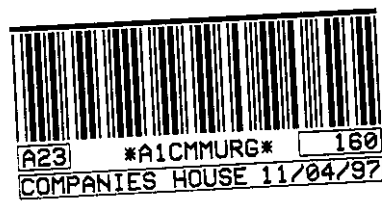


WALT DISNEY HOLDINGS (UK) LIMITED
(Registered Number: 2724503)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1995



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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1995

The directors have pleasure in submitting their report and consolidated financial statements for the year ended 30 September 1995.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company was incorporated as a wholly-owned subsidiary undertaking of The Walt Disney Company incorporated in the United States of America to act as a holding company. 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.

RESULTS AND DIVIDENDS

The group profit on ordinary activities after taxation for the year was £3,084,942 (1994: loss £272,322) which is also the group profit transferred to reserves.

The directors do not recommend the payment of a dividend (1994: nil).

DIRECTORS AND THEIR INTERESTS

The directors in office at 30 September 1995 and during the year then ended were:

C J G Lewis
S M Litvack
B R Chapman
M L Reed

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 year, or at any time during the year.

CHARITABLE DONATIONS

The group made charitable donations amounting to £600 for the year.

FIXED ASSETS

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

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1995 (Continued)

POST BALANCE SHEET EVENT

Subsequent to the year end there have been various changes to the company's issued and allotted share capital. Details of these transactions are given in note 23 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.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1995 (Continued)

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

A handwritten signature in cursive script, appearing to read "Mary Powell". The signature is written in black ink and is positioned above the printed name "Secretary".

Secretary

4 April 1997

Price Waterhouse



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

We have audited the financial statements on pages 5 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 13.

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 1995 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors

4 April 1997

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1995

	<u>Notes</u>	Year ended <u>30 September 1995</u>		Year ended <u>30 September 1994</u>	
		£	£	£	£
TURNOVER					
- Continuing operations	2	122,916,567		97,301,155	
COST OF SALES		<u>(43,274,242)</u>		<u>(36,889,067)</u>	
GROSS PROFIT		79,642,325		60,412,088	
Royalties payable		(24,196,923)		(22,934,069)	
Distribution costs		(2,027,000)		(2,308,000)	
Administrative expenses		(50,299,341)		(33,301,766)	
Other income		<u>4,672,385</u>		<u>5,579</u>	
		(71,850,879)		(58,538,256)	
OPERATING PROFIT					
- Continuing operations		7,791,446		1,884,082	
- Discontinued operations		-		<u>(10,250)</u>	
Interest receivable and similar income	5	7,791,446		1,873,832	
Interest payable and similar charges	5	1,229,570		402,270	
		<u>(4,200,646)</u>		<u>(2,548,424)</u>	
PROFIT/(LOSS) ON ORDINARY ACTIVITIES					
BEFORE TAXATION	3,4	4,820,370		(272,322)	
Taxation	8	<u>(1,735,428)</u>		-	
PROFIT/(LOSS) FOR THE YEAR					
TRANSFERRED TO RESERVES	20	3,084,942		(272,322)	
		<u> </u>		<u> </u>	

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

The notes on pages 11 to 26 form an integral part of these financial statements.

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

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 1995

	<u>Notes</u>	<u>30 September 1995</u> £	<u>30 September 1994</u> £
FIXED ASSETS			
Tangible assets	10	23,745,759	21,186,326
Investments	11	3,750,000	-
		<u>27,495,759</u>	<u>21,186,326</u>
CURRENT ASSETS			
Stocks	12	14,555,000	9,982,000
Film and television costs	13	1,400,510	2,019,710
Debtors	14	36,973,388	34,563,275
Cash at bank and in hand		<u>21,126,036</u>	<u>7,456,572</u>
		74,054,934	54,021,557
CREDITORS (amounts falling due within one year)	15	<u>(44,895,732)</u>	<u>(25,727,698)</u>
NET CURRENT ASSETS		<u>29,159,202</u>	<u>28,293,859</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		56,654,961	49,480,185
CREDITORS (amounts falling due after more than one year)	16	<u>(57,808,000)</u>	<u>(53,718,166)</u>
NET LIABILITIES		<u>(1,153,039)</u>	<u>(4,237,981)</u>
CAPITAL AND RESERVES			
Called up share capital	19	99	99
Reserves	20	<u>(1,153,138)</u>	<u>(4,238,080)</u>
SHAREHOLDER'S FUNDS (Equity Interests)		<u>(1,153,039)</u>	<u>(4,237,981)</u>

Approved by the Board of Directors
on 4 April 1997



On behalf of the Board

The notes on pages 11 to 26 form an integral part of these financial statements.

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

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 1995

	<u>Notes</u>	<u>30 September 1995</u> £	<u>30 September 1994</u> £
FIXED ASSETS			
Investments	11	97	97
CURRENT ASSETS			
Debtors	14	6,352	14,415
CREDITORS (amounts falling due within one year)	15	(4,634)	(13,078)
NET CURRENT ASSETS		1,718	1,337
NET ASSETS		1,815	1,434
CAPITAL AND RESERVES			
Called up share capital	19	99	99
Reserves	20	1,716	1,335
SHAREHOLDER'S FUNDS (Equity Interests)		1,815	1,434

Approved by the Board of Directors
on 4 April 1997



On behalf of the Board

The notes on pages 11 to 26 form an integral part of these financial statements.

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1995

	Note	Year ended		Year ended	
		30 September 1995		30 September 1994	
		£	£	£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	A	19,972,372		(3,972,164)	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		1,229,570		402,270	
Interest element of finance lease rental payments		(1,072,888)		(899,424)	
Other interest payments		<u>(6,758)</u>		<u>-</u>	
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		149,924		(497,154)	
TAXATION					
UK corporation tax paid		-		(1,672,413)	
UK corporation tax received		<u>-</u>		<u>-</u>	
					(1,672,413)
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(9,472,282)		(7,201,891)	
Proceeds on sale of fixed assets		28,087		61,551	
Repayment from/(advance to) associated undertaking		1,000,000		(1,000,000)	
Repayment of long term account due to fellow subsidiary undertaking		<u>-</u>		<u>(48,968)</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(8,444,195)</u>		<u>(8,189,308)</u>	
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		11,678,101		(14,331,039)	
FINANCING					
Loan from parent undertaking net of rolled-up interest	C	3,698,000		14,340,000	
Loan repayment to parent undertaking	C	(20,000,000)		-	
Loan from fellow subsidiary undertaking	C	20,000,000		-	
Capital element of finance lease rental payments	C	<u>(2,729,167)</u>		<u>(2,729,167)</u>	
NET CASH INFLOW FROM FINANCING		968,833		11,610,833	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	B	<u>12,646,934</u>		<u>(2,720,206)</u>	

The notes on pages 11 to 26 form an integral part of these financial statements.

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

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1995

	Year ended 30 September 1995	Year ended 30 September 1994	
	£	£	
A Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			
Operating profit	7,791,446	1,873,832	
Depreciation	6,870,212	5,113,804	
Loss on disposal of fixed assets	14,550	30,000	
Increase in stock	(4,573,000)	(4,280,000)	
Decrease/(increase) in film and television costs	619,200	(1,009,146)	
Increase in debtors	(2,410,113)	(15,013,261)	
Increase in creditors	16,410,077	9,312,607	
Change in investment provision	<u>(4,750,000)</u>	<u>-</u>	
	19,972,372	(3,972,164)	
	<u><u> </u></u>	<u><u> </u></u>	
B Analysis of balances in cash and cash equivalents, and the change therein			
Balance at 1 October 1994	7,456,572	10,176,778	
Net cash inflow/(outflow)	<u>12,646,934</u>	<u>(2,720,206)</u>	
Balance at 30 September 1995	<u>20,103,506</u>	<u>7,456,572</u>	
	<u><u> </u></u>	<u><u> </u></u>	
	<u>1995</u>	<u>1994</u>	Change
	£	£	in year
			£
Cash at bank and in hand	21,126,036	7,456,572	13,669,464
Bank overdrafts	<u>(1,022,530)</u>	<u>-</u>	<u>(1,022,530)</u>
	<u>20,103,506</u>	<u>7,456,572</u>	<u>12,646,934</u>
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1995 (Continued)

C Analysis of changes in financing during the year

	Year ended <u>30 September 1995</u> £	Year ended <u>30 September 1994</u> £
<u>Loan from parent undertaking</u>		
Balance at 1 October 1994	50,989,000	35,000,000
Increase in loan	3,698,000	14,340,000
Loan repayment to parent undertaking	(20,000,000)	-
Interest added to loan principal	<u>2,557,000</u>	<u>1,649,000</u>
Balance at 30 September 1995	37,244,000	50,989,000
<u>Loan from fellow subsidiary undertaking</u>		
Balance at 1 October 1994	-	-
Loan from fellow subsidiary undertaking	20,000,000	-
Interest added to loan principal	<u>564,000</u>	<u>-</u>
Balance at 30 September 1995	20,564,000	-
	<u>£</u>	<u>£</u>
<u>Finance lease</u>		
Balance at 1 October 1994	5,458,333	8,187,500
Capital payments made	<u>(2,729,167)</u>	<u>(2,729,167)</u>
Balance at 30 September 1995	2,729,166	5,458,333

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

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 1995.

(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.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

(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.

(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, except for those arising on the revaluation of television contracts which are charged or credited to a US fellow subsidiary undertaking with effect from 1 October 1994.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (CONTINUED)

(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.

(11) 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.

2 TURNOVER

Turnover, which arises mainly in the United Kingdom, principally 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:

	Year ended <u>30 September 1995</u> £	Year ended <u>30 September 1994</u> £
Filmed Entertainment	61,742,038	51,591,474
Consumer Products	61,174,529	45,709,681
	<hr/>	<hr/>
	122,916,567	97,301,155
	<hr/> <hr/>	<hr/> <hr/>

£22,383,954 (1994 : £14,443,322) of turnover is receivable from fellow subsidiary undertakings. All other turnover arises from third parties.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 SEGMENTAL REPORTING

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

	Year ended <u>30 September 1995</u> £	Year ended <u>30 September 1994</u> £
Filmed Entertainment	4,262,458	2,027,142
Consumer Products	557,912	(2,299,464)
	<hr/>	<hr/>
	4,820,370	(272,322)
	<hr/> <hr/>	<hr/> <hr/>

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	Year ended <u>30 September 1995</u> £	Year ended <u>30 September 1994</u> £
Staff costs:		
Wages and salaries	16,018,664	10,273,427
Social security costs	1,262,043	899,274
Pension costs	249,461	158,448
Other employee benefits	69,496	37,004
Depreciation charge - owned assets	4,141,042	2,384,638
- leased assets	2,729,170	2,729,166
Operating lease rentals - land and buildings	5,439,000	4,026,845
Auditors' remuneration - audit fees	105,150	114,919
- non-audit services	111,881	114,717
Loss on disposal of fixed assets	14,550	30,000
Exchange (gain)/losses	(9,255)	548,875
	<hr/> <hr/>	<hr/> <hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 INTEREST

	Year ended 30 September 1995		Year ended 30 September 1994	
	£	£	£	£
Bank interest receivable		1,229,570		402,270
Interest payable on long-term loan from ultimate parent undertaking (repayable between 2-5 years)	(2,557,000)		(1,649,000)	
Interest payable on loan from fellow subsidiary undertaking	(564,000)		-	
Finance charge on leased assets	(1,072,888)		(899,424)	
Other interest payable	<u>(6,758)</u>		<u>-</u>	
		(4,200,646)		(2,548,424)
		<u>(2,971,076)</u>		<u>(2,146,154)</u>

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 1995	Year ended 30 September 1994
	£	£
Highest paid director - fees	<u>500</u>	<u>500</u>

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

7 EMPLOYEES

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

	Year ended 30 September 1995	Year ended 30 September 1994
	Number	Number
Administration	384	243
Retail - full time	164	105
Retail - part time	895	590
Distribution	<u>68</u>	<u>51</u>
	1,511	989

The company had no employees during the year.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 TAXATION

The charge for current taxation is based upon the taxable profit for the group at 33% after utilisation of available tax losses.

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 year is £381 which is also the company's total recognised profit for the year.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 FIXED ASSETS

Group	Leased Assets £	Leasehold Improvements £	Motor Vehicles £	Office Equipment £	Construction in Progress £	Computers & IS Project £	Total £
<u>Cost</u>							
At 1 October 1994	32,750,000	7,731,000	45,579	8,161,005	1,526,000	2,926,488	53,140,072
Additions	-	3,362,000	18,529	4,391,395	(1,447,000)	3,041,884	9,366,808
Disposals	-	-	(38,050)	(147,090)	-	-	(185,140)
Transferred from regional office	-	-	-	82,683	-	147,367	230,050
At 30 September 1995	32,750,000	11,093,000	26,058	12,487,993	79,000	6,115,739	62,551,790
<u>Depreciation</u>							
At 1 October 1994	27,291,664	1,400,000	23,957	2,764,365	-	473,760	31,953,746
Charge during period	2,729,170	1,066,000	13,663	1,814,624	-	1,246,755	6,870,212
Disposals	-	-	(31,257)	(111,246)	-	-	(142,503)
Transferred from regional office	-	-	-	25,864	-	98,712	124,576
At 30 September 1995	30,020,834	2,466,000	6,363	4,493,607	-	1,819,227	38,806,031
<u>Net book amount</u>							
At 30 September 1995	2,729,166	8,627,000	19,695	7,994,386	79,000	4,296,512	23,745,759
At 1 October 1994	5,458,336	6,331,000	21,622	5,396,640	1,526,000	2,452,728	21,186,326

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENTS

Group	<u>Shares</u> £	<u>Loans</u> £	<u>Total</u> £
<u>Cost</u>			
At 1 October 1994	3,000,000	4,750,000	7,750,000
Return of loan stock	-	(1,000,000)	(1,000,000)
Additions	50	30,000	30,050
Disposals	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
At 30 September 1995	<u>2,400,050</u>	<u>3,780,000</u>	<u>6,180,050</u>
<u>Write down</u>			
At 1 October 1994	3,000,000	4,750,000	7,750,000
Provision released following return of loan stock	-	(1,000,000)	(1,000,000)
Write back	(600,000)	(3,750,000)	(4,350,000)
Write down	<u>50</u>	<u>30,000</u>	<u>30,050</u>
At 30 September 1995	<u>2,400,050</u>	<u>30,000</u>	<u>2,430,050</u>
<u>Net book amount</u>			
At 30 September 1995	<u>-</u>	<u>3,750,000</u>	<u>3,750,000</u>
At 30 September 1994	<u>-</u>	<u>-</u>	<u>-</u>

The group holds two investments through a subsidiary undertaking. At 30 September 1995 it had a 20% holding in 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 in the year ending 30 September 1994. The cost of the write-down was borne by a fellow subsidiary undertaking. In 1994/95 £1m of loan stock, previously written down, was repaid by GMTV Limited to the company. The benefit of the returned loan stock has been passed on to the fellow subsidiary undertaking. Additionally, the directors have reviewed the carrying value of the investment in the current year and believe that the remaining loan stock should be written back to its original cost. The benefit of this write back has also been passed on to the fellow subsidiary undertaking.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENTS (continued)

Equity accounting has not been adopted in respect of this investment since results 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 equity investment has been made. The audited financial statements of GMTV Limited for the year ended 31 December 1995 show a profit before tax of £408,000 and a deficit on net assets of £4,982,000.

During the year, the group via its subsidiary undertaking acquired, at cost, 50% of the issued share capital of GM 1995 Limited, an investment holding company registered in England. Loan stock of £30,000 was issued to GM 1995 Limited and, together with the shares, on the basis of the directors' valuation, this investment has been written down to nil. The cost of the writedown has been borne by a fellow subsidiary undertaking.

Equity accounting has not been adopted in respect of the investment in GM 1995 Limited since results 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.

Company

	<u>30 September 1995</u>	<u>30 September 1994</u>
	£	£
Investment in subsidiary undertakings (unlisted shares at cost)	<u>97</u>	<u>97</u>

Details of the subsidiary undertakings are set out below:

<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	Members' Voluntary Liquidation	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.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 STOCKS

	Group <u>30 September 1995</u> £	Group <u>30 September 1994</u> £
Consumables	580,000	386,000
Goods for resale	<u>13,975,000</u>	<u>9,596,000</u>
	<u>14,555,000</u>	<u>9,982,000</u>

13 FILM AND TELEVISION COSTS

	Group <u>30 September 1995</u> £	Group <u>30 September 1994</u> £
Deferred film marketing and printing costs	1,121,682	1,728,129
Programmes in production	<u>278,828</u>	<u>291,581</u>
	<u>1,400,510</u>	<u>2,019,710</u>

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

14 DEBTORS

	Group <u>30 Sept 95</u> £	Group <u>30 Sept 94</u> £	Company <u>30 Sept 95</u> £	Company <u>30 Sept 94</u> £
Trade debtors	11,739,516	9,517,746	-	-
Amount owed by parent undertaking	1,090,697	1,246,373	2	2
Amounts owed by fellow subsidiary undertakings	17,441,000	18,485,016	-	-
Other debtors	4,435,590	2,820,842	6,350	14,413
Prepayments and accrued income	1,827,044	2,398,268	-	-
VAT	439,541	95,030	-	-
	<u>36,973,388</u>	<u>34,563,275</u>	<u>6,352</u>	<u>14,415</u>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15 CREDITORS (amounts falling due within one year)

	Group <u>30 Sept 95</u> £	Group <u>30 Sept 94</u> £	Company <u>30 Sept 95</u> £	Company <u>30 Sept 94</u> £
Bank loans and overdrafts	1,022,530	-	-	-
Trade creditors	11,797,624	8,044,409	-	-
Amounts due to parent undertaking	2,671,721	5,429,701	-	-
Amounts due to fellow subsidiary undertakings	238,000	2,635,550	-	-
Amount due to subsidiary undertaking	-	-	4,446	12,591
Taxation	1,735,428	-	-	-
Accruals and deferred income	24,346,249	6,353,614	-	-
Obligations under finance lease (note 18)	2,729,166	2,729,167	-	-
Other creditors	<u>355,014</u>	<u>535,257</u>	<u>188</u>	<u>487</u>
	<u>44,895,732</u>	<u>25,727,698</u>	<u>4,634</u>	<u>13,078</u>

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

	Group <u>30 September 1995</u> £	Group <u>30 September 1994</u> £
Amounts due to parent undertaking	37,244,000	50,989,000
Amounts due to fellow subsidiary undertaking	20,564,000	-
Obligations under finance lease - 2-5 years (note 18)	-	2,729,166
	<u>57,808,000</u>	<u>53,718,166</u>

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.

The amounts due to fellow subsidiary undertaking are repayable by 30 April 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.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 PROVISIONS FOR LIABILITIES AND CHARGES

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

	Group <u>30 September 1995</u> £	Group <u>30 September 1994</u> £
At 1 October 1994	-	41,445
Released to profit and loss account	-	(41,445)
	<hr/>	<hr/>
At 30 September 1995	-	-
	<hr/> <hr/>	<hr/> <hr/>

There is no material unprovided deferred tax.

18 FINANCIAL COMMITMENTS

	Group <u>At 30 September 1995</u> £	Group <u>At 30 September 1994</u> £
(1) Capital expenditure commitments relating to fixed assets:		
Authorised but not contracted for	11,840,314	8,774,686
	<hr/>	<hr/>
Contracted for but not provided	440,000	720,000
	<hr/> <hr/>	<hr/> <hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL COMMITMENTS (CONTINUED)

(2) Finance lease due:

	<u>Group</u> <u>At 30 September 1995</u>	<u>Group</u> <u>At 30 September 1994</u>
	£	£
Within one year	4,039,148	4,039,148
In the second to fifth years inclusive	-	4,039,148
	<hr/>	<hr/>
	4,039,148	8,078,296
Finance charges	(1,309,982)	(2,619,963)
	<hr/>	<hr/>
	2,729,166	5,458,333
	<hr/>	<hr/>
Falling due within one year (Note 15)	2,729,166	2,729,167
Falling due after more than one year (Note 16)	-	2,729,166
	<hr/>	<hr/>
	2,729,166	5,458,333
	<hr/>	<hr/>

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.

At 30 September 1995 At 30 September 1994
£ £

Operating lease obligations

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

After 5 years	4,574,000	2,290,000
	<hr/>	<hr/>

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

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19 CALLED UP SHARE CAPITAL

	<u>Company</u> <u>30 September 1995</u>	<u>Company</u> <u>30 September 1994</u>
	£	£
Authorised: 100 Ordinary Shares of £1 each	100	100
	=====	=====
Allotted and fully paid: 99 Ordinary Shares of £1 each	99	99
	=====	=====

20 RESERVES

Group

	<u>Revenue</u> <u>reserves</u>	<u>Other</u> <u>reserves</u>	<u>Total</u>
	£	£	£
At 1 October 1994	(4,238,398)	318	(4,238,080)
Profit for the year	3,084,942	-	3,084,942
	-----	-----	-----
At 30 September 1995	(1,153,456)	318	(1,153,138)
	=====	=====	=====

Company

	<u>Revenue</u> <u>reserves</u>
	£
At 1 October 1994	1,335
Profit for the year	381

At 30 September 1995	1,716
	=====

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group £	Company £
Profit for the year	3,084,942	381
Net movement in shareholders' funds	3,084,942	381
Shareholders' funds at start of year	(4,237,981)	1,434
Shareholders' funds at end of year	(1,153,039)	1,815

22 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.

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.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

23 SUBSEQUENT EVENTS

On 23 September 1996, the company's authorised share capital was increased to £550,000,100 by the creation of 500,000,000 'A' redeemable ordinary shares of £1 each.

On 25 September 1996, 335,000,000 'A' redeemable ordinary shares were allotted at par to a fellow subsidiary undertaking. On 9 October 1996, a further 150,000,000 'A' redeemable ordinary shares were allotted at par to the same fellow subsidiary undertaking.

The cash received from both allotments was used by the company to invest in its subsidiary undertakings.

On 10 December 1996, the authorised share capital of the company was increased from £550,000,100 to £1,000,000,300 by the creation of 450,000,000 'A' redeemable ordinary shares of £1 each and 200 ordinary shares of £1 each.

On 13 December 1996, 15,179,113 'A' redeemable ordinary shares were allotted at par to a fellow subsidiary undertaking. Proceeds of US\$25,000,000 were contributed to the Walt Disney Company Stock Compensation Fund.

24 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.

25 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.