

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 1994



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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1994

The directors have pleasure in submitting their report and consolidated financial statements for the year ended 30 September 1994.

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.

LIQUIDATION OF SUBSIDIARY

In August 1994, Hollywood Recordings Limited, a wholly-owned subsidiary, was placed into Members' Voluntary Liquidation. The subsidiary had ceased trading in October 1993.

RESULTS AND DIVIDENDS

The group loss on ordinary activities before taxation for the year was £272,322 (1993: £3,279,269) which is also the group loss transferred to reserves.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors in office at 30 September 1994 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.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1994 (Continued)

FIXED ASSETS

Details of movements in tangible fixed assets during the year 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.

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1994 (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 A. Powell". The signature is written in dark ink and is positioned above the printed name "Secretary".

Secretary

4 October 1996

Price Waterhouse



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

We have audited the financial statements on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 to 12.

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 1994 and of the loss 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 October 1996

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Notes	Year ended		Period from	
		30 September 1994		19 June 1992	
		£	£	(date of incorporation)	
				to 30 September 1993	
				£	£
TURNOVER					
- Continuing operations		97,301,155		76,348,109	
- Discontinued operations		-		<u>792,424</u>	
	2	97,301,155		77,140,533	
COST OF SALES		<u>36,889,067</u>		<u>25,695,930</u>	
GROSS PROFIT		60,412,088		51,444,603	
Royalties payable		(22,934,069)		(17,900,204)	
Distribution costs		(2,308,000)		(2,379,000)	
Administrative expenses		(33,301,766)		(31,857,965)	
Other income		<u>5,579</u>		<u>1,204</u>	
OPERATING PROFIT/(LOSS)					
- Continuing operations		1,884,082		(728,321)	
- Discontinued operations		<u>(10,250)</u>		<u>36,959</u>	
		1,873,832		(691,362)	
Interest receivable and similar income	5	402,270		407,421	
Interest payable and similar charges	5	<u>(2,548,424)</u>		<u>(2,995,328)</u>	
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3,4	(272,322)		(3,279,269)	
Taxation	8	-		-	
LOSS FOR THE PERIOD TRANSFERRED TO RESERVES	19	<u>(272,322)</u>		<u>(3,279,269)</u>	

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

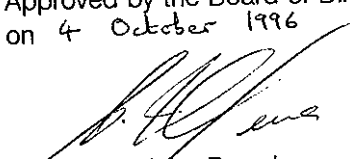
The notes on pages 10 to 24 form an integral part of these financial statements.

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

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 1994

	Notes	30 September 1994 £	30 September 1993 £
FIXED ASSETS			
Tangible assets	10	21,186,326	19,180,288
Investments	11	-	-
		<u>21,186,326</u>	<u>19,180,288</u>
CURRENT ASSETS			
Stocks	12	9,982,000	5,702,000
Film and television costs		2,019,710	1,010,564
Debtors	13	34,563,275	17,877,601
Assets held for resale		-	9,502
Cash at bank and in hand		<u>7,456,572</u>	<u>10,176,778</u>
		54,021,557	34,776,445
CREDITORS (amounts falling due within one year)	14	<u>(25,727,698)</u>	<u>(17,373,646)</u>
NET CURRENT ASSETS		<u>28,293,859</u>	<u>17,402,799</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		49,480,185	36,583,087
CREDITORS (amounts falling due after more than one year)	15	(53,718,166)	(40,507,301)
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(41,445)
NET LIABILITIES		(4,237,981)	(3,965,659)
CAPITAL AND RESERVES			
Called up share capital	18	99	99
Reserves	19	<u>(4,238,080)</u>	<u>(3,965,758)</u>
SHAREHOLDER'S FUNDS (Equity Interests)		<u>(4,237,981)</u>	<u>(3,965,659)</u>

Approved by the Board of Directors
on 4 October 1994


On behalf of the Board

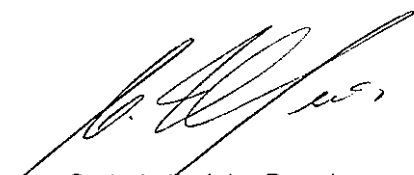
The notes on pages 10 to 24 form an integral part of these financial statements.

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

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 1994

	<u>Notes</u>	<u>30 September 1994</u>	<u>30 September 1993</u>
		£	£
FIXED ASSETS			
Investments	11	97	97
		_____	_____
CURRENT ASSETS			
Debtors	13	14,415	22,739
CREDITORS (amounts falling due within one year)	14	(13,078)	(22,016)
		_____	_____
NET CURRENT ASSETS		1,337	723
		_____	_____
NET ASSETS		1,434	820
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	18	99	99
Reserves	19	1,335	721
		_____	_____
SHAREHOLDER'S FUNDS (Equity Interests)		1,434	820
		=====	=====

Approved by the Board of Directors
on 4 October 1996



On behalf of the Board

The notes on pages 10 to 24 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 1994

	Note	Year ended		Period from	
		30 September 1994		19 June 1992	
		£	£	(date of incorporation)	
				to 30 September 1993	
				£	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	A	(3,972,164)		3,948,993	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		402,270		407,421	
Interest element of finance lease rental payments		(899,424)		(1,164,328)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(497,154)		(756,907)	
TAXATION					
UK corporation tax paid		(1,672,413)		(2,454,145)	
UK corporation tax received		-		23,570	
		(1,672,413)		(2,430,575)	
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(7,201,891)		(7,484,433)	
Proceeds on sale of fixed assets		61,551		3,543	
Additional investment in associated undertaking		-		(1,800,270)	
Advance to associated undertaking		(1,000,000)		(3,750,000)	
Repayment of long term amount due to fellow subsidiary undertaking		(48,968)		-	
		(8,189,308)		(13,031,160)	
NET CASH OUTFLOW BEFORE FINANCING		(14,331,039)		(12,269,649)	
FINANCING					
Loan from parent undertaking net of rolled-up interest	C	14,340,000		22,741,100	
Capital element of finance lease rental payments	C	(2,729,167)		(4,093,750)	
NET CASH INFLOW FROM FINANCING		11,610,833		18,647,350	
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	B	(2,720,206)		6,377,701	

The notes on pages 10 to 24 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 1994

	Year ended 30 September 1994	Period from 19 June 1992 (date of incorporation) to 30 September 1993
	£	£
A Reconciliation of operating profit/(loss) to net cash inflow from operating activities		
Operating profit/(loss)	1,873,832	(691,362)
Depreciation	5,113,804	5,147,647
Loss on disposal of fixed assets	30,000	122,027
Increase in stock	(4,280,000)	(1,852,700)
Increase in film and television costs	(1,009,146)	(601,435)
Increase in debtors	(15,013,261)	(11,212,677)
Increase in creditors	9,312,607	13,037,493
	<hr/>	<hr/>
	(3,972,164)	3,948,993
	<hr/> <hr/>	<hr/> <hr/>
B Analysis of balances in cash and cash equivalents, and the change therein		
Balance at 1 October 1993	10,176,778	3,799,077
Net cash (outflow)/inflow	(2,720,206)	6,377,701
	<hr/>	<hr/>
Balance at 30 September 1994	7,456,572	10,176,778
	<hr/> <hr/>	<hr/> <hr/>
C Analysis of changes in financing during the period		
<u>Loan from parent undertaking</u>		
Balance at 1 October 1993	35,000,000	10,427,900
Increase in loan	14,340,000	22,741,100
Interest added to loan principal	1,649,000	1,831,000
	<hr/>	<hr/>
Balance at 30 September 1994	50,989,000	35,000,000
	<hr/> <hr/>	<hr/> <hr/>
<u>Finance lease</u>		
Balance at 1 October 1993	8,187,500	12,281,250
Capital payments made	(2,729,167)	(4,093,750)
	<hr/>	<hr/>
Balance at 30 September 1994	5,458,333	8,187,500
	<hr/> <hr/>	<hr/> <hr/>

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 1994.

(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.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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, 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 30 September 1994	Period from 19 June 1992 (date of incorporation) to 30 September 1993
	£	£
Filmed Entertainment	51,591,474	36,014,517
Consumer Products	45,709,681	41,126,016
	<hr/>	<hr/>
	97,301,155	77,140,533
	<hr/>	<hr/>

£14,443,322 of Filmed Entertainment turnover is receivable from the parent company or 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 loss on ordinary activities before taxation attributable to each class of business is as follows:

	Year ended 30 September 1994	Period from 19 June 1992 (date of incorporation) to 30 September 1993
	£	£
Filmed Entertainment	2,027,142	1,725,233
Consumer Products	(2,299,464)	(5,004,502)
	<hr/>	<hr/>
	(272,322)	(3,279,269)
	<hr/> <hr/>	<hr/> <hr/>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	Year ended 30 September 1994	Period from 19 June 1992 (date of incorporation) to 30 September 1993
	£	£
Staff costs:		
Wages and salaries	10,273,427	9,444,260
Social security costs	899,274	853,878
Pension costs	158,448	105,688
Other employee benefits	37,004	66,916
Depreciation charge - owned assets	2,384,638	1,849,905
- leased assets	2,729,166	3,297,742
Operating lease rentals - land and buildings	4,026,845	3,647,724
Auditors' remuneration - audit fees	114,919	99,911
- non-audit services	114,717	52,245
Loss on disposal of fixed assets	30,000	122,027
Exchange losses	548,875	-
	<hr/> <hr/>	<hr/> <hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 INTEREST

	Year ended		Period from 19 June 1992 (date of incorporation)	
	30 September 1994		to 30 September 1993	
	£	£	£	£
Bank interest receivable		402,270		407,421
Interest payable on long-term loan from ultimate parent undertaking (repayable after 5 years)	(1,649,000)		(1,831,000)	
Finance charge on leased assets	(899,424)		(1,164,328)	
		<u>(2,548,424)</u>		<u>(2,995,328)</u>
		<u>(2,146,154)</u>		<u>(2,587,907)</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		Period from 19 June 1992 (date of incorporation)	
	30 September 1994		to 30 September 1993	
	£	£	£	£
Highest paid director - fees		500		500
		<u>500</u>		<u>500</u>

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

7 EMPLOYEES

	Year ended		Period from 19 June 1992 (date of incorporation)	
	30 September 1994		to 30 September 1993	
	Number	Number	Number	Number
The average number of employees of the group for the period by category was:				
Administration	243		200	
Retail - full time	105		93	
Retail - part time	590		355	
Distribution	<u>51</u>		<u>-</u>	
	<u>989</u>		<u>648</u>	

The company had no employees during the period.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 year is £614. There were no other recognised gains and losses in the accounting period.

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 1993	32,750,000	5,713,000	38,050	6,404,782	325,000	908,472	46,139,304
Additions	-	2,130,000	7,529	1,845,346	1,201,000	2,018,016	7,201,891
Disposals	-	(112,000)	-	(89,123)	-	-	(201,123)
At 30 September 1994	32,750,000	7,731,000	45,579	8,161,005	1,526,000	2,926,488	53,140,072
<u>Depreciation</u>							
At 1 October 1993	24,562,498	754,000	13,817	1,552,732	-	75,969	26,959,016
Charge during period	2,729,166	706,000	10,140	1,270,707	-	397,791	5,113,804
Disposals	-	(60,000)	-	(59,074)	-	-	(119,074)
At 30 September 1994	27,291,664	1,400,000	23,957	2,764,365	-	473,760	31,953,746
<u>Net book amount</u>							
At 30 September 1994	5,458,336	6,331,000	21,622	5,396,640	1,526,000	2,452,728	21,186,326
At 1 October 1993	8,187,502	4,959,000	24,233	4,852,050	325,000	832,503	19,180,288

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENTS

Group	Shares £	Loans £	Total £
<u>Cost</u>			
At 1 October 1993	3,000,000	3,750,000	6,750,000
Additions	-	1,000,000	1,000,000
At 30 September 1994	3,000,000	4,750,000	7,750,000
<u>Write down</u>			
At 1 October 1993	3,000,000	3,750,000	6,750,000
Written down in year	-	1,000,000	1,000,000
At 30 September 1994	3,000,000	4,750,000	7,750,000
<u>Net book amount</u>			
At 30 September 1994	£-	£-	£-
At 1 October 1993	£-	£-	£-

The group's sole investment is a 25% holding in the ordinary shares of GMTV, 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 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 1994 show a loss before tax of £1,724,000 and a deficit on net assets of £5,390,000.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENTS (continued)

Company

	<u>30 September 1994</u>	<u>30 September 1993</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.

12 STOCKS

	<u>Group</u> <u>30 September 1994</u>	<u>Group</u> <u>30 September 1993</u>
	£	£
Consumables	386,000	314,000
Goods for resale	<u>9,596,000</u>	<u>5,388,000</u>
	<u>9,982,000</u>	<u>5,702,000</u>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 DEBTORS

	Group <u>30 Sept 94</u> £	Group <u>30 Sept 93</u> £	Company <u>30 Sept 94</u> £	Company <u>30 Sept 93</u> £
Trade debtors	9,517,746	4,358,971	-	-
Amount owed by parent undertaking	1,246,373	1,038,511	2	2
Amounts owed by fellow subsidiary undertakings	18,485,016	10,285,277	-	-
Other debtors	2,820,842	709,273	14,413	22,737
Prepayments and accrued income	2,398,268	1,240,947	-	-
VAT	95,030	244,622	-	-
	<u>34,563,275</u>	<u>17,877,601</u>	<u>14,415</u>	<u>22,739</u>

14 CREDITORS (amounts falling due within one year)

	Group <u>30 Sept 94</u> £	Group <u>30 Sept 93</u> £	Company <u>30 Sept 94</u> £	Company <u>30 Sept 93</u> £
Trade creditors	8,044,409	4,085,645	-	-
Amounts due to parent undertaking	5,429,701	5,900,983	-	-
Amounts due to fellow subsidiary undertakings	2,635,550	698,223	-	-
Amount due to subsidiary undertaking	-	-	12,591	22,016
Accruals	5,484,613	2,011,934	-	-
Deferred income	869,001	1,947,694	-	-
Obligations under finance lease (note 17)	2,729,167	2,729,167	-	-
Other creditors	535,257	-	487	-
	<u>25,727,698</u>	<u>17,373,646</u>	<u>13,078</u>	<u>22,016</u>

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

	Group <u>30 September 1994</u> £	Group <u>30 September 1993</u> £
Amounts due to parent undertaking	50,989,000	35,000,000
Amounts due to fellow subsidiary undertakings	-	48,968
Obligations under finance lease - 2-5 years (note 17)	2,729,166	5,458,333
	<u>53,718,166</u>	<u>40,507,301</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.

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 PROVISIONS FOR LIABILITIES AND CHARGES

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

	Group <u>30 September 1994</u> £	Group <u>30 September 1993</u> £
At 1 October	41,445	41,445
Released to profit and loss account	(41,445)	-
	<hr/>	<hr/>
At 30 September	-	41,445
	<hr/>	<hr/>
Consisting of potential tax arising on: Accelerated capital allowances	-	41,445
	<hr/>	<hr/>

There is no material unprovided deferred tax.

17 FINANCIAL COMMITMENTS

	Group <u>At 30 September 1994</u> £	Group <u>At 30 September 1993</u> £
(1) Capital commitment for investment in GMTV Limited:		
Share capital	-	-
Loan stock	-	1,000,000
	<hr/>	<hr/>
	-	1,000,000
	<hr/>	<hr/>
Refer to note 11.		
(2) Capital expenditure commitments relating to fixed assets:		
	£	£
Authorised but not contracted for	8,774,686	740,000
	<hr/>	<hr/>
Contracted for but not provided	720,000	360,000
	<hr/>	<hr/>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 FINANCIAL COMMITMENTS (CONTINUED)

(3) Finance lease due:

	Group <u>At 30 September 1994</u>	Group <u>At 30 September 1993</u>
	£	£
Within one year	4,039,148	4,039,148
In the second to fifth years inclusive	4,039,148	8,078,295
	<hr/>	<hr/>
	8,078,296	12,117,443
Finance charges	(2,619,963)	(3,929,943)
	<hr/>	<hr/>
	5,458,333	8,187,500
	<hr/> <hr/>	<hr/> <hr/>
Falling due within one year (Note 14)	2,729,167	2,729,167
Falling due after more than one year (Note 15)	2,729,166	5,458,333
	<hr/>	<hr/>
	5,458,333	8,187,500
	<hr/> <hr/>	<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.

	<u>At 30 September 1994</u>	<u>At 30 September 1993</u>
	£	£
Operating lease obligations		
Annual operating lease commitments for land and buildings by expiry date:		
After 5 years	2,290,000	3,044,000
	<hr/> <hr/>	<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

18 CALLED UP SHARE CAPITAL

	<u>Company</u> <u>30 September 1994</u>	<u>Company</u> <u>30 September 1993</u>
	£	£
Authorised: 100 Ordinary Shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted and fully paid: 99 Ordinary Shares of £1 each	99	99
	<u> </u>	<u> </u>

19 RESERVES

Group

	<u>Revenue</u> <u>reserves</u>	<u>Other</u> <u>reserves</u>	<u>Total</u>
	£	£	£
At 1 October 1993	(3,966,076)	318	(3,965,758)
Loss for the period	(272,322)	-	(272,322)
	<u> </u>	<u> </u>	<u> </u>
At 30 September 1994	(4,238,398)	318	(4,238,080)
	<u> </u>	<u> </u>	<u> </u>

Company

	<u>Revenue</u> <u>reserves</u>
	£
At 1 October 1993	721
Profit for the period	614
	<u> </u>
At 30 September 1994	1,335
	<u> </u>

WALT DISNEY HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group £	Company £
(Loss)/profit for the year	(272,322)	614
Net movement in shareholders' funds	(272,322)	614
Shareholders' funds at start of year	(3,965,659)	820
Shareholders' funds at end of year	(4,237,981)	1,434

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. Contributions to the Plan are charged to the profit and loss account in the year paid.

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.

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

22 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.

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.