	(56,538)	(17,577)
Profit for the year	-	2,643	2,643
At 27 September 2008	38,961	(53,895)	(14,934)

There have been no movements in shareholders' funds for the period other than as shown above.

17 Ultimate Parent Undertaking

Ultimate parent

The Walt Disney Company Limited is a wholly owned subsidiary of Walt Disney International Limited incorporated in the United Kingdom, whose ultimate parent is The Walt Disney Company, incorporated in the United States of America.

Parent undertaking

The largest and smallest group for which consolidated accounts are prepared and of which the Company is a member are as follows:

Name	The Walt Disney Company
Country of Incorporation	United States of America
Address from where copies of the group accounts can be obtained	500 South Buena Vista St. Burbank, California 91521-9722 USA

The Disney Store Limited

Notes to the Financial Statements For The Year Ended 27 September 2008

18 Related Party Transactions

The Company is a wholly owned subsidiary of Walt Disney International Limited whose ultimate parent is The Walt Disney Company and utilises the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company. There were no other related party transactions during the year.