

Disney Magic Company Limited
(Registered Number 3585635)

Directors' Report and Financial Statements
For The Year Ended 3 October 2015

SATURDAY



A59X04L6

A06

25/06/2016

#272

COMPANIES HOUSE

Disney Magic Company Limited

Directors' Report and Financial Statements For The Year Ended 3 October 2015

Contents	Page
Strategic report	3
Directors' report	4-5
Independent auditors' report	6-7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10-17

Disney Magic Company Limited

Strategic Report For The Year Ended 3 October 2015

The directors present their strategic report of Disney Magic Company Limited (the 'Company') for the 53 weeks ended 3 October 2015 (prior year was for 52 weeks ended 27 September 2014).

Principal activities, review of business and future developments and outlook

The Company's principal activity is the leasing of a luxury cruise vessel. The Company was incorporated and commenced trading in June 1998. The directors are satisfied with the performance of the Company and look forward to the future with optimism.

It is considered that the Company's activities will remain unchanged for the foreseeable future.

In fiscal year 2011 Disney Magic Company Limited extended the operating lease on Disney Magic which expires in fiscal year 2023.

The Company's profit for the financial year is \$17,024,000 (2014: \$17,164,000).

Principal risks and uncertainties

The principal risk is a decline in economic activity in the global market in which we do business which would adversely affect demand for any of our business, thus reducing our revenues. Economic conditions can also impair the ability of those with whom we do business to satisfy their obligations to us.

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

Key performance indicators ("KPIs")

Given the 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.

On behalf of the Board on 17 May 2016



N Cook
Director
Registered Office
3 Queen Caroline Street
Hammersmith, London
W6 9PE

Disney Magic Company Limited

Directors' Report For The Year Ended 3 October 2015

The Directors present their annual report and audited financial statements of the Company for the year ended 3 October 2015. The financial year represents the 53 weeks ended Saturday 3 October 2015 (prior year the 52 weeks ended 27 September 2014).

Future development

The Company's future development plans are explained in the strategic report.

Dividend

The Directors approved the payment of dividends amounting to \$24,134,000 (2014: \$294,180,000). On 18 December 2014 the Directors approved a final dividend payment of \$12,067,000 for fiscal 2014 and on 14 May 2015 the Directors approved an interim dividend payment of \$12,067,000 for fiscal 2015, to Disney Magic Corporation, the Company's parent.

On 18 December 2015 a final dividend payment of \$12,067,000 was approved for fiscal 2015 to Disney Magic Corporation. This dividend has not been accounted for within the current year financial statements since it was proposed after the balance sheet date.

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 Company's credit control function.

Directors

The Directors who held office during the year and up to the date of approval of the financial statements are given below:

N Cook
M Reed

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, 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 prepared 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.

Disney Magic Company Limited

Directors' Report For The Year Ended 3 October 2015 (continued)

Directors' Responsibilities Statement (continued)

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.

On behalf of the Board:

A handwritten signature in black ink, appearing to be 'N Cook', written in a cursive style.

N Cook
Director
17 May 2016

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

Disney Magic Company Limited

Independent Auditors' Report to the Members of Disney Magic Company, Limited

Report on the financial statements

Our opinion

In our opinion, Disney Magic Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 3 October 2015 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.

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 3 October 2015;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Disney Magic Company, Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

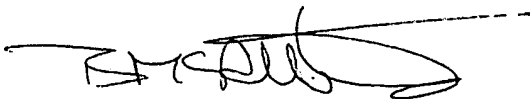
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 May 2016

Disney Magic Company Limited

Profit and Loss Account For The Year Ended 3 October 2015

	Note	2015 \$'000	2014 \$'000
Turnover		24,135	24,135
Cost of Sales		(7,250)	(7,249)
Gross profit		16,885	16,886
Administrative expenses		147	(22)
Operating Profit	2	17,032	16,864
Interest Receivable and similar income	3	-	373
Profit on ordinary activities before taxation		17,032	17,237
Tax on profit on ordinary activities	4	(8)	(73)
Profit for the financial year	9	17,024	17,164

The Company has 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 is no material difference between the profit on ordinary activities before taxation and the profit for the financial year and their historical cost equivalents.

The results shown above are derived from continuing operations.

The notes on pages 10 to 17 form part of these financial statements.

Disney Magic Company Limited

Balance Sheet As At 3 October 2015

(Registered number: 3585635)

	Note	As at 3 October 2015 \$'000	As at 27 September 2014 \$'000
Fixed assets			
Tangible assets	5	165,530	172,780
		165,530	172,780
Current assets			
Debtors	6	20,932	20,954
Cash at bank and in hand		1,178	1,177
Creditors: amounts falling due within one year	7	(1,068)	(1,229)
Net current assets		21,042	20,902
Total assets less current liabilities		186,572	193,682
Net assets		186,572	193,682
Capital and reserves			
Called up share capital	8	-	-
Share premium account	9	100,514	100,514
Other reserves	9	20,589	20,589
Profit and loss account	9	65,469	72,579
Total shareholders' funds	10	186,572	193,682

The financial statements on pages 8 to 17 were approved by the Board on 4 May 2016 and were signed on its behalf by N Cook.



N Cook
Director

17 May 2016

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015

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 United Kingdom on a basis consistent with the prior period. The principal accounting policies are set up below.

a) Reporting currency and presentation

The financial statements are presented in US dollars since that is the functional currency in which the Company operates.

b) Turnover

Operating lease income is derived from an operating lease between the Company and a fellow subsidiary undertaking, and is recognised on a straight-line basis over the term of the lease. The original term of the operating lease was 30 September 1998 through 30 September 2013, and included a reduced lease holiday. During fiscal year 2011, the operating lease was renegotiated and now expires on 30 September 2023.

c) Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation on the relevant assets and interest are charged to the profit and loss account. Depreciation is calculated to write off the cost of these assets to estimated residual value, on a straight-line basis over the expected useful life of the asset concerned; for cruise ships this is 40 years and for leasehold improvements this is 10 years. During fiscal year 2012, management reviewed the useful life of the cruise ship and determined that this should increase from 30 to 40 years on the basis of major refurbishments to the cruise ship which extend the life of the cruise vessel. The useful life has also been extended to be aligned with the rest of the group companies.

d) Operating lease

Rental revenues under operating leases are recognised on a straight-line basis over the lease term.

e) Foreign currencies

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

1 Accounting policies (continued)

e) Foreign currencies (continued)

The principal exchange rates against the US dollar affecting the Company were:

	2015		2014	
	Year end	Average	Year end	Average
British pound sterling	£0.64	£0.65	£0.61	£0.60

f) Taxation

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

The Company entered the UK tonnage tax regime on 29 June 2008. The Company's trading profit is subject to the Tonnage tax regime for the full year and only non-trading income remains subject to corporation tax.

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

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

Deferred tax is measured at the average tax rates that are expected to apply in the years 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.

g) Cash Flow Statement

The Company is a wholly owned subsidiary of 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 term of Financial Reporting Standard 1 (Revised 1996).

h) 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 2015 has been adopted for the current year.

The financial year represents the 53 weeks ended Saturday 3 October 2015 (prior year: 52 weeks ended 27 September 2014).

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

2 Operating Profit

Operating profit is stated after charging the following items:

	2015 \$000	2014 \$000
Depreciation of assets	7,250	7,249
Auditors' remuneration	22	24

The Company had no employees during the year ended 3 October 2015 (2014: Nil).

3 Interest Receivable and Similar Income

	2015 \$000	2014 \$000
Interest from Group Undertakings	-	373

4 Tax on profit on ordinary activities

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

	2015 \$000	2014 \$000
Tax on profit on ordinary activities:		
Current tax:		
UK corporation tax at 20.5% (2014: 22%)	-	82
Tonnage tax	15	19
Adjustments in respect of prior years	(7)	(28)
Total current tax charge for the year	8	73

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

4 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year:

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK (20.5%). The differences are explained below:

	2015 \$000	2014 \$000
Profit on ordinary activities before tax	17,032	17,237
Expected tax at 20.5% (2014: 22%)	3,491	3,792
Effects of Tonnage tax income	(3,476)	(3,691)
Adjustment in respect of prior year	(7)	(28)
Current tax charge for year	8	73

The Finance Act 2013 received Royal Assent on 17 July 2013. It included provisions to reduce the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015.

The Finance Bill 2015 announced provisions to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% from 1 April 2020. The Bill was not substantively enacted at the balance sheet date.

In the Budget on 16 March 2016 it was announced that the corporation tax rate would be reduced to 17% from 1 April 2020. This change was not substantively enacted at the balance sheet date.

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

5 Tangible Assets

	Leasehold Improvements	Cruise Ship	Total
	\$000	\$000	\$000
Cost			
At 28 September 2014	26,747	346,473	373,220
At 3 October 2015	26,747	346,473	373,220
Accumulated depreciation			
At 28 September 2014	(26,747)	(173,693)	(200,440)
Charge for the year	-	(7,250)	(7,250)
At 3 October 2015	(26,747)	(180,943)	(207,690)
Net book amount			
At 3 October 2015	-	165,530	165,530
At 27 September 2014	-	172,780	172,780

6 Debtors

	2015 \$000	2014 \$000
Amounts owed by group undertakings	20,932	20,954
Total	20,932	20,954

Amounts owed by group undertakings are unsecured, interest free, and have no fixed date of repayment.

7 Creditors: amounts falling due within one year

	2015 \$000	2014 \$000
Amount owed to group undertakings	1,053	617
Corporation tax	15	612
Total	1,068	1,229

The amounts owed to group undertakings are kept current through regular payments and settled under normal trade terms.

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

8 Called up share capital

	2015 \$	2014 \$
Authorised: 100 (2014:100) Ordinary shares of £1 each converted at an exchange rate of \$1.61 (2014: \$1.61)	161	161
Allotted and fully paid: 10 (2014:10) ordinary shares of £1 each. (9 converted at an exchange rate of \$1.56 and 1 converted at \$1.64)	16	16

9 Reserves

	Other reserves \$000	Profit and Loss Account \$000	Share Premium Account \$000	Total shareholders' funds \$000
At 27 September 2014	20,589	72,579	100,514	193,682
Dividend paid	-	(24,134)	-	(24,134)
Profit for the financial year	-	17,024	-	17,024
At 3 October 2015	20,589	65,469	100,514	186,572

Dividend payments of \$12,067,000 on 18th December 2014 and \$12,067,000 on 14th May 2015 were made to the Company's parent, Disney Magic Corporation.

10 Reconciliation of movements in shareholders' funds

	2015 \$000	2014 \$000
Profit for the financial year	17,024	17,164
Dividend paid	(24,134)	(294,180)
Shareholders' funds as at beginning of year	193,682	470,698
Shareholders' funds as at end of year	186,572	193,682

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

11 Directors Emoluments

The Directors received no remuneration (2014: \$Nil) in respect of their qualifying services as Directors of the Company. The Directors are remunerated by The Walt Disney Company Limited and Magical Cruise Company Limited and details are available in the financial statements of those companies. It is not possible to determine the allocation of remuneration of the Directors related to the Company. Two Directors (2014: two) exercised share options in the ultimate parent company during the year. Retirement benefits are accruing to two Directors (2014: two) under a defined contribution scheme held by the ultimate parent.

12 Dividend

The Directors approved the payment of dividends amounting to \$24,134,000 (2014: \$294,180,000). On 18 December 2014 the Directors approved a final dividend payment of \$12,067,000 for fiscal 2014 and on 14 May 2015 the Directors approved an interim dividend payment of \$12,067,000 for fiscal 2015, to Disney Magic Corporation, the Company's parent.

The dividend paid per share was £2,413,400 (2014: £29,418,000).

13 Post balance sheet events

On 18 December 2015 a final dividend payment of \$12,067,000 was approved for fiscal 2015 to Disney Magic Corporation. This dividend has not been accounted for within the current year financial statements since it was proposed after the balance sheet date.

14 Ultimate parent undertaking

Ultimate parent

The Company is a wholly owned subsidiary of Disney Magic Corporation, incorporated in the United States of America, whose ultimate parent is The Walt Disney Company, incorporated in the United States of America. The directors regard The Walt Disney Company to be the ultimate controlling party.

Parent undertaking

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

Disney Magic Company Limited

Notes to the Financial Statements For The Year Ended 3 October 2015 (continued)

15 Related party transactions

As previously stated, the Company is a wholly owned subsidiary of 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 14.