

# **The Walt Disney Company Limited**

**(Registered Number 530051)**

**Directors' Report and Financial Statements  
for the Year Ended 3 October 2009**



# **The Walt Disney Company Limited**

## **Directors' Report and Financial Statements for the year ended 3 October 2009**

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# **The Walt Disney Company Limited**

## **Directors' Report for the Year Ended 3 October 2009**

The directors present their annual report and audited financial statements of The Walt Disney Company Limited ('the Company') for the 53 weeks ended 3 October 2009

### **Business review and future developments**

The activities of the Company include television licensing, character merchandising and publications, television broadcast activities, film distribution, marketing, sales and distribution of home entertainment products, theatrical productions, property management, internet activities and the sale of land only vacation packages and other ancillary activities

The results for the Company show a profit of £113,787,000 (2008 £61,573,000) for the year and revenues of £1,189,123,000 (2008 £978,735,000) Dividends totalling £152 million were paid during the year (2008 £nil) A retained loss of £38,213,000 was transferred to reserves (2008 profit of £61,573,000)

On 26 November 2009, the Company sold its 20% investment in GMTV Ltd for total consideration of £17,800,122

### **The Walt Disney Company Europe, Middle East and Africa**

For a number of years, London-based teams have been employed by the Company to provide regional management, oversight, and various support services to Disney's lines of business in Europe During the year, Diego Lerner was employed by the Company to serve as President of a new organization that will be known as "The Walt Disney Company Europe, Middle East and Africa" ("TWDC EMEA") In his new role, Diego Lerner will implement a single integrated business model for Disney's business in Europe with a greater focus on the enhancement of the Disney brand as a whole In order to facilitate the achievement of this objective and number of other objectives, the Company decided to align the group's legal structure in Europe with the new operational and management structure that will be based primarily in London, by transferring the ownership of a number of overseas subsidiaries to the Company (Please refer to note 13 for details of the new legal structure ) The directors believe that this new legal structure will facilitate the achievement of enhanced operational efficiency, improved centralised cash management, greater regional autonomy, and various other strategic objectives.

### **Principal risks and uncertainties and future outlook**

From the perspective of the Company, its principal risks and uncertainties and future outlook are integrated with those of The Walt Disney Company Group ("the group") and are not managed separately Accordingly, The Walt Disney Company Inc annual report should be referred to in order to gain a more detailed understanding of business performance and related risks and uncertainties

### **Key performance indicators ("KPIs")**

Given the nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

### **Financial risk management**

The Company's operations expose it to financial risks, the most significant of which is 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

# **The Walt Disney Company Limited**

## **Directors' Report for the Year Ended 3 October 2009 (continued)**

### **Directors**

The directors who held office during the year and up to the date of signing the financial statements are as follows

C Rose	(resigned 18 September 2009)
N Cook	
M Reed	
P Wiley	
D Thompson	
A Bird	
D Lerner	(appointed 1 October 2009)
I Lahoud	(appointed 1 October 2009)

### **Charitable donations**

During the year the Company made charitable contributions totalling £415,871 (2008 £1,290,801), to European based charities

### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### **Employee involvement**

Consultation with employees has continued 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, briefing groups and the availability of the annual report.

### **Statement of 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 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,

# **The Walt Disney Company Limited**

## **Directors' Report for the Year Ended 3 October 2009 (continued)**

### **Statement of directors' responsibilities (continued)**

- 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.

### **Provision of information to auditors**

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself 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 year.

On behalf of the Board on 19 January 2010



Nigel Cook  
Director

Registered Office  
3 Queen Caroline St  
Hammersmith  
London  
W6 9PE

# **The Walt Disney Company Limited**

## **Independent Auditors' Report to the Members of The Walt Disney Company Limited**

We have audited the financial statements of The Walt Disney Company Limited ('the Company') for the year ended 3 October 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 3 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **The Walt Disney Company Limited**

### **Independent Auditors' Report to the Members of The Walt Disney Company Limited (continued)**

#### **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
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' Report is consistent with the financial statements

*Stuart Newman*

Stuart Newman (Senior Statutory Auditor)  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

*19 January 2010*

# The Walt Disney Company Limited

Registered Number 530051

## Profit and Loss Account for the Year Ended 3 October 2009

		Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
	Note		
Turnover	2	1,189,123	978,735
Cost of sales		(243,326)	(215,011)
<b>Gross profit</b>		<b>945,797</b>	<b>763,724</b>
Administrative expenses		(785,585)	(676,465)
<b>Operating profit</b>	6	<b>160,212</b>	<b>87,259</b>
Income from fixed asset investments	3	3,368	662
Impairment of fixed asset investment	13	(2,241)	(296)
Impairment of intangible fixed asset	11	(1,147)	-
Interest receivable and similar income	4	443	2,004
Interest payable and similar charges	5	(5,656)	(740)
<b>Profit on ordinary activities before taxation</b>		<b>154,979</b>	<b>88,889</b>
Tax on profit on ordinary activities	9	(41,192)	(27,316)
<b>Profit on ordinary activities after taxation</b>	20	<b>113,787</b>	<b>61,573</b>
Dividends paid	8	(152,000)	-
<b>Retained (loss)/ profit for the year</b>	19	<b>(38,213)</b>	<b>61,573</b>

The Company has no other gains or losses for the year other than those reported in the profit and loss account and consequently no statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities as reported above and its historical cost equivalent

The results shown above are derived from continuing operations

The notes on pages 9 to 27 form part of these accounts



# The Walt Disney Company Limited

## Balance Sheet as at 3 October 2009

	Note	3 October 2009 £'000	27 September 2008 £'000
<b>Fixed assets</b>			
Intangible assets	11	135,232	1,484
Tangible assets	12	101,247	104,216
Investments	13	1,208,811	43,378
		<b>1,445,290</b>	<b>149,078</b>
<b>Current assets</b>			
Stock	14	13,587	15,049
Debtors	15	489,897	414,594
Cash at bank and in hand		125,221	29,619
		<b>628,705</b>	<b>459,262</b>
<b>Creditors' amounts falling due within one year</b>	16	<b>(407,482)</b>	<b>(280,295)</b>
<b>Net current assets</b>		<b>221,223</b>	<b>178,967</b>
<b>Total assets less current liabilities</b>		<b>1,666,513</b>	<b>328,045</b>
<b>Creditors' amounts falling due after more than one year</b>	16	<b>(601,855)</b>	<b>(12,633)</b>
Provisions for liabilities and charges	17	(2,708)	(6,552)
<b>Net assets</b>		<b>1,061,950</b>	<b>308,860</b>
<b>Capital and reserves</b>			
Called up share capital	18	1	-
Share premium account	19	909,394	125,236
Other reserves	19	6,254	6,254
Profit and loss account	19	146,301	177,370
<b>Total equity shareholder's funds</b>	20	<b>1,061,950</b>	<b>308,860</b>

The financial statements on pages 7 to 27 were approved by the Board of Directors on 19 January 2010 and were signed on its behalf by

Nigel Cook  
Director



19 January 2010

The notes on pages 9 to 27 form part of these accounts

# **The Walt Disney Company Limited**

## **Notes to the financial statement for the year ended 3 October 2009**

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards on a basis consistent with the prior period. The principal accounting policies are set out below

#### **a) Investments and investment income**

Investments are stated at 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.

Investments in Walt Disney International France S A S and Buena Vista Australia Pty, transferred to The Walt Disney Company Ltd, by way of a capital contribution, are recorded at fair value.

#### **b) Goodwill and other intangible fixed assets**

When the costs of an acquisition exceed the fair values attributable to the net assets acquired, the difference is treated as goodwill.

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised, where the fair value can be reliably measured.

The cost of capitalised goodwill and intangible assets is amortised on a straight line basis over their limited useful economic lives. 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 profit and loss account.

Amortisation 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 rate in use for both goodwill and intangible assets is a period of five years.

#### **c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Costs that are directly attributable to the development of new business application hardware and software, which are incurred during the period prior to the date that the systems are placed into operational use, are capitalised.

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

Office equipment, furniture, fixtures and fittings	-	either 3 or 5 years
Information Systems	-	3 years, depreciation commencing when systems are placed into operational use
Buildings	-	39 ½ years
Leasehold improvements	-	over the term of the lease
Construction in progress	-	depreciation commences when assets are placed in service

# **The Walt Disney Company Limited**

## **Notes to the financial statement for the year ended 3 October 2009 (continued)**

### **1 Accounting policies (continued)**

#### **d) Taxation**

Corporation tax payable is provided on taxable profits at the current rate

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

#### **e) Leases**

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to the profit and loss account in the period in which they are incurred

#### **f) Turnover**

Television licensing income is recognised in the period in which the features are available for immediate delivery, the license period has begun and the arrangement fee is reasonably assured. Television licensing income from group companies is recognised at 75% of the TV Licensing income generated by that company

Television subscription revenue is recognised in the month of subscription

Income from internet advertising is recognised on the publishing of advertisements

Licensing income from character merchandising, publications and home entertainment is recognised in the period in which the licensee makes the equivalent sale. Minimum guarantees and advances on such licences are deferred and offset against licensing income as it is earned. Any minimum guarantee which is not earned out by the end of the contract is recognised on that date

Income from film distribution is based on a percentage share of gross Box Office and is recognised when the film is exhibited

Income from home entertainment, which arises mainly in the United Kingdom, comprises of sales and marketing of video cassettes and digital versatile discs and rental income and recharges for shared facilities and services. Turnover is recognised on the later of the date when goods are delivered to customers or the release date. Provision has been made for estimated returns in the period that revenue is recognised

# **The Walt Disney Company Limited**

## **Notes to the financial statement for the year ended 3 October 2009 (continued)**

### **1 Accounting policies (continued)**

#### **g) Foreign currencies**

Transactions in foreign currencies are translated using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are expressed in sterling at the appropriate rates ruling at the balance sheet date. All foreign exchange gains and losses are taken to the profit and loss account.

#### **h) Pension contributions**

Pension contributions are made to a defined contribution scheme. Contributions are charged to the profit and loss account as they fall due.

#### **i) Group accounts and cash flow statement**

The Walt Disney Company Limited is a wholly owned subsidiary of Walt Disney International Limited, whose ultimate parent company is The Walt Disney Company incorporated in the United States. The consolidated financial statements of The Walt Disney Company are publicly available.

Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company has also taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing group accounts as it is a wholly owned subsidiary of The Walt Disney Company and is included within that company's consolidated financial statements.

#### **j) Stocks**

Stocks of finished goods and goods for resale are stated at the lower of cost and net realisable value. Provisions have been made for obsolescence, based upon aging of inventory, historical and forecasted sales, estimated margins and current events or changes in market conditions.

#### **k) Accounting reference date**

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting period on the closest Saturday to 30 September each year. An accounting reference date of 3 October 2009 has been adopted for the current year.

The financial year represents the 53 weeks ended Saturday 3 October 2009 (prior year the 52 weeks ended Saturday 27 September 2008).

#### **l) 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 appropriate models. In accordance with FRS 20 'Share Based Payments', the fair value of share options is charged to the profit and loss account over the vesting period of the options with a corresponding credit to the profit and loss account reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting.

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 2 Segmental reporting

Turnover comprises of television licensing, royalties received from character merchandising and publications, subscription revenue related to television broadcasting, film distribution revenue, sale of home entertainment products, theatrical productions, property management, internet activities, the sale of land only vacation packages and other ancillary activities

The split of these into categories of revenue during the period was as follows

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
<b>Revenue</b>		
Media networks	774,283	588,892
Parks and resorts	21,221	8,552
Studio entertainment	257,672	259,721
Consumer products	134,602	120,438
Other*	1,345	1,132
<b>Total</b>	<b>1,189,123</b>	<b>978,735</b>

The split of revenue into geographical destination during the period was as follows

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
<b>Revenue</b>		
UK & Ireland	516,364	529,505
Rest of Europe	595,848	404,064
Rest of World	76,911	45,166
<b>Total</b>	<b>1,189,123</b>	<b>978,735</b>

The split of operating profit by segment during the period was as follows

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
<b>Operating profit</b>		
Media networks	124,186	78,713
Parks and resorts	341	1,259
Studio entertainment	24,605	8,853
Consumer products	12,132	5,787
Other*	(1,052)	(7,353)
<b>Total</b>	<b>160,212</b>	<b>87,259</b>

\*Other relates to unallocated items which are not managed directly by the business segments

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 2 Segmental reporting (continued)

The split of net assets by segment during the period was as follows

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
<b>Net assets</b>		
Media networks	334,602	211,973
Parks and resorts	2,815	2,473
Studio entertainment	104,950	77,942
Consumer products	29,549	17,415
Other*	590,034	(943)
<b>Total</b>	<b>1,061,950</b>	<b>308,860</b>

\*Other represents unallocated items which comprise of assets, partially offset by liabilities that cannot practicably be divided between the business segments. These liabilities and assets are investments, cash balances, amounts owed by and to group undertakings and Corporation tax and VAT balances

### 3 Income from fixed asset investments

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Dividends from associate undertakings	1,600	-
Income from other investments	1,768	662
<b>Total</b>	<b>3,368</b>	<b>662</b>

### 4 Interest receivable and similar income

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Bank interest receivable	443	2,004

### 5 Interest payable and similar charges

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Interest payable to other group companies	5,656	740

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 6 Operating profit

Operating profit is stated after charging/(crediting)

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Staff costs		
Wages and salaries	91,699	73,172
Social security costs	10,091	9,962
Pension costs (note 23)	4,538	3,989
Share-based payments (note 22)	7,144	5,851
Loss on disposal of fixed assets	11	357
Foreign exchange gain	(26,361)	(16,092)
Operating leases		
- plant and machinery	541	688
- other assets	42	44
Amortisation of intangible fixed assets	337	51
Depreciation	6,173	5,920
Auditors' remuneration		
- audit services	299	273
- other services related to taxation	60	77
- all other services	35	33

### 7 Employee information

The average number of persons (including executive directors) employed by the Company during the year was as follows

	Year ended 3 October 2009	Year ended 27 September 2008
<b>Employees</b>		
Media networks	688	553
Parks and resorts	47	43
Studio entertainment	175	163
Consumer products	287	273
Other	280	313
<b>Total</b>	<b>1,477</b>	<b>1,345</b>

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 8 Dividends

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Dividends paid	152,000	-

On 16 March 2009 the Company paid a £22m dividend to Walt Disney International Limited by way of a distribution in specie. This distribution in specie comprised of a transfer of the entire issued share capital of DCL Finance (UK) Limited, which had been recorded in the Company's books at a value of £22m.

On 24 March 2009 the Company paid a cash dividend of £18m to Walt Disney International Limited.

On 29 June 2009 the Company paid a cash dividend of £35m to Walt Disney International Limited.

On 17 September 2009 the Company paid a cash dividend of £77m to Walt Disney International Limited.

### 9 Tax on profit on ordinary activities

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

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
<b>Tax on profit on ordinary activities</b>		
(a) Analysis of charge in period		
<b>Current tax</b>		
UK corporation tax at 28% (2008: 29%)	45,000	27,545
Adjustments relating to prior years	(859)	1,026
	<b>44,141</b>	<b>28,571</b>
<b>Double tax relief</b>	<b>(19,724)</b>	<b>(15,267)</b>
	<b>24,417</b>	<b>13,304</b>
<b>Foreign tax</b>		
Current tax on income for the period	19,724	15,267
<b>Total current tax</b>	<b>44,141</b>	<b>28,571</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,412)	(1,548)
Prior year (over)/under provision	(1,537)	293
<b>Total deferred tax (note 17)</b>	<b>(2,949)</b>	<b>(1,255)</b>
<b>Tax on profit on ordinary activities</b>	<b>41,192</b>	<b>27,316</b>



# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 9 Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is higher (2008 higher) than the standard rate of corporation tax in the UK (2009 28%, 2008 29%.) The differences are explained below

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Profit on ordinary activities before tax	154,979	88,889
Expected tax at 28% (2008 29%)	43,394	25,778
<i>Effects of</i>		
Dividend income	(448)	-
Other permanent differences	514	567
Expenses not deductible for tax purposes	129	153
Depreciation in excess of capital allowances	718	680
Other timing differences	693	367
Adjustments relating to prior years	(859)	1,026
Current tax charge for period	44,141	28,571

### 10 Directors' emoluments

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Aggregate emoluments	832	746
Company contributions paid to pension scheme	38	37
<b>Highest paid director</b>		
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	495	413
Company contributions paid to pension scheme	20	20

Retirement benefits are accruing five directors (2008 three), including the highest paid director, under the defined contribution scheme. Five directors (2008 three) received share options under long term incentive schemes, and five directors (2008 three) exercised share options in the ultimate parent company for the year.

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 11 Intangible fixed assets

	Goodwill £'000	Intangible assets £'000	Total £'000
<b>Cost</b>			
At 28 September 2008	1,016	519	1,535
Additions	135,232	-	135,232
<b>At 3 October 2009</b>	<b>136,248</b>	<b>519</b>	<b>136,767</b>
<b>Amortisation</b>			
At 28 September 2008	31	20	51
Charge for the year	203	134	337
Impairment	782	365	1,147
<b>At 3 October 2009</b>	<b>1,016</b>	<b>519</b>	<b>1,535</b>
<b>Net carrying amount</b>			
At 3 October 2009	135,232	-	135,232
At 28 September 2008	985	499	1,484

Both goodwill and intangible assets brought forward relate to the acquisition of the trade and assets of Raising Kids, a UK based website, on 4 August 2008 for consideration of £1,535,000. On 2 November 2009 the website was discontinued, and therefore both the goodwill and intangibles were fully impaired during the year.

On 1 October 2009, the Company purchased the trade and assets of Jetix Europe Limited for \$228,839,000. The purchase price has been deferred and loaned by Jetix Europe Limited and will incur interest payable on a quarterly basis. The sale has resulted in a gain of £135 million.

### Acquisition of trade and assets

On 1 October 2009, the Company purchased the trade and assets of Jetix Europe Limited for \$228,839,000. The purchase price has been deferred and loaned by Jetix Europe Limited and will incur interest payable on a quarterly basis. The sale has resulted in a gain of £135 million.

The operating assets and liabilities of Jetix Europe Limited, as at the date of sale were as follows:

	Book value £'000
Fixed assets	186
Debtors	10,464
Cash	6,828
Creditors	(8,886)
<b>Total value of net assets acquired</b>	<b>8,592</b>
<b>Consideration paid</b>	<b>143,824</b>
<b>Goodwill arising on acquisition</b>	<b>135,232</b>

For the year ended 30 September 2009, Jetix Europe Limited reported a post-tax profit of £593,000.

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 12 Tangible fixed assets

	Office Equipment, Furniture, Fixtures and Fittings £'000	Information Systems £'000	Buildings, Leasehold Improvements £'000	Total £'000
<b>Cost</b>				
At 28 September 2008	9,179	9,142	111,295	129,616
Additions	382	1,185	1,648	3,215
Disposals	(367)	-	-	(367)
<b>At 3 October 2009</b>	<b>9,194</b>	<b>10,327</b>	<b>112,943</b>	<b>132,464</b>
<b>Depreciation</b>				
At 28 September 2008	4,755	5,376	15,269	25,400
Charge for the year	739	1,916	3,518	6,173
Disposals	(356)	-	-	(356)
<b>At 3 October 2009</b>	<b>5,138</b>	<b>7,292</b>	<b>18,787</b>	<b>31,217</b>
<b>Net book amount</b>				
At 3 October 2009	4,056	3,035	94,156	101,247
At 28 September 2008	4,424	3,766	96,026	104,216

### 13 Investments

	Shares in group undertakings £'000	Participating interests £'000	Other investments £'000	Total
<b>Cost</b>				
At 28 September 2008	34,000	7,137	2,241	43,378
Additions for the year	1,316,354	-	-	1,316,354
Disposals for the year	(148,680)	-	-	(148,680)
<b>At 3 October 2009</b>	<b>1,201,674</b>	<b>7,137</b>	<b>2,241</b>	<b>1,211,052</b>
<b>Provision for impairment</b>				
At 28 September 2008	-	-	-	-
Additional provision for impairment during the year	-	-	2,241	2,241
<b>At 3 October 2009</b>	<b>-</b>	<b>-</b>	<b>2,241</b>	<b>2,241</b>
<b>Net book amount</b>				
At 3 October 2009	1,201,674	7,137	-	1,208,811
At 27 September 2008	34,000	7,137	2,241	43,378

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

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 13 Investments (continued)

Details of investments are set out below

	Business	Country of registration/ Incorporation	Proportion of nominal value of shares held	
			2009	2008
<b>Shares in group undertakings</b>				
DCL Finance (UK) Limited	Finance leasing	England	-	100%
1 Hammersmith Broadway Limited	Property Management	England	100%	100%
Mind's Eye Holdings Limited	Holdings Company	England	100%	100%
Buena Vista (Austria) GmbH	Licensing and distribution of Television and films	Austria	100%	-
The Walt Disney Company (Benelux) BVBA	Publishing and licensing	Belgium	100%	-
The Walt Disney Studios (Belgium) BVBA	TV and film production and distribution	Belgium	100%	-
The Walt Disney Company ApS	Commercial use of Disney rights	Denmark	100%	-
The Walt Disney Company (Germany) GmbH	Commercial use of Disney rights	Germany	100%	-
The Walt Disney Company Italia S r l	Publishing and Printing	Italy	100%	-
Buena Vista Home Entertainment (Benelux) B V	Home entertainment films	Netherlands	100%	-
Buena Vista International (Netherlands) B V	Theatre films	Netherlands	100%	-
The Walt Disney Company (Europe, Middle-East and Africa) B V	Commercial use of Disney rights	Netherlands	100%	-
Wedco Benelux Holdings (Netherlands) B V	Holding company	Netherlands	100%	-
Walt Disney Studios Home Entertainment AB	Home entertainment films and merchandise	Sweden	100%	-

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 13 Investments (continued)

	Business	Country of registration/ Incorporation	Proportion of nominal value of shares held	
			2009	2008
Shares in group undertakings (continued)				
Walt Disney Studios Motion Pictures AB	Theatre films	Sweden	100%	-
The Walt Disney Studios (Switzerland) GmbH	Motion picture productions	Switzerland	100%	-
Buena (Vista Australia) Pty Limited	Home entertainment and theatrical films	Australia	100%	-
Walt Disney International France S A S	Holding company	France	100%	-
Participating interests				
GMTV Limited	Television production	England	20%	20%
FilmFlex Movies Limited	Video on Demand	England	50%	50%

### Other investments

Mary Poppins Tour                      UK Tour production

In 2005, the Company invested £6,235,000 in 'Mary Poppins', a musical stage play showing in the West End, London. The Company was a joint investor and producer in the production, contributing a share of the production capital and received a share of both investor and producer net profits. The investment was fully impaired as at 27 September 2008, as the production ceased showing in London, from January 2008. The impairment charge for the year to 27 September 2008 was £296,000.

During 2008, the Company invested in 'Mary Poppins Tour', a musical stage tour showing across the United Kingdom for 46 weeks from June 2008. The Company is a joint investor and producer in the production, contributing a share of the production capital and will receive a share of both investor and producer net profits. The total investment in the production was £2,241,000. The production ceased in April 2009 and the investment was fully impaired during the year.

On 16 March 2009 the Company Limited paid a £22m dividend to Walt Disney International Limited by way of a distribution in specie. This distribution in specie comprised of a transfer of the entire issued share capital of DCL Finance (UK) Limited, which had been recorded in the Company's books at a value of £22m.

On 13 August 2009, Walt Disney International Limited contributed investments in Walt Disney International France S A S and Buena Vista Australia Pty to The Walt Disney Company Ltd, by way of a capital contribution, in return for the issue and allotment of 1,000 ordinary shares of £1 each in the capital of the Company. The investments were recorded at fair values of £103,602,364 and £618,555,000 respectively.

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 13 Investments (continued)

On 13 August 2009 The Walt Disney Company purchased shares in the following entities for a loan note of £594,317,343. All acquisitions were recorded at fair market value, as shown below

		£'000
Buena Vista (Austria) GmbH	Austria	9,587
The Walt Disney Company (Benelux) BVBA	Belgium	13,051
The Walt Disney Studios (Belgium) BVBA	Belgium	27,881
The Walt Disney Company ApS	Denmark	37,500
The Walt Disney Company (Germany) GmbH	Germany	178,561
The Walt Disney Company (Italia) S P A	Italy	152,196
Buena Vista Home Entertainment Benelux B V	Netherlands	36,551
Wedco Benelux Holdings (Netherlands) B V	Netherlands	429
Buena Vista International (Netherlands) B V	Netherlands	2,940
The Walt Disney Company (EMEA) B V	Netherlands	3,868
Buena Vista Home Entertainment AB	Sweden	59,849
Walt Disney Studios Motion Pictures (Sweden) AB	Sweden	6,591
The Walt Disney Studios (Switzerland) GmbH	Switzerland	65,313
		<b>594,317</b>

On 17 September 2009 Walt Disney International France S A S purchased 74,862,308 (equivalent to 20%) of its shares from The Walt Disney Company Limited for consideration of €145m

### 14 Stock

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Finished goods and goods for resale	13,587	15,049

### 15 Debtors

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Trade debtors	145,887	133,427
Amounts owed by group undertakings	99,167	86,352
Other debtors	19,557	14,396
Prepayments and accrued income	225,286	180,419
<b>Total</b>	<b>489,897</b>	<b>414,594</b>

A portion of amounts owed by group undertakings are unsecured, repayable on demand and interest bearing. The remaining amounts owed by group undertakings are unsecured, repayable on demand and interest free.

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 16 Creditors

#### Amounts falling due within one year

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Trade creditors	15,831	22,697
Amounts owed to group undertakings	255,804	140,313
Taxation and social security	2,339	2,496
Corporation tax	23,091	13,115
Deferred income and accruals	110,451	101,674
<b>Total</b>	<b>407,516</b>	<b>280,295</b>

#### Amounts falling due after more than one year

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Amounts owed to group undertakings	594,317	-
Deferred income and accruals	7,538	12,633
<b>Total</b>	<b>601,855</b>	<b>12,633</b>

£596,356,000 of total amounts owed to fellow subsidiary undertakings are unsecured, repayable on demand and interest bearing. The remaining amounts owed to group undertakings are unsecured, repayable on demand and interest free. See note 13.

### 17 Provisions for liabilities and charges

	Onerous lease provision £'000	Deferred tax (asset) / liability £'000	Total £'000
At 28 September 2008	5,373	1,179	6,552
Utilised in the year	(895)	(1,412)	(2,307)
Prior year over provision	-	(1,537)	(1,537)
<b>As at 3 October 2009</b>	<b>4,478</b>	<b>(1,770)</b>	<b>2,708</b>

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 17 Provisions for liabilities and charges (continued)

The deferred tax asset/(liability) comprises the following amounts

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Accelerated capital allowances	(2,420)	(2,891)
Short term timing differences	4,190	1,712
<b>Undiscounted deferred tax liability</b>	<b>1,770</b>	<b>(1,179)</b>
Liability at start of period	(1,179)	(2,434)
Amount charged to profit and loss	1,412	1,548
Prior year over/(under) provision	1,537	(293)
<b>Asset/(liability) at end of period</b>	<b>1,770</b>	<b>(1,179)</b>

### 18 Called up share capital

	Year ended 3 October 2009 £	Year ended 27 September 2008 £
<b>Authorised</b>		
1,100 Ordinary shares of £1 each (2008 100)	1,100	100
<b>Allotted and fully paid</b>		
1,050 Ordinary shares of £1 each (2008 16)	1,050	16

On 17 September 2009 the Company received £62m from Walt Disney International Limited, in consideration for, the issue and allotment of 34 ordinary shares of £1 each in the capital of the Company

On 13 August 2009, Walt Disney International Limited contributed investments in Walt Disney International France S A S and Buena Vista Australia Pty to The Walt Disney Company Ltd, by way of a capital contribution, in return for the issue and allotment of 1,000 ordinary shares of £1 each in the capital of the Company. The fair value of these investments was £722m at the date of the transaction



# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 19 Reserves

	Other Reserves	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 28 September 2008	6,254	125,236	177,370	308,860
Premium on shares issued (note 18)	-	784,158	-	784,158
Share-based payments	-	-	7,144	7,144
Retained loss for the financial year	-	-	(38,213)	(38,213)
<b>As at 3 October 2009</b>	<b>6,254</b>	<b>909,394</b>	<b>146,301</b>	<b>1,061,949</b>

Other reserves represent the unrealised gain on sale of property to 1 Hammersmith Broadway Limited

### 20 Reconciliation of movements in shareholder's funds

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
Share-based payments	7,144	5,851
Net proceeds of issue of ordinary share capital	784,159	-
Dividends paid	(152,000)	-
Profit for the year	113,787	61,573
Shareholder's funds as at 28 September 2008	308,860	241,436
<b>Total shareholder's funds as at 3 October 2009</b>	<b>1,061,950</b>	<b>308,860</b>

### 21 Financial commitments

The Company has annual commitments under non-cancellable operating leases expiring as follows

	Year ended 3 October 2009 £'000	Year ended 27 September 2008 £'000
<b>Land &amp; Buildings</b>		
Within one year	-	57
Between two and five years	19	17
<b>Other operating leases</b>		
Within one year	50	94
Between two and five years	625	905
<b>Total</b>	<b>694</b>	<b>1,073</b>

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 22 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 Inc, at exercise prices equal to or exceeding the market price at the date of grant. Options vest equally over a four-year period from the date of grant and expire seven to ten years after the date of grant. Restricted stock units (RSUs) generally vest 50% on each of the second and fourth anniversaries of the grant date. Certain RSUs awarded to senior executives vest based upon the achievement of performance conditions. The share options are settled using the equity instruments of the Company's ultimate parent company The Walt Disney Company Inc. Movements in the number of Disney share options outstanding and their related weighted average exercise prices are as follows:

	2009 Weighted average exercise price in £ per share	Options	2008 Weighted average exercise price in £ per share	Options
At start of the period	15.66	3,020,648	13.83	2,796,641
Granted	15.26	1,146,950	16.16	1,060,235
Forfeited	18.78	(629,320)	16.29	(387,808)
Exercised	13.55	(372,250)	13.64	(448,420)
At end of the period	17.45	3,166,028	15.66	3,020,648

Disney share options outstanding at the end of the year have the following terms:

	Outstanding			Exercisable	
	Number of Options	Weighted average remaining years of contractual life	Weighted average exercise price in £ per share	Number of Options	Weighted average exercise price in £ per share
<b>Exercise Prices £</b>					
7.4 – 12.1	185,762	5.10	19.88	76,602	10.39
12.2 – 16.0	1,057,210	4.53	16.34	561,441	15.22
16.1 – 25.6	1,912,737	4.86	17.21	1,095,934	19.52
29.7 – 40.3	6,098	0.64	48.87	6,098	48.87
59.0 – 114.3	4,221	0.32	94.04	4,221	94.04

The weighted average share price of Disney options exercised during the year was £13.55

# The Walt Disney Company Limited

## Notes to the financial statement for the year ended 3 October 2009 (continued)

### 22 Share-based payments (continued)

Details of the restricted shares activity is as follows

	2009 Number of restricted shares	2008 Number of restricted shares
At start of the period	766,118	685,295
Granted	635,133	317,132
Forfeited	(206,920)	(167,953)
Exercised	(236,500)	(68,356)
At end of the period	957,831	766,118

Year of Vesting	Number of Restricted Shares
2010	204,322
2011	181,469
2012	168,596
2013	40,523

The restricted stock issued during 2009 vests in two equal parts at 24 months and 48 months from the grant date, respectively, and has a remaining contractual life of ten years. There are no performance conditions attached to the issue.

The liability related to the restricted shares at 3 October 2009 is £4.4 million (2008: £3.2 million).

#### Valuation assumptions:

The valuation assumptions used to estimate the Group's share-based compensation expense for the share option plans are summarised as below:

The weighted average assumptions used in the binomial valuation option-pricing model were as follows:

GBP '000	2009	2008	2007
Risk-free interest rate	2.0%	3.6%	4.5%
Expected years from grant until exercise	4.71	4.70	4.61
Expected volatility	47%	29%	26%
Dividend yield	1.19%	1.02%	0.79%

The volatility assumption considers both historical and implied volatility and may be impacted by the Company's performance as well as changes in economic and market conditions.

The total stock based compensation charge recognised for the year ended 3 October 2009 was £7.1 million (2008: £5.9 million), comprised of share option charge of £2.7 million (2008: £2.7 million) and restricted share charge of £4.4 million (2008: £3.2 million).

# **The Walt Disney Company Limited**

## **Notes to the financial statement for the year ended 3 October 2009 (continued)**

### **23 Pensions**

Pension benefits for employees are provided under The Walt Disney Retirement Savings Plan (the "Plan") The Plan is a defined contribution arrangement with contributions being made by members and the Company on an age-related basis

The pension cost charge represents the contribution payable by the Company under the rules of the Plan Pension costs incurred by the Company for the year amounted to £4,538,000 (2008 £3,989,000)

Amounts prepaid in relation to the pension scheme at 3 October 2009 were £81,317 (2008 £490)

### **24 Ultimate parent undertaking**

#### **Ultimate parent**

The Walt Disney Company Limited is a wholly owned subsidiary of Walt Disney International Limited whose ultimate parent is The Walt Disney Company Inc , incorporated in the United States of America

#### **Parent undertaking**

The largest and smallest group for which consolidated accounts are prepared and of which the Company is a member is as follows

<b>Name</b>	The Walt Disney Company
<b>Country of Incorporation</b>	United States of America
<b>Address from where copies of the group accounts can be obtained</b>	500 South Buena Vista St Burbank, California 91521-9722 USA

### **25 Related party transactions**

The Company is a wholly owned subsidiary of Walt Disney International Limited whose ultimate parent is Walt Disney Company Inc and utilises the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company Inc The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 24

### **26 Post balance sheet events**

On 26 November 2009, the Company sold its 20% investment in GMTV Ltd for total consideration of £17,800,122