

## **RCL CRUISES LIMITED**

### **Annual report and financial statements for the year ended 31 December 2015**



# **RCL CRUISES LIMITED**

## **Annual report and financial statements for the year ended 31 December 2015**

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# **RCL CRUISES LIMITED**

## **Directors and advisers**

### **Directors**

DJ Paul  
M Miliaras  
AE Glendinning  
RG Marshall

### **Company secretary**

RG Marshall

### **Registered office**

3 The Heights  
Brooklands  
Weybridge  
Surrey  
KT13 0NY

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Portland Building  
25 High Street  
Crawley  
West Sussex  
RH10 1BG

### **Bankers**

JP Morgan Chase Bank  
1 Chaseside  
Bournemouth  
Dorset  
BH7 7DA

# RCL CRUISES LIMITED

## Strategic report for the year ended 31 December 2015

### Strategy

RCL Cruises Limited (the “Company”) is a cruise ship operator, ship charterer and a sales and marketing representative for the Royal Caribbean International, Celebrity Cruises and Azamara Club Cruises brands on behalf of the Royal Caribbean Cruises Limited (“RCL”) group (“the Group”) as well as acting as a sales and marketing representative for RCL (UK) LTD.

Currency fluctuations and continuing uncertainty over the performance of global economies continue to challenge the business. Despite the effects of this, the Company’s ticket and onboard revenues grew in 2015 due to increased deployments in Asia and Australia. Revenues in 2016 are ahead of the same time last year due to an increased number of ships operated by the Company.

The directors believe that the long term success of the Company will be best achieved by operating its ships as part of the Royal Caribbean International and Celebrity Cruises brands and by continuing to provide sales and marketing services to its fellow group companies.

During 2015 the Company operated fifteen ships under the Royal Caribbean International and Celebrity Cruises brands. From time to time the Company enters into time charters for some of these ships with Group companies for periods as agreed by both parties.

The Company acquired 50% of the share capital in TUI Cruises GmbH in 2015.

### Objectives

The Company’s principal operating strategies are to:

- protect the health, safety and security of our guests and employees and protect the environment in which our vessels and organisation operate,
- strengthen and support our human capital in order to better serve our global guest base and grow our business,
- further strengthen our consumer engagement in order to enhance our revenues,
- increase the awareness and market penetration of our brands globally,
- focus on cost efficiency, manage our operating expenditures and ensure adequate cash and liquidity, with the overall goal of maximising our return on invested capital and long-term shareholder value,
- capitalise on the portability and flexibility of our ships by deploying them into those markets and itineraries that provide opportunities to optimise returns, while continuing our focus on existing key markets,
- further enhance our technological capabilities to service customer preferences and expectations in an innovative manner, while supporting our strategic focus on profitability, and
- maintain strong relationships with travel agencies, which continue to be the principal industry distribution channel, while enhancing our consumer outreach programs.

### Key Performance Indicators

The nature of the business of the Company is such that it is integrated with that of the RCL Group as a whole. For this reason, the directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. Further information can be found in pages 36-59 of RCL’s 10-K for the year ended 31 December 2015, which does not form part of this report. Details of where the 10-K can be obtained are included in the controlling parties note on page 39 of these financial statements.

# RCL CRUISES LIMITED

## Strategic report for the year ended 31 December 2015 (continued)

### **Business Model**

The Company will continue to grow its business by focusing on increasing the profitability of its international guest sourcing, particularly from the Asian and Australian markets, maximising yield from its European deployments and by optimally deploying its ships and providing a wide variety of itineraries and onboard activities for its guests.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered below:

#### *Operational risks*

The ownership and/or operation of cruise ships involves the risk of accidents, illnesses, mechanical failures, environmental incidents and other incidents which may bring into question safety, health, security and vacation satisfaction which could negatively impact the Company's reputation. Incidents involving cruise ships, and, in particular the safety and security of guests and crew and media coverage thereof have impacted and could in the future impact demand for the Company's cruises and pricing in the industry. The Company's reputation and business could also be damaged by negative publicity regarding potentially adverse environmental impacts of cruising. The considerable expansion in the use of social media and digital marketing over recent years has compounded the potential scope of any negative publicity. If any such incident or news cycle occurs during a time of high seasonal demand, the effect could disproportionately impact the Company's results of operations for the year. In addition, incidents involving cruise ships may result in additional costs to the Company's business, increasing government or other regulatory oversight and, in the case of incidents involving the Company's ships, potential litigation.

The Company's cruise ships may also be adversely impacted by unusual weather patterns or natural disasters or disruptions, such as hurricanes. The Company is often forced to alter itineraries and occasionally to cancel a cruise or a series of cruises due to these or other factors, which could have an adverse effect on the Company's sales and profitability. Increases in the frequency, severity or duration of severe weather events, including changes in the global climate, could exacerbate the impact and cause further disruption to the Company's operations. In addition, these and any other events which impact the travel industry more generally may negatively impact the Company's ability to deliver guests or crew to the Company's cruises and/or interrupt the Company's ability to obtain services and goods from key vendors in the Company's supply chain. Any of the foregoing could have an adverse impact on the Company's results of operations and on industry performance.

Events such as terrorist and pirate attacks, war, and other hostilities, including the continued escalation of tensions in the Middle East and recent global terrorism incidents, and the resulting political instability, travel restrictions and advisories, the spread of contagious diseases and concerns over safety, health and security aspects of traveling or the fear of any of the foregoing, have had, and could have in the future, a significant adverse impact on demand and pricing in the travel and vacation industry. In view of the Company's global operations, the Company has become susceptible to a wider range of adverse events.

#### *Tax legislation*

The Company has elected to be subject to the United Kingdom tonnage tax regime. Changes in the corporation tax laws could result in higher income taxes being charged against our cruise operations and impact the Company's profitability.

## Strategic report for the year ended 31 December 2015 (continued)

### *Foreign legislation*

The Company is subject to various international, national, state and local laws, regulations and treaties that govern, amongst other things, the safety standards applicable to the Company's ships, treatment of disabled persons, health and sanitary standards applicable to the Company's guests, security standards on board the Company's ships and at ship/port interface areas, and financial responsibilities to the Company's guests. These issues are, and the directors believe continue to be, an area of focus by the relevant authorities throughout the world. This could result in the enactment of more stringent regulation of cruise ships that would subject the Company to increased compliance costs in the future.

### *Economic and geopolitical conditions*

The demand for cruises is affected by international, national and local economic and geopolitical conditions. Weak or uncertain economic conditions impact our consumer confidence and pose a risk as vacationers may postpone or reduce discretionary spending. This, in turn, may result in cruise booking slowdowns, decreased cruise prices and lower onboard revenues for the Company and for others in the cruise industry, as experienced in the most recent financial crisis. Given the global nature of the Company's business, the Company is exposed to many different economies. As a result, gains from favourable economic conditions in certain of the Company's markets may be offset by challenging conditions in other markets. Any significant deterioration of global, national or local economic conditions could result in a prolonged period of booking slowdowns, depressed cruise prices and reduced onboard revenues.

Demand for the Company's cruises is also influenced by geopolitical events. Unfavourable conditions, such as cross-border conflicts, civil unrest and governmental changes, especially in regions with popular ports of call, can undermine consumer demand and/or pricing for itineraries featuring these ports.

Significant or prolonged unrest and economic instability could materially adversely impact the Company's results, cash flows and financial condition.

### *Competition*

The Company operates in the vacation market and cruising is one of many alternatives for people choosing a vacation. The Company therefore risks losing business not only to other cruise lines but also to other vacation operators, which provide other leisure options including hotels, resorts and package holidays and tours.

We face significant competition from other cruise lines on the basis of cruise pricing, travel agent preference and also in terms of the nature of ships and services the Company offers to guests.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include price risk, liquidity risk, interest rate cash flow risk and foreign exchange rate risk. The Company has in place a risk management programme that seeks to limit adverse effects of these risks on the financial performance of the Company.

# **RCL CRUISES LIMITED**

## **Strategic report for the year ended 31 December 2015 (continued)**

### *Price risk*

The Company's operating costs, including fuel, food, payroll and benefits, airfare, taxes, insurance and security costs are all subject to increases due to market forces and economic or political conditions or other factors beyond the Company's control. Increases in these operating costs could adversely affect the Company's profitability. Management continues to ensure that competitive prices are obtained from suppliers.

RCL uses a range of financial instruments including fuel swap agreements to mitigate the financial impact of fluctuations in fuel prices, across the entire RCL fleet, for which the Company receives an appropriate share of the benefit or charge.

### *Liquidity risk*

The Company retains sufficient cash and balances due from group companies to ensure it has funds available to pay its debts as they fall due.

### *Interest rate cash flow risk*

The Company has interest bearing assets and liabilities, comprising cash and balances due from and to Group companies, which earn interest at market rates.

### *Foreign exchange rate risk*

The Company is exposed to market risk attributable to changes in foreign currency exchange rates, fuel prices and changes in interest rates. High levels of volatility with respect to any of the foregoing could have a material impact on the Company's financial results. The Company's operating results have been and will continue to be impacted, often significantly, by changes in each of these factors. For example, in 2015, the strengthening of the US dollar had a material negative impact on the value of our earnings in foreign currencies.

The Company conducts its business internationally, which exposes it to foreign exchange risks. The Company does not use derivative financial instruments to manage foreign currency rate risk, and as such, no hedge accounting is applied.

The directors will revisit the appropriateness of the above policies should the Company's operations change in size or in nature.

# RCL CRUISES LIMITED

## Strategic report for the year ended 31 December 2015 (continued)

### Results

The Company recorded turnover of \$2,527m (31 December 2014: \$2,363m) and a profit (2014: profit) on ordinary activities before taxation of \$53.8m (31 December 2014: \$1.6m) for the year.

In common with other UK shipping companies, RCL Cruises Limited's shipping profits are taxed under the UK tonnage tax regime. All other profits are taxed under Corporation tax at a standard rate of 20.25%.

The Company had retained earnings of \$79.3m at the end of the year.

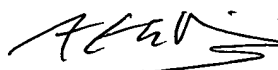
### On behalf of the Board

DJ Paul  
Director



Date: 30/3/16

AE Glendinning  
Director



Date: 30/3/16



# RCL CRUISES LIMITED

## Directors' report for the year ended 31 December 2015

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2015.

### Dividends

No dividend was approved by the directors in the year (*2014: the directors approved and paid a dividend of \$101m*).

### Directors

The directors who held office during the year and up to the date of signing these financial statements were:

DJ Paul  
AE Glendinning  
M Miliaras  
RG Marshall

The Company had directors' indemnity insurance in place during the year.

### Branches outside the United Kingdom

The Company has the following branches outside the United Kingdom:

Australia  
Denmark  
Finland  
France  
Germany  
Italy  
New Zealand  
Norway  
Spain  
Sweden

### Employees

It is the Company's policy not to discriminate against any employee or applicant with regard to any terms or conditions of employment because of an individual's disability or perceived disability so long as the employee can perform the essential functions of the job.

The Company will provide reasonable accommodations to an individual with a disability provided that such accommodation does not constitute an undue hardship on the Company. In the event of any staff becoming disabled while with the Company, their needs and abilities would be assessed and the Company would, where possible, seek to offer alternative employment to them if they were no longer able to continue in their current role.

Management regularly updates employees through a variety of media regarding the progress of the business of the Company. There is regular consultation with employees so that the employees' views may be taken into account in making decisions that are likely to affect their interests.

# RCL CRUISES LIMITED

## Directors' report for the year ended 31 December 2015 (continued)

### Statement of directors' responsibilities

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), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The Company has adopted FRS 102 in these financial statements for the first time, as approved by the Company's shareholders. 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; and
- 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.

### Statement of disclosure of information to auditors

So far as each of the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have each taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the Board

DJ Paul  
Director

Date: 30/3/16

AE Glendinning  
Director

Date: 30/3/16

# **RCL CRUISES LIMITED**

## ***Independent auditors' report to the members of RCL Cruises Limited***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, RCL Cruises Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 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.

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#### **What we have audited**

RCL Cruises Limited's financial statements comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and the statement of comprehensive income for the year then ended;
- the statement of changes in equity 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

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#### **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.

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#### **Other matters on which we are required to report by exception**

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##### **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.

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##### **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 RCL Cruises Limited (continued)*

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities set out on page 10, 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 parent 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.

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#### **What an audit of financial statements involves**

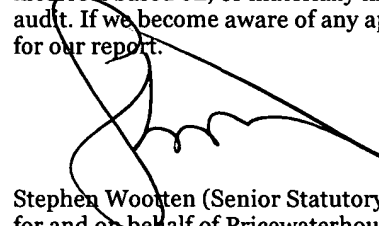
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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



Stephen Wooten (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick

30 March 2016

# RCL CRUISES LIMITED

## Financial statements for the year ended 31 December 2015

### Profit and loss account

	Note	Year ended 31 December 2015 \$'000s	Year ended 31 December 2014 \$'000s
Turnover	5	2,527,410	2,363,133
Cost of sales		(377,317)	(366,284)
<b>Gross profit</b>		<b>2,150,093</b>	<b>1,996,849</b>
Ship operating expenses		(1,782,149)	(1,663,762)
Other operating expenses		(353,085)	(338,770)
<b>Operating profit / (loss)</b>	6	<b>14,859</b>	<b>(5,683)</b>
Income from shares in group undertakings		38,045	2,985
Interest receivable and similar income	8	979	4,371
Interest payable and similar charges	8	(101)	(91)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>53,782</b>	<b>1,582</b>
Tax on profit / (loss) on ordinary activities	9	(1,537)	(1,602)
<b>Profit / (loss) for the financial year</b>		<b>52,245</b>	<b>(20)</b>

The above results are derived from continuing operations.

There is no difference between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the financial year and their historical costs equivalents.

# RCL CRUISES LIMITED

## Statement of comprehensive income

		Year ended 31 December 2015	Year ended 31 December 2014
	Note	\$'000s	\$'000s
<b>Profit/(Loss) for the financial year</b>		<b>52,245</b>	<b>(20)</b>
<b>Other comprehensive expense:</b>			
Exchange adjustments offset in reserves (translation of overseas branches)		<b>(4,247)</b>	<b>(5,886)</b>
Actuarial gains / (losses) on pension scheme	21	<b>398</b>	<b>(133)</b>
Movement on deferred tax relating to actuarial losses		<b>(118)</b>	<b>47</b>
<b>Other comprehensive expense for the year, net of tax</b>		<b>(3,967)</b>	<b>(5,972)</b>
<b>Total comprehensive income / (expense) for the year</b>		<b>48,278</b>	<b>(5,992)</b>

# RCL CRUISES LIMITED

## Balance sheet


**As at 31 December 2015**

Registered no: 07366612


	Note	2015 \$'000s	2014 \$'000s
<b>Fixed assets</b>			
Intangible assets	10	29,155	31,094
Tangible assets	11	28,787	32,167
Investments	12	711,425	16,591
		<b>769,367</b>	<b>79,852</b>
<b>Current assets</b>			
Stocks	13	41,143	36,401
Debtors (including \$5,547k (2014: \$396k) due after one year)	14	71,122	281,172
Cash at bank and in hand		14,844	24,321
		<b>127,109</b>	<b>341,894</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(812,159)</b>	<b>(385,519)</b>
<b>Net current liabilities</b>		<b>(685,050)</b>	<b>(43,625)</b>
<b>Provisions for liabilities</b>	17	<b>(651)</b>	<b>(582)</b>
<b>Net assets (excluding pension)</b>		<b>83,666</b>	<b>35,645</b>
Pension liability	21	(230)	(487)
<b>Net assets including pension liability</b>		<b>83,436</b>	<b>35,158</b>
<b>Capital and reserves</b>			
Called up share capital	18	1	1
Share premium account		1,499	1,499
Other reserves		2,635	2,635
Profit and loss account		79,301	31,023
<b>Total shareholders' funds</b>		<b>83,436</b>	<b>35,158</b>

The financial statements on pages 13 to 39 were approved by the Board of Directors on 30<sup>th</sup> March 2016 and were signed on its behalf by:

DJ Paul  
Director

  
30/3/16

AE Glendinning  
Director

  
30/3/16

# RCL CRUISES LIMITED

## Statement of changes in equity

	Notes	Called up share capital	Share premium account	Profit and loss account	Other reserves	Total shareholders' Funds
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Balance as at 1 January 2014		1	1,499	138,040	2,635	142,175
Loss for the financial year		-	-	(20)	-	(20)
Other comprehensive expense for the year		-	-	(5,972)	-	(5,972)
Dividends paid to group entities	19	-	-	(101,025)	-	(101,025)
<b>At 31 December 2014</b>		<b>1</b>	<b>1,499</b>	<b>31,023</b>	<b>2,635</b>	<b>35,158</b>
<b>At 1 January 2015</b>		<b>1</b>	<b>1,499</b>	<b>31,023</b>	<b>2,635</b>	<b>35,158</b>
Profit for the financial year		-	-	52,245	-	52,245
Other comprehensive expense for the year		-	-	(3,967)	-	(3,967)
Dividends paid to group entities	19	-	-	-	-	-
<b>At 31 December 2015</b>		<b>1</b>	<b>1,499</b>	<b>79,301</b>	<b>2,635</b>	<b>83,436</b>



# **RCL CRUISES LIMITED**

## **Notes to the financial statements For the year ended 31 December 2015**

### **1 General Information**

RCL Cruises Limited (the "Company") is a cruise ship operator, ship charterer and a sales and marketing representative for the Royal Caribbean International, Celebrity Cruises and Azamara Club Cruises brands on behalf of the Royal Caribbean Cruises Limited ("RCL") group ("the Group") as well as acting as a sales and marketing representative for RCL (UK) Ltd.

The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is 3 The Heights, Brooklands, Weybridge, Surrey.

### **2 Statement of Compliance**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 24.

#### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **(b) Going concern**

The Company meets its day-to-day working capital requirements through its cash flows from operations. The current economic conditions, as described in the strategic report on page 6, continue to create uncertainty over (a) the level of demand for the Company's products; and (b) the availability of bank finance for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 3 Summary of significant accounting policies (continued)

#### (c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. As the Company is included in the publicly available consolidated financial statements of the RCL group, it has taken advantage of the following exemptions for qualifying entities:

- (i) Requirement to prepare a statement of cash flows
- (ii) Certain disclosure requirements of section 26 in respect of share based payments
- (iii) Disclosure of key management personnel compensation in total.

#### (d) Consolidated financial statements

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiary undertakings are fully consolidated into the financial statements of its ultimate parent company, RCL, a company incorporated in Liberia. The parent company financial statements comply with the provisions of the European Union Seventh Directive.

These financial statements are the Company's separate financial statements.

Consolidated financial statements of RCL and its subsidiaries, including this Company, are publicly available from 1050 Caribbean Way, Miami, Florida 33132, United States of America and at [www.rclinvestor.com](http://www.rclinvestor.com).

#### (e) Foreign currency

##### (i) Functional and presentation currency

The reporting currency of the Company is the United States dollar ("\$"), which is also the currency of the UK head office. The functional currency of each of the individual branches is the local currency, in which it conducts its business activities.

##### (ii) Transactions and balances

Transactions in currencies other than the functional and reporting currency are translated at the rates of exchange ruling at the transaction date or at an average rate for the year if this is not materially different.

Monetary assets and liabilities are translated at the exchange rate at the balance sheet date. All such exchange gains and losses arising are taken to the profit and loss account in the year in which they arise. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from the translation from functional to reporting currency are shown as a movement in reserves.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 3 Summary of significant accounting policies (continued)

#### **(f) Revenue recognition**

Turnover, which excludes trade discounts and sales taxes, represents charter, gross ticket and shipboard revenues and fees for other services provided.

Commission revenue and fees in respect of other services provided are recognised in the profit and loss account according to the accounting period in which they are earned.

Gross ticket, charter and shipboard revenues in respect of voyages spanning the year end are recognised on a straight line basis over the duration of the voyage.

Dividend income is recognised when the right to receive payment is established.

#### **(g) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *(ii) Defined contribution pension plans*

The Company contributes to defined contribution schemes in respect of certain of its employees. The pension charge in respect of the defined contribution schemes represents the amount payable by the Company in the year.

##### *(iii) Defined benefit pension plan*

The Company has an insured collective pension plan which provides benefits based on final pensionable pay for its current and former Norwegian employees. The plan is a defined benefit scheme, which means that the Company has the financial responsibility for future pension commitments. The assets of the scheme are held separately from those of the Company in independently administered funds.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 3 Summary of significant accounting policies (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the profit and loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

#### *(iv) Share-based payments*

Employees of the Company participate in share option, restricted share unit and performance share unit plans operated by RCL. The value of benefits received under these plans are recognised over the period of vesting at fair value when received. The charge under the plan has been accounted for by the Company's parent, RCL, and has been recharged to the Company. The Company has taken advantage of the exemption for qualifying entities for certain disclosure requirements of section 26 in respect of share based payments.

#### **(h) Taxation**

The ship operations of the Company are subject to the UK tonnage tax regime, which provides for fixed charges based on the tonnage of each ship. All other activities are subject to corporation tax.

Deferred taxation 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 recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not 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 an undiscounted basis.

#### **(i) Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities at the date of acquisition less accumulated amortisation and provision for impairment.

Goodwill is amortised on a straight-line basis over its estimated useful economic life of 20 years.

#### **(j) Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and provision for impairment. Cost includes the original purchase cost, together with any directly attributable costs of bringing the asset into working condition for its intended use.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 3 Summary of significant accounting policies (continued)

#### *(i) Depreciation*

Depreciation is calculated so as to write off the cost less the estimated residual value of tangible fixed assets over their expected useful economic life, which are re-assessed periodically, as follows:

Leasehold improvements	Shorter of remaining lease term or useful life
Fixtures, fittings and equipment	20% straight line

#### *(ii) Dry dock*

Dry docking costs are capitalised when incurred and depreciated over the period until the next scheduled dry dock. Routine dry docks occur every 5 years.

#### **(k) Leased assets**

##### *(i) Operating leased assets*

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

##### *(ii) Lease incentives*

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

#### **(l) Investments**

Investments in subsidiary and associate undertakings are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there have been any events or circumstances which would indicate that the carrying value may not be recoverable.

#### **(m) Impairment of non-financial assets**

The carrying values of tangible fixed assets and intangible fixed assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

#### **(n) Inventories**

Inventories consist of hotel consumables and fuel and is carried at the lower of cost (weighted-average) or net realisable value.

# **RCL CRUISES LIMITED**

## **Notes to the financial statements (continued) For the year ended 31 December 2015**

### **3 Summary of significant accounting policies (continued)**

#### **(o) Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **(p) Distributions to equity holders**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **(q) Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

### **4 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(a) Critical judgements in applying the entity's accounting policies**

In the process of applying the Company's accounting policies, which are described in the accounting policies note, the directors have made no individual judgements that have a significant impact upon the financial statements apart from those involving estimations which are dealt with below.

#### **(b) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *(i) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 3(j) for the useful economic lives for each class of assets.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 4 Critical accounting judgements and estimation uncertainty (continued)

#### (ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

#### (iii) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

## 5 Turnover

Turnover arising wholly in respect of the principal activities of the Company and by residence of customer is derived as follows:

#### Year ended 31 December 2015

	North America \$'000s	United Kingdom \$'000s	Rest of Europe \$'000s	Rest of the world \$'000s	Total \$'000s
Ship time charter revenue	-	-	-	5,143	5,143
Commission revenue	176,326	3,317	-	-	179,643
Gross ticket and shipboard revenue	979,582	265,391	57,058	988,977	2,291,008
Marketing and other revenue	50,670	946	-	-	51,616
	1,206,578	269,654	57,058	994,120	2,527,410

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 5 Turnover (continued)

Year ended 31 December 2014

	North America \$'000s	United Kingdom \$'000s	Rest of Europe \$'000s	Rest of the world \$'000s	Total \$'000s
Ship time charter revenue	-	-	-	4,682	4,682
Commission revenue	146,203	3,764	-	-	149,967
Gross ticket and shipboard revenue	874,568	313,565	226,365	753,857	2,168,355
Marketing and other revenue	39,098	1,031	-	-	40,129
	1,059,869	318,360	226,365	758,539	2,363,133

Turnover by origin approximates to the turnover by destination as disclosed above.



# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 6 Operating profit / (loss)

	Year ended 31 December 2015 \$'000s	Year ended 31 December 2014 \$'000s
Operating profit / (loss) is stated after charging :		
Wages and salaries	34,125	38,947
Social security costs	4,534	5,218
Other pension costs (note 21)	1,598	2,262
Share-based payments	754	750
<b>Staff costs</b>	<b>41,011</b>	<b>47,177</b>
Depreciation of owned tangible fixed assets (note 11)	1,647	2,402
Depreciation of dry dock costs (note 11)	10,352	7,729
Amortisation of goodwill and other intangible assets (note 10)	1,939	1,939
Impairment of trade debtors	106	824
Inventory recognised as an expense	400,114	481,394
Operating leases		
– land and buildings	1,656	1,782
– plant and machinery	40	101
– ships	665,804	581,808
– other	669	865
Foreign exchange loss	131,840	127,208

#### Services provided by the Company's auditors and its associates

	Year ended 31 December 2015 \$'000s	Year ended 31 December 2014 \$'000s
During the year the Company obtained the following services from the Company's auditors:		
Fees payable to Company's auditors for the audit of the Company financial statements	192	172
Audit-related assurance services	94	107
	<b>286</b>	<b>279</b>

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 7 Employees and Directors

#### Employees

The average monthly number of persons employed by the Company during the year was:

	Year ended 31 December 2015	Year ended 31 December 2014
	Number	Number
<b>By activity:</b>		
Sales and marketing	313	392
Administration	168	124
Marine	15	16
	496	532

#### Directors

The directors' emoluments were as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
	\$'000s	\$'000s
Aggregate emoluments	1,738	1,796
Pension costs paid into a defined contribution scheme	78	74
	1,816	1,870

The highest paid director received emoluments of \$1,020,666 (*year ended 31 December 2014: \$936,548*) and pension contributions to the value of \$43,853 (*year ended 31 December 2014: \$46,046*). None of the directors, who served during the year under review, participated in the Company's defined benefit pension plan. Three directors (including the highest paid director) exercised share options during the year.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 8 Net interest receivable and similar income / (charges)

#### (a) Interest receivable and similar income

	Year ended 31 December 2015	Year ended 31 December 2014
	\$'000s	\$'000s
On amounts owed by Group undertakings	906	4,291
Bank interest receivable	73	80
<b>Total interest receivable and similar income</b>	<b>979</b>	<b>4,371</b>

#### (b) Interest payable and similar charges

	Year ended 31 December 2015	Year ended 31 December 2014
	\$'000s	\$'000s
On amounts owed to Group undertakings	54	75
Bank interest payable	-	9
<b>Total interest expense on financial liabilities not measured at fair value through profit or loss</b>	<b>54</b>	<b>84</b>
Net interest expense on post-employment benefits	47	7
<b>Total interest payable and similar charges</b>	<b>101</b>	<b>91</b>

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 9 Tax on profit / (loss) on ordinary activities

#### (a) Tax expense included in profit or loss

	Year ended 31 December 2015 \$'000s	Year ended 31 December 2014 \$'000s
<b>Current tax:</b>		
<b>United Kingdom</b>		
Corporation tax for the year	1,139	1,329
Adjustments in respect of prior years	(613)	(457)
	526	872
<b>Foreign tax</b>		
Corporation tax for the year	847	846
Adjustments in respect of prior years	182	(200)
	1,029	646
<b>Total current tax for the year</b>	<b>1,555</b>	<b>1,518</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences– UK	(2)	(28)
– Foreign	(16)	112
<b>Total deferred tax charge for the year</b>	<b>(18)</b>	<b>84</b>
<b>Tax on profit / (loss) on ordinary activities</b>	<b>1,537</b>	<b>1,602</b>

#### (b) Tax expense / (income) included in other comprehensive income

	Year ended 31 December 2015 \$'000s	Year ended 31 December 2014 \$'000
<b>Deferred tax</b>		
- Impact of change in tax rate	1	4
<b>Total tax expense included in other comprehensive income</b>	<b>1</b>	<b>4</b>

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 9 Tax on profit / (loss) on ordinary activities (continued)

#### (c) Reconciliation of tax charge

The tax assessed for the year is lower (2014: *higher*) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (Year ended 31 December 2014: 21.5%). The differences are explained below:

	Year ended 31 December 2015 \$'000s	Year ended 31 December 2014 \$'000s
<b>Profit/ (loss) on ordinary activities before taxation</b>	<b>53,782</b>	<b>1,582</b>
Profit / (loss) on ordinary activities multiplied by the standard effective rate of corporation tax in the UK 20.25% (2014: 21.5%)	<b>10,891</b>	<b>340</b>
Effects of:		
Profits taxed under tonnage tax	<b>(2,799)</b>	<b>1,319</b>
Tonnage tax charge	<b>256</b>	<b>280</b>
Freight tax charge	<b>472</b>	<b>463</b>
Impact of disallowable expenditure	<b>758</b>	<b>394</b>
Adjustment in respect of prior years	<b>(431)</b>	<b>(657)</b>
Impact of foreign tax rates	<b>94</b>	<b>105</b>
Exempt dividend income	<b>(7,704)</b>	<b>(642)</b>
<b>Total tax</b>	<b>1,537</b>	<b>1,602</b>

#### (d) Tax rate changes

On 1 April 2015, the UK tax rate changed from 21% to 20%. Further reductions will be made to the main rate of corporation tax, which will reduce it to 19% by 1 April 2017. This change was enacted in the Finance Act 2015.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate to 17% from 1 April 2020. The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

The effects of these changes are not expected to have a material impact in the tax charge and associated profitability in future years.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 10 Intangible assets

	<b>Goodwill</b>
	\$'000s
<b>At 31 December 2014</b>	
Cost	38,773
Accumulated amortisation	(7,679)
<b>Net book amount</b>	<b>31,094</b>
<b>Year ended 31 December 2015</b>	
Opening net book amount	31,094
Amortisation	(1,939)
<b>Closing net book amount</b>	<b>29,155</b>
<b>At 31 December 2015</b>	
Cost	38,773
Accumulated amortisation	(9,618)
<b>At 31 December 2015</b>	<b>29,155</b>

The above amounts relate to goodwill arising from the purchase of the net assets of Royal Caribbean Cruise Line A/S, Royal Caribbean Cruises Espana sl, Royal Caribbean Cruises (Australia) Pty Ltd and Latitude Sud in 2011.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 11 Tangible assets

	Leasehold improvements \$'000s	Fixtures, fittings and equipment \$'000s	Dry dock \$'000s	Total \$'000s
<b>At 31 December 2014</b>				
Cost	5,551	8,788	41,536	55,875
Accumulated depreciation	(1,452)	(6,121)	(16,135)	(23,708)
<b>Net book value</b>	<b>4,099</b>	<b>2,667</b>	<b>25,401</b>	<b>32,167</b>
<b>Year ended 31 December 2015</b>				
Additions	26	139	9,270	9,435
Disposals	-	(77)	-	(77)
Foreign exchange impact on cost in overseas branches	(327)	(1,713)	-	(2,040)
Depreciation	(750)	(897)	(10,352)	(11,999)
Foreign exchange impact on accumulated depreciation in overseas branches	34	1,267	-	1,301
<b>Closing net book value</b>	<b>3,082</b>	<b>1,386</b>	<b>24,319</b>	<b>28,787</b>
<b>At 31 December 2015</b>				
Cost	5,250	7,137	50,806	63,193
Accumulated depreciation	(2,168)	(5,751)	(26,487)	(34,406)
<b>Net book value</b>	<b>3,082</b>	<b>1,386</b>	<b>24,319</b>	<b>28,787</b>

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 12 Investments

	2015	2014
Investment in subsidiaries and associates	\$'000s	\$'000s
As at 1 January	16,591	21,750
Additions in Royal Caribbean Cruises Hong Kong Limited	-	64
Additions in TUI Cruises GmbH	694,834	-
Disposals in Barcelona Port Investments, S.L.	-	(5,223)
<b>As at 31 December</b>	<b>711,425</b>	<b>16,591</b>
Analysed as:		
Royal Celebrity Mexico Crucero SAdeCV	-	-
Barcelona Port Investments, S.L.	16,527	16,527
Royal Caribbean Cruises Hong Kong Limited	64	64
TUI Cruises GmbH	694,834	-
	<b>711,425</b>	<b>16,591</b>

The directors believe that the carrying value of the investments are supported by their underlying net assets.

Fixed asset investments comprise equity shares in Royal Celebrity Mexico Crucero SAdeCV, Barcelona Port Investments, S.L., Royal Caribbean Cruises Hong Kong Limited and TUI Cruises GmbH, none of which are publicly traded.

#### Royal Celebrity Mexico Crucero SAdeCV

The Company owns 100% of the equity share capital of Royal Celebrity Mexico Crucero SAdeCV (2014: 100%). Royal Celebrity Mexico Crucero SAdeCV is incorporated in Mexico.

#### Barcelona Port Investments, S.L.

The Company owns 38% of the equity share capital of Barcelona Port Investments, S.L. (2014: 38%). Barcelona Port Investments, S.L. is incorporated in Spain. In September 2014, the Company sold 13% of its shares in Barcelona Port Investments, S.L. to Global Liman Isletmeleri A.S. at par value for \$5,223k, therefore making no gain or loss on the disposal.

#### Royal Caribbean Cruises Hong Kong Limited

The Company owns 100% of the equity share capital of Royal Caribbean Cruises Hong Kong Limited (2014: 100%). Royal Caribbean Cruises Hong Kong Limited is incorporated in Hong Kong.



# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 12 Investments (continued)

#### TUI Cruises GmbH

The Company owns 50% of the equity share capital of TUI Cruises GmbH (2014: 0%). TUI Cruises GmbH is incorporated in Germany. During the year the Company acquired 50% of the equity share capital of TUI Cruises GmbH for €620m.

### 13 Stocks

	31 December 2015	31 December 2014
	\$'000s	\$'000s
Hotel inventory	35,507	27,671
Fuel	5,636	8,730
	41,143	36,401

The replacement cost of stocks is not materially different from the amounts disclosed above.

### 14 Debtors

	31 December 2015	31 December 2014
	\$'000s	\$'000s
<b>Amounts falling due after one year</b>		
Other debtors	5,348	215
Deferred tax (note 15)	199	181
	5,547	396
<b>Amounts falling due within one year</b>		
Trade debtors	4,517	6,668
Amounts owed by Group undertakings	-	230,747
Corporation tax recoverable	2,027	2,761
Other debtors	19,405	8,059
Prepayments and accrued income	39,626	32,541
	65,575	280,776
<b>Total debtors</b>	<b>71,122</b>	<b>281,172</b>

Trade debtors are stated after provisions for impairment of \$1,741k (2014: \$849k)

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 14 Debtors (continued)

Included within debtors is a loan to Travel 1<sup>st</sup> Ltd which is payable over five years and carries fixed interest of 10%. The repayment schedule is as follows:

	<b>\$'000s</b>
Repayable in 2016	131
Repayable in 2017	523
Repayable in 2018	523
Repayable in 2019	523
Repayable in 2020	3,531
	<b>5,231</b>

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest receivable on these balances was calculated at an average interest rate of 0.9% for the year ended 31 December 2015 (*Year ended 31 December 2014: 0.9%*).

### 15 Deferred tax

The deferred tax consists of the following deferred tax assets:

	<b>2015</b>	<b>2014</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Accelerated capital allowances	<b>199</b>	<b>181</b>
Defined benefit pension	<b>62</b>	<b>180</b>
<b>Net deferred tax asset at 31 December</b>	<b>261</b>	<b>361</b>

There are no unused tax losses or unused tax credits.

The net deferred tax liability expected to reverse in 2016 is \$2k. This primarily relates to the reversal of timing differences on capital allowances.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 16 Creditors: amounts falling due within one year

	31 December 2015	31 December 2014
	\$'000s	\$'000s
Trade creditors	9,138	4,133
Amounts owed to Group undertakings	322,915	-
Taxation and social security	970	3,530
Accruals and deferred income	479,136	377,856
	<b>812,159</b>	<b>385,519</b>

### 17 Provisions for liabilities

	Dilapidations	Total
	\$'000s	\$'000s
As at 1 January 2015	582	582
Additions	69	69
As at 31 December 2015	<b>651</b>	<b>651</b>

#### Dilapidations

The dilapidations provision is in respect of leasehold premises at The Heights, Weybridge.

### 18 Called up share capital

	31 December 2015	31 December 2014
	\$'000s	\$'000s
<b>Allotted and fully paid</b>		
1,050 (2014: 1,050) ordinary shares of \$1 each	<b>1</b>	<b>1</b>

### 19 Dividends

	Year ended 31 December 2015	Year ended 31 December 2014
	\$'000s	\$'000s
<b>Equity – ordinary</b>		
Interim paid: \$nil (2014: \$96,214) per \$1 share	-	101,025

A final dividend has not been proposed.

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 20 Financial commitments

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 December 2015	31 December 2014
	\$'000s	\$'000s
<b>Land and buildings</b>		
Within one year	2,105	2,079
Within two to five years	5,799	4,827
Over five years	691	1,765
<b>Cruise vessel</b>		
Within one year	764,245	202,783
Within one to two years	681,832	94,809
<b>Other assets</b>		
Within one year	608	355
Within two to five years	568	182
<b>Total</b>	<b>1,455,848</b>	<b>306,800</b>

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 21 Pension commitments

The Company operates a defined benefit pension scheme in respect of certain past and present Norwegian employees, with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The Company also contributes to a defined contribution scheme to provide benefits to employees who do not qualify for the defined benefit pension scheme.

#### Defined benefit scheme

An actuarial valuation of the RCL Cruises Limited pension scheme, using the projected unit basis was carried out at 31 December 2015 by Roy-Arild Hansen Dybvik, actuary. The major assumptions used by the actuary were:

	2015 %	2014 %
Rate of increase in pensionable salaries	2.50	2.75
Rate of increase in pension payment	0.00	0.00
Discount rate	2.70	2.30
Rate of inflation	2.00	1.50

The mortality assumptions used were as follows:

	2015 Years	2014 Years
<b>Longevity at age 65 for current pensioners</b>		
Men	21.9	21.8
Women	25.2	25.1
<b>Longevity at age 65 for future pensioners</b>		
Men	22.0	24.3
Women	25.3	27.4

The fair value of the plan assets was:

	2015 \$'000s	2014 \$'000s
Equities	58	176
Bonds	503	870
Others	721	588
	1,282	1,634

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 21 Pension commitments (continued)

#### Reconciliation of scheme assets and liabilities:

	Assets \$'000s	Liabilities \$'000s	Total \$'000s
<b>At 1 January</b>	<b>1,634</b>	<b>(2,301)</b>	<b>(667)</b>
Benefits paid	(77)	77	-
Employer contributions	232	-	232
Current service cost	(21)	(275)	(296)
Interest cost	-	(47)	(47)
Payroll tax on scheme assets	-	46	46
Remeasurement gains / (losses) :			
Actuarial (loss) / gain	(285)	683	398
Return on plan assets excluding interest income	36	-	36
Foreign exchange (loss) / gain	(237)	305	68
<b>At 31 December</b>	<b>1,282</b>	<b>(1,512)</b>	<b>(230)</b>

#### Total cost recognised as an expense

	2015 \$'000s	2014 \$'000s
Current service cost	296	274
Interest cost	47	95
<b>31 December</b>	<b>343</b>	<b>369</b>

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company.

#### The return on plan assets was:

	2015 \$'000s	2014 \$'000s
Return on plan assets	36	88
<b>Total return on plan assets</b>	<b>36</b>	<b>88</b>

# RCL CRUISES LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 21 Pension commitments (continued)

#### Defined contribution scheme

The Company contributes to defined contribution pension schemes for the benefit of certain of its employees. These schemes require contributions to be made into independently administered funds. Contributions to these funds are charged to the profit and loss account in the year in which they become payable under the rules of the schemes.

The amount recognised as an expense for the defined contribution scheme was:

	2015 \$'000s	2014 \$'000s
Current year contributions	1,302	1,963

### 22 Related parties

The Company has taken advantage of the exemption contained in FRS 102 as it is a wholly-owned subsidiary of RCL. Therefore the Company has not disclosed transactions or balances with wholly-owned entities that form part of the Group headed by RCL.

In August 2015 the Company acquired 50% of the equity share capital in TUI Cruises GmbH ("TUI Cruises") for \$695m. During the year the Company received a dividend payment of \$38m from TUI Cruises. There were no balances owed by TUI Cruises as at 31 December 2015.

In September 2014, the Company sold 13% of its shares in Barcelona Port Investments, SL (BPI) to Global Liman Isletmeleri A.S. at par value for \$5.2m, therefore making no gain or loss on the disposal. During the year the Company did not receive any dividends from BPI (2014: \$1m). There were no balances owed by BPI as at 31 December 2015.

### 23 Controlling parties

The immediate parent undertaking, ultimate parent undertaking and controlling party is RCL, a company incorporated in Liberia.

RCL is the only parent undertaking to consolidate these financial statements at 31 December 2015. The consolidated financial statements of RCL are available at [www.rclinvestor.com](http://www.rclinvestor.com) or upon written request at: 1050 Caribbean Way, Miami, Florida 33132, USA.

### 24 Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There are no differences in loss for the financial year ended 31 December 2014 or the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.