

## Magical Cruise Company, Limited

### Notes to the financial statements for the year ended 30 September 2017 (continued)

#### 24 Ultimate parent undertaking and related undertakings

##### Parent undertaking

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

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

##### Related undertakings

The Company's Related Undertakings are listed below.

<b>Direct Subsidiaries</b>	<b>Name</b>	<b>Country</b>	<b>Ownership</b>
	The Walt Disney Company Africa (Proprietary) Limited	South Africa	100%
	DCL Island Development Limited	Bahamas	100%

#### 25 Post balance sheet events

On 17 January 2018, the Company approved an interim dividend payment of \$570,000,000.

# **Magical Cruise Company, Limited**

## **Directors' report for the year ended 30 September 2017**

The Directors present their annual report and the audited financial statements of Magical Cruise Company Limited (the "Company") for the 52 weeks ended 30 September 2017 (prior year the 52 weeks ended 1 October 2016).

### **Future developments**

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

### **Dividends**

No dividend income (2016: \$25,000,000) was received during the year from DCL Island Development Limited.

**On 17 October 2016 a final dividend of \$205,000,000 (2016: \$Nil) was paid for fiscal 2016.**

The dividend paid per share was \$20,500,000 (2016: \$Nil).

### **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.

Guests have the option to pay in full at the time of booking or to make a partial payment or put down a deposit to hold their reservation. For flight inclusive bookings the full balance is required 10 weeks/70 days before departure. If travel is within 10 weeks of making the booking, payment is required in full at time of booking. For hotel and ticket only bookings the full balance is required 8 weeks before departure. However, if travel is within 8 weeks of making a booking, payment is required in full when guests book the holiday. On-board Guest accounts have an established limit which must be paid each time this limit is met before continuing to be able to charge to the account.

(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 its 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.

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