

**The Disney Store Limited**  
**(Registered Number 02523767)**

**Directors' report and financial Statements**  
**For the year ended 28 September 2019**



## **The Disney Store Limited**

### **Directors' report and financial statements for the year ended 28 September 2019**

#### **Contents**

	Page(s)
Strategic report for the year ended 28 September 2019	3-4
Directors' report for the year ended 28 September 2019	5-7
Independent auditors' report	8-10
Income statement for the year ended 28 September 2019	11
Statement of comprehensive income for the year ended 28 September 2019	11
Statement of financial position as at 28 September 2019	12
Statement of changes in equity for the year ended 28 September 2019	13
Notes to the financial statements for the year ended 28 September 2019	14-31

## **The Disney Store Limited**

### **Strategic report for the year ended 28 September 2019**

The Directors present their Strategic report of The Disney Store Limited (the 'Company') for the year ended 28 September 2019 (prior financial year ended 29 September 2018).

#### **Principal activities, business review and future developments**

The Company's principal activity during the year was the speciality retail of Disney merchandise. ShopDisney launched during the prior year which specialises in online retail of Disney merchandise and licensed co-branded products. These activities are expected to continue for the foreseeable future.

Sales increased year over year mainly due to the online retail performance of key franchises.

The profit for the financial year amounted to £2,744,954 (2018: £3,086,000). The Directors are satisfied with the performance of the Company. The Directors do not recommend that a dividend is paid for the year ended 28 September 2019 (2018: £Nil).

During the year, the Company's investment in one of its subsidiary undertakings, The Disney Store (Germany) GmbH was impaired by £1,876,000 as a result of impairment indicators identified during management's investment review.

A review undertaken in the year identified Share premium of £4,348,000 to have been incorrectly classified as a Capital contribution. The comparatives have been adjusted as a consequence. The impact of this on the prior year is an increase in the Share premium account of the aforementioned amount and a consequent decrease of the same amount in Capital contribution. There was no overall impact to the profit in the year, to net assets or to distributable reserves. The items are detailed in note 3u, where the impact of the current and prior year's balances is shown.

#### **COVID-19 Pandemic**

The first cases of COVID-19 in the UK were reported in January 2020. This viral infection was declared a pandemic by the World Health Organisation on 11 March 2020 resulting from the significant number of cases across the world. COVID-19 created a short-term significant impact on the operations of the Company as detailed below.

Our business has been affected in a number of ways as government restrictions enforced our stores to temporarily close. Our stores were temporarily closed in March 2020 and a phased re-opening began in June 2020, in-line with UK government guidance. Three of our stores were permanently closed however all remaining stores were opened with limited capacity and have also paused in-store events. The loss of in-store revenue during this period was partially offset by lower cost of goods sold, and higher online revenues. In addition in some cases we negotiated rent holidays and in addition have taken benefit from the business rates relief granted by the government for all our stores. We have incurred and will continue to incur additional expenses to ensure the safety of our Cast Members and Guests and to comply with government regulations. These expenses include additional cleaning, purchases of personal protective equipment for Cast Members, hand sanitizer purchases and enhanced in-store signage, amongst other items.

We have taken a number of mitigation efforts in response to the COVID-19 financial disruption on our business. We have suspended certain capital projects; reduced certain discretionary expenditures (such as spending on marketing); temporarily reduced management compensation; furloughed certain of our Cast Members. Most of whom have returned as stores have re-opened.

The impact of these disruptions and the extent of their adverse impact on our financial and operating results will be dictated by a combination of the unforeseeable length of time that such disruptions continue, the effect of additional governmental actions imposed in response to COVID-19 and the risk tolerance of individuals and companies to health matters moving forward.

## The Disney Store Limited

### Strategic report for the year ended 28 September 2019 (continued)

As the situation continues to evolve, the Directors continue to monitor closely by way of ongoing risk assessments and revised financial projections for the business. Although the length and severity of the pandemic is not certain, management has determined that the actions that it has taken are sufficient to mitigate the financial uncertainty and have therefore prepared the financial reporting on a going concern basis.

#### Principal risks and uncertainties

From the perspective of the Company, its principal risks and uncertainties and future outlook are integrated with those of The Walt Disney Company ('Group') and are not managed separately. Accordingly, the risks and uncertainties of The Group, which include those of the Company, are discussed in The Group's annual report which does not form part of this report. However, the Directors view the following as being the principal risks facing the Company:

*(i) Our sales may be adversely affected by changes in economic factors, pandemics, political uncertainty and changes in consumer spending patterns*

Many economic and other factors outside our control, including consumer confidence, consumer spending levels, impacts of pandemics, seasonality, political uncertainty, employment levels, consumer debt levels, inflation and deflation, as well as the availability of consumer credit, affect consumer spending habits. A significant deterioration in the global financial markets and economic environment, recessions or an uncertain economic outlook adversely affects consumer spending habits and results in lower levels of economic activity. Any of these events and factors could cause consumers to curtail spending and could have a negative impact on our financial performance and position in future financial years.

*(ii) Our industry is highly competitive and competitive conditions may adversely affect our revenues and overall profitability*

The retail industry is highly and increasingly competitive and our results of operations are sensitive to, and may be adversely affected by, competitive pricing, promotional pressures, competitor store openings and other factors. As a specialty retailer, we compete with national chains and department stores, local retailers in the market areas we operate and Internet retailers. Competition is principally based on product variety, price, quality, availability, advertising and promotion, convenience or store location, safety and customer support and service.

To mitigate both these risks our product range, pricing, physical store locations and e-commerce sales channels are continually reviewed to ensure we remain competitive within our industry.

*(iii) Store Locations*

As a normal part of doing business, we also constantly evaluate our Disney Store portfolio to ensure we are in the right locations and are able to provide magical experiences for our guests.

*(iv) Protection of electronically stored data is costly and if our data is compromised in spite of this protection, we may incur additional costs, lost opportunities and damage to our reputation.*

We maintain information necessary to conduct our business, including confidential and proprietary information, in digital form. Data maintained in digital form is subject to the risk of unauthorized access, modification and exfiltration. We develop and maintain information security systems in an effort to prevent this however, despite our efforts, unauthorized access, modification and exfiltration of data cannot be eliminated entirely, and the risks associated with a potentially material incident remain. If our information security systems or data are compromised in a material way, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished.

## **The Disney Store Limited**

### **Principal risks and uncertainties (continued)**

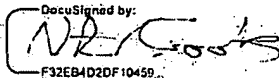
#### **(v) Brexit**

On 23 June 2016, the UK voted to leave the European Union and on 23 March 2017, the UK invoked Article 50(2) of the Treaty and notified the European Council of their intention to withdraw from the European Council. It remains unclear how Brexit will affect the country's trading relationships, corporate taxation policy, the movement of people, and regulatory affairs. The Directors have considered the impact of the UK leaving the financial, regulatory and legal environment and concluded that it would depend on the nature of the arrangements agreed. These arrangements are difficult to predict and until these terms are finalised it is not possible to determine the impact on the economic conditions of the Company.

#### **Key performance indicators ("KPIs")**

The Company's Directors are of the opinion that analysis using KPIs is not relevant for an understanding of the development, performance or position of the business and the key financial performance measurements are reflected in these financial statements.

On behalf of the Board on 28 September 2020.

DocuSigned by:  
  
F32EB4D2DF10459...

**Nigel Cook**  
**Director**

**Registered Office**  
3 Queen Caroline Street  
Hammersmith  
London  
W6 9PE

## **The Disney Store Limited**

### **Directors' report for the year ended 28 September 2019**

The Directors present their report and the audited financial statements of The Disney Store Limited (the "Company") for the year ended 28 September 2019 (prior financial year ended 29 September 2018).

#### **Future Developments**

The Company's future development plans are explained in the Strategic report.

#### **Dividends**

There were no dividends received or paid by the Company during the year (2018: £Nil). The Directors' dividend payment recommendations are explained in the Strategic report.

#### **Financial risk management**

The Company's operations expose it to financial risks. The most significant are described below:

##### *(i) Credit risk*

The Company has implemented policies that require appropriate credit checks on potential online customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by the Company's credit control function.

##### *(ii) Foreign exchange risk*

The Company may hold assets and liabilities denominated in foreign currencies. No derivative financial instruments are used to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The Company has in place a foreign exchange policy, driven by the ultimate parent company, The Walt Disney Company, and will reconsider the appropriateness of this policy should operations change in nature.

##### *(iii) Interest rate risk*

The Company can have interest bearing assets and liabilities. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.

#### **Directors**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are as follows:

Nigel Anthony Cook  
Graham Paul BurrIDGE (resigned 31 July 2019)  
Michael Francis Stagg (appointed 7 August 2019)  
Marsha Leigh Reed (resigned 10 February 2020)

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 2006. There was no qualifying third party indemnity provision in force, for the benefit of any of the Directors, at any time during the financial year.

#### **Company Secretary**

Julian Anthony Allen

## **The Disney Store Limited**

### **Directors' report for the year ended 28 September 2019 (continued)**

#### **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.

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.

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial 52 week period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006.

## **The Disney Store Limited**

### **Directors' report for the year ended 28 September 2019 (continued)**

#### **Directors' confirmations**

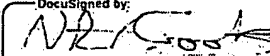
In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent 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.

On behalf of the Board on 28 September 2020.

DocuSigned by:  
  
F32EB4D2DF10459...

**Nigel Cook**  
**Director**

**Registered Office**  
3 Queen Caroline Street  
Hammersmith  
London  
W6 9PE



## **The Disney Store Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISNEY STORE LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, The Disney Store Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 28 September 2019; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## **The Disney Store Limited**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISNEY STORE LIMITED (continued)**

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 28 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**The Disney Store Limited**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DISNEY STORE LIMITED (continued)**

**Responsibilities for the financial statements and the audit (continued)**

***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

***Use of this report***

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 September 2020

## The Disney Store Limited

### Income statement for the year ended 28 September 2019

	Note	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
Turnover	4	110,572	104,971
Cost of sales		(53,430)	(45,322)
<b>Gross profit</b>		<b>57,142</b>	<b>59,649</b>
Administrative and distribution costs		(50,973)	(55,508)
<b>Operating profit</b>	5	<b>6,169</b>	<b>4,141</b>
Amounts written off investments	11	(1,876)	-
Loss on disposal of fixed assets	10	-	(2)
Interest receivable and similar income	8	6	9
Interest payable and similar expenses	8	(182)	(167)
<b>Profit before taxation</b>		<b>4,117</b>	<b>3,981</b>
Tax on profit	9	(1,372)	(895)
<b>Profit for the financial year</b>		<b>2,745</b>	<b>3,086</b>

### Statement of comprehensive income for the year ended 28 September 2019

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
<b>Profit for the financial year</b>	<b>2,745</b>	<b>3,086</b>
<b>Other comprehensive income:</b>		
Other comprehensive income	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>2,745</b>	<b>3,086</b>

All of the above transactions relate to continuing operations.

The notes on pages 15 to 32 represent an integral part of the financial statements.

## The Disney Store Limited

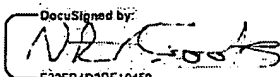
### Statement of financial position as at 28 September 2019

(Registered Number 02523767)

	Note	28 September 2019 £'000	29 September 2018 Restated £'000
<b>Fixed assets</b>			
Tangible assets	10	4,160	6,808
Investments	11	2,506	4,382
		<b>6,666</b>	<b>11,190</b>
<b>Current assets</b>			
Stocks	12	33,189	29,853
Debtors	13,15	67,972	34,372
Cash at bank and in hand		13,422	1,217
		<b>114,583</b>	<b>65,442</b>
Creditors: amounts falling due within one year	14,15	(81,823)	(39,854)
<b>Net current assets</b>		<b>32,760</b>	<b>25,588</b>
<b>Total assets less current liabilities</b>		<b>39,426</b>	<b>36,778</b>
Creditors: amounts falling due after more than one year	14,15	(1,351)	(1,448)
Provisions for liabilities	16	(3,545)	(3,545)
<b>Net assets</b>		<b>34,530</b>	<b>31,785</b>
<b>Capital and reserves</b>			
Called up share capital	19	18,000	18,000
Share premium account		43,309	43,309
Capital contribution		18,000	18,000
Accumulated losses		(44,779)	(47,524)
<b>Total shareholders' funds</b>		<b>34,530</b>	<b>31,785</b>

The notes on pages 15 to 32 represent an integral part of the financial statements.

The financial statements on pages 12 to 32 were approved by the Board of Directors on 28 September 2020 and were signed on its behalf by

DocuSigned by:  
  
 F32EB4D20F10459...  
**Nigel Cook**  
**Director**

3 Queen Caroline Street  
 Hammersmith  
 London  
 W6 9PE

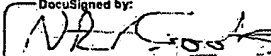
## The Disney Store Limited

### Statement of changes in equity for the year ended 28 September 2019

	Called up share capital £'000	Share Premium Account £'000	Accumulated losses £'000	Capital Contribution £'000	Total £'000
<b>Balance as at 1 October 2017 Restated</b>	18,000	43,309	(50,610)	18,000	28,699
Profit for the financial year	-	-	3,086	-	3,086
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	3,086	-	3,086
<b>Balance as at 29 September 2018 Restated</b>	18,000	43,309	(47,524)	18,000	31,785
Profit for the financial year	-	-	2,745	-	2,745
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	2,745	-	2,745
<b>Balance as at 28 September 2019</b>	18,000	43,309	(44,779)	18,000	34,530

The notes on pages 15 to 32 represent an integral part of the financial statements.

The financial statements on pages 12 to 32 were approved by the Board on 28 September 2020 and were signed on its behalf by:

DocuSigned by:  
  
 F32E8402DF10459...

**Nigel Cook**  
**Director**

3 Queen Caroline Street  
 Hammersmith  
 London  
 W6 9PE

## **The Disney Store Limited**

### **Notes to the Financial Statements for the year ended 28 September 2019**

#### **1 General information**

The Disney Store Limited (the "Company") is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 3 Queen Caroline Street, Hammersmith, London, W6 9PE.

The Company is a wholly owned subsidiary of Disney Trading B.V. (formerly registered and known as Disney Stores Holdings (Netherlands) B.V.), whose ultimate parent company is The Walt Disney Company, incorporated in the United States of America. The consolidated financial statements of The Walt Disney Company are publicly available.

The Company's principal activity during the year was the speciality retail of Disney merchandise and licensed co-branded products.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing group financial statements as it is a wholly owned subsidiary of The Walt Disney Company and is included within that company's consolidated financial statements.

#### **2 Statement of compliance**

The financial statements of The Disney Store Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **a) 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 2006 and applicable accounting standards in the United Kingdom including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102')'.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section later on this note.

##### **b) Going concern**

COVID-19 pandemic created a significant impact on the short-term operations of the Company. It is believed that the long lived assets of the Company have longer term prospects for sustained performance relative to the uncertain duration of the effects of the pandemic.

Whilst COVID-19 is seen as a non-adjusting post balance sheet event our business has been affected in a number of ways. Disney Stores were closed in March 2020 and began a phased re-opening in June 2020, in-line with UK government guidance. Stores opened with limited capacity and we have temporarily paused in-store events. The loss of in-store revenue during this period was partially offset by lower cost of goods sold, and higher online revenues.

## **The Disney Store Limited**

### **Notes to the Financial Statements for the year ended 28 September 2019 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **b) Going concern (continued)**

The Directors have assessed the liquidity requirements for the Company for at least the next 12 months from the date of approval of these financial statements. They intend to manage their working capital needs on a day to day basis through the use of intercompany cash pooling arrangements as well as realising existing net current assets. The Directors have received assurance of continued financial support from an appropriate Disney group company for at least the next 12 months from the date these financial statements. The Directors therefore believe the Company is well placed to manage its business risks and they have a reasonable expectation the Company has adequate resources to continue their operations for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements

##### **c) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the Company has taken advantage of the following exemptions in its financial statements:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

##### **d) Accounting reference date**

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting year on the closest Saturday to 30 September each year. An accounting reference date of 28 September 2019 has been adopted for the current year. The financial year represents the 52 weeks ended Saturday 28 September 2019 (prior financial year was the 52 weeks ended Saturday 29 September 2018).



## **The Disney Store Limited**

### **Notes to the Financial Statements for the year ended 28 September 2019 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **e) Foreign currency**

###### *(i) Functional and presentation currency*

The Company's functional and presentation currency is the pound sterling and rounded to thousands.

###### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

##### **f) Turnover**

Turnover represents the amounts receivable for goods supplied to customers during the year exclusive of value added tax. Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of delivery.

##### **g) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

###### *i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

###### *ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

## The Disney Store Limited

### Notes to the Financial Statements for the year ended 28 September 2019 (continued)

#### 3 Summary of significant accounting policies (continued)

##### h) Fixed asset investments and Investment Income

Fixed asset investments are stated at historical cost. Provision is made where in the opinion of the Directors an investment is impaired. Income from investments is included to the extent of dividends and distributions received. Investments are reviewed for any impairment indicators at the reporting date.

##### i) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

##### j) Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation and accumulated impairment losses. Costs that are directly attributable to the development of new business application hardware and software, which are incurred during the year prior to the date that the systems are placed into operational use, are capitalised. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives. Depreciation is not provided on construction in progress.

The principal useful lives in use are:

Leasehold improvements: the lesser of 10 years or the remaining term of the lease

Office equipment, furniture,  
fixtures and fittings: 3 - 10 years

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included in 'Loss on disposal of fixed assets'.

## **The Disney Store Limited**

### **Notes to the Financial Statements for the year ended 28 September 2019 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **k) Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As at 28 September 2019 the Company does not hold short-term highly liquid investments or bank overdrafts.

##### **l) Stocks**

Stocks of finished goods and goods for resale are valued at the lower of cost and estimated selling price less cost to complete and sell after making due allowance for any obsolete or slow moving items. The cost of stock is determined through the use of a weighted average methodology. At the end of each reporting period stocks are assessed for impairment. If a item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

##### **m) Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### **(i) Financial assets**

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

###### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

## **The Disney Store Limited**

### **Notes to the financial statements for the year ended 28 September 2019 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **m) Financial Instruments (continued)**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments and as at 28 September 2019 does not hold bank loans but holds loans from fellow Group companies.

##### **(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has taken exemption from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102.

##### **n) Prepaid expenses**

Prepaid expenses primarily comprise advance payments made to vendors and related parties for rent, property taxes and inventory.

##### **o) Leased assets**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### **(i) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. Leased assets primarily represents rental of retail space.

##### **(ii) Lease incentives**

Lease incentives primarily include up-front cash receipts or rent-free periods. Lease incentives are deferred and spread over the shorter of the lease term and period to the next market rent review.

##### **p) Pre-opening costs**

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

## **The Disney Store Limited**

### **Notes to the financial statements for the year ended 28 September 2019 (continued)**

#### **3 Summary of significant accounting policies (continued)**

##### **q) Dilapidation provisions**

Provisions for dilapidation are estimated on the basis of the terms of the lease and independent advice or management's best estimate of total liabilities. The costs are provided for upon entering the lease and the provision is recognised in the balance sheet initially. The cost associated is capitalised within leasehold improvements and depreciated in line with the accounting policy set out in (j) above.

##### **r) Asset retirement cost**

An obligation to incur asset retirement costs occurs when the Company enters a lease, legally obligating the Company to restore the condition of the leased space to the original state at the end of the lease. Asset retirement costs are estimated on the basis of the terms of the store leases and past experience. The costs are provided for upon entering a new lease and capitalised into the cost of the related asset. These costs are charged to the Income statement through depreciation of the asset. Depreciation is included in operating costs.

##### **s) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangement and defined contribution pension plans.

###### **(i) Short term benefits**

Short term benefits are recognised as an expense in the period in which the service is received. Holiday pay is not recognised as an expense in the period in which the service is received because it is considered immaterial.

###### **(ii) Defined contribution pension plan**

Pension contributions are made to a defined contribution scheme. Contributions are charged to the income statement as they fall due. The assets of the scheme are held separately from those of the Company in an independently administered fund.

##### **t) Related party transactions**

The Company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same Group that are wholly owned. The Company also does not disclose transactions with related parties which are not wholly owned with the same Group in note 21.

The Company has also taken exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 3 Summary of significant accounting policies (continued)

##### u) Prior year adjustments

A review undertaken in the year identified Share premium of £4,348,000 to have been incorrectly classified as Capital contribution. The comparatives have been adjusted as a consequence. The impact of this on the prior year is an increase in the Share premium account of the aforementioned amount and a consequent decrease of the same amount in Capital contribution.

As a result of the prior year reclassification adjustment, comparative figures for the year ended 29 September 2018 have been adjusted as follows:

	Share premium account	Capital contribution
	£'000	£'000
As previously reported	38,961	22,348
Effect of adjustment	4,348	(4,348)
<b>As restated</b>	<b>43,309</b>	<b>18,000</b>

The impact of these adjustments on the Statement of changes in equity is to reduce the Capital contribution as at 1 October 2017 and as at 29 September 2018 by £4,348,000 and to increase the Share premium as at 1 October 2017 and as at 29 September 2018 by the same amount. There was no overall impact to the profit in the year, to net assets or to distributable reserves.

##### v) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### (i) Useful economic lives of tangible assets (E)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of tangible assets and policy note 3 (j) for the useful economic lives for each class of asset.

##### (ii) Inventory provisioning (E)

The Company specialises in retail of Disney merchandise and is subject to changing customer demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of inventory. See note 12 for the net carrying amount of the inventory.

##### (iii) Impairment of non-financial assets (J):

Non-financial assets are carried at historic cost and are assessed for impairment by the Company annually with reference to the future underlying operating activities of the assets. See note 11 for the carrying amount of investments and note 10 for the carrying amount of tangible assets.

*\*(E - critical accounting estimates and assumptions; J - critical judgements in applying the Company's accounting policies)*

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 4 Turnover

##### *Geographical segments:*

All turnover arises from the speciality retail of Disney merchandise in the United Kingdom as well as the online retail of Disney merchandise and licensed co-branded products to the United Kingdom, and countries both inside and outside Europe.

The split of turnover into geographical destination during the year was as follows:

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
United Kingdom	108,293	103,354
Rest of Europe	1,775	1,526
Rest of World	504	91
<b>Total</b>	<b>110,572</b>	<b>104,971</b>

#### 5 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
Depreciation and impairment of fixed assets	2,956	3,277
Operating lease rentals		
- Land and buildings	13,909	14,883
- Plant and equipment	30	17
Inventory recognised as an expense	50,369	45,029
Foreign exchange loss	2,545	1,356

Auditors' remuneration for the current year is £141,000 (2018: £137,000). These are paid and are not recharged to the Company by another group entity.

Cost of sales includes £50,369,000 inventory expense for the year (2018: £45,029,000).

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 6 Directors' emoluments

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
Aggregate emoluments (including shares)	975	572
Company contributions paid to pension scheme	10	10
<b>Highest paid Director</b>		
Total amount of emoluments and amounts (including shares) receivable under long term incentive schemes	975	572
Company contributions paid to pension schemes	10	10

All Directors are employed and remunerated by other group companies. No recharges were paid by the Company in 2019 (2018: £Nil) in relation to the services of these Directors. The emoluments of the highest paid Director in the table above, whilst not charged directly to the Company, are disclosed as the Director spent the majority of their time working on The Disney Store Limited. For the remaining Directors it is not possible to determine an allocation of their remuneration for services to the Company.

In 2019, retirement benefits were accrued in relation to all Directors under a money purchase scheme (2018: 1); all Directors received share options under long term incentive schemes (2018: 1); and no Director exercised options over Company shares in The Walt Disney Company (2018: 1). However, these are accounted for in the other group companies, where they are employed.

#### 7 Staff costs

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
Wages and salaries	25,413	24,750
Social security costs	1,820	1,825
Other pension costs	1,042	990
<b>Total</b>	<b>28,275</b>	<b>27,565</b>



## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 7 Staff costs (continued)

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

	Year ended 28 September 2019 Number	Year ended 29 September 2018 Number
Administration	168	179
Retail - full time	136	137
- part time	782	767
Distribution	211	211
<b>Total</b>	<b>1,297</b>	<b>1,294</b>

#### 8 Interest receivable and similar income / Interest payable and similar expenses

##### Interest receivable and similar income

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
Bank interest receivable	6	9
<b>Total</b>	<b>6</b>	<b>9</b>

##### Interest payable and similar expenses

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
Other interest payable due to group companies	182	167
<b>Total</b>	<b>182</b>	<b>167</b>

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 9 Tax on profit

The tax charge/(credit) for taxation based upon the taxable profit for the year is comprised of:

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
<b>Current tax</b>		
UK corporation tax at 19% (2018: 19%)	1,432	1,057
Adjustments in respect of prior years	68	258
<b>Total current tax charge</b>	<b>1,500</b>	<b>1,315</b>
<b>Deferred tax</b>		
Current year	(121)	(219)
Prior year adjustment	(7)	(201)
<b>Total deferred tax credit (note 17)</b>	<b>(128)</b>	<b>(420)</b>
<b>Tax charge on profit</b>	<b>1,372</b>	<b>895</b>

#### Factors affecting the tax charge / credit for the year

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK for the year ended 28 September 2019: 19% (2018: 19%). The differences are explained as follows:

	Year ended 28 September 2019 £'000	Year ended 29 September 2018 £'000
<b>Profit before taxation</b>	<b>4,117</b>	<b>3,981</b>
Profit before taxation multiplied by the standard rate in the UK of 19% (2018: 19%)	782	756
Effects of:		
Expenses not deductible for tax purposes	515	95
Other permanent differences	-	(39)
Difference in tax rates – current year	14	26
Prior year adjustment – current	68	258
Prior year adjustment – deferred	(7)	(201)
<b>Total tax charge for the year</b>	<b>1,372</b>	<b>895</b>

The Finance Act 2015 introduced provisions to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. The Finance Act 2016 received Royal Assent on 15 September 2016 enacting a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 10 Tangible assets

	Leasehold improvements £'000	Office equipment, furniture, fixtures and fittings £'000	Construction in progress £'000	Total £'000
<b>Cost</b>				
At 30 September 2018	24,015	22,855	167	47,037
Additions	124	184	-	308
Disposals	-	-	-	-
Transfers	-	167	(167)	-
<b>At 28 September 2019</b>	<b>24,139</b>	<b>23,206</b>	<b>-</b>	<b>47,345</b>
<b>Accumulated depreciation</b>				
At 30 September 2018	20,417	19,812	-	40,229
Charge for the year	1,162	1,794	-	2,956
Disposals	-	-	-	-
<b>At 28 September 2019</b>	<b>21,579</b>	<b>21,606</b>	<b>-</b>	<b>43,185</b>
<b>Net book amount</b>				
<b>At 28 September 2019</b>	<b>2,560</b>	<b>1,600</b>	<b>-</b>	<b>4,160</b>
At 29 September 2018	3,598	3,043	167	6,808

There were no disposals of fixed assets in the year and therefore no related gain or loss has arisen during the year (2018: £2,000 loss).

#### 11 Investments

	28 September 2019 £'000	29 September 2018 £'000
<b>Cost</b>	<b>4,382</b>	<b>4,382</b>
Additions for the year	-	-
Amounts written off investments	(1,876)	-
<b>Net book value</b>	<b>2,506</b>	<b>4,382</b>

During the year, the Company's investment in one of its subsidiary undertakings, The Disney Store (Germany) GmbH was impaired by £1,876,000 as a result of the planned closure of the retail store in Germany.

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the net present value of their discounted future cash flows.

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 11 Investments (continued)

The Company has investments in the following subsidiary undertakings:

Shares in group undertakings	Business	Country of registration / Incorporation	Proportion of nominal value of voting shares held	
			2019	2018
The Disney Store (Germany) GmbH	Retail	Germany	100%	100%
The Walt Disney Company (Portugal) L.D.A	Commercial use of Intellectual property rights	Portugal	<1%	<1%
The Walt Disney Company (Iberia) S.L.	Commercial use of Intellectual property rights	Spain	<1%	<1%

The registered address of the subsidiaries are:

Subsidiary	Registered address
The Disney Store (Germany) GmbH	Lilli-Palmer-Strasse 2, 80636 Muenchen, Germany
The Walt Disney Company (Portugal) L.D.A	Rua Fonte de Caspolima, 6 2º. Edificio Álvares Cabral 2770-190 Paço de Arcos, Portugal
The Walt Disney Company (Iberia) S.L.	Jose Bardasano Bads, 9. Edificio GORBEA 3. 28016 Madrid, Spain

The Directors believe that the carrying value of the investment is supported by their underlying net assets and the net present value of their discounted future cash flows.

#### 12 Stocks

	28 September 2019 £'000	29 September 2018 £'000
Consumables	257	300
Goods for resale	32,932	29,553
<b>Total</b>	<b>33,189</b>	<b>29,853</b>

There is no material difference between the carrying amount of stock and the replacement cost.

Inventories are stated after provisions for impairment of £676,000 (2018: £730,000).

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 13 Debtors

	28 September 2019 £'000	29 September 2018 £'000
Amounts owed by group undertakings	56,211	26,111
Other debtors	801	1,641
Deferred tax asset (note 17)	2,196	2,067
Prepayments and accrued income	8,764	4,553
<b>Total</b>	<b>67,972</b>	<b>34,372</b>

The amounts owed by group undertakings are unsecured, repayable on demand and do not bear interest.

#### 14 Creditors

##### Amounts falling due within one year

	28 September 2019 £'000	29 September 2018 £'000
Trade creditors	8,468	5,563
Amounts owed to group undertakings	50,230	17,686
Corporation tax	1,432	1,057
Other taxation and social security	549	516
Other creditors	4,897	-
Accruals and deferred income	16,247	15,032
<b>Total</b>	<b>81,823</b>	<b>39,854</b>

A portion of the amounts owed to group undertakings (£37.6m, 2018: £7.3m) is unsecured, repayable on demand and interest bearing with a 6 month USD LIBOR rate plus 17.3 basis points. The remaining amounts owed to group undertakings (£12.6m, 2018: £10.4m) are unsecured, repayable on demand and interest free.

##### Amounts falling due after more than one year

	28 September 2019 £'000	29 September 2018 £'000
<b>Amounts payable within two to five years:</b>		
Amounts owed to group undertakings	12	12
Accruals and deferred income	1,339	1,436
<b>Total</b>	<b>1,351</b>	<b>1,448</b>

The Company has taken the transition exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 15 Financial instruments by category

	Note	28 September 2019 £'000	29 September 2018 £'000
<b>Financial assets measured at amortised cost:</b>			
Amounts owed by group undertakings	13	56,211	26,111
Other debtors	13	801	1,641
Cash at bank and in hand		13,421	1,217
<b>Total</b>		<b>70,433</b>	<b>28,969</b>
<b>Financial liabilities measured at amortised cost:</b>			
Trade creditors	14	8,466	5,563
Amounts owed to group undertakings	14	50,230	17,686
Other creditors	14	4,897	-
Amounts owed to group undertakings after more than one year	14	12	12
<b>Total</b>		<b>63,605</b>	<b>23,261</b>

#### 16 Provisions for liabilities

	Property related and other reserves £'000
At 30 September 2018	3,545
Additions	-
Disposals	-
<b>At 28 September 2019</b>	<b>3,545</b>

The property related and other provision includes contractual obligations of the Company on surrender of property leases to reinstate the premises to the same state and condition as before occupancy including making good all damage caused by the removal and this also applies to certain stores. The provision will be utilised as the Company's property leases expire between 1 to 10 years.

## The Disney Store Limited

### Notes to the financial statements for the year ended 28 September 2019 (continued)

#### 17 Deferred tax asset

Deferred taxation provided for at 17% (2018: 17%) in the financial statements is set out below:

	28 September 2019 £'000	29 September 2018 £'000
Accelerated capital allowances	(1,393)	(1,236)
Short term timing differences	(802)	(831)
Undiscounted deferred tax asset	(2,195)	(2,067)
At 30 September 2018 / 1 October 2017	(2,067)	(1,647)
Origination and reversal of timing differences	(121)	(219)
Prior year	(7)	(201)
At 28 September 2019 / 29 September 2018	(2,195)	(2,067)

#### 18 Commitments and contingencies

The Company has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	28 September 2019 £'000	29 September 2018 £'000
The maturity of these amounts is as follows:		
Within one year	12,843	13,755
Within two to five years	32,379	41,620
After five years	12,042	18,773
Total	57,264	74,148

#### 19 Called up share capital

	28 September 2019 £'000	29 September 2018 £'000
Allotted and fully paid		
18,000,102 Ordinary shares of £1 each (2018: 18,000,102)	18,000	18,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

## **The Disney Store Limited**

### **Notes to the financial statements for the year ended 28 September 2019 (continued)**

#### **20 Ultimate parent undertaking and related undertaking**

The Company's immediate parent company is Disney Trading B.V. (formerly registered and known as Disney Stores Holdings (Netherlands) B.V.). On 21 March 2019, the ultimate parent undertaking changed from The Walt Disney Company (tax identification number: 95-4545390) to The Walt Disney Company, an entity incorporated in the United States of America with a tax identification number of 83-0940635.

The parent undertaking of the smallest and largest group for which group financial statements are prepared, and of which The Disney Store Limited is a member, is The Walt Disney Company (tax identification number: 83-0940635). Copies of their financial statements can be obtained from 500 South Buena Vista Street, Burbank, California 91521-9722 United States of America.

The Company has one related undertaking being The Disney Store (Germany) GmbH which is a wholly owned direct subsidiary registered in Germany.

#### **21 Related party transactions**

The Company is a wholly owned subsidiary of Disney Trading B.V. (formerly registered and known as Disney Stores Holdings (Netherlands) B.V.), whose ultimate parent is The Walt Disney Company and utilises the exemption contained in paragraph 33.1A of FRS 102, '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.

#### **22 Post balance sheet events**

##### **a) COVID-19 pandemic**

In December 2019 there was an outbreak of COVID-19, which the World Health Organisation declared a pandemic on 11 March 2020. This is considered by the Directors to be a non-adjusting post balance sheet event. COVID-19 pandemic created a significant impact on the short-term operations of the Company. It is believed that the long lived assets of the Company have longer term prospects for sustained performance relative to the uncertain duration of the effects of the pandemic. Therefore, it was concluded that it was premature to consider any of these assets for impairment.