

# Walt Disney International Limited

(Registered Number: 2724503)

Directors' Report And Financial Statements  
Year Ended 1 October 2005



# Walt Disney International Limited

## Directors' Report For The Year Ended 1 October 2005

The Directors present their report and the consolidated financial statements of the Company and the Group for the year ended 1 October 2005.

### 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 its principal activity is as a holding company for the group in the United Kingdom.

During the previous year, a group restructure was performed to transfer the shares of the following subsidiaries to a fellow subsidiary undertaking, *The Walt Disney Company Limited: Buena Vista Home Entertainment Limited* ("BVHE"), *Buena Vista International Limited* ("BVI"), *Walt Disney Properties (UK) Limited* ("WDP"), *Walt Disney Productions Limited* ("Productions"), *Disney Real Estate Investments (UK) Limited* ("DREI"), *Disney Theatrical Productions Limited* ("DTP"), *1 Hammersmith Broadway* ("1HB") and *Broadway Shopping Centre* ("BSC"). This restructure was undertaken to reduce the number of legal entities within the group, therefore the net assets of these subsidiaries, with the exception of 1 Hammersmith Broadway, have also been transferred to the fellow subsidiary undertaking and the legal entities are being liquidated. The principal activities of the group remain unchanged as a result of the restructure.

The principal activities of the group are set out in note 13 to the financial statements and include television broadcasting, licensing and production services, theatrical distribution of films, video and digital versatile disc rental and sell through, cruise vessel operations and retail merchandising.

Revenue decreased over the year primarily due to the downturn in the sell through of DVDs. The group will continue to promote its principal activities.

### Results And Dividends

The profit for the financial year is £44,892,000 (2004: profit of £75,153,000). Interim dividends were paid during the year of £94,000,000 (2004: nil). The Company's profit for the financial year is £95,036,747 (2004: loss of £38,549,818).

### Directors And Their Interests

The Directors who held office during the year and to the date of this report were as follows:

M L Reed  
N Cook  
C Rose

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 1 October 2005 (continued)

### 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 ultimate parent company's annual report.

### Auditors

An elective resolution has been passed to dispense with the obligation to annually reappoint the auditors, and therefore PricewaterhouseCoopers LLP are deemed to be reappointed for the next financial year.

### 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 1 October 2005 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 December 2006

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 1 October 2005 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 LLP**

Chartered Accountants and Registered Auditors  
London

21 December 2006

*For: P.L.C. 2006*

# Walt Disney International Limited

## Consolidated Profit And Loss Account For The Year Ended 1 October 2005

|  | Note | Continuing<br>£'000 | Acquired<br>£'000 | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30<br>September<br>2004<br>£'000 |
|--|------|---------------------|-------------------|--|--|
| Turnover   | 2, 3 | 865,717             | 706               | 866,423                                  | 949,320  |
| Cost of sales  |      | (380,304)           | (676)             | (380,980)                                | (396,475)                                      |
| <b>Gross profit</b>  |      | 485,413             | 30                | 485,443                                  | 552,845  |
| Distribution costs   |      | (51,591)            | -                 | (51,591)                                 | (57,570)                                       |
| Administrative expenses  |      | (366,560)           | (278)             | (366,838)                                | (390,749)                                      |
| <b>Operating profit / (loss)</b>                                   |      | 67,262              | (248)             | 67,014                                   | 104,526  |
| Share of results of joint venture & associates                     | 5    | 10,301              | -                 | 10,301                                   | 5,476  |
| <b>Operating profit including associates</b>                       |      | 77,563              | (248)             | 77,315                                   | 110,002  |
| Interest receivable and similar income                             | 4    | 2,810               | -                 | 2,810                                    | 2,344  |
| Interest payable and similar charges                               | 4    | (11,225)            | (6)               | (11,231)                                 | (8,509)  |
| Loss on disposal of fixed assets                                   | 6    | (67)                | -                 | (67)                                     | (20)   |
| Share in interest and other non-operating activities of associates | 14   | (236)               | -                 | (236)                                    | (210)  |
| <b>Profit/ (loss) on ordinary activities before taxation</b>       | 6    | 68,845              | (254)             | 68,591                                   | 103,607  |
| Taxation on profit/ (loss) on ordinary activities                  | 11   | (23,702)            | 3                 | (23,699)                                 | (28,454)                                       |
| <b>Profit/ (loss) for the financial year</b>                       |      | 45,143              | (251)             | 44,892                                   | 75,153   |
| Dividends – equity and non-equity                                  | 10   | (94,000)            | -                 | (94,000)                                 | -  |
| <b>Retained (loss) / profit for the financial year</b>             | 24   | (48,857)            | (251)             | (49,108)                                 | 75,153   |

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 26 form part of these financial statements

# Walt Disney International Limited

## Consolidated Statement Of Total Recognised Gains And Losses

|  | Note | Year ended 1<br>October 2005<br>£'000 | Year ended 30<br>September<br>2004<br>£'000 |
|--|------|---------------------------------------|---|
| Profit for the financial year  | 25   | 44,892                                | 75,153                                      |
| Currency translation differences on foreign currency net investments | 25   | 644                                   | 1,967                                       |
| <b>Total recognised gains and losses relating to the year</b>        |      | <b>45,536</b>                         | <b>77,120</b>                               |

# Walt Disney International Limited

## Consolidated Balance Sheet As At 1 October 2005

|  | Note | As at 1<br>October 2005<br>£'000 | As at 30<br>September<br>2004<br>£'000 |
|--|------|----------------------------------|--|
| <b>Fixed assets</b>                                    |      |                                  |  |
| Tangible assets  | 12   | 149,479                          | 146,906                                |
| Investments  | 13   | 6,235                            | -                                      |
| Share in net assets of associates                      | 14   | 5,922                            | 1,205                                  |
| Goodwill   | 16   | 3,685                            | 4,216                                  |
|  |      | 165,321                          | 152,327                                |
| <b>Current assets</b>                                  |      |                                  |  |
| Stock  | 17   | 28,651                           | 36,708                                 |
| Debtors – amounts falling due within one year          | 18   | 479,410                          | 995,797                                |
| Debtors – amounts falling due after more than one year | 19   | 255,022                          | 252,267                                |
| Cash at bank and in hand                               |      | 47,742                           | 57,403                                 |
|  |      | 810,825                          | 1,342,175                              |
| <b>Creditors (amounts falling due within one year)</b> | 20   | (715,780)                        | (1,188,871)                            |
| <b>Net current assets</b>                              |      | 95,045                           | 153,304                                |
| <b>Total assets less current liabilities</b>           |      | 260,366                          | 305,631                                |
| <b>Deferred taxation liability</b>                     | 21   | (79,034)                         | (75,835)                               |
| <b>Net assets</b>                                      |      | 181,332                          | 229,796                                |
| <b>Capital and reserves</b> 23,24,25                   |      |                                  |  |
| Called up share capital                                |      | 160,179                          | 160,179                                |
| Other reserves   |      | 12,752                           | 12,752                                 |
| Profit and loss account                                |      | 8,401                            | 56,865                                 |
| <b>Total shareholders' funds</b>                       |      | 181,332                          | 229,796                                |
| <b>Analysis of shareholders' funds</b>                 |      |                                  |  |
| Equity   |      | 21,153                           | 69,617                                 |
| Non-equity   |      | 160,179                          | 160,179                                |
|  |      | 181,332                          | 229,796                                |

The financial pages on pages 5 to 26 were approved by the Board of Directors on 21 December 2006 and were signed on its behalf by:

Director



# Walt Disney International Limited

## Company Balance Sheet As At 1 October 2005

|   | Note | As at 1<br>October 2005<br>£'000 | As at 30<br>September<br>2004<br>£'000 |
|---|------|----------------------------------|--|
| <b>Fixed assets</b>   |      |                                  |  |
| Investments   | 13   | 125,861                          | 125,861                                |
| <b>Current assets</b>   |      |                                  |  |
| Debtors   | 18   | 33,659                           | 32,763                                 |
| Cash  |      | 7                                | 207                                    |
|   |      | 33,666                           | 32,970                                 |
| <b>Creditors (amounts falling due within one year)</b>                  | 20   | (23,175)                         | (23,516)                               |
| <b>Net current assets</b>   |      | 10,491                           | 9,454                                  |
| <b>Net assets</b>   |      | 136,352                          | 135,315                                |
| <b>Capital and reserves</b> <span style="float: right;">23,24,25</span> |      |                                  |  |
| Called up share capital   |      | 160,179                          | 160,179                                |
| Other reserves  |      | 12,752                           | 12,752                                 |
| Profit and loss account   |      | (36,579)                         | (37,616)                               |
| <b>Total shareholders' funds</b>  |      | 136,352                          | 135,315                                |
| <b>Analysis of shareholders' funds</b>                                  |      |                                  |  |
| Equity  |      | (23,827)                         | (24,864)                               |
| Non-equity  |      | 160,179                          | 160,179                                |
|   |      | 136,352                          | 135,315                                |

The financial pages on pages 5 to 26 were approved by the Board of Directors on 21 December 2006 and were signed on its behalf by:

Director





# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005

### 1 Accounting Policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards on a basis consistent with the prior period. The principal accounting policies are set out below.

#### a) Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries made up to 1 October 2005.

#### b) Investments in subsidiary undertakings and joint ventures

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. The Group treats as a joint venture any entity in which it has an interest held for the long-term and where joint control exists with a third party. Equity accounting is adopted in respect of associated undertakings and joint ventures except that losses are not recognised in instances where the undertaking or joint venture 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) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off in a straight line basis over its useful economic life.

#### e) Tangible fixed assets and depreciation

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   | - | 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.

# Walt Disney International Limited

## Notes to the Accounts for the Year Ended 1 October 2005

### 1 Accounting Policies (continued)

#### 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) 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.

#### k) Cruise deposits

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

#### l) 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.

# Walt Disney International Limited

## Notes to the Accounts for the Year Ended 1 October 2005

### 1 Accounting Policies (continued)

#### m) Turnover

- Television licensing income is recognised in the period in which the features are available for immediate delivery, the license period has begun and the arrangement fee is reasonably assured.
- Television subscription revenue is recognised in the month of subscription.
- Licensing income from character merchandising and publications is recognised in the period in which the licensee makes the equivalent sale. Minimum guarantees and advances on such licences are deferred and offset against licensing income as it is earned. Any minimum guarantee which is not earned out by the end of the contract is recognised on that date.
- Income from film distribution is based on a percentage share of gross Box Office and is recognised when the film is exhibited.
- Income from home entertainment, which arises mainly in the United Kingdom, comprises of sales and marketing of video cassettes and digital versatile discs and rental income and recharges for shared facilities and services. Turnover is recognised on the later of the date when goods are delivered to customers or the release date. Provision has been made for estimated returns in the period that revenue is recognised.
- Operating lease income is derived from a 15 year operating lease, which includes a one year lease holiday, between the Company and a fellow subsidiary undertaking and is recognised on a straight-line basis over the term of the lease.
- Royalties are recognised when earned.
- 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.
- Revenue relating to the sale of goods to customers is recorded during the period.
- All turnover is exclusive of value added tax.
- Income from finance leases is credited to the profit and loss account using the actuarial after tax method to give a constant periodic rate of return on the net cash investment.

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### n) 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.

### o) 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.

### p) 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).

## 2 Turnover

Turnover, which arises mainly in the United Kingdom, principally comprises film distribution, video and digital versatile discs rental and sell-through, theatrical productions, collectively known as Studio Entertainment, royalties received from retail merchandising, character merchandising and publications licensing, collectively known as Consumer Products, television licensing income, subscription revenue related to television broadcasting, collectively known as Media Networks, the sale of land only vacation packages, operation of cruise vessel, collectively known as Parks and Resorts, internet activities, property management and other ancillary activities, collectively known as Corporate and Other. The split into these categories of turnover during the period was as follows:

|                             | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|-----------------------------|--|---|
| Media Networks              | 181,179                                  | 157,042                                     |
| Parks and Resorts           | 243,296                                  | 236,646                                     |
| Studio Entertainment        | 255,399                                  | 376,746                                     |
| Consumer Products           | 175,161                                  | 166,628                                     |
| Corporate and Other         | 13,655                                   | 17,103                                      |
| Total turnover              | 868,690                                  | 954,165                                     |
| Less inter-segment turnover | (2,267)                                  | (4,845)                                     |
| Turnover to other parties   | 866,423                                  | 949,320                                     |

Turnover from the Mary Poppins Joint Venture has been excluded from the above (see Note 13).

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 3 Segmental Reporting – by geographical origin

|                                  | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|----------------------------------|--|---|
| <b>Turnover</b>                  |  |   |
| United Kingdom                   | 606,416                                  | 706,818                                     |
| Europe                           | 12,608                                   | 8,674                                       |
| United States of America         | 249,666                                  | 238,673                                     |
| <b>Total turnover</b>            | <b>868,690</b>                           | <b>954,165</b>                              |
| Less inter-segment turnover      | (2,267)                                  | (4,845)                                     |
| <b>Turnover to other parties</b> | <b>866,423</b>                           | <b>949,320</b>                              |

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

In the opinion of the directors the disclosure of segmental information relating to the business categories of net profit before tax and net assets would be seriously prejudicial to the interests of the Group and has not therefore been provided.

### 4 Interest

|  | Year ended 1<br>October 2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|--|---------------------------------------|---|
| Interest receivable on loans to group undertakings | 71                                    | 638   |
| Interest receivable on bank deposits               | 2,109                                 | 1,606                                       |
| Gain on debt forgiveness                           | 630                                   | -   |
| Other finance charges                              | -                                     | 100   |
| <b>Total interest receivable</b>                   | <b>2,810</b>                          | <b>2,344</b>                                |
| Interest payable on loans from group undertakings  | (10,992)                              | (8,498)                                     |
| Interest payable on bank loans and overdrafts      | -                                     | (11)  |
| Other interest payable                             | (239)                                 | -   |
| <b>Total interest payable</b>                      | <b>(11,231)</b>                       | <b>(8,509)</b>                              |
| <b>Net interest payable</b>                        | <b>(8,421)</b>                        | <b>(6,165)</b>                              |

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 5 Income from fixed asset investments

|   | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|---|--|---|
| Share of results of joint venture (note 13) | 4,535                                    | -   |
| Share of results of associates (note 14)    | 5,766                                    | 5,476                                       |
| <b>Total</b>                                | <b>10,301</b>                            | <b>5,476</b>                                |

### 6 Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

|                                       | Year ended 1<br>October 2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|---------------------------------------|---------------------------------------|---|
| Staff costs:                          |                                       |   |
| Wages and salaries                    | 99,929                                | 91,805                                      |
| Social security costs                 | 7,995                                 | 6,679                                       |
| Pension costs                         | 3,680                                 | 3,848                                       |
| Other employee benefits               | -                                     | 1,358                                       |
| Depreciation                          | 13,040                                | 12,896                                      |
| Operating lease rentals               |                                       |   |
| - land and buildings                  | 14,375                                | 14,093                                      |
| - plant and equipment                 | 13                                    | 516   |
| - cruise vessels                      | 35,992                                | 36,447                                      |
| Auditors' remuneration                |                                       |   |
| - audit fees                          | 376                                   | 362   |
| - non-audit fees                      | 10                                    | 52  |
| Goodwill amortisation (refer note 16) | 1,075                                 | 784   |
| Loss on disposal of fixed assets      | 67                                    | 20  |
| Exchange losses                       | 1,160                                 | 2,922                                       |

Auditors remuneration in respect of the Company was £12,127 (2004: £12,127).

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 7 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 1<br>October 2005 | Year ended<br>30 September<br>2004 |
|---|------------------------------|------------------------------------|
|   | £                            | £                                  |
| Aggregate emoluments in respect of services | 480,157                      | 328,600                            |
| Payments due under money purchase schemes   | 26,116                       | 23,894                             |
| <b>Highest paid director</b>                |                              |                                    |
| Aggregate emoluments in respect of services | 325,507                      | 192,770                            |
| Payments due under money purchase schemes   | 15,594                       | 13,837                             |

The Company does not have a chairman. Two of the directors are paid through the company (2004: three). Two of the directors receive payments under money purchase schemes (2004: two). Three directors (2004: none) exercised share options in the ultimate parent company for the year.

### 8 Employees

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

|                      | Year ended 1<br>October 2005 | Year ended<br>30 September<br>2004 |
|----------------------|------------------------------|------------------------------------|
| Media Networks       | 272                          | 311                                |
| Parks and Resorts    | 2,115                        | 2,135                              |
| Studio Entertainment | 199                          | 107                                |
| Consumer Products    | 1,710                        | 1,608                              |
| Corporate and other  | 337                          | 299                                |
|                      | <b>4,633</b>                 | <b>4,460</b>                       |

The Company had no employees during the year.

### 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 profit for the financial year is £1,036,747 after dividends paid of £94,000,000 (2004: loss £38,549,818) while the Company's retained loss as at 1 October 2005 is £36,579,209 (2004: loss of £38,549,818).

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 10 Dividends

Total dividends paid included £59 payable in respect of all Ordinary Shares of £1 each in the capital held by Disney Enterprises Inc. and £93,999,941 payable in respect of the Redeemable Ordinary Shares of £1 each held in Hammersmith Enterprises Limited.

### 11 Taxation

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

|  | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|--|--|---|
| <b>Tax on profit on ordinary activities:</b>   |  |   |
| (a) Analysis of charge in period               |  |   |
| Current tax:                                   |  |   |
| UK corporation tax at 30% (2004: 30%)          | 17,789                                   | 29,933                                      |
| Share of Associates                            | 1,862                                    | 2,474                                       |
| Share of Joint Venture                         | 1,361                                    | -   |
| Prior year over provision                      | (854)                                    | (3,646)                                     |
| <b>Total current tax</b>                       | <b>20,158</b>                            | <b>28,761</b>                               |
| Deferred tax:                                  |  |   |
| Origination and reversal of timing differences | 1,589                                    | (473)                                       |
| Prior year over provision                      | 1,952                                    | 166   |
| <b>Total deferred tax</b>                      | <b>3,541</b>                             | <b>(307)</b>                                |
| <b>Tax on profit on ordinary activities</b>    | <b>23,699</b>                            | <b>28,454</b>                               |

#### (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<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|--|--|---|
| Profit on ordinary activities before tax     | 68,591                                   | 103,607                                     |
| Expected tax at 30%                          | 20,577                                   | 31,082                                      |
| Effects of:                                  |  |   |
| Expenses not deductible for tax purposes     | 457                                      | 1,712                                       |
| Other timing differences                     | (526)                                    | 1,308                                       |
| Adjustments relating to prior years          | (854)                                    | (3,646)                                     |
| Capital allowances in excess of depreciation | (1,786)                                  | (823)                                       |
| Utilisation of tax losses                    | 342                                      | 15  |
| Other permanent differences                  | 1,948                                    | (887)                                       |
| <b>Current tax charge for period</b>         | <b>20,158</b>                            | <b>28,761</b>                               |



# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 12 Fixed Assets

| Group                                    | Land & Buildings | Leasehold Improvements | Office Equipment & Stage Shows | Assets in Course of Construction | Computers & Information Systems | Total          |
|--|------------------|------------------------|--------------------------------|----------------------------------|---------------------------------|----------------|
| <b>Cost</b>                              | <b>£'000</b>     | <b>£'000</b>           | <b>£'000</b>                   | <b>£'000</b>                     | <b>£'000</b>                    | <b>£'000</b>   |
| At 1 October 2004                        | 138,165          | 18,490                 | 80,835                         | 4,295                            | 11,174                          | 252,959        |
| Acquisitions                             | -                | -                      | 412                            | -                                | -                               | 412            |
| Additions                                | -                | -                      | 4,662                          | 9,521                            | 1,952                           | 16,135         |
| Reclassification                         | -                | -                      | 8,463                          | (8,463)                          | -                               | -              |
| Foreign Exchange Gain/(Loss)             | -                | -                      | 627                            | 62                               | -                               | 689            |
| Disposals/Retirements                    | -                | (382)                  | (723)                          | -                                | (855)                           | (1,960)        |
| <b>At 1 October 2005</b>                 | <b>138,165</b>   | <b>18,108</b>          | <b>94,276</b>                  | <b>5,415</b>                     | <b>12,271</b>                   | <b>268,235</b> |
| <b>Depreciation</b>                      |                  |                        |                                |                                  |                                 |                |
| At 1 October 2004                        | 24,724           | 14,005                 | 60,147                         | -                                | 7,177                           | 106,053        |
| Acquisitions                             | -                | -                      | 294                            | -                                | -                               | 294            |
| Charge during period                     | 3,479            | 1,432                  | 7,400                          | -                                | 729                             | 13,040         |
| Foreign Exchange Loss/(Gain)             | -                | -                      | 537                            | -                                | -                               | 537            |
| Disposals/Retirements                    | -                | (341)                  | (444)                          | -                                | (383)                           | (1,168)        |
| <b>At 1 October 2005</b>                 | <b>28,203</b>    | <b>15,096</b>          | <b>67,934</b>                  | <b>-</b>                         | <b>7,523</b>                    | <b>118,756</b> |
| <b>Net book amount at 1 October 2005</b> | <b>109,962</b>   | <b>3,012</b>           | <b>26,342</b>                  | <b>5,415</b>                     | <b>4,748</b>                    | <b>149,479</b> |
| At 1 October 2004                        | 113,441          | 4,485                  | 20,688                         | 4,295                            | 3,997                           | 146,906        |

No interest costs are included in the amounts capitalised at 1 October 2005 (2004: £Nil.). Office equipment and Stage Shows includes production assets held under finance leases with a net book value of £nil (2004: £8,826).

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 13 Investments

#### a) Group

##### Investment in Joint Venture

|                           | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|---------------------------|--|---|
| Interest in joint venture | 6,235                                    | -   |
|                           | <u>6,235</u>                             | <u>-</u>                                    |

##### Investment in Joint Venture

Mary Poppins

Stage Production

During the year, The Walt Disney Company Limited, a wholly owned subsidiary, invested in 'Mary Poppins', a musical stage play showing in the West End, London. The Group is a joint investor and producer in the production, contributing a share of the production capital and will receive a share of both investor and producer net profits. The total investment in the production was £6,235,000. The group's share of the net profits in Mary Poppins amounted to £4,535,000 (2004: £nil) and the group's share of turnover amounted to £12,190,000 (2004: £nil).

#### b) Company

##### Investments in subsidiary undertakings

|                               | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£'000 |
|-------------------------------|--|---|
| Unlisted shares               | 164,822                                  | 164,822                                     |
| Less provision for impairment | (38,961)                                 | (38,961)                                    |
|                               | <u>125,861</u>                           | <u>125,861</u>                              |

Details of the subsidiary undertakings are set out below:

| Subsidiary undertaking                 | Business                      | Country of<br>registration/<br>Incorporation | Proportion of<br>nominal<br>value of<br>shares held<br>by parent<br>undertaking |
|--|-------------------------------|--|---|
| Walt Disney Productions Ltd            | Members voluntary liquidation | England                                      | 100%  |
| Buena Vista International (UK) Ltd     | Members voluntary liquidation | England                                      | 100%  |
| Walt Disney Animation U.K. Ltd         | Members voluntary liquidation | England                                      | 100%  |
| The Disney Store Ltd                   | Retail merchandising          | England                                      | 100%  |
| Disney Theatrical Productions (UK) Ltd | Members voluntary liquidation | England                                      | 100%  |
| 1 Hammersmith Broadway Ltd             | Property Management           | England                                      | 100%  |
| Broadway Shopping Centre Ltd           | Members voluntary liquidation | England                                      | 100%  |

## Walt Disney International Limited

### Notes to the Financial Statements for the year ended 1 October 2005 (continued)

| Subsidiary undertaking   | Business   | Country of registration/<br>Incorporation | Proportion of nominal value of shares held by parent undertaking |
|--|--|---|--|
| The Walt Disney Company Ltd  | Television licensing, production and broadcasting, internet activities, publications and theme park marketing, theatrical productions, property management, DVD and video rental and sales, film distribution. | England                                   | 100%   |
| Walt Disney Properties (UK) Ltd                                    | Members voluntary liquidation  | England                                   | 100%   |
| Disney Real Estate Investments (UK) Ltd                            | Members voluntary liquidation  | England                                   | 100%   |
| Magical Cruise Company Ltd *                                       | Operation of luxury cruise vessels   | England                                   | 100%   |
| Buena Vista Home Entertainment Ltd                                 | Members voluntary liquidation  | England                                   | 100%   |
| Disney Mobile (formerly Buena Vista Media Tracking Europe Limited) | Revenue sharing data processing, reporting and auditing services   | England                                   | 100%   |
| GM1995 Limited   | Holding Company  | England                                   | 100%   |
| DCL Finance (UK) Ltd   | Leasing Company  | England                                   | 100%   |
| Minds Eye Holdings Limited   | Holding company  | England                                   | 100%   |
| Minds Eye Productions Limited                                      | Computer Game development and audio video 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.

#### 14 Investment in Associates

The group has an investment in the following associates:

| Associate               | Business              | Country of registration/<br>Incorporation | Proportion of nominal value of shares held |
|-------------------------|-----------------------|---|--|
| GMTV Limited            | Television production | England                                   | 25%  |
| FilmFlex Movies Limited | Video on Demand       | England                                   | 33%  |

As at 31 December 2004, the most recent balance sheet date, GMTV Limited held capital and reserves of £11,364,000. The net profit at this date was £13,345,000. All other participating interests are considered immaterial for these accounts. The accounting period of GMTV Limited is 1 January – 31 December.

On the 29<sup>th</sup> November 2004, The Walt Disney Company Limited, a wholly owned subsidiary, acquired a 33% holding in Filmflex Movies Limited, a Video On Demand service operator company registered in England. The shares of Filmflex Movies Limited are not listed. The total amount invested was £1,050,000. The accounting period of Filmflex Movies Limited is 1 January – 31 December.

## Walt Disney International Limited

### Notes to the Financial Statements for the year ended 1 October 2005 (continued)

#### 15 Acquisitions

On the 26<sup>th</sup> April 2005, The Walt Disney Company Limited, a wholly owned subsidiary, acquired the entire issued share capital of Mind's Eye Holdings Limited, a holding company with an investment in the entire share capital of Mind's Eye Productions Limited. Mind's Eye Productions Limited is expected to continue as a software developer. Both companies are registered in England. The shares of neither company are listed. The total investment of £464,000 comprises the purchase price of £400,000 and acquisition costs of £64,000.

Acquisition accounting has been adopted and the company held the following net assets at fair value on acquisition date:

|                         |       |
|-------------------------|-------|
|                         | £'000 |
| Assets                  | 69    |
| Liabilities             | (149) |
| Total net liabilities   | (80)  |
| Consideration paid      | 464   |
| Goodwill on acquisition | 544   |

#### 16 Intangible fixed assets – goodwill

|                        | Group<br>1 October<br>2005<br>£'000 | Group<br>30 September<br>2004<br>£'000 |
|------------------------|-------------------------------------|--|
| <b>Cost</b>            |                                     |  |
| At 1 October 2004      | 5,000                               | -                                      |
| Additions              | 544                                 | 5,000                                  |
| At 1 October 2005      | 5,544                               | 5,000                                  |
| <b>Amortisation</b>    |                                     |  |
| At 1 October 2004      | 784                                 | -                                      |
| Charge for the year    | 1,075                               | 784                                    |
| At 1 October 2005      | 1,859                               | 784                                    |
| <b>Net book amount</b> |                                     |  |
| At 1 October 2004      | 4,216                               | -                                      |
| At 1 October 2005      | 3,685                               | 4,216                                  |

Goodwill is being amortised on a straight line basis over a period of 5 years for DCL Finance (UK) Limited and 3 years for Minds Eye Productions Limited which is determined to be its useful economic life.

Walt Disney International Limited

Notes to the Financial Statements  
for the year ended 1 October 2005 (continued)

17 Stocks

| Group                            | Group                         |
|----------------------------------|-------------------------------|
| As at 30 September 2004<br>£'000 | As at 1 October 2005<br>£'000 |
| 1,040                            | 1,163                         |
| 35,668                           | 27,488                        |
| 36,708                           | 28,651                        |
| Consumables                      | Goods for resale              |

18 Debtors (amounts falling due within one year)

| Company                           | Group                             | Group                             | Group                             |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| As at 30 September 2004<br>£'000  | As at 1 October 2005<br>£'000     | As at 30 September 2004<br>£'000  | As at 1 October 2005<br>£'000     |
| -                                 | -                                 | 61,182                            | 78,801                            |
| 32,762                            | 33,659                            | -                                 | -                                 |
| -                                 | -                                 | 902,503                           | 377,190                           |
| 1                                 | -                                 | 16,479                            | 10,694                            |
| -                                 | -                                 | -                                 | 1,846                             |
| -                                 | -                                 | 15,633                            | 10,879                            |
| 32,763                            | 33,659                            | 995,797                           | 479,410                           |
| Trade debtors                     | Trade debtors                     | Amounts owed by fellow subsidiary | Amounts owed by fellow subsidiary |
| Amounts owed by fellow subsidiary | Amounts owed by fellow subsidiary | undertakings                      | undertakings                      |
| Amounts owed by non-group fellow  | Amounts owed by non-group fellow  | undertakings                      | undertakings                      |
| subsidary undertakings            | subsidary undertakings            |                                   |                                   |
| Other debtors                     | Other debtors                     |                                   |                                   |
| Taxation and social security      | Taxation and social security      |                                   |                                   |
| Prepayments and accrued income    | Prepayments and accrued income    |                                   |                                   |

19 Debtors (amounts falling due after more than one year)

| Group                                      | Group                                      |
|--|--|
| As at 30 September 2004<br>£'000           | As at 1 October 2005<br>£'000              |
| 540,588                                    | 525,558                                    |
| (288,321)                                  | (270,536)                                  |
| 252,267                                    | 255,022                                    |
| Net investment in finance lease comprises: | Net investment in finance lease comprises: |
| Total amounts receivable                   | Total amounts receivable                   |
| Less interest allocated to future periods  | Less interest allocated to future periods  |

## Walt Disney International Limited

### Notes to the Financial Statements for the year ended 1 October 2005 (continued)

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

|  | Group<br>As at 1<br>October<br>2005<br>£'000 | Group<br>As at 30<br>September<br>2004<br>£'000 | Company<br>As at 1<br>October<br>2005<br>£'000 | Company<br>As at 30<br>September<br>2004<br>£'000 |
|--|--|---|--|---|
| Trade creditors  | 33,269                                       | 27,878  | -  | -   |
| Amounts due to fellow subsidiary<br>undertakings           | -  | -   | 6,757  | 7,050   |
| Amounts due to non-group fellow<br>subsidiary undertakings | 546,825                                      | 1,020,463                                       | 15,098   | 15,098  |
| Taxation and social security                               | 3,957  | 5,003   | 1,309  | 1,357   |
| Accruals and deferred income                               | 69,575                                       | 81,178  | 11   | 11  |
| Other creditors  | 62,154                                       | 54,349  | -  | -   |
|  | <u>715,780</u>                               | <u>1,188,871</u>                                | <u>23,175</u>                                  | <u>23,516</u>                                     |

#### 21 Deferred Taxation

The deferred tax liability comprises the following amounts:

|   | Year ended<br>1 October<br>2005<br>£'000 | Year ended<br>30 September<br>2004<br>£ |
|---|--|---|
| Accelerated capital allowances                                  | 79,206                                   | 77,572                                  |
| Short term timing differences                                   | (172)                                    | (1,737)                                 |
| <u>Undiscounted deferred tax liability</u>                      | <u>79,034</u>                            | <u>75,835</u>                           |
| Liability at start of period                                    | 75,835                                   | 4,045                                   |
| Charge to profit and loss account                               | 3,371                                    | (307)                                   |
| Prior year charge to profit and loss account                    | 170                                      | -                                       |
| Asset acquired on capital allowances (DCL Finance (UK) Limited) | -  | 72,067                                  |
| Foreign exchange adjustment                                     | (342)                                    | 30                                      |
| <u>Liability at end of period</u>                               | <u>79,034</u>                            | <u>75,835</u>                           |

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

### 22 Financial Commitments

|  | Group<br>1 October<br>2005<br>£'000 | Group<br>30 September<br>2004<br>£'000 |
|--|-------------------------------------|--|
| <b>Operating lease obligations</b>   |                                     |  |
| Payments payable within one year of the balance sheet date were in respect of leases expiring: |                                     |  |
| Land and buildings:  |                                     |  |
| Within one year  | 4,506                               | -                                      |
| Between two and five years   | 9,566                               | 4,637                                  |
| After five years   | 311                                 | 9,496                                  |
| <hr/>  |                                     |  |
| Plant and machinery:   |                                     |  |
| Within one year  | 26                                  | 511                                    |
| Between two and five years   | 506                                 | 684                                    |
| After five years   | -                                   | -                                      |
| <hr/>  |                                     |  |
| Cruise vessels:  |                                     |  |
| Within one year  | -                                   | -                                      |
| Between two and five years   | -                                   | -                                      |
| After five years   | 39,685                              | 38,880                                 |
| <hr/>  |                                     |  |

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.

### 23 Called Up Share Capital

|   | Company<br>As at 1<br>October 2005<br>£ | Company<br>As at 30<br>September<br>2004<br>£ |
|---|---|---|
| Authorised:                             |   |   |
| 300 Ordinary shares (equity) of £1 each | 300                                     | 300   |
| 1,000,000,000 'A' redeemable            |   |   |
| Ordinary shares (non-equity) of £1 each | 1,000,000,000                           | 1,000,000,000                                 |
|   | <hr/>                                   | <hr/>   |
|   | 1,000,000,300                           | 1,000,000,300                                 |
| <hr/>                                   |   |   |
| Allotted and fully paid:                |   |   |
| 107 Ordinary shares (equity) of £1 each | 107                                     | 107   |
| 160,179,113 'A' redeemable              |   |   |
| Ordinary shares (non-equity) of £1 each | 160,179,113                             | 160,179,113                                   |
|   | <hr/>                                   | <hr/>   |
|   | 160,179,220                             | 160,179,220                                   |
| <hr/>                                   |   |   |

# Walt Disney International Limited

## Notes to the Financial Statements for the year ended 1 October 2005 (continued)

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.

### 24 Reserves

#### Group

|  | Profit and<br>Loss account<br>£'000 | Other<br>Reserves<br>£'000 | Total<br>£'000 |
|--|-------------------------------------|----------------------------|----------------|
| As at 1 October 2004                       | 56,865                              | 12,752                     | 69,617         |
| Foreign exchange adjustment                | 644                                 | -                          | 644            |
| Retained (loss) for the financial year     | (49,108)                            | -                          | (49,108)       |
| <b>Total reserves as at 1 October 2005</b> | <b>8,401</b>                        | <b>12,752</b>              | <b>21,153</b>  |

#### Company

|  | Profit and<br>Loss account<br>£'000 | Other<br>Reserves<br>£'000 | Total<br>£'000  |
|--|-------------------------------------|----------------------------|-----------------|
| As at 1 October 2004                       | (37,616)                            | 12,752                     | (24,864)        |
| Retained profit for the year               | 1,037                               | -                          | 1,037           |
| Total retained profit for the year         | 1,037                               | -                          | 1,037           |
| <b>Total reserves as at 1 October 2005</b> | <b>(36,579)</b>                     | <b>12,752</b>              | <b>(23,827)</b> |

The Directors revalued the company's investments in subsidiary entities at the 1 October 2005 to their underlying net asset values and recognising a provision of £38,961,000. The Directors have considered the value of the remaining fixed assets at 1 October 2005 and are satisfied that these are worth, in total, not less than the aggregate amount at which they are stated in the Company's accounts. In accordance with S275 of the Companies Act 1985 the aggregate provision of £38,961,000 does not fall to be classified as a realised loss and therefore distributable reserves of the Company as at 1 October 2005 are £2,382,000 (2004: £1,345,000).

Other reserves represent capital contributions received from fellow subsidiary undertakings.



## Walt Disney International Limited

### Notes to the Financial Statements for the year ended 1 October 2005 (continued)

#### 25 Reconciliation of Movements in Shareholders' Funds

|   | Group<br>£'000 | Company<br>£'000 |
|---|----------------|------------------|
| Profit for the year                             | 44,892         | 95,037           |
| Dividend paid                                   | (94,000)       | (94,000)         |
| Foreign exchange adjustment                     | 644            | -                |
| Net (decrease)/ increase in shareholders' funds | (48,464)       | 1,037            |
| Opening shareholders' funds                     | 229,796        | 135,315          |
| <b>Closing shareholders' funds</b>              | <b>181,332</b> | <b>136,352</b>   |

#### 26 Pension Fund

Pension benefits for employees of The Walt Disney Company 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

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\$1,605,000 (2004: US\$1,254,000).

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.

The cost is assessed in accordance with the advice of Mellon Human Resources & Investor Solutions, consulting actuaries. The latest actuarial valuation of the scheme was performed as at 1 July 2004 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 7.5% (2004: 7.5%) per annum, the rate of salary increase would be 3.75% (2004: 4.0%), and the discount rate 6.3% (2004: 6.3%).

At the date of the latest actuarial valuation at July 1, 2005, the market value of the assets of the scheme was \$1,637 million (2004: \$1,475million), and the actuarial value of the assets was sufficient to cover 64.9% (2004: 83.5%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Company also operates a Group defined contribution plan. The defined contribution plan is provided under the Disney Salaried Savings and Investment Plan. The Plan calls for contributions being made by its members and the Company on a matching basis. Pension costs incurred by the Company for fiscal 2005 and 2004 were not material.

Contributions charged to the Group profit and loss account in the year amounted to £3,679,948 (2004: £3,848,821).

## **Walt Disney International Limited**

### **Notes to the Financial Statements for the year ended 1 October 2005 (continued)**

#### **27 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.

#### **28 Related Party Transactions**

The Company has a trading relationship with GMTV Limited, a television production company which is an associate of the Company. During the year ended 1 October 2005, the Company supplied television production and animation to GMTV Limited of £1,420,971 (2004: £4,376,000). As at 1 October 2005, the Company held a balance due from GMTV Limited for £nil (2004: £496,000).

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 27.