

Walt Disney International Limited

(Registered Number: 2724503)

**Directors' Report And Financial Statements
Year Ended 30 September 2004**



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Walt Disney International Limited

Directors' Report For The Year Ended 30 September 2004

The Directors present their report and the consolidated financial statements of the Company and the Group for the year ended 30 September 2004.

Principal Activities And Future Developments

The company is a wholly-owned subsidiary undertaking of The Walt Disney Company, incorporated in the United States of America, and its principal activity is as a holding company for the group in the United Kingdom.

During the year, a group restructure was undertaken to transfer the shares of the following subsidiaries to a fellow subsidiary undertaking, The Walt Disney Company Limited: Buena Vista Home Entertainment Limited ("BVHE"), Buena Vista International Limited ("BVI"), Walt Disney Properties (UK) Limited ("WDP"), Walt Disney Productions Limited ("Productions"), Disney Real Estate Investments (UK) Limited ("DREI"), Disney Theatrical Productions Limited ("DTP"), 1 Hammersmith Broadway ("1HB") and Broadway Shopping Centre ("BSC"). This restructure was undertaken to reduce the number of legal entities within the group, therefore the net assets of these subsidiaries, with the exception of 1 Hammersmith Broadway, have also been transferred to the fellow subsidiary undertaking and the legal entities will be liquidated. The principal activities of the group remain unchanged as a result of the restructure.

The principal activities of the group are set out in note 11 to the financial statements and include television broadcasting, licensing and production services, theatrical distribution of films, video and digital versatile disc rental and sell through, cruise vessel operations and retail merchandising.

Revenue and profits increased over the year primarily due to strong growth in the sell through of DVDs. The group will continue to promote its principal activities.

Results And Dividends

The profit for the financial year is £ 75,153,000 (2003: £47,323,000). Interim dividends were paid during the year of £nil (2003: £63,400,000). The Company's loss for the financial year is £38,549,818 (2003: profit £61,774,837).

Directors And Their Interests

The Directors who held office during the year and to the date of this report were as follows:

C J G Lewis	(resigned 19 March 2004)
M L Reed	
P L Wiley	(resigned 19 March 2004)
N Cook	(appointed 5 March 2004)
C Rose	(appointed 5 March 2004)

None of the Directors had beneficial interests in the shares of the Company or any of its subsidiary undertakings at any time during the year.

Walt Disney International Limited

Directors' Report For The Year Ended 30 September 2004 (continued)

Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training 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 ultimate parent company's annual report.

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.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

By order of the Board on 16 December 2005

Director



Walt Disney International Limited

Independent Auditors' Report to the Members of Walt Disney International Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 September 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

16 December 2005

Walt Disney International Limited

Consolidated Profit And Loss Account For The Year Ended 30 September 2004

					Year ended 30 September 2003 £'000
	Note	Continuing £'000	Acquired £'000	Total £'000	
Turnover	2, 3	942,014	7,306	949,320	819,060
Cost of sales		(396,475)	-	(396,475)	(382,432)
Gross profit		545,539	7,306	552,845	436,628
Distribution costs		(57,570)	-	(57,570)	(58,555)
Administrative expenses		(390,749)	-	(390,749)	(313,324)
Operating profit	5	97,220	7,306	104,526	64,749
Share of operating profit in associate	12	5,476	-	5,476	-
Operating profit including associates		102,696	7,306	110,002	64,749
Interest receivable and similar income	4	2,344	-	2,344	2,245
Interest payable and similar charges	4	(2,368)	(6,141)	(8,509)	(2,040)
(Loss)/profit on disposal of fixed assets	5	(20)	-	(20)	3,620
Share in interest and other non-operating activities of associate	12	(210)	-	(210)	-
Profit on ordinary activities before taxation	5	102,442	1,165	103,607	68,574
Taxation on profit on ordinary activities	9	(26,179)	199	(25,980)	(21,252)
Share in taxation on profit on ordinary activities of associate	12	(2,474)	-	(2,474)	-
Profit for the financial year		73,789	1,364	75,153	47,323
Dividends – equity and non equity		-	-	-	(63,400)
Retained profit/(loss) for the financial year	24	73,789	1,364	75,153	(16,077)

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

Walt Disney International Limited

Consolidated Statement Of Total Recognised Gains And Losses

	Note	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Profit for the financial year	24	75,153	47,323
Currency translation differences on foreign currency net investments	24	1,967	1,931
Total recognised gains and losses relating to the year		77,120	49,254

The notes on pages 9 to 26 form an integral part of these financial statements.

Walt Disney International Limited

Consolidated Balance Sheet As At 30 September 2004

	Note	As at 30 September 2004 £'000	As at 30 September 2003 £'000
Fixed assets			
Tangible assets	10	146,906	160,098
Share in net assets of associate	12	1,205	-
Goodwill	14	4,216	-
		152,327	160,098
Current assets			
Stock	15	36,708	24,737
Film and television costs	16	-	767
Debtors – amounts falling due within one year	17	995,797	830,128
Debtors – amounts falling due after more than one year	18	252,267	-
Cash at bank and in hand		57,403	54,264
		1,342,175	909,896
Creditors (amounts falling due within one year)	19	(1,188,871)	(912,553)
Net current assets/(liabilities)		153,304	(2,657)
Total assets less current liabilities		305,631	157,441
Creditors (amount falling due after more than one year)	20	-	(719)
Deferred taxation liability	21	(75,835)	(4,045)
Net assets		229,796	152,676
Capital and reserves 23,24,25			
Called up share capital		160,179	160,179
Other reserves		12,752	12,752
Profit and loss account		56,865	(20,255)
Total shareholders' funds		229,796	152,676
Analysis of shareholders' funds			
Equity		69,617	(7,503)
Non-equity		160,179	160,179
		229,796	152,676

Approved by the Board of Directors on 16 December 2005



The notes on pages 9 to 26 form an integral part of these financial statements.

Walt Disney International Limited

Company Balance Sheet As At 30 September 2004

	Note	As at 30 September 2004 £'000	As at 30 September 2003 £'000
Fixed assets			
Investments	11	125,861	164,822
Current assets			
Debtors	17	32,763	32,001
Cash		207	356
		32,970	32,357
Creditors (amounts falling due within one year)	19	(23,516)	(23,314)
Net current assets		9,454	9,043
Net assets		135,315	173,865
Capital and reserves			
	23,24,25		
Called up share capital		160,179	160,179
Other reserves		12,752	12,752
Profit and loss account		(37,616)	934
Total shareholders' funds		135,315	173,865
Analysis of shareholders' funds			
Equity		(24,864)	13,686
Non-equity		160,179	160,179
		135,315	173,865

Approved by the Board of Directors on 16 December 2005

Director



The notes on pages 9 to 26 form an integral part of these financial statements.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004

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 1985 and applicable accounting standards on a basis consistent with the prior period. Certain 2003 balances have been restated in line with 2004 reporting. The principal accounting policies are set out below.

a) Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries made up to 30 September 2004.

b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Company balance sheet. Provision against the value of investments is only made where, in the opinion of the Directors, the value of the investment is impaired.

c) Investments in associated undertakings

Associated undertakings are those Companies in which the Group has a significant interest, normally at least 20% of the voting rights and over which it exerts significant influence. Equity accounting is adopted in respect of associated undertakings except that losses are not recognised in instances where the undertaking has a deficiency of net assets, the Group has not undertaken to provide further support for those operations and full provision has been made for the Group's equity investment in such undertakings.

d) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off in a straight line basis over its useful economic life.

e) Tangible fixed assets and depreciation

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

Leased assets	-	over the term of the lease
Leasehold improvements	-	over the remaining term of the lease
Motor vehicles	-	3 years
Office equipment, furniture, fixtures and fittings	-	3 to 5 years
Office computers	-	3 years
Information systems	-	3 years, depreciation commencing when projects are substantially completed.
Buildings - long leasehold	-	39½ years
Stage show and other on-board entertainment and programming costs	-	5 years

For constructions in progress, depreciation will commence when assets are placed in service.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

1 Accounting Policies (continued)

f) Drydock costs

Drydock costs are capitalised and amortised over the shorter of the estimated useful life of the asset, the period until the next scheduled drydock, or the vessel's remaining lease term on a straight-line basis.

g) Capitalised interest

Interest borne by the Company in relation to the funding of tangible fixed assets is capitalised within tangible fixed assets.

h) Stock

Stocks of consumables and goods for resale are valued at the lower of cost and net realisable value.

i) Film and Television Costs

Film and television costs represent the unamortised cost of programmes in production. On an individual contract basis, programme costs are expensed based on the proportion of revenue recognised in respect of a contract in the current period compared to the estimated final revenue from the contract.

j) Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

Operating lease payments are charged to the profit and loss account when incurred on a straight line basis over the lease term.

k) Cruise deposits

Cruise deposits are recorded upon receipt by the Company's agents.

l) Deferred taxation

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

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

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

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

1 Accounting Policies (continued)

m) Turnover

Turnover is principally comprised of television broadcasting, licensing and production services, theatrical distribution of films, video and digital versatile disc rental and sell through, cruise vessel operations and retail merchandising and is recognised on the following basis:

- Video sales are recognised on the later of the date when goods are delivered to customers or the release date. Provision is made for estimated returns in the period that revenue is recognised.
- Royalties are recognised when earned.
- Television licensing and production income is recognised when the material is available for telecast by the licensee and when certain other conditions are met.
- Revenues from the theatrical distribution of motion pictures are recognised when the motion picture is exhibited.
- Merchandise licensing advance and minimum guarantee payments are recognised when the underlying royalties are earned.
- Television subscription services related to The Disney Channel are recognised as the services are provided.
- Rental income is recognised on an accruals basis.
- Revenue related to the provision of cruise berths is recognised using the accruals method. All other cruise vessel revenue is recognised when the good is delivered or the service is provided.
- Revenue relating to the sale of goods to customers is recorded during the period.
- All turnover is exclusive of value added tax.

n) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the appropriate rates ruling at the balance sheet date. Transactions in foreign currencies are translated at the rates ruling at the dates of the transactions. All foreign exchange gains or losses are taken to the profit and loss account, except for those arising on the revaluation of television contracts which are borne by a fellow subsidiary undertaking.

The assets and liabilities of overseas undertakings and entities where the functional currency is not sterling are translated into sterling at the rates ruling at the balance sheet date. Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling for the month of the translation. Gains or losses arising on translation are dealt with through reserves.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

1 Accounting Policies (continued)

o) Pension commitments

The Group maintains a defined contribution scheme. Contributions are charged to the profit and loss account as they fall due. The assets of the scheme are maintained separately from those of the Company, being invested with insurance companies. Contributions are made on behalf of the Company by the parent undertaking to a defined benefit pension plan and are charged to the profit and loss account when they fall due. Pension costs are allocated to the Company based on its share of the cost of the contributions of the Group as a whole.

p) Cash flow statement

Walt Disney International Limited is a wholly owned subsidiary of The Walt Disney Company, a Company incorporated in the United States of America, and is included in its ultimate parent's consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

2 Turnover

Turnover, which arises mainly in the United Kingdom, principally comprises film distribution, video and digital versatile discs rental and sell-through, theatrical productions, collectively known as Studio Entertainment, royalties received from retail merchandising, character merchandising and publications licensing, collectively known as Consumer Products, television licensing income, subscription revenue related to television broadcasting, collectively known as Media Networks, the sale of land only vacation packages, operation of cruise vessel, collectively known as Parks and Resorts, internet activities, property management and other ancillary activities, collectively known as Corporate and Other. The split into these categories of turnover during the period was as follows:

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000 (as restated)
Media Networks	157,042	162,038
Parks and Resorts	236,646	247,811
Studio Entertainment	376,746	251,076
Consumer Products	166,628	149,433
Corporate and Other	17,103	26,206
Total turnover	954,165	836,564
Less inter-segment turnover	(4,845)	(17,504)
Turnover to other parties	949,320	819,060

£61,295,257 (2003: £77,091,318) of turnover is receivable from fellow subsidiary undertakings. All other turnover arises from third parties. Prior year information has been restated in line with business reporting segments.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

3 Segmental Reporting – by geographical origin

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Turnover		
United Kingdom	706,818	589,832
Europe	8,674	9,729
United States of America	238,673	237,003
Total turnover	954,165	836,564
Less inter-segment turnover	(4,845)	(17,504)
Turnover to other parties	949,320	819,060

Turnover by destination does not differ materially from that of origin.

In the opinion of the directors the disclosure of segmental information relating to the business categories of net profit before tax and net assets would be seriously prejudicial to the interests of the Group and has not therefore been provided.

4 Interest

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Interest receivable on loans to group undertakings	638	-
Interest receivable on bank deposits	1,606	2,245
Other finance charges	100	-
Total interest receivable	2,344	2,245
Interest payable on loans from group undertakings	(8,498)	(1,961)
Interest payable on bank loans and overdrafts	(11)	(79)
Total interest payable	(8,509)	(2,040)
Net interest payable	(6,165)	205

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

5 Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Staff costs:		
Wages and salaries	91,805	92,303
Social security costs	6,679	6,542
Pension costs	3,848	2,617
Other employee benefits	1,358	2,455
Depreciation charge		
- owned assets	12,896	18,145
- leased assets	-	6
Operating lease rentals		
- land and buildings	14,093	14,335
- plant and equipment	516	1,077
- cruise vessels	36,447	40,687
Auditors' remuneration		
- audit fees	362	350
- non-audit fees	52	84
Goodwill amortisation (refer note 14)	784	-
Loss/(profit) on disposal of fixed assets	20	(3,620)
Exchange (gains)/losses	2,922	175

Auditors remuneration in respect of the Company was £12,127 (2003: £11,000).

6 Directors' Emoluments

The emoluments of the Directors of the Company, excluding pension contributions, in respect of duties wholly or mainly discharged in the UK were as follows:

	Year ended 30 September 2004 £	Year ended 30 September 2003 £
Aggregate emoluments in respect of services	328,600	500
Payments due under money purchase schemes	23,894	-
Highest paid director		
Aggregate emoluments in respect of services	192,770	-
Payments due under money purchase schemes	13,837	-

The Company does not have a chairman. Three of the directors are paid through the company (2003: one), two of the directors receive payments under money purchase schemes (2003:nil).

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

7 Employees

The average number of employees of the Group for the year by category was:

	Year ended 30 September 2004	Year ended 30 September 2003 (restated)
Media Networks	311	251
Parks and Resorts	2,135	2,113
Studio Entertainment	107	423
Consumer Products	1,608	1,964
Corporate and other	299	299
	4,460	5,050

The Company had no employees during the year. Prior year employee numbers have been restated in line with business reporting segments.

8 Holding Company Profit And Loss Account

Walt Disney International Limited has not presented its own profit and loss account as permitted by section 230 (1) of the Companies Act 1985. The Company's loss for the financial year is £38,549,818 (2003: profit £61,774,637) while the Company's retained loss as at 30 September 2004 is: £38,549,818 (2003: loss of £933,861).

9 Taxation

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

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Tax on profit on ordinary activities:		
(a) Analysis of charge in period		
Current tax:		
UK corporation tax at 30% (2003: 30%)	32,407	20,480
Prior year under provision	(3,646)	(1,800)
Total current tax	28,761	18,680
Deferred tax:		
Origination and reversal of timing differences	(473)	259
Prior year under/(over) provision	166	2,313
Total deferred tax	(307)	2,572
Tax on profit on ordinary activities	28,454	21,252

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

9 Taxation (Continued)

(b) Factors affecting tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Profit on ordinary activities before tax	103,607	68,574
Expected tax at 30%	31,082	20,572
Effects of:		
Expenses not deductible for tax purposes	1,712	1,323
Timing differences in respect of capital allowances	(823)	(472)
Profit/Loss on sale of fixed assets	-	(281)
Other timing differences	1,308	(934)
Adjustments relating to prior years	(3,646)	(1,800)
Interest not paid	-	329
Utilisation of tax losses	15	(57)
Other permanent differences	(887)	-
Current tax charge for period	28,761	18,680

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

10 Fixed Assets

Group	Land & Buildings Long Leasehold	Leasehold Improvements	Office Equipment & Stage Shows	Assets in Course of Construction	Computers & Information Systems	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 2003	138,165	18,903	76,818	3,716	21,617	259,219
Additions	-	-	3,948	6,548	1,062	11,558
Reclassification	-	-	5,130	(3,544)	(1,586)	-
Foreign Exchange Gain/(Loss)	-	-	(2,096)	(157)	-	(2,253)
Disposals/Retirements	-	(413)	(2,965)	(2,268)	(9,919)	(15,565)
At 30 September 2004	138,165	18,490	80,835	4,295	11,174	252,959
Depreciation						
At 1 October 2003	20,939	13,078	56,487	-	8,617	99,121
Charge during period	3,785	1,576	6,486	-	1,049	12,896
Reclassification	-	(239)	1,258	-	(1,019)	-
Foreign Exchange Gain/(Loss)	-	-	(1,481)	-	-	(1,481)
Disposals/Retirements	-	(410)	(2,603)	-	(1,470)	(4,483)
At 30 September 2004	24,724	14,005	60,147	-	7,177	106,053
Net book amount at 30 September 2004	113,441	4,485	20,688	4,295	3,997	146,906
At 1 October 2003	117,226	5,825	20,331	3,716	13,000	160,098

No interest costs are included in the amounts capitalised at 30 September 2004 (2003: £34,967). Office equipment and Stage Shows includes production assets held under finance leases with a net book value of £8,826 (2003: £12,749).

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

11 Investments

Investments in subsidiary undertakings

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Unlisted shares	164,822	164,822
Less provision for impairment	(38,961)	-
	<u>125,861</u>	<u>164,822</u>

Details of the subsidiary undertakings are set out below:

Subsidiary undertaking	Business	Country of registration/ incorporation	Proportion of nominal value of shares held by parent undertaking
Walt Disney Productions Ltd	Members voluntary liquidation	England	100%
Buena Vista International (UK) Ltd	Members voluntary liquidation	England	100%
Walt Disney Animation U.K. Ltd	Members voluntary liquidation	England	100%
The Disney Store Ltd	Retail merchandising	England	100%
Disney Theatrical Productions (UK) Ltd	Members voluntary liquidation	England	100%
1 Hammersmith Broadway Ltd	Property Management	England	100%
Broadway Shopping Centre Ltd	Members voluntary liquidation	England	100%
The Walt Disney Company Ltd	Television licensing, production and broadcasting, internet activities, publications and theme park marketing, theatrical productions, property management, DVD and video rental and sales, film distribution.	England	100%
Walt Disney Properties (UK) Ltd	Members voluntary liquidation	England	100%
Disney Real Estate Investments (UK) Ltd	Members voluntary liquidation	England	100%
Magical Cruise Company Ltd *	Operation of luxury cruise vessels	England	100%
Buena Vista Home Entertainment Ltd	Members voluntary liquidation	England	100%
Buena Vista Media Tracking Europe Limited	Revenue sharing data processing, reporting and auditing services	England	100%
GM1995 Limited	Holding Company	England	100%
DCL Finance (UK) Ltd	Leasing Company	England	100%

All of the subsidiary undertakings have been consolidated in the Group financial statements.

- The functional currency of Magical Cruise Company Limited is \$US.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

12 Investment in Associates

The group has an investment in the following associate:

Associate	Business	Country of registration/ Incorporation	Proportion of nominal value of shares held
GMTV Limited	Television production	England	25%

The accounting period of associate is 1 January – 31 December.

13 Acquisitions

On the 18th December 2003, The Walt Disney Company Limited, a wholly owned subsidiary of Walt Disney International Limited, acquired a 100% undertaking in DCL Finance (UK) Limited, a leasing company registered in England, the shares of which are not listed on a stock exchange. Acquisition accounting has been adopted and the company held the following net assets at fair value on acquisition date:

	£'000
Debtors	253,882
Creditors	(181,815)
Provision for liabilities	(72,067)
Total net assets	<u>0</u>
Consideration paid	<u>5,000</u>
Goodwill on acquisition	<u>5,000</u>

The company earned no profits or incurred no losses prior to this date.

During the year an additional investment of £17million was made in DCL Finance (UK) Limited.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

14 Intangible fixed assets – goodwill

	Group 30 September 2004 £'000	Group 30 September 2003 £'000
Cost		
At 1 October 2003	-	-
Additions	5,000	-
At 30 September 2004	5,000	-
Amortisation		
At 1 October 2003	-	-
Charge for the year	784	-
At 30 September 2004	784	-
Net book amount		
At 1 October 2003	-	-
At 30 September 2004	4,216	-

Goodwill is being amortised on a straight line basis over a period of 5 years which is determined to be its useful economic life.

15 Stocks

	Group As at 30 September 2004 £'000	Group As at 30 September 2003 £'000
Consumables	1,040	1,384
Goods for resale	35,668	23,353
	36,708	24,737

16 Film And Television Costs

	Group As at 30 September 2004 £'000	Group As at 30 September 2003 £'000
Programmes in production	-	767
	-	767

Programmes in production comprise costs incurred during the year in relation to programmes not available for broadcast at the year end.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

17 Debtors (amounts falling due within one year)

	Group As at 30 September 2004 £'000	Group As at 30 September 2003 £'000	Company As at 30 September 2004 £'000	Company As at 30 September 2003 £'000
Trade debtors	61,182	58,775	-	-
Amounts owed by fellow subsidiary undertakings	-	-	32,762	32,000
Amounts owed by non-group fellow subsidiary undertakings	902,503	740,180	-	-
Other debtors	16,479	13,465	1	1
Prepayments and accrued income	15,633	17,708	-	-
	995,797	830,128	32,763	32,001

18 Debtors (amounts falling due after more than one year)

	Group As at 30 September 2004 £'000	Group As at 30 September 2003 £'000
Net investment in finance lease comprises:		
Total amounts receivable	540,588	-
Less interest allocated to future periods	(288,321)	-
	252,267	-

19 Creditors (amounts falling due within one year)

	Group As at 30 September 2004 £'000	Group As at 30 September 2003 £'000	Company As at 30 September 2004 £'000	Company As at 30 September 2003 £'000
Trade creditors	27,878	24,218	-	-
Amounts due to fellow subsidiary undertakings	-	-	7,050	6,268
Amounts owed by non-group fellow subsidiary undertakings	1,020,463	743,593	15,098	15,723
Taxation and social security	5,003	23,603	1,357	1,312
Accruals and deferred income	81,178	73,561	11	11
Other creditors	54,349	47,578	-	-
	1,188,871	912,553	23,516	23,314

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

20 Creditors (amounts falling due after more than one year)

	Group As at 30 September 2004 £'000	Group As at 30 September 2003 £'000
Amounts payable within 2 to 5 years		
Amounts due to subsidiary undertakings	-	719
	-	719

21 Deferred Taxation

The deferred tax liability comprises the following amounts:

	Year ended 30 September 2004 £'000	Year ended 30 September 2003 £'000
Accelerated capital allowances	77,572	5,481
Short term timing differences	(1,737)	(1,436)
Undiscounted deferred tax liability	75,835	4,045
Liability at start of period	4,045	1,452
Charge to profit and loss account	(307)	2,572
Asset acquired on capital allowances (DCL Finance (UK) Limited)	72,067	-
Foreign exchange adjustment	30	21
Liability at end of period	75,835	4,045

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

22 Financial Commitments

	Group 30 September 2004 £'000	Group 30 September 2003 £'000
Operating lease obligations	£'000	£'000

Payments payable within one year of the balance sheet date were in respect of leases expiring:

Land and buildings:

Within one year	-	634
Between two and five years	4,637	1,429
After five years	9,496	10,992

Plant and machinery:

Within one year	511	261
Between two and five years	684	433
After five years	-	-

Cruise vessels:

Within one year	-	-
Between two and five years	-	-
After five years	38,880	42,030

Other operating lease commitments exist in relation to retail store sites. These are based on a percentage of the stores' sales and are not subject to a minimum annual amount.

23 Called Up Share Capital

	Company As at 30 September 2004 £	Company As at 30 September 2003 £
Authorised:		
300 Ordinary shares (equity) of £1 each	300	300
1,000,000,000 'A' redeemable		
Ordinary shares (non-equity) of £1 each	1,000,000,000	1,000,000,000
	1,000,000,300	1,000,000,300
Allotted and fully paid:		
107 Ordinary shares (equity) of £1 each	107	101
160,179,113 'A' redeemable		
Ordinary shares (non-equity) of £1 each	160,179,113	160,179,113
	160,179,220	160,179,214

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

23 Called Up Share Capital (cont)

The rights and restrictions attached to the 'A' redeemable ordinary shares are contained within the Articles which are filed at Companies House. The Company has the right to redeem the whole or any part of the 'A' redeemable ordinary shares upon giving not less than 30 days' notice in writing to the holders. Each share shall be redeemed at par together with a sum equal to any arrears on any dividend declared and earned thereon. The other main differences between this class of share and the ordinary shares are as follows:

Every holder of one ordinary share shall have 13,400,000 votes for every such share whereas every holder of one 'A' redeemable ordinary share shall have one vote for every such share.

On a return of capital on liquidation, the assets of the Company available for distribution among the members shall first be applied in repaying the holders of the 'A' redeemable ordinary shares. The value being the nominal amount paid up together with a sum equal to any arrears on dividends declared and earned thereon provided always, however, that there shall not be distributed to such holders any amount equal to or greater than 65% of all the assets of the company available to all equity holders.

24 Reserves

Group

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
As at 1 October 2003	(20,255)	12,752	(7,503)
Foreign exchange adjustment	1,967	-	1,967
Retained profit for the year	75,153	-	75,153
Total reserves as at 30 September 2004	56,865	12,752	69,617

Company

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
As at 1 October 2003	934	12,752	13,686
<u>Retained loss for the year</u>			
Realised profit on ordinary activities	411		411
Unrealised loss on impairment of subsidiary	(38,961)		(38,961)
Total retained loss for the year	(38,550)		(38,550)
Total reserves as at 30 September 2004	(37,616)	12,752	(24,864)

The Directors have revalued the company's investments in subsidiary entities at the 30 September 2004 to their underlying net asset values. The Directors have considered the value of the remaining fixed assets and are satisfied that these are worth, in total, not less than the aggregate amount at which they are stated in the Company's accounts. In accordance with S275 of the Companies Act 1985 the aggregate provision does not fall to be classified as a realised loss and therefore distributable reserves of the Company as at 30 September 2004 are £1,345,000.

Other reserves represent capital contributions received from fellow subsidiary undertakings.

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

25 Reconciliation of Movements in Shareholders' Funds

	Group £'000	Company £'000
Profit for the year	75,153	411
Unrealised loss on impairment	-	(38,961)
Foreign exchange adjustment	1,967	-
Net increase in shareholders' funds	77,120	(38,550)
Opening shareholders' funds	152,676	173,865
Closing shareholders' funds	229,796	135,315

26 Pension Fund

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

For employees of The Disney Store Limited, pension contributions are made to the employees' individual pension plans. The company contribution is a £1 to £1 match up to a limit of 4 or 6% of employee salaries depending on the employee's position in the Company

Shoreside employees of Magical Cruise Company Limited participate in the Group defined benefit pension plan provided under the Walt Disney World Co. & Associated Companies' Retirement Plan and the Disney Salaried Retirement plan. Pension costs incurred by the Company for the year amounted to US\$1,254,000 (2003: US\$418,000).

Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company and Subsidiaries. Magical Cruise Company Limited is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore the company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the more significant points of the scheme are discussed below.

The cost is assessed in accordance with the advice of Mellon Human Resources & Investor Solutions, consulting actuaries. The latest actuarial valuation of the scheme was performed as at 1 July 2004 using the five-year weighted average method. The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 7.5% (2003: 7.5%) per annum, the rate of salary increase would be 4.0% (2003: 3.75%), and the discount rate 6.3% (2003: 5.85%).

At the date of the latest actuarial valuation at July 1, 2004, the market value of the assets of the scheme was \$1,475million (2003: \$1,164million), and the actuarial value of the assets was sufficient to cover 83.5% (2003: 66.3%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Company also operates a Group defined contribution plan. The defined contribution plan is provided under the Disney Salaried Savings and Investment Plan. The Plan calls for contributions being made by its members and the Company on a matching basis. Pension costs incurred by the Company for fiscal 2004 and 2003 were not material.

Contributions charged to the Group profit and loss account in the year amounted to £3,848,821 (2003: £2,616,735).

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2004 (continued)

27 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is The Walt Disney Company, incorporated in the United States of America. Copies of the annual report may be obtained from 500 South Buena Vista Street, Burbank, California 91521.

The Walt Disney Company is also the largest and smallest group for which accounts are prepared and of which the Company is a member.

28 Related Party Transactions

The Company has a trading relationship with GMTV Limited, a television production company which is an associate of the Company. During the year ended 30 September 2004, the Company supplied television production and animation to GMTV Limited of £4,376,000. As at 30 September 2004, the Company held a balance due from GMTV Limited for £496,000.

The Company is a wholly owned subsidiary of the ultimate parent company and utilises the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the financial statements of the ultimate parent company. The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 27.