

DCL Finance (UK) Limited
(Registered Number 3017046)

Directors' Report and Financial Statements
Period Ended 2 October 2010



DCL Finance (UK) Limited
(Registered Number 3017046)

**Directors' Report and Financial Statements for the Period Ended 2 October
2010**

Contents	Pages
Directors' Report	2 - 3
Independent Auditors' Report to the Members of DCL Finance (UK) Ltd	4 - 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 13

DCL Finance (UK) Limited
(Registered Number 3017046)

Directors' Report for the Period Ended 2 October 2010

The Directors present their annual report and audited financial statements of DCL Finance (UK) Limited (the 'Company') for the 52 weeks to 2 October 2010. The financial year represents the 52 weeks ended Saturday 2 October 2010 (prior year the 53 weeks ended 3 October 2009).

Principal activities, business review and future developments

The Company's principal activity is the leasing of a cruise ship under a finance lease. The decrease in revenue (finance income) has been driven by economic conditions which has seen the Libor rates fall in the current year. The Company expects to continue its principal activity for the foreseeable future.

The results for the Company show a profit of £404,000 as per the Profit and Loss account (2009 £1,238,000) for the year and revenues of £3,137,000 as per the Profit and Loss account (2009 £9,178,000). No dividends were paid during the year (2009 £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.

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.

Financial risk management

The Company's operations expose it to financial risks, the most significant of which is 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 Walt Disney Company credit control function.

Going concern

As the loan to Walt Disney International Financing LLC is repayable on demand, DCL Finance (UK) Limited relies on support by Disney Enterprises Inc to provide sufficient finance to enable the Company to continue its operations throughout the year. This support shall continue to be provided, which has been confirmed in writing to the directors, and therefore the Directors consider the financial statements should be prepared on a going concern basis to give a true and fair view.

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
P Wiley

None of the directors have a beneficial interest in the shares of the Company.

DCL Finance (UK) Limited
(Registered Number 3017046)

Directors' Report for the Period Ended 2 October 2010 (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.

Disclosure of Information to Auditors

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.

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 16th December 2010



Director
16th December 2010

Registered Office
3 Queen Caroline St
Hammersmith
London, W6 9PE

DCL Finance (UK) Limited
(Registered Number 3017046)

Independent Auditors' Report to the Members of
DCL Finance (UK) Limited

We have audited the financial statements of DCL Finance (UK) Limited (the 'Company') for the period ended 2 October 2010 which comprise the Profit and Loss Account, the Balance Sheet, 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 Directors' Responsibilities Statement set out on page 3, 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 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.

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 2 October 2010 and of its profit 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DCL Finance (UK) Limited
(Registered Number 3017046)

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



Sonia Copeland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16th December 2010

DCL Finance (UK) Limited
(Registered Number 3017046)

Profit and Loss Account for the Period Ended 2 October 2010

	<i>Note</i>	Period Ended 2 October 2010 £'000	Period Ended 3 October 2009 £'000
Turnover	2	3,137	9,178
Administrative expenses		(20)	(16)
Operating profit	4	3,117	9,162
Interest payable and similar charges	3	(2,168)	(7,615)
Profit on ordinary activities before taxation		949	1,547
Tax on profit on ordinary activities	5	(545)	(309)
Profit for the financial year	10	404	1,238

There were no other gains or losses for the year other than those reported in the Profit and Loss Account and consequently no statement of total recognised gains and losses has been presented

There are no material differences between the profit on ordinary activities as reported above, and its historical cost equivalent

The results shown above are derived from continuing operations

The notes on pages 8 to 13 form part of these financial statements

DCL Finance (UK) Limited
(Registered Number 3017046)

Balance Sheet as at 2 October 2010

	<i>Note</i>	2 October 2010 £'000	3 October 2009 £'000
Current assets			
Debtors amounts falling due after more than one year	6	261,091	262,915
		261,091	262,915
Creditors amounts falling due within one year	7	(157,934)	(160,348)
Net current assets		103,157	102,567
Provisions for liabilities and charges	8	(71,634)	(71,448)
Net assets		31,523	31,119
Capital and reserves			
Called up share capital	9	-	-
Share premium reserve	10	17,000	17,000
Profit and loss account	10	14,523	14,119
Total shareholders' funds	11	31,523	31,119

The financial statements on pages 6 to 13 were approved by the Board of Directors on 16th December 2010 and were signed on its behalf by



Nigel Cook
Director
 16th December 2010

DCL Finance (UK) Limited

Notes to the Accounts for the Period Ended 2 October 2010

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 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 accounts 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.

a) Going concern

As the loan to Walt Disney International Financing LLC is repayable on demand, DCL Finance (UK) Limited relies on support by Disney Enterprises Inc. to provide sufficient finance to enable the Company to continue its operations throughout the year. This support shall continue to be provided, which has been confirmed in writing to the Directors, and therefore the Directors consider the financial statements should be prepared on a going concern basis to give a true and fair view.

b) 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 March 31 2026. The original lease period was from March 1996.

c) 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.

DCL Finance (UK) Limited
Notes to the Accounts for the Period Ended 2 October 2010 (continued)

d) 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

e) Cash flow statement

The Company is a wholly owned subsidiary of The Walt Disney Company Limited, 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"

f) 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 2 October 2010 has been adopted for the current year.

The financial year represents the 52 weeks ended Saturday 2 October 2010 (prior year the 53 weeks ended 3 October 2009)

2 Turnover

	2010 £'000	2009 £'000
Rental income from finance leases	17,775	17,873
Rental rebates – interest variations	(14,638)	(8,695)
Total	3,137	9,178

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

3 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest payable to group undertakings	2,168	7,615

4 Operating profit

Operating profit is stated after charging

	2010 £'000	2009 £'000
Auditors' remuneration – audit fees	20	16

The Company had no employees during the period ended 2 October 2010 (2009 nil)

DCL Finance (UK) Limited
Notes to the Accounts for the Period Ended 2 October 2010 (continued)

5 Tax on profit on ordinary activities

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

	2010 £'000	2009 £'000
Tax on profit on ordinary activities		
Analysis of charge in period		
(a) Current tax		
UK corporation tax at 28% (2009 28%)	359	199
Total current tax	359	199
Deferred tax		
Origination and reversal of timing differences		
Current year	186	110
Total deferred tax (note 8)	186	110
Tax charge on profit on ordinary activities	545	309

(a) Factors affecting tax charge for the year

The tax assessed for the period is higher (2009 lower) than the standard rate of corporation tax in the UK (2010 28%, 2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	949	1,547
Expected tax at 28% (2009 28%)	266	433
Effects of		
Permanent differences	279	(2)
Capital allowances in excess of depreciation	(186)	(232)
Current tax charge for the year	359	199

A number of changes to the UK corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 The further proposed changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

DCL Finance (UK) Limited
Notes to the Accounts for the Period Ended 2 October 2010 (continued)

6 Debtors: amounts falling due after more than one year

	2010 £'000	2009 £'000
<u>Net investment in finance lease comprises</u>		
Total amounts receivable	438,202	457,442
Less interest allocated to future periods	(181,171)	(198,947)
	<u>257,031</u>	<u>258,495</u>
 Amounts due from group undertakings	 4,060	 4,420
 Total	 <u>261,091</u>	 <u>262,915</u>

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

7 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Accruals	20	16
Amounts due to group undertakings	157,914	160,332
 Total	 <u>157,934</u>	 <u>160,348</u>

Amounts due to group undertakings are unsecured and comprise a loan from Walt Disney International Financing LLC which is repayable on demand. Interest is accrued on the loan at the six-month LIBOR rate plus 55 basis points semi-annually.

8 Provision for liabilities and charges

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

	2010 £'000	2009 £'000
Deferred tax liability on fixed assets	(71,634)	(71,338)
 Undiscounted deferred tax liability	 <u>(71,634)</u>	 <u>(71,338)</u>
 Opening deferred tax liability	 (71,448)	 (71,338)
Amount charged in profit and loss account	(186)	(110)
 Closing deferred tax liability	 <u>(71,634)</u>	 <u>(71,448)</u>

DCL Finance (UK) Limited
Notes to the Accounts for the Period Ended 2 October 2010 (continued)

9 Called up share capital

	2010 £	2009 £
Authorised 100 ordinary shares of £1 each	100	100
Allotted and fully paid 3 ordinary shares of £1 each (2009 3)	3	3

10 Reserves

	Share premium reserve £'000	Profit and loss account £'000	Total £'000
At 3 October 2009	17,000	14,119	31,119
Retained profit for the financial year	-	404	404
At 2 October 2010	17,000	14,523	31,523

11 Reconciliation of movements in shareholder's funds

	2010 £'000	2009 £'000
Retained profit for the financial year	404	1,238
Net increase in shareholder's funds	404	1,238
Opening shareholder's funds	31,119	29,881
Closing shareholder's funds	31,523	31,119

12 Directors' emoluments

During the year, amounts paid to directors in respect of their qualifying services to the Company were £nil (2009 £nil). Two of the Directors are remunerated by The Walt Disney Company Limited and one Director is remunerated by The Walt Disney Company Inc, and details are available in the financial statements of those companies.

DCL Finance (UK) Limited

Notes to the Accounts for the Period Ended 2 October 2010 (continued)

13 Ultimate parent undertaking

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

On 16 March 2009, The Walt Disney Company Limited transferred the investment in DCL Finance (UK) Limited to Walt Disney International Limited as a dividend in specie. On 17 March 2009 Walt Disney International Limited transferred the investment in DCLF Finance (UK) Limited as a dividend in specie to Hammersmith Enterprises Limited. On 19 March 2009 Hammersmith Enterprises Limited transferred the investment in DCLF Finance (UK) Limited to American Broadcasting Company Inc.

Parent undertaking

The largest and smallest group for which consolidated accounts 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 accounts 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 The Walt Disney Company Limited whose ultimate parent is The Walt Disney Company and utilises the exemption contained in FRS 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.