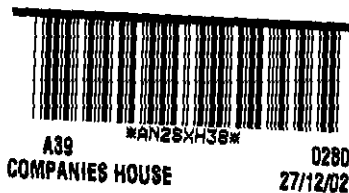


# Walt Disney International Limited

(Registered Number: 2724503)

Directors' Report And Financial Statements  
Year Ended 30 September 2001



# **Walt Disney International Limited**

## **Directors' Report For The Year Ended 30 September 2001**

The Directors present their report and the consolidated financial statements of the Company and the Group for the year ended 30 September 2001.

### **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 acts as a holding Company for the Group in the United Kingdom.

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

The business continued to grow at a satisfactory level throughout the year. The increase in business activity relates primarily to the growth in character merchandising, television licensing, theatrical management and cruise line operations. The Group will continue to promote its principal activities.

### **Results And Dividends**

The profit for the financial year is £22,177,000 (2000: (restated) loss of £2,030,000). Dividends were paid during the year of £14,500,000 (2000: Nil). The retained profit for the year of £7,677,000 was transferred to reserves (2000: (restated) £2,030,000 transferred from reserves).

# Walt Disney International Limited

## Directors' Report For The Year Ended 30 September 2001 (Continued)

### 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  
S M Litvack (resigned 31 December 2000)  
B R Chapman  
M L Reed  
P L Wiley

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.

### 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 annual report.

### Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. A resolution for their reappointment as auditors will be proposed at the Annual General Meeting.

# Walt Disney International Limited

## Directors' Report For The Year Ended 30 September 2001 (Continued)

### Directors' Responsibilities

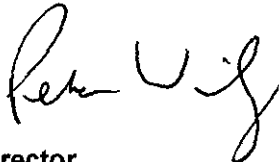
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year under review and of the profit or loss of the Group for that year. In preparing those financial statements, 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

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.

By order of the Board on 23 December 2002



Director

# Walt Disney International Limited

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

We have audited the financial statements on pages 5 to 25.

### 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 on page 3.

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 opinion has been prepared for and only for the company's members 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


### 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 2001 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**  
**Chartered Accountants and Registered Auditors**  
**London**

*23 December*  
..... 2002

# Walt Disney International Limited

## Consolidated Profit And Loss Account For The Year Ended 30 September 2001

		Year ended 30 September 2001 £'000	Year ended 30 September 2000 (as restated) £'000
Turnover – continuing activities	2, 3	767,955	668,408
Cost of sales		(416,366)	(351,189)
<b>Gross profit</b>		<b>351,589</b>	<b>317,219</b>
Royalties payable		(111,100)	(104,715)
Distribution costs		(61,830)	(53,127)
Administrative expenses		(153,380)	(155,974)
Other operating income		5,294	4,288
		<b>(321,016)</b>	<b>(309,528)</b>
<b>Operating profit – continuing activities</b>		<b>30,573</b>	<b>7,691</b>
Interest receivable and similar income	4	2,653	3,419
Interest payable and similar charges	4	(5,354)	(5,176)
Loss on disposal of fixed assets		-	(2,024)
<b>Profit on ordinary activities before taxation</b>	5	<b>27,872</b>	<b>3,910</b>
Taxation on profit on ordinary activities	8	(5,695)	(5,940)
<b>Profit/(loss) for the financial year</b>		<b>22,177</b>	<b>(2,030)</b>
Dividends – including non equity		(14,500)	-
<b>Retained profit/(loss) for the financial year</b>	20	<b>7,677</b>	<b>(2,030)</b>

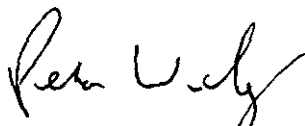
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

# Walt Disney International Limited

## Consolidated Balance Sheet As At 30 September 2001

	Note	Year ended 30 September 2001 £'000	Year ended 30 September 2000 (as restated) £'000
<b>Fixed assets</b>			
Tangible assets	10	198,313	206,593
Investments	11	16,104	18,074
		<b>214,417</b>	<b>224,667</b>
<b>Current assets</b>			
Stock	12	29,013	27,975
Film and television costs	13	1,593	5,115
Debtors	14	610,585	465,876
Cash at bank and in hand		56,053	35,951
		<b>697,244</b>	<b>534,917</b>
<b>Creditors (amounts falling due within one year)</b>	15	<b>(724,628)</b>	<b>(559,497)</b>
<b>Net current liabilities</b>		<b>(27,384)</b>	<b>(24,580)</b>
<b>Total assets less current liabilities</b>		<b>187,033</b>	<b>200,087</b>
<b>Creditors (amount falling due after more than one year)</b>	16	<b>(17,653)</b>	<b>(36,858)</b>
<b>Provision for liabilities and charges</b>	17	<b>(4,925)</b>	<b>(5,744)</b>
<b>Net assets</b>		<b>164,455</b>	<b>157,485</b>
<b>Capital and reserves</b> 19,20,21			
Called up share capital		160,179	160,179
Other reserves		12,752	12,752
Profit and loss account		(8,476)	(15,446)
<b>Total shareholders' funds</b>		<b>164,455</b>	<b>157,485</b>
<b>Analysis of shareholders' funds</b>			
Equity		4,276	(2,694)
Non-equity		160,179	160,179
		<b>164,455</b>	<b>157,485</b>

Approved by the Board of Directors on 23 December 2002



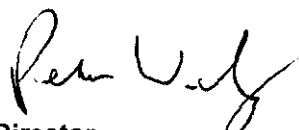
The notes on pages 9 to 25 form an integral part of these financial statements.

# Walt Disney International Limited

## Company Balance Sheet As At 30 September 2001

	Note	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
<b>Fixed assets</b>			
Investments	11	529,049	529,049
<b>Current assets</b>			
Debtors	14	6,235	20,704
Cash		12,210	677
		18,445	21,381
Creditors (amounts falling due within one year)	15	(371,510)	(371,510)
<b>Net current assets/(liabilities)</b>		<b>(353,065)</b>	<b>(350,129)</b>
<b>Net assets</b>		<b>175,984</b>	<b>178,920</b>
<b>Capital and reserves</b>			
	19,20,21		
Called up share capital		160,179	160,179
Other reserves		12,752	12,752
Profit and loss account		3,053	5,989
<b>Total shareholders' funds</b>		<b>175,984</b>	<b>178,920</b>
<b>Analysis of shareholders' funds</b>			
Equity		15,805	18,741
Non-equity		160,179	160,179
		175,984	178,920

Approved by the Board of Directors on 27 December 2002

  
Director

The notes on pages 9 to 25 form an integral part of these financial statements.



## Walt Disney International Limited

### Statement Of Total Recognised Gains And Losses

	Note	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Profit/(loss) for the financial year	21	22,177	(1,145)
Currency translation differences on foreign currency net investments	21	(707)	(6,824)
Total recognised gains and losses relating to the year		21,470	(7,969)
Prior Year Adjustment	1	(1,567)	0
Total gains and losses recognised since the last annual report		19,903	(7,969)

### Reconciliation of Movements in Shareholders' Funds

The reconciliation of movements in shareholders' funds is given in note 21 to the accounts.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

### 1 Accounting Policies

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

#### a) Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries made up to 30 September 2001.

#### 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) Turnover

Turnover is principally comprised of video sales, television licensing and production income, box office receipts, retail and character merchandising and publications, broadcasting income, rental income and cruise berth rental 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.
- Merchandising and publication income represents amounts receivable for goods supplied to customers excluding VAT, including those receivable from third parties under licensing arrangements.
- 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.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 1 Accounting Policies (Continued)

#### e) 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	-	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.

#### 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) 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.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 1 Accounting Policies (Continued)

#### k) 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.

#### l) Leased assets

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

#### m) 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.

#### n) Cruise deposits

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

#### o) 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).

#### p) Accounting Policy Change

Marketing costs are now recognised on the basis of when costs are incurred. Previously, these costs were accrued and amortised in the ratio of the revenues in a period to total gross revenues expected for an individual title.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

As a result, comparative figures for the year ended 30 September 2000 have been adjusted as follows:

	Profit for the year	Net Assets
	£'000	£'000
As previously reported	(1,145)	159,052
Effect of the change in accounting policy for marketing costs	(885)	(1,567)
As restated	(2,030)	157,485

The effect of the change in accounting policy for marketing costs in the current year is to decrease the gross profit for the year by £3.4 million and operating profit by £2.3 million.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 2 Turnover

Turnover, which arises mainly in the United Kingdom, principally comprises video cassette sales, television broadcasting, 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, and income from the operation of cruise liners, collectively known as Cruise Line income and Property Management income. The split into these categories of turnover during the period was as follows:

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Filmed Entertainment	349,349	338,351
Consumer Products	152,803	121,388
Cruise Line	262,193	215,620
Property Management	21,648	10,581
Total turnover	785,993	685,940
Less inter-segment turnover	(18,038)	(17,532)
Turnover to other parties	767,955	668,408

£80,184,479 (2000: £296,503,782) of turnover is receivable from fellow subsidiary undertakings, £3,174,000 of which is receivable from fellow group members. All other turnover arises from third parties.

### 3 Segmental Reporting – by geographical origin

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
<b>Turnover</b>		
United Kingdom	509,767	456,323
Europe	7,633	8,036
United States of America	268,593	221,581
Total turnover	785,993	685,940
Less inter-segment turnover	(18,038)	(17,532)
Turnover to other parties	767,955	668,408

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

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 3 Segmental Reporting – by geographical origin (Continued)

Net Assets	Year ended	Year ended
	30 September 2001	30 September 2000 (as restated)
	£'000	£'000
United Kingdom	223,402	226,121
United States of America	(58,947)	(68,636)
	<b>164,455</b>	<b>157,485</b>
Filmed Entertainment	95,440	100,541
Consumer Products	22,290	23,879
Cruise Line	(58,947)	(68,636)
Property Management	105,672	101,701
	<b>164,455</b>	<b>157,485</b>

In the opinion of the Directors, disclosure of profit before tax by geographical market and class of business would be prejudicial to the interests of the business. Consequently, disclosure in accordance with the Statement of Standard Accounting Practice Number 25 is not thought to be appropriate.

### 4 Interest

	Year ended	Year ended
	30 September 2001	30 September 2000
	£'000	£'000
Interest receivable on bank deposits	2,653	3,419
	<b>2,653</b>	<b>3,419</b>
Interest payable on loans from group undertakings	(1,051)	(5,143)
Interest payable on bank loans and overdrafts	(4,303)	(33)
	<b>(5,354)</b>	<b>(5,176)</b>
	<b>(2,701)</b>	<b>(1,757)</b>

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 5 Profit On Ordinary Activities Before Taxation

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

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Staff costs:		
Wages and salaries	88,096	84,889
Social security costs	6,869	6,751
Pension costs	2,246	1,796
Other employee benefits	1,642	1,250
Depreciation charge		
- owned assets	16,785	17,828
- leased assets	4,234	4,048
Operating lease rentals		
- land and buildings	13,464	13,471
- plant and equipment	1,061	429
- other	45,215	45,595
Auditors' remuneration		
- audit fees	284	304
- non-audit fees	62	103
Loss/(profit) on disposal of fixed assets	313	1,957
Exchange gain	698	(13)

Auditors remuneration in respect of the Company was £9,400 (2000: £9,400).

### 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 2001 £	Year ended 30 September 2000 £
Aggregate Emoluments – fees	500	500

The Company does not have a chairman. None of the other Directors received any emoluments. The amount above represents emoluments received by the highest paid Director.



# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 7 Employees

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

	Year ended 30 September 2001	Year ended 30 September 2000
Administration and property management	827	862
Consumer products	1,675	1,734
Cruise lines	1,900	1,864
Filmed entertainment	271	301
	<hr/>	<hr/>
	4,673	4,761

The Company had no employees during the year.

### 8 Taxation

	Year ended 30 September 2001 £'000	Year ended 30 September 2000 £'000
Taxation on profit for the year		
UK Corporation tax at 30% (2000: 30%)	6,068	981
Under/ (over) provision in prior years	446	7,243
Withholding Tax Suffered	0	25
Deferred taxation	(819)	(2,309)
	<hr/>	<hr/>
	5,695	5,940

The charge for current taxation is based upon the taxable profit for the Group at 30% (2000: 30%) after utilisation of available tax losses.

Deferred taxation represents provision for accelerated capital allowances expected to give rise to a taxation liability in the foreseeable future.

### 9 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 retained profit at 30 September 2001 is £3,052,753 (2000: £5,988,807) while the Company's profit for the financial year is £11,563,948 (2000: £2,688,101).

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001 (Continued)

### 10 Fixed Assets

Group	Freehold Land	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	£'000
<b>Cost</b>							
At 1 October 2000	8,838	158,099	17,895	72,652	1,006	23,103	281,593
Additions	-	612	2,286	7,697	854	2,083	13,532
Reclassification	-	256	406	178	(840)	-	-
Foreign Exchange Gain/(Loss)	-	-	-	176	-	-	176
Disposals/Retirements	-	(315)	(606)	(1,303)	-	-	(2,224)
At 30 September 2001	8,838	158,652	19,981	79,400	1,020	25,186	293,077
<b>Depreciation</b>							
At 1 October 2000	-	13,393	9,275	35,467	-	16,865	75,000
Charge during period	-	4,027	2,156	11,829	-	3,007	21,019
Reclassifications	-	163	-	532	-	(470)	225
Foreign Exchange Gain/(Loss)	-	-	-	(63)	-	-	(63)
Disposals/Retirements	-	-	(527)	(890)	-	-	(1,417)
At 30 September 2001	-	17,583	10,904	46,875	-	19,402	94,765
<b>Net book amount</b>							
At 30 September 2001	8,838	141,069	9,077	32,525	1,020	5,784	198,313
At 1 October 2000	8,838	144,706	8,620	37,185	1,006	6,238	206,593

Interest capitalised on freehold and long leasehold assets included in additions amounted to £nil during the year (2000: £nil). The cumulative amount of interest capitalised in the total cost above amounts to £nil. Office equipment and Stage Shows includes production assets held under finance leases with a net book value of £163,000.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 11 Investments

Group	Shares £'000	Loans £'000	Total £'000
<b>Cost</b>			
At 1 October 2000	2,432	2,500	4,932
Repayment	-	2,000	2,000
At 30 September 2001	2,432	500	2,932
<b>Provision</b>			
At 1 October 2000	(2,432)	-	(2,432)
Movement in the year	30	-	30
At 30 September 2001	(2,402)	-	(2,402)
<b>Net Book Amount</b>			
At 30 September 2001	30	500	530
At 30 September 2000	-	2,500	2,500

The Group holds an investment through subsidiary undertakings.

At 30 September 2001 it had a 25% 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 addition to the equity investment, there is also an investment in loan stock which, on the basis of the Directors' valuation, is fairly stated at cost. During the current period, based on a Director's valuation £30,000 of the provision was released, being the cost of the 5% holding held by GM 1995 Limited. The cost of the write-down and the income from the release was borne by a fellow subsidiary undertaking.

### Company

#### Fixed asset investments

	30 September 2001 £'000	30 September 2000 £'000
Investment in subsidiary undertakings (unlisted shares at cost)	513,475	513,475

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 11 Investments (Continued)

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	TV production services	England	100%
Buena Vista International (UK) Ltd	Theatrical distribution of films	England	100%
Disney Animation Studios (UK) Ltd	Dormant	England	100%
Go Network International Ltd	Dormant	England	100%
Walt Disney Animation U.K. Ltd	Members voluntary liquidation	England	100%
The Disney Store Ltd	Retail merchandising	England	100%
Walt Disney Theatrical (UK) Ltd	Theatrical presentation and management	England	100%
The Walt Disney Company Ltd	Television licensing and broadcasting, internet activities, publications and theme park marketing	England	100%
Walt Disney Properties (UK) Ltd	Property management	England	100%
Disney Real Estate Investments (UK) Ltd	Property development	England	100%
Magical Cruise Company Ltd *	Operation of luxury cruise vessels	England	100%
Buena Vista Home Entertainment Ltd	Sale and marketing of pre-recorded video cassettes	England	100%
Supercomm Europe Limited	Revenue sharing data processing, reporting and auditing services	England	100%

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

In the Directors' opinion, none of the investments held and not consolidated had a material affect on the financial statements.

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

#### Other Investments

	Group 30 September 2001 £'000	Group 30 September 2000 £'000	Company 30 September 2001 £'000	Company 30 September 2000 £'000
Investment in The Walt Disney Company Stock Compensation Fund II	15,574	15,574	15,574	15,574

In December 1999 the Company purchased an investment of 2,500 Series A preferred shares in The Walt Disney Company Stock Compensation Fund II ("The Fund"). The Fund was established by the ultimate parent undertaking pursuant to the repurchase program to acquire shares of The Walt Disney Company for the purpose of funding certain stock-based compensation.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 12 Stocks

	Group 30 September 2001 £'000	Group 30 September 2000 £'000
Consumables	1,451	1,466
Goods for resale	27,562	26,509
	<b>29,013</b>	<b>27,975</b>

### 13 Film And Television Costs

	Group 30 September 2001 £'000	Group 30 September 2000 £'000
Deferred film costs	-	1,329
Programmes in production	1,593	3,786
	<b>1,593</b>	<b>5,115</b>

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

### 14 Debtors

	Group 30 September 2001 £'000	Group 30 September 2000 (as restated) £'000	Company 30 September 2001 £'000	Company 30 September 2000 £'000
Trade debtors	69,198	97,627	-	-
Amounts owed by fellow subsidiary undertakings	518,754	348,523	6,100	20,569
Other debtors	7,821	9,228	135	135
Prepayments and accrued income	14,812	10,498	-	-
	<b>610,585</b>	<b>465,876</b>	<b>6,235</b>	<b>20,704</b>

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 15 Creditors (amounts falling due within one year)

	Group 30 September 2001 £'000	Group 30 September 2000 (as restated) £'000	Company 30 September 2001 £'000	Company 30 September 2000 £'000
Bank loans and overdrafts	3,763	7,432	-	-
Trade creditors	48,870	46,700	-	-
Amounts due to fellow subsidiary undertakings	572,492	400,639	371,430	371,430
Taxation and social security	7,824	9,675	80	80
Accruals and deferred income	38,831	34,801	-	-
Other creditors	52,848	60,250	-	-
	<b>724,628</b>	<b>559,497</b>	<b>371,510</b>	<b>371,510</b>

### 16 Creditors (amounts falling due after more than one year)

	Group 30 September 2001 £'000	Group 30 September 2000 £'000
Amounts payable within 2 to 5 years		
Amounts due to parent undertaking	17,653	36,858
Amounts due to fellow subsidiary undertaking	-	-
	<b>17,653</b>	<b>36,858</b>

### 17 Provision For Liabilities And Charges

	Deferred Tax Provision £'000	Total £'000
At 1 October 2000	5,744	5,744
Credited to the profit and loss account in the year	(819)	(819)
At 30 September 2001	<b>4,925</b>	<b>4,925</b>

The provision for deferred taxation has been made in respect of accelerated capital allowances that are expected to give rise to a taxation liability in the foreseeable future.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 17 Provision For Liabilities And Charges (continued)

	Group 2001 £'000	Group 2000 £'000
Unrecognised deferred tax liabilities/(assets)		
Accelerated capital allowances	1,318	690
Short-term timing differences	370	(443)
Losses	(625)	(7,033)
	<u>1,063</u>	<u>(6,786)</u>

### 18 Financial Commitments

(1) Capital expenditure commitments relating to fixed assets:

	Group 30 September 2001 £'000	Group 30 September 2000 £'000
Contracted for but not provided	-	5,715

(2) Operating lease obligations

	Group 30 September 2001 £'000	Group 30 September 2000 £'000
Payments payable within one year of the balance sheet date were in respect of leases expiring:		
Land and buildings:		
Within one year	200	125
Between two and five years	565	640
After five years	9,790	9,563
Plant and machinery:		
Within one year	47	71
Between two and five years	182	336
After five years	-	-
Cruise Vessels:		
Within one year	-	-
Between two and five years	-	-
After five years	47,611	47,261

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.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 19 Called Up Share Capital

	Company 30 September 2001 £	Company 30 September 2000 £
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
	<hr/>	<hr/>
	1,000,000,300	1,000,000,300
Allotted and fully paid:		
101 Ordinary shares (equity) of £1 each	101	101
160,179,113 'A' redeemable		
Ordinary shares (non-equity) of £1 each	160,179,113	160,179,113
	<hr/>	<hr/>
	160,179,214	160,179,214

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.



# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 19 Called Up Share Capital

	Company 30 September 2001 £	Company 30 September 2000 £
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
	<hr/>	<hr/>
	1,000,000,300	1,000,000,300
Allotted and fully paid:		
101 Ordinary shares (equity) of £1 each	101	101
160,179,113 'A' redeemable		
Ordinary shares (non-equity) of £1 each	160,179,113	160,179,113
	<hr/>	<hr/>
	160,179,214	160,179,214

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:

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# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 20 Reserves

#### Group

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
At 1 October 2000 as previously stated	(13,879)	12,752	(1,127)
Prior Year Adjustment	(1,567)	-	(1,567)
At 1 October 2000 as restated	(15,446)	12,752	(2,694)
Foreign exchange adjustment	(707)	-	(707)
Retained profit for the year	7,677	-	7,677
<b>Total reserves at 30 September 2001</b>	<b>(8,476)</b>	<b>12,752</b>	<b>4,276</b>

#### Company

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
At 1 October 2000	5,989	12,752	18,741
Retained profit for the year	(2,936)	-	(2,936)
<b>Total reserves at 30 September 2001</b>	<b>3,053</b>	<b>12,752</b>	<b>15,805</b>

Other reserves represent capital contributions received from fellow subsidiary undertakings.

### 21 Reconciliation Of Movements In Shareholders' Funds

	Group £'000	Company £'000
Profit for the year	22,177	11,564
Dividends	(14,500)	(14,500)
	7,677	(2,936)
Foreign exchange adjustment	(707)	-
Net increase/(reduction) in shareholders' funds	6,970	(2,936)
Opening shareholders' funds as previously stated	159,052	178,920
Prior Year Adjustment	(1,567)	-
Opening shareholders' funds as restated	157,485	178,920
<b>Closing shareholders' funds</b>	<b>164,455</b>	<b>175,984</b>

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2001

(Continued)

### 22 Pension Fund

Pension benefits for employees of The Walt Disney Company Limited, Buena Vista International (UK) Limited, Walt Disney Productions Limited, Buena Vista Home Entertainment Limited, Walt Disney Theatrical and Walt Disney Properties (UK) 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.

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\$206,000 (2000: \$208,000). Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company. Details of the more significant points are discussed below.

The cost of contributions is assessed in accordance with the advice of William M. Mercer, Inc., consulting actuaries. The latest actuarial valuation of the scheme was performed as at 1 July 2000 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 10% (2000: 10%) per annum, the rate of salary increase would be 5.5% (2000: 5.5%) per annum, and the discount rate 8% (2000: 8%).

At the date of the latest actuarial valuation at 1 July 2000, the market value of the assets of the scheme was US\$1,455,400,000 (1999: US\$1,148,700,000) and the actuarial value of the assets was sufficient to cover 161% (1999: 133%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

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 charged to the Group profit and loss account in the year amounted to £2,200,529 (2000: £1,780,257).

### 23 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.

### 24 Related Party Transactions

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 23.