# Jetix Europe Limited

Annual report and financial statements
for the year ended 30 September 2010

Registered number 3250589

Annual report and financial statements
for the year ended 30 September 2010

Contents

# Directors, company secretary and auditors for the year ended 30 September 2010

| | |
|---|---|
| Directors | Nigel Cook<br>Peter Wiley |
| Company secretary | Nigel Cook |
| Independent auditors | PricewaterhouseCoopers LLP<br>Chartered Accountants and Registered Auditors<br>1 Embankment Place<br>London<br>WC2N 6RH |
| Bankers | JP Morgan Chase Bank<br>125 London Wall<br>London EC2Y 5AJ |
| Solicitors | Wiggin & Co<br>The Quadrangle<br>Imperial Square<br>Cheltenham<br>Gloucester GL50 1YX |
| Registered office | Chiswick Park,<br>Building 12,<br>566 Chiswick High Road<br>London W4 5AN |

The Directors present their report together with the audited accounts and the auditors' report of Jetix Europe Limited (the 'Company') (registered number 3250589), for the year ended 30 September 2010

**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 therefore continues to be a going concern

Historically, the Company's principal activity was the operation of children's television channels On 3 August 2010, the issued share capital of the Company was reduced to 100 ordinary shares of £1 each through the cancellation of 5,950,500 ordinary shares of £1 each The value of the cancelled shares was transferred to a distributable reserve together with the value of the share premium reserve of £53,857,587

**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 receives interest income on the loan made to The Walt Disney Company Limited that enables it to meet its liabilities as they arise The Company therefore continues to be a going concern

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 and revenues and increase the Company's liabilities and costs

**Financial risk management**

The Company's activities expose it to a variety of financial risks market risk (including currency risk), credit risk, liquidity risk and cashflow and fair value interest-rate risk The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

*(a) Market risk*

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations

As a result of the Company's exposure to foreign exchange risk, there has been a gain in the year of £1 79 million (2009 £0 875 million loss) Management continuously monitors the Company's exposure to foreign exchange risk

*(b) Credit risk*

The Company has no significant concentrations of credit risk It has policies in place to ensure that sales of services are made to customers with an appropriate credit history

(c) *Liquidity risk*
Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents

*(d) Cashflow and fair value interest rate risk*
The Company's interest rate risk arises from cash and cash equivalents Cash invested at a variable rate exposes the Company to cashflow interest rate risk Cash invested at fixed rates exposes the Company to fair value interest rate risk At September 30, 2010, none of the Company's cash was invested in fixed term bank deposits

*(e) Price Risk*
The Company is not exposed to commodity price risk

**Results and dividends**

The profit after taxation for the year ended 30 September 2010 amounted to £138,999,000 (2009 £593,000)

The Directors do not recommend the payment of a dividend (2009 £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

**Statement of Directors' responsibilities**
The Directors are responsible for preparing the annual 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

## Directors' report (continued)

For the year ended 30 September 2010

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

**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

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

On behalf of the Board

Nigel Cook
**Director**
16th December 2010

## 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 2010 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 4 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

**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 2010 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

Sonia Copeland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16th December 2010

## Profit and loss account

For the year ended 30 September 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| **Turnover** | 3 | - | 28,796 |
| Administrative expenses | | 1,876 | (34,498) |
| **Operating profit/ (loss)** | 4 | 1,876 | (5,702) |
| Profit on sale of the business | 10 | 135,232 | - |
| (Loss)/ profit on sale of an investment | 10 | (118) | 1,355 |
| Income from fixed asset investment | | - | 4,955 |
| Interest receivable and similar income | | 3,520 | 63 |
| Interest payable and similar charges | | - | (8) |
| **Profit on ordinary activities before taxation** | | 140,510 | 663 |
| Tax on profit on ordinary activities | 7 | (1,511) | (70) |
| **Profit for the financial year** | 13 | 138,999 | 593 |

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

The accompanying notes on pages 8 to 18 are an integral part of these profit and loss accounts

## Balance Sheet
as at 30 September 2010

| | Notes | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 8 | - | 186 |
| Investment in subsidiaries | 9 | 426 | 426 |
| | | 426 | 612 |
| **Current assets** | | | |
| Debtors | 11 | 149,526 | 10,464 |
| Cash | | - | 6,828 |
| | | 149,526 | 17,292 |
| **Creditors:** amounts falling due within one year | 12 | (2,735) | (9,686) |
| **Net current assets** | | 146,791 | 7,606 |
| **Total assets less current liabilities** | | 147,217 | 8,218 |
| **Net assets** | | 147,217 | 8,218 |
| **Capital and reserves** | | | |
| Called-up share capital | 13 | - | 5,951 |
| Share premium | 13 | - | 53,858 |
| Other distributable reserves | 13 | 59,809 | - |
| Profit and loss account | 13 | 87,408 | (51,591) |
| **Total shareholders' funds** | | 147,217 | 8,218 |

The financial statements on pages 6 to 18 were approved by the Board of Directors on 16th December 2010 and signed on its behalf by

Nigel Cook
Director

16th December 2010

## Notes to the financial statements (continued)

30 September 2010

**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

*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 2010 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 exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, The Walt Disney Company Inc, a Company registered in the United States of America

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 There are certain areas of complexity which require a higher degree of judgement These areas include revenue recognition, accounting for employee share-based compensation plans, provisions, allowances for doubtful accounts, and deferred taxation )

*b ) Revenue recognition*

Subscriber fees receivable from cable operators and Direct-to-home (DTH) broadcasters are generally recognised as revenue over the period for which the channels are provided and to which the fees relate Subscriber revenue is recognised as contracted generally based upon the level of subscribers Television advertising revenue is recognised as the commercials are aired In certain countries, the Company commits to provide advertisers with certain rating levels in connection with their advertising Revenue is recorded net of estimated shortfalls, which are usually settled by providing the advertiser additional advertising time The revenue related to the shortfall, calculated based on the additional advertising to be provided, is deferred and released when the advertising has been fulfilled Barter revenues, represent the receipt of services in exchange for advertising time on a television station The fair value of the advertising surrendered is determinable based on the Company's own historical practice of receiving cash or other consideration that is readily convertible to a known cash amount for similar advertising from buyers unrelated to the counterparty in the barter transaction

*c) 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 year

*d) Advertising costs*

Advertising costs are expensed as incurred

*e) Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and any provision for impairment

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows

| | |
|---|---|
| Computer equipment and software | - 3 years |
| Fixtures and fittings | - up to 10 years |

*f) Pensions*

The Company operates a defined contribution pension scheme under which it pays fixed contributions into publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods The contributions are recognised as employee benefit expense when they are due Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

*g) Taxation*

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

*h) Share-based compensation*

Jetix Europe Limited employees have been granted stock options under the Jetix Discretionary Stock Option Scheme operated by Jetix Europe N V It is an equity-settled, share-based compensation plan, which includes both share options and restricted shares The fair value of the awards are measured at the date of grant and expensed on a straight-line basis over the vesting period, net of the fair value of those awards not expected to become exercisable

At each balance sheet date, the estimate of the number of share options that are not expected to become exercisable are revised The impact of the revision of the original estimate, if any, is recognised in the profit and loss account for the year, and a corresponding adjustment to equity over the remaining vesting period The proceeds received net of any directly attributable transaction costs are credited to the share capital (nominal value) and share premium of Jetix Europe N V when the options are exercised

Under the plan the restricted shares shall be paid in cash or in shares (or some combination of both) as determined by Jetix Europe N V in its discretion at the time of payment Although the Group has no legal or constructive obligation to settle the restricted shares in cash, the Management Board of Jetix Europe N V has agreed that all restricted shares will be settled in cash The fair value of the employee services received in exchange for the grant of the restricted shares is recognised as an expense At each balance sheet date, and ultimately at the settlement date, the fair value of the liability is re-measured with any changes in fair value recognised in the profit and loss account for the year The total net cost recognised in respect of the transaction will be the amount paid to settle the liability

For any share-based compensation settled by the issuance of equity instruments of Jetix Europe N V , the Company records an expense and a corresponding increase in equity as a contribution from Jetix Europe N V

**2 Key accounting estimates and judgements**

In order to prepare the Company's financial statements in conformity with UK GAAP, management of the Company has to make estimates and judgements The matters described below are considered to be the most important in understanding the judgements that are involved in preparing the statements and the uncertainties that could impact the amounts reported on the results of the preparation, financial condition and cashflow Company accounting policies are described in Note 1

*a) Provisions and accruals*

Provisions and accruals are recognised in the period it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated The timing of recognition requires the application of judgement to existing facts and circumstances which can be subject to change

Estimates of the amounts of provisions recognised can differ from actuals The carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes A change in estimate of a recognised provision would result in a change or credit to income in the period in which the change occurs

*b) Revenue recognition*

The Company recognises subscription revenue based on the numbers of subscribers to the channel operators The number of subscribers is variable based on cancellations and new customers to the channel operators over the course of a financial year Subscriber information is obtained from the channel operators approximately one month in arrears As a result the Company estimates subscription revenues based on the prior month's subscription figures supplied by the channel operators

*c) Income taxes*

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made

c) *Share-based compensation*
Share-based compensation expense is estimated on the grant date using a Black-Scholes option-pricing model Future expense amounts for any particular quarterly or annual period could be affected by changes in management's assumptions or changes in market conditions

d) *Functional currency*
Each of the Company's subsidiaries and joint ventures has transactions in a number of different currencies Management makes an assessment of the currency of the primary economic environment in which the entity operates to determine the functional currency of the entity

**3 Turnover and segmental analysis**
Turnover represents amounts receivable in respect of the principal activity, net of VAT and other sales-related taxes

**4 Operating profit/(loss)**
This is stated after charging

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| Staff costs (see note 5) | 402 | 8,569 |
| Salary recharges | (388) | - |
| Redundancy costs | - | 2,981 |
| Depreciation (see note 8) | - | 110 |
| Disposal of Fixed Assets | - | (276) |
| Auditors' remuneration | | |
| - audit | 24 | 145 |
| Realised (profit)/ loss on foreign exchange | (1,794) | 875 |
| Operating lease rentals | | |
| - plant and machinery | - | 5,554 |
| - other | - | 2,360 |

**5 Staff costs**

| | 2010<br>Number | 2009<br>Number |
|---|---|---|
| Average number of employees (including Directors) during the year | | |
| Channels | - | 99 |
| Administration | 9 | 32 |
| | 9 | 131 |

| | 2010 | 2009 |
|---|---|---|
| | £'000 | £'000 |
| Wages and salaries | 322 | 7,402 |
| Social security costs | 65 | 816 |
| Other pension costs | 15 | 351 |
| | 402 | 8,569 |

**6 Directors' emoluments**

The remuneration of the Directors in respect of services to the Company was as follows

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| Aggregate emoluments | - | 1,236 |
| Aggregate termination payments | - | 1,397 |
| Gains made on exercise of share options and restricted stock units | - | 245 |
| Company contributions to money purchase pension schemes | - | 30 |
| | - | 2,908 |

The Directors did not receive any emoluments in respect of their services to the company (2009 £2,908,000) The Directors are remunerated by The Walt Disney Company Limited, and details are available in the financial statements of that company

**7 Tax on profit on ordinary activities**

**(a) Analysis of tax charge in period**

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| - Current tax | 1,511 | - |
| - Overseas tax | - | 70 |
| Total charge on ordinary activities | 1,511 | 70 |

**(b) Factors affecting tax charge for the period**

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK (28%) The differences are explained below

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | 140,510 | 663 |
| Profit on ordinary activities multiplied by the standard rate - 28% | 39,343 | 186 |
| Expenses not deductible for tax | - | (1,602) |
| Tax losses and other timing differences | - | 1,658 |
| Group relief surrendered for no consideration | - | 138 |
| Unrelieved foreign taxes | - | 70 |
| Non taxable capital disposal | (37,832) | (380) |
| Current tax charge for the period | 1,511 | 70 |

The Company has no tax losses carried forward and no capital allowances carried forward The 2009 tax losses carried forward and capital allowances carried forward were £47,369,000 and £4,883,000 respectively, which have been transferred to The Walt Disney Company Limited

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 The further proposed changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

## 8 Tangible assets

| | Fixtures and fittings £'000 | Computer equipment and software £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 October 2009 | 57 | 144 | 201 |
| Additions | - | - | - |
| Disposals | (57) | (144) | (201) |
| At 30 September 2010 | - | - | - |
| **Accumulated depreciation** | | | |
| At 1 October 2009 | 4 | 11 | 15 |
| Charge for the year | - | - | - |
| Disposals | (4) | (11) | (15) |
| At 30 September 2010 | - | - | - |
| **Net book value** | | | |
| At 1 October 2009 | 53 | 133 | 186 |
| **At 30 September 2010** | - | - | - |

## 9 Investments

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Cost | 426 | 822 |
| Less Disposals during the year | - | (396) |
| 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

### 10 Exceptional items

a) On 1 October 2009, the Company sold its trade and assets to The Walt Disney Company Ltd for $228,839,000 (£143,824,199) The purchase price has been converted to an intercompany loan and will accrue interest 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 Ltd At 30 September 2010, Jetix Europe Limited held cash balances of £6,116,666 which will be transferred to The Walt Disney Company Limited on closure of the bank account

The operating assets and liabilities of the Company as at the date of sale were as follows

| | **Book value £'000** |
|---|---|
| Fixed assets | 186 |
| Debtors | 10,464 |
| Cash | 6,828 |
| Creditors | (8,886) |
| **Total value of net assets disposed** | **8,592** |
| **Consideration received** | **143,824** |
| **Profit arising on disposal** | **135,232** |

b) In the prior accounting period, the Company sold its 68 06% interest in Jetix Europe S r l for £1,751,191 As a result, a gain on the sale of the investment of £1,355,351 was recognised In the current accounting period, 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

### 11 Debtors

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Trade debtors | - | 1,305 |
| Other taxation and social security | - | 60 |
| Due from Group undertakings | 149,526 | 8,360 |
| Prepayments and accrued income | - | 739 |
| | 149,526 | 10,464 |

Amounts due from Group undertakings are unsecured and attract GBP 12 month LIBOR interest rates on a quarterly basis

## 12 Creditors: amounts falling due within one year

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Trade creditors | - | 3,197 |
| Due to Group undertakings | 1,200 | 2,781 |
| Corporation tax | 1,511 | - |
| Accruals and deferred income | 24 | 3,708 |
| | 2,735 | 9,686 |

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

## 13 Called-up share capital and reserves

| | 2010 £ | 2009 £ |
|---|---|---|
| Ordinary £1 equity shares | | |
| 10,000,000 authorised | 10,000,000 | 10,000,000 |
| 100 (2009 5,951,000) allotted, called up and fully paid | 100 | 5,951,000 |

On 3 August 2010, the issued share capital of the Company was reduced to 100 ordinary shares of £1 each through the cancellation of 5,950,900 ordinary shares of £1 each The value of the cancelled shares was transferred to a distributable reserve and the share premium reserve of £53,857,587

| | Called-up share capital £' 000 | Share premium £' 000 | Other distributable reserves £' 000 | Profit and loss account £' 000 | Total £' 000 |
|---|---|---|---|---|---|
| At 1 October 2009 | 5,951 | 53,858 | - | (51,591) | 8,218 |
| Profit for the financial year | - | - | - | 138,999 | 138,999 |
| Reduction of share capital | (5,951) | (53,858) | 59,809 | - | - |
| At 30 September 2010 | - | - | 59,809 | 87,408 | 147,217 |

## 14 Share-based payments

In prior years, Jetix Europe Ltd employees had been granted stock options under the Jetix Discretionary Stock Option Scheme operated by Jetix Europe N V Jetix Europe N V granted options to acquire shares to personnel at exercise prices equal to or exceeding the market price at the date of grant Options vest equally over a four-year period from the date of grant and expire ten years after the date of grant Jetix Europe N V has no legal or constructive obligation to repurchase or settle the options in cash Movements in the number of Jetix share options outstanding and their related weighted average exercise prices are as follow

| | 2010 Weighted average exercise price in Euro per share | Options | 2009 Weighted average exercise price in Euro per share | Options |
|---|---|---|---|---|
| At 1 October | - | - | 13 59 | 17,500 |
| Exercised | - | - | - | - |
| Forfeited | - | - | 13 59 | (17,500) |
| At 30 September | - | - | - | - |

No share options were granted during the year ended 30 September 2010 (2009 None)

The weighted average share price of Jetix options exercised during the year was £nil (2009 £nil)

Certain Jetix Europe Limited employees were granted restricted shares Details of the restricted shares activity is as follows

| | 2010 Number of restricted shares | 2009 Number of restricted shares |
|---|---|---|
| At 1 October | 37,447 | 128,633 |
| Forfeited | (10,679) | (41,387) |
| Employees transferred to The Walt Disney Company Ltd | (21,902) | - |
| Exercised | (4,866) | (49,799) |
| At 30 September | - | 37,447 |

The restricted stock, issued during 2005, 2007 and 2008, vest in two equal parts at 24 months and 48 months from the grant date, respectively There are no performance conditions attached to the issue

The liability related to the restricted shares at 30 September 2010 is £nil (2009 £0 2 million)

The total share based compensation credit recognised for the year ended 30 September 2010 was £nil (2009 £0 5 million charge), comprising of a share option charge of £nil (2009 £nil) and restricted share credit of £nil (2009 £0 5 million charge)

**15 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 Inc , a company incorporated in the United States of America

The Walt Disney Company Inc is the parent undertaking of the largest and only group of undertakings to consolidate these financial statements at 2 October 2010 The consolidated financial statements of The Walt Disney Company Inc available from 500 South Buena Vista Street, Burbank CA 91521, United States of America

**16 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 Inc whose consolidated accounts are available to the public