Jetix Europe Limited

Director's report and financial statements
for the year ended 30 September 2011

Registered number 3250589

Directors' report and financial statements
for the year ended 30 September 2011

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Directors' report

for the year ended 30 September 2011

The Directors present their report together with the audited financial statements and the independent auditors' report of Jetix Europe Limited (the 'Company'), for the year ended 30 September 2011

Principal activities and review of the business

On 1 October 2009, the Company's trade and assets were sold to The Walt Disney Company Limited and all trading contracts have been transferred accordingly The sale to The Walt Disney Company Limited was effected by means of an interest bearing loan note that enables the Company to meet its liabilities into the future The Company will continue to operate in the foreseeable future and therefore continues to be a going concern

Historically, the Company's principal activity was the operation of children's television channels

Future developments and principal risk and uncertainties

The Company ceased trading on 1 October 2009 upon the sale of the Company's trade and assets to The Walt Disney Company Limited

The Company's future performance could be affected by the following risk factors

Foreign currency exchange rate fluctuations may cause financial losses Changes in foreign currency exchange rates can reduce the value of the Company's assets

As a result of the Company's exposure to foreign exchange risk, there has been a realised profit on foreign exchange in the year of £838,000 (2010 £1,794,000) Management continuously monitors the Company's exposure to foreign exchange risk

Results and dividends

The profit after taxation for the year ended 30 September 2011 amounted to £4,017,000 (2010 £138,999,000)

The Directors do not recommend the payment of a dividend (2010 £nil)

Directors

The Directors who served during the financial year and up to the date of signing the financial statements were as follows

Peter Wiley
Nigel Cook

Directors' report (continued)

for the year ended 30 September 2011

Statement of Directors' responsibilities

The Directors are responsible for preparing the Director's report and the financial statements in accordance with the applicable laws and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping 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 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 This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Statement on disclosure of information to the auditors

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors as on the date of signing the report have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board

Nigel Cook
Director
30 November 2011

Registered Office
Chiswick Park,
Building 12,
566 Chiswick High Road
London W4 5AN

Independent auditors' report to the members of Jetix Europe Limited

We have audited the financial statements of Jetix Europe Limited (the 'Company') for the year ended 30 September 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 2 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the Directors were not entitled to prepare the Director's report in accordance with the small company regime

Robin Holgate

Robin Holgate (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 November 2011

Profit and loss account

for the year ended 30 September 2011

	Notes	2011 £'000	2010 £'000
Administrative expenses		825	1,876
Operating profit	2	825	1,876
Profit on sale of the business	8	-	135,232
Loss on sale of an investment	8	-	(118)
Interest receivable and similar income	3	4,054	3,520
Profit on ordinary activities before taxation		4,879	140,510
Tax on profit on ordinary activities	6	(862)	(1,511)
Profit for the financial year	13	4,017	138,999

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

All the amounts stated above relate to continuing operations

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented

Balance Sheet

(Registered Number 3250589)

as at 30 September 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investment in subsidiaries	7	426	426
		426	426
Current assets			
Debtors amounts falling due within one year	9	12,245	9,302
Debtors amounts falling due after more than one year	10	146,541	145,816
		158,786	155,118
Creditors. amounts falling due within one year	11	(7,978)	(8,327)
Net current assets		150,808	146,791
Total assets less current liabilities		151,234	147,217
Net assets		151,234	147,217
Capital and reserves			
Called up share capital	12	-	-
Other distributable reserves	13	59,809	59,809
Profit and loss account	13	91,425	87,408
Total shareholders' funds		151,234	147,217

The financial statements on pages 4 to 11 were approved by the Board of Directors on 30 November 2011 and signed on its behalf by

Nigel Cook
Director

The notes on pages 6 to 11 form an integral part of the financial statements

Notes to the financial statements
for the year ended 30 September 2011

1 Principal accounting policies

The principal accounting policies are summarised below They have all been consistently applied throughout the current year and the preceding year

The amounts owed by/ due to group undertakings are presented gross in the current year This reclassification has been reflected in the prior year balance sheet

a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom and under Companies Act 2006 There are no indications that amounts receivable or payable by the Company are not going to be received or paid and therefore support these statements being prepared on a going concern basis For the year ended 30 September 2011 the Company has prepared its annual financial statements in accordance with UK GAAP

The financial statements contain information about Jetix Europe Limited as an individual Company and do not contain consolidated financial information as the parent of a group The Company is a wholly owned subsidiary of a group headed by The Walt Disney Company and is included in the consolidated financial statements of that company, which are publicly available Consequently, the Company is exempt under section 401 of the Companies Act 2006 from preparing consolidated financial statements

Under the provisions of FRS 1 (Revised) "Cash flow statements", the Company has not prepared a cash flow statement because The Walt Disney Company , a Company incorporated in the United States of America, has prepared publicly available consolidated financial statements which include the financial statements of the Company for the financial year and which contain a consolidated cash flow statement

The preparation of financial information in conformity with UK GAAP requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates The key accounting estimates and judgements are explained in note 2

b) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange on the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the balance sheet date All resultant exchange differences have been dealt with in the profit and loss account for the financial year

c) Taxation

The charge for taxation is based on the result for the financial year and takes into account deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results are stated in the financial statements

1 Principal accounting policies (continued)

c) Taxation (continued)

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 from which the future reversal of the underlying timing differences can be deducted

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

d) Investment

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment Impairment reviews are performed by the directors when there has been indication of potential impairment

2 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging/ (crediting)		
Staff costs (see note 4)	-	402
Auditors' remuneration - audit	13	24
Realised profit on foreign exchange	(838)	(1,794)

3 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest receivable from other group companies	4,054	3,520

4 Staff costs

	2011 Number	2010 Number
Average number of employees during the year		
Administration	-	9
Wages and salaries	-	322
Social security costs	-	65
Other pension costs	-	15
	-	402

5 Directors' emoluments

The Directors did not receive any emoluments in respect of their services to the company Both the Directors are remunerated by The Walt Disney Company Limited, and details are available in the financial statements of that company

6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2011 £'000	2010 £'000
Current tax	1,301	1,511
Prior year adjustment	(439)	-
Total current tax on profit on ordinary activities	862	1,511

(b) Factors affecting tax charge for the year

The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK for the year ended 30 September 2011 of 27% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	4,879	140,510
Profit on ordinary activities multiplied by the standard rate - 27% (2010 28%)	1,317	39,343
Effects of		
Group relief surrendered for no consideration	(16)	-
Non taxable capital disposal	-	(37,832)
Total current tax charge for the year	1,301	1,511

The Company has no tax losses carried forward and no capital allowances carried forward

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which was substantially enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 26% from 1 April 2011 Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum by 1 April 2014 These further changes had not been substantially enacted at the balance sheet date and therefore, have not been reflected in these financial statements The changes are not expected to materially impact the financial statements

7 Fixed Asset Investments

	2011 £'000	2010 £'000
Cost	426	426
Net book value	426	426

The Company has investments in the following subsidiary undertakings

Subsidiary undertaking	Country of incorporation	Date of incorporation	Principal activity	Equity interest
Jetix Espana S L	Spain	24 June 1999	Children's television channel	50%
Jetix Entertainment Limited	UK	5 June 2000	Children's online and interactive activities	100%
Jetix Entertainment Services EPE	Greece	26 February 2002	Children's television channel	99%

The Directors believe that the carrying value of the investments is supported by their underlying net assets

8 Exceptional items

a) On 1 October 2009, the Company sold its trade and assets to The Walt Disney Company Limited The purchase price has been converted to an intercompany loan of $228,839,069 (see note 11) and will accrue interest payable on a quarterly basis The sale has resulted in a gain of £135 million Following the sale, the Company's trade, assets and all commitments were assumed by The Walt Disney Company Limited At 30 September 2011, Jetix Europe Limited held cash balances of £10,233,393 which will be transferred to The Walt Disney Company Limited on closure of its bank account

b) In the prior financial year, liabilities arose within Jetix Europe S r l that related to Jetix Europe Limited's period of ownership and based on indemnities contained in the sale agreement, the Company was required to pay the new shareholders the sum of £118,000

9 Debtors amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	12,245	9,302

Amounts owed by Group undertakings are unsecured, repayable on demand and interest free

10 Debtors amounts falling due after more than one year

	2011 £'000	2010 £'000
Amounts owed by Group undertakings	146,541	145,816

Amounts owed by Group undertakings are unsecured, repayable on 30 September 2014 and attract interest at the twelve month Libor rate

11 Creditors amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to Group undertakings	6,664	6,792
Taxation and social security	1,301	1,511
Accruals and deferred income	13	24
	7,978	8,327

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand

12 Called-up share capital and reserves

	2011 £	2010 £
Ordinary £1 equity shares		
10,000,000 (2010 10,000,000) authorised	10,000,000	10,000,000
100 (2010 100) allotted and fully paid	100	100

13 Reconciliation of shareholders funds and movement on reserves

	Other distributable reserves £' 000	Profit and loss account £' 000	Total £' 000
At 1 October 2010	59,809	87,408	147,217
Profit for the financial year	-	4,017	4,017
At 30 September 2011	59,809	91,425	151,234

14 Ultimate parent company

The immediate parent undertaking is Jetix Europe Channels B V

The ultimate parent undertaking and controlling party is The Walt Disney Company, a company incorporated in the United States of America

The Walt Disney Company is the parent undertaking of the largest and only group of undertakings to consolidate these financial statements at 2 October 2011 The consolidated financial statements of The Walt Disney Company are available from 500 South Buena Vista Street, Burbank CA 91521, United States of America

15 Related parties

The Company has taken advantage of the exemption conferred by FRS 8 "Related party disclosures" not to disclose details of transactions with other members of the Disney group since it is a wholly owned subsidiary undertaking of The Walt Disney Company whose consolidated financial statements are available to the public