

The Walt Disney Company Limited

(Registered Number 530051)

**Directors' report and financial statements
for the year ended 27 September 2014**

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The Walt Disney Company Limited

Directors' report and financial statements for the year ended 27 September 2014

Contents

	Pages
Strategic report	2-3
Directors' report	4-6
Independent auditors' report	7-8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11-30

The Walt Disney Company Limited

Strategic report for the year ended 27 September 2014

The directors present their strategic report of The Walt Disney Company Limited (the 'Company') for the 52 weeks ended 27 September 2014 (prior year was for 52 weeks ended 28 September 2013).

Principle 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, 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 after tax for the financial year of £126,593,000 (2013: £134,558,000) and turnover of £1,581,248,000 (2013: £1,487,679,000). The Directors are pleased with the financial results for the year driven by the successful commercial exploitation of the Company's intellectual property rights.

On 7 August 2014 the Company made an investment of £232,679,000 in a number of operating entities whose primary activity is the commercial exploitation of intellectual property rights. Details of the operating entities can be found in note 12 of the financial statements.

On 26 September 2014 the Company acquired economic ownership of various Marvel and Lucas intellectual property rights at a combined value of £849,868,000.

Both of the above investments were financed by long-term intercompany loans.

Principal risks and uncertainties

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

(1) Changes in UK, Europe and Asia wide economic conditions

A decline in economic activity 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. Economic 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.

(2) Changes in public and consumer tastes and preferences

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 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.

The Walt Disney Company Limited

Strategic report for the year ended 27 September 2014 (continued)

Principal risks and uncertainties (continued)

(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

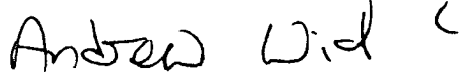
The value to us of our non-exclusive rights to intellectual property is dependent on the scope of our rights as defined by applicable laws in the United States of America, the UK and other European and Asian markets and the manner in which those laws are construed. If those laws are drafted or interpreted 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.

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 16 June 2015



A Widger
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London W6 9PE

The Walt Disney Company Limited

Directors' report for the year ended 27 September 2014

The directors present their report and audited financial statements of the Company for the 52 weeks ended 27 September 2014 (prior year was for 52 weeks ended 28 September 2013).

Future developments

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

Dividends

Dividend income totalling £17,047,000 (2013: £25,880,000) was received during the year and dividends of £Nil per ordinary share were paid during the year, (2013: £29,524 per ordinary share, totalling £31,000,000).

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

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.

The Walt Disney Company Limited

Directors' report for the year ended 27 September 2014 (continues)

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 prepared 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 year. In preparing these financial statements, the directors are required to:

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

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

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.

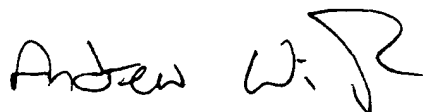
The Walt Disney Company Limited

Directors' report for the year ended 27 September 2014 (continues)

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 16 June 2015

A handwritten signature in black ink, appearing to read "Andrew W. R.", with a stylized flourish at the end.

A Widger
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London W6 9PE

The Walt Disney Company Limited

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 27 September 2014 and of its profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Walt Disney Company Limited, comprise:

- the balance sheet as at 27 September 2014;
- the profit and loss account for the period 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 their preparation is applicable law and United Kingdom Accounting Standards (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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK and 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.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements 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.

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 period 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)

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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 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.



Nicholas Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 June 2015

The Walt Disney Company Limited

Profit and loss account for the year ended 27 September 2014

	<i>Note</i>	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Turnover	2	1,581,248	1,487,679
Cost of sales		(1,185,628)	(1,140,333)
Gross profit		395,620	347,346
Administrative expenses		(215,087)	(201,169)
Operating profit	2,5	180,533	146,177
Loss on disposal of fixed asset investments		(133)	(3,436)
Income from liquidation of fixed asset investment		-	2,342
Forgiveness of intercompany debt		-	(716)
Income from shares in group undertakings	7	17,047	25,880
Interest receivable and similar income	3	483	568
Interest payable and similar charges	4	(41,394)	(41,321)
Profit on ordinary activities before taxation		156,536	129,494
Tax on profit on ordinary activities	8	(29,943)	5,064
Profit for the financial year	19	126,593	134,558

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

There were no recognised gains or losses for the year other than those included in the profit and loss account above, and therefore no separate statement of total gains and losses has been presented.

The results shown above are derived from continuing operations.

The notes on pages 11 to 30 form part of these financial statements.

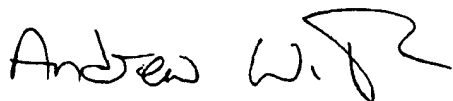
The Walt Disney Company Limited

Balance sheet as at 27 September 2014

(Registered Number 530051)

	Note	27 September 2014 £'000	28 September 2013 £'000
Fixed assets			
Intangible assets	10	912,082	68,646
Tangible assets	11	102,443	98,669
Investments	12	1,400,667	1,211,733
		2,415,192	1,379,048
Current assets			
Stocks	13	10,131	8,969
Debtors	14	694,465	665,177
Cash at bank and in hand		93,500	39,802
		798,096	713,948
Creditors: amounts falling due within one year	15	(405,097)	(342,814)
Net current assets		392,999	371,134
Total assets less current liabilities		2,808,191	1,750,182
Creditors: amounts falling due after more than one year	15	(1,676,865)	(738,141)
Provisions for liabilities	16	(2,218)	(2,218)
Net assets		1,129,108	1,009,823
Capital and reserves			
Called up share capital	17	1	1
Share premium account	18	909,394	909,394
Profit and loss account	18	219,713	100,428
Total shareholders' funds	19	1,129,108	1,009,823

The financial statements on pages 9 to 30 were approved by the Board of Directors on 12 June 2015 and were signed on its behalf by:



A Widger
Director

16 June 2015

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014

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 in the UK on a basis consistent with the prior year. The principal accounting policies are set out below.

a) 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. Impairment reviews are performed when there has been an indication of potential impairment.

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. Under Financial Reporting Standard ('FRS') 10 'Goodwill and intangible assets', goodwill should be reviewed for impairment at the end of the first full year following the acquisition ('the first year review').

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 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.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic 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

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (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 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 year in which they are incurred on a straight line basis.

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 the contract 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 The Lion King stage show is recognised on the date of the performance.

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

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

1 Accounting policies (continued)

f) Turnover (continued)

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 for access to the Disney Group intellectual property for exploitation by those subsidiary and affiliate companies in various EMEA markets.

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. The assets of the scheme are held separately from those of the Company in an independently administered fund.

i) Group financial statements and cash flow statement

The Walt Disney Company Limited 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.

Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) 'Cash flow statements'. The Company has also 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.

j) Stocks

Stocks of finished goods and goods for resale are stated at the lower of cost and net realisable value. Net realisable value 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.

k) 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 27 September 2014 has been adopted for the current year. The financial year represents the 52 weeks ended Saturday 27 September 2014 (prior year was 52 weeks ended Saturday 28 September 2013).

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

1 Accounting policies (continued)

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 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 profit and loss account over the vesting period of the awards 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. At each balance sheet 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 profit and loss account, 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.

m) 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.

2 Segmental reporting

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 operating fees and other ancillary activities.

The split of these into categories of turnover during the year was as follows:

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Turnover		
Media Distribution and Disney Channels	473,456	536,736
Interactive Media Group	54,548	42,094
Film Distribution and Stageplays	260,271	228,514
Consumer Products	217,666	174,831
Intercompany and Other*	575,307	505,504
Total	1,581,248	1,487,679

* This relates primarily to the intercompany EMEA operating fee and other activities not directly attributable to the principal business segments.

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

2 Segmental reporting (continued)

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 27 September 2014 £'000	Year ended 28 September 2013 £'000
Turnover		
UK & Ireland	595,529	508,299
Rest of Europe	859,360	863,794
Rest of World	126,359	115,586
Total	1,581,248	1,487,679

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

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Operating profit		
Media Distribution and Disney Channels	165,092	205,860
Interactive Media Group	(362)	5,310
Film Distribution and Stageplays	9,074	(8,641)
Consumer Products	83,785	71,084
Intercompany and Other*	(77,057)	(127,436)
Total	180,532	146,177

* This relates to activities which are not directly attributable to the principal business segments.

The operating loss in 'Intercompany and other' relates predominantly to shared operating expenses and foreign exchange gains and losses which are not directly attributable to the principal business segments and are thus unallocated.

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

2 Segmental reporting (continued)

The split of profit on ordinary activities before tax by segment during the year was as follows:

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Profit on ordinary activities before taxation		
Media Distribution and Disney Channels	164,959	201,709
Interactive Media Group	(362)	5,310
Film Distribution and Stageplays	9,074	(8,641)
Consumer Products	83,785	71,084
Intercompany and Other*	(100,921)	(139,968)
Total	156,535	129,494

* This relates to activities which are not directly attributable to the principal business segments.

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

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Net assets		
Media Distribution and Disney Channels	130,472	167,683
Interactive Media Group	4,875	(7,125)
Film Distribution and Stageplays	8,529	12,554
Consumer Products	40,673	33,683
Intercompany and Other*	944,559	803,028
Total	1,129,108	1,009,823

*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 companies and Corporation tax and VAT balances.

Net assets by geographical origination for the year and prior year are in UK & Ireland.

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

3 Interest receivable and similar income

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Bank interest receivable	483	568

4 Interest payable and similar charges

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Interest payable to other group companies	41,394	41,321

5 Operating profit

Operating profit is stated after charging:

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Staff costs:		
Wages and salaries	109,041	104,556
Social security costs	12,244	11,730
Other pension costs (note 22)	5,705	4,833
Share-based payments (note 21)	9,378	7,280
Foreign exchange loss	10,457	1,323
Operating leases:		
- land and building	4,378	3,710
- other assets	335	354
Amortisation of intangible fixed assets	6,432	6,246
Depreciation	7,954	6,561
Auditors' remuneration:		
- audit services	398	388
- other services related to taxation	319	406
- all other services	55	53

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

6 Employee information

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

	Year ended 27 September 2014	Year ended 28 September 2013
Employees		
Media networks	240	243
Interactive media group	93	112
Studio entertainment	47	46
Consumer products	122	135
Other *	1,006	970
Total	1,508	1,506

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

7 Dividends

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Dividends received	17,047	25,880
Dividends paid	-	(31,000)

On 25 September 2014, a dividend of £1,298,280 (CHF 2,000,000) (2013: £Nil (CHF Nil)) was received from The Walt Disney Studios (Switzerland) GmbH.

On 11 July 2014, a dividend of £853,916 (SEK10,000,000) (2013: £3,937,008 (SEK40,000,000)) was received from The Walt Disney Company Nordic AB.

On 24 July 2014, a dividend of £9,792,952 (AUD\$17,784,000) (2013: £7,380,840 (AUD\$12,543,000)) was received from The Walt Disney Company (Australia) Pty Limited.

On 26 September 2014, a dividend of £3,901,046 (€5,027,217) (2013: £8,569,962 (€10,000,000)) was received from The Walt Disney Company (Germany) GmbH.

On 24 September 2014, a dividend of £1,201,303 (€1,500,000) (2013: £Nil (€Nil)) was received from The Walt Disney Company (Germany) GmbH.

A dividend of £Nil (€Nil) (2013: £5,992,210 (€ 6,992,108)) was received from The Walt Disney Company (Benelux) B.V.

A dividend of £Nil (2013: £31,000,000) was paid to Walt Disney International Limited.

The dividend paid per share was £Nil (2013: £29,524).

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

8 Tax on profit on ordinary activities

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

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Tax on profit on ordinary activities:		
(a) Analysis of charge in year		
Current tax:		
UK corporation tax on profit for the year	30,167	22,186
Adjustments relating to prior years	(367)	(29,887)
	<u>29,800</u>	<u>(7,701)</u>
Double tax relief	(13,068)	(16,570)
Double tax relief adjustment relating to prior years	(121)	420
	<u>(13,189)</u>	<u>(16,150)</u>
Foreign tax:		
Current tax on income for the year	13,068	16,570
Adjustments relating to prior years	121	(420)
Total current tax	<u>29,800</u>	<u>(7,701)</u>
Deferred tax:		
Origination and reversal of timing differences	(219)	3,050
Adjustments relating to prior years	362	(413)
Total deferred tax (note 16)	<u>143</u>	<u>2,637</u>
Tax on profit on ordinary activities	<u>29,943</u>	<u>(5,064)</u>

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK for the year ended 27 September 2014: 22% (2013: 23.5%). The differences are explained below.

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Profit on ordinary activities before tax	156,536	129,494
Expected tax at 22% (2013: 23.5%)	34,438	30,431
Effects of:		
Dividend income	(3,750)	(6,082)
Other permanent differences	(199)	1,410
Expenses not deductible for tax purposes	22	74
Depreciation in excess of capital allowances	(415)	(209)
Other timing differences	1,815	(445)
Utilisation of tax losses brought forward	(1,159)	(907)
Utilisation of losses from group companies	(585)	(2,086)
Adjustments relating to prior years	(367)	(29,887)
Current tax credit/charge for year	<u>29,800</u>	<u>(7,701)</u>

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

8 Tax on profit on ordinary activities (continued)

The Finance Act 2013 received Royal Assent on 17 July 2013. It included provisions to reduce the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and 20% from 1 April 2015. No further rate changes have been proposed. These changes were substantively enacted prior to the balance sheet date for the year ended 28 September 2013 financial statements hence the opening and closing deferred tax rate is 20% and the current tax rate is 22%. The current tax rate for the year ended 3rd October 2015 will be 20.5%.

9 Directors' emoluments

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Aggregate emoluments, gains on share options exercised, other benefits in kind and directors' services recharged by other group companies	6,363	5,582
Company contributions paid to pension scheme	101	84
Highest paid director		
Total amount of services recharged by other group companies	3,667	3,285
Company contributions paid to pension scheme	-	-

The services of one (2013: 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 £3,666,694 (2013: £3,284,586).

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 (2013: four). All four directors received and exercised share options under long term incentive schemes during the year (2013: four).

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

10 Intangible assets

	Jetix Goodwill £'000	Film rights £'000	Other rights £'000	Total £'000
Cost				
At 28 September 2013	136,248	-	-	136,248
Additions	-	334,070	515,799	849,868
At 27 September 2014	136,248	334,070	515,799	986,116
Accumulated amortisation				
At 28 September 2013	67,602	-	-	67,602
Charge for the year	6,246	92	94	6,432
At 27 September 2014	73,849	92	94	74,035
Net carrying amount				
At 27 September 2014	62,399	333,978	515,704	912,082
At 28 September 2013	68,646	-	-	68,646

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.

11 Tangible fixed assets

	Office equipment, furniture, fixtures and fittings £'000	Information systems £'000	Buildings, leasehold improvements £'000	Total £'000
Cost				
At 28 September 2013	14,153	13,112	115,251	142,516
Additions	4,540	5,645	1,543	11,728
Disposals	(207)	(581)	-	(788)
At 27 September 2014	18,486	18,176	116,794	153,456
Accumulated depreciation				
At 28 September 2013	9,626	1,286	32,935	43,847
Charge for the year	1,564	2,556	3,834	7,954
Disposals	(207)	(581)	-	(788)
At 27 September 2014	10,983	3,261	36,769	51,013
Net book amount				
At 27 September 2014	6,842	14,915	80,686	102,443
At 28 September 2013	4,527	11,826	82,316	98,669

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

12 Fixed asset investments

	Shares in group undertakings £'000	Participating interests £'000	Total £'000
Cost at 28 September 2013	1,210,434	1,299	1,211,733
Additions for the year*	232,679	-	232,679
Share-buyback of Walt Disney International France S.A.S	(42,446)	-	(42,446)
Sale of FilmFlex Movies Limited	-	(1,299)	(1,299)
Net book amount At 27 September 2014	1,400,667	-	1,400,667
28 September 2013	1,210,434	1,299	1,211,733

*The additions for the year relate to the acquisition of Disney Store Holdings B.V (£55,095,405), The Walt Disney Company Portugal L.D.A (£3,285,456), The Walt Disney Company Iberia S.L. (£126,617,777), The Walt Disney Company Greece L.L.C. (£470,921) and The Walt Disney Asia Pacific Limited (£47,209,795). The acquisitions took place on 7 August 2014.

Das Vierte GmbH was merged into The Walt Disney Company (Germany) GmbH during the year.

Filmflex Movies Limited was sold during the year.

On 17 September 2014 Walt Disney International France S.A.S. purchased back 27,540,028 shares for £42,446,000.

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 nominal value of voting shares held	
			2014	2013
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 ApS	Commercial use of intellectual property rights	Denmark	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%

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

12 Fixed asset investments (continues)

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 Store Holdings B.V.	Holding company	Netherlands	100%	-
The Walt Disney Company (Portugal) L.D.A	Commercial use of intellectual property rights	Portugal	99.666667%	-
The Walt Disney Company (Iberia) S.L.	Commercial use of intellectual property rights	Spain	99.9992%	-
The Walt Disney Company (Greece) L.L.C.	Commercial use of intellectual property rights	Greece	100%	-
The Walt Disney Company (Asia Pacific) Limited	Commercial use of intellectual property rights	Hong Kong	100%	-

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.

Participating interests

The 50% ownership in Filmflex Movies Limited, a video on demand service was sold during the year.

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

13 Stocks

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Finished goods and goods for resale	10,131	8,969

14 Debtors

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Trade debtors	125,316	123,757
Amounts owed by group undertakings	346,450	292,219
Other debtors	7,083	6,172
Corporation tax	-	23,857
Deferred tax asset	10,416	10,559
Prepayments and accrued income	205,200	208,613
Total	694,465	665,177

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.

15 Creditors

Amounts falling due within one year

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Trade creditors	28,976	18,272
Amounts owed to group undertakings	237,269	203,020
Other taxation and social security	15,428	15,202
Corporation tax	2,752	-
Accruals and deferred income	120,672	106,320
Total	405,097	342,814

Amounts owed to group undertakings are unsecured, repayable on demand and are not interest bearing. It also includes the outstanding loan balance of £144,649,000 owed to Jetix Europe Limited which was repaid in full on 12 December 2014.

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

15 Creditors (continued)

Amounts falling due after more than one year

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Amounts owed to group undertakings	1,676,865	738,141
Total	1,676,865	738,141

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

Counter Party	Issue date	Maturity Date	Principal £	Interest rate
Wedco One Luxembourg S.A.R.L Participations S.C.A	13 August 2009	15 December 2024	594,317,000	5.5%
Wedco One Luxembourg S.A.R.L Participations S.C.A	07 August 2014	20 November 2024	201,005,000	5.5%
Wedco One Luxembourg S.A.R.L Participations S.C.A	22 September 2014	20 November 2024	31,675,000	5.5%
Wedco One Luxembourg S.A.R.L Participations S.C.A	26 September 2014	26 September 2024	849,868,000	6.5%

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

16 Provision for liabilities

	Property related provision £'000	Deferred tax (asset) / liability £'000
At 29 September 2013	2,218	(10,559)
Added/(Utilised) in the year	-	(219)
Prior year under provision	-	362
Tax rate adjustment	-	-
As at 27 September 2014	2,218	(10,416)

Property related provision is intended to be used in 2020.

The deferred tax asset (accounted for in note 14) comprises the following amounts:

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Accelerated capital allowances	(55)	684
Short term timing differences	4,237	2,587
Tax losses	6,234	7,288
Undiscounted deferred tax asset	10,416	10,559
Asset at start of year	10,559	13,196
Amount (charged)/credited to profit and loss	219	(1,329)
Tax rate adjustment	-	(1,721)
Prior year (over)/under provision	(362)	413
Asset at end of year	10,416	10,559

17 Called up share capital

	Year ended 27 September 2014 £	Year ended 28 September 2013 £
Authorised		
1,100 Ordinary shares of £1 each (2013: 1,100)	1,100	1,100
Allotted and fully paid		
1,050 Ordinary shares of £1 each (2013: 1,050)	1,050	1,050

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

18 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 28 September 2013	909,394	100,428	1,009,822
Share-based payment current year charge	-	9,378	9,378
Share-based payment to parent company	-	(16,686)	(16,686)
Dividends paid	-	-	-
Profit for the financial year	-	126,593	126,593
As at 27 September 2014	909,394	219,713	1,129,107

19 Reconciliation of movements in shareholders' funds

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Share-based payments	(7,308)	(4,340)
Dividends paid	-	(31,000)
Profit for the financial year	126,593	134,558
Opening shareholders' funds	1,009,823	910,605
Closing shareholders' funds	1,129,108	1,009,823

20 Financial commitments

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

	Year ended 27 September 2014 £'000	Year ended 28 September 2013 £'000
Land and buildings		
Within one year	28	85
Between two and five years	377	346
After five years	3,973	3,279
Other operating leases		
Within one year	62	12
Between two and five years	273	342
Total	4,713	4,064

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

21 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.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014 Weighted average exercise price in £ per share	Options	2013 Weighted average exercise price in £ per share	Options
At start of the year	25.72	668,427	21.54	829,701
Granted	44.45	165,532	28.24	349,218
Forfeited	18.34	(1,179)	23.48	(153,444)
Exercised	22.54	(217,794)	19.87	(357,048)
At end of the year	31.49	614,986	25.72	668,427

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	Number of options	Weighted average exercise price in £ per share
Exercise prices £				
12.2 – 16.0	5,500	1.30	5,500	12.76
16.1 – 25.6	244,460	6.21	194,627	22.97
25.7 – 40.3	199,947	8.30	84,772	31.92
40.4 – 45.0	165,079	9.23	31,885	44.52

The weighted average share price of Disney options exercised during the year was £22.54 (2013: £19.87).

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

21 Share-based payments (continued)

Details of the restricted shares activity is as follows:

	2014 Number of restricted shares	2013 Number of restricted shares
At start of the year	600,181	760,790
Granted	183,267	251,857
Forfeited	(14,167)	(103,743)
Exercised	(258,220)	(308,723)
At end of the year	511,061	600,181

Year of vesting	Number of restricted shares
2015	227,413
2016	151,238
2017	91,800
2018	40,610

The restricted stock issued during 2014 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 charge related to the restricted shares at 27 September 2014 is £7,262,000 (2013: £5,821,000).

Valuation assumptions:

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

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

£'000	2014	2013	2012	2011	2010
Risk-free interest rate	2.97%	1.83%	1.98%	3.23%	3.51%
Expected years from grant until exercise	6.67	6.67	6.36	6.13	6.11
Expected volatility	24.57%	25.64%	30.86%	27.68%	32%
Dividend yield	1.37%	1.60%	1.56%	1.15%	1.41%

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

The total stock based compensation charge recognised for the year ended 27 September 2014 was £9,378,000 (2013: £7,280,000), comprised of share option charge of £2,116,000 (2013: £1,459,000) and restricted share charge of £7,262,000 (2013: £5,821,000).

The weighted average grant-date fair value of options granted during the year ended 27 September 2014 as calculated using the Lattice valuation option-pricing model was £11.79 (2013: £7.70)

The Walt Disney Company Limited

Notes to the financial statements for the year ended 27 September 2014 (continued)

22 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 £5,705,000 (2013: £4,833,000).

Amounts prepaid in relation to the pension scheme at 27 September 2014 were £Nil (2013: £Nil). Amounts outstanding in relation to the pension scheme at 27 September 2014 were £Nil (2013: £Nil).

23 Post balance sheet events

On 12 December 2014 the Company repaid its outstanding loan balance of £144,649,000 in full to Jetix Europe Limited.

On 10 April 2015 the Company provided a capital contribution of £2,931,000 to Disney Store Holdings B.V.

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 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. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 25.

25 Ultimate parent undertaking and controlling party

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.

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