ESPN Sports Media Limited

Annual Report and Financial Statements for the 78-week period ended 1 April 2023

Registered number: 04731390

CONTENTS

Strategic Report for the period from 3 October 2021 to 1 April 2023

The Directors present their Strategic Report of ESPN Sports Media Limited (the 'Company') for the 78-week period from 3 October 2021 to 1 April 2023 (prior 52-week financial period ended 2 October 2021).

Principal activities

The principal activities of ESPN Sports Media Limited are the licensing of sports programming, advertising and management of a sporting internet and mobile website, including its on-demand sport subscription service.

Review of business and future developments

The results for the Company show a profit for the period of £3,755,000 (2021 restated: profit of £1,868,000).

Revenue for the current financial period is £34,279,000 (2021 restated: £16,106,000). The increase in revenue is driven by digital advertising and live sporting events during the extended 78-week financial period. The Company is witnessing strong demand for live events and non-live sport content with ESPN Sports Documentaries and films growing in popularity. Digital sports traffic has seen strong growth in our off-platform content.

During 2023, the Company recognised an amortisation charge for goodwill of £510,000 (2021: £764,000). Subsequent to management review, no impairment charges were required for the period for the website espncricinfo.com (2021: £2,539,000). Refer to note 12 for further information.

Going concern

The Directors have received assurances of continued financial support from a fellow group undertaking, in the form of a letter of support for a period of at least 12 months from the date of these financial statements being signed. The Directors are comfortable that the fellow group undertaking is in a good financial position to support the Company.

On the basis of their assessment of the Company's financial position and resources, including the assurance of continued financial support, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to note 3 for further details.

Principal risks and uncertainties

The activities of the Company are broad and complex and as such a wide range of factors could materially affect future developments and performance. The most significant factors affecting operations include the following:

Changes in UK and Europe wide economic and political conditions, including the impact of pandemics
A decline in economic activity and changes in political conditions in the UK and across European and other markets in which we do business or hold investments, including the impact of pandemics, can adversely affect demand for any of our businesses, thus reducing our revenues. Economic, political conditions and the impact of pandemics can also impair the ability of those with whom we do business to satisfy their obligations to us.

In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment and consumer products we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Changes in exchange rates for foreign currencies may reduce the value of revenue we receive from other markets.

Changes in public and consumer tastes and preferences and competitive landscape
A risk for the Company is the ability to maintain revenues in its programme distribution and digital businesses in a competitive market across Europe, the Middle East and Africa. The Company's success depends substantially on consumer tastes and preferences that change in often unpredictable ways. The success of our

Strategic Report for the period from 3 October 2021 to 1 April 2023 (continued)

Principal risks and uncertainties (continued)

Changes in public and consumer tastes and preferences and competitive landscape (continued)
businesses depends on our ability to consistently distribute filmed entertainment and online material that meet the changing preferences of our consumer market.

Changes in media business
The increased consolidation within the media industry and proliferation of direct-to-consumer services presents both an opportunity and a risk for example the increase in number of platforms provides additional sales opportunities for our Media Distribution business, while consolidation can have a negative impact in the short to medium term.

Investments
The Company owns investments in entities which are affected by the above risk factors which may impact valuation of those investments. This risk is mitigated by the Directors performing impairment trigger assessments periodically and if required a more detailed assessment to conclude on the risk crystallising.

Damage to our reputation or brands may negatively impact our Company
Our reputation and globally recognisable brands are integral to the success of our business. Because our brands engage consumers across our businesses, damage to our reputation or brands in one business may have an impact on our other brands.

With respect to each of the risks noted above the Directors regularly review such matters to mitigate their respective impact on the Company.

Key Performance Indicators ("KPIs")

The Company's Key performance indicators are as follows:

Measure	Description	2023 £'000	2021 £'000 (restated)
Turnover	Total sales for the financial period	34,279	16,106
Profit	Overall profit for the financial period	3,755	1,868

The increase in revenue is driven by digital advertising and live sporting events during the extended 78-week financial period. The Company is witnessing strong demand for non-live sport content with ESPN Sports Documentaries and films growing in popularity. Digital sports traffic has seen strong growth in our off-platform content. The profit for the period is driven by an increase in turnover, no charges for impairment of intangible assets, minimal additional provisions for liabilities and financial commitments and recognition of provision for bad debts.

Section 172 statement

The Company is a subsidiary within a group of companies of which The Walt Disney Company is the ultimate parent company (the "Group" or "Disney"). As a subsidiary within the Group, the Company is subject to organisational and management systems which enable the board of directors ("the Board") to oversee governance of the activities of the Company. As is normal for large companies, the Board delegates authority for day-to-day management of the Company to the managers responsible for the management of the Company. The Board ensures that when applying Group policies and delegating responsibility for operational matters to the managers, it does so with due regard to its fiduciary duties and responsibilities.

Strategic report for the period from 3 October 2021 to 1 April 2023 (continued)

Section 172 statement (continued)

The Directors of the Company are aware of their duty under Section 172 of the Companies Act 2006 to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder. In doing so they have considered (amongst other matters) factors (a) to (e) listed below:

(a) the likely consequences of any decision in the long term,

(b) the need to foster the Company's business relationships with suppliers,

(c) the impact of the Company's operations on the community and the environment,

(d) the desirability of the Company maintaining a reputation for high standards of business conduct, and

(e) the need to act fairly between members of the Group.

We have detailed below how, throughout the financial period ending 1 April 2023 ("the Period") each of these factors have been considered by the Board.

a) The likely consequences of any decision in the long term

The Board are aware that their decisions and strategies can have long-term effects on the success of the Company's business and on its stakeholders. They aim to make well-informed decisions whilst being mindful of impacts on its stakeholder. The key stakeholders of the Company include its shareholder, suppliers, customers, and community..Some of the decisions the Board has taken during the course of the period are set out below and show how the decisions have been made both with a view to creating long term success for the Company and taking into consideration the impact on its stakeholders.

b) The need to foster the Company's business relationships with suppliers, service providers

We maintain strong relationships with our stakeholders through open, transparent, and responsive dialogue. The Company prides itself on delivering exceptional service and high-quality content as a result of its strong relationships with its suppliers and service providers.

Suppliers/service providers

The Company has high standards for its service providers to obtain the best quality, service and value. Through engagement with industry leaders and suppliers, we join efforts to create large-scale, industry-wide change, as well as to learn about trends and insights related to our specific businesses. In 2020, the Group set a goal to spend at least $1 billion annually with diverse suppliers by 2024 and introduced new guidelines to help our procurement sourcing professionals embed environmental expectations into vendor contracts and requests for proposals, the Board seeks to implement this in the activities of the Company.

c) The impact of the Company's operations on the community and the environment

Community

The Group's global Social Responsibility framework clarifies its mission as: "to be an honourable Company that provides comfort to those in need and creates inspiration and opportunity for those who want to improve their world."

The Group achieves this in a number of ways including Social Purpose (building emotional resilience by together, creating moments that matter) and being a Responsible Business (investing in the health and well-being of people and the planet). The following are specific examples:

- Disney's long-standing partnership with Make-A-Wish is just one example of how, through working with others, we help build emotional resilience. In all, over 145,000 wishes have been fulfilled globally since 1980. 82,678 Moments That Matter were created and delivered in financial period 2022 for socially isolated or seriously ill children and young people across the UK and wider EMEA markets.

Strategic report for the period from 3 October 2021 to 1 April 2023 (continued)

Section 172 statement (continued)

c) The impact of the Company's operations on the community and the environment **(continued)**

- A Disney Wish Event - The Walt Disney Company UK & Ireland, Make-A-Wish UK, and The Kentown Wizard Foundation collaborated for a second year to provide magical Disney Wish experiences for children with serious illnesses. For two weeks in September 2022, the Hoar Cross Hall in Staffordshire was transformed into an Enchanted Manor where more than 225 wishes were granted and included children from both Make-a-Wish UK and Make-A-Wish Ireland. Disney VoluntEARS gave their time and skills, contributing more than 1,100 volunteering hours to these Wish efforts. In addition to Disney experiences, the event also featured accessible activities such as a carousel for kids of all abilities to share everyday family moments together.

- Superhero Series Powered by Marvel - The Superhero Series is the UK's only sports event dedicated to the nation's approximately 14 million People with Disabilities. The family-inclusive event has been powered by Marvel for the past four years. During this time, and despite the pandemic, it has seen 11,000 Superhero participants and 9,800 Sidekick volunteers take part in its signature events, including Superhero Tri, Winter Wonderwheels, and At-Home Superhero Challenge, and helped to raise more than $1 million USD for local charities. Throughout 2021/2022, Disney VoluntEARS joined these superhero teams to help them clock up kilometres and cross both the live and virtual finish lines.

- More details on our Social Purpose can be found at the following link: https://thewaltdisneycompany.eu/social-purpose.

Environmental

The Group is committed to taking meaningful and measurable action to support a healthier planet for future generations.

In December 2022, the Group announced its latest set of environmental goals that aim to reduce greenhouse gas (GHG) emissions; minimize waste; and create products and packaging with environmentally preferable materials, amongst others by 2030. Some of the key 2030 goals of the Group include:

- Reducing absolute emissions from direct operations (scope 1 and 2 emissions) by 46.2% against a 2019 baseline.
- Achieving net zero emissions for direct operations;
- Reducing scope 3 emissions in line with a "well below 2° scenario;
- Purchasing or producing 100% zero carbon electricity; and
- Material goals for Disney-branded products developed and sourced by Disney include:
  - Use of recycled, certified, or verified sustainable paper and wood.
  - Use of plastic that contains at least 30% recycled content or a lower-impact alternative material.
  - Designing packaging for reuse, recycling, or composting.
  - Use of recycled, sustainably sourced, or lower-impact alternative textiles.
  - Ensuring all facilities participate in the Higg Index or maintain a sustainable manufacturing certification.

More details on the environmental goals, including definitions of 'net emissions' and 'net zero emissions' can be found at the following links: https://impact.disney.com/environment/environmental-sustainability/ and the 2022 CSR Report: https://impact.disney.com/app/uploads/2023/06/2022-CSR-Report.pdf

Strategic report for the period from 3 October 2021 to 1 April 2023 (continued)

Section 172 statement (continued)

d) The desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed to operating its businesses with integrity and adopting governance policies that promote the thoughtful and independent representation of its stakeholders' interests. The Board has adopted Corporate Governance Guidelines which address, among other things, the composition and functions of the Board and independence. The Group's Standards of Business Conduct are applicable to the Company including the Board.

The Group regularly engages its leaders and Cast Members in these Standards through training and other forms of communication. This includes the Board of Directors. It is compulsory that all leaders and Cast Members complete the mandatory online courses, examples include: Standards of Business Conduct, TWDC Agents Policy and Avoiding Corrupt Business Practices.

Acting responsibly and conducting business ethically is an integral part of the Disney brand. The Group's global commitment to conduct business and create products in a responsible and ethical manner focuses on six areas: ethical conduct, responsible content, environmental stewardship, community engagement, civic engagement and respectful workplaces. The Group continues to work toward our goals and regularly set new challenges to ensure it is constantly striving to improve.

The Group and the Board of Directors are committed to producing responsible content. We create and share compelling storylines from our studios and media networks that entertain with inspirational and aspirational themes and reflect the incredibly rich diversity of the human experience.

e) The need to act fairly as between members of the Group

The Company is a wholly owned subsidiary of ESPN Global Ventures Limited. All Directors of the Company are also on the Board of ESPN Global Ventures Limited. Therefore, the parent Company is aware of the key decisions and financial performance of the Company and has a keen interest in the strategies and future outlook of the Company.

On behalf of the board on 30 April 2024

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Tracy Bermingham
Director

3 Queen Caroline Street
Hammersmith
London
W6 9PE

Directors' Report for the period from 3 October 2021 to 1 April 2023

The Directors present their report and the audited financial statements of ESPN Sports Media Limited (the "Company") for the 78-week period ended 1 April 2023 (prior 52-week financial period ended 2 October 2021).

Future developments

The Directors expect the Company to continue operating under its principal activities, as set out in the Strategic Report, for the foreseeable future. On 18 August 2023, the Company shut down its on demand sports subscription service, namely ESPN Player. Since the decision to close the ESPN Player platform was taken subsequent to the reporting period, no adjustment is required to financial statements for the period ended 1 April 2023. Refer to note 23 for further details.

Dividends

No dividends were received, paid or declared during the period (2021: dividend received of £2,207,000). The Directors do not propose any final dividends to be paid after the period end.

Financial risk management

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

1) Credit risk: The Company has implemented policies that require appropriate credit checks on potential 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.

2) 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.

3) Price risk: Actions to reduce inflation, including raising interest rates, could impact demand from our customers due to reduction of discretionary spend or a shift in end consumer demand away from the entertainment and consumer products we offer. In addition, an increase in price levels generally can increase our costs. The adverse impact on the Company of this inflationary environment will depend, in part, on its severity and duration. The Company's ability to mitigate any profitability impacts will be limited.

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

T. Bermingham	
N. Cook	(appointed 4 August 2023)
F.H.G.J. Rutten	(appointed 13 September 2023)
E.M. McMenamin	(resigned 18 July 2023)
A. Fagan	(resigned 12 September 2023)

There were no third party indemnity provisions during the period ended 1 April 2023 (period ended 2 October 2021: Nil). No compensation for loss of office was paid during the period.

Events after the reporting period

On 18 August 2023, the Company shut down its on demand sports subscription service, namely ESPN Player. As a result of this closure, the Company incurred closure costs of £282,000 mainly relating to refund of customer subscriptions and contract termination costs. Since the decision to close the ESPN Player platform was taken subsequent to the reporting period, no adjustment is required to financial statements for the period ended 1 April 2023.

Directors' Report for the period from 3 October 2021 to 1 April 2023 (continued)

Employee involvement

Consultation with employees takes place at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Company as a whole. Communication with all employees continues through newsletters and briefing groups.

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.

Streamlined energy and carbon reporting disclosure

All emissions from our head office at 3 Queen Caroline Street have been included in The Walt Disney Company Limited's SECR disclosure. The Walt Disney Company is the owner of the building and all invoices are billed to The Walt Disney Company Limited and therefore all head office emissions have been disclosed in their financial statements.

Furthermore, as any additional UK consumption which is the responsibility of the Company measures less than 40,000 kWh the Company is exempt from the requirement to disclose further details of CO2 emissions and energy consumption under the SECR regulation.

Statement of Directors' responsibilities in respect of the financial statements

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 year. 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, 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 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 also 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.

Directors' Report for the period from 3 October 2021 to 1 April 2023 (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 period.

The financial statements on pages 13 to 38 were approved by the Board of Directors on 30 April 2024 and signed on its behalf by:

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T.B.
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Tracy Bermingham
Director

3 Queen Caroline Street
Hammersmith
London
W6 9PE

Report on the audit of the financial statements

Opinion

In our opinion, ESPN Sports Media Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 1 April 2023 and of its profit for the 78 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 1 April 2023; the Statement of comprehensive income and Statement of changes in equity for the period 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 or, 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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 period ended 1 April 2023 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 in respect of the financial statements, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to data privacy regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journal entries. Audit procedures performed by the engagement team included:

- Inquiries with management of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Inquiries with management and external counsel of any pending litigation;
- Identifying and testing journal entries and, including those with unusual account combinations or those with unexpected users or words;
- Challenging assumptions and judgements made by management in the significant accounting estimates such as goodwill impairment and onerous contract assessments;
- Challenging the validity and accuracy of manual journals posted to the extend trial balance, in particular, in our revenue testing; and
- Reviewing board meeting minutes up to the date of the audit report.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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 obtained 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.

Paul Wheeler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2024

Statement of comprehensive income for the period from 3 October 2021 to 1 April 2023

	Note	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000 (As restated*)
Turnover	5	**34,279**	16,106
Cost of sales		**(12,382)**	(5,392)
Gross profit		**21,897**	10,714
Administrative expenses		**(16,424)**	(8,028)
Other operating income	21	**385**	-
Operating profit	6	**5,858**	2,686
Income from shares in group undertakings	7	**-**	2,207
Impairment of intangible assets	12	**-**	(2,539)
Interest payable and similar expenses		**(5)**	(4)
Profit before taxation		**5,853**	2,350
Tax on profit	10	**(2,098)**	(482)
Profit for the financial period		**3,755**	1,868
Other comprehensive income		**-**	-
Total comprehensive income for the financial period		**3,755**	1,868

The above results were derived from continuing operations.

The notes on pages 16 to 38 form part of the financial statements.

* Refer to note 4 for further details.

Statement of financial position as at 1 April 2023

	Note	1 April 2023 £'000	2 October 2021 £'000 (As restated*)
Fixed assets			
Intangible assets	12	1,531	2,041
Tangible assets	13	61	179
Investments	14	5,486	5,486
		7,078	7,706
Current assets			
Debtors	15	17,205	17,850
Cash at bank and in hand		7,569	3,804
		24,774	21,654
Current liabilities			
Creditors: amounts falling due within one year	16	(11,282)	(12,164)
Net current assets		13,492	9,490
Total assets less current liabilities		20,570	17,196
Creditors: amounts falling due after more than one year			
Provisions for liabilities	21	(661)	(1,042)
Net assets		19,909	16,154
Capital and reserves			
Called up share capital~	18	-	-
Profit and loss account		19,909	16,154
Total shareholders' funds		19,909	16,154

~ Called up share capital, the Company had 102 Ordinary shares of £1 each during the current and prior period.
* Refer to note 4 for further details.

The financial statements of ESPN Sports Media Limited (registration number: 04731390) on pages 13 to 38 were approved by the Board of Directors and authorised for issue on 30 April 2024.

They were signed on its behalf by:

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Tracy Bermingham
Director

3 Queen Caroline Street
Hammersmith
London
W6 9PE

Statement of changes in equity for the period from 3 October 2021 to 1 April 2023

	Called up share capital~ £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 4 October 2020	-	14,286	14,286
Total comprehensive profit for the period	-	1,310	1,310
Share based payment current period charge	-	79	79
Share based payment to parent Company	-	(79)	(79)
Balance as at 2 October 2021 previously reported	-	15,596	15,596
Impact of restatement	-	558	558
Balance as at 3 October 2021 (Restated *)	-	16,154	16,154
Total comprehensive profit for the period	-	3,755	3,755
Share based payment current period charge	-	256	256
Share based payment to parent Company	-	(256)	(256)
Balance as at 1 April 2023	**-**	**19,909**	**19,909**

~ Called up share capital, the Company had 102 Ordinary shares of £1 each during the current and prior period.

* Refer to note 4 for further details.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023

1 General information

ESPN Sports Media Limited (the "Company") is a private company limited by shares. It is incorporated in the United Kingdom and is registered in England and Wales.

The address of its registered office is:
3 Queen Caroline Street
Hammersmith
London
W6 9PE

The Company is a wholly owned subsidiary of ESPN Global Ventures Limited, a Company incorporated and operating in the United Kingdom. At 1 April 2023, the Company was ultimately controlled by 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 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, with registered address 500 South Buena Vista St., Burbank, California, 91521-9722 USA and is included within that company's consolidated financial statements.

The principal activities of ESPN Sports Media Limited are the licensing of sports programming and management of a sporting internet and mobile website, including its on-demand sport subscription service.

2 Statement of compliance

The financial statements are 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).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods 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 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 ('FRS102') and the Companies Act of 2006.

The preparation of financial statements in conformity with FRS102 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 of this note.

b) Accounting reference date

The Company changed its accounting reference date to 31 March from 30 September. The Company has taken advantage of the flexibility under the Companies Act 2006 to end the accounting period on the closest Saturday to 31 March each period. An accounting reference date of 1 April 2023 has been adopted for the current period. The current financial period represents the 78 weeks ended Saturday 1 April 2023 (prior period: 52 weeks ended Saturday 2 October 2021).

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

3 Summary of significant accounting policies (continued)

c) Going concern

The Directors have received assurances of continued financial support from a fellow group undertaking, in the form of a letter of support for similar period of at least 12 months from the date of these financial statements being signed. The Directors are comfortable that the fellow group undertaking is in a good financial position to support the Company.

On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d) Turnover

Turnover is primarily derived from three lines of business and represents amounts receivable, net of value added tax.

The Company acquires licenses for the provision of sport related content from the original rights owner and resells this content to third party broadcasters or provides customers with access to a wider catalogue of content over a contracted period. Revenue is recognised upon delivery of the licensed content to the customer for the provision of sport related content (offered individually or as bundled content). Where the company provides sport related content as part of a bundled contract (multiple events over single / multiple years), fair value estimation is used to allocate the contract value to each event in the bundle.

The Company sells advertising space on digital news and information platforms to advertising agencies and brands. Advertising revenue is recognised on broadcast of the advertisement.

The Company operates a subscription digital video service providing licensed programming content and collects revenue from subscribers paying for access to online content. Subscription revenue is recognised over the life of the subscription.

Intercompany revenue is recognised at an arm's length basis on an accruals basis. Revenue is recognised when the service or goods have been provided.

Deferred revenue represents revenue for which the service has not yet been provided but for which the customer has been invoiced. Accrued revenue is recognised when services are provided to a customer, but the customer has not yet been invoiced for those services.

e) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the period. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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 period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

3 Summary of significant accounting policies (continued)

e) Taxation (continued)

(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 except for certain exceptions. 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.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

f) 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 by the same ultimate parent company. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 19.

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.

g) Employee benefits

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

(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 plans
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity such as an administered fund. Once the contributions have been paid, the Company has no further payment obligations. The pension cost charge represents contributions payable by the Company to the personal plans of certain employees in respect of the accounting period. The contributions are recognised as an expense and charged to the Statement of comprehensive income when they are due.

(ii) Defined contribution pension plans (continued)
Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

3 Summary of significant accounting policies (continued)

g) Employee benefits (continued)

(iii) Share based payments
The fair value of grants made under the equity settled employee share option plans is calculated at the date of grant using an appropriate lattice model. Compensation expense for restricted stock units ("RSUs") is based on the market price of the shares underlying the awards on the grant date. In accordance with of FRS 102 section 26 'Share based payments', the fair value of equity-based awards is charged to the Statement of comprehensive income over the vesting period of the awards with a corresponding credit to the profit and loss reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. At each reporting date, the entity revises its estimates of the number of options that are expected to vest.

h) Foreign currency

(i) Functional and presentation currency
The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances
Monetary assets and liabilities in foreign currencies have been translated into GBP ("Great British Pounds Sterling") at the rates of exchange ruling at the Statement of financial position date. Transactions in foreign currencies are recorded at rates ruling at the date of the transaction. Differences on exchange are taken to the statement of total comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

i) Tangible fixed assets, depreciation and impairment

Tangible fixed assets are stated at cost, less accumulated depreciation. 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.

The principal annual rates in use are:

Computer equipment	5-8 years
Leasehold improvements	5 years

The fixed asset and depreciation policies are assessed periodically. Fixed assets are assessed for impairment by comparing their carrying values to the future discounted cash flows expected to be generated by these assets, whenever events or changes in circumstances indicate that impairment may exist.

j) Intangible assets - goodwill

When the costs of an acquisition exceed the fair values attributable to the net assets acquired, the difference is treated as goodwill. Under FRS 102 section 27 'Impairment of Assets', intangible assets are reviewed for any impairment indicators at the reporting date.

Impairment reviews are carried out to ensure that goodwill and intangible assets are not carried at above their recoverable amounts. Any amortisation or impairment write downs are charged to the Statement of comprehensive income. Amortisation is reported within operating profit in the Statement of comprehensive income.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

3 Summary of significant accounting policies (continued)

j) Intangible assets - goodwill (continued)

Amortisation is calculated on a systematic basis at rates estimated to write off the cost of the assets over their estimated useful lives. The useful economic life for intellectual property rights for Cricinfo is 15 years and this is amortised on a straight line basis.

k) Investments

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. At each reporting date, the investments 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 investment is compared to the carrying amount of the investment. See note 12 for further information on impairment of investments.

The recoverable amount of the investment 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 cash flows before interest and tax obtainable as a result of the investments continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the investment.

If the recoverable amount of the investment 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 Statement of comprehensive income to the extent of any previously recognised revaluation. Therefore, any excess is recognised in the Statement of comprehensive income.

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 had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of comprehensive income.

l) Provisions for liabilities and financial commitments

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where a provision is required for onerous contracts, the provision is measured using a discounted cash flow model and re-assessed at each fiscal period end.

m) 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 in any future periods affected.

*(i) Useful economic lives of intangible assets (E)**

The annual amortisation charge for intangible 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 and economic utilisation. See note 12 for the carrying amount of intangible assets, and policy notes in note 3 for the useful economic lives.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

3 Summary of significant accounting policies (continued)

m) Critical accounting judgements and key source of estimation uncertainty (continued)

*(ii) Impairment of intangible assets (E,J)**
The Company considers whether intangible assets, including goodwill, are impaired. Where an indication of impairment is identified, the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. The assessment uses certain key assumptions i.e. net cash flows and discount rates that are subject to estimation uncertainty that could give rise to a risk of impairment in a future period if these assumptions change. In the current period a qualitative assessment was performed and based on relevant information, no trigger was judged to have occurred and hence detailed impairment reviews were not performed. See note 12 for further details.

*(iii) Investments (E, J)**
The Company's fixed asset investments are held at historical cost, adjusted for impairment where applicable. The investment is assessed for impairment initially through qualitatively assessing external and internal sources of information to determine if there is an impairment trigger. This typically involves the exercise of judgement. In the event an impairment trigger is determined then a detailed quantitative assessment is made regarding forecasted future cash flows and territory market conditions to derive a discounted equity investment value, which would typically involve estimates and assumptions. In the current period a qualitative assessment was performed and based on relevant information, no trigger was judged to have occurred and hence detailed impairment reviews were not performed. See note 14 for further information.

*(iv) Provisions for liabilities and financial commitments (E)**
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. The Company's onerous contracts provision represents an estimate of the net unavoidable costs of fulfilling the contracts. The provision requires an estimation of expected cash flows for the remaining lives of the contracts including reasonable estimates for the committed and uncommitted amounts and the derivation of an appropriate discount factor in order to reflect the present value of this cost. Whilst performing this review, discount rate was identified as a key source of estimation uncertainty that could give rise to a risk of further provisions in a future period. See note 21 for the carrying amount of the provisions and sensitivities performed over key assumptions.

*(v) Provisions for bad debts (E)**
We evaluate our provision for bad debts and estimate collectability of accounts receivable based on historical bad debt experience, our assessment of the financial condition of individual companies with which we do business, current market conditions, and reasonable and supportable forecasts of future economic conditions. If our estimate of uncollectible accounts is too low, costs and expenses may increase in future periods, and if it is too high, costs and expenses may decrease in future periods. See Note 6 and 15 for further information.

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

n) Exemption from preparing group financial statements

The financial statements contain information about ESPN Sports Media Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption 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 The Walt Disney Company, a Company incorporated in the United States of America. Copies of The Walt Disney Company annual report can be obtained from the address provided in note 19.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

3 Summary of significant accounting policies (continued)

o) Exemption 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. The Company is a qualifying entity as its results are consolidated into the financial statements of The Walt Disney Company which are publicly available.

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;
iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102 and;
v) from the requirement to provide certain share-based payments disclosures as required by paragraphs 26.18(b), 26.19, 26.20, 26.21 and 26.23 of FRS 102, concerning its own equity instruments.

p) Cash and cash equivalents

Cash and cash equivalents include 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 1 April 2023 the Company does not hold short-term highly liquid investments or bank overdrafts.

q) Financial instruments

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. The Company had a bank balance of £7,569,000 at 1 April 2023 (2021: £3,804,000).

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. The Company does not hold or issue derivative financial instruments and as at 1 April 2023 does not hold bank loans or loans from fellow Group companies (2021: nil).

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.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

4 Prior period restatement of Statement of comprehensive income and Statement of financial position

The Company is member of an agreement to share content creation related costs with other ESPN group companies led by ESPN Enterprises Inc. In accordance with the agreement, costs are incurred by all parties to the agreement, total costs are reallocated based on revenue generated by each of the parties. Whilst reviewing the prior period Statement of comprehensive income management identified cost allocation credits received by the Company were erroneously disclosed as revenue instead of administrative expenses. The Company operates a media distribution and syndication business in which it licenses programming assets from ESPN Inc., its parent company. In accordance with the relevant intercompany agreement between the Company and its parent, it is compensated through a targeted operating margin model. The error identified also impacted the target operating margin calculations that are required to be performed in accordance with the intercompany agreement. The error came to light in the current period and the prior period Statement of comprehensive income and Statement of Financial Position have been restated.

The above adjustment resulted in a decrease in revenue by £3,752,000, decrease in cost of sales by £715,000, decrease in administrative expenses by £3,752,000 and increase in tax charge by £157,000. The overall increase in profit after tax was £558,000 and net assets increased by £558,000.

The restated Statement of comprehensive income for the period ended as at 2 October 2021 is as follows:

	Prior period Ended 2 October 2021 £'000 (As stated)	Cost allocation adjustment £'000	Prior period Ended 2 October 2021 £'000 (Restated)
Revenue	19,858	(3,752)	16,106
Cost of sales	(6,107)	715	(5,392)
Administrative expenses	(11,780)	3,752	(8,028)
Profit before taxation	1,635	715	2,350
Tax on profit	(325)	(157)	(482)
Profit for the financial period	**1,310**	**558**	**1,868**

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

4 Prior period restatement of Statement of comprehensive income and Statement of financial position (continued)

The restated Statement of financial position as at 2 October 2021 is as follows:

	As at 02-Oct-21 £'000 (As stated)	Adjustment £'000	As at 02-Oct-21 £'000 (Restated)
Debtors:			
Amounts owed by group undertakings	8,377	715	9,092
Deferred tax asset	961	(89)	872
	9,338	626	9,964
Creditors: amounts falling due within one year:			
Corporation tax liability	(297)	(68)	(365)
	(297)	(68)	(365)
Net current assets	**8,932**	**558**	**9,490**
Total assets less current liabilities	**16,638**	**558**	**17,196**
Net assets	**15,596**	**558**	**16,154**
Capital and reserves			
Profit and loss account	15,596	558	16,154
Total shareholders' funds	**15,596**	**558**	**16,154**

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

5 Turnover

Turnover comprises licensing of sports programming ('Media distribution') and the provision of internet related services for a number of sporting websites and advertising ('Digital media related services'). The split of these into categories of turnover during the period is as follows:

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000 (Restated)
Media distribution	23,770	9,981
Digital media related services	10,509	6,125
	34,279	16,106

The split of turnover into geographical destination during the period is as follows:

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000 (Restated)
United Kingdom	13,036	9,066
Rest of Europe	20,381	6,916
Rest of World	862	124
	34,279	16,106

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

6 Operating profit

	Note	**Period ended 1 April 2023 £'000**	Period ended 2 October 2021 £'000
The operating profit is stated after (crediting)/charging:			
Bad debts		3,483	591
Net foreign exchange (gain)/loss		(723)	496
Fees payable for the statutory audit		215	125
Amortisation of goodwill	12	510	764
Impairment of goodwill	12	-	2,539
Depreciation of tangible assets	13	75	66
Impairment of tangible assets	13	49	-
Other operating income	21	(385)	-
Provision for compensation	21	62	(100)
Impairment of contract related assets	21	-	1,077
Onerous contracts related provision	21	(58)	(359)

During the period, balances due from a group undertaking amounting to £3,559,000 (2021: £nil) were considered not recoverable and written off. Refer to note 15 for further details. Since the Company recovered bad debts amounting to £76,000, these amounts were written back (2021:£591,000 (write off)).

Auditors' remuneration for the current period is £215,000 (2021: £125,000).

Compensation provisions of £385,000 were released during the current period.

7 Income from shares in group undertakings

	Period ended 1 April 2023 £ 000	Period ended 2 October 2021 £ 000
Dividends received	-	2,207

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

8 Staff numbers and costs

The average monthly number of persons employed by the Company (including executive Directors) during the period, analysed by category, was as follows:

	Period ended 1 April 2023 Numbers	Period ended 2 October 2021 Numbers
Production and technical	26	25
Sales	10	17
General and administration	11	12
Marketing	1	3
	48	57

The aggregate payroll costs of these persons were as follows:

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000
Wages and salaries	5,977	3,975
Social security costs	728	554
Other pension costs	378	258
Share based payments	256	79
	7,339	4,866

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

9 Directors' emoluments

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000
Aggregate Emoluments	511	121
Other director benefits	156	14
Company contributions paid to pension scheme	26	8
	693	143

In respect of the highest paid Director:

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	511	75
Other director benefits	156	14
Company contributions paid to pension scheme	26	4
	693	93

Retirement benefits are accruing for one Director (2021: 1), including the highest paid Director, under the defined contribution scheme. One Director (2021: 1) received share options under long term incentive schemes, and one Director (2021: 1) exercised share options in the ultimate parent Company during the period. Two (2021: 2) Directors in service during the period were remunerated directly by another group company. For the remaining Directors it is not possible to determine an allocation of their remuneration for services to the Company as their duties are incidental to the overall role for the Group. No compensation for loss of office was paid during the period (2021: £nil).

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

10 Tax on profit

The charge for taxation is based upon the profit for the period and comprises:

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000 (Restated)
Current tax:		
UK corporation tax at 19% (2021: 19%)	1,378	320
Adjustments in respect of prior periods	(6)	6
Foreign tax	89	25
Current tax charge for the period	1,461	351
Deferred tax:		
Impact of change in tax rate	-	(209)
Adjustments in respect of prior periods	(10)	4
Origination and reversal of timing differences	647	336
	637	131
Tax charge	2,098	482

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

10 Tax on profit on ordinary activities (continued)

Tax assessed for the period is higher (2021: higher) than the main rate of corporation tax in the UK. The differences are explained below:

	Period ended 1 April 2023 £'000	Period ended 2 October 2021 £'000 (Restated)
Profit before taxation	5,853	2,350
Expected UK tax charge at 19% (2021: 19%)	1,112	446
Effects of:		
Fixed asset differences	97	145
Non deductible impairment of intangible assets	-	482
Expenses not deductible for tax purposes	735	18
Income not taxable for tax purposes	-	(419)
Re-measurement of deferred tax - change in UK tax rate	155	(209)
Other timing differences	(14)	2
Group relief claimed	(8)	-
Foreign tax credits	89	24
Adjustments in respect of prior periods – current	(6)	7
Adjustments in respect of prior periods – deferred tax	(10)	3
Other permanent differences	(52)	(17)
Tax charge for the period	2,098	482

Factors that may affect future tax charges

The Finance Act 2022 introduced provisions to increase the tax rate from 19% to 25% from 1 April 2023.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

11 Deferred tax

	Deferred tax asset £'000
At 3 October 2021 (Restated)	872
Charged to the Statement of total comprehensive income	(637)
At 1 April 2023	235

A deferred tax asset of £235,000 (2021 restated: £872,000) has been recognised in the financial statements. This asset relates to trading losses carried forward of nil (2021 restated: £646,000), fixed asset timing differences of £124,000 (2021: £134,000) and short term timing differences of £111,000 (2021: £92,000) were recognised as the Directors consider it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation provided for at 25% (2021: 25%) is set out below:

	1 April 2023 £'000	2 October 2021 £'000 (Restated)
Tax losses	-	646
Fixed asset timing differences	124	134
Short term timing differences	111	92
	235	872

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

12 Intangible assets

Intangible assets consist of Goodwill.

	2023	2021
	£'000	£'000
Cost		
At start of the period	13,746	13,746
At end of the period	**13,746**	13,746
Accumulated amortisation and impairment		
At start of the period	(11,705)	(8,402)
Amortisation charge for the period	(510)	(764)
Impairment	-	(2,539)
At end of the period	**(12,215)**	(11,705)
Net book value		
At end of the period	**1,531**	2,041
At start of the period	2,041	5,344

As a result of management's review of intangible assets undertaken in the current financial period, no impairments have been identified (2021: £2,539,000).

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

13 Tangible assets

	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 3 October 2021	393	45	438
Additions during the period	6	-	6
Disposals during the period	(224)	(45)	(269)
At 1 April 2023	**175**	**-**	**175**
Accumulated depreciation and impairment			
At 3 October 2021	(214)	(45)	(259)
Depreciation charge for the period	(75)	-	(75)
Disposals during the period	175	45	220
At 1 April 2023	**(114)**	**-**	**(114)**
Net book value			
At 1 April 2023	**61**	**-**	**61**
At 3 October 2021	179	-	179

During the period, a review of the carrying value of tangible assets was performed resulting in an impairment of the net book value of £49,000 (Cost £71,000, Accumulated depreciation £22,000) (2021: nil). Whilst conducting this review, certain assets with a nil net book value were identified which are no longer in use. As a result, assets with a gross book value and accumulated depreciation of £198,000 (2021: nil) were de-recognised.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

14 Investments

	2023 £'000	2021 £'000
Cost		
At start of the period	5,486	5,486
Impairment of investments	-	-
At end of the period	5,486	5,486
Carrying amount at end of the period	**5,486**	**5,486**

The Directors believe that the carrying value of the investments are supported by their underlying net assets of continuing operations and accordingly no trigger for performing a more detailed impairment review was determined. Details of investments are set out below:

Shares in group undertaking	Address of registered office	Nature of business	Proportion of nominal value of voting shares held 2023	2021
ESPN Australia Holdings Pty Ltd	Level 3, 68 York St, Sydney, Australia	Holding Company	100%	100%
ESPN Australia Pty Ltd †	Level 3, 68 York St, Sydney, Australia	Digital Media	100%	100%

† This Company is an indirect subsidiary, as it is owned by a direct subsidiary.

15 Debtors

	1 April 2023 £'000	2 October 2021 £'000 (Restated)
Trade debtors	2,569	3,196
Provision for impairment of trade debtors	(149)	(672)
Net trade debtors	2,420	2,524
Amounts owed by group undertakings	10,498	9,092
Deferred tax asset	235	872
Other debtors	1	7
Prepayments and accrued income	4,051	5,355
	17,205	17,850

Amounts owed by group undertakings are unsecured, repayable on demand and are not interest bearing. Prepayments and accrued income include contract related assets.

During the period, balances due from a group undertaking amounting to £3,559,000 (2021: £nil) were considered not recoverable and written off.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

16 Creditors: amounts falling due within one year

	1 April 2023 £'000	2 October 2021 £'000 (Restated)
Trade creditors	415	679
Amounts owed to group undertakings	2,502	4,568
Corporation tax liability	1,710	365
Taxation and social security	671	432
Accruals and deferred income	5,984	6,120
	11,282	12,164

Amounts owed to group undertakings are unsecured, repayable on demand and are not interest bearing.

17 Financial instruments by category

	Note	1 April 2023 £'000	2 October 2021 £'000 (Restated)
Financial assets measured at amortised cost:			
Trade debtors	15	2,420	2,524
Amounts owed by group undertakings	15	10,498	9,092
Other debtors	15	1	7
Cash at bank and in hand		7,569	3,804
		20,488	15,427
Financial liabilities measured at amortised cost:			
Trade creditors	16	415	679
Amounts owed to group undertakings	16	2,502	4,568
		2,917	5,247

18 Called up share capital

	1 April 2023 £	2 October 2021 £
Allotted and fully paid		
102 (2021: 102) ordinary shares of £1 each	102	102

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

19 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of ESPN Global Ventures Limited, a Company incorporated and operating in the United Kingdom. ESPN, Inc. incorporated in the US, is the parent group to consolidate the Company. The largest company in which the results of the group are consolidated is headed by The Walt Disney Company.

Parent undertaking

The largest Company for which consolidated financial statements are prepared and of which the Company is a member is as follows:

Name (Tax ID number)	The Walt Disney Company (83-0940635)
Country of incorporation	United States of America
Address from where copies of the group financial statements can be obtained	500 South Buena Vista Street Burbank, California 91521 USA

20 Share based payments

Under the Disney Discretionary Stock Option Scheme, certain employees of the Company may be granted options to acquire shares of stock in the ultimate parent Company, The Walt Disney Company, at exercise prices equal to or exceeding the market price at the date of grant. Options are exercisable rateably over a three-year period from the grant date (exercisable rateably over a four-year period from the grant date prior to fiscal 2021). Restricted stock units (RSUs) generally vest rateably over three years (four years for grants prior to fiscal 2021) and Performance RSUs generally fully vest after three years, subject to achieving market or performance conditions. The share options are settled using the equity instruments of the Company's ultimate parent Company, The Walt Disney Company. The share-based payment expense for the period is £256,000 (2021: £79,000).

21 Provisions for liabilities and financial commitments

As at 1 April 2023, the Company has entered into agreements for the acquisition of programme licences and rights for exploitation periods commencing after 1 April 2023. The annual commitments in respect of these agreements are set out below but the Directors have undertaken a detailed review and concluded that these contracts will still result in an overall economic loss based on latest estimates and they have determined therefore that an onerous loss provision in aggregate of £297,000 for the net unavoidable cost should continue to be recognised in these financial statements.

Financial commitments at the end of 2023 in the contracts that have been used to determine the onerous loss provision.

	2023 **£'000**	2021 £'000
Within one period	8,165	4,349
Within two to five periods	-	8,013
Greater than five periods	-	-
	8,165	12,362

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

21 Provisions for liabilities and financial commitments (continued)

Federation Internationale de Natation ('FINA')

The Company entered into an agreement with the European Broadcasting Union (EBU) on 21st October 2016 in relation to the exploitation of media rights from FINA. The Company was appointed by the EBU as an agent for the exploitation of FINA media rights in Europe, for the period 1 January 2018 to 31 December 2021 (extensions for delayed / cancelled events will be granted as per the agreement). Due to COVID-19, a number of live events were cancelled or postponed, as a result the Company will continue to generate revenue and incur costs outside of the contracted period. Provision for onerous contract was first recognised in 2019 and from then reassessed on a yearly basis. During 2023, management reassessed the provision and recognised a release of the provision of £58,000. Management have reviewed the provision at the end of the period and based on latest projections a provision of £297,000 is required to cover future losses expected in 2024.

International Association of Athletic Federations ('IAAF')

The Company and the EBU signed a 6-year media rights agreement on 7 July 2017 with IAAF. The Company and the EBU were granted the license to exploit the media rights in Europe and Africa to major IAAF athletics events including World Championships and World Indoor Championships, for a six-year license period beginning 1 January 2018 to 31 December 2023 (extensions for delayed / cancelled events will be granted as per the agreement). Due to COVID-19, a number of live events were cancelled or postponed, as a result the Company will continue to generate revenue and incur costs outside of the contracted period. Provision for onerous contract was first recognised in 2019 and from then reassessed on a yearly basis. During 2023, management reassessed the provision and concluded that no further provision needs to be held.

The provision recognised in the financial statements is as follows:

	General provision £'000	Onerous Contract related provision £'000	Total Provision £'000
At 3 October 2021	687	355	1,042
Additions in the period	62	-	62
Released to the profit and loss account	(385)	(58)	(443)
As at 1 April 2023	364	297	661

The general provision relates to compensation for cancelled or postponed events. The provision is expected to be utilised over an average of 4 years.

Notes to the Financial Statements for the period from 3 October 2021 to 1 April 2023 (continued)

22 Related party transactions

The Company is a wholly owned subsidiary of ESPN, Inc. whose ultimate parent undertaking and controlling party is The Walt Disney Company. Consequently, the Company 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. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 19.

The Company has taken advantage of the exemption from providing certain related party transaction disclosures as mentioned in the accounting policy.

Key management includes the Directors and members of senior management. The Company has taken the exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

The Company's related undertakings are listed below:

Shares in group undertaking	Address of registered office	Nature of business	Proportion of nominal value of voting shares held 2023	2021
ESPN Australia Holdings Pty Ltd	Level 3, 68 York St, Sydney, Australia	Holding Company	100%	100%
ESPN Australia Pty Ltd †	Level 3, 68 York St, Sydney, Australia	Digital Media	100%	100%

† This Company is an indirect subsidiary, as it is owned by a direct subsidiary.

23 Events after reporting period

On 18 August 2023, the Company shut down its on demand sports subscription service, namely ESPN Player. As a result of this closure, the Company incurred closure costs of £282,000 mainly relating to refund of customer subscriptions and contract termination costs. Since the decision to close the ESPN Player platform was taken subsequent to the reporting period, no adjustment is required to financial statements for the period ended 1 April 2023.