Walt Disney Company Limited (The)

(Registered Number 00530051)

Directors' report and financial statements for the year ended 1 October 2016

Walt Disney Company Limited(The)

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Walt Disney Company Limited(The)

Strategic report for the year ended 1 October 2016

The Directors present their Strategic report of Walt Disney Company Limited(The) (the 'Company') for the year ended 1 October 2016 (prior financial year ended 3 October 2015).

Principal activities, 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, intellectual property development and exploitation, property management, internet activities and the sale of land only vacation packages and other ancillary activities. These activities are expected to continue for the foreseeable future.

The results for the Company show a profit for the financial year of £239,249,000 (2015: £75,592,000) and turnover of £2,438,527,000 (2015: £1,836,218,000). The Directors are pleased with the underlying operating results for the year driven by the successful commercial exploitation of the Company's intellectual property rights.

In fiscal 2016 the Company made an investment of £853,823,000 (2015: £95,479,000) in a number of operating entities whose primary activity is the commercial exploitation of intellectual property rights. This included the acquisition of shares in WD Holdings (Shanghai), LLC for £834,281,000. Details of the operating entities can be found in note 14 of the financial statements.

In fiscal 2016 the Company acquired economic ownership of various Pixar and Disney Feature Animation intellectual property rights at a combined value of £148,470,000.

During the year Company's investment in the subsidiary undertaking of Walt Disney International France S.A.S. was impaired by £100,000,000 as a result of impairment indicators identified during management's investment review (2015: The Walt Disney Studios (Switzerland) GmbH and The Walt Disney Company (Portugal) L.D.A. were impaired by £47,377,000 and £1,637,000) respectively.

The Company adopted Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') for the financial year ended 1 October 2016. The Company has also early adopted the amendments to FRS 102 (issued in July 2015). No impact was identified as a result of this change.

Principal risks, uncertainties and future outlook

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

(1) Changes in UK, Europe and Asia wide economic and political conditions
A decline in economic activity and changes in political conditions in the UK and across European and Asian markets in which we do business or hold investments can adversely affect demand for any of our businesses, thus reducing our revenues [and impacting the value of our investments]. Economic and political conditions can also impair the ability of those with whom we do business to satisfy their obligations to us. In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment and consumer products we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Changes in exchange rates for foreign currencies may reduce demand or reduce the value of revenue we receive from other markets.

Principal risks, uncertainties and future outlook (continued)

(2) Changes in public and consumer tastes and preferences and competitive landscape
Our businesses distribute entertainment and consumer products whose success depends substantially on consumer tastes and preferences that change in often unpredictable ways. The success of our businesses and depends on our ability to consistently distribute filmed entertainment, TV programming, online material, electronic games and consumer products that meet the changing preferences of our broad consumer market. We face substantial competition in each of our businesses from alternative providers of the products and services we offer and from other forms of entertainment.

(3) Changes in technology and in consumer consumption patterns
The media entertainment and internet businesses in which we participate depend significantly on our ability to exploit new technologies to distinguish our products and services from those of our competitors. In addition, new technologies affect the demand for our products, the manner and markets in which our products are distributed to consumers and the time and manner in which consumers acquire and view some of our entertainment products.

(4) Intellectual property rights
The value to us of our rights to intellectual property is dependent on the scope of our rights as defined by applicable laws in the United States of America, the UK and other European and Asian markets and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent of our rights, or if existing laws are changed, our ability to generate revenue from our intellectual property rights may decrease. The unauthorized use of intellectual property in the entertainment industry generally continues to be a significant challenge for intellectual property rights holders.

(5) Regulatory environment
Our operations are subject to the laws and regulations of the jurisdictions in which they operate. Laws and regulations can differ in significant respects across jurisdictions and these differences can affect our ability to react to changes in our business and our ability to enforce rights.

(6) Investments
The Company owns investments in several entities which are affected by the above risk factors. This could cause impairment in the Company's investments.

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

Key performance indicators ("KPIs")

The Company's Directors are of the opinion that analysis using KPIs is not relevant for an understanding of the development, performance or position of the business and the key financial performance measurements are reflected in these financial statements.

On behalf of the Board on 17 March 2017

Andrew W

A Widger
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London W6 9PE

Walt Disney Company Limited(The)

Directors' report for the year ended 1 October 2016

The Directors present their report and audited financial statements of the Company for the year ended 1 October 2016 (prior financial year ended 3 October 2015).

Future developments

The Company's future development plans are explained in the Strategic report.

Dividends

Dividend income totalling £4,510,000 (2015: £2,128,000) was received during the year.

No dividends were paid during the year, (2015: no dividends were paid during the financial year). The Directors do not recommend that a dividend is paid for the year ended 1 October 2016 (2015: £Nil).

Financial risk management

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

(1) Credit risk: The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by the Company's credit control function.

(2) Foreign exchange risk: The Company may hold assets and liabilities denominated in foreign currencies. No derivative financial instruments are used to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The Company has in place a foreign exchange policy, driven by the ultimate parent Company, The Walt Disney Company, and will reconsider the appropriateness of this policy should operations change in nature.

(3) Interest rate risk: The Company can have interest bearing assets and liabilities. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.

Directors

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

P Wiley
D Lerner
S Bailey
A Widger
M Endemano (resigned on 16 September 2016)
A C M Haines (appointed on 16 September 2016)

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 whilst in employment, 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 Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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.

Disclosure 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/she ought to have taken in his duty as a Director in order to make himself/herself 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 17 March 2017

Andrew W

A Widger
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London W6 9PE

Walt Disney Company Limited(The)

Independent auditors' report to the members of Walt Disney Company Limited(The)

Report on the financial statements

Our opinion
In our opinion, Walt Disney Company Limited (The)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 1 October 2016 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.

What we have audited
The financial statements, included within the Annual Report, comprise:

- the Statement of financial position as at 1 October 2016;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).
In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of The Walt Disney Company Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.
In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nicholas A Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 March 2017

Income statement for the year ended 1 October 2016

	Note	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Turnover	4	2,438,527	1,836,218
Cost of sales		(1,711,043)	(1,320,020)
Gross profit		727,484	516,198
Administrative expenses		(239,449)	(242,740)
Operating profit	7	488,035	273,458
Impairment of fixed asset investments	14	(100,000)	(49,014)
Income from shares in group undertakings	9	4,510	2,128
Interest receivable and similar income	5	661	339
Interest payable and similar charges	6	(89,232)	(104,027)
Profit on ordinary activities before taxation		303,974	122,884
Tax on profit on ordinary activities	10	(64,725)	(47,292)
Profit for the financial year		239,249	75,592

The results shown above are derived from continuing operations.

The notes on pages 12 to 39 form part of these financial statements.

Statement of comprehensive income for the year ended 1 October 2016

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Profit for the financial year	239,249	75,592
Other comprehensive income:		
Other comprehensive income	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	239,249	75,592

Walt Disney Company Limited(The)

Statement of financial position as at 1 October 2016
(Registered Number 00530051)

	Note	1 October 2016 £'000	3 October 2015 £'000
Fixed assets			
Intangible assets	*12*	**908,816**	838,042
Tangible assets	*13*	**97,778**	100,662
Investments	*14*	**2,025,600**	1,418,096
		3,032,194	2,356,800
Current assets			
Stocks	*15*	**2,346**	14,062
Debtors	*16*	**718,169**	621,805
Cash at bank and in hand		**141,166**	303,868
		861,681	939,735
Creditors: amounts falling due within one year	*17*	**(1,028,538)**	(436,864)
Net current (liabilities)/assets		**(166,857)**	502,871
Total assets less current liabilities		**2,865,337**	2,859,671
Creditors: amounts falling due after more than one year	*17*	**(1,442,104)**	(1,676,865)
Provisions for liabilities	*18*	**(2,518)**	(2,218)
Net assets		**1,420,715**	1,180,588
Capital and reserves			
Share capital	*20*	**1**	1
Share premium account		**909,394**	909,394
Retained earnings		**511,320**	271,193
Total equity		**1,420,715**	1,180,588

The financial statements on pages 9 to 39 were approved by the Board of Directors on 17 March 2017 and were signed on its behalf by:

Andrew Wid

A Widger
Director

17 March 2017

Walt Disney Company Limited(The)

Statement of changes in equity for the year ended 1 October 2016

	Note	Share capital	Share Premium Account	Retained earnings	Total equity
		£'000	£'000	£'000	£'000
Balance as at 28 September 2014	20	1	909,394	219,713	1,129,108
Profit for the financial year		-	-	75,592	75,592
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	75,592	75,592
Share-based payment current year charge		-	-	10,724	10,724
Share-based payment to parent Company		-	-	(34,836)	(34,836)
Total transactions with owners, recognised directly in equity		-	-	(24,112)	(24,112)
Balance as at 3 October 2015	20	**1**	**909,394**	**271,193**	**1,180,588**
Profit for the financial year		-	-	**239,249**	**239,249**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	**239,249**	**239,249**
Share-based payment current year charge		-	-	12,220	12,220
Share-based payment to parent Company		-	-	(11,342)	(11,342)
Total transactions with owners, recognised directly in equity		-	-	878	878
Balance as at 1 October 2016	20	**1**	**909,394**	**511,320**	**1,420,715**

The financial statements were approved by the Board on 17 March 2017 and were signed on its behalf by:

Andrew W

A Widger
Director
3 Queen Caroline Street
Hammersmith
London
W6 9PE

The notes on pages 9 to 39 represent an integral part of the financial statements.

Notes to the financial statements for the year ended 1 October 2016

1 General information

Walt Disney Company Limited(The) (the "Company") is a Company limited by shares. It is incorporated and domiciled in the United Kingdom. The address of its registered office is 3 Queen Caroline Street, Hammersmith, London, W6 9PE. The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited, whose ultimate parent Company is The Walt Disney Company, incorporated in the United States of America. The consolidated financial statements of The Walt Disney Company are publicly available.

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, intellectual property development and exploitation, property management, internet activities and the sale of land only vacation packages and other ancillary activities.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing group financial statements as it is a wholly owned subsidiary of The Walt Disney Company and is included within that Company's consolidated financial statements.

2 Statement of compliance

The financial statements of Walt Disney Company Limited(the) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the UK on a basis consistent with the prior year. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 was 28 September 2014. Details of the transition to FRS 102 are disclosed in Note 26.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of this note.

b) Going concern

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

3 Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of The Walt Disney Company which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions in its financial statements:

i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102;
v) from the requirement to provide certain share-based payments disclosures as required by paragraphs 26.18(b), 26.19, 26.20, 26.21 and 26.23 of FRS 102, concerning its own equity instruments.

d) Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting year on the closest Saturday to 30 September each year. An accounting reference date of 1 October 2016 has been adopted for the current year. The financial year represents the 52 weeks ended Saturday 1 October 2016 (prior financial year was the 53 weeks ended Saturday 3 October 2015).

e) Foreign currency

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

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3 Summary of significant accounting policies (continued)

f) Turnover

Television licensing income is recognised in the year in which the features are available for immediate delivery, the license period has begun and the arrangement fee is reasonably assured.

Television subscription turnover is recognised in the month of subscription.

Income from advertising is recognised on the publishing of advertisements.

Licensing income from character merchandising, publications, home entertainment, film and games is recognised in the year 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 each year is recognised on that date, to the extent cash is assured.

Media distribution advances on licenses are deferred, then offset against income when the license period begins.

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

Income from theatrical productions are recognised on the date of the performance.

Income from hotel and park admission is recognised on the arrival date of the customer.

Income from home entertainment films and games, which arises mainly in the United Kingdom, 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 year that revenue is recognised.

Intercompany revenue is predominantly derived from operating fees paid by Europe, Middle East and Africa ('EMEA') subsidiary and affiliate companies to the Company for access to the Company's and to The Walt Disney Group's intellectual property, for exploitation by those subsidiary and affiliate Companies in various EMEA markets.

g) Production and development costs

Internally generated film, television, theatrical and ancillary production and development costs and information technology development costs are expensed as incurred.

h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. The tax expense/(income) is recognized either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income) .

Current or deferred taxation assets and liabilities are not discounted.

3 Summary of significant accounting policies (continued)

h) Taxation (continued)

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax
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 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 they will be recovered against the reversal of deferred tax liability or other future taxable profits.

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.

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

i) Fixed asset investments and investment income

Fixed asset investments are stated at historical cost. Provision is made where in the opinion of the Directors an investment is impaired. Income from investments is included to the extent of dividends and distributions received. Investments are reviewed for any impairment indicators at the reporting date.

j) Goodwill and other intangible assets

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

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.

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 income statement. Amortisation is reported within operating profit in the income statement.

Amortisation is calculated on a systematic basis at rates estimated to write off the cost of the assets over their estimated useful lives. The useful economic life of intellectual property rights for Marvel and Lucas is ten years for film rights, fifteen years for all other rights and these rights are amortised on a straight line basis. Amortisation of Pixar and Disney Feature Animations is calculated over their applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each period. All other intangible assets including goodwill are amortised on a straight line basis over fifteen years.

3 Summary of significant accounting policies (continued)

k) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

l) Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation. Costs that are directly attributable to the development of new business application hardware and software, which are incurred during the year prior to the date that the systems are placed into operational use, are capitalised. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives. The principal useful lives in use are:

Office equipment, furniture, fixtures and fittings	-	10 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

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in income statement.

m) Stocks

Stocks of finished goods and goods for resale are stated at the lower of cost and estimated selling price less cost to complete and sell. Estimated selling price is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. 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. The cost of stock is determined through the use of weighted average methodology.

3 Summary of significant accounting policies (continued)

n) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As at 1 October 2016 the Company does not hold short-term highly liquid investments or bank overdrafts.

o) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the income statement.

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 the income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group Companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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. Accounts 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

3 Summary of significant accounting policies (continued)

o) Financial instruments (continued)

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has taken exemption from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102.

p) Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

(i) Lease incentives
Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

q) Employee benefits

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

(i) Short term benefits
Short term benefits are recognized as an expense in the period in which the service is received. Holiday pay is not recognised as an expense in the period in which the service is received because it is considered immaterial.

(ii) Defined contribution pension plans
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The pension cost charge represents contributions payable by the Company to the personal plans of certain employees in respect of the accounting period. The contributions are recognised as an expense and charged to income statement when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3 Summary of significant accounting policies (continued)

q) Employee benefits (continued)

(iii) Share based payments
The fair value of grants made under the equity settled employee share option plans is calculated at the date of grant using an appropriate lattice model. Compensation expense for RSUs is based on the market price of the shares underlying the awards on the grant date. In accordance with FRS 20 'Share based payments', the fair value of equity-based awards is charged to the income statement over the vesting period of the awards with a corresponding credit to the retained earnings reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. At each reporting date, the entity revises its estimates of the number of options that are expected to vest.

It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to reserves.

The Company is required to compensate The Walt Disney Company for the difference between the market value of the underlying shares on exercise date and the proceeds from exercise of the share options. This interCompany charge is denominated in US Dollars based on the US Dollar market value of the underlying shares and exercise price. The intercompany charge is offset to equity against retained earnings.

r) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

s) Related party transactions

The Company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same Group that are wholly owned. The Company also does not disclose transactions with related parties which are not wholly owned with the same Group in note 22.

The Company has also taken exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

t) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Summary of significant accounting policies (continued)

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

(i) Useful economic lives of intangible and tangible assets
The annual amortisation or depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See notes 12 and 13 for the carrying amount of intangible and tangible assets and policy notes 3j and 3l for the useful economic lives for each class of asset.

(ii) Investments
The Company's fixed asset investments are held at historical cost, adjusted for impairment where applicable. Impairment assessments involve management's analysis of the respective investments' forecasted future cash flows, territory market conditions, recent applicable market transactions and net asset composition. See note 14 for the carrying amount of the Company's investments.

(iii) Inventory provisioning
The Company sells and distributes home entertainment products and is subject to changing customer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, current events or changes in market conditions, as well as applying assumptions around anticipated saleability of inventory. See note 15 for the net carrying amount of the inventory.

(iv) Share-based payments
The Company's employees have been granted share options by the ultimate parent Company, The Walt Disney Company. The Company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent Company's total expense. The parent company's total expense is estimated by management, involving subject-matter experts where required, and is based on the binomial valuation model which takes into account variables such as volatility, dividend yield and the risk-free interest rate. This binomial valuation model also considers the expected exercise multiple (the multiple of exercise price to grant price at which exercises are expected to occur on average) and the termination rate (the probability of a vested option being cancelled due to the termination of the option holder) in computing the value of the option. The assumptions that cause the greatest variation in fair value in the binomial valuation model are the expected volatility and expected exercise multiple.

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. See note 22 for the in-year movement of share-based payments.

(v) Impairment of debtors and creditors
The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the Company's debtors.

Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. See note 17 for the net carrying amount of the Company's creditors.

3 Summary of significant accounting policies (continued)

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

(vi) Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. The Company's property provision represents an estimate of the likely cost to return leased properties to landlords at the end of the respective leases. This requires expert assessment of the required works to be performed by reference to particular characteristics of the respective properties involved and to expected refurbishment costs per square metre. The provision requires derivation of an appropriate discount factor in order to reflect the present value of this cost. Legal and tax related matters are assessed by internal and, where required, external subject-matter experts in order to determine the probability of an economic outflow and the estimated financial impact thereof. See note 18 for the Company's provisions.

(vii) Revenue recognition
Licensing income from character merchandising, publications, home entertainment, film and games is recognised in the year in which the licensee makes the equivalent sale. Licensing income is estimated by means of a regular and detailed management review that considers third party licensee actual and forecast information where available, territory market conditions, and recent and historical character, title and licensee performance. Minimum guarantees and advances on licences are deferred and offset against licensing income as it is earned. Any minimum guarantee which is not earned out by the end of each year is recognised on that date, to the extent cash is assured.

Revenue from sales of home entertainment products including DVD and games is reduced for estimated returns. This returns estimation process involves a regular and detailed management review to analyse recent and historical sales data for actual and similar titles, the experienced and expected impact of seasonality on given characters and titles, territory market conditions and levels of inventory currently in channel.

u) Future Amendments to FRS 102

Amendments to FRS 102 were issued in July 2015 as a result of changes to the EU-directives and UK Companies Regulations. The amendments are mandatory for periods beginning on or after 1 January 2016, with early adoption permitted for periods beginning on or after 1 January 2015. Entities will have to adopt and comply with all amendments if they elect to early adopt the Amendments to FRS 102 (issued in July 2015).

The Company have elected to early adopt these amendments to FRS 102.

4 Turnover

Turnover comprises of television licensing, royalties received from character merchandising and publications, subscription and advertising 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, interCompany EMEA operating fees for the commercial exploitation of the Company's and The Walt Disney Group's intellectual property and other ancillary activities.

Turnover by geographical origination for the year and prior year is in the UK & Ireland.

The split of turnover into geographical destination during the year was as follows:

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Turnover		
UK & Ireland	**985,647**	774,616
Rest of Europe	**1,267,877**	921,278
Rest of World	**185,003**	140,324
Total	**2,438,527**	1,836,218

5 Interest receivable and similar income

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Bank interest receivable	**661**	339

6 Interest payable and similar charges

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Interest payable to other group Companies	89,232	104,027

7 Operating profit

Operating profit is stated after charging/(crediting):

		Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Staff costs:			
Wages and salaries		142,343	128,938
Social security costs		16,934	13,848
Other pension costs (note 23)		6,800	6,123
Share-based payments (note 22)		12,220	10,724
Foreign exchange (gain) / loss		(46,019)	9,959
Inventory recognised as an expense		20,089	26,086
Operating leases	- land and building	4,204	4,483
	- other assets	241	268
Amortisation of intangible assets (note 12)		96,846	74,040
Depreciation (note 13)		11,391	9,347
Auditors' remuneration	- audit services	581	423
	- other services related to taxation	350	581
	- all other services	56	56

Cost of sales includes £ 20,089,000 inventory expense for the year (2015: £26,086,000).

8 Employee information

The average monthly number of persons (including Directors) employed by the Company during the year was as follows:

	Year ended 1 October 2016 Number	Year ended 3 October 2015 Number
Employees		
Media networks	247	243
Interactive media group	56	67
Studio entertainment	61	50
Consumer products	153	140
Other *	1,112	1,063
Total	1,629	1,563

* Other relates to employees who are not dedicated solely to one business segment.

Notes to the financial statements for the year ended 1 October 2016 (continued)

9 Income from shares in group undertakings

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Dividends received	**4,510**	2,128

On 24 June 2016, a dividend of £2,882,000 (SEK35,000,000) (2015: £768,640 (SEK10,000,000)) was received from The Walt Disney Company Nordic AB.

On 10 December 2015, a dividend of £1,628,000 (2015: £Nil) was received from Disney XD Poland Limited.

No dividend was received from The Walt Disney Studios (Switzerland) GmbH during fiscal 2016 (2015: £1,359,157 (CHF 2,000,000)).

10 Tax on profit on ordinary activities

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

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Tax on profit on ordinary activities:		
(a) Analysis of charge in year		
Current tax:		
UK corporation tax on profit for the year	**64,821**	44,553
Adjustments relating to prior years	**(841)**	1,316
	63,980	45,869
Double tax relief	**-**	(14,736)
Double tax relief adjustment relating to prior years	**(379)**	(1,342)
	(379)	(16,078)
Foreign tax:		
Current tax on income for the year	**-**	16,318
Adjustments relating to prior years	379	1,342
Total current tax	**63,980**	47,451
Deferred tax:		
Origination and reversal of timing differences	**(571)**	668
Adjustments relating to prior years	**(318)**	(827)
Changes in tax rates	**1,634**	-
Total deferred tax (note 18)	**745**	(159)
Tax on profit on ordinary activities	**64,725**	47,292

10 Tax on profit on ordinary activities (continued)

(b) Factors affecting the tax charge for the year:
The tax assessed for the year period is higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 1 October 2016: 20% (2015: 20.5%). The differences are explained as follows:

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Profit on ordinary activities before tax	**303,974**	122,884
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015: 20.5%)	**60,795**	25,191
Effects of:		
Dividend income	**(902)**	(436)
Other permanent differences	**(2,772)**	(1,303)
Expenses not deductible for tax purposes	**6,965**	10,641
Non-deductible impairment of investments	**20,000**	10,048
Profits taxed at higher/(lower) rates	**(913)**	2,716
Utilisation of tax losses from group Companies	**(19,024)**	(1,620)
Difference in tax rates – current year	**101**	(17)
Difference in tax rates – prior year	**1,634**	-
Prior year adjustment – current	**(841)**	1,316
Prior year adjustment - deferred	**(318)**	(827)
Excess foreign taxes suffered	**-**	1,583
Total tax charge for year	**64,725**	47,292

The Finance Act 2015 introduced provisions to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. The Finance Act 2016 received Royal Assent on 15 September 2016 enacting a further reduction in the main rate of corporation tax to 17% from 1 April 2020.

11 Directors' emoluments

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Aggregate emoluments, gains on share options exercised, other benefits in kind and Directors' services recharged by other group Companies	**8,584**	7,464
Company contributions paid to pension scheme	**77**	109
Highest paid Director		
Total amount of services recharged by other group Companies	**4,929**	3,909
Company contributions paid to pension scheme	**-**	-

11 Directors' emoluments (continued)

The services of one (2015: one) of the Directors was recharged to The Walt Disney Company Limited by other group Companies and the aggregate cost to The Walt Disney Company Limited was £4,928,743 (2015: £3,909,491).

The remaining four Directors in service during the year were remunerated directly by The Walt Disney Company Limited and retirement benefits accrued to all Directors (2015: four). All four Directors received and exercised share options under long term incentive schemes during the year (2015: four).

12 Intangible assets

	Jetix Goodwill £'000	Film rights £'000	Other rights £'000	Other £'000	Total £'000
Cost					
At 4 October 2015	136,248	334,070	515,798	-	986,116
Additions	-	148,470	-	19,150	167,620
At 1 October 2016	**136,248**	**482,540**	**515,798**	**19,150**	**1,153,736**
Accumulated amortisation					
At 4 October 2015	80,095	33,499	34,480	-	148,074
Charge for the year	6,246	47,735	34,387	8,478	96,846
At 1 October 2016	**86,341**	**81,234**	**68,867**	**8,478**	**244,920**
Net carrying amount					
At 1 October 2016	**49,907**	**401,306**	**446,931**	**10,672**	**908,816**
At 3 October 2015	56,153	300,571	481,318	-	838,042

On 1 October 2009 the Company acquired goodwill in relation to the Jetix business for £136,248,000. This goodwill is being amortised on a straight line basis and as at 1 October 2016 has a remaining useful economic life of eight years.

On 26 September 2014 the Company acquired Marvel and Lucas intellectual property rights for commercial exploitation within EMEA at a combined value of £849,868,000. 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 useful economic life of intellectual property rights for Marvel and Lucas is ten years for film rights and for all other intangible assets is fifteen years.

On 3 April 2016 the Company acquired certain Pixar intellectual property rights for commercial exploitation within EMEA for £93,650,000. These Pixar intellectual property rights are amortised over applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each production.

On 3 July 2016 the Company acquired certain Disney Feature Animation intellectual property rights for commercial exploitation within EMEA for £54,820,000. These Disney Feature Animation intellectual property rights are amortised over applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each production.

13 Tangible assets

	Office equipment, furniture, fixtures and fittings £'000	Information systems £'000	Buildings £'000	Leasehold improvements £'000	Total £'000
Cost					
At 4 October 2015	21,108	22,928	106,121	10,865	161,022
Additions	3,265	4,875	-	367	8,507
Disposals	(21)	(119)	-	-	(140)
At 1 October 2016	**24,352**	**27,684**	**106,121**	**11,232**	**169,389**
Accumulated depreciation					
At 4 October 2015	12,721	7,074	35,855	4,710	60,360
Charge for the year	2,388	5,133	3,247	623	11,391
Disposals	(21)	(119)	-	-	(140)
At 1 October 2016	**15,088**	**12,088**	**39,102**	**5,333**	**71,611**
Net book amount					
At 1 October 2016	**9,264**	**15,596**	**67,019**	**5,899**	**97,778**
At 3 October 2015	8,387	15,854	70,266	6,155	100,662

14 Investments

	Shares in group undertakings £'000	Total £'000
Cost at 4 October 2015	1,418,096	1,418,096
Additions for the year*	853,823	853,823
Share-buyback of Walt Disney International France S.A.S.	(146,319)	(146,319)
Impairment of fixed asset investment	(100,000)	(100,000)
Net book amount		
At 1 October 2016	**2,025,600**	**2,025,600**
At 3 October 2015	1,418,096	1,418,096

*The additions for the year relate to the acquisition of Walt Disney Hungary Media and Entertainment Services Limited Liability Company (£1,197,912) and The Walt Disney Company (Polska) sp. z o.o (£15,059,468). The acquisitions took place on 16 September 2016.

The Company also acquired shares in WD Holdings (Shanghai), LLC for £834,281,380 on 27 September 2016 and Walt Disney Imagineering Asia Limited for £177,764 on 16 February 2016. WD Holdings (Shanghai), LLC is a holding Company for Disney share of the jointly owned Shanghai resort operating and management Companies. Walt Disney Imagineering Asia Limited provides Imagineering services to the Asian resorts.

14 Investments (continued)

Additional investment was made in The Walt Disney Company Medya, Eglence ve Ticaret Limited Sirketi of £3,106,711 on 28 July 2016.

Jetix Europe GmbH merged into The Walt Disney Company (Germany) GmbH on 31 May 2016. The Walt Disney Company (Germany) GmbH issued 100 shares for £84 as a result of that. The investment held in Jetix Europe GmbH was transferred to The Walt Disney Company (Germany) GmbH.

On 16 September 2016 Walt Disney International France S.A.S. purchased back 115,157,406 shares for £146,319,117.

During the year the Company's investment in Walt Disney International France S.A.S. was impaired by £100,000,000 (2015: The Walt Disney Studios (Switzerland) GmbH £47,377,320 and The Walt Disney Company (Portugal) L.D.A. £1,636,956).

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the net present value of their discounted future cash flows.

Details of investments are set out below:

Shares in group undertakings	Business	Country of registration/ incorporation	Proportion of nomina value of voting share held	
			2016	2015
The Walt Disney Company (Austria) GmbH	Commercial use of intellectual property rights	Austria	**100%**	100%
The Walt Disney Company (Benelux) BVBA	Commercial use of intellectual property rights	Belgium	**100%**	100%
The Walt Disney Company (Germany) GmbH	Commercial use of intellectual property rights	Germany	**100%**	100%
The Walt Disney Company Italia S.r.l.	Commercial use of intellectual property rights	Italy	**100%**	100%
Wedco Benelux Holdings (Netherlands) B.V.	Holding Company	Netherlands	**100%**	100%
The Walt Disney Company (Benelux) B.V.	Commercial use of intellectual property rights	Netherlands	**100%**	100%
The Walt Disney Studios (Switzerland) GmbH	Commercial use of intellectual property rights	Switzerland	**100%**	100%
The Walt Disney Company (Australia) Pty Limited	Commercial use of intellectual property rights	Australia	**100%**	100%
Walt Disney International France S.A.S.	Holding Company	France	**100%**	100%
The Walt Disney Company Nordic AB	Commercial use of intellectual property rights	Sweden	**100%**	100%
The Walt Disney Company Medya Eglence ve Ticaret Limited Sirketi	Commercial use of intellectual property rights	Turkey	**99%**	99%
Disney Stores Holdings (Netherlands) B.V.	Holding Company	Netherlands	**100%**	100%
The Walt Disney Company (Portugal) L.D.A.	Commercial use of intellectual property rights	Portugal	**>99.66%**	>99.66%
The Walt Disney Company Iberia S.L.	Commercial use of intellectual property rights	Spain	**>99.99%**	>99.99%
The Walt Disney Company Greece L.L.C.	Commercial use of intellectual property rights	Greece	**100%**	100%
The Walt Disney Company (Asia Pacific) Limited	Commercial use of intellectual property rights	Hong Kong	**100%**	100%

14 Investments (continued)

Shares in group undertakings	Business	Country of registration/ incorporation	Proportion of nominal value of voting shares held 2016	2015
Banner Productions Limited	Film and TV production	United Kingdom	**100%**	100%
Disney XD Poland Channels Limited	Commercial use of intellectual property rights	United Kingdom	**100%**	100%
Disney XD Poland Limited	Commercial use of intellectual property rights	United Kingdom	**80%**	80%
Disney Trading Limited	Commercial use of intellectual property rights	United Kingdom	**100%**	100%
The Walt Disney Company Israel Limited	Commercial use of intellectual property rights	Israel	**100%**	100%
The Walt Disney Company (Polska) sp. z o.o	Commercial use of intellectual property rights	Poland	**100%**	0%
Walt Disney Hungary Media and Entertainment Services Limited Liability Company	Commercial use of intellectual property rights	Hungary	**100%**	0%
Walt Disney Imagineering Asia Limited	Commercial use of intellectual property rights	Hong Kong	**100%**	0%

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited and is included in the consolidated financial statements of The Walt Disney Company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

The registered address of the subsidiaries are:

Subsidiary	Registered address
The Walt Disney Company (Austria) GmbH	Handelskai 94-96, Top 392, 1200 Wien, Austria
The Walt Disney Company (Benelux) BVBA	Avenue du Port 86C/217, Havenlaan, 1000 Brussel, Belgium
The Walt Disney Company (Germany) GmbH	Kronstadter Str. 9, 11; 81677 Muenchen, Germany
The Walt Disney Company Italia S.r.l.	Via Ferrante Aporti, 6/8 - 20125 Milano, Italia
Wedco Benelux Holdings (Netherlands) B.V.	Taurusavenue 9, 2132 LS Hoofddorp, Netherlands
The Walt Disney Company (Benelux) B.V.	Taurusavenue 9, 2132 LS Hoofddorp, Netherlands
The Walt Disney Studios (Switzerland) GmbH	Hoeschgasse 45, 8008 Zuerich, Switzerland
The Walt Disney Company (Australia) Pty Limited	Level 5, 650 Chapel Street, South Yarra, VIC 3141, Australia
Walt Disney International France S.A.S.	25 quai Panhard et Levassor 75013 Paris, France
The Walt Disney Company Nordic AB	Box 181, 101 23 Stockholm, Sweden
The Walt Disney Company Medya Eglence Ve Ticaret Limited Sirketi	Ebulula Mardin Cd. Gul Sk. Maya Park Tower 2 Kat:2 34335 Akatlar Besiktas, Istanbul, Turkey
Disney Stores Holdings (Netherlands) B.V.	Taurusavenue 9, 2132 LS Hoofddorp, Netherlands
The Walt Disney Company (Portugal) L.D.A.	Rua Fonte de Caspolima, 6 2º. Edificio Álvares Cabral 2770-190 Paço de Arcos, Portugal
The Walt Disney Company Iberia S.L.	Jose Bardasano Baos, 9. Edificio GORBEA 3. 28016 Madrid, Spain
The Walt Disney Company Greece L.L.C.	14 Kifisias Avenue, 15125 Marousi, Greece

14 Investments (continued)

Subsidiary	Registered address
The Walt Disney Company (Aisa Pacific) Limited	16/F Tower Two, Times Square, 1 Mtherson Street, Causeway Bay, Hong Kong
Banner Productions Limited	3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom
Disney XD Poland Channels Limited	3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom
Disney XD Poland Limited	International House Castle Hill, Victoria Road, Douglas, Isle of Man
Disney Trading Limited	3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom
The Walt Disney Company Israel Limited	6 Ha'hilazon St, Ramat-Gan, Israel
The Walt Disney Company (Polska) sp. z o.o	Al. Armii Ludowej 16, 00-609 Warszawa, Poland
Walt Disney Hungary Media and Entertainment Services Limited Liability Company	1068 Budapest, Dozsa Gyorgy street 84/a 4th Floor, Hungary
Walt Disney Imagineering Asia Limited	19/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Affiliates

Shares in group undertakings	Business	Country of registration/ incorporation	Proportion of nominal value of voting shares held	
			2016	2015
WD Holdings (Shanghai), LLC	Holding Company	USA	**47%**	0%

The registered address of the affiliate is:

Affiliate	Registered address
WD Holdings (Shanghai), LLC	500 South Buena Vista Street, Burbank, CA 91521, USA

15 Stocks

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Finished goods and goods for resale	2,346	14,062

There is no material difference between the carrying amount of stock and the replacement cost.

Inventories are stated after provisions for impairment of £10,381,000 (2015: £2,124,000).

16 Debtors

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Trade debtors	**105,917**	103,403
Amounts owed by group undertakings	**406,797**	328,907
Other debtors	**383**	5,941
Corporation tax	**4,492**	5,555
Deferred tax asset (note 18)	**9,830**	10,575
Prepayments and accrued income	**190,750**	167,424
Total	**718,169**	**621,805**

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

The deferred tax asset is expected to be realised after more than one year.

17 Creditors

Amounts falling due within one year

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Trade creditors	**24,231**	24,463
Amounts owed to group undertakings	**843,899**	273,680
Other taxation and social security	**16,122**	20,091
Accruals and deferred income	**144,286**	118,630
Total	**1,028,538**	436,864

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

Amounts falling due after more than one year

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Amounts owed to group undertakings	**1,442,104**	1,676,865
Total	**1,442,104**	1,676,865

17 Creditors (continued)

Amounts falling due after more than one year (continued)

Amounts owed to group undertakings are unsecured, interest bearing and comprised of the following:

Counter Party	Issue date	Maturity Date	Principal £		Interest rate
			2016	2015	
Wedco One Luxembourg S.A.R.L Participations S.C.A	13 August 2009	15 December 2024	359,556,000	594,317,000	5.50%
Wedco One Luxembourg S.A.R.L Participations S.C.A	07 August 2014	20 November 2024	201,005,000	201,005,000	5.50%
Wedco One Luxembourg S.A.R.L Participations S.C.A	22 September 2014	20 November 2024	31,675,000	31,675,000	5.50%
Wedco One Luxembourg S.A.R.L Participations S.C.A	26 September 2014	26 September 2024	849,868,000	849,868,000	6.50%

18 Provisions for liabilities

	Property related provision	Deferred tax (asset) / liability
	£'000	£'000
At 4 October 2015	2,218	(10,575)
Added/(Utilised) in the year	300	(571)
Prior year under provision	-	(318)
Tax rate adjustment	-	1,634
As at 1 October 2016	**2,518**	**(9,830)**

The property-related provision is intended to be utilised in 2020.

In 2016 a new provision of £300,000 was made for theatrical productions which is intended to be utilised once the production ended.

18 Provisions for liabilities (continued)

Deferred taxation provided for at 17% (2015: 20%) in the financial statements is set out below:

	Year ended 1 October 2016 £'000	Year ended 3 October 2015 £'000
Accelerated capital allowances	(754)	(815)
Short term timing differences	4,413	4,028
Tax losses	6,171	7,362
Undiscounted deferred tax asset	9,830	10,575
Asset at start of year	10,575	10,416
Amount credited/(charged) to profit and loss	571	(668)
Prior year (over)/under provision	318	827
Tax rate change adjustment	(1,634)	-
(Liability)/asset at end of year	9,830	10,575

19 Financial instruments by category

	Note	1 October 2016 £'000	3 October 2015 £'000
Financial assets measured at amortised cost:			
Trade debtors	16	105,917	103,403
Amounts owed by group undertakings	16	406,797	328,907
Other debtors	16	383	5,941
Cash at bank and in hand		141,166	303,868
Total		654,263	742,119
Financial liabilities measured at amortised cost:			
Trade creditors	17	24,231	24,463
Amounts owed to group undertakings	17	843,899	273,680
Amounts owed to group undertakings after more than one year	17	1,442,104	1,676,865
Total		2,310,234	1,975,008

20 Share capital

	1 October 2016 £	3 October 2015 £
Authorised		
1,100 Ordinary shares of £1 each (2015: 1,100)	1,100	1,100
Allotted and fully paid		
1,050 Ordinary shares of £1 each (2015: 1,050)	1,050	1,050

21 Commitments and contingencies

The Company has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	1 October 2016 £'000	3 October 2015 £'000
Within one year	4,204	3,974
Between two and five years	13,001	15,973
After five years	-	1,231
	17,205	21,178

During July 2015, the Company was the recipient of a Statement of Objections from the European Commission alleging infringement of competition law. The Company is defending its position and has engaged external legal counsel in support of this. On the basis of legal advice received at this time, the Directors do not believe that a fine is probable but is considered reasonably possible, and accordingly no provision has been made in these financial statements.

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, 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 equally on each of the four 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.

The restricted stock issued during 2016 vests equally on each of the four anniversaries of the grant date and has a remaining contractual life of ten years. There are no performance conditions attached to the issue.

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.

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 £6,800,000 (2015: £6,123,000).

Amounts prepaid in relation to the pension scheme at 1 October 2016 were £Nil (2015: £Nil). Amounts outstanding in relation to the pension scheme at 1 October 2016 were £Nil (2015: £Nil).

24 Related party transactions

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent undertaking and controlling party is The Walt Disney Company. Consequently the Company utilises the exemption contained in paragraph 33.1A of FRS 102, 'Related party disclosures', not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company. The address at which the consolidated financial statements of the ultimate parent Company are publicly available is included in note 25.

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

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

Ultimate parent

The Walt Disney Company Limited is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent is The Walt Disney Company, incorporated in the United States of America.

25 Ultimate parent undertaking and related undertakings

Parent undertaking

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

Name	The Walt Disney Company
Country of incorporation	United States of America
Address from where copies of the group financial statements can be obtained	500 South Buena Vista St. Burbank, California 91521-9722 USA

Related undertakings

The Company's Related Undertakings are listed below:

Direct Subsidiaries	Name	Country	Ownership
	Disney XD Poland Channels Limited	UK	100%
	Disney Trading Limited	UK	100%
	Banner Productions Limited	UK	100%
	Disney XD (Poland) Limited	Isle of Man	80%
	The Walt Disney Company (Portugal) L.D.A.	Portugal	>99.66%
	The Walt Disney Company (Hong Kong) Limited	Hong Kong	100%
	The Walt Disney Company (Australia) Pty Limited	Australia	100%
	The Walt Disney Company (Austria) GmbH	Austria	100%
	The Walt Disney Studios (Schweiz) GmbH	Switzerland	100%

25 Ultimate parent undertaking and related undertakings (continued)

Direct Subsidiaries

Name	Country	Ownership
Walt Disney International France S.A.S.	France	100%
The Walt Disney Company (Benelux) B.V.	Netherlands	100%
The Walt Disney Company Italia S.r.l.	Italy	100%
The Walt Disney Company (Benelux) BVBA	Belgium	100%
Wedco Benelux Holdings (Netherlands) B.V.	Netherlands	100%
Disney Stores Holdings (Netherlands) B.V.	Netherlands	100%
The Walt Disney Company Nordic AB	Sweden	100%
The Walt Disney Company Greece L.L.C.	Greece	100%
The Walt Disney Company Medya Eglence Ve Ticaret Limited Sirketi	Turkey	100%
The Walt Disney Company (Germany) GmbH	Germany	100%
The Walt Disney Company Iberia S.L.	Spain	>99.99%
The Walt Disney Company Israel Limited	Israel	100%
Walt Disney Hungary Media and Entertainment Services Limited Liability Company	Hungary	100%
The Walt Disney Company (Polska) sp. z o.o	Poland	100%
WD Holdings (Shanghai), LLC	USA	47%
Walt Disney Imagineering Asia Limited	Hong Kong	100%

Indirect Subsidiaries

Name	Country	Ownership
Absolem Productions Limited	UK	100%
ABC Studios International Limited	UK	100%
Badduns Productions Limited	UK	100%
Bandersnatch Films Limited	UK	100%
Blackbeard Productions Limited	UK	100%
Briar Rose Productions Limited	UK	100%
Burning Windmills Pictures Limited	UK	100%
Cherry Tree Lane Productions Limited	UK	100%
Cogsworth Productions Limited	UK	100%
Coronation Bay Productions Limited	UK	100%
Dark Forest Productions Limited	UK	100%
David Productions Limited	UK	100%
Down River Productions Limited	UK	100%
Five Beans Productions Limited	UK	100%
Goliath Productions Limited	UK	100%
Grand Central Productions Limited	UK	100%
Iceberg Productions Limited	UK	100%
Jade Productions Limited	UK	100%

25 Ultimate parent undertaking and related undertakings (continued)

Indirect Subsidiaries	Name	Country	Ownership
	Medici Productions Limited	UK	100%
	Mistletoe Pictures Limited	UK	100%
	More Muppets Productions Limited	UK	100%
	Mystical Productions Limited	UK	100%
	Raksha Productions Limited	UK	100%
	Snickers Productions Limited	UK	100%
	The Disney Store Limited	UK	100%
	Think Thark Productions Limited	UK	100%
	Vita Ray Productions Limited	UK	100%
	Disney Mobile Games Studio Sro	Czech Republic	100%
	Walt Disney Participations S.A.S.	France	100%
	Euro Disney S.A.S.	France	100%
	Euro Disneyland Imagineering SARL	France	100%
	The Walt Disney Company (France) S.A.S.	France	100%
	Disney Hachette Presse SNC	France	51%
	Centre de Congres de Newport SNC	France	100%
	The Walt Disney Company Licensing (EMEA) S.A.S.	France	100%
	The Disney Store (France) S.A.S.	France	100%
	The Disney Store Germany GmbH	Germany	100%
	Buena Vista International Film Production (Germany) GmbH	Germany	100%
	TDS Disney Ireland Limited	Ireland	100%
	Lollipop Productions Limited	Israel	100%
	The Disney Store Italia Srl	Italy	100%
	The Disney Store Spain S.L.	Spain	100%
	The Disney Store Spain S.L. - Sucural em Portugal	Portugal	100%
	Disney Stores Holdings (Netherlands) B.V. (Belgium branch)	Belgium	100%
	The Disney Store Denmark Filial Af Disney Stores Holdings (Netherlands) BV	Denmark	100%
	Disney Store (Sweden) filial	Sweden	100%
	Disney Stores Holdings (Netherlands) B.V. (Turkish branch)	Turkey	100%
	Dısney Televizyon Yayincilik AS	Turkey	100%
	Disney XD Televizyon Yayincilik AS	Turkey	100%
	TV 10 Holdings LLC	USA	50%
	TV 10 B.V.	Netherlands	50%
	Asgard Productions III Pty Limited	Australia	100%
	Mukiri Productions Pty Limited	Australia	100%
	Maker Studios (Australia) Pty Limited	Australia	100%
	Shanghai International Theme Park and Resort Management Company Limited	China	70%

25 Ultimate parent undertaking and related undertakings (continued)

Indirect Subsidiaries	Name	Country	Ownership
	Shanghai International Theme Park Company Limited	China	43%
	Shanghai International Theme Park Associated Facilities Company Limited	China	43%
	The Walt Disney Company Nordic AB, filial i Finland	Finland	100%
	The Walt Disney Company Nordic, filial i Norge	Norway	100%
	The Walt Disney Company Nordic, Filial Af The Walt Disney Company Nordic AB, Sverige	Denmark	100%

Branches	Name	Country	Ownership
	The Walt Disney Company Limited	Dubai	100%
	The Walt Disney Company Limited	Ireland	100%
	The Walt Disney Company Limited	Czech Republic	100%

26 Post balance sheet events

On 19 December 2016 the Company received a dividend of £1,637,000 (2015: £1,628,000) from Disney XD Poland Limited.

27 Transition to FRS 102

This is the first year that the Company have presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 3 October 2015. The date of transition to FRS 102 was 28 September 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 3 October 2015 and the total equity as at 27 September 2014 and 3 October 2015 between UK GAAP as previously reported and FRS 102. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

Transition exemptions

The Company has taken advantage of the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

27 Transition to FRS 102 (continued)

Reconciliations

In accordance with the requirements of FRS 102 a reconciliation of prior year profit and opening balances is provided as below:

Reconciliation of profit for the year	**2015** **£'000**
Profit for the year as previously reported under UK GAAP	75,592
Profit for the year as reported under FRS 102	**75,592**

Reconciliation of other comprehensive income for the year	**2015** **£'000**
Other comprehensive income for year as previously reported under UK GAAP	-
Other comprehensive income for year as reported under FRS 102	-

Reconciliation of equity for the year	**28 September 2014** **£'000**	**3 October 2015** **£'000**
Total equity as previously reported under UK GAAP	1,129,108	1,180,588
Total equity as reported under FRS 102	**1,129,108**	**1,180,588**

Notes to the reconciliations:

There were no transition adjustments identified on adoption of FRS 102.