

Magical Cruise Company Limited
(Registered Number 3157553)

Directors' Report and Financial Statements
For The Year Ended 28 September 2013

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Magical Cruise Company Limited

Directors' Report For The Year Ended 28 September 2013

The Directors present their annual report and the audited financial statements of Magical Cruise Company Limited (the "Company") for the year ended 28 September 2013 (prior year the 52 weeks ended 29 September 2012).

Review of activities and future developments

The Company's principal activity is the operation of luxury cruise vessels. The Directors consider the results for the year and the financial condition of the Company at the end of the year to be satisfactory and look forward to the future with optimism.

The Company received a capital contribution of \$190,442,000 (2012: \$203,000,000) from the Company's immediate parent, Wedco Holdings (Netherlands) B.V. during the year, 4 shares were issued in exchange (2012: 2).

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

Results and dividends

The Company's profit after tax for the financial year is \$44,595,000 (2012: \$366,000). The Directors do not recommend the payment of a dividend (2012: \$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 group and are not managed separately. Accordingly, The Walt Disney Company's 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 ("KPI's")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPI's 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 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 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.

Magical Cruise Company Limited

Directors' Report For The Year Ended 28 September 2013 (continued)

(4) Fuel hedge risk: The Company hedges pricing risk in relation to forecasted future fuel purchases by entering into cash flow hedge relationships.

Directors

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

B Swets (resigned on 27th May 2013)
T Wolber (resigned on 21st February 2013)
K Holz
S Daya (resigned on 1st May 2013)
J Stockton (resigned on 1st May 2013)
J Swindell
V Taggart
J Connelly (appointed on 12th May 2013)
M Endemano (appointed on 15th July 2013)
J De Heer (appointed 1st May 2013)
P Wilber (appointed 21st February 2013)

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.

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.

Charitable donations

During the year The Company made charitable contributions totalling \$300,805 (2012: \$632,100), to charities. The main beneficiaries of the Company's charitable contributions were Make a Wish Foundation, Disney Worldwide Conservation Fund, Northwest Cruiseship Association, Cruise Industry Charitable Foundation, Orlando Regional Healthcare and United Way of Brevard County in the United States.

Creditor Payment Policy

The Company aims to pay all of its creditors in accordance with contractual and other legal obligations. Majority of the creditors are intercompany and therefore disclosure of creditor days is meaningless.

Magical Cruise Company Limited

Directors' Report For The Year Ended 28 September 2013 (continued)

Directors' Responsibilities Statement

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 period. Under the 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 and 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/she ought to have taken in his/her duty as a director in order to make himself/herself 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 29 May 2014,



J Swindell
Director

Registered Office
3 Queen Caroline Street
Hammersmith
London
W6 9PE

Magical Cruise Company Limited

Independent Auditors' Report to the Members of Magical Cruise Company, Limited

We have audited the financial statements of Magical Cruise Company Limited for the year ended 28 September 2013 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 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 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 in the Directors' Report and Financial Statements 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.

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 28 September 2013 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.

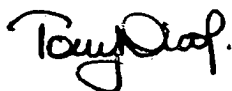
Magical Cruise Company Limited

Independent Auditors' Report to the Members of Magical Cruise Company, 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; or



Tony Nicol (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 May 2014

Magical Cruise Company Limited

Profit and Loss Account For The Year Ended 28 September 2013

| | Note | 2013 \$'000 | 2012 \$'000 |
|--|------|------------------|------------------|
| Turnover | 2 | 1,061,680 | 924,679 |
| Cost of Sales | | <u>(852,284)</u> | <u>(744,695)</u> |
| Gross profit | | 209,396 | 179,984 |
| Distribution costs | | (53,729) | (51,280) |
| Administrative expenses | | <u>(96,102)</u> | <u>(102,308)</u> |
| Operating Profit | 3 | 59,565 | 26,396 |
| Interest Payable and similar charges | 17 | (21,257) | (24,219) |
| Profit on ordinary activities before taxation | | 38,308 | 2,177 |
| Tax on profit on ordinary activities | 5 | <u>6,287</u> | <u>(1,811)</u> |
| Profit for the financial year | 12 | 44,595 | 366 |

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 year and their historical cost equivalents.

The results shown above are derived from continuing operations.

Magical Cruise Company Limited

Balance Sheet As At 28 September 2013

(Registered number: 3157553)

| | Note | As at 28 September 2013 \$'000 | As at 29 September 2012 \$'000 |
|--|------|---|---|
| Fixed assets | | | |
| Tangible assets | 6 | 1,537,283 | 1,551,184 |
| | | 1,537,283 | 1,551,184 |
| Current assets | | | |
| Stocks | 7 | 14,011 | 13,780 |
| Debtors | 8 | 16,341 | 27,159 |
| Cash at bank and in hand | | 51,116 | 36,112 |
| | | 81,468 | 77,051 |
| Creditors: amounts falling due within one year | 9 | (640,075) | (562,352) |
| | | (558,607) | (485,301) |
| Net current liabilities | | (558,607) | (485,301) |
| Total assets less current liabilities | | 978,676 | 1,065,883 |
| Creditors: amounts falling due after more than one year | 10 | (284,609) | (606,798) |
| Net assets | | 694,067 | 459,085 |
| Capital and reserves | | | |
| Called up share capital | 11 | - | - |
| Share premium account | 12 | 614,505 | 424,063 |
| Other reserves | 12 | 97,328 | 97,383 |
| Profit and loss account | 12 | (17,766) | (62,361) |
| Total shareholders' funds | 13 | 694,067 | 459,085 |

The financial statements on pages 8 to 24 were approved by the Board on 29 May 2014 and were signed on its behalf by J Swindell



J Swindell
Director
29 May 2014

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013

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) 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 28 September 2013 has been adopted for the current period.

The financial year represents the 52 weeks ended Saturday 28 September 2013 (2012: 52 weeks ended 29 September 2012).

b) Reporting currency and presentation

The Financial Statements are presented in US dollars as that is the currency in which the Company generates its net cash flows.

c) Turnover

Revenue related to the provision of cruise berths is recognised using the accruals method. All other cruise revenue, including the sale of merchandise, beverage, amenities, and recreational activities provided during the cruises as well as other operating income, is recognised when the goods are delivered or service is provided.

d) Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. When brought into service, tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic life or the life of the lease, whichever is shorter. Depreciation is provided to write off cost or valuation. 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. The useful economic life of the assets is estimated to be as follows:

| | |
|--|--|
| Stage show and other on-board entertainment and programming costs | 3 to 5 years |
| Furniture, fixtures, leasehold improvements and equipment (including cruise ships) | 2 to 40 years |
| Assets under the course of construction | Depreciation commences when assets are placed in service |

e) Drydock costs

Drydock costs are broken into two categories:

Overhaul Costs – costs which are typically more repair and maintenance in nature and do not generally add economic value to the vessel. These costs are expensed as incurred.

Additions/Improvements – costs are typical capital costs and add economic value to the vessel. When these assets can be identified and quantified separately, they are capitalised and depreciated over the shorter of the normal useful life of the asset or the length of the vessel lease.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

1 Accounting policies (continued)

f) Stocks

Stocks are stated at the lower of cost or market value.

g) Pension costs

Contributions are made on behalf of the Company by the parent undertaking into defined benefit and defined contribution plans and are charged to the profit and loss account when they fall due. Pension costs were allocated to the Company based on its share of the costs of contributions for the group as a whole.

In respect of the defined benefit plan, liabilities are measured using the projected unit method for reporting in these financial statements under FRS17. Annual valuations are prepared by independent professionally qualified actuaries. Actuarial gains and losses are recognised by the parent undertaking.

The plan is a multi-employer, group defined benefit scheme. Although the scheme is a defined benefit arrangement, it is a multi-employer scheme for which it has not been possible to identify the underlying assets and liabilities attributable to each participating company and therefore has been accounted for as a defined contribution scheme. Therefore, the pension cost recognised in the profit and loss account for this scheme represents contributions payable by the Company to the scheme for the period.

h) Cruise deposits

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

i) Operating leases

Rental costs under operating leases are charged to operating profit on a straight-line basis over the lease term.

j) 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. In 2007 and the year prior to 29 June 2008 the Company did not qualify for the UK tonnage tax regime. The company's trading profits are now subject to the Tonnage Tax regime for the full year and that 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.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

1 Accounting policies (continued)

j) Taxation (continued)

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.

k) 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 terms of Financial Reporting Standard 1 (Revised 1996).

l) Financial Instruments

The Company hedges pricing risk in relation to forecasted future fuel purchases by entering into cash flow hedge relationships.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the profit or loss account except where the derivative is a designated cash flow hedging instrument. Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity.

Gains or losses deferred in equity are transferred to the profit and loss account in the same year as the underlying fuel purchase. The ineffective portions of the gain or loss on the hedging instrument are recognised in profit or loss. For the portion of hedges deemed ineffective or transactions that do not qualify for hedge accounting under FRS 26, any change in assets or liabilities is recognised immediately in the profit and loss account.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

2 Turnover

The split of revenue into categories of revenue during the year was as follows:

| | 2013 \$'000 | 2012 \$'000 |
|----------------|------------------|----------------|
| Cruise revenue | 1,026,319 | 888,936 |
| Other revenue | 35,361 | 35,743 |
| Total | 1,061,680 | 924,679 |

Cruise income consists of amounts earned for the provision of cruise berths as well as amounts earned from the sale of merchandise, beverage, amenities, and recreational activities provided during the cruises. Other income, all of which was earned from group undertakings, represents fees charged for the provision of labour related costs, general accounting, human resources, and other administrative services.

There are no geographical segments to the business as vessels are in different locations and at sea during the year.

3 Operating profit

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Operating profit is stated after charging/(crediting): | | |
| Wages and salaries | 155,118 | 140,450 |
| Social security costs | 1,708 | 1,493 |
| Other pension costs | 2,390 | 1,945 |
| Staff costs | 159,216 | 143,888 |
| Depreciation of tangible fixed assets | 97,258 | 93,960 |
| (Gain)/Loss on disposal of assets – tangible fixed assets | (1,135) | 135 |
| Operating lease charges – cruise vessel | 48,403 | 48,403 |
| Auditors' remuneration | | |
| Fees payable to Company's auditors and its associates | | |
| Audit services | 155 | 152 |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

4 Employee Information

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

| | 2013 | 2012 |
|--------------------------|--------------|--------------|
| Employees: | | |
| Shipboard Personnel | 4,732 | 4,347 |
| Administrative Personnel | 759 | 705 |
| Total: | 5,491 | 5,052 |

5 Tax on profit on ordinary activities

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

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Tax on profit on ordinary activities: | | |
| Analysis of charge in year | | |
| Current Tax: | | |
| UK Corporation tax on profit for the period | 2,001 | 1,766 |
| Tonnage Tax | 87 | 94 |
| Adjustments relating to prior periods | (8,375) | (49) |
| Total current tax | (6,287) | 1,811 |
| Tax on profit on ordinary activities | (6,287) | 1,811 |

(b) Factors affecting tax charge for the year:

The tax assessed for the year is lower than (2012: higher) the standard rate of corporation tax in the UK 23.5% (2012: 25%). The differences are explained below:

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Profit on ordinary activities before tax | 38,308 | 2,177 |
| Profit on ordinary activities multiplied by the standard rate in the UK 23.5% (2012: 25%) | 9,002 | 545 |
| Effects of: | | |
| Adjustments in respect of prior periods | (8,375) | (49) |
| Income taxed | - | 1,766 |
| Losses not deductible under UK corporation tax | - | (545) |
| Non tonnage tax items | (7,001) | - |
| Tonnage tax profit | 87 | 94 |
| Current tax (credit)/charge for year | (6,287) | 1,811 |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting the future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2013 Budget Statement. The Finance Act 2013 which was substantially enacted on 2 July 2013 includes legislation reducing the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. These future changes had been substantially enacted at the balance sheet date and therefore have been applied in these financial statements.

During the year, the Company recorded a prior year tax credit of \$8,375,507. \$7,925,376 relates to amounts payable to entities that have now been liquidated in respect of group relief claimed. \$450,131 of the prior year tax credit also arises because of the reversal of prior period accruals for group relief payments to other UK group companies following a change in group policy that payments are no longer required for the surrender of tax losses.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

6 Tangible Fixed Assets

| | Assets under course of construction \$'000 | Stage Shows & other on board entertainment & programming costs \$'000 | Furniture, fixtures, leasehold improvements and equipment \$'000 | Total \$'000 |
|---------------------------------|---|--|---|------------------|
| Cost | | | | |
| At 30 September 2012 | 755 | 72,993 | 1,711,476 | 1,785,224 |
| Additions | 78,277 | - | 6,215 | 84,492 |
| Transfers | (6,593) | 563 | 6,030 | - |
| Disposals | - | (3) | (2,093) | (2,096) |
| At 28 September 2013 | 72,439 | 73,553 | 1,721,628 | 1,867,620 |
| Accumulated depreciation | | | | |
| At 30 September 2012 | - | 48,492 | 185,548 | 234,040 |
| Charge for the year | - | 8,190 | 89,068 | 97,258 |
| Transfers | - | - | - | - |
| Disposals | - | - | (961) | (961) |
| At 28 September 2013 | - | 56,682 | 273,655 | 330,337 |
| Net book amount | | | | |
| At 28 September 2013 | 72,439 | 16,871 | 1,447,973 | 1,537,283 |
| At 29 September 2012 | 755 | 24,501 | 1,525,928 | 1,551,184 |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

7 Stocks

| | 2013 \$'000 | 2012 \$'000 |
|------------------------------|----------------|----------------|
| Food and beverage | 4,487 | 4,064 |
| Merchandise goods for resale | 3,613 | 3,317 |
| Consumables | 5,911 | 6,399 |
| Total | 14,011 | 13,780 |

8 Debtors

| | 2013 \$'000 | 2012 \$'000 |
|---------------------------------------|----------------|----------------|
| Trade debtors | 1,823 | 2,052 |
| Amounts owed by group undertakings | 3,902 | 14,070 |
| Derivative financial instrument asset | (55) | 446 |
| Prepayments and accrued income | 10,671 | 10,591 |
| Total | 16,341 | 27,159 |

Amounts owed by group undertakings, representing called up share capital not paid and amounts owed under management service agreements, are unsecured, interest free, and have no fixed date of repayment.

The derivative financial instrument asset at 28 September 2013 arose on un-matured fuel hedges that hedge the pricing risk of anticipated future purchases is (\$55,000) (2012: \$446,000). These have been designated in a cash flow relationship and there was no ineffectiveness to be recorded in the profit and loss for the year. These amounts have been recognised in equity and will be transferred to the profit and loss account when the forecasted fuel purchases occur.

9 Creditors – amounts falling due within one year

| | 2013 \$'000 | 2012 \$'000 |
|-------------------------------------|----------------|----------------|
| Trade creditors | 40,433 | 32,543 |
| Amounts owed to group undertakings | 300,593 | 245,944 |
| Taxation and social security | 2,118 | 12,464 |
| Tax creditors | 4,765 | 1,861 |
| Deposits received on future cruises | 256,009 | 236,165 |
| Accruals and deferred income | 36,157 | 33,375 |
| Total | 640,075 | 562,352 |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

9 Creditors – amounts falling due within one year (continued)

Amounts owed to group undertakings include long-term loan interest payable of \$1,729,000. Refer to Note 10 for further details. The remaining amounts owed to group undertakings are trade payables that are unsecured and bear no rate of interest. The amounts have no set repayment date and, therefore, have been classified as due on demand. Amounts are kept current through regular payments.

10 Creditors – amounts falling due after more than one year

| | 2013 \$'000 | 2012 \$'000 |
|-------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 270,567 | 593,440 |
| Deposits received on future cruises | 10,246 | 11,857 |
| Other accrued expenses | 3,796 | 1,501 |
| Total | 284,609 | 606,798 |

Amounts owed to group undertakings consist of outstanding loans of \$270,567,000 (2012: \$616,168,000) which consists of: \$177,567,000 at a rate of interest of 4.16% (2012: \$521,000,000 4.16%) repayable semi-annually by 2016, \$Nil at a rate of interest of 2.05% (2012: \$2,168,000 2.05%) repayable semi-annually by 2017 and \$93,000,000 at a rate of interest of 3.63% (2012: \$93,000,000, 3.63%) repayable semi-annually by 2019. Total accrued interest payable is \$1,729,000 (2012: \$21,445,000) which is shown under creditors – amounts falling due within one year.

11 Called up share capital

| | 2013 \$ | 2012 \$ |
|--|------------|------------|
| Authorised: 100 (2012:100) Ordinary shares of £1 each converted at an exchange rate of \$1.61 (2012: \$1.62) | <u>161</u> | <u>162</u> |
| Allotted and fully paid: 10 (2012:6) ordinary shares of £1 each (4 converted at \$1.61, 2 converted at \$1.56, 1 converted at an exchange rate of \$1.70, 1 converted at \$1.54 and 2 shares converted at 1.63) | <u>16</u> | <u>10</u> |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

12 Reserves

| | Share Premium Account \$'000 | Profit and Loss Account \$'000 | Other Reserves \$'000 | Total Reserves \$'000 |
|--|---------------------------------------|---|-----------------------------|-----------------------------|
| At 29 September 2012 | 424,063 | (62,361) | 97,383 | 459,085 |
| Net movement on pricing cash flow hedge | - | - | (55) | (55) |
| Capital Contribution | 190,442 | - | - | 190,442 |
| Profit for the financial year | - | 44,595 | - | 44,595 |
| At 28 September 2013 | 614,505 | (17,766) | 97,328 | 694,067 |

On 6th June 2013 the Company received a capital contribution of \$111,653,000 from Wedco Holdings (Netherlands) B.V., which was used to pay down \$103,533,000 on the promissory note obtained as part of the Disney Fantasy. On 24th September 2013 the Company received a capital contribution of \$78,789,000 from Wedco Holdings (Netherlands) B.V. which was used along with operating cash to pay down \$125,601,000 on the promissory note obtained as part of the Disney Fantasy.

13 Reconciliation of movements in shareholder's funds

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Profit for the financial year | 44,595 | 366 |
| Net movement on pricing cash flow hedge | (55) | 446 |
| Capital Contribution | 190,442 | 203,000 |
| Shareholders' funds as at beginning of year | 459,085 | 255,273 |
| Shareholders' funds as at end of year | 694,067 | 459,085 |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

14 Operating lease commitments and other contractual obligations

The Company has operating leases to operate two luxury cruise vessels through September 2023 and September 2024, respectively. The leases were renegotiated in fiscal 2011 and the Company makes semi-annual payments of \$12,500,000 beginning in fiscal 2011.

Additionally, the Company has an operating lease for a warehouse facility located in Orlando, Florida through 31st December 2015.

The Company has annual commitments under non-cancellable operating leases expiring as follows:

| | Land and buildings | | Other | |
|----------------------------|--------------------|------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | - | - | - | - |
| Between two and five years | 200 | 200 | - | - |
| After 5 years | - | - | 50,000 | 50,000 |
| | 200 | 200 | 50,000 | 50,000 |

The Company has contractual obligations for maintenance and other services of \$51,419 at 28 September 2013 (2012: \$Nil).

15 Pension commitments

The shore side employees of the Company participate in the Group defined benefit pension plan. The defined benefit pension plan is provided under the Disney Associated Companies' Retirement Plan and the Disney Salaried Pension Plan D. The cost of contributions to the group scheme is based on pension costs across the Group as a whole. Pension costs incurred by the Company for the year amounted to \$3,336,000 (2012: \$2,692,000).

Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company and Subsidiaries. Details of the more significant points of the scheme are discussed below.

The cost is assessed in accordance with the advice of Mercer Human Resources & Investor Solutions, consulting actuaries. The latest actuarial valuation of the scheme was performed as at 28 September 2013 using the Project Unit Credit method. The measurement date was changed from June 30 to September 30, effective 28 September 2013. The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 7.75% (2012: 7.75%) per annum, the rate of salary increase would be 4.0% (2012: 4.0%), and the discount rate 5.00% (2012: 3.85%).

At the date of the latest actuarial valuation at 28 September 2013, the market value of the assets of the scheme was \$ 5.826 million (2012: \$5.150 million), and the actuarial value of the assets was sufficient to cover 75.3% (2012: 74.7%) of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The Company also participates in a Group defined contribution plan. The defined contribution plan is provided under the Disney Salaried Savings and Investment Plan. The Plan calls for contributions being made by its members and the Company on a matching basis. Pension costs incurred by the Company for fiscal 2013 and 2012 were not material.

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

16 Directors' emoluments

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Aggregate emoluments | 3,280 | 3,874 |
| Company contributions paid to pension schemes | 111 | 86 |

Highest paid director

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes | 1,093 | 2,098 |
| Defined contribution pension scheme | 3 | 8 |
| Defined benefit amount accrued | 14 | 42 |

Retirement benefits are accruing to 6 Directors (2012: 5) under a defined benefit scheme and 6 Directors (2012: 5) under a defined contribution plan in respect of their qualifying services. No directors exercised share options in the ultimate parent Company in the year (2012: Nil) and 6 Directors received shares under long term incentive schemes (2012: 5).

The above details of Directors' emoluments do not include the emoluments 5 (2012: 6) directors who are paid by the parent company (fellow subsidiary) and recharged to the Company as part of a management charge. This management charge, which in 2013 amounted to \$6,651,000 (2012: \$5,600,000), also includes a recharge of administration costs borne by the parent company (fellow subsidiary) on behalf of the Company and it is not possible to identify separately the amount relating to these directors.

17 Interest payable and other similar charges

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Interest payable to other group companies | 21,257 | 24,219 |

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

18 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.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | 2013 | | 2012 | |
|----------------------|---|---------|---|---------|
| | Weighted average exercise price in \$ per share | Options | Weighted average exercise price in \$ per share | Options |
| At start of the year | - | - | - | - |
| Granted | 43.11 | 53,109 | - | - |
| Forfeited | - | - | - | - |
| Exercised | 20.81 | (3,672) | - | - |
| At end of the year | 39.94 | 49,437 | - | - |

No Director has received share options during fiscal 2012.

Share options outstanding at the end of the year have the following terms:

| Exercise Prices \$ | Number of Options | Outstanding | | Exercisable | |
|--------------------|-------------------|--|---|-------------------|---|
| | | Weighted average remaining years of contractual life | Weighted average exercise price in \$ per share | Number of Options | Weighted average exercise price in \$ per share |
| 20.9-39.7 | 37,465 | 7.29 | 36.32 | 37,465 | 36.32 |
| 39.8-52.1 | 11,972 | 9.30 | 51.29 | 11,972 | 51.29 |

The weighted average share price of Disney options exercised during the year was \$20.81 (2012: \$Nil).

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

18 Share-based payments (continued)

Details of restricted shares activity is as follows:

| | 2013 | 2012 |
|----------------------|--------------------------------|--------------------------------|
| | Number of restricted shares | Number of restricted shares |
| At start of the year | 3,825 | 2,456 |
| Granted | 19,050 | 2,198 |
| Forfeited | 0 | 0 |
| Exercised | (6,385) | (829) |
| At end of the year | 16,490 | 3,825 |

| Year of Vesting | Number of Restricted Shares |
|-----------------|-----------------------------------|
| 2013 | - |
| 2014 | 6,724 |
| 2015 | 4,903 |
| 2016 | 3,366 |
| 2017 | 1,497 |
| | 16,490 |

The restricted stock issued during 2013 vests equally on each of the four anniversaries of the grant date and has a remaining contractual life of ten years. There are no performance conditions attached to the issue.

Valuation assumptions:

The valuation assumptions used to estimate the Group's share-based compensation expense for the share option plans are summarised below.

The weighted average assumptions used in the Lattice valuation option-pricing model were as follows:

| \$'000 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|--------|--------|--------|-------|-------|
| Risk-free interest rate | 1.83% | 1.98% | 3.23% | 3.51% | 2.0% |
| Expected years from grant until exercise | 6.67 | 6.36 | 6.13 | 6.11 | 4.71 |
| Expected volatility | 25.64% | 30.86% | 27.68% | 32% | 47% |
| Dividend yield | 1.60% | 1.56% | 1.15% | 1.41% | 1.19% |

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.

No stock based compensation charge recognised by the company for the year ended 28 September 2013 (2012: \$Nil).

The weighted average grant-date fair value of options granted during the year ended 28 September 2013 as calculated using the Lattice valuation option-pricing model was \$12.38 (2012: \$10.56).

Magical Cruise Company Limited

Notes to the Financial Statements For The Year Ended 28 September 2013 (continued)

19 Ultimate parent undertaking and financial support

Ultimate Parent

The ultimate parent undertaking and controlling party, The Walt Disney Company, incorporated in the United States of America. The directors regard The Walt Disney Company to be the ultimate controlling party.

Immediate Parent

The immediate parent company is Wedco Holdings (Netherlands) B.V., incorporated in the Netherlands.

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 which copies of the group financial statements can be obtained | 500 South Buena Vista Street Burbank California 91521 USA |

20 Related party transactions

The Company's ultimate parent undertaking and controlling party is The Walt Disney Company and utilises the exemption contained in paragraph 3(c) of 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 19.