

POINTY HAT PRODUCTIONS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2009

Company Registration Number 5956501

RSM Tenon Limited
66 Chiltern Street
London
W1U 4JT

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POINTY HAT PRODUCTIONS LTD
FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

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POINTY HAT PRODUCTIONS LTD
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 OCTOBER 2009

The board of directors	N Cook M Reed
Company secretary	M Reed
Registered office	3 Queen Caroline Street Hammersmith London W6 9PE
Auditor	RSM Tenon Audit Limited Statutory Auditor 66 Chiltern Street London W1U 4JT
Accountants	RSM Tenon Limited 66 Chiltern Street London W1U 4JT

POINTY HAT PRODUCTIONS LTD

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2009

The directors present their report and the financial statements of the company for the year ended 31 October 2009

Principal activities and business review

The principal activity of the company during the year was that of motion picture and video production

During the year, the company was involved in the production of the animated film "Gnomeo & Juliet". The company incurred a loss of £371,312 (2008 - £796,710) before tax, and at the year end it had net liabilities of £236 (2008 - £11,482). A film tax credit settlement of £382,588 (2008 - £791,122) relating to the year is expected to be received from HMRC.

The directors consider the company's key financial performance indicator to be whether "Gnomeo & Juliet" is produced in line with the agreed budget. At the year end, the estimated final cost of the film was in line with the budget, and the film continued to be funded by the financiers.

The directors consider the company's key non-financial performance indicator to be whether "Gnomeo & Juliet" qualifies as a British Film under UK Film Tax Credit legislation. This is likely to be achieved, as "Gnomeo & Juliet" has been awarded an interim British Film Certificate, and the directors expect the film to be awarded a final British Film Certificate when the film is complete.

The directors have reviewed the risks and resultant uncertainties facing the company and consider the principal risks to be legislative changes and the state of the national economy.

The directors have also assessed further risks and uncertainties facing the business, as being the ability to secure future contracts. However, the parent company has provided sufficient assurances that it will continue to support the company and provide the necessary finances for its future operations.

Results and dividends

The profit for the year amounted to £11,246. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Directors

The directors who served the company during the year were as follows:

N Cook
C Rose
M Reed

C Rose resigned as a director on 28 September 2009.
P Steinke was appointed as a director on 26 February 2010.

POINTY HAT PRODUCTIONS LTD

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2009

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Our auditor has changed its name to RSM Tenon Audit Limited and has signed the audit report in its new name

RSM Tenon Audit Limited is deemed to be reappointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors

N Cook

Director

Approved by the directors on 23/07/10



POINTY HAT PRODUCTIONS LTD
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POINTY
HAT PRODUCTIONS LTD

YEAR ENDED 31 OCTOBER 2009

We have audited the financial statements of Pointy Hat Productions Ltd for the year ended 31 October 2009 on pages 6 to 13. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

POINTY HAT PRODUCTIONS LTD

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POINTY
HAT PRODUCTIONS LTD *(continued)***

YEAR ENDED 31 OCTOBER 2009

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

John Graydon

John Graydon, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
66 Chiltern Street
London
W1U 4JT

27/1/10

POINTY HAT PRODUCTIONS LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2009

	Note	2009 £	2008 £
Turnover	2	13,439,971	5,968,356
Cost of sales		(13,793,914)	(6,740,047)
Gross loss		<u>(353,943)</u>	<u>(771,691)</u>
Administrative expenses		(17,369)	(25,019)
Loss on ordinary activities before taxation		<u>(371,312)</u>	<u>(796,710)</u>
Tax on loss on ordinary activities	5	382,558	791,122
Profit/(loss) for the financial year		<u>11,246</u>	<u>(5,588)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 13 form part of these financial statements

POINTY HAT PRODUCTIONS LTD

Registered Number 5956501

BALANCE SHEET**31 OCTOBER 2009**

	Note	2009 £	£	2008 £	£
Current assets					
Debtors	6	837,549		1,891,635	
Cash at bank and in hand		107,596		552,350	
		<u>945,145</u>		<u>2,443,985</u>	
Creditors' Amounts falling due within one year	7	<u>(945,381)</u>		<u>(2,455,467)</u>	
Net current liabilities			<u>(236)</u>		<u>(11,482)</u>
Capital and reserves					
Called-up share capital	9		1		1
Profit and loss account	10		(237)		(11,483)
Shareholders' funds	11		<u>(236)</u>		<u>(11,482)</u>

These financial statements were approved by the directors and authorised for issue on 23/07/10, and are signed on their behalf by

N Cook

Director



The notes on pages 9 to 13 form part of these financial statements

POINTY HAT PRODUCTIONS LTD

CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2009

	Note	2009	2008
		£	£
Net cash (outflow)/inflow from operating activities	12	(1,464,315)	446,720
Taxation		1,019,561	-
(Decrease)/increase in cash	12	<u>(444,754)</u>	<u>446,720</u>

The notes on pages 9 to 13 form part of these financial statements

POINTY HAT PRODUCTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Going Concern

The activities of the company continue to be supported by its parent company, The Walt Disney Company, which has provided sufficient finance to enable the company to continue its operations. This support shall continue to be provided, which has been confirmed in writing, and therefore the directors consider the financial statements should be prepared on a going concern basis to give a true and fair view.

Turnover

The turnover shown in the profit and loss account represents amounts receivable in respect of film production during the period, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. The value of work done in respect of long-term contracts and contracts for on-going services is determined by reference to the stage of completion.

Foreign currencies

Where a transaction denominated in a foreign currency is to be settled at a contracted rate of exchange, the transaction is recorded at the rate fixed under the terms of that contract. Where a trading transaction is covered by a related or matching contract, the rate of exchange specified in that contract is used. In cases where there is not a contracted rate then transactions are recorded at the rates of exchange ruling at the dates of the transactions or at an average rate for the period if the rates do not fluctuate significantly.

Monetary assets and liabilities are translated at period end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2009	2008
	£	£
United States of America	<u>13,439,971</u>	<u>5,968,356</u>

POINTY HAT PRODUCTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

3. Operating loss

Operating loss is stated after charging

	2009 £	2008 £
Directors' remuneration	–	–
Auditor's remuneration - audit of the financial statements	12,416	19,520
Auditor's remuneration - other fees	<u>4,953</u>	<u>30,885</u>
	2009 £	2008 £
Auditor's remuneration - audit of the financial statements	<u>12,416</u>	<u>19,520</u>
Auditor's remuneration - other fees		
- Taxation services	1,990	2,801
- Accountancy services	<u>2,963</u>	<u>28,084</u>
	<u>4,953</u>	<u>30,885</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2009 £	2008 £
Audit fees in respect of 2007	–	11,020
Audit fees in respect of 2008	2,416	8,500
Audit fees in respect of 2009	10,000	–
Taxation fees in respect of 2007	–	1,801
Taxation fees in respect of 2008	490	1,000
Taxation fees in respect of 2009	1,500	–
Accounts preparation in respect of 2007	–	198
Accounts preparation in respect of 2008	(537)	2,500
Accounts preparation in respect of 2009	3,500	–
Other accountancy advice 2007	–	25,386
	<u>17,369</u>	<u>50,405</u>

The audit, accountancy and taxation fees disclosed above include fees relating to the year ended 31 October 2008, which were under-accrued in the prior period and which have not been previously disclosed as fees charged by the auditor. These fees have been subsequently included in the cost of sales and administrative expenses of the company.

POINTY HAT PRODUCTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

4. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2009	2008
	No	No
Number of production staff	<u>11</u>	<u>22</u>

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	278,506	625,050
Social security costs	38,391	78,830
	<u>316,897</u>	<u>703,880</u>

5. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
UK Corporation tax	<u>(382,558)</u>	<u>(791,122)</u>

(b) Factors affecting current tax charge

	2009	2008
	£	£
Loss on ordinary activities before taxation	<u>(371,312)</u>	<u>(796,710)</u>
Loss on ordinary activities by rate of tax	(105,824)	(227,062)
Effects of		
Enhanced losses arising from film tax credit	(439,321)	(899,597)
Difference between the rate of corporation tax and the rate of relief under film tax credit	162,587	335,537
Total current tax (note 5(a))	<u>(382,558)</u>	<u>(791,122)</u>

6. Debtors

	2009	2008
	£	£
Amounts owed by group undertakings	300,858	302,520
Corporation tax repayable	382,558	1,019,561
Other debtors	32,737	189,636
Prepayments and accrued income	121,396	379,918
	<u>837,549</u>	<u>1,891,635</u>

POINTY HAT PRODUCTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

7. Creditors: Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	13,278	418,918
Amounts owed to group undertakings	373,202	1,357,300
Other creditors	18,528	123,168
Accruals and deferred income	540,373	556,081
	<u>945,381</u>	<u>2,455,467</u>

8. Related party transactions

The company has taken advantage of the exemption granted in FRS 8 'Related party disclosures' from disclosure of transactions entered into with the ultimate parent company, as it is wholly owned by a member of the group headed by that company

9. Share capital

Authorised share capital:

	2009	2008
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2009		2008
	No	£	No
			£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>

10 Profit and loss account

	2009	2008
	£	£
Balance brought forward	(11,483)	(5,895)
Profit/(loss) for the financial year	11,246	(5,588)
Balance carried forward	<u>(237)</u>	<u>(11,483)</u>

11. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit/(loss) for the financial year	11,246	(5,588)
Opening shareholders' deficit	(11,482)	(5,894)
Closing shareholders' deficit	<u>(236)</u>	<u>(11,482)</u>

POINTY HAT PRODUCTIONS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2009

12. Notes to the cash flow statement

Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2009 £	2008 £
Operating loss	(371,312)	(796,710)
Decrease/(increase) in debtors	417,083	(608,617)
(Decrease)/increase in creditors	(1,510,086)	1,852,047
Net cash (outflow)/inflow from operating activities	<u>(1,464,315)</u>	<u>446,720</u>

Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
(Decrease)/increase in cash in the period	(444,754)	446,720
Movement in net funds in the period	(444,754)	446,720
Net funds at 1 November 2008	552,350	105,630
Net funds at 31 October 2009	<u>107,596</u>	<u>552,350</u>

Analysis of changes in net funds

	At 1 November 2008 £	Cash flows £	At 31 October 2009 £
Net cash			
Cash in hand and at bank	552,350	(444,754)	107,596
Net funds	<u>552,350</u>	<u>(444,754)</u>	<u>107,596</u>

13 Parent undertaking and controlling party

The company's immediate parent undertaking is Banner Productions Ltd, a company registered in England and Wales

The largest group for which accounts are prepared and which the company is a member, is The Walt Disney Company. Copies of group accounts of The Walt Disney Company can be obtained from 500 Buena Vista Street, Burbank, California, 91521, USA

The directors are unable to identify the ultimate controlling party of The Walt Disney Company, if any