

# **Walt Disney International Limited**

**(Registered Number: 2724503)**

**Directors' Report And Financial Statements  
Year Ended 30 September 2000**



# **Walt Disney International Limited**

## **Directors' Report For The Year Ended 30 September 2000**

The Directors present their report and the consolidated financial statements of the Company and the Group for the year ended 30 September 2000.

### **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 loss for the financial year is £1,144,999 (1999: £2,492,388). No dividends were paid during the year (1999: £3,500,000). The deficit for the year of £1,144,999 was transferred to reserves (1999: £5,992,338).

# Walt Disney International Limited

## Directors' Report For The Year Ended 30 September 2000 (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  
S H Hall (appointed 29 November 1999; resigned 9 June 2000)  
E M De Villers (appointed 29 November 1999; resigned 30 April 2000)  
N Curran (appointed 29 November 1999; resigned 21 June 2000)

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 2000 (Continued)

### Directors' Responsibilities

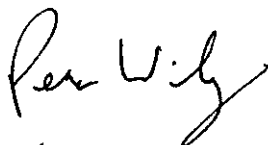
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year under review and of the profit or loss for that year. In preparing those financial statements, the Directors 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 27 March 2002



Director

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

We have audited the financial statements on pages 5 to 24.

## 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.

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.

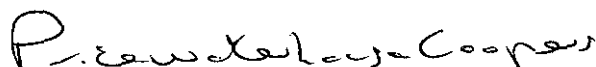
## Basis of Audit Opinion

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 judgements 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 the affairs of the Company and the Group at 30 September 2000 and of the loss 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

22 March 2002

# Walt Disney International Limited

## Consolidated Profit And Loss Account For The Year Ended 30 September 2000

	Note	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
<b>Turnover – continuing activities</b>	2, 3	668,408	517,090
Cost of sales		(350,304)	(264,060)
<b>Gross profit</b>		318,104	253,030
Royalties payable		(104,715)	(84,801)
Distribution costs		(53,127)	(39,097)
Administrative expenses		(155,974)	(141,129)
Other operating income		4,288	4,327
		(309,528)	(260,700)
<b>Operating profit/(loss) – continuing activities</b>		8,576	(7,670)
Interest receivable and similar income	4	3,419	5,904
Interest payable and similar charges	4	(5,176)	(4,197)
Loss on disposal of fixed assets		(2,024)	
<b>Profit/(loss on ordinary activities before taxation</b>	5	4,795	(5,963)
Taxation on profit/(loss) on ordinary activities	8	(5,940)	3,471
<b>Loss for the financial year</b>		(1,145)	(2,492)
Dividends – Including non equity		-	(3,500)
<b>Retained deficit for the financial year</b>	20	(1,145)	(5,992)

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.

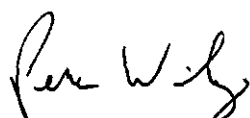
The notes on pages 9 to 24 form an integral part of these financial statements.

# Walt Disney International Limited

## Consolidated Balance Sheet As At 30 September 2000

	Note	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
<b>Fixed assets</b>			
Tangible assets	10	206,593	217,207
Investments	11	18,074	3,750
		<b>224,667</b>	<b>220,957</b>
<b>Current assets</b>			
Stock	12	27,975	30,311
Film and television costs	13	5,115	3,472
Debtors	14	466,114	244,585
Cash at bank and in hand		35,951	37,660
		<b>535,155</b>	<b>316,028</b>
<b>Creditors (amounts falling due within one year)</b>	15	<b>(558,168)</b>	<b>(266,729)</b>
<b>Net current (liabilities)/assets</b>		<b>(23,013)</b>	<b>49,299</b>
<b>Total assets less current liabilities</b>		<b>201,654</b>	<b>270,256</b>
<b>Creditors (amount falling due after more than one year)</b>	16	<b>(36,858)</b>	<b>(95,119)</b>
<b>Provision for liabilities and charges</b>	17	<b>(5,744)</b>	<b>(8,116)</b>
<b>Net assets</b>		<b>159,052</b>	<b>167,021</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		(13,879)	(5,910)
<b>Total shareholders' funds</b>		<b>159,052</b>	<b>167,021</b>
<b>Analysis of shareholders' funds</b>			
Equity		(1,127)	6,842
Non-equity		160,179	160,179
		<b>159,052</b>	<b>167,021</b>

Approved by the Board of Directors on 27 March.....2002



DIRECTOR

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

# Walt Disney International Limited

## Company Balance Sheet As At 30 September 2000

	Note	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
<b>Fixed assets</b>			
Investments	11	529,049	513,475
<b>Current assets</b>			
Debtors	14	20,704	18,204
Cash		677	10,409
		21,381	28,613
<b>Creditors (amounts falling due within one year)</b>	15	<b>(371,510)</b>	<b>(365,856)</b>
<b>Net current assets/(liabilities)</b>		<b>(350,129)</b>	<b>(337,243)</b>
<b>Net assets</b>		<b>178,920</b>	<b>176,232</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		5,989	3,301
<b>Total shareholders' funds</b>		<b>178,920</b>	<b>176,232</b>
<b>Analysis of shareholders' funds</b>			
Equity		18,741	16,053
Non-equity		160,179	160,179
		178,920	176,232

Approved by the Board of Directors on 27 March 2002

Director

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



# Walt Disney International Limited

## Statement Of Total Recognised Gains And Losses

		Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
	<i>Note</i>		
Profit/(loss) for the financial year	21	(1,145)	(2,492)
Currency translation differences on foreign currency net investments	21	(6,824)	(1,127)
<hr/>			
Total recognised gains and losses		(7,969)	(3,619)

### 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 2000

### 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 2000.

#### 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 2000

(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 2000

(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).

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000

(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 2000 £'000	Year ended 30 September 1999 £'000
Filmed Entertainment	326,540	273,070
Consumer Products	121,388	109,824
Cruise Line	215,620	122,592
Property Management	4,860	11,604
	<hr/> 668,408	<hr/> 517,090

£296,503,782 (1999: £172,827,843) of turnover is receivable from fellow subsidiary undertakings. All other turnover arises from third parties.

### 3 Segmental Reporting – by geographical origin

	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
<b>Turnover</b>		
United Kingdom	438,791	373,789
Europe	8,036	7,105
United States of America	221,581	136,196
	<hr/> 668,408	<hr/> 517,090

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 2000

(Continued)

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

Net Assets	Year ended	Year ended
	30 September	30 September
	2000	1999
	£'000	£'000
United Kingdom	234,085	224,242
United States of America	(68,636)	(57,221)
	<b>165,449</b>	<b>167,021</b>
Filmed Entertainment	108,505	78,242
Consumer Products	23,879	42,660
Cruise Line	(68,636)	(57,221)
Property Management	101,701	103,340
	<b>165,449</b>	<b>167,021</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	30 September
	2000	1999
	£'000	£'000
Interest receivable on loans to fellow subsidiary undertakings	3,419	5,904
	<b>3,419</b>	<b>5,904</b>
Interest payable on loans from group undertakings	(5,143)	(4,133)
Interest payable on bank loans and overdrafts	(33)	(64)
	<b>(5,176)</b>	<b>(4,197)</b>
	<b>(1,757)</b>	<b>1,707</b>

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000

(Continued)

### 5 Profit On Ordinary Activities Before Taxation

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

	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
Staff costs:		
Wages and salaries	84,889	68,898
Social security costs	6,751	5,014
Pension costs	1,796	1,479
Other employee benefits	1,250	995
Depreciation charge		
- owned assets	17,828	19,519
- leased assets	4,048	296
Operating lease rentals		
- land and buildings	13,471	11,399
- plant and equipment	429	462
- other	45,595	23,536
Auditors' remuneration		
- audit fees	304	293
- non-audit fees	103	209
Loss/(profit) on disposal of fixed assets	1,957	-
Exchange gain	(13)	(40)

Auditors remuneration in respect of the Company was £9,400 (1999: £8,750).

Loss/(profit) on disposal of fixed assets includes a loss of £2,024,000 in relation to Magical Cruise Company Limited's disposal of certain stage show assets, which were disposed of to allow for a change in entertainment venue, in conjunction with the 7 Day Cruise offered aboard the Disney Magic.

### 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 2000 £	Year ended 30 September 1999 £
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 2000

(Continued)

### 7 Employees

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

	Year ended 30 September 2000	Year ended 30 September 1999
Administration and property management	862	695
Consumer products	1,734	1,759
Cruise lines	1,864	1,214
Filmed entertainment	301	460
	<hr/> 4,761	<hr/> 4,128

The Company had no employees during the year.

### 8 Taxation

	Year ended 30 September 2000 £'000	Year ended 30 September 1999 £'000
Taxation on profit for the year		
UK Corporation tax at 30% (1999: 31%)	981	-
Under/ (over) provision in prior years	7,243	(4,723)
Withholding Tax Suffered	25	-
Deferred taxation	(2,309)	1,252
	<hr/> 5,940	<hr/> (3,471)

The charge for current taxation is based upon the taxable profit for the Group at 30% (1999: 31%) 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 2000 is £5,988,807 (1999: £3,300,706) while the Company's profit for the financial year is £2,688,101 (1999: £6,801,385).



# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000 (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 1999	8,838	157,854	16,552	66,911	753	21,617	272,525
Additions	-	161	349	5,564	4,294	2,133	12,501
Reclassification	-	84	1,730	2,222	(4,036)	-	-
Foreign Exchange Gain/(Loss)	-	-	-	2,522	-	-	2,522
Disposals/Retirements	-	-	(736)	(4,567)	(5)	(647)	(5,955)
At 30 September 2000	8,838	158,099	17,895	72,652	1,006	23,103	281,593
<b>Depreciation</b>							
At 1 October 1999	-	9,345	7,488	24,577	-	13,908	55,318
Charge during period	-	4,048	2,301	12,429	-	3,098	21,876
Reclassifications	-	-	-	-	-	-	-
Foreign Exchange Gain/(Loss)	-	-	-	677	-	-	677
Disposals/Retirements	-	-	(514)	(2,216)	-	(141)	(2,871)
At 30 September 2000	-	13,393	9,275	35,467	-	16,865	75,000
<b>Net book amount</b>							
At 30 September 2000	8,838	144,706	8,620	37,185	1,006	6,238	206,593
At 1 October 1999	8,838	148,509	9,064	42,334	753	7,709	217,207

Interest capitalised on freehold and long leasehold assets included in additions amounted to £nil during the year (1999: £nil). The cumulative amount of interest capitalised in the total cost above amounts to £913,856.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000

(Continued)

### 11 Investments

Group	Shares £'000	Loans £'000	Total £'000
<b>Cost</b>			
At 1 October 1999	2,402	3,780	6,182
Repayment	-	(1,250)	(1,250)
At 30 September 2000	2,402	2,530	4,932
<b>Provision</b>			
At 1 October 1999	(2,402)	(30)	(2,432)
Provisions	-	-	-
At 30 September 2000	(2,402)	(30)	(2,432)
<b>Net Book Amount</b>			
At 30 September 2000	-	2,500	2,500
At 30 September 1999	-	3,750	3,750

The Group holds two investments through a subsidiary undertaking.

At 30 September 2000 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.

In 1999, the Group, via a subsidiary undertaking, acquired at cost from The Law Debenture Trust, the remaining 50% of the issued share capital of GM 1995 Limited, an investment holding company registered in England, the shares of which are not listed on the London Stock Exchange. GM 1995 Limited is now a wholly owned subsidiary of The Walt Disney Company Limited. On the basis of the Directors' valuation, the carrying value of the investment was written down to nil, including a provision of £30,000 against loans made to GM 1995. The cost of the write-down was borne by a fellow subsidiary undertaking.

#### Company

##### Fixed asset investments

	30 September 2000 £'000	30 September 1999 £'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 2000

(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.

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

#### Other Investments

	Group 30 September 2000 £'000	Group 30 September 1999 £'000	Company 30 September 2000 £'000	Company 30 September 1999 £'000
Investment in The Walt Disney Company Stock Compensation Fund II	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 2000

(Continued)

### 12 Stocks

	Group 30 September 2000 £'000	Group 30 September 1999 £'000
Consumables	1,466	1,532
Goods for resale	26,509	28,779
	<u>27,975</u>	<u>30,111</u>

### 13 Film And Television Costs

	Group 30 September 2000 £'000	Group 30 September 1999 £'000
Deferred film costs	1,329	1,410
Programmes in production	3,786	2,062
	<u>5,115</u>	<u>3,472</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 30 September 2000 £'000	Group 30 September 1999 £'000	Company 30 September 2000 £'000	Company 30 September 1999 £'000
Trade debtors	97,627	59,178		-
Amounts owed by fellow subsidiary undertakings	348,523	158,311	20,569	18,069
Other debtors	9,466	12,808	135	135
Prepayments and accrued income	10,498	14,288		-
	<u>466,114</u>	<u>244,585</u>	<u>20,704</u>	<u>18,204</u>

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000

(Continued)

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

	Group 30 September 2000 £'000	Group 30 September 1999 £'000	Company 30 September 2000 £'000	Company 30 September 1999 £'000
Bank loans and overdrafts	7,432	6,688	-	-
Trade creditors	46,700	39,997	-	-
Amounts due to fellow subsidiary undertakings	400,639	148,084	371,430	365,856
Taxation and social security	9,675	898	80	-
Accruals and deferred income	33,472	25,788	-	-
Other creditors	60,250	45,274	-	-
	<b>558,168</b>	<b>266,729</b>	<b>371,510</b>	<b>365,856</b>

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

	Group 30 September 2000 £'000	Group 30 September 1999 £'000
<b>Amounts payable within 2 to 5 years</b>		
Amounts due to parent undertaking	36,858	27,840
Amounts due to fellow subsidiary undertaking	-	67,279
	<b>36,858</b>	<b>95,119</b>

### 17 Provision For Liabilities And Charges

	Deferred Tax Provision £'000	Other £'000	Total £'000
At 1 October 1999	7,866	250	8,116
Charged to the profit and loss account in the year	(2,309)	(250)	(2,559)
Foreign exchange loss	187	-	187
At 30 September 2000	<b>5,744</b>	<b>-</b>	<b>5,744</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.

Beauty and the Beast at the Dominion Theatre closed in December 1999 and closure costs were provided in the 1999 accounts. The provision of £250,000, which included all expenditure associated with employee redundancies, physical removal of production assets from the theatre and reinstatement of the theatre to its original state prior to the production's commencement, was fully utilised in 2000.

# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000

(Continued)

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

Unrecognised deferred tax liabilities/(assets)		
Accelerated capital allowances	690	821
Short-term timing differences	(443)	(143)
Losses	(7,033)	(5,706)
	<u>(6,786)</u>	<u>(5,028)</u>

### 18 Financial Commitments

(1) Capital expenditure commitments relating to fixed assets:

	Group 30 September 2000 £'000	Group 30 September 1999 £'000
Contracted for but not provided	5,715	4,243

(2) Operating lease obligations

	Group 30 September 2000 £'000	Group 30 September 1999 £'000
Payments payable within one year of the balance sheet date were in respect of leases expiring:		
Land and buildings:		
Within one year	125	-
Between two and five years	640	890
After five years	9,563	6,815
Plant and machinery:		
Within one year	71	587
Between two and five years	336	2,096
After five years	-	-
Cruise Vessels:		
Within one year	-	-
Between two and five years	-	-
After five years	47,261	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 2000

(Continued)

### 19 Called Up Share Capital

	Company 30 September 2000 £	Company 30 September 1999 £
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
	<b>1,000,000,300</b>	<b>1,000,000,300</b>
Allotted and fully paid:		
101 Ordinary shares (equity) of £1 each	101	101
515,276,799 'A' redeemable Ordinary shares (non-equity) of £1 each	160,179,113	160,179,113
	<b>160,179,214</b>	<b>160,179,214</b>

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 to the value of 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 2000

(Continued)

### 20 Reserves

#### Group

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
At 1 October 1999	(5,910)	12,752	6,842
Foreign exchange adjustment	(6,824)	-	(6,824)
Retained deficit for the year	(1,145)	-	(485)
<b>Total reserves at 30 September 2000</b>	<b>(13,879)</b>	<b>12,752</b>	<b>(467)</b>

#### Company

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
At 1 October 1999	3,301	12,752	16,053
Retained profit for the year	2,688	-	2,688
<b>Total reserves at 30 September 2000</b>	<b>5,989</b>	<b>12,752</b>	<b>18,741</b>

Other reserves represent capital contributions received from fellow subsidiary undertakings.

### 21 Reconciliation Of Movements In Shareholders' Funds

	Group £'000	Company £'000
Shareholders' funds at start of year	167,021	176,232
Profit / (Loss) for the year	(1,145)	2,688
Foreign exchange adjustment	(6,824)	-
<b>Shareholders' funds at end of year</b>	<b>159,052</b>	<b>178,920</b>



# Walt Disney International Limited

## Notes To The Financial Statements For The Year Ended 30 September 2000

(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\$208,000 (1999: \$244,000). 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% (1999: 10.5%) per annum, the rate of salary increase would be 5.5% (1999: 5.1%) per annum, and the discount rate 8% (1999: 7.5%).

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 £1,780,257 (1999: £1,268,000).

### 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.