

Company Registration No. 10029281 (England and Wales)

Mistletoe Pictures Limited

**Annual report and financial statements
for the period ended 31 January 2017**

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Mistletoe Pictures Limited

Company information

| | | |
|------------------|--|--|
| Directors | Paul Steinke Marsha Reed Russell Haywood Nigel Cook | (Appointed 26 February 2016) (Appointed 26 February 2016) (Appointed 26 February 2016) (Appointed 26 February 2016) |
|------------------|--|--|

| | |
|------------------|-------------|
| Secretary | Marsha Reed |
|------------------|-------------|

| | |
|-----------------------|----------|
| Company number | 10029281 |
|-----------------------|----------|

| | |
|--------------------------|--|
| Registered office | 3 Queen Caroline Street Hammersmith London W6 9PE |
|--------------------------|--|

| | |
|-----------------------------|---|
| Independent auditors | Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE |
|-----------------------------|---|

Mistletoe Pictures Limited

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Mistletoe Pictures Limited

Strategic report

For the period ended 31 January 2017

The directors present the strategic report for the period ended 31 January 2017.

Fair review of the business

During the period the company was involved in the production of a film. The company incurred a profit after tax of £20,264 during the period and at the period end had net assets of £20,265.

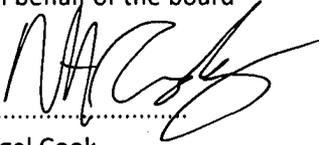
The directors consider the company's key performance indicator to be whether the motion picture is produced in line with the agreed budget. At the period end, the estimated final cost of the film has exceeded its budgeted cost, however the film continued to be funded by the financiers.

The directors consider the company's key non-financial performance indicator to be whether the company creates and delivers the feature films it has contracted to produce for general release in national and international cinema.

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 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.

On behalf of the board



.....
Nigel Cook

Director

24.08.17
.....

Mistletoe Pictures Limited

Directors' report

For the period ended 31 January 2017

The directors present their annual report and financial statements for the period ended 31 January 2017.

Principal activities

The company was incorporated on 26 February 2016 and began trading on this date.

The principal activity of the company during the period is that of motion picture and video production.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

| | |
|-----------------|------------------------------|
| Paul Steinke | (Appointed 26 February 2016) |
| Marsha Reed | (Appointed 26 February 2016) |
| Russell Haywood | (Appointed 26 February 2016) |
| Nigel Cook | (Appointed 26 February 2016) |

Results and dividends

The results for the period are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditors

Saffery Champness LLP were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Mistletoe Pictures Limited

Directors' report (continued)

For the period ended 31 January 2017

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



.....
Nigel Cook

Director

24.08.17
.....

Mistletoe Pictures Limited

Independent auditors' report

To the members of Mistletoe Pictures Limited

We have audited the financial statements of Mistletoe Pictures Limited for the period ended 31 January 2017 set out on pages 6 to 17. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 January 2017 and of its result for the period 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Mistletoe Pictures Limited

Independent auditors' report (continued)
To the members of Mistletoe Pictures Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Moses Nyachae (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

29.08.17

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Mistletoe Pictures Limited

Profit and loss account

For the period ended 31 January 2017

| | Notes | Period ended 31 January 2017 £ |
|--|-------|--|
| Turnover | 3 | 53,215,775 |
| Cost of sales | | (66,006,350) |
| Gross (loss)/profit | | <u>(12,790,575)</u> |
| Administrative expenses | | (19,500) |
| Loss before taxation | | <u>(12,810,075)</u> |
| Taxation | 6 | 12,830,339 |
| Profit for the financial period | | <u>20,264</u> |
| Other comprehensive income | | <u>-</u> |
| Total comprehensive income for the period | | <u><u>20,264</u></u> |

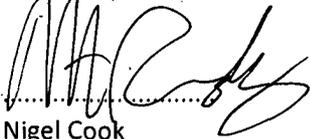
The profit and loss account has been prepared on the basis that all operations are continuing operations.

Mistletoe Pictures Limited

**Balance sheet
As at 31 January 2017**

| | Notes | £ | 2017 £ |
|---|-------|---------------------|---------------|
| Current assets | | | |
| Debtors | 7 | 20,725,970 | |
| Cash at bank and in hand | | 10,943 | |
| | | <u>20,736,913</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(20,716,648)</u> | |
| Net current assets | | | <u>20,265</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | | 1 |
| Profit and loss reserves | | | 20,264 |
| Total equity | | | <u>20,265</u> |

The financial statements were approved by the board of directors and authorised for issue on 24.08.17 and are signed on its behalf by:



Nigel Cook
Director

Company Registration No. 10029281

Mistletoe Pictures Limited

**Statement of changes in equity
For the period ended 31 January 2017**

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|---------------|
| Period ended 31 January 2017: | | | | |
| Profit and total comprehensive income for the period | | - | 20,264 | 20,264 |
| Issue of share capital | 9 | 1 | - | 1 |
| Balance at 31 January 2017 | | <u>1</u> | <u>20,264</u> | <u>20,265</u> |

1 Accounting policies

Company information

Mistletoe Pictures Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3 Queen Caroline Street, Hammersmith, London, W6 9PE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The accounting reference date of the company is 31 January 2017. The financial statements have been prepared for the period from 26 February 2016 to 28 January 2017. This was to coincide with the stage of completion of the project.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel and transactions entered into between two or more members of the group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The financial statements of the company are consolidated in the financial statements of The Walt Disney Company. These consolidated financial statements are available from its registered office, 500 Buena Vista Street, Burbank, California 91521, USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies (continued)

1.3 Turnover

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

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. Such assets are subsequently carried at amortised cost using the effective interest method.

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently recoverable and deferred tax.

Current tax

The tax currently recoverable is based on relievable losses arising in the year as the result of film tax relief legislation. Relievable losses differ from net losses as reported in the profit and loss account because they include an additional deduction relating to qualifying film development expenditure and exclude items of income or expense that are taxable or deductible in other years, as well as items that are never taxable or deductible. The company's tax position is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the year.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2017 £ |
|-----------------|------------|
| Turnover | |
| Sale of rights | 53,215,775 |

Turnover analysed by geographical market

| | 2017 £ |
|--------------------------|------------|
| United States of America | 53,215,775 |

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

| | 2017 Number |
|------------|----------------|
| Production | 391 |

Mistletoe Pictures Limited

Notes to the financial statements (continued)
For the period ended 31 January 2017

4 Employees (continued)

Their aggregate remuneration comprised:

| | 2017 £ |
|-----------------------|------------------|
| Wages and salaries | 7,207,167 |
| Social security costs | 828,521 |
| | <u>8,035,688</u> |

5 Operating loss

| | 2017 £ |
|--|---------------|
| Operating loss for the period is stated after charging/(crediting): | |
| Fees payable to the company's auditors for the audit of the company's financial statements | 13,000 |
| Taxation | 6,500 |
| | <u>19,500</u> |

No directors received any remuneration in the year.

6 Taxation

| | 2017 £ |
|--|---------------------|
| Current tax | |
| UK corporation tax on profits for the current period | <u>(12,830,339)</u> |

Mistletoe Pictures Limited

Notes to the financial statements (continued)
For the period ended 31 January 2017

6 Taxation (continued)

| | 2017 £ |
|---|--------------|
| Loss before taxation | (12,810,075) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% | (2,562,015) |
| Enhanced losses arising from the film tax credit | (9,998,004) |
| Difference between the rate of corporation tax and the rate of relief under the film tax credit | (2,566,068) |
| Losses carry forward for period | 2,295,748 |
| Taxation credit for the period | (12,830,339) |

7 Debtors

| Amounts falling due within one year: | 2017 £ |
|--------------------------------------|------------|
| Corporation tax recoverable | 12,830,339 |
| Amounts due from group undertakings | 5,430,907 |
| Other debtors | 1,447,503 |
| Prepayments and accrued income | 1,017,221 |
| | 20,725,970 |

8 Creditors: amounts falling due within one year

| | 2017 £ | Notes |
|------------------------------------|------------|-------|
| Bank loans and overdrafts | 224,818 | |
| Amounts due to group undertakings | 16,996,877 | |
| Other taxation and social security | 8,845 | |
| Accruals and deferred income | 3,486,108 | |
| | 20,716,648 | |

Mistletoe Pictures Limited

**Notes to the financial statements (continued)
For the period ended 31 January 2017**

9 Share capital

| | 2017 |
|------------------------------|-------------|
| | £ |
| Issued and fully paid | |
| 1 Ordinary share of £1 each | <u>1</u> |

At incorporation 1 ordinary share of £1 each was issued at par for cash.

10 Related party transactions

The company has taken advantage of the exemption under paragraph 33.1a of FRS 102 from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

11 Controlling party

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

The directors consider the ultimate parent company to be The Walt Disney Company, a company incorporated in the United States of America.

The largest group for which the accounts are prepared and of 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.