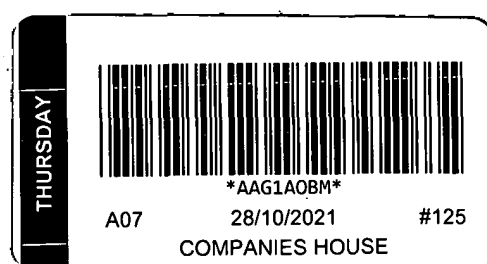


**Walt Disney Company Limited(The)**

**(Registered Number 00530051)**

**Annual report and financial statements  
for the year ended 3 October 2020**



## Walt Disney Company Limited(The)

### Contents

	Page(s)
Strategic Report for the year ended 3 October 2020	3-10
Directors' Report for the year ended 3 October 2020	11-18
Independent auditors' report	19-21
Income statement for the year ended 3 October 2020	22
Statement of comprehensive income for the year ended 3 October 2020	22
Statement of financial position as at 3 October 2020	23
Statement of changes in equity for the year ended 3 October 2020	24
Notes to the financial statements for the year ended 3 October 2020	25-55

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020

The Directors present their Strategic Report of Walt Disney Company Limited(The) (the 'Company') for the year ended 3 October 2020 (prior financial year ended 28 September 2019).

#### Principal activities, business review and future developments

The activities of the Company include television licensing, character merchandising and publications, television broadcast activities, film distribution, marketing, sales and distribution of home entertainment products, theatrical productions, direct-to-consumer subscription based video streaming service, intellectual property development and exploitation, property management, internet activities and the sale of vacation packages and other ancillary activities. These activities are expected to continue for the foreseeable future.

The results for the Company show a profit for the financial year of £131,818,000 (2019: £413,048,000) and turnover of £2,166,425,000 (2019: £2,692,921,000). The decrease in turnover and decrease in profit for the financial year are driven by the performance of key franchises and the impact of the COVID-19 pandemic as noted in the paragraphs below. The Directors are pleased with the underlying operating results for the year driven by the successful commercial exploitation of the Company's intellectual property rights, despite the challenges of the pandemic.

There was no impairment noted as a result of management's investment review undertaken in fiscal 2020. During 2019 a total impairment charge of £201,348,000 was taken across six equity investments.

On 1 October 2009 the Company acquired goodwill in relation to the Jetix business for £136,248,000. During 2019 the Company recognised an impairment of the goodwill of £37,415,000. The acquisition had the aim of obtaining access to markets for Channels. Over time the Disney brand has replaced the Jetix brand in the market as Disney has its own infrastructure, programming content, relationships with customers and vendors and does not rely on the Jetix brand to operate in the market. The goodwill was fully impaired as at 30 September 2019.

Intangible assets amounting to £122,176,000 (2019: £54,039,000) were acquired in the year in relation to programme licences created by third party producers. The programmes are licensed to be aired for a number of years and so the licences are amortised throughout the licencing period on a straight line basis. The IP is owned by the third party producer.

On 24 March 2020 the Company launched its direct-to-consumer subscription based video streaming service ("Disney+") with Disney, Pixar, Marvel, Star Wars and National Geographic branded programming. The services are offered to customers directly or through third-party distributors on mobile and connected devices. Customers are generally billed a monthly or annual subscription fee.

On 20 March 2019 our Ultimate parent Company (The Walt Disney Company) completed its acquisition of Twenty-First Century Fox, Inc., which was subsequently renamed TFCF Corporation (TFCF). Activities of related TFCF subsidiaries within the UK & Ireland include: television licensing, television broadcast activities, film distribution, and marketing, sales and distribution of home entertainment products. In fiscal 2020 some of the operations and employees of various TFCF UK entities have been wound down or transferred to the Company as part of the overall integration of UK commercial activities. In addition, in the course of the integration of activities in other EMEA territories, the Company has acquired various Intellectual Property and Programming Rights in order to align processes and procedures in the integrated businesses. Further information can be found in notes 12 and 14 of these financial statements.

In December 2019 there was an outbreak of COVID-19, which the World Health Organisation declared a pandemic on 11 March 2020. COVID-19 created a short-term significant impact on the operations of the Company. Our businesses have been affected in a number of ways described below.

Cinemas were closed across UK & Ireland with re-opening at reduced capacity beginning to roll out

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020 (continued)

#### Principal activities, business review and future developments (continued)

in May 2021. This adversely impacted theatrical distribution revenues partially offset by distribution and sales and marketing savings. Theatrical Film releases were delayed, or in some instances, shortened, modified or cancelled.

All stage plays performances were suspended from March 2020 until at least Summer 2021 including the Lion King UK tour and performances at the Lyceum theatre in London. During this time period all customer bookings have been cancelled and either refunded or re-scheduled to a future alternative date.

Merchandise & publishing licensing revenues were adversely impacted with some offset by higher licensee online sales. As our offices have begun to re-open, we have incurred and will continue to incur additional costs to address government regulations and the safety of our employees.

We have taken a number of mitigation efforts in response to the impacts of COVID-19 on our businesses. We have suspended certain capital projects; reduced certain discretionary expenditures; temporarily reduced management compensation; and furloughed certain of our employees.

The impact of these disruptions and the extent of their adverse impact on our financial and operating results will be dictated by a combination of the unforeseeable length of time that such disruptions continue and the severity of the impacts of COVID-19. These impacts include the effect of governmental actions imposed in response to COVID-19.

On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. The Company is working with its parent undertaking to ensure it has sufficient liquidity available for at least the next 12 months from the date these financial statements are approved to ensure it is able to meet its liabilities as they fall due. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### Principal risks and uncertainties

The activities of the Company are broad and complex and as such a wide range of factors could materially affect future developments and performance. The most significant factors affecting our operations include the following:

*(1) Changes in UK, Europe and Asia wide economic and political conditions, including the impact of pandemics*

A decline in economic activity and changes in political conditions in the UK and across European and Asian markets in which we do business or hold investments, including the impact of pandemics, can adversely affect demand for any of our businesses, thus reducing our revenues. Economic, political conditions and the impact of pandemics can also impair the ability of those with whom we do business to satisfy their obligations to us. In addition, an increase in price levels generally could result in a shift in consumer demand away from the entertainment and consumer products we offer, which could also adversely affect our revenues and, at the same time, increase our costs. Changes in exchange rates for foreign currencies may reduce demand or reduce the value of revenue we receive from other markets.

*(2) Changes in public and consumer tastes and preferences and competitive landscape*

Our businesses distribute entertainment and consumer products whose success depends substantially on consumer tastes and preferences that change in often unpredictable ways. The success of our businesses depends on our ability to consistently distribute filmed entertainment, TV programming, online material, electronic games and consumer products that meet the changing preferences of our broad consumer market. We face substantial competition in each of our businesses from alternative providers of the products and services we offer and from other forms of entertainment.

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020 (continued)

#### Principal activities, business review and future developments (continued)

##### *(3) Changes in technology and in consumer consumption patterns*

The media entertainment and internet businesses in which we participate depend significantly on our ability to exploit new technologies to distinguish our products and services from those of our competitors. In addition, new technologies affect the demand for our products, the manner and markets in which our products are distributed to consumers and the time and manner in which consumers acquire and view some of our entertainment products.

##### *(4) Intellectual property rights*

The value to us of our rights to intellectual property is dependent on the scope of our rights as defined by applicable laws in the United States of America, the UK and other European and Asian markets and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent of our rights, or if existing laws are changed, our ability to generate revenue from our intellectual property rights may decrease. The unauthorized use of intellectual property in the entertainment industry generally continues to be a significant challenge for intellectual property rights holders.

##### *(5) Regulatory environment*

Our operations are subject to the laws and regulations of the jurisdictions in which they operate. Laws and regulations can differ in significant respects across jurisdictions and these differences can affect our ability to react to changes in our business and our ability to enforce rights. It may require the Company to spend additional amounts to comply with the regulations, or may restrict the Company's ability to offer products and services in ways that are profitable. There is an increased focus on the environment and climate change. Any actions of the Company that would cause an adverse impact will damage the brand and therefore the Company needs to continue to minimise its impact on the environment through utilising new technologies, increasing efficiency and minimising waste. More can be seen on the Company's environmental goals on page 9.

##### *(6) Protection of electronically stored data is costly and if our data is compromised in spite of this protection, we may incur additional costs, lost opportunities and damage to our reputation.*

We maintain information necessary to conduct our business, including confidential and proprietary information, in digital form. Data maintained in digital form is subject to the risk of unauthorized access, modification and exfiltration. We develop and maintain information security systems in an effort to prevent this however, despite our efforts, unauthorized access, modification and exfiltration of data cannot be eliminated entirely, and the risks associated with a potentially material incident remain. If our information security systems or data are compromised in a material way, our ability to conduct our business may be impaired, we may lose profitable opportunities or the value of those opportunities may be diminished.

##### *(7) Brexit*

On 23 June 2016, the UK voted to leave the European Union and on 23 March 2017, the UK invoked Article 50(2) of the Treaty and notified the European Council of their intention to withdraw from the European Council. Negotiations finalised on 24 December 2020 and came into effect 23:00 GMT on 31 December 2020. As a result full customs clearance must now be completed and VAT and Duties paid on all shipments. Outbound shipments incur additional administration fees. To date we have not seen any delays with goods leaving the UK via the border controls now in place but there is potential for future risks of shipping delays and increased costs, however this is currently hard to predict. There has been no impact on corporate taxation policy.

##### *(8) Investments*

The Company owns investments in several entities which are affected by the above risk factors. This could cause impairment in the Company's investments.

With respect to each of the risks noted above the Directors regularly review such matters to mitigate their respective impact on the Company.

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020 (continued)

#### Key performance indicators ("KPIs")

The operations of the Group are managed at an operating segment level. For this reason, the Company's Directors believe that an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the operating segments of the Group, which includes the Company, are discussed on pages 33 to 54 of the Group's annual report, which does not form part of this report.

#### Section 172 statement

As a subsidiary within the group of companies of which The Walt Disney Company is the ultimate parent company (the "Group"), The Walt Disney Company Limited (the "Company") is subject to organisational and management systems which enable the board of directors ("the Board") to oversee governance of the activities of the Company. As is normal for large companies, the Board delegates authority for day-to-day management of the Company to the managers responsible for the management of the Company. The Board ensures that when applying group policies and delegating responsibility for operational matters to the managers, it does so with due regard to its fiduciary duties and responsibilities.

The Directors of the Company are aware of their duty under section 172 of the Companies Act 2006 to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so they have considered (amongst other matters) factors (a) to (f) listed below:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the Company's employees (known as "Cast Members"),
- (c) the need to foster the Company's business relationships with suppliers, customers and others,
- (d) the impact of the Company's operations on the community and the environment,
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct,
- and
- (f) the need to act fairly between members of the Company.

We have detailed below how, throughout the financial year ending 3 October 2020 ("the Year") each of these factors have been considered by the Board.

#### a. The likely consequences of any decision in the long term

The Board are aware that their decisions and strategies can have long-term effects on the success of the Company's business and on its stakeholders. They aim to make well-informed decisions whilst being mindful of impacts on its stakeholder. The key stakeholders of the Company include both its member and suppliers, customers, community and Cast Members. Some of the decisions the Board has taken during the course of the Year are set out below and show how the decisions have been made both with a view to creating long term success for the Company and taking into consideration the impact on its stakeholders.

The Company decided to move forward its EMEA launch date of Disney+ and it was available in the UK, Ireland, France, Germany, Italy, Spain, Austria, and Switzerland in March 2020. Other European markets followed over the summer of 2020. Disney+ offered fans of all ages a new way to experience the unparalleled content from the Company's iconic entertainment brands, including Disney, Pixar, Marvel, Star Wars, and National Geographic. This decision was extremely successful and Disney + subscribers have continued to grow throughout the year with the popularity of online streaming services accelerating due to the pandemic and customers expanding the ways they view content.

## **Walt Disney Company Limited(The)**

### **Strategic Report for the year ended 3 October 2020 (continued)**

#### **Section 172 statement (continued)**

##### **a. The likely consequences of any decision in the long term (continued)**

In March 2019, our Ultimate parent company completed its acquisition of TFCF Corporation (previously known as Twenty-First Century Fox, Inc) and its related undertakings (collectively 'Fox'). Subsequent to the acquisition and during 2020, the Group implemented an internal corporate reorganisation in order to facilitate the integration of the Fox business activities within the Group's existing activities, with a view to increase the Group's operational efficiency and financial performance. For the Company, this involved the acquisition of Fox Networks Group Espana S.L.U. ("FNG Spain"), Fox Networks Group Italy S.R.L. ("FNG Italy"), Fox Networks Group Germany GmbH ("FNG Germany"), Fox Networks Group Poland Sp. z o.o. and Fox Networks Group Yapim Limited Sirketi. The Disney Store Limited also transferred its minority interest in The Walt Disney Company Iberia SL to the Company. The Company also acquired intellectual property rights from FNG Spain, FNG Germany and FNG Italy. In addition, the Company entered into service agreements with Fox Networks Group Content Distribution (UK) Limited and Twentieth Century Fox Television Distribution (U.K) Limited, both group companies, for the maintenance and management of certain activities in relation to their customer contracts. Employees of certain Fox entities were also transferred to the Company.

Due to COVID-19, in adherence with government guidelines our offices were closed from March 2020 to all but critical team members to ensure the safety of our Cast members. We have also put additional safety measures in place to protect those that need to work in the office and prepare for the eventual return of all Cast members.

We took a number of mitigation efforts in response to the impacts of COVID-19 on our businesses. We suspended certain capital projects; reduced certain discretionary expenditures; temporarily reduced management compensation; and furloughed certain of our employees.

Our Studio Entertainment segment delayed, or in some cases, cancelled theatrical releases, and stage play performances. Halted productions and cinema closures had a big impact on the Company. All stage plays performances were suspended from March 2020 including the Lion King UK tour and performances at the Lyceum theatre in London. During suspension all customer bookings were cancelled and either refunded or re-scheduled to a future alternative date. Certain theatrical releases were delayed due to the pandemic and therefore we released some movies straight to Disney+.

##### **b. The interests of the Company's employees (known as "Cast Members")**

The Company strives to provide a safe working environment, a diverse and inclusive culture and ensure adherence to all relevant Disney HR policies and processes for its Cast Members.

The health and safety of the Company's Cast Members is a priority. Health and Safety policies already in place were significantly enhanced as a result of the Covid-19 pandemic to ensure a safe environment for Cast Members. We have also carried out some work on the Hammersmith Office to prepare for our return to the office.

In addition to a comprehensive benefits program, the Company also offers Health and Wellness support to its Cast Members. For example, a wellbeing hub with a large variety of resources available to Cast Members in the UK & Ireland. Some examples of those resources are the following:

- Disney's Employee Assistance Program: offers free confidential advice on both professional and personal matters all year round, at any time of the day.
- Mental Health First Aiders: provides mental health support for Cast Members, helping signpost them to tailored mental health support as needed;
- T.R.U.S.T (an affinity group celebrating positive wellbeing and mental health): empowers all Cast Members to Talk, Recognise, Understand and Support, creating a workplace where all Cast Members can Triumph.

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020 (continued)

#### Section 172 statement (continued)

##### b. The interests of the Company's employees (known as "Cast Members") (continued)

The Group has an ongoing commitment to progress diversity and inclusion (D&I). In June 2020 the group CEO Bob Chapek outlined a multi-faceted plan to bring about important changes across the group, comprised of six pillars: Transparency, Representation, Accountability, Community, Content, and Culture. The Company is committed to moving these efforts forward.

From a content perspective, diversity and inclusion is a key strategic focus on and off-screen across all territories, genres, and brands. This includes LGBTQ+ creators and characters; diversity of race and ethnicity among off-screen talent and on-screen stories; and a focus on gender balance among our writing and directing rosters.

- Our BFI Future Skills Programme, for example, is back up and running across three Lucasfilm productions this year – *Indiana Jones*, *Willow* and *Andor* - with the aim of giving opportunities for a career in film to young people from all over the UK and from all backgrounds

Community-wise, the Disney Theatrical Group supported the launch of The Black British Theatre Awards' Youth development programme.

From a culture perspective, the Business Employee Resource Groups (BERGs) are voluntary, employee-led groups formed around shared identity, interests and pursuits. The following BERGs are active in the UK:

- Disney PRIDE: Advocates, celebrates, and educates on behalf of all LGBTQ+ and ally employees, fostering a culture of authenticity and inclusivity across the company.
- Disney DIVERSITY: Educating and celebrating ethnic and cultural diversity.
- WOMEN@Disney: Equips and motivates Women at Disney to build impactful careers.

##### c. The need to foster the Company's business relationships with suppliers, service providers, guests and others

The Company prides itself on delivering exceptional service and high-quality content to its customers facilitated, inter-alia, by its strong relationships with its suppliers and service providers.

###### *Suppliers/service providers*

The Company has high standards for its service providers and has a thorough tender process designed to obtain the best quality, service and value. The Company adheres to: (i) the Disney International Labour Standards Program which seeks to foster safe, inclusive, and respectful workplaces wherever Disney-branded products are made; (ii) UK government regulations such as UK Modern Slavery Act 2015.

###### *Production companies*

The Company works closely with production partners and maintains strong relationships with them to ensure that quality teams and infrastructure are in place to ensure the success of the Company's projects. The Company has expanded its studio space within the UK with well known, quality production companies and is committed to producing quality content in the UK.

###### *Customers and affiliates*

The Disney brand is experienced in a number of ways including its direct to consumer service Disney+, in cinemas, on stage, online, on TV screens and through a wide range of consumer products that are sold at mass market retailers and via shopDisney. We work very closely with all our distribution partners and affiliates, providing them with quality content. An example is our new multi-year deal with Sky in March 2020, making Disney+ available in the UK and Ireland on Sky Q and NOW TV.

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020 (continued)

#### Section 172 statement (continued)

#### d. The impact of the Company's operations on the community and the environment

##### *Community*

The Group's global Social Responsibility framework clarifies its mission as: "to be an honorable company that provides comfort to those in need, and creates inspiration and opportunity for those who want to improve their world".

The Company achieves this in a number of ways including Social Purpose (building emotional resilience by together, creating moments that matter) and being a Responsible Business (investing in the health and well-being of people and the planet). The following are specific examples:

- Disney's long-standing partnership with Make-A-Wish is an example of how, through working with others, we help build emotional resilience. All in all, over 23,000 Moments That Matter were created and delivered in FY20 for socially isolated or seriously ill children and young people across the UK and wider EMEA markets.
- The Disney VoluntEARS Programme gives Cast Members the opportunity to help in their local community. They can volunteer as teams or individuals and have the opportunity to support Disney's long-term charities such as Make-A-Wish, Together for Short Lives (including the 54 children's hospices across the UK) and MediCinema.

##### *Environmental*

The Group aims to establish and sustain a positive environmental legacy for Disney and for future generations. The Company is committed to minimising its overall impact on the environment.

Following the year end the Group set new ambitious environmental goals for 2030 at a group-level. These goals focus on key areas of its business where it believes it can have a significant, lasting impact and make a positive difference in protecting the planet. We have listed some of the key long term goals of the Group below:

- achieving net-zero greenhouse gas emissions for direct operations;
- purchasing or producing 100% zero carbon electricity for all direct operations;
- collaborating with industry groups and investing in low carbon fuel innovation;
- ensuring all branded product textiles contain recycled or certified sustainably sourced content, or are made from lower impact alternatives; and
- reducing the Company's plastics footprint across all businesses.
- ensure all paper, wood and palm oil used in Disney-branded packaging and products is from certified sustainable sources

More details on the environmental goals can be found at the following link:

<https://thewaltdisneycompany.com/environmental-sustainability/>

The Group celebrated the 50<sup>th</sup> anniversary of Earth Day in the year by introducing a range of content and environmental support with National Geographic. Disney+ also launched an Earth Day-themed collection of documentaries, series and films from National Geographic and Disneynature.

It was also the 25th anniversary in the year of the Disney Conservation Fund (DCF), which supports organisations working around the world to save wildlife, inspire action and protect the planet.

For more details on our savings in energy and associated carbon emissions see page 13.

## Walt Disney Company Limited(The)

### Strategic Report for the year ended 3 October 2020 (continued)

#### Section 172 statement (continued)

##### **e. The desirability of the Company maintaining a reputation for high standards of business conduct**

The Company is committed to operating its businesses with integrity and adopting governance policies that promote the thoughtful and independent representation of its stakeholders' interests. The Board has adopted Corporate Governance Guidelines which address, among other things, the composition and functions of the Board and independence. The Group's Standards of Business Conduct are applicable to all Cast Members of the Company including the Board.

The Company regularly engages its leaders and Cast Members in these Standards through training and other forms of communication. It is compulsory that all Cast Members complete the mandatory online courses, examples include: Standards of Business Conduct, TWDC Agents Policy and Avoiding Corrupt Business Practices.

Acting responsibly and conducting business ethically is an integral part of the Disney brand. The Group's global commitment to conduct business and create products in a responsible and ethical manner focuses on six areas: ethical conduct, responsible content, environmental stewardship, community engagement, civic engagement and respectful workplaces. The Company continues to work toward our goals and regularly set new challenges to ensure it is constantly striving to improve.

We are committed to producing responsible content. We remain committed to continuing to create characters that are accessible and relatable to all. We create and share compelling storylines from our studios and media networks that entertain with inspirational and aspirational themes and reflect the incredibly rich diversity of the human experience.

##### **f. The need to act fairly as between members of the Company**

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited. The Directors of the Company are also on the Board of Wedco EMEA Ventures Limited. Therefore, the parent company is aware of the key decisions and financial performance of the Company and has a keen interest in the strategies and future outlook of the Company.

On behalf of the Board on 21 October 2021

DocuSigned by:  
  
B5919832C4774A0...  
S L Williams  
Director

**Registered Office**  
3 Queen Caroline Street  
Hammersmith  
London  
W6 9PE

## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020

The Directors present their report and the audited financial statements of the Company for the year ended 3 October 2020 (prior financial year ended 28 September 2019).

#### Future developments

The Company's future development plans are explained in the Strategic Report.

#### Dividends

Dividend income totalling £81,325,000 (2019: £151,565,000) was received and dividends totalling £Nil were paid (2019: £360,212,000) during the year.

#### Financial risk management

The Company's operations expose it to financial risks. The most significant risks are described below.

- (1) Credit risk: The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by the Company's credit control function.
- (2) Foreign exchange risk: The Company may hold assets and liabilities denominated in foreign currencies. No derivative financial instruments are used to manage the risk of fluctuating exchange rates, so no hedge accounting is applied. The Company has in place a foreign exchange policy, driven by the ultimate parent Company, The Walt Disney Company, and will reconsider the appropriateness of this policy should operations change in nature.
- (3) Interest rate risk: The Company can have interest bearing assets and liabilities. The Company monitors its portfolio of interest bearing assets and liabilities and their financial impact. The Company will reconsider the appropriate structure of its portfolio should operations change in size or nature.

#### Directors

The Directors who held office during the year and up to the date of signing the financial statements are as follows:

P Wiley  
S Bailey  
A C M Haines (resigned on 31 December 2020)  
Z Hansson (resigned on 30 November 2020)  
A G Chambers (resigned on 22 June 2021)  
F M O Masson (appointed on 2 April 2020)  
D M Armstrong (appointed on 17 March 2021)  
S L Williams (appointed on 17 March 2021)

There was no payment for loss of office in the year (2019: £Nil).

#### 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 whilst in employment, every effort is made to ensure that their employment with the Company continues and the appropriate training is 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.

## **Walt Disney Company Limited(The)**

### **Directors' Report for the year ended 3 October 2020 (continued)**

#### **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.

#### **Stakeholder engagement**

The Company continues to maintain strong relationships and open communication with all of its stakeholders. The Company's efforts to communicate transparently to its stakeholders allows them to provide feedback and allows the Company to make well-informed decisions.

Throughout the year and especially due to the impact of the COVID-19 pandemic, the Company's Cast Members' health, safety and wellbeing have been key to its decision-making. The Company has followed government guidance to ensure the safety of our Cast Members.

The strategic decisions of the Board were made with a view to creating long term success of the Company and taking into consideration the impact on its stakeholders.

## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020 (continued)

#### Streamlined energy and carbon reporting disclosure

The Streamlined Energy and Carbon Reporting ('SECR') disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	Year to 3 <sup>rd</sup> October 2020	
	Location-based approach	Market-based approach
Energy consumption used to calculate emissions (kWh)	12,788,413	12,788,413
Emissions from combustion of gas (Scope 1) tCO <sub>2</sub> e	630	630
Emissions from combustion of fuel for transport purposes (Scope 1) tCO <sub>2</sub> e	50	50
Emissions from purchased electricity (Scope 2, location-based) tCO <sub>2</sub> e	2,121	3
Emissions from purchased electricity (Scope 2, market-based) tCO <sub>2</sub> e	-	0
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO <sub>2</sub> e	8	8
Total gross tCO <sub>2</sub> e based on above	2,809	692
Intensity ratio (tCO <sub>2</sub> e/net floor area sq ft)	0.0098899	0.0024357

Please see the methodology notes on page 14 for more details on the calculation above.

The Walt Disney Company Limited is the owner of the head office at 3 Queen Caroline Street. Companies located in the head office are the subsidiaries of the Company. As the financial control approach has been used all energy usage and associated GHG emissions are reported under the Company.

Explicit reporting on renewable electricity is not an obligation under the SECR legislation. As the Company would like to reflect their renewable electric consumption, the dual reporting approach was used. The location based approach uses UK Defra grid factors to calculate emissions meanwhile in the market based approach a supplier based emission factor has been used. The Company's renewable electricity is eligible for zero emissions reporting based on the GHG protocol.

#### Energy Efficiency Action Summary for fiscal year 2020

The Walt Disney Company Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including:

- Offices working on reduced capacity from March 2020 – October 2020 during the COVID-19 lockdown. Equipment, screens and lights were turned off in unused parts of buildings.
- Consolidation of office space commenced in 2020, leading to a corresponding reduction in energy use.

Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including:

- Implemented a new enterprise-level software application which provides us quality assurance and data capture capabilities into one energy and carbon management solution.

## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020 (continued)

#### Streamlined energy and carbon reporting disclosure (continued)

##### Methodology notes

Reporting Period	29 <sup>th</sup> September 2019 – 3 <sup>rd</sup> October 2020
Boundary (consolidation approach)	Financial control approach
Alignment with financial reporting	SECR disclosure has been prepared in line with The Walt Disney Company Limited annual accounts made up to 3 <sup>rd</sup> October 2020.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2020 for all emissions factors <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020</a>
Conversion factor source	Natural Gas and Gasoline: Federal Register EPA; 40 CFR Part 98; e-CFR, June 13, 2017 EPA GHG Emission Factors Hub Diesel U.S. Energy Information Administration – British Thermal Unit Conversion factors 2020
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres to kWh and GHG emissions using the method above. In absence of the exact engine sizes of the vehicles average conversion factors were used to calculate emissions.
Reason for the intensity measurement choice	Following the recommendations of the SECR legislation and based on the nature of our business, Net Floor Area (tCO <sub>2</sub> e /net floor area sq ft) gives the best overview on our efficiency performance on a longer scale.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).
Amount of renewable electricity (kWh) imported from the grid and backed by REGOs.	9,084,150 kWh

## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020 (continued)

#### Corporate Governance Statement

This section sets out the Company's corporate governance controls, policies and procedures as required by The Companies (Miscellaneous Reporting) Regulations 2018.

As a subsidiary within the group of companies of which The Walt Disney Company is the ultimate parent company (the "Group"), the Company adheres to the Group's governance ethos and practices. The Company operates in accordance with its Memorandum and Articles of Association; The Walt Disney Company Standards of Business Conduct (<https://thewaltdisneycompany.eu/responsible-business/#ethical-conduct>); and the governance principles set out below.

The Group strategy is set and managed by The Walt Disney Company and, as a subsidiary of the Group, the Company is responsible for the implementation of all local elements of the Group strategy, as necessary and where appropriate. The Board and wider Disney leadership oversee the Company's alignment with the Group's purpose, goals, strategies, ethics and compliance with the Group's Standards of Business Conduct and associated policies.

Owing to the extensive governance protocols already in place, it was decided that the Wates Principles for Large Private Companies should not be formally adopted by the Company but used as useful principles of good governance by which to measure its own existing corporate governance practices.

These corporate governance practices are detailed in the table below:

Board composition	<p>The composition of the Board aims to reflect a balance of skills, experience and knowledge. There is a diverse range of skillsets and experience amongst the Board. Members come from different backgrounds, for example: legal and regulatory, finance, tax, marketing and sales. Members of the Board also have strong backgrounds in media, which combined with their varied skillsets, enables them to make effective decisions and to meet the strategic needs and overcome strategic challenges faced by the Company.</p> <p>The Walt Disney Company has an ongoing commitment to progress diversity and inclusion (D&amp;I), including board composition. In June 2020, the Group CEO Bob Chapek outlined a multi-faceted plan to bring about important changes across the Group, comprised of six pillars: Transparency, Representation, Accountability, Community, Content, and Culture. The Company is committed to moving these efforts forward. An example is our Reimagine Tomorrow endeavour which began to execute a multi-faceted plan to drive brave, meaningful change across the Company through initiatives such as the CEO Diversity and Inclusion Council.</p> <p>Board members must abide by The Walt Disney Company's Standards of Business Conduct and must exhibit high standards of integrity, commitment and independence of thought and judgement. Directors have sufficient time, energy and attention to ensure the diligent performance of his or her duties, including attending meetings of the Board.</p> <p>Directors also receive regular updates on new legislation, regulatory requirements and other changes, to ensure that they are fully equipped when making decisions about the business.</p> <p>The Board ensures its composition is appropriate given the size and interests of the Company and all board composition changes are approved by the Board.</p>
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## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020 (continued)

#### Corporate Governance Statement (continued)

Director responsibilities	<p>The Directors are primarily responsible for overseeing the delivery of the Group strategy in the UK and EMEA through the Company by directing the management of the business, including the day-to-day running of the Company's business and operations. Directors work closely with management to ensure strategy is implemented and the Board monitor progress, including via Board meetings and more informal meetings with senior management.</p> <p>The Board review and where appropriate approve the Company's major financial objectives, plans and actions. They review accounting principles and practices to be used in the preparation of the Company's financial statements and meet with the auditors to discuss any audit findings. They also assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks. Some of the risks the Board consider are changes in economic conditions, impact of the pandemic, brexit and investments.</p> <p>The Board typically approves corporate actions through Board meetings held on a regular basis. Meetings can also be held on an ad-hoc basis if there is need to approve certain resolutions. All meetings are minuted, signed and approved by the Chairperson.</p> <p>The Board receives regular reports and board packs on the Company's financial performance and presentations from different departments such as legal, tax and compliance on new legislation, strategy, corporate governance and regulatory requirements in order to make well-informed decisions. The formal responsibility of reviewing feedback and engagement from stakeholders has been delegated to management.</p>
Remuneration	<p>Directors' emoluments and any associated annual bonus (whether cash or equity-based) is determined by assessing individual performance against financial, strategic and individual targets and are ultimately determined by US-based management of the Group. This enables Directors to be rewarded for annual financial performance delivered for the wider Group as a whole as well as performance against key strategic priorities. Directors are also part of the long term incentive plan. Additionally, benchmarking for senior level roles is undertaken using external consultants to ensure appropriate levels of remuneration. Directors do not receive any additional direct compensation for their service as Directors.</p> <p>In respect of gender pay gap, the Company's 2020 gender pay gap report for the United Kingdom shows a decrease in the mean pay gap between genders and a 50/50 split of men and women in top quartile paid jobs.</p>

## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020 (continued)

#### Corporate Governance Statement (continued)

<p>Purpose, Culture and Values</p>	<p>The mission of the Group is to entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company. We aim to conduct our business with honesty, integrity and in compliance with the laws everywhere we operate.</p> <p>We believe that our stakeholders value the way we conduct our business. We have a global commitment to conduct our business and create our products in a responsible and ethical manner focusing on six areas: ethical conduct, responsible content, environmental stewardship, community engagement, civic engagement and respectful workplaces.</p> <p>The Group has a whistleblowing hotline where Cast Members can report unethical, improper or illegal behaviour or questionable activities regarding the Company's business. The messages are then investigated by an independent group function with any issues cascaded up to senior management and the board where appropriate. All employees also complete training on Standards of Business Conduct, TWDC Agents Policy and Avoiding Corrupt Business Practices.</p> <p>Our key stakeholders include our Cast members, shareholder, suppliers, customers, production partners and our community. The Board aim to make well-informed decisions whilst being mindful of impacts on its stakeholders, long-term consequences and the values of the Group.</p> <p>The Board, via management, communicate strategy and business updates covering a range of topics, from health and safety announcements to news on business developments, through Town Halls and Newsletters. Town Halls offer the opportunity for Cast Members to submit questions to senior leadership.</p>
<p>Leadership, Opportunity &amp; Risk, Stakeholder Relationships &amp; Engagement</p>	<p>The Company focusses on providing quality products and best in class service to its customers and operating its business responsibly. The Company continues to maintain strong relationships and open communication with all of its stakeholders (please see our 'section 172 statement' on pages 6-10 for more detail). We engage with our stakeholders in many different forms, some examples include: Town Halls and Newsletters for our employees, social media and online, our supplier portal, direct and in person communication.</p> <p>The Board continues to monitor risk factors relating to the Company and its performance, and regularly reviews measures to address and mitigate such risks. It also monitors how the Group strategy is implemented and communicated.</p> <p>Financial risks are managed through careful monitoring of performance against budget, rolling quarterly forecasts as well as a long range planning process.</p>

## Walt Disney Company Limited(The)

### Directors' Report for the year ended 3 October 2020 (continued)

#### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial 53 week period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they 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. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006.

#### Directors' confirmations

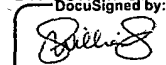
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Independent 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.

On behalf of the Board on 21 October 2021

DocuSigned by:  


ST-774A0...  
**Director**

#### Registered Office

3 Queen Caroline Street  
Hammersmith  
London W6 9PE

## **Walt Disney Company Limited(The)**

### **Independent auditors' report to the members of Walt Disney Company Limited(The)**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Walt Disney Company Limited (The)'s financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 October 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 3 October 2020; the Income statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## **Walt Disney Company Limited(The)**

### **Independent auditors' report to the members of Walt Disney Company Limited(The) (continued)**

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 3 October 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the Directors for the financial statements***

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Walt Disney Company Limited(The)

### Independent auditors' report to the members of Walt Disney Company Limited(The) (continued)

#### Responsibilities for the financial statements and the audit (continued)

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

#### Other required reporting

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Nicholas A Smith (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 October 2021

# Walt Disney Company Limited(The)

## Income statement for the year ended 3 October 2020

	Note	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Turnover	4	2,166,425	2,692,921
Cost of sales		(1,709,434)	(1,758,438)
<b>Gross profit</b>		<b>456,991</b>	<b>934,483</b>
Administrative expenses		(323,098)	(329,538)
<b>Operating profit</b>	7	<b>133,893</b>	<b>604,945</b>
Impairment of fixed asset investments		-	(201,348)
Income from shares in group undertakings	9	81,325	151,565
Other interest receivable and similar income	5	4,761	7,056
Interest payable and similar expenses	6	(79,420)	(83,825)
<b>Profit before taxation</b>		<b>140,559</b>	<b>478,393</b>
Tax on profit	10	(8,741)	(65,345)
<b>Profit for the financial year</b>		<b>131,818</b>	<b>413,048</b>

The results shown above are derived from continuing operations.

The notes on pages 25 to 55 form part of these financial statements.

## Statement of comprehensive income for the year ended 3 October 2020

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
<b>Profit for the financial year</b>	<b>131,818</b>	<b>413,048</b>
<b>Other comprehensive income:</b>		
Other comprehensive income	-	-
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>131,818</b>	<b>413,048</b>

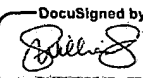
# Walt Disney Company Limited(The)

## Statement of financial position as at 3 October 2020

(Registered Number 00530051)

	Note	3 October 2020 £'000	28 September 2019 £'000
<b>Fixed assets</b>			
Intangible assets	12	560,274	592,146
Tangible assets	13	75,152	76,917
Investments	14	2,061,948	1,778,407
		<b>2,697,374</b>	<b>2,447,470</b>
<b>Current assets</b>			
Inventories	15	5,329	3,813
Debtors	16	1,179,241	832,991
Cash at bank and in hand		79,603	56,096
		<b>1,264,173</b>	<b>892,900</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(849,965)</b>	<b>(289,208)</b>
<b>Net current assets</b>		<b>414,208</b>	<b>603,692</b>
<b>Total assets less current liabilities</b>		<b>3,111,582</b>	<b>3,051,162</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(1,225,788)</b>	<b>(1,297,893)</b>
Provisions for liabilities	18	(2,218)	(2,594)
<b>Net assets</b>		<b>1,883,576</b>	<b>1,750,675</b>
<b>Capital and reserves</b>			
Share capital	20	1	1
Share premium account		947,916	947,916
Retained earnings		935,659	802,758
<b>Total equity</b>		<b>1,883,576</b>	<b>1,750,675</b>

The financial statements on pages 22 to 55 were approved by the Board of Directors on 21 October 2021 and were signed on its behalf by:

DocuSigned by:  
  
 B5919832C4774A0...  
 S L Williams  
 Director

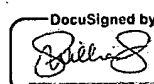
# Walt Disney Company Limited(The)

## Statement of changes in equity for the year ended 3 October 2020

	Note	Share capital £'000	Share Premium Account £'000	Retained earnings £'000	Total equity £'000
<b>Balance as at 30 September 2018</b>	20	1	947,916	751,746	1,699,663
Profit for the financial year		-	-	413,048	413,048
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	413,048	413,048
Share-based payment current year charge		-	-	8,201	8,201
Share-based payment to parent Company		-	-	(10,025)	(10,025)
Movements in shareholders' funds		-	-	-	-
Dividends paid	9	-	-	(360,212)	(360,212)
<b>Total transactions with owners, recognised directly in equity</b>		-	-	(362,036)	(362,036)
<b>Balance as at 28 September 2019</b>	20	1	947,916	802,758	1,750,675
Profit for the financial year		-	-	131,818	131,818
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	131,818	131,818
Share-based payment current year credit		-	-	(7,239)	(7,239)
Share-based payment to parent Company		-	-	8,322	8,322
Movements in shareholders' funds		-	-	-	-
Dividends paid	9	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>		-	-	1,083	1,083
<b>Balance as at 3 October 2020</b>	20	1	947,916	935,659	1,883,576

The notes on pages 25 to 55 represent an integral part of the financial statements.

The financial statements were approved by the Board on 21 October 2021 and were signed on its behalf by:

DocuSigned by:  
  
 S. Williams  
 Director

3 Queen Caroline Street  
 Hammersmith  
 London  
 W6 9PE

# Walt Disney Company Limited(The)

## Notes to the financial statements for the year ended 3 October 2020

### 1 General information

Walt Disney Company Limited(The) (the "Company") is a Company limited by shares. It is incorporated and domiciled in the United Kingdom. The address of its registered office is 3 Queen Caroline Street, Hammersmith, London, W6 9PE. The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited, whose ultimate parent Company is The Walt Disney Company, incorporated in the United States of America. The consolidated financial statements of The Walt Disney Company are publicly available.

The activities of the Company include television licensing, character merchandising and publications, television broadcast activities, film distribution, marketing, sales and distribution of home entertainment products, theatrical productions, intellectual property development and exploitation, property management, internet activities and the sale of land only vacation packages and other ancillary activities.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing group financial statements as it is a wholly owned subsidiary of The Walt Disney Company and is included within that Company's consolidated financial statements.

### 2 Statement of compliance

The financial statements of Walt Disney Company Limited(The) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the UK on a basis consistent with the prior year.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' section of this note.

#### b) Going concern

In December 2019 there was an outbreak of COVID-19, which the World Health Organisation declared a pandemic on 11 March 2020. COVID-19 created a short-term significant impact on the operations of the Company. The Company has been impacted by these events and have taken steps to mitigate economic outflows.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### b) Going concern (continued)

The impact of these disruptions and the extent of their adverse impact on our financial and operating results will be dictated by a combination of the unforeseeable length of time that such disruptions continue and the severity of the impacts of COVID-19. These impacts include the effect of governmental actions imposed in response to COVID-19.

As the situation continues to evolve, the Directors continue to monitor closely by way of ongoing risk assessments and revised projections for the business. The Directors are managing day to day working capital requirements closely with its related parent entity in order to meet the Company's liabilities as they fall due.

The Directors have undertaken an assessment and whilst they expect to be able to meet the day to day cashflow needs of the Company through the realisation of assets, they have received assurances of continued financial support from a fellow group undertaking, in the form of a letter of support, to allow the Company to meet its liabilities as they fall due without significant curtailment of operations for a period of at least 12 months from the date of these financial statements being signed. On the basis of their assessment of the Company's financial position and resources, the Directors believe that the Company is well placed to manage its business risks. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of The Walt Disney Company which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions in its financial statements:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102;
- v) from the requirement to provide certain share-based payments disclosures as required by paragraphs 26.18(b), 26.19, 26.20, 26.21 and 26.23 of FRS 102, concerning its own equity instruments.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### d) Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting year on the closest Saturday to 30 September each year. An accounting reference date of 3 October 2020 has been adopted for the current year. The financial year represents the 53 weeks ended Saturday 3 October 2020 (prior financial year was the 52 weeks ended Saturday 28 September 2019).

##### e) Foreign currency

###### (i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling and rounded to thousands.

###### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

##### f) Turnover

Television licensing income is recognised in the year in which the features are available for immediate delivery, the license period has begun and the arrangement fee is reasonably assured.

Television subscription turnover is recognised in the month of subscription.

Direct-to-consumer subscription video on demand services revenues are recognised ratably over the subscription period.

Income from advertising is recognised on the publishing of advertisements.

Licensing income from character merchandising, publications, home entertainment, film and games is recognised in the year 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 each year is recognised on that date, to the extent cash is assured.

Media distribution advances on licenses are deferred, then offset against income when the license period begins.

Income from film distribution is based on a percentage share of gross Box Office and is recognised when the film is exhibited.

Income from theatrical productions are recognised on the date of the performance.

Income from hotel and park admission is recognised on the arrival date of the customer.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### f) Turnover (continued)

Income from home entertainment films and games, which arises mainly in the United Kingdom, 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 year that revenue is recognised.

Intercompany revenue is predominantly derived from operating fees paid by Europe, Middle East and Africa ('EMEA') subsidiary and affiliate companies to the Company for access to the Company's and to The Walt Disney Group's intellectual property, for exploitation by those subsidiary and affiliate Companies in various EMEA markets.

##### g) Production and development costs

Internally generated film, television, theatrical and ancillary production and development costs and information technology development costs are expensed as incurred.

##### h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. The tax expense/(income) is recognised either in the Income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### (ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position 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 Statement of financial position date.

A 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 they will be recovered against the reversal of deferred tax liability or other future taxable profits.

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 Statement of financial position date. Deferred tax is measured on a non-discounted basis.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

##### i) Fixed asset investments and investment income

Fixed asset investments are stated at historical cost or guaranteed cost. Provision is made where in the opinion of the Directors an investment is impaired. Income from investments is included to the extent of dividends and distributions received. Investments are reviewed for any impairment indicators at the reporting date.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### i) Fixed asset investments and investment income (continued)

The accounting treatment of the distribution is determined by whether the distribution paid or received is considered to represent a return of the capital of the subsidiary or not. Where it is deemed to represent a return of capital, a reduction in the parent's investment balance in that subsidiary is recorded rather than the recognition of dividend income in the Income statement. The factors considered by the Directors when determining whether a distribution represents a dividend or return of capital include the following:

- The amount of the distribution relative to the original investment value;
- The legal form of the distribution; and
- The future operating plans for the subsidiary after the distribution.

If the amount of the distribution exceeds the carrying value of the investment balance, the excess gain is recognised in the Income statement, to the extent that it is realised or in the Statement of comprehensive income to the extent that it is unrealised. If the distribution is considered to represent a dividend the parent recognises the dividend in the Income statement.

##### j) Goodwill and other intangible assets

When the costs of an acquisition exceed the fair values attributable to the net assets acquired, the difference is treated as goodwill. Under FRS 102, intangible assets are reviewed for any impairment indicators at the reporting date.

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised where the fair value can be reliably measured.

Impairment reviews are carried out to ensure that goodwill and intangible assets are not carried at above their recoverable amounts. Any amortisation or impairment write downs are charged to the Income statement. Amortisation is reported within operating profit in the Income statement.

Amortisation is calculated on a systematic basis at rates estimated to write off the cost of the assets over their estimated useful lives. The useful economic life of intellectual property rights for Marvel and Lucas is ten years for film rights, fifteen years for all other rights and these rights are amortised on a straight line basis. Amortisation of Pixar and Disney Feature Animations is calculated over their applicable product life cycle based upon the ratio of the current period's revenues to the estimated remaining total revenues (Ultimate Revenues) for each period. Fox Networks Group related intellectual property rights are amortised over three years using 50% in year one, 30% in year two and 20% in year three for original script and global series contents and over three years using 25% in the first month and 75% over 35 months for unscripted inhouse local production contents. All other intangible assets including goodwill are amortised on a straight line basis.

##### k) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### k) Impairment of non-financial assets (continued)

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income statement, unless the asset has been revalued when the amount is recognised in the other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income statement.

##### l) Tangible assets and depreciation

Tangible assets are stated at historical purchase cost less accumulated depreciation. Costs that are directly attributable to the development of new business application hardware and software, which are incurred during the year prior to the date that the systems are placed into operational use, are capitalised. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 useful lives in use are:

Office equipment, furniture, fixtures and fittings	-	10 years
Information Systems	-	3 years, depreciation commencing when systems are placed into operational use
Buildings	-	39 ½ years
Leasehold improvements	-	over the term of the lease

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income statement.

##### m) Inventories

Inventories of finished goods and goods for resale are stated at the lower of cost and estimated selling price less cost to complete and sell. Estimated selling price is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provisions have been made for obsolescence, based upon aging of inventory, historical and forecasted sales, estimated margins and current events or changes in market conditions. The cost of inventory is determined through the use of weighted average methodology.

##### n) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As at 3 October 2020 the Company held £44,065,000 in overnight cash deposits (2019: £10,268,000). As at 3 October 2020 and 28 September 2019 the Company did not hold any bank overdrafts.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### o) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group Companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

##### *(iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has taken exemption from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### p) Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### *(i) Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the Income statement on a straight line basis over the period of the lease.

##### *(ii) Lease incentives*

Incentives received to enter into an operating lease are credited to the Income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

##### q) Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### *(i) Short term benefits*

Short term benefits are recognised as an expense in the period in which the service is received. Holiday pay is not recognised as an expense in the period in which the service is received because it is considered immaterial.

##### *(ii) Defined contribution pension plans*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The pension cost charge represents contributions payable by the Company to the personal plans of certain employees in respect of the accounting period. The contributions are recognised as an expense and charged to the Income statement when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### *(iii) Share based payments*

The fair value of grants made under the equity settled employee share option plans is calculated at the date of grant using an appropriate lattice model. Compensation expense for RSUs is based on the market price of the shares underlying the awards on the grant date. In accordance with FRS 20 'Share based payments', the fair value of equity-based awards is charged to the Income statement over the vesting period of the awards with a corresponding credit to the retained earnings reserve. The value of the charge is adjusted to reflect expected and actual levels of option vesting. At each reporting date, the entity revises its estimates of the number of options that are expected to vest.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### q) Employee benefits (continued)

It recognises the impact of the revision to original estimates, if any, in the Income statement, with a corresponding adjustment to reserves.

The Company is required to compensate The Walt Disney Company for the difference between the market value of the underlying shares on exercise date and the proceeds from exercise of the share options. This intercompany charge is denominated in US Dollars based on the US Dollar market value of the underlying shares and exercise price. The intercompany charge is offset to equity against retained earnings.

##### r) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

##### s) Related party transactions

The Company has taken the exemption as provided by paragraph 33.1A of FRS 102 and does not disclose transactions with members of the same Group that are wholly owned. The Company also does not disclose transactions with related parties which are not wholly owned with the same Group in note 24.

The Company has also taken exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

##### t) Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### (i) Useful economic lives of intangible and tangible assets (E)

The annual amortisation or depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. Impairment reviews are carried out, if trigger assessment indicates a need, to ensure that assets are not carried at above their recoverable amounts. See notes 12 and 13 for the carrying amount of intangible and tangible assets and policy notes 3j and 3l for the useful economic lives for each class of asset.

##### (ii) Investments (E), (J)

The Company's fixed asset investments are held at historical cost or guaranteed cost, as it relates to its Affiliates investments, adjusted for impairment where applicable. Impairment assessments involve management's analysis of the respective investments' forecasted future cash flows, territory market conditions, recent applicable market transactions and net asset composition. Growth rates applicable to each line of business according to the Company's annual operating plan have been applied based on the market each subsidiary operates in; and discount rates used for each subsidiary have been adjusted for specific market premiums or discounts. For certain fixed asset impairment reviews a seven-year cash

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### t) Critical accounting judgements and key source of estimation uncertainty (continued)

###### (ii) Investments (E), (J) (continued)

flow model is deemed more appropriate due to the nature of the business operation, including those relatively new to market / in a high growth phase. The Directors are comfortable with this approach. Reversals of prior year impairments requires judgement to be applied by the Directors, taking into consideration the conditions that existed at the time the impairment was recognised and the extent to which those conditions are deemed to now be reversed. See note 14 for the carrying amount of the Company's investments.

With respect to the Companies equity investment in WD Holdings (Shanghai) LLC for £834.3m, in assessing the carrying value of the equity investment the Directors have determined that a seven year period would be used before a terminal value was calculated, which recognises both the impact of the pandemic and that the entity is still in its development. This represents a key judgement The assessment indicates that whilst there is no impairment, certain key assumptions i.e. net cash flows (revenues less costs), discount rates and long term growth rates, are subject to estimation uncertainty that could give rise to a risk of impairment in a future period if these assumptions change.

###### (iii) Share-based payments (E)

The Company's employees have been granted share options by the ultimate parent Company, The Walt Disney Company. The Company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent Company's total expense. The parent company's total expense is estimated by management, involving subject-matter experts where required, and is based on the lattice valuation model which takes into account variables such as volatility, dividend yield and the risk-free interest rate. This lattice valuation model also considers the expected exercise multiple (the multiple of exercise price to grant price at which exercises are expected to occur on average) and the termination rate (the probability of a vested option being cancelled due to the termination of the option holder) in computing the value of the option. The assumptions that cause the greatest variation in fair value in the lattice valuation model are the expected volatility and expected exercise multiple.

The volatility assumption considers both historical and implied volatility and may be impacted by the Company's performance as well as changes in economic and market conditions. See note 22 for the in-year movement of share-based payments.

###### (iv) Impairment of debtors (E)

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the Company's debtors.

###### (v) Provisions (E)

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. The Company's property provision represents an estimate of the likely cost to return leased properties to landlords at the end of the respective leases. This requires expert assessment of the required works to be performed by reference to particular characteristics of the respective properties involved and to expected refurbishment costs per square metre. The provision requires derivation of an appropriate discount factor in order to reflect the present value of this cost. Legal and tax related matters are assessed by internal and, where required, external subject-matter experts in order to determine the probability of an economic outflow and the estimated financial impact thereof. See note 18 for the Company's provisions.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 3 Summary of significant accounting policies (continued)

##### t) Critical accounting judgements and key source of estimation uncertainty (continued)

###### (vi) Revenue recognition (E)

Licensing income from character merchandising, publications, home entertainment, film and games is recognised in the year in which the licensee makes the equivalent sale. Licensing income is estimated by means of a regular and detailed management review that considers third party licensee actual and forecast information where available, territory market conditions, and recent and historical character, title and licensee performance. Minimum guarantees and advances on licences are deferred and offset against licensing income as it is earned. Any minimum guarantee which is not earned out by the end of each year is recognised on that date, to the extent cash is assured.

Revenue from sales of home entertainment products including DVD and games is reduced for estimated returns. This returns estimation process involves a regular and detailed management review to analyse recent and historical sales data for actual and similar titles, the experienced and expected impact of seasonality on given characters and titles, territory market conditions and levels of inventory currently in the channel.

Direct-to-consumer subscription video on demand services revenues include an element for B2C sales in European Union where the Company recognises these on a gross basis, for which we have made certain judgements in our assessment as to whether the Company is, on balance, acting as the principal or agent in these transactions as considered in FRS102

###### vii) Intercompany costs (E)

Certain intercompany costs are calculated and recognised with reference to the turnover attributable to the Company's television broadcast activities for key franchise titles. Management use broadcast airtime percentages as a basis for allocating turnover to key franchise titles.

*\*(E - critical accounting estimates and assumptions; J - critical judgements in applying the Company's accounting policies)*

#### 4 Turnover

Turnover comprises of television licensing, royalties received from character merchandising and publications, subscription and advertising revenue related to television broadcasting, film distribution revenue, sale of home entertainment products, theatrical productions, direct-to-consumer subscription based video streaming service, property management, internet activities, the sale of vacation packages, intercompany EMEA operating fees for the commercial exploitation of the Company's and The Walt Disney Group's intellectual property and other ancillary activities.

Turnover received for Disney+ streaming service forms part of the turnover figure.

Turnover by geographical origination for the year and prior year is in the UK & Ireland.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 4 Turnover (continued)

The split of turnover into geographical destination during the year was as follows:

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
<b>Turnover</b>		
UK & Ireland	625,664	759,031
Rest of Europe	1,316,617	1,635,502
Rest of World	224,144	298,388
<b>Total</b>	<b>2,166,425</b>	<b>2,692,921</b>

#### 5 Other interest receivable and similar income

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Bank interest receivable	4,761	7,056

#### 6 Interest payable and similar expenses

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Interest payable to other group Companies	79,420	83,825

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 7 Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Staff costs:		
Wages and salaries	116,002	157,296
Social security costs	17,178	14,628
Other pension costs (note 23)	8,667	7,448
Share-based payments (note 22)	8,322	8,201
Foreign exchange loss/(gain)	11,848	(10,988)
Inventories recognised as an expense	6,218	7,899
Operating leases		
- land and building	2,675	4,089
- other assets	51	247
Amortisation of intangible assets (note 12)	154,048	116,695
Impairment of intangible assets (note 12)	-	31,169
Depreciation (note 13)	8,753	9,690
Auditors' remuneration		
- audit services	585	650
- other services related to taxation	107	26
- all other services	23	22

Cost of sales includes £6,218,000 inventory expense for the year (2019: £7,899,000).

Audit services include an amount for incremental fees paid for services rendered in the prior year.

#### 8 Employee information

The average monthly number of persons (including Directors) employed by the Company during the year was as follows:

	Year ended 3 October 2020 Number	Year ended 28 September 2019 Number
<b>Employees</b>		
Media networks	219	250
Interactive media group	29	39
Studio entertainment	90	86
Consumer products	252	186
Other *	993	994
<b>Total</b>	<b>1,583</b>	<b>1,555</b>

\* Other relates to employees who are not dedicated solely to one business segment.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 9 Income from shares in group undertakings

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Dividends received	81,325	151,565
Dividends paid	-	(360,212)

On 19 December 2019, a dividend of £2,800,000 (2019: £2,800,000) was received from Disney XD Poland Limited.

On 24 June 2020, a dividend of £3,498,000 (SEK 4,273,000) (2019: £5,020,000 (SEK62,000,000)) was received from The Walt Disney Company Nordic AB.

No dividend was received from The Walt Disney Company (Germany) GmbH during fiscal 2020 (2019: £54,172,000 (EUR 63,000,000)).

On 27 August 2020, a dividend of £1,664,000 (CHF 2,000,000) (2019: £1,533,000 (CHF 2,000,000)) was received from The Walt Disney Company (Switzerland) GmbH.

On 30 September 2020, a dividend of £26,914,000 (EUR 30,000,000) (2019: £22,357,000 (EUR 26,000,000)) was received from The Walt Disney Company Italia S.r.l.

No dividend was received from The Walt Disney Company (Hong Kong) Limited during fiscal 2020 (HKD Nil) (2019: £8,862,000 (HKD 86,830,000)).

On 5 December 2019 and on 24 September 2020, a total dividend of £22,315,000 (USD 29,467,000) (2019: £37,365,000 (USD 12,981,000)) was received from WD Holdings (Shanghai), LLC.

On 17 September 2020, a dividend of £19,053,000 (AUD 35,000,000) (2019: £19,456,000 (AUD 35,000,000)) was received from The Walt Disney Company (Australia) Pty Limited.

On 30 September 2020, a dividend of £595,000 (EUR 664,000) (2019: £Nil, (EUR Nil)) was received from The Walt Disney Company (Portugal) L.D.A.

On 30 September 2020, a dividend of £3,589,000 (EUR 4,000,000) (2019: £Nil (EUR Nil)) was received from Disney Trading Holding (Netherlands) BV.

On 1 September 2020, a dividend of £897,000 (EUR 1,000,000) (2019: £Nil (EUR Nil)) was received from The Walt Disney Company (Austria) GmbH.

No dividend was paid to Wedco EMEA Ventures Limited during fiscal 2020 (2019: £360,212,000).

# Walt Disney Company Limited(The)

## Notes to the financial statements for the year ended 3 October 2020 (continued)

### 10 Tax on profit

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

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
<b>Tax on profit:</b>		
(a) Analysis of charge in year		
<b>Current tax:</b>		
UK corporation tax on profit for the year	5,437	74,265
Adjustments relating to prior years	1,768	(11,261)
	<b>7,205</b>	<b>63,004</b>
Double tax relief	(5,395)	(6,353)
Double tax relief adjustment relating to prior years	-	-
	<b>1,810</b>	<b>56,651</b>
Foreign tax:		
Current tax on income for the year	5,395	7,181
Adjustments relating to prior years	-	-
<b>Total current tax</b>	<b>7,205</b>	<b>63,832</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	2,646	1,476
Adjustments relating to prior years	(2)	37
Changes in tax rates	(1,108)	-
<b>Total deferred tax (note 18)</b>	<b>1,536</b>	<b>1,513</b>
<b>Tax on profit</b>	<b>8,741</b>	<b>65,345</b>

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 10 Tax on profit (continued)

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for the year ended 3 October 2020: 19% (2019: 19%). The differences are explained as follows:

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Profit before taxation	140,559	478,393
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	26,706	90,895
Effects of:		
Dividend income	(15,452)	(28,798)
Other permanent differences	1,894	4,120
Expenses not deductible for tax purposes	4,900	12,239
Non-deductible impairment of investments	-	38,256
Utilisation of tax losses brought forward	(1,531)	-
Utilisation of tax losses from group Companies	(8,475)	(40,866)
Difference in tax rates – current year	-	(174)
Difference in tax rates – prior year	(1,108)	-
Prior year adjustment – current	1,768	(11,261)
Prior year adjustment - deferred	(2)	37
Excess foreign taxes suffered	41	897
Total tax charge for year	8,741	65,345

The Finance Act 2015 introduced provisions to reduce the main rate of corporation tax from 19% to 17% with effect from 1 April 2020. However, The Finance Act 2020 which received Royal Assent on 22 July 2020 has cancelled the planned reduction of corporation tax and therefore the main rate remains at 19%.

Additionally as announced, at the UK Budget legislation has been introduced in the Finance Bill 2021 to set the Corporation Tax main rate at 25% for financial years beginning 1 April 2023.

#### 11 Directors' emoluments

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Aggregate emoluments, gains on share options exercised, other benefits in kind and Directors' services recharged by other group Companies	5,017	3,869
Company contributions paid to pension scheme	31	32
<b>Highest paid Director</b>		
Total amount of emoluments and amounts (including shares) receivable under long term incentive schemes	1,387	1,113
Company contributions paid to pension scheme	7	-

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 11 Directors' emoluments (continued)

The services of Nil (2019: Nil) of the Directors were recharged to The Walt Disney Company Limited by other group Companies and the aggregate cost to The Walt Disney Company Limited was £Nil (2019: £Nil).

The remaining six (2019: five) Directors in service during the year were remunerated directly by The Walt Disney Company Limited and retirement benefits accrued to all Directors. Six (2019: Five) Directors received and exercised share options under long term incentive schemes during the year. There was no payment for loss of office in the year (2019: £Nil).

#### 12 Intangible assets

	Goodwill £'000	Film rights £'000	Other rights £'000	Other £'000	Total £'000
<b>Cost</b>					
At 29 September 2019	136,248	482,540	515,798	83,563	1,218,149
Additions	-	-	-	122,176	122,176
Disposals	-	-	-	(15,235)	(15,235)
<b>At 3 October 2020</b>	<b>136,248</b>	<b>482,540</b>	<b>515,798</b>	<b>190,504</b>	<b>1,325,090</b>
<b>Accumulated amortisation</b>					
At 29 September 2019	136,248	272,830	172,028	44,897	626,003
Charge for the year	-	47,785	34,387	71,876	154,048
Impairment	-	-	-	-	-
Disposals	-	-	-	(15,235)	(15,235)
<b>At 3 October 2020</b>	<b>136,248</b>	<b>320,615</b>	<b>206,415</b>	<b>101,538</b>	<b>764,816</b>
<b>Net carrying amount</b>					
<b>At 3 October 2020</b>	<b>-</b>	<b>161,925</b>	<b>309,383</b>	<b>88,966</b>	<b>560,274</b>
At 28 September 2019	-	209,710	343,770	38,666	592,146

Intangible assets amounting to £122,176,000 (2019: £54,039,000) were acquired in the year in relation to production licences created by third party producers. The programmes are licenced to be aired for a number of years and so the licences are amortised throughout the licencing period on a straight line basis. The IP is owned by the third party producer.

On 1 October 2009 the Company acquired goodwill in relation to the Jetix business for £136,248,000. During 2019 the company recognised an impairment of the goodwill of £37,415,000. The acquisition had the aim of obtaining access to markets for Channels. Over time the Disney brand has replaced the Jetix brand in the market as Disney has its own infrastructure, programming content, relationships with customers and vendors and does not rely on the Jetix brand to operate in the market. As a result, the goodwill has been fully impaired as at 30 September 2019.

On 26 September 2014 the Company acquired Marvel and Lucas intellectual property rights for commercial exploitation within EMEA at a combined value of £849,868,000. Amortisation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives. The useful economic life of intellectual property rights for Marvel and Lucas is ten years for film rights and for all other intangible assets is fifteen years.

On 3 April 2016 the Company acquired certain Pixar intellectual property rights for commercial exploitation within EMEA for £93,650,000. These Pixar intellectual property rights are amortised over applicable product

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 12 Intangible assets (continued)

life cycle based upon the ratio of the current year's revenues to the estimated remaining total revenues (Ultimate Revenues) for each production.

On 3 July 2016 the Company acquired certain Disney Feature Animation intellectual property rights for commercial exploitation within EMEA for £54,820,000. These Disney Feature Animation intellectual property rights are amortised over applicable product life cycle based upon the ratio of the current year's revenues to the estimated remaining total revenues (Ultimate Revenues) for each production.

On 18 May 2020 and on 22 May 2020 the Company acquired certain Fox Network Group intellectual property rights for the commercial exploitation within EMEA for £80,686,000 in relation to production licences created by third party producers. These intellectual property rights are amortised on an accelerated or straight line basis over their useful life or over the number of times the programme is expected to be aired, as appropriate. The amortisation of certain titles was accelerated. An amortisation charge of £30,636,000 was accounted for during fiscal 2020 for these titles.

The Company disposed intellectual property rights in relation to productions licences created by third party producers for £15,235,000 during 2020 fiscal year. No gain or loss resulted from this disposal.

#### 13 Tangible assets

	Office equipment, furniture, fixtures and fittings £'000	Information systems £'000	Buildings £'000	Leasehold improvements £'000	Total £'000
<b>Cost</b>					
At 29 September 2019	26,162	35,270	106,121	14,263	181,816
Additions	1,310	5,043	-	635	6,988
Disposals	-	(20)	-	-	(20)
Other	(4,398)	3,557	1,079	(742)	(504)
<b>At 3 October 2020</b>	<b>23,074</b>	<b>43,850</b>	<b>107,200</b>	<b>14,156</b>	<b>188,280</b>
<b>Accumulated depreciation</b>					
At 29 September 2019	21,641	26,623	48,842	7,793	104,899
Charge for the year	1,562	3,010	3,247	934	8,753
Disposals	-	(20)	-	-	(20)
Other	(4,398)	3,557	1,079	(742)	(504)
<b>At 3 October 2020</b>	<b>18,805</b>	<b>33,170</b>	<b>53,168</b>	<b>7,985</b>	<b>113,128</b>
<b>Net book amount</b>					
<b>At 3 October 2020</b>	<b>4,269</b>	<b>10,680</b>	<b>54,032</b>	<b>6,171</b>	<b>75,152</b>
At 28 September 2019	4,521	8,647	57,279	6,470	76,917

The disposal of fixed assets in the year resulted in a loss of £Nil (2019: loss of £Nil).

The Other category balances of tangible fixed assets have been added to reflect asset retirements which were not properly reflected in the prior year financial statements. There was no net book value impact arising.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 14 Investments

	Shares in group undertakings £'000	Total £'000
Cost and net book value at 29 September 2019	1,778,407	1,778,407
Additions for the year	283,541	283,541
Impairment of fixed asset investment	-	-
<b>Net book amount at 3 October 2020</b>	<b>2,061,948</b>	<b>2,061,948</b>

On 14 May 2020 the Company acquired 72 quotas of participation ownership of The Walt Disney Company (Iberia) S.L. for £1 and became the sole shareholder of the subsidiary.

On 19 May 2020 the Company acquired the ordinary shares of Fox Networks Group Germany GmbH for £41,954,000.

On 19 May 2020 the Company acquired the ordinary shares of Fox Networks Group Espana, S.LU for £159,459,000. Fox Networks Group Espana, S.LU owns 100% of the ordinary shares of Fox Networks Group Portugal, LDA and 51.129% of the ordinary shares of Pulsa Media Consulting.

On 21 May 2020 the Company acquired the ordinary shares of Fox Networks Group Italy S.R.L for £68,482,000.

On 23 June 2020 the Company acquired the ordinary shares of Fox Networks Group Poland Sp Zoo for £5,151,000 and Fox Networks Group Yapim Limited Sirketi for £8,495,000.

Subsequently on 30 June 2020 Fox Networks Group Germany GmbH merged into The Walt Disney Company (Germany) GmbH with an effective merger date of 1 October 2019. On 1 July 2020 Fox Networks Group Espana, SA merged into The Walt Disney Company (Iberia) S.L. and Fox Networks Group Italy S.R.L merged into The Walt Disney Italia S.r.l. both with an effective merger date of 1 October 2019.

Disney Store Holdings (Netherlands) B.V. changed its name to Disney Trading B.V. on 26 July 2019.

The Company's branch in Czech Republic was dissolved on 30 September 2020.

There was no impairment noted as a result of management's investment review undertaken in fiscal 2020.

The Directors believe that the carrying value of the investments is supported by their underlying net assets or the net present value of their discounted future cash flows.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 14 Investments (continued)

Details of investments are set out below:

Shares in group undertakings	Business	Country of registration/ incorporation	Proportion of nominal value of voting shares held	
			2020	2019
The Walt Disney Company (Austria) GmbH	Distribution and marketing services	Austria	100%	100%
The Walt Disney Company (Benelux) BVBA	Distribution and marketing services	Belgium	100%	100%
The Walt Disney Company (Germany) GmbH	Distribution and marketing services	Germany	100%	100%
The Walt Disney Company Italia S.r.l.	Distribution and marketing services	Italy	100%	100%
Wedco Benelux Holdings (Netherlands) B.V.	Holding company	Netherlands	100%	100%
The Walt Disney Company (Benelux) B.V.	Distribution and marketing services	Netherlands	100%	100%
The Walt Disney Company (Switzerland) GmbH	Distribution and marketing services	Switzerland	100%	100%
The Walt Disney Company (Australia) Pty Limited	Distribution and marketing services	Australia	100%	100%
Walt Disney International France S.A.S.	Holding company	France	100%	100%
The Walt Disney Company Nordic AB	Distribution and marketing services	Sweden	100%	100%
The Walt Disney Company Medya Eglence ve Ticaret Limited Sirketi	Distribution and marketing services	Turkey	100%	100%
Disney Trading B.V.	Holding company	Netherlands	100%	100%
The Walt Disney Company (Portugal) L.D.A	Marketing services	Portugal	100%	100%
The Walt Disney Company (Iberia) S.L.	Distribution and marketing services	Spain	100%	100%
The Walt Disney Company Greece Single Partner EPE	Distribution and marketing services	Greece	100%	100%
The Walt Disney Company (Hong Kong) Limited (Formerly known as The Walt Disney Company (Asia Pacific) Limited)	Distribution and marketing services	Hong Kong	100%	100%
Banner Productions Limited	Holding company	United Kingdom	100%	100%
Disney XD Poland Channels Limited	Dormant company	United Kingdom	100%	100%
Disney XD Poland Limited	Distribution and marketing services	Isle of Man	80%	80%
Disney Trading Limited	Distribution services	United Kingdom	100%	100%
The Walt Disney Company Israel Limited	Distribution and marketing services	Israel	100%	100%
The Walt Disney Company (Polska) sp. Z o.o	Distribution and marketing services	Poland	100%	100%
Walt Disney Hungary Media and Entertainment Services Limited Liability Company	Marketing and information technology services	Hungary	100%	100%
Walt Disney Imagineering Asia Limited	Design and construction services	Hong Kong	100%	100%
The Walt Disney Company Nigeria Limited	Distribution and marketing services	Nigeria	100%	100%
Fox Networks Group Poland Sp Zoo	Distribution services	Poland	100%	-
Fox Networks Group Yapim Limited Sirketi	Distribution services	Turkey	100%	-

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 14 Investments (continued)

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited and is included in the consolidated financial statements of The Walt Disney Company which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

#### The registered address of the subsidiaries are:

Subsidiary	Registered address
The Walt Disney Company (Austria) GmbH	Handelskai 94-96, Top 392, 1200 Wien, Austria
The Walt Disney Company (Benelux) BVBA	Avenue du Port 86C/217, Havenlaan, 1000 Brussel, Belgium
The Walt Disney Company (Germany) GmbH	Lilli-Palmer-Strasse 2, 80636 Muenchen, Germany
The Walt Disney Company Italia S.r.l.	Via Ferrante Aporti, 6/8 - 20125 Milano, Italia
Wedco Benelux Holdings (Netherlands) B.V.	De Passage 144, 1101 AX Amsterdam, Netherlands
The Walt Disney Company (Benelux) B.V.	De Passage 144, 1101 AX Amsterdam, Netherlands
The Walt Disney Company (Switzerland) GmbH	Hoeschgasse 45, 8008 Zuerich, Switzerland
The Walt Disney Company (Australia) Pty Limited	Building 10, Level 3, 658 Church St, Richmond, VIC 3121, Australia
Walt Disney International France S.A.S.	25 quai Panhard et Levassor 75013 Paris, France
The Walt Disney Company Nordic AB	Box 181, 101 23 Stockholm, Sweden
The Walt Disney Company Medya Eglence Ve Ticaret Limited Sirketi	Kazlıcesme Mah.Kennedy Cad. No. 44 Zeytinburnu 34020 Istanbul, Turkey
Disney Trading B.V.	De Passage 144, 1101 AX Amsterdam, Netherlands
The Walt Disney Company (Portugal) L.D.A.	Avda Liberdade 200, Edificio Victoria 5º DTO 1250-147 Lisboa - Portugal
The Walt Disney Company Iberia S.L.	Jose Bardasano Baos, 9. Edificio GORBEA 3. 28016 Madrid, Spain
The Walt Disney Company Greece Single Partner EPE	7 Fragkoklisias Str, 15125 Marousi, Greece
The Walt Disney Company (Hong Kong) Limited	Suites 1101-1103, 11th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong
Banner Productions Limited	3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom
Disney XD Poland Channels Limited	3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom
Disney XD Poland Limited	First Names House, Victoria Road, Douglas, Isle of Man
Disney Trading Limited	3 Queen Caroline Street, Hammersmith, London W6 9PE, United Kingdom
The Walt Disney Company Israel Limited	6 Ha'hilazon St, Ramat-Gan, Israel
The Walt Disney Company (Polska) sp. z o.o	Al. Armii Ludowej 26, 00-609 Warszawa, Poland
Walt Disney Hungary Media and Entertainment Services Limited Liability Company	1068 Budapest, Dozsa Gyorgy street 84/a 4th Floor, Hungary
Walt Disney Imagineering Asia Limited	38/F, Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
The Walt Disney Company Nigeria Limited	8th Floor, Civic Towers, Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 14 Investments (continued)

The registered address of the subsidiaries are:

Subsidiary	Registered address
Fox Networks Group Poland Sp Zoo	Prosta 68, 00-838 Warszawa, Poland
Fox Networks Group Yapim Limited Sikerti	Kazlıcesme Mah.Kennedy Cad. No. 44 Zeytinburnu 34020 Istanbul, Turkey

#### Affiliates

Shares in group undertakings	Business	Country of registration/ incorporation	Proportion of nominal value of voting shares held	
			2020	2019
WD Holdings (Shanghai), LLC	Holding Company	USA	47%	47%

The registered address of the affiliate is:

Affiliate	Registered address
WD Holdings (Shanghai), LLC	500 South Buena Vista Street, Burbank, CA 91521, USA

#### 15 Inventories

	3 October 2020 £'000	28 September 2019 £'000
Finished goods and goods for resale	5,329	3,813

There is no material difference between the carrying amount of inventory and the replacement cost.

Inventories are stated after provisions for impairment of £760,000 (2019: £458,000).

#### 16 Debtors

	3 October 2020 £'000	28 September 2019 £'000
Trade debtors	118,350	140,391
Amounts owed by group undertakings	868,438	507,627
Other debtors	-	537
Corporation tax	31,185	-
Deferred tax asset (note 18)	7,879	9,415
Prepayments and accrued income	153,389	175,021
<b>Total</b>	<b>1,179,241</b>	<b>832,991</b>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

The deferred tax asset is expected to be realised after more than one year.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 17 Creditors

##### Amounts falling due within one year

	3 October 2020 £'000	28 September 2019 £'000
Trade creditors	43,368	36,498
Amounts owed to group undertakings	520,098	54,407
Other taxation and social security	39,200	14,515
Corporation tax	-	16,307
Other Creditors	808	819
Accruals and deferred income	246,491	166,662
<b>Total</b>	<b>849,965</b>	<b>289,208</b>

Amounts owed to group undertakings are unsecured, repayable on demand and are not interest bearing.

##### Amounts falling due after more than one year

	3 October 2020 £'000	28 September 2019 £'000
Amounts owed to group undertakings	1,225,788	1,297,893
<b>Total</b>	<b>1,225,788</b>	<b>1,297,893</b>

Amounts owed to group undertakings are unsecured, interest bearing and comprised of the following:

Counter Party	Issue date	Maturity Date	Principal £		Interest rate
			2020	2019	
Disney FTC Services (Singapore) Pte. Ltd.	13 August 2009	15 December 2024	305,623,000	323,600,000	5.50%
Disney FTC Services (Singapore) Pte. Ltd.	07 August 2014	20 November 2024	167,686,000	179,321,000	5.50%
Disney FTC Services (Singapore) Pte. Ltd.	22 September 2014	20 November 2024	30,091,000	30,091,000	5.50%
Disney FTC Services (Singapore) Pte. Ltd.	26 September 2014	26 September 2024	722,388,000	764,881,000	6.50%

# Walt Disney Company Limited(The)

## Notes to the financial statements for the year ended 3 October 2020 (continued)

### 18 Provisions for liabilities

	Property related provision	Deferred tax asset
	£'000	£'000
At 30 September 2019	2,594	9,415
Utilised in the year	(376)	(2,646)
Tax rate change adjustment	-	1,108
Prior year under provision	-	2
<b>As at 3 October 2020</b>	<b>2,218</b>	<b>7,879</b>

The property-related provision is intended to be utilised in 2021 as subsequently the lease was extended.

Deferred taxation provided for at 19% (2019: 17%) in the financial statements is set out below:

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Accelerated capital allowances	(861)	(636)
Short term timing differences	2,602	4,486
Tax losses	6,138	5,565
<b>Undiscounted deferred tax asset</b>	<b>7,879</b>	<b>9,415</b>

	Year ended 3 October 2020 £'000	Year ended 28 September 2019 £'000
Asset at start of year	9,415	10,928
Amount charged to profit and loss	(2,646)	(1,476)
Prior year under/(over) provision	2	(37)
Tax rate change adjustment	1,108	-
<b>Asset at end of year</b>	<b>7,879</b>	<b>9,415</b>

The enactment of The Finance Bill 2020 has increased the rate at which deferred tax will be recognised at from 17% to 19%.

The enactment of The Finance Bill 2021 has increased the rate at which deferred tax will be recognised at from 19% to 25%. As this change was not substantively enacted until after the Statement of financial position date the remeasurement has not been included in the note above but would result in the asset at the end of the period being remeasured to £10,366,000.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 19 Financial instruments by category

	Note	3 October 2020 £'000	28 September 2019 £'000
<b>Financial assets measured at amortised cost:</b>			
Trade debtors	16	118,350	140,391
Amounts owed by group undertakings	16	868,438	507,627
Other debtors	16		537
Cash at bank and in hand		79,603	56,096
<b>Total</b>		<b>1,066,391</b>	<b>704,651</b>
<b>Financial liabilities measured at amortised cost:</b>			
Trade creditors	17	43,368	36,498
Amounts owed to group undertakings	17	520,098	54,407
Amounts owed to group undertakings after more than one year	17	1,225,788	1,297,893
<b>Total</b>		<b>1,789,254</b>	<b>1,388,798</b>

#### 20 Share capital

	3 October 2020 £	29 September 2019 £
<b>Authorised</b>		
1,100 Ordinary shares of £1 each (2019: 1,100)	1,100	1,100
<b>Allotted and fully paid</b>		
1,051 Ordinary shares of £1 each (2019: 1,051)	1,051	1,051

#### 21 Commitments and contingencies

The Company has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	3 October 2020 £'000	28 September 2019 £'000
Within one year	2,726	4,336
Between two and five years	378	1,350
After five years	-	-
<b>Total</b>	<b>3,104</b>	<b>5,686</b>

## **Walt Disney Company Limited(The)**

### **Notes to the financial statements for the year ended 3 October 2020 (continued)**

#### **22 Share-based payments**

Under the Disney Discretionary Stock Option Scheme, certain employees of the Company may be granted options to acquire shares of stock in the ultimate parent Company, The Walt Disney Company, at exercise prices equal to or exceeding the market price at the date of grant. Options vest equally over a four-year period from the date of grant and expire seven to ten years after the date of grant. Restricted stock units (RSUs) generally vest equally on each of the four anniversaries of the grant date. Certain RSUs awarded to senior executives vest based upon the achievement of performance conditions. The share options are settled using the equity instruments of the Company's ultimate parent Company, The Walt Disney Company.

The restricted stock issued during 2020 vests equally on each of the four anniversaries of the grant date and has a remaining contractual life of nine years. There are no performance conditions attached to the issue.

The volatility assumption considers both historical and implied volatility and may be impacted by the Company's performance as well as changes in economic and market conditions.

#### **23 Pensions**

Pension benefits for employees are provided under The Walt Disney Retirement Savings Plan (the 'Plan'). The Plan is a defined contribution arrangement with contributions being made by members and the Company on an age-related basis.

The pension cost charge represents the contribution payable by the Company under the rules of the Plan. Pension costs incurred by the Company for the year amounted to £8,667,000 (2019: £7,448,000).

Amounts prepaid in relation to the pension scheme at year ended 3 October 2020 were £Nil (2019: £Nil). Amounts outstanding in relation to the pension scheme at year ended 3 October 2020 were £Nil (2019: £Nil).

#### **24 Related party transactions**

The Company is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent undertaking and controlling party is The Walt Disney Company. Consequently the Company utilises the exemption contained in paragraph 33.1A of FRS 102, 'Related party disclosures', not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company. The address at which the consolidated financial statements of the ultimate parent Company are publicly available is included in note 25.

The Company has taken advantage of the exemption from providing certain related party transaction disclosures as mentioned in the accounting policy.

Key management includes the Directors and members of senior management. The Company has taken the exemption from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

##### **Ultimate parent**

The Walt Disney Company Limited is a wholly owned subsidiary of Wedco EMEA Ventures Limited whose ultimate parent is The Walt Disney Company, incorporated in the United States of America.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 25 Ultimate parent undertaking and related undertakings

##### Parent undertaking

The largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is as follows:

<b>Name (Tax ID number)</b>	The Walt Disney Company (83-0940635)
<b>Country of incorporation</b>	United States of America
<b>Address from where copies of the group financial statements can be obtained</b>	500 South Buena Vista St. Burbank, California 91521-9722 USA

The ultimate parent undertaking at the year-end date was The Walt Disney Company incorporated in the United States of America. On 21 March 2019, the ultimate parent undertaking changed to The Walt Disney Company as detailed above.

##### Related undertakings

The Company's Related Undertakings are listed below:

##### Direct

##### Subsidiaries and Associates

<b>Name</b>	<b>Country</b>	<b>Ownership</b>
Banner Productions Limited	UK	100%
Disney Trading Limited	UK	100%
Disney XD Poland Channels Limited	UK	100%
The Walt Disney Company (Australia) Pty Limited	Australia	100%
The Walt Disney Company (Austria) GmbH	Austria	100%
The Walt Disney Company (Benelux) BVBA	Belgium	100%
Walt Disney International France S.A.S.	France	100%
The Walt Disney Company (Germany) GmbH	Germany	100%
The Walt Disney Company Greece Single Partner EPE	Greece	100%
The Walt Disney Company (Hong Kong) Limited	Hong Kong	100%
Walt Disney Imagineering Asia Limited	Hong Kong	100%
Walt Disney Hungary Media and Entertainment Services Limited Liability Company	Hungary	100%
Disney XD (Poland) Limited	Isle of Man	80%
The Walt Disney Company Israel Limited	Israel	100%
The Walt Disney Company Italia S.r.l.	Italy	100%
The Walt Disney Company (Benelux) B.V.	Netherlands	100%
Wedco Benelux Holdings (Netherlands) B.V.	Netherlands	100%
Disney Trading B.V.	Netherlands	100%
The Walt Disney Company (Polska) sp. z o.o	Poland	100%

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 25 Ultimate parent undertaking and related undertakings (continued)

##### Direct Subsidiaries and Associates

Name	Country	Ownership
Fox Networks Group Poland Sp Zoo	Poland	100%
The Walt Disney Company (Portugal) L.D.A.	Portugal	100%
The Walt Disney Company Iberia S.L.	Spain	100%
The Walt Disney Company Nordic AB	Sweden	100%
The Walt Disney Company (Switzerland) GmbH	Switzerland	100%
The Walt Disney Company Medya Eglence Ve Ticaret Limited Sirketi	Turkey	100%
Fox Networks Group Yapim Limited Sirketi	Turkey	100%
The Walt Disney Company Nigeria Limited	Nigeria	100%
WD Holdings (Shanghai), LLC	USA	47%

##### Indirect Subsidiaries and Associates

Name	Country	Ownership
The Disney Store Limited	UK	100%
Absolom Productions Limited	UK	100%
ABC Studios International Limited	UK	100%
Badduns Productions Limited	UK	100%
Blackbeard Productions Limited	UK	100%
Briar Rose Productions Limited	UK	100%
Burning Windmills Pictures Limited	UK	100%
Cherry Tree Lane Productions Limited	UK	100%
Cogsworth Productions Limited	UK	100%
Coronation Bay Productions Limited	UK	100%
Dark Forest Productions Limited	UK	100%
David Productions Limited	UK	100%
Down River Productions Limited	UK	100%
Exit 8 Productions Limited	UK	100%
Five Beans Productions Limited	UK	100%
Glittery Gown Productions Limited	UK	100%
Goliath Productions Limited	UK	100%
Grand Central Productions Limited	UK	100%
Iceberg Productions Limited	UK	100%
Jade Productions Limited	UK	100%
Medici Productions Limited	UK	100%
Mistletoe Pictures Limited	UK	100%
Monstro Productions Limited	UK	100%
More Muppets Productions Limited	UK	100%
Mystical Productions Limited	UK	100%
Raksha Productions Limited	UK	100%
Magic Lamp Productions Ltd	UK	100%
Think Thark Productions Limited	UK	100%

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 25 Ultimate parent undertaking and related undertakings (continued)

##### Indirect Subsidiaries and Associates

Name	Country	Ownership
Vita Ray Productions Limited	UK	100%
Time Freeze Productions Limited	UK	100%
Merryweather Productions Limited	UK	100%
Trueborn Heir Productions Limited	UK	100%
Frost Fair Productions Limited	UK	100%
Sand Castle Pictures Limited	UK	100%
Fincayra Productions Limited	UK	100%
Hidden Heart Productions Limited	UK	100%
Asgard Productions III Pty Limited	Australia	100%
Mukiri Productions Pty Limited	Australia	100%
Maker Studios (Australia) Pty Limited	Australia	100%
Two Hares Productions Pty Ltd	Australia	100%
Woozle Productions Pty Limited	Australia	100%
Disney Stores Holdings (Netherlands) B.V. (Belgium branch)	Belgium	100%
Disney Trading Denmark, Filial Af Disney Trading B.V., Holland	Denmark	100%
The Walt Disney Company Nordic AB Denmark Branch	Denmark	100%
The Walt Disney Company Nordic AB Finland Branch	Finland	100%
Walt Disney Participations S.A.S.	France	100%
Euro Disney S.A.S.	France	100%
Euro Disneyland Imagineering SARL	France	100%
The Walt Disney Company (France) S.A.S.	France	100%
Disney Hachette Presse SNC	France	51%
The Walt Disney Company Licensing (EMEA) S.A.S.	France	100%
The Disney Store (France) S.A.S.	France	100%
The Disney Store Germany GmbH	Germany	100%
Buena Vista International Film Production (Germany) GmbH	Germany	100%
TDS Disney Ireland Limited	Ireland	100%
Lollipop Productions Limited	Israel	100%
The Disney Store Italia Srl	Italy	100%
TV 10 B.V.	Netherlands	50%
The Walt Disney Company Nordic AB Norway Branch	Norway	100%
The Disney Store Spain S.L. - Sucursal em Portugal	Portugal	100%
Fox Networks Group Portugal LDA	Portugal	100%

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 25 Ultimate parent undertaking and related undertakings (continued)

Indirect Subsidiaries and Associates	Name	Country	Ownership
	The Disney Store Spain S.L.	Spain	100%
	Sociedad Gestora de Television Net T.V. SA	Spain	20%
	Pulsa Media Consulting	Portugal	51.129%
	Disney Trading (Sweden) Filial	Sweden	100%
	Disney Stores Holdings (Netherlands) B.V. (Turkish branch)	Turkey	100%
	Fox Turkish License Holders	Turkey	100%
	Disney Televizyon Yayincilik AS	Turkey	100%
	Disney XD Televizyon Yayincilik AS	Turkey	100%
	TV 10 Holdings LLC	USA	50%
	Walt Disney Imagineering (Shanghai) Company Limited	China	100%
	Shanghai International Theme Park and Resort Management Company Limited	China	33%
	Shanghai International Theme Park Company Limited	China	20%
	Shanghai International Theme Park Associated Facilities Company Limited	China	20%
Branches	Name	Country	Ownership
	The Walt Disney Company Limited	Dubai	100%
	The Walt Disney Company Limited	Ireland	100%
	The Walt Disney Company Limited	Czech Branch	100%

#### 26 Post Balance Sheet Events

##### a) Twenty-First Century Fox, Inc. acquisition

In March 2019, our ultimate parent company (The Walt Disney Company) completed its acquisition of Twenty-First Century Fox, Inc., which was subsequently renamed TFCF Corporation (TFCF). Activities of related TFCF subsidiaries within the UK & Ireland include: television licensing, television broadcast activities, film distribution, and marketing, sales and distribution of home entertainment products.

Following the year end date some of the operations and employees of various TFCF UK entities have been wound down or transferred to the Company as part of the overall integration of UK commercial activities. In addition, in the course of the integration of activities in other EMEA territories, TWDC UK has acquired various Intellectual Property and Programming Rights in order to align processes and procedures in the integrated businesses. The Directors consider these integration steps as non-adjusting events after the year end date. The value of the acquired Intellectual Property and Programming Rights is considered immaterial to disclose.

## Walt Disney Company Limited(The)

### Notes to the financial statements for the year ended 3 October 2020 (continued)

#### 26 Post Balance Sheet Events (continued)

##### b) Dividend received

On 15 December 2020, a dividend of £9,929,000 (EUR 11,000,000) was received from The Walt Disney Company (Germany) GmbH.

On 18 December 2020, a dividend of £31,558,000 (EUR 35,000,000) was received from The Walt Disney Company Italia S.r.l.

On 11 December 2020 and on 12 March 2021, a total dividend of £4,904,000 (USD 6,708,000) was received from WD Holdings (Shanghai), LLC.

On 24 February 2021, a dividend of £22,501,000 (AUD 40,000,000) was received from The Walt Disney Company (Australia) Pty Limited.

On 30 September 2021, a dividend of £850,000 (SEK 10,000,000) was received from The Walt Disney Company Nordic AB.

On 30 September 2021, a dividend of £127,000,000 (EUR 146,000,000) was received from The Walt Disney Company Iberia S.L.

##### c) Revolving credit facility arrangement

On 18 March 2020 the Company entered into a revolving credit facility agreement with Disney Enterprise Inc. whereby the Company lent \$700,000,000. The maturity date of the agreement is 1 October 2021. Loan amount is repayable on demand to the Company. Interest is payable semi-annually to the Company using USD Libor rate plus 28 basis points. By September 2021 the loan balance reduced to \$161,000,000.

On 17 March 2021 the Company entered into a revolving credit facility agreement with The Walt Disney Company Greece Single Partner EPE whereby the Company lent EUR 2,000,000. The maturity date of the agreement is 15 December 2021. Loan amount is repayable on demand to the Company. Interest is only payable on the unpaid principal amount of the loan that is unpaid when due to the Company using rate of 2%. By September 2021 the loan balance stood at EUR 1,500,000.

On 29 September 2021 the Company entered into a short-term loan credit facility with Walt Disney International France S.A.S. whereby the Company lent EUR 87,000,000. The maturity date of the agreement is three months from the date identified in the loan agreement. The loan is non-interest bearing.

##### d) Pension

On 25 Feb 2021, the Company agreed to undertake a Pensions Reorganisation with the Trustees of the Twentieth Century Fox Film Pension scheme. The Company agreed to become a participating employer of this scheme and all liabilities of each previous participating employer have been apportioned to TWDC Limited. The Directors consider the net liability value of the pension scheme immaterial to disclose.

##### e) Store closures

Subsequent to the year end and in line with Disney's global strategy, it was decided to close a significant number of bricks and mortar stores across EMEA, in order to focus on the online business. Whilst the stores business is not directly part of the Company's trading activity, the Company, through its investment holding in Disney Trading B.V., owns the Disney Stores business in EMEA and the impact of this decision on the carrying value of this investment will be considered in the 2021 financial statements, as it is too early to determine this at this time.