

Walt Disney International Limited

(Registered Number: 2724503)

**Directors' Report And Financial Statements
Year Ended 30 September 2003**



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Walt Disney International Limited

Directors' Report For The Year Ended 30 September 2003

The Directors present their report and the consolidated financial statements of the Company and the Group for the year ended 30 September 2003.

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 and DVD rental and sell through, cruise vessel operations and retail merchandising.

Revenue and profits across the whole company suffered a slight decrease caused primarily by a drop in revenues and profit from retail stores and the translation of cruise line activities from US dollars to pound sterling. The Group will continue to promote its principal activities.

Results And Dividends

The profit for the financial year is £47,322,926 (2002: £54,075,240). Interim dividends were paid during the year of £63,400,000 (2002: £56,300,000). The retained loss for the year of £16,077,074 was transferred from reserves (2002: £2,224,760).

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	(resigned 19 th March 2004)
B R Chapman	(resigned 19 th September 2003)
M L Reed	(resigned 19 th March 2004)
P L Wiley	(resigned 19 th March 2004)
N Cook	(appointed 5 th March 2004)
C Rose	(appointed 5 th March 2004)

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.

Walt Disney International Limited

Directors' Report For The Year Ended 30 September 2003 (continued)

Post Balance Sheet Events

On the 13th December 2003 the trading and associated assets of Supercomm Europe Limited were sold to SCE Acquisition Company Limited. Subsequently, Supercomm Europe Limited changed its name to Buena Vista Media Tracking Europe Limited. The sale was part of a wider group sale of which the allocated proceeds generated a loss on sale of £65,301.

On 28 March 2004, as part of a group restructure, the net assets and trade of the following subsidiaries were transferred to The Walt Disney Company Limited, another subsidiary undertaking, for consideration equal to the net book value at the time of transfer.

Buena Vista Home Entertainment Limited
Buena Vista International Limited
Walt Disney Productions Limited
Walt Disney Properties UK Limited
Disney Real Estate Investments Limited
Broadway Shopping Centre Limited
Disney Theatrical Productions UK Limited

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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors on 25 March 2003.

Walt Disney International Limited

Directors' Report For The Year Ended 30 September 2003 (continued)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2003 and that applicable accounting standards have been followed.

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

By order of the Board on 21 July 2005.

A handwritten signature in black ink, appearing to read 'NACody', is written over a horizontal line.

Director

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

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.

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 report, including the opinion has been prepared for and only for the company's members as a body 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.

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 2003 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 LLP
Chartered Accountants and Registered Auditors
London

21 July 2005

Walt Disney International Limited

Consolidated Profit And Loss Account For The Year Ended 30 September 2003

	Note	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Turnover – continuing activities	2, 3	809,081	818,813
Cost of sales		(382,432)	(395,567)
Gross profit		426,649	423,246
Royalties payable		(160,857)	(153,948)
Distribution costs		(58,555)	(61,788)
Administrative expenses		(152,467)	(162,019)
Other operating income		9,979	11,179
		(361,900)	(366,576)
Operating profit – continuing activities		64,749	56,670
Interest receivable and similar income	4	2,245	3,748
Interest payable and similar charges	4	(2,040)	(3,334)
Profit on disposal of fixed assets	5, 11	3,620	16,117
Profit on ordinary activities before taxation	5	68,574	73,201
Taxation on profit on ordinary activities	9	(21,252)	(19,126)
Profit for the financial year		47,323	54,075
Dividends – equity and non equity	21	(63,400)	(56,300)
Retained loss for the financial year	20	(16,077)	(2,225)

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 25 form an integral part of these financial statements.

Walt Disney International Limited

Consolidated Balance Sheet As At 30 September 2003

	Note	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Fixed assets			
Tangible assets	10	160,098	163,728
Investments	11	-	15,574
		160,098	179,302
Current assets			
Stock	12	24,737	34,565
Film and television costs	13	767	725
Debtors	14	830,128	809,423
Cash at bank and in hand		54,264	113,170
		909,896	957,883
Creditors (amounts falling due within one year)	15	(912,553)	(932,111)
Net current (liabilities)/assets		(2,657)	25,772
Total assets less current liabilities		157,441	205,073
Creditors (amount falling due after more than one year)	16	(719)	(36,798)
Provision for liabilities and charges	17	(4,045)	(1,453)
Net assets		152,676	166,822
Capital and reserves			
	19,20,21		
Called up share capital		160,179	160,179
Other reserves		12,752	12,752
Profit and loss account		(20,255)	(6,109)
Total shareholders' funds		152,676	166,822
Analysis of shareholders' funds			
Equity		(7,503)	6,643
Non-equity		160,179	160,179
		152,676	166,822

Approved by the Board of Directors on 21 July 2005



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 2003

	Note	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Fixed assets			
Investments	11	164,822	180,396
Current assets			
Debtors	14	32,001	6,235
Cash		356	40,832
		32,357	47,067
Creditors (amounts falling due within one year)	15	(23,314)	(51,973)
Net current assets/(liabilities)		9,043	(4,906)
Net assets		173,865	175,490
Capital and reserves			
	19,20,21		
Called up share capital		160,179	160,179
Other reserves		12,752	12,752
Profit and loss account		934	2,559
Total shareholders' funds		173,865	175,490
Analysis of shareholders' funds			
Equity		13,686	15,311
Non-equity		160,179	160,179
		173,865	175,490

Approved by the Board of Directors on 21 July 2005

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 2003	Year ended 30 September 2002
Profit for the financial year	21	£'000 47,323	£'000 54,075
Currency translation differences on foreign currency net investments	21	1,931	2,959
Total recognised gains relating to the year		49,254	57,034

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

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

1 Accounting Policies

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and 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 2003.

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 and DVD 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.
- Merchandise licensing advance and minimum guarantee payments are recognised when the underlying royalties are earned.
- 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 2003

(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.

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

1 Accounting Policies (Continued)

j) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

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

m) Cruise deposits

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

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

1 Accounting Policies (Continued)

n) 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.

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 2003

(Continued)

2 Turnover

Turnover, which arises mainly in the United Kingdom, principally comprises video cassette and DVD 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 2003 £'000	Year ended 30 September 2002 £'000
Filmed Entertainment	425,314	414,437
Consumer Products	150,515	156,483
Cruise Line	231,703	246,411
Property Management	19,053	20,889
Total turnover	826,585	838,220
Less inter-segment turnover	(17,504)	(19,407)
Turnover to other parties	809,081	818,813

£77,091,318 (2002: £73,369,836) 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 2003 £'000	Year ended 30 September 2002 £'000
Turnover		
United Kingdom	579,853	580,105
Europe	9,729	6,678
United States of America	237,003	251,437
Total turnover	826,585	838,220
Less inter-segment turnover	(17,504)	(19,407)
Turnover to other parties	809,081	818,813

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 2003

(Continued)

3 Segmental Reporting – by geographical origin (Continued)

	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Net Assets		
United Kingdom	180,416	209,786
United States of America	(27,740)	(42,964)
	152,676	166,822
Filmed Entertainment	43,262	58,201
Consumer Products	28,775	27,938
Cruise Line	(27,740)	(42,964)
Property Management	108,379	123,647
	152,676	166,822

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 30 September 2003 £'000	Year ended 30 September 2002 £'000
Interest receivable on loans to group undertakings	-	151
Interest receivable on bank deposits	2,245	3,597
Total interest receivable	2,245	3,748
Interest payable on loans from group undertakings	(1,961)	(82)
Interest payable on bank loans and overdrafts	(79)	(3,252)
Total interest payable	(2,040)	(3,334)
	205	414

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

5 Profit On Ordinary Activities Before Taxation

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

	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Staff costs:		
Wages and salaries	92,303	94,939
Social security costs	6,542	6,749
Pension costs	2,617	2,483
Other employee benefits	2,455	1,833
Depreciation charge		
- owned assets	18,145	20,096
- leased assets	6	145
Operating lease rentals		
- land and buildings	14,335	12,193
- plant and equipment	1,077	1,495
- other	40,687	44,324
Auditors' remuneration		
- audit fees	350	318
- non-audit fees	84	81
Profit on disposal of fixed assets	(3,620)	(16,117)
Exchange losses/(gains)	175	(677)

Auditors remuneration in respect of the Company was £11,000 (2002: £8,280).

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 2003 £	Year ended 30 September 2002 £
Aggregate Emoluments – fees	500	500

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 2003

(Continued)

7 Employees

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

	Year ended 30 September 2003	Year ended 30 September 2002
Administration and property management	819	846
Consumer products	1,924	1,756
Cruise lines	1,938	1,904
Filmed entertainment	369	350
	5,050	4,876

The Company had no employees during the year.

8 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 profit for the financial year is £61,774,637 (2002: £55,806,471) while the Company's retained loss as at 30 September 2003 is £933,861 (2002: loss of £2,559,224).

9 Taxation

The charge for taxation is based upon the taxable profit for the year and comprises:

	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Tax on profit on ordinary activities:		
(a) Analysis of charge in period		
Current tax:		
UK corporation tax at 30% (2002: 30%)	20,480	21,207
Prior year (over) provision	(1,800)	(230)
Total current tax	18,680	20,977
Deferred tax:		
Origination and reversal of timing differences	259	(2,256)
Prior year under provision	2,313	405
Total deferred tax	2,572	(1,851)
Tax on profit on ordinary activities	21,252	19,126

The tax charge for the year includes £993,000 relating to the gain on liquidation of the stock compensation scheme.

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

9 Taxation (Continued)

(b) Factors affecting tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Profit on ordinary activities before tax	68,574	73,201
Expected tax at 30%	20,572	21,960
Effects of:		
Expenses not deductible for tax purposes	1,323	1,579
Timing differences in respect of capital allowances	(472)	225
(Profit)/Loss on sale of fixed assets	(281)	736
Other timing differences	(934)	1,412
Adjustments relating to prior years	(1,800)	(230)
Intra group transfer of property at no gain or loss	-	(3,838)
Interest not paid	329	(883)
Utilisation of tax losses	(57)	-
Overseas taxes suffered	-	16
Current tax charge for period	18,680	20,977

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003 (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
Cost							
At 1 October 2002	-	138,190	19,968	78,517	1,556	29,945	268,176
Additions	-	-	32	6,444	4,788	7,206	18,470
Reclassification	-	-	74	95	(169)	-	-
Foreign exchange loss	-	-	-	(1,430)	(84)	-	(1,514)
Disposals/retirements	-	(25)	(1,171)	(6,808)	(2,375)	(15,534)	(25,913)
At 30 September 2003	-	138,165	18,903	76,818	3,716	21,617	259,219
Depreciation							
At 1 October 2002	-	17,357	12,355	53,073	-	21,662	104,447
Charge during period	-	3,607	1,803	10,514	-	2,228	18,152
Impairment Provision	-	-	-	-	-	-	-
Foreign exchange loss	-	-	-	(1,071)	-	-	(1,071)
Disposals/Retirements	-	(25)	(1,079)	(6,030)	-	(15,273)	(22,407)
At 30 September 2003	-	20,939	13,078	56,487	-	8,617	99,121
Net book amount							
At 30 September 2003	-	117,226	5,825	20,331	3,716	13,000	160,098
At 1 October 2002	-	120,833	7,613	25,443	1,555	8,283	163,728

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

11 Investments

The Group holds an investment through subsidiary undertakings.

As at the 30 September 2003, 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 on the Director's valuation, this investment has been written down to nil in prior years. The costs of the write-downs were borne by fellow subsidiary undertakings.

Company

Investments in subsidiary undertakings

£'000

Unlisted shares at 30 September 2002 and 30 September 2003	164,822
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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%
1 Hammersmith Broadway Ltd	Property Management	England	100%
Broadway Shopping Centre Ltd	Property 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%
	Revenue sharing data processing, reporting and auditing services	England	100%
Buena Vista Media Tracking Europe Limited			
GM1995 Limited	Holding Company	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.

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

11 Investments (Continued)

Other Investments

	Group 30 September 2003 £'000	Group 30 September 2002 £'000	Company 30 September 2003 £'000	Company 30 September 2002 £'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. During the year ended 30 September 2003, the fund was put into liquidation and the company received £19,926,000, resulting on a profit on disposal of £4,352,000.

12 Stocks

	Group 30 September 2003 £'000	Group 30 September 2002 £'000
Consumables	1,384	1,408
Goods for resale	23,353	33,157
	24,737	34,565

13 Film And Television Costs

	Group 30 September 2003 £'000	Group 30 September 2002 £'000
Programmes in production	767	725
	767	725

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

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

14 Debtors

	Group 30 September 2003 £'000	Group 30 September 2002 £'000	Company 30 September 2003 £'000	Company 30 September 2002 £'000
Trade debtors	58,775	106,994	-	-
Amounts owed by fellow subsidiary undertakings	740,180	636,178	32,000	6,100
Other debtors	13,465	11,526	1	135
Prepayments and accrued income	17,708	54,725	-	-
	830,128	809,423	32,001	6,235

15 Creditors (amounts falling due within one year)

	Group 30 September 2003 £'000	Group 30 September 2002 £'000	Company 30 September 2003 £'000	Company 30 September 2002 £'000
Bank loans and overdrafts	-	41,911	-	-
Trade creditors	24,218	24,411	-	-
Amounts due to fellow subsidiary undertakings	743,593	714,104	21,991	51,299
Taxation and social security	23,603	27,939	1,312	662
Accruals and deferred income	73,561	71,239	11	12
Other creditors	47,578	52,507	-	-
	912,553	932,111	23,314	51,973

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

	Group 30 September 2003 £'000	Group 30 September 2002 £'000
Amounts payable within 2 to 5 years		
Amounts due to subsidiary undertakings	719	-
Amounts due to parent undertaking	-	36,798
	719	36,798

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

17 Deferred Taxation

The deferred tax liability comprises the following amounts:

	Year ended 30 September 2003 £'000	Year ended 30 September 2002 £'000
Accelerated capital allowances	5,481	5,128
Tax losses carried forward	-	-
Short term timing differences	(1,436)	(3,675)
Undiscounted deferred tax liability	4,045	1,453
Liability at start of period	1,453	
Deferred tax charge in profit and loss account	2,572	
Foreign exchange adjustment	20	
Liability at end of period	4,045	

18 Financial Commitments

(1) Capital expenditure commitments relating to fixed assets:

	Group 30 September 2003 £'000	Group 30 September 2002 £'000
Contracted for but not provided	-	-

(2) Operating lease obligations

	Group 30 September 2003 £'000	Group 30 September 2002 £'000
Payments payable within one year of the balance sheet date were in respect of leases expiring:		
Land and buildings:		
Within one year	634	325
Between two and five years	1,429	565
After five years	10,992	10,002

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(Continued)

18 Financial Commitments (continued)

Plant and machinery:

Within one year	261	88
Between two and five years	433	162
After five years	-	-

Cruise Vessels:

Within one year	-	-
Between two and five years	-	-
After five years	42,030	44,552

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.

19 Called Up Share Capital

	Company 30 September 2003 £	Company 30 September 2002 £
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
	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
	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 2003

(Continued)

20 Reserves

Group

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
At 1 October 2002	(6,109)	12,752	6,643
Foreign exchange adjustment	1,931	-	1,931
Retained loss for the year	(16,077)	-	(16,077)
Total reserves at 30 September 2003	(20,255)	12,752	(7,503)

Company

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
At 1 October 2002	2,559	12,752	15,311
Retained loss for the year	(1,625)	-	(1,625)
Total reserves at 30 September 2003	934	12,752	13,686

Other reserves represent capital contributions received from fellow subsidiary undertakings.

21 Reconciliation of Movements in Shareholders' Funds

	Group 30 September 2003 £'000	Company 30 September 2003 £'000
Profit for the year	47,323	61,775
Dividends	(63,400)	(63,400)
	(16,077)	(1,625)
Foreign exchange adjustment	1,931	-
Net reduction in shareholders' funds	(14,146)	(1,625)
Opening shareholders' funds	166,822	175,490
Closing shareholders' funds	152,676	173,865

The dividends paid to equity shareholders totalled £39.97. The remaining amount is in respect of payments to non equity shareholders.

Walt Disney International Limited

Notes To The Financial Statements For The Year Ended 30 September 2003

(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.

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 £2,616,735 (2002: £2,483,157).

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\$418,000 (2002: US\$340,000).

Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company and Subsidiaries. Magical Cruise Company Limited is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore the company accounts for the contributions to the scheme as if it were a defined contribution scheme. Details of the more significant points of the scheme are discussed below.

At the date of the latest actuarial valuation at July 1, 2003, the market value of the assets of the scheme was \$1,164,000,000 (2002: \$1,150,200,000), and the actuarial value of the assets was sufficient to cover 66.3% (2002: 89.5%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

23 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party 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.