DCL Finance (UK) Limited

(Registered number 3017046)

Directors' report and financial statements
For the year ended 1 October 2011

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Directors' report and financial statements
For the year ended 1 October 2011

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Directors' report for the year ended 1 October 2011

The directors present their annual report and audited financial statements of DCL Finance (UK) Limited (the 'Company') to 1 October 2011 The financial year represents the 52 weeks ended Saturday 1 October 2011 (prior year the 52 weeks ended 2 October 2010)

Principal activities and review of the business

The Company's principal activity is the leasing of a cruise ship under a finance lease On 22 September 2011, the finance lease was terminated resulting in a loss on termination of £7,466,000 The Company's sole activity is now the holding of an intercompany loan receivable

The results for the Company show a loss for the financial year of £6,951,000 as per the Profit and Loss account (2010 £404,000 profit) for the year and turnover of £3,143,000 as per the Profit and Loss account (2010 £3,137,000) The Directors do not recommend payment of a dividend (2010 £nil)

Principal risks and uncertainties and future outlook

From the perspective of the Company, its principal risks and uncertainties and future outlook are integrated with those of The Walt Disney Company Group ("the group") and are not managed separately Accordingly, The Walt Disney Company annual report should be referred to in order to gain a more detailed understanding of business performance and related risks and uncertainties

The Company's lease was terminated during the year effectively ceasing operations The intention is to cease activities during 2012, making the Company dormant in 2013

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Directors

The directors who were in office during the year and up to the date of signing the financial statements are as follows

N Cook
J Headley
A Widger (appointed 27 September 2011)

Directors' report for the period ended 1 October 2011 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board on 21 February 2012

Andrew Widger

Andrew Widger
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London
W6 9PE

Independent auditors' report to the members of DCL Finance (UK) Limited

We have audited the financial statements of DCL Finance (UK) Limited for the year ended 1 October 2011 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the statement of director's responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 October 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report to the members of DCL Finance (UK) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Robin Holgate

Robin Holgate (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 February 2012

Profit and loss account for the year ended 1 October 2011

	Note	Year Ended 1 October 2011	Year Ended 2 October 2010
		£'000	£'000
Turnover	2	3,143	3,137
Loss on termination of finance lease	3	(7,466)	-
Administrative expenses		(593)	(20)
Operating (loss)/profit	4	(4,916)	3,117
Interest payable and similar charges	5	(2,488)	(2,168)
(Loss)/profit on ordinary activities before taxation		(7,404)	949
Tax on (loss)/profit on ordinary activities	6	453	(545)
(Loss)/profit for the financial year	11	(6,951)	404

There are no material differences between the (loss)/ profit on ordinary activities before taxation as reported above, and its historical cost equivalent

The results shown above are derived from continuing operations

The notes on pages 9 to 15 form part of these financial statements

Statement of total recognised gains and losses for the year ended 1 October 2011

	Note	2011	2010
		£'000	£'000
Profit/(loss) for the period		(6,951)	404
Total recognised gains and losses relating to the period		(6,951)	404
Prior year adjustment	15	(6,587)	-
Total recognised gains and losses since last annual report		(13,538)	404

Balance sheet as at 1 October 2011

(Registered number: 3017046)

	Note	As at 1 October 2011 £'000	As at 2 October 2010 RESTATED £'000
Current assets			
Cash at bank and in hand		**92**	74
Debtors	7	**18,885**	254,937
		18,977	255,011
Creditors amounts falling due within one year	8	**(992)**	(158,441)
Net current assets		**17,985**	96,570
Provisions for liabilities and charges	9	**-**	(71,634)
Net assets		**17,985**	24,936
Capital and reserves			
Share capital	10	**-**	-
Share reserve	11	**17,000**	17,000
Profit and loss account	11	**985**	7,936
Total shareholders' funds	11	**17,985**	24,936

The financial statements on pages 9 to 15 were approved by the Board on 21 February 2012 and were signed on its behalf by

Andrew Widger

A Widger
Director

21 February 2012

Notes to the financial statements for the year ended 1 October 2011

1 Accounting policies

These financial statements are prepared on a basis other than 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 period The principal accounting policies are set out below

The Company's financial statements fall within the scope of the Finance & Leasing Association's Statement of Recommended Practice (SORP), "Accounting Issues in the Asset Finance and Leasing Industry" and have been prepared in accordance with the provisions thereof

The directors consider that no adjustments would be necessary to convert the financial statements to a break up basis, given that the company has ceased trading

a) Accounting for leases

The Company is the lessor of a cruise ship under an agreement which transfers substantially all the risks and rewards associated with ownership, other than legal title to the lessee This lease is therefore accounted for as a finance lease The cost of the asset was £192,390,000

Net investment in finance leases is included in debtors and represents total minimum lease payments less gross earnings allocated to future years and non refundable rents in advance Income from finance leases is credited to the profit and loss account using the actuarial after tax method to give a constant periodic rate of return on the net cash investment

The lease is a pre-existing lease purchased from Abbey National March Leasing (4) Limited and expires on 31 March 2026 The original lease period was from March 1996

On 22 September 2011, the finance lease was terminated

b) Taxation

Corporation tax payable is provided on taxable profits at the current rate

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

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

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

Notes to the financial statements for the year ended 1 October 2011

1 Accounting policies (continued)

c) Turnover

Turnover represents income from finance leases which is credited to the profit and loss account using the actuarial after tax method to give a constant periodic rate of return on the net cash investment

d) Cash flow statement

The Company is a wholly owned subsidiary of American Broadcasting Company Inc, whose ultimate parent company is The Walt Disney Company, incorporated in the United States of America, and is included in its consolidated financial statements, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996) "Cash flow statement"

e) Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting period on the closest Saturday to 30 September each year An accounting reference date of 1 October 2011 has been adopted for the current year

The financial year represents the 52 weeks ended Saturday 1 October 2011 (prior year the 52 weeks ended 2 October 2010)

Notes to the financial statements for the year ended 1 October 2011 (continued)

2 Turnover

	2011 £'000	2010 £'000
Rental income from finance leases	**17,613**	17,775
Rental rebates - interest variations	**(14,470)**	(14,638)
	3,143	3,137

Turnover is driven by the rental rebates which are based on the six-month GBP LIBOR rate

3 Loss on termination of finance lease

On 22 September 2011, the finance lease was terminated for a termination sum of £250,197,050 received from Disney Wonder Corporation The net investment on the finance lease on 22 September was £257,662,968 resulting in a loss on termination of £7,465,919

4 Operating (loss)/profit

	2011 £'000	2010 £'000
Operating (loss)/profit is stated after charging		
Auditors' remuneration - audit fees	**17**	20
	17	20

The Company had no employees during the year ended 1 October 2011 (2010 none)

5 Interest payable and similar charges

	2011 £'000	2010 £'000
Interest payable to group undertakings	**2,488**	2,168

Notes to the financial statements for the year ended 1 October 2011 (continued)

6 Tax on (loss)/profit on ordinary activities

The (credit)/charge for taxation is based upon the taxable (loss)/profit for the year and comprises

	2011 £'000	2010 £'000
Tax on (loss)/profit on ordinary activities·		
Analysis of charge in year		
a) Analysis of charge in year		
UK corporation tax at 27% (2010 28%)	67,576	359
Prior year adjustment	3,605	-
Total current tax	71,181	359
Deferred tax		
Origination and reversal of timing differences		
Current year	(71,634)	186
Total deferred tax (note 9)	(71,634)	186
Tax on (loss)/profit on ordinary activities	(453)	545

b) Factors affecting tax charge for year

The tax assessed for the period is higher (2010 higher) than the standard rate of corporation tax in the UK (2011 27%, 2010 28%) The differences are explained below

	2011 £'000	2010 £'000
(Loss)/profit on ordinary activities before tax	(7,404)	949
Expected tax at 27% (2010 28%)	(1,999)	266
Effects of		
Permanent differences	569	279
Lease termination	69,006	-
Prior year adjustment - write off for non payments of group relief *	3,605	-
Capital allowances in excess of depreciation	-	(186)
Total current tax charge	71,181	359

* Receivable due from Magical Cruise Company for payment of group relief has been waived

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which was substantially enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28% to 26% from 1 April 2011 Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was substantially enacted on 5 July 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and, therefore, have not been reflected in these financial statements The changes are not expected to materially impact the financial statements

Notes to the financial statements for the year ended 1 October 2011 (continued)

7 Debtors

	2011 £'000	2010 £'000 RESTATED
Net investment in finance lease comprises		
Total amounts receivable	-	438,196
Less interest allocated to future periods	-	(188,165)
	-	250,031
Amounts owed by group undertakings - within one year	18,885	
Amounts owed by group undertakings - more than one year	-	4,906
Total	18,885	254,937

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

8 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000 RESTATED
Accruals	-	20
Amounts owed to group undertakings	992	158,421
Total	992	158,441

Amounts due to group undertakings are interest free, repayable on demand and unsecured

9 Provision for liabilities and charges

The provision relates to deferred tax The deferred tax liability comprises the following amounts

	2011 £'000	2010 £'000
Deferred tax liability on fixed assets	-	(71,634)
Undiscounted deferred tax liability	-	(71,634)
Opening deferred tax liability	(71,634)	(71,448)
Amount charged in profit and loss account	71,634	(186)
Closing deferred tax liability	-	(71,634)

Notes to the financial statements for the year ended 1 October 2011 (continued)

10 Called up share capital

	2011 £	2010 £
Authorised 100 (2010 100) ordinary shares of £1 each	**100**	100
Allotted and fully paid 3 ordinary shares of £1 each (2010 3)	3	3

11 Reconciliation of movements in shareholder's funds

	Share premium reserve £'000	Profit and loss account £'000	Total £'000
Opening shareholders' funds as previously reported at 2 October 2010	17,000	14,523	31,523
Prior year adjustment (Note 15)	-	(6,587)	(6,587)
Opening shareholders' funds as restated	17,000	7,936	24,936
(Loss)/profit for the financial year	-	(6,951)	(6,951)
At 1 October 2011	**17,000**	**985**	**17,985**

12 Directors' emoluments

During the year, amounts paid to directors in respect of their qualifying services to the Company were £nil (2010 £nil) Two of the directors are remunerated by The Walt Disney Company Limited and one director is remunerated by The Walt Disney Company

Notes to the financial statements for the year ended 1 October 2011 (continued)

13 Ultimate parent undertaking and controlling party

Ultimate parent

DCL Finance (UK) Limited is a wholly owned subsidiary of American Broadcasting Company Inc whose ultimate parent undertaking and controlling party is The Walt Disney Company incorporated in the United States of America

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

Name	The Walt Disney Company
Country of Incorporation	United States of America
Address from where copies of the group financial statements can be obtained	500 South Buena Vista St Burbank, California 91521-9722 USA

14 Related party transactions

The Company is a wholly owned subsidiary of American Broadcasting Company Inc whose ultimate parent is The Walt Disney Company and utilises the exemption contained in Financial Reporting Standard 8, "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 13

15 Prior year adjustment

As part of the finance lease, the Company should have recognised an impairment in 2008 due to the change in tax rate The prior year comparatives have been restated as at 2 October 2010 The effect on the financial statements of restating the comparative information is as follows

- total assets were overstated by £6,587,000
- reserves were overstated by £6,587,000