Jetix Entertainment Limited

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

Registered number 4007608

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 independent auditors' report of Jetix Entertainment Limited (the 'Company'), for the year ended 30 September 2011

Principal activities and business review

Historically, the Company's principal activities were the operation of online interactive children's entertainment, licensor of children's entertainment rights and the distribution of programming to free television broadcasters The Company produced a generic website and all the elements needed for the operation of the websites plus services such as hosting and operation of those sites in the UK, Scandinavia, Poland and Central and Eastern Europe The Company's licensing business included entertainment rights and sales activities which focus on several European markets The Company also supplied programming to the Jetix Greek children's television channel

The Company continued the process of winding down its business activities during the year by not entering into any new business and allowing existing contracts to expire or terminate without renewal The Directors do not expect that the Company will continue to trade past the next financial year

Future developments and principal risks and uncertainties

The Company has ceased all commercial activities bar the servicing of existing commercial contracts and anticipates that during the next financial year that all commercial activity will cease

Results and dividends

The profit for the financial year after taxation was £89,853 (2010 £442,883 loss) which will be transferred to reserves The Directors do not recommend the payment of a dividend (2010 £nil)

Directors

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

Nigel Cook
Peter Wiley

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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

Statement of directors' responsibilities (continued)

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- 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

The Directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2011 and that applicable Accounting Standards have been followed 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

Each of the persons who is a Director at the date of approval of this report confirms that

- 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 ought to have been 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

Going Concern

The Directors confirm that it is appropriate to prepare the financial statements on a going concern basis and that relevant disclosures have been made in the financial statements

Small company exemption

The company has taken advantage of the small companies' exemption from section 417 (1) and 384 (1) of the Companies Act 2006 and therefore an enhanced business review and financial instruments disclosure has not been detailed in the Directors' report

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

On behalf of the Board
Nigel Cook, Director
25 November 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JETIX ENTERTAINMENT LIMITED

We have audited the financial statements of Jetix Entertainment Limited 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 and express an opinion on 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 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report

Robin Holgate

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

Profit and loss account
for the year ended 30 September 2011

	Note	2011 £	2010 £
Turnover	3	-	301,852
Administrative expenses		108,431	(710,920)
Operating profit/ (loss)	4	108,431	(409,068)
Interest receivable and similar income		2,847	2,295
Interest payable and similar charges		-	(4,980)
Profit/ (loss) on ordinary activities before taxation		111,278	(411,753)
Tax on profit/ (loss) on ordinary activities	7	(21,425)	(31,130)
Profit/ (loss) for the financial year	12	89,853	(442,883)

There are no recognised gains or losses for the years other than the profit/ (loss) for the financial years stated above Accordingly no statement of recognised gains and losses has been presented

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

All the amounts stated above relate to continuing operations

Balance Sheet
(Registered Number 4007608)
as at 30 September 2011

	Notes	2011 £	2010 £
Fixed assets			
Investment in subsidiaries	8	108	108
		108	108
Current assets			
Debtors	9	656	32,444
Cash at bank and in hand		3,657,375	3,885,677
Total current assets		3,658,031	3,918,121
Creditors amounts falling due within one year	10	(34,803)	(384,746)
Net current assets		3,623,228	3,533,375
Total assets less current liabilities		3,623,336	3,533,483
Net assets		3,623,336	3,533,483
Capital and reserves			
Called-up share capital	11	100	100
Other reserves	12	288,476	288,476
Profit and loss account	12	3,334,760	3,244,907
Total equity shareholders' funds		3,623,336	3,533,483

The accounts on pages 4 to 13 were approved by the board of Directors on 25 November 2011 and signed on its behalf by

Nigel Cook
Director

The notes on pages 6 to 13 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

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 UK and under Companies Act 2006 For the year ended 30 September 2011 the Company has prepared its financial statements in accordance with UK GAAP The financial statements have been prepared on a going concern basis The principal accounting policies are set out below

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) 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

Online advertising revenue is recognised evenly over the course of the advertising campaign Amounts received in advance of recognition of revenue are recorded as deferred income

Programme distribution revenue is recognised when the relevant agreement has been entered into, the product has been delivered or is available for delivery, collectability is reasonably assured and all of the Company's contractual obligations have been satisfied

Revenues from home entertainment, licensing and merchandising agreements which provide for the receipt by the Company of non-refundable guaranteed amounts, are recognised when the licence or distribution period begins, the payments are due under the terms of the contract, collectability is reasonably assured and all performance obligations of the Company have been fulfilled Amounts in excess of minimum guarantees under these agreements are recognised when earned Amounts received in advance of recognition of revenue are recorded as deferred revenue

Revenue is recorded net of value added tax (VAT) and other sales related taxes

1 Principal accounting policies (continued)

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) Use of estimates

The preparation of financial statements in conformity with UK GAAP requires the use of estimates and assumptions that affect amounts reported in the financial statements Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates

e) Investment in subsidiary undertakings

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 an indication of potential impairment

f) Taxation

The charge for taxation is based on the result for the 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

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

2 Key accounting estimates and judgements

In order to prepare the financial statements in conformity with UK GAAP, the 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

Provisions 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 charge or credit to the profit and loss account in the period in which the change occurs

b) Income taxes

Significant judgement is required in determining the provision for income taxes There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business 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) 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

Notes to the financial statements
for the year ended 30 September 2011 (continued)

3 Turnover
Turnover represents amounts receivable in respect of the principal activities, net of VAT and other sales related taxes

Business segments
The Company was organised into three main operating segments, based on its products and services

- Channels and online – operation and broadcast of television channels and the provision of children's entertainment via the Internet and other interactive media
- Programme distribution – sale of programming to third parties
- Consumer products – licensing and merchandising operations including home entertainment

Analysis of turnover by business segments	2011 £	2010 £
	-	232,954
Channels and online	-	71,665
Programme distribution	-	(2,767)
Consumer products		
	-	301,852

Geographical segments

Analysis of turnover by geographic segments	2011 £	2010 £
Rest of world	-	301,852
	-	301,852

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

	2011 £	2010 £
Restructuring costs	-	13,813
Commission expense	447	67,868
Programming costs	-	217,995
Supervision fee	-	227,367
Auditors' remuneration		
- audit	10,065	14,413
Realised loss/ (gain) on foreign exchange	5,847	(1,422)
Overstatement of prior year bad debt provision	(155,428)	-
Staff costs (see note 5)	-	39,681

5 Staff costs

	2011 £	2010 £
Wages and salaries	-	30,174
Social security costs	-	9,507
	-	39,681

	2011 Number	2010 Number
Monthly average number of employees during the year		
Channels and online	-	1

6 Directors emoluments

During the period, amounts paid to Directors in respect of their qualifying services to the Company were £nil (2010 £nil) The Directors are remunerated by The Walt Disney Company Limited, and details are available in the financial statements of that company

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

The tax charge comprises	2011 £	2010 £
Current tax		
United Kingdom corporation tax at 27% (2010 28%) based on the profit for the period	21,425	-
- Overseas tax	-	31,130
Total current tax charge	21,425	31,130

7b Factors affecting tax charge for the financial year (continued)

The tax assessed for the year is lower (2010 higher) 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 £	2010 £
Profit/ (loss) on ordinary activities before taxation	111,278	(411,753)
Profit/ (loss) per ordinary activities multiplied by the standard rate 27% (2010 28%)	30,045	(115,291)
Effect of		
Expenses not deductible for tax	-	382
Capital allowances in excess of depreciation	(8,620)	(11,175)
Unrelieved foreign taxes	-	31,130
Group relief from/ to fellow group companies	-	126,084
Total tax on profit on ordinary activities	21,425	31,130

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 Investments

	2011 £	**2010** £
Cost and net book value	108	108

The Company has investments in the following subsidiary undertakings and joint ventures

Subsidiary undertaking and joint ventures	**Country of incorporation**	**Date of incorporation**	**Principal activity**	**Equity interest**
Jetix Entertainment Services EPE	Greece	26 February 2002	Children's television channel	1%

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

9 Debtors

	2011 £	2010 £
Trade debtors	656	29,121
Prepayments and accrued income	-	3,323
	656	32,444

The carrying value of trade, other and related party receivables approximate fair value

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	466	80,488
Amounts due to Group undertakings	2,847	289,845
Corporation tax	21,425	-
Accruals and deferred income	10,065	14,413
	34,803	384,746

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

11 Called up share capital

	2011 £	2010 £
Authorised		
1,000,000 (2010 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called-up and fully-paid		
100 (2010 100) ordinary shares of £1 each	100	100

On 3 August 2010, the issued share capital of the Company was reduced to 100 ordinary shares of £1 each through the cancellation of 9,900 ordinary shares of £1 each The value of the cancelled shares were transferred to a distributable reserve together with the value of the share premium reserve of £278,576 (see note 12)

12 Reconciliation of movement in shareholders' funds

	Called up share capital	Other distributable reserve	Profit and loss account	Total
	£	£	£	£
At 1 October 2010	100	288,476	3,244,907	3,533,483
Profit for the financial year	-	-	89,853	89,853
At 30 September 2011	100	288,476	3,334,760	3,623,336

13 Ultimate parent company

The immediate parent undertaking is Jetix Europe Limited

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

14 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 Walt Disney group since it is a wholly owned subsidiary undertaking of The Walt Disney Company whose consolidated accounts are available to the public