

WALT DISNEY HOLDINGS (UK) LIMITED
(Registered Number: 2724503)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 19 JUNE 1992
(DATE OF INCORPORATION) TO 30 SEPTEMBER 1993



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WALT DISNEY HOLDINGS (UK) LIMITED
(Registered Number: 2724503)

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 1993

The directors have pleasure in submitting their report and consolidated financial statements for the period from 19 June 1992 (date of incorporation) to 30 September 1993.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company was incorporated on 19 June 1992 as a wholly-owned subsidiary undertaking of The Walt Disney Company incorporated in the United States of America to act as a holding company. On 17 July 1992, The Walt Disney Company transferred to the company its entire interest in the ordinary shares of certain of its UK subsidiary undertakings as set out below. Since the shareholders remain the same under the new arrangement, the group reconstruction has been accounted for using merger accounting. The principal activities of the subsidiary undertakings are set out in note 11 to the financial statements and include television production services, theatrical distribution of films, retail merchandising and television licensing. Certain of the subsidiaries are still in the start-up phase of their development and are currently loss-making. The group will continue to promote the activities set out in note 11.

COMPANY ACQUISITIONS AND ISSUE OF SHARE CAPITAL

In July 1992, the entire issued share capitals of the undermentioned UK subsidiaries were transferred to Walt Disney Holdings (UK) Limited by The Walt Disney Company in consideration of the issue of 97 ordinary shares of £1 each at par by the company to The Walt Disney Company incorporated in the United States of America:

Buena Vista Productions Limited
Buena Vista International (UK) Limited
Disney Animation Studios (UK) Limited
Hollywood Recordings Limited
Walt Disney Animation (UK) Limited
Toontown Limited
The Disney Store Limited
The Walt Disney Company Limited

2 ordinary shares of £1 each were also issued at par to the original subscribers of the company.

RESULTS AND DIVIDENDS

The group loss on ordinary activities before taxation for the period was £3,279,269 which is also the group loss transferred to reserves. There are no corresponding figures from a prior period as the company was incorporated on 19 June 1992.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors in office at 30 September 1993 and during the period then ended were:

C J G Lewis	(Appointed 19 June 1992)
M E Fitzgerald	(Appointed 19 June 1992; resigned 1 October 1992)
S M Litvack	(Appointed 10 July 1992)
B R Chapman	(Appointed 10 July 1992)
D Smith	(Appointed 10 July 1992; resigned 1 September 1993)
M L Reed	(Appointed 1 September 1993)

None of the directors had beneficial interests in the shares of the company or any of its subsidiary undertakings at the beginning or end of the period, or at any time during the period.

WALT DISNEY HOLDINGS (UK) LIMITED
(Registered Number: 2724503)

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 1993

FIXED ASSETS

Details of movements in tangible fixed assets during the period are given in note 10 to the financial statements.

EMPLOYMENT POLICIES

It is the policy of the group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled every practical effort is made to provide continued employment.

The directors are committed to maintaining and developing communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of their company and of the group as a whole.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the period under review and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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


The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Secretary


25 July 95

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF WALT DISNEY HOLDINGS (UK) LIMITED

We have audited the financial statements on pages 4 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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 1993 and of the loss and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

25 July 1995.

Price Waterhouse
Chartered Accountants
and Registered Auditors

WALT DISNEY HOLDINGS (UK) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 19 JUNE 1992
(DATE OF INCORPORATION) TO 30 SEPTEMBER 1993**

	<u>Notes</u>	£	Period ended <u>30 September 1993</u> £
TURNOVER - Continuing operations		76,348,109	
- Discontinued operations		<u>792,424</u>	
COST OF SALES	2		77,140,533 <u>25,695,930</u>
GROSS PROFIT			51,444,603
Royalties payable			(17,900,204)
Distribution costs			(2,379,000)
Administrative expenses			(31,857,965)
Other income			<u>1,204</u>
OPERATING LOSS - Continuing operations		(728,321)	
- Discontinued operations		<u>36,959</u>	
Interest receivable and similar income	5		(691,362) 407,421
Interest payable and similar charges	5		<u>(2,995,328)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3,4		(3,279,269)
Taxation	8		<u>-</u>
LOSS FOR THE PERIOD TRANSFERRED TO RESERVES	19		<u>(3,279,269)</u>

The group has no recognised gains or losses in the period other than the above.

The notes on pages 9 to 24 form an integral part of these financial statements.

WALT DISNEY HOLDINGS (UK) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 1993

	Notes	<u>30 September 1993</u> £
FIXED ASSETS		
Tangible assets	10	19,180,288
Investments	11	-
		<hr/>
		19,180,288
CURRENT ASSETS		
Stocks	12	5,702,000
Film and television costs		1,010,564
Debtors	13	17,877,601
Assets held for resale		9,502
Cash at bank and in hand		<u>10,176,778</u>
		34,776,445
CREDITORS (amounts falling due within one year)	14	<u>(17,373,646)</u>
NET CURRENT ASSETS		<u>17,402,799</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,583,087
CREDITORS (amounts falling due after more than one year)	15	(40,507,301)
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(41,445)</u>
NET LIABILITIES		<u>(3,965,659)</u>
CAPITAL AND RESERVES		
Called up share capital	18	99
Reserves	19	<u>(3,965,758)</u>
SHAREHOLDER'S FUNDS (Equity Interests)		<u>(3,965,659)</u>

Approved by the Board of Directors
on 25 July 1995

On behalf of the Board



The notes on pages 9 to 24 form an integral part of these financial statements.

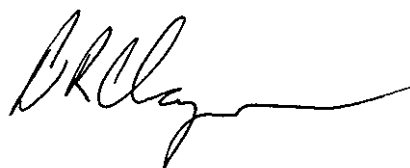
WALT DISNEY HOLDINGS (UK) LIMITED

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 1993

	Notes	<u>30 September 1993</u> £
FIXED ASSETS		
Investments	11	97
		<hr/>
CURRENT ASSETS		
Debtors	13	22,739
CREDITORS (amounts falling due within one year)	14	(22,016)
		<hr/>
NET CURRENT ASSETS		723
		<hr/>
NET ASSETS		820
		<hr/> <hr/>
CAPITAL AND RESERVES		
Called up share capital	18	99
Reserves	19	721
		<hr/>
SHAREHOLDER'S FUNDS (Equity Interests)		820
		<hr/> <hr/>

Approved by the Board of Directors
on 25 July 1995

On behalf of the Board



The notes on pages 9 to 24 form an integral part of these financial statements.

WALT DISNEY HOLDINGS (UK) LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 19 JUNE 1992
(DATE OF INCORPORATION) TO 30 SEPTEMBER 1993**

	Notes	Period ended 30 September 1993	
		£	£
Net cash inflow from operating activities	A		3,948,993
Returns on investments and servicing of finance			
Interest received		407,421	
Interest element of finance lease rental payments		(1,164,328)	
		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(756,907)
Taxation			
UK corporation tax paid		(2,454,145)	
UK corporation tax received		23,570	
		<hr/>	
			(2,430,575)
Investing activities			
Purchase of tangible fixed assets		(7,484,433)	
Proceeds on sale of fixed assets		3,543	
Additional investment in associated undertaking		(1,800,270)	
Advance to associated undertaking		(3,750,000)	
		<hr/>	
			(13,031,160)
			<hr/>
Net cash outflow before financing			(12,269,649)
Financing			
Loan from parent undertaking net of rolled-up interest	C	22,741,100	
Capital element of finance lease rental payments	C	(4,093,750)	
		<hr/>	
Net cash inflow from financing			18,647,350
			<hr/>
Increase in cash and cash equivalents	B		6,377,701
			<hr/> <hr/>

The notes on pages 9 to 24 form an integral part of these financial statements.

WALT DISNEY HOLDINGS (UK) LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 19 JUNE 1992
(DATE OF INCORPORATION) TO 30 SEPTEMBER 1993**

Period ended
30 September 1993
£

A	Reconciliation of operating loss to net cash inflow from operating activities	
	Operating loss	(691,362)
	Depreciation	5,147,647
	Loss on disposal of fixed assets	122,027
	Increase in stock	(1,852,700)
	Increase in film and television costs	(601,435)
	Increase in debtors	(11,212,677)
	Increase in creditors	13,037,493
		<hr/>
		3,948,993
		<hr/>
B	Analysis of balances in cash and cash equivalents, and the change therein	
	Balance at 19 June 1992	3,799,077
	Net cash inflow	6,377,701
		<hr/>
	Balance at 30 September 1993	10,176,778
		<hr/> <hr/>
C	Analysis of changes in financing during the period	
	<u>Loan from parent undertaking</u>	
	Balance at 19 June 1992	10,427,900
	Increase in loan	22,741,100
	Interest added to loan principal	1,831,000
		<hr/>
	Balance at 30 September 1993	35,000,000
		<hr/> <hr/>
	<u>Finance lease</u>	
	Balance at 19 June 1992	12,281,250
	Capital payments made	(4,093,750)
		<hr/>
	Balance at 30 September 1993	8,187,500
		<hr/> <hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(1) Basis of consolidation

The consolidated financial statements consist of the financial statements of the company and its subsidiary undertakings all made up to 30 September 1993 and combined using the method of merger accounting. The difference between the nominal value of the shares issued and the nominal value of the shares received in exchange is shown as a movement on other reserves.

(2) 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, there is a permanent diminution in the value of the investment.

(3) Investments in associated undertakings

Associated undertakings are those companies in which the group has an interest of 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 investment in such undertakings.

(4) Turnover

Turnover is principally comprised of television licensing and production income, box office receipts and retail and character merchandising and publications and is recognised on the following bases:

Television licensing and production income is recognised in the period in which the features are first available for broadcasting as set out in the licensing agreement.

Revenues from the theatrical distribution of motion pictures are recognised when the motion picture is distributed.

Merchandising and publication income represents amounts receivable for goods supplied to customers excluding VAT, including those receivable from third parties under licensing arrangements.

(5) Film and television costs

Film and television production costs, (including marketing and printing costs), are expensed based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis. Estimates of total gross revenues are reviewed periodically and amortisation is adjusted accordingly.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(6) Tangible fixed assets

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	- 4 years
Office equipment, furniture, fixtures and fittings	- 5 to 7 years
Office computers	- 3 years
Information systems (CIS) projects	- 3 years, depreciation commencing when projects are substantially completed.

(7) Stock

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

(8) Deferred taxation

No provision is made for deferred taxation arising from the allocation for taxation purposes of income and expenditure to periods different from those used for accounting purposes, unless such timing differences are likely to give rise to a taxation liability in the foreseeable future.

(9) 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.

(10) Leased assets

Assets held under finance leases are included as tangible assets and are depreciated as stated above. Obligations arising under finance leases are included under creditors due within or after one year as appropriate.

Operating lease payments are charged to the profit and loss account when incurred.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(11) Pension commitments

Until January 1993, certain group companies operated pension schemes providing benefits based on final pensionable pay. The assets of the schemes were held separately from those of the company, being invested with insurance companies. Contributions to the schemes were charged to the profit and loss account so as to spread the cost of provision over employees' working lives with the companies. The contributions were determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method.

Since January 1993, the companies have changed to a defined contribution scheme. Contributions are charged to the profit and loss account as they fall due.

2 TURNOVER

Turnover, which arises mainly in the United Kingdom, comprises television licensing and production income and box office receipts, collectively known as Filmed Entertainment income, and income from retail and character merchandising and publications, collectively known as Consumer Products income. The split into these categories of turnover during the period was as follows:

	Period from 19 June 1992 (date of incorporation) to 30 September 1993 £
Filmed Entertainment	36,014,517
Consumer Products	41,126,016
	<hr/>
	77,140,533
	<hr/> <hr/>

£11,924,153 of Filmed Entertainment turnover is receivable from the parent company or fellow subsidiary undertakings. All other turnover arises from third parties.

Provision of promotional and distribution services which contributed turnover of £792,424 within the Filmed Entertainment category was discontinued when the company concerned ceased trading in October 1993.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SEGMENTAL REPORTING

The split of loss on ordinary activities before taxation attributable to each class of business is as follows:

	Period from 19 June 1992 (date of incorporation) <u>to 30 September 1993</u> £
Filmed Entertainment	1,725,233
Consumer Products	(5,004,502)
	<hr/>
	(3,279,269)
	<hr/>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	Period from 19 June 1992 (date of incorporation) <u>to 30 September 1993</u> £
Staff costs:	
Wages and salaries	9,444,260
Social security costs	853,878
Pension costs	105,688
Other employee benefits	66,916
Depreciation charge	
- owned assets	1,849,905
- leased assets	3,297,742
Operating lease rentals	3,647,724
Auditors' remuneration	
- audit fees	99,911
- non-audit services	52,245
	<hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 INTEREST

	Period from 19 June 1992 (date of incorporation) to 30 September 1993	
	£	£
Bank interest receivable		407,421
Interest payable on long-term loan from ultimate parent undertaking (repayable after 5 years)	(1,831,000)	
Finance charge on leased assets	(1,164,328)	
		<hr/>
		(2,995,328)
		<hr/>
		(2,587,907)
		<hr/>

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:

	Period from 19 June 1992 (date of incorporation) to 30 September 1993	
	£	
Highest paid director - fees		500
		<hr/>

The company does not have a chairman. None of the other directors received any emoluments.

7 EMPLOYEES

	Period from 19 June 1992 (date of incorporation) to 30 September 1993	
	Number	
The average number of employees of the group for the period by category was:		
Administration		200
Retail - full time		93
Retail - part time		355
		<hr/>
		648
		<hr/>

The company had no employees during the period.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION

No taxation is payable in respect of the period in view of the tax losses available within the group.

9 HOLDING COMPANY PROFIT AND LOSS ACCOUNT

Walt Disney Holdings (UK) Limited has not presented its own profit and loss account as permitted by section 230 (1) of the Companies Act 1985. The company's profit for the period is £721 which is also the company's total recognised profit for the period.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 FIXED ASSETS

Group	Leased Assets £	Leasehold Improvements £	Motor Vehicles £	Office Equipment £	Construction in Progress £	Computers + IS Project £	Total £
<u>Cost</u>							
At 19 June 1992	32,750,000	1,835,493	102,904	3,940,578	634,000	38,549	39,301,524
Additions	-	4,180,227	-	2,743,283	(309,000)	869,923	7,484,433
Disposals	-	(302,720)	(64,854)	(258,900)	-	-	(626,474)
Reclassification	-	-	-	(20,179)	-	-	(20,179)
At 30 September 1993	32,750,000	5,713,000	38,050	6,404,782	325,000	908,472	46,139,304
<u>Depreciation</u>							
At 19 June 1992	21,264,756	407,945	24,746	622,903	-	2,600	22,322,950
Charge during period	3,297,742	615,035	18,660	1,142,841	-	73,369	5,147,647
Disposals	-	(268,980)	(29,589)	(202,335)	-	-	(500,904)
Reclassification	-	-	-	(10,677)	-	-	(10,677)
At 30 September 1993	24,562,498	754,000	13,817	1,552,732	-	75,969	26,959,016
<u>Net book amount</u>							
At 30 September 1993	8,187,502	4,959,000	24,233	4,852,050	325,000	832,503	19,180,288
At 19 June 1992	11,485,244	1,427,548	78,158	3,317,675	634,000	35,949	16,978,574

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS

Group

Investment in associated undertaking	Shares £	Loans £	Total £
Cost at 19 June 1992	1,199,730	-	1,199,730
Additions	1,800,270	3,750,000	5,550,270
	<hr/>	<hr/>	<hr/>
Cost at 30 September 1993	3,000,000	3,750,000	6,750,000
Write down in period	(3,000,000)	(3,750,000)	(6,750,000)
	<hr/>	<hr/>	<hr/>
Net book amount at 30 September 1993	-	-	-
	<hr/>	<hr/>	<hr/>

The group's sole investment is a 25% holding in the ordinary shares of GMTV Limited, a television production company registered in England, the shares of which are not listed on the London Stock Exchange. On the basis of the directors' valuation, the carrying value of the investment was written down to nil. The cost of the write-down has been borne by the ultimate parent undertaking.

In June 1994, a further £1 million in loan stock was provided by the group to GMTV Limited. This investment was immediately written-off and charged to the ultimate parent company.

Equity accounting has not been adopted since 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 the operations and full provision for the investment has been made. The audited financial statements of GMTV Limited for the year ended 31 December 1993 show a loss before tax of £10,815,000 and a deficit on net assets of £4,058,000.

Company

	<u>30 September 1993</u>
	£
Investment in subsidiary undertakings	<u>97</u>

On 17 July 1992, The Walt Disney Company incorporated in the United States of America transferred to Walt Disney Holdings (UK) Limited its entire interest in the ordinary shares of the subsidiary undertakings listed below for a consideration of £97 satisfied by the issue of 97 ordinary shares of £1 each at par by the company. Details of the subsidiary undertakings transferred are set out below:

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 INVESTMENTS (CONTINUED)

<u>Subsidiary undertaking</u>	<u>Business</u>	<u>Country of registration/ incorporation</u>	<u>Proportion of nominal value of shares held by parent undertaking</u>
Buena Vista Productions Ltd	Provides TV production services	England	100%
Buena Vista International (UK) Ltd	Theatrical distribution of films	England	100%
Disney Animation Studios (UK) Ltd	Dormant	England	100%
Hollywood Recordings Ltd	Dormant	England	100%
Toontown Ltd	Dormant	England	100%
Walt Disney Animation (UK) Ltd	Dormant	England	100%
The Disney Store Ltd	Retail merchandising	England	100%
The Walt Disney Company Ltd	Television licensing, character merchandising and publications	England	100%

The United Kingdom is the principal country of operation of each of the above subsidiary undertakings

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

12 STOCKS

	<u>Group</u> <u>30 September 1993</u> £
Consumables	314,000
Goods for resale	<u>5,388,000</u>
	<u>5,702,000</u>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 DEBTORS

	Group <u>30 September 1993</u> £	Company <u>30 September 1993</u> £
Trade debtors	4,358,971	-
Amount owed by parent undertaking	1,038,511	2
Amounts owed by fellow subsidiary undertakings	10,285,277	-
Other debtors	709,273	22,737
Prepayments and accrued income	1,240,947	-
VAT	244,622	-
	<hr/>	<hr/>
	17,877,601	22,739
	<hr/> <hr/>	<hr/> <hr/>

14 CREDITORS (amounts falling due within one year)

	Group <u>30 September 1993</u> £	Company <u>30 September 1993</u> £
Trade creditors	4,085,645	-
Amounts due to parent undertaking	5,900,983	-
Amounts due to fellow subsidiary undertakings	698,223	-
Amount due to subsidiary undertaking	-	22,016
Accruals	2,011,934	-
Deferred income	1,947,694	-
Obligations under finance lease (note 17)	2,729,167	-
	<hr/>	<hr/>
	17,373,646	22,016
	<hr/> <hr/>	<hr/> <hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 CREDITORS (amounts falling due after more than one year)

	Group <u>30 September 1993</u> £
Amounts due to parent undertaking	35,000,000
Amounts due to fellow subsidiary undertakings	48,968
Obligations under finance lease - 2-5 years (note 17)	5,458,333
	<hr/>
	40,507,301
	<hr/> <hr/>

The amounts due to parent undertaking are repayable by 31 July 2000 and accrue interest at the LIBOR rate semi-annually which, if not paid within 14 days of the due date, is added to the principal.

16 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges represents deferred tax recognised at 33%:

	Group <u>30 September 1993</u> £
At 19 June 1992	41,445
Charged to profit and loss account	-
	<hr/>
At 30 September 1993	41,445
	<hr/> <hr/>
Consisting of potential tax arising on: Accelerated capital allowances	41,445
	<hr/> <hr/>

There is no material unprovided deferred tax.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 FINANCIAL COMMITMENTS

At 30 September 1993

£

(1) Capital commitment for investment in GMTV Limited:

Share capital	-
Loan stock	1,000,000
	<hr/>
	1,000,000

Refer to note 11.

(2) Capital expenditure commitments relating to fixed assets:

£

Approved by the Board	1,100,000
	<hr/>
For which orders have been placed	360,000
	<hr/>

(3) Finance lease due:

Within one year	4,039,148
In the second to fifth years inclusive	8,078,295
	<hr/>
	12,117,443

Finance charges	3,929,943
	<hr/>
	8,187,500

Falling due within one year (Note 14)	2,729,167
Falling due after more than one year (Note 15)	5,458,333
	<hr/>

8,187,500

The obligations under finance lease are in respect of the film "Return to Oz" which is being leased over a period of 12 years from March 1985.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 FINANCIAL COMMITMENTS (CONTINUED)

At 30 September 1993

£

(4) Operating lease obligations

Annual operating lease commitments for land and buildings by expiry date:

After 5 years 3,044,000

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

18 CALLED UP SHARE CAPITAL

Company
30 September 1993

£

Authorised: 100 Ordinary Shares of £1 each 100

Allotted and fully paid: 99 Ordinary Shares of £1 each 99

2 ordinary shares were issued at par to the original subscribers on the company's incorporation. A further 97 shares were issued at par as consideration for the subsidiary undertakings acquired (see note 22).

19 RESERVES

Group

	<u>Revenue</u> <u>reserves</u> £	<u>Other</u> <u>reserves</u> £	<u>Total</u> £
At 19 June 1992	(686,807)	-	(686,807)
Loss for the period	(3,279,269)	-	(3,279,269)
Difference between nominal value of shares issued and nominal value of shares received in exchange	-	318	318
At 30 September 1993	(3,966,076)	318	(3,965,758)

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 RESERVES (CONTINUED)

Company

	Revenue <u>reserves</u> £
At 19 June 1992	-
Profit for the period	721
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At 30 September 1993	721
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20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group £	Company £
Issue of share capital	99	99
Difference between nominal value of shares issued and nominal value of shares received in exchange	318	-
(Loss)/profit for the period	(3,279,269)	721
	<hr/>	<hr/>
Net movement in shareholders' funds	(3,278,852)	820
Shareholders' funds at start of period	(686,807)	-
	<hr/>	<hr/>
Shareholders' funds at end of period	(3,965,659)	820
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21 PENSION FUND

Pension benefits for employees of The Walt Disney Company Limited, Buena Vista International (UK) Limited and Buena Vista Productions Limited were provided under the Walt Disney Productions Pension and Life Assurance Plan until 31 January 1993. From this date the Plan was closed and all assets and liabilities were transferred to 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.

The last full valuation of The Walt Disney Productions Pension and Life Assurance Plan was carried out by WF Corroon at 31 December 1989, using the Projected Unit Credit Method. The market value of assets at that date was £412,500 and the Plan was 104% funded on an ongoing basis. The principal assumptions of that valuation were an investment return of 9% pa, and salary increases of 7% pa.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 PENSION FUND (CONTINUED)

Following the closure of The Walt Disney Productions Pension and Life Assurance Plan, an interim review was carried out by the Wyatt Company as at 1 February 1993 using an assumed investment return of 9% per annum. That review disclosed that the assets of the Fund were then sufficient to meet its liabilities on a cash equivalent 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. Contributions to the individual pension plans are charged to the profit and loss account in the year paid.

22 MERGER ACCOUNTING

The subsidiary undertakings listed in note 11 were transferred to Walt Disney Holdings (UK) Limited on 17 July 1992 and by way of consideration the company issued 97 £1 ordinary shares at par to The Walt Disney Company incorporated in the United States of America.

Shown below for each of the principal subsidiary undertakings are the profits for the periods before and after the merger.

	Retained profit/ (loss) for the period from 19 June 1992 to <u>30 September 1993</u>	Retained profit/ (loss) for the period from 1 October 1991 <u>to 19 June 1992</u>	Retained profit/ (loss) for the year to <u>3 October 1992</u>
	£	£	£
The Disney Store Ltd	(8,859,000)	(1,594,000)	(4,355,000)
The Walt Disney Company Ltd	5,763,851	1,859,530	2,613,028
Buena Vista Productions Ltd	95,353	43,320	66,296
Buena Vista International (UK) Ltd	(317,153)	(205,510)	(259,591)
Disney Animation Studios (UK) Ltd	(975)	21,464	19,285
Hollywood Recordings Ltd	37,934	13,413	21,006

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 GOING CONCERN

The ultimate parent undertaking has indicated its intention to finance the group to enable it to meet its liabilities as they fall due and to carry on its business without significant curtailment of operations.

24 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking 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.