

P&O Scottish Ferries Limited

Unaudited

Directors' report and financial statements

For the Year Ended 31 December 2015



P&O Scottish Ferries Limited

Company Information

DIRECTORS	S M Qureshi G R Jayaraman
COMPANY SECRETARY	M Al Hashimy
REGISTERED NUMBER	00071375
REGISTERED OFFICE	16 Palace Street London SW1E 5JQ

P&O Scottish Ferries Limited

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P&O Scottish Ferries Limited

Directors' report For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015

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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless 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 judgments 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.

PRINCIPAL ACTIVITY

The Company ceased its main business of ship owning and passenger and freight ferry services on 11 November 2002. The Company also participates in three funded defined benefit pension schemes.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £856 thousand (2014 - loss £784 thousand)

No dividends (2014 - £NIL) were declared or paid during the year.

DIRECTORS

The directors who served during the year were

S M Qureshi
G R Jayaraman

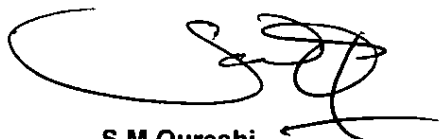
P&O Scottish Ferries Limited

**Directors' report
For the Year Ended 31 December 2015**

POLITICAL CONTRIBUTIONS

During the year the Company has made no charitable or political donations (2014 £NIL)

This report was approved by the board on 1 September 2016 and signed on its behalf

A handwritten signature in black ink, appearing to be 'S M Qureshi', written over a horizontal line.

S M Qureshi
Director

P&O Scottish Ferries Limited

**Statement of comprehensive income
For the Year Ended 31 December 2015**

	Note	2015 £000	2014 £000
Administrative expenses	2	(286)	(230)
Operating loss		<u>(286)</u>	<u>(230)</u>
Net Interest costs on net defined benefit liability/(asset)	3	(570)	(554)
Loss before tax		<u>(856)</u>	<u>(784)</u>
Loss for the year		<u><u>(856)</u></u>	<u><u>(784)</u></u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit schemes		1,443	(1,535)
Other comprehensive income net of tax		<u>1,443</u>	<u>(1,535)</u>
Total comprehensive income for the year		<u><u>587</u></u>	<u><u>(2,319)</u></u>

The notes on pages 7 to 20 form part of these financial statements

P&O Scottish Ferries Limited
Registered number:00071375

Statement of financial position
As at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	5	403	403
		<u>403</u>	<u>403</u>
Creditors amounts falling due within one year	6	(5,931)	(3,887)
Net current assets		(5,931)	(3,887)
Total assets less current liabilities		(5,528)	(3,484)
Net liabilities excluding pension liability		(5,528)	(3,484)
Pension liability	8	(11,547)	(14,178)
Net liabilities		<u>(17,075)</u>	<u>(17,662)</u>
Capital and reserves			
Called up share capital	7	8,148	8,148
Profit and loss account		(25,223)	(25,810)
Shareholder's fund		<u>(17,075)</u>	<u>(17,662)</u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2016


S M Qureshi
Director


G R Jayaraman
Director

The notes on pages 7 to 20 form part of these financial statements

P&O Scottish Ferries Limited

**Statement of changes in equity
As at 31 December 2015**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2015	8,148	(25,810)	(17,662)
Comprehensive income for the year			
Loss for the year	-	(856)	(856)
Actuarial gains on pension scheme	-	1,443	1,443
Other comprehensive income for the year	-	1,443	1,443
Total comprehensive income for the year	-	587	587
Total transactions with owners	-	-	-
At 31 December 2015	8,148	(25,223)	(17,075)

P&O Scottish Ferries Limited

**Statement of changes in equity
As at 31 December 2014**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2014	8,148	(23,491)	(15,343)
Comprehensive income for the year			
Loss for the year	-	(784)	(784)
Actuarial losses on pension scheme	-	(1,535)	(1,535)
Other comprehensive income for the year	-	(1,535)	(1,535)
Total comprehensive income for the year	-	(2,319)	(2,319)
Total transactions with owners	-	-	-
At 31 December 2014	8,148	(25,810)	(17,662)

The notes on pages 7 to 20 form part of these financial statements

P&O Scottish Ferries Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

P&O Scottish Ferries Limited (the 'Company') is a company incorporated and domiciled in the UK

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts of the Company except as noted below

Basis of Preparation

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 10. There have been no material amendments to the disclosure requirements previously applied in accordance with previous UK GAAP. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, which are summarized below:

- Cash Flow Statement and related notes,
- Disclosures in respect of transactions with wholly owned subsidiaries,
- Disclosures in respect of capital management,
- The effects of new but not yet effective IFRSs,
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy,
- Disclosures in respect of the compensation of Key Management Personnel, and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Port & Free Zone World FZE ('ultimate parent undertaking') include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Information on the impact of first-time adoption of FRS 101 is given in note 10.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES (continued)

1.2 Going concern

The Company has net liabilities of £17,075 thousand. The parent company, The Peninsular and Oriental Steam Navigation Company, has given a written undertaking that it will continue to support the Company and its present activities. The directors acknowledge that there can be no certainty that this support will continue, although they have no reason to believe that it will not do so. Based on this undertaking, the directors consider it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Other investments in debt and equity securities held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

1.4 Debtors

Short term debtors are measured initially at fair value and subsequently at amortised cost less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.5 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. ACCOUNTING POLICIES (continued)

1.6 Pensions

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Company's obligations.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the profit and loss account on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit and loss account.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using actuarial assumptions and the resultant gain or loss recognised in the profit and loss account during the period in which the settlement or curtailment occurs.

Actuarial gains and losses that arise in calculating the Company's obligation in respect of a plan are recognised in the period in which they arise directly in other comprehensive income.

The operating and financing costs of defined benefit pension plans are recognised in the profit and loss account, current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the year and net financing costs are recognised in the finance income or expense in the periods within which they arise.

1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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**Notes to the financial statements
For the Year Ended 31 December 2015**

2. OPERATING LOSS

During the year, no director received any emoluments (2014 - £NIL)

The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the Company and their services as directors/employees of other group undertakings

3. OTHER FINANCE COSTS

	2015 £000	2014 £000
Interest income on defined benefit assets	(570)	(554)
	(570)	(554)

4. TAXATION

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20 25% (2014 - 21 5%) The differences are explained below

	2015 £000	2014 £000
Loss on ordinary activities before tax	(856)	(784)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20 25% (2014 - 21 5%)	(173)	(169)
Effects of:		
Non-taxable income less expenses not deductible for tax purposes	611	573
Non-taxable income	(438)	(404)
Total tax charge for the year	-	-

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

4. TAXATION (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

From 1 April 2015 the UK corporation tax rate was reduced from 21% to 20%

A further reduction from 20% to 19% (effective from 1 April 2017) and from 19% to 18% (effective from 1 April 2020) were substantively enacted on 1 November 2015

Legislation will be introduced in Finance Bill 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020. The rate changes will impact the amount of future tax recognised by the company. However it does not have any effect on the current year results.

Unrecognised deferred tax

No deferred tax has been recognised at the end of the year

5. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost			
At 1 January 2015	400	3	403
At 31 December 2015	400	3	403
At 31 December 2015	-	-	-
At 31 December 2015	400	3	403
<i>At 31 December 2014</i>	400	3	403

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Class of shares	Holding
P&O Scottish Ferries Ship Management Limited	Ordinary shares	100 %

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

6. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to group undertakings	5,931	3,887
	5,931	3,887

Amounts owed to group companies are unsecured, bear no interest and have no fixed repayment terms

7. SHARE CAPITAL

	2015 £000	2014 £000
Allotted, called up and fully paid		
814,844 Ordinary Shares shares of £10 each	8,148	8,148

8. PENSION COMMITMENTS

The Company operates a Defined benefit pension scheme

"The Company participates in the Merchant Navy Officers' Pension Fund (the "MNOFF Scheme") and the Merchant Navy Ratings' Pension Fund (the "MNRPF" Scheme) which are industry wide defined benefit pension schemes. These generally have assets held in separate trustee administered funds which are legally separated from the Company.

The board of a pension fund in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans if appropriate. These defined benefit funds expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, certain multi-employer industry schemes the Company can be exposed to a pro-rata share of the credit risk of other participating employers.

The amounts recognised in the balance sheet are as follows

	2015 £000	2014 £000
Present value of obligations	(68,852)	(66,842)
Fair value of plan assets	57,305	52,663
Net pension liabilities	(11,547)	(14,179)

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

8. PENSION COMMITMENTS (continued)

The re-measurements of the net defined benefit liability recognised in the statement of other comprehensive income is as follows

	2015 £000	2014 £000
Actuarial (gain)/loss recognised in the year	(2,434)	5,728
Return on plan assets lesser/ (greater) than the discount rate	(4,684)	(6,543)
Change in share in multi-employer scheme	(282)	888
Movement in minimum funding liability	5,957	1,462
	<u>(1,443)</u>	<u>1,535</u>

The pension costs for defined benefit schemes are as follows

	2015 £000	2016 £000
Administration costs	(286)	(230)
Net Interest on net defined benefit liability/(asset)	(570)	(554)
Total expenses recognised in the income statement	<u>(856)</u>	<u>(784)</u>

The latest valuations of the defined benefit schemes have been updated to 31 December 2015 by qualified independent actuaries. The principal assumptions are included in the table below

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice

	MNOPF Scheme		MNRPF Scheme	
	2015	2014	2015	2014
Discount rates	3.7%	3.6%	3.7%	3.6%
Discount rates - Bulk Annuity Asset	NA	NA	NA	NA
Expected rates of salary increases	NA	NA	NA	NA
Pension increases				
- Deferment	2.2%	2.15%	2.2%	2.2%
- Payment	3.1%	3.05%	3.1%	3.1%
- payment Bulk Annuity	NA	NA	NA	NA
Inflation	3.2%	3.15%	3.2%	3.2%
Inflation - Bulk Annuity Asset	NA	NA	NA	NA
Expected rates of return on scheme assets	NA	NA	NA	NA

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

8. PENSION COMMITMENTS (continued)

The assumptions for pensioner longevity under both the P&O UK scheme and the MNOPF scheme are based on an analysis of pensioner death trends under the respective schemes over many years

The schemes' strategic asset allocations across the sectors of the main asset classes are

	MNOPF Scheme £000	MNRPF Schemes £000	Toatal Fair value £000
2015			
Equities	14,400	2,800	17,200
Bonds	24,715	10,190	34,905
Others	-	5,200	5,200
	<u>39,115</u>	<u>18,190</u>	<u>57,305</u>
2014			
Equities	12,400	2,800	15,200
Bonds	23,449	8,714	32,163
Others	-	5,300	5,300
	<u>35,849</u>	<u>16,814</u>	<u>52,663</u>

With the exception of the insured pensioner liability all material investments have quoted prices in active markets

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below

	Male		Female	
	Age 65 now	Age 65 in 20 years' time	Age 65 now	Age 65 in 20 years' time
2015				
MNRPF scheme	22 7	25 6	26 3	29 3
MNOPF scheme	22 7	25 6	26 3	29 3
2014				
MNRPF scheme	22 6	25 4	26 2	29 2
MNOPF scheme	22 6	25 4	26 2	29 2

At 31 December 2015 the weighted average duration of the defined benefit obligation was 15.8 years (2014: 16 years)

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

8. PENSION COMMITMENTS (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2015

	MNOPF Scheme £000	MNRPF Scheme £000	Total £000
Present value of obligation at 1 January 2015	(40,352)	(24,070)	(64,422)
Interest cost on Defined Benefit Obligation	(1,793)	(847)	(2,640)
Actuarial gain/(loss) - experience	1,889	(690)	1,199
Actuarial gain/(loss) - demographic assumptions	-	376	376
Actuarial gain/(loss) - financial assumptions	546	314	860
Gain/(Loss) due to change in share	-	1,098	1,098
Actual benefit paid	2,273	878	3,151
Present value of obligation at 31 December 2015	(37,437)	(22,941)	(60,378)
Fair value of scheme assets at 1 January 2015	35,849	16,814	52,663
Interest income on assets	1,601	565	2,166
Return on plan assets (greater)/less than the discount rate	2,602	2,082	4,684
Actual employer contributions	1,496	549	2,045
Actual benefit paid	(2,273)	(878)	(3,151)
Gain/(Loss) due to change in share	-	(816)	(816)
Administration costs incurred during period	(160)	(125)	(286)
Fair value of scheme assets at 31 December 2015	39,115	18,191	57,305
Irrecoverable surplus at 1 January 2015	(2,420)	-	(2,420)
Interest cost on irrecoverable surplus	(96)	-	(96)
Change in irrecoverable surplus	(3,746)	(2,213)	(5,958)
Irrecoverable surplus at 31 December 2015	(6,262)	(2,213)	(8,474)
Defined benefit schemes net liabilities at 31 December 2015	(4,584)	(6,962)	(11,547)

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

8. PENSION COMMITMENTS (continued)

Reconciliation of the opening and closing present value of defined benefit obligations and fair value of scheme assets for the period ended 31 December 2014

	MNOFF Scheme £000	MNRPF Scheme £000	Total £000
Present value of obligation at 1 January 2014	(36,807)	(20,135)	(56,942)
Interest cost on Defined Benefit Obligation	(1,576)	(833)	(2,409)
Actuarial gain/(loss) - experience	56	147	203
Actuarial gain/(loss) - financial assumptions	(3,629)	(2,302)	(5,931)
Gain/(Loss) due to change in share	-	(1,976)	(1,976)
Actual benefit paid	1,604	1,029	2,633
Present value of obligation at 31 December 2014	(40,352)	(24,070)	(64,422)
Fair value of scheme assets at 1 January 2014	29,715	14,553	44,268
Interest income on assets	1,294	588	1,882
Return on plan assets (greater)/less than the discount rate	4,782	1,761	6,543
Actual employer contributions	1,746	-	1,746
Actual benefit paid	(1,604)	(1,029)	(2,633)
Gain/(Loss) due to change in share	-	1,088	1,088
Administration costs incurred during period	(84)	(147)	(231)
Fair value of scheme assets at 31 December 2014	35,849	16,814	52,663
Irrecoverable surplus at 1 January 2014	(929)	-	(929)
Interest cost on irrecoverable surplus	(28)	-	(28)
Change in irrecoverable surplus	(1,463)	-	(1,463)
Irrecoverable surplus at 31 December 2014	(2,420)	-	(2,420)
Defined benefit schemes net liabilities at 31 December 2014	(6,922)	(7,256)	(14,178)

It is anticipated that the company will make the following contributions to the pension schemes in 2016

	MNOFF Scheme £000	MNRPF Scheme £000	Total £000
Pension scheme contributions	1,496	287	1,783
	1,496	287	1,783

**Notes to the financial statements
For the Year Ended 31 December 2015**

8. PENSION COMMITMENTS (continued)

Merchant Navy Officers' Pension Fund ("MNOFF")

The MNOFF Scheme is an industry wide multi-employer defined benefit scheme, in which officers employed by the Company have participated. The scheme is divided into two sections, the Old Section and the New Section, both of which are closed to new members.

The Old was fully secured by the completion of a bulk buy in policy with Rothesay Life in December 2012.

The most recent formal actuarial valuation of the New Section was carried out as at 31 March 2015. This resulted in a deficit of GBP 0.9 million. The Trustee Board believe their investment strategy will address this deficit and therefore has not issued deficit contribution notices to employers in respect of the 2015 actuarial valuation. Following the valuation the Trustee and Employers have agreed contributions, in addition to those arising from the 31 March 2003, 31 March 2006 and 31 March 2009 valuations, which will be paid to the Section by participating employers over the period to 30 September 2023. These contributions include an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. The Company's aggregated outstanding contributions from these valuations are payable as follows: 2016 £1.5 million, 2017 to 2020 £3.0 million per annum and 2021 to 2023 £0.4 million per annum.

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

The Company's share of the net deficit of the New Section at 31 December 2015 is estimated at 5.33%.

P&O UK Scheme

The P&O UK Scheme was closed to routine new members on 1 January 2002. The company made no contributions to the P&O UK Scheme, as The Peninsular and Oriental Steam Navigation Company, its immediate parent undertaking, agreed to take on the liability for any P&O UK Scheme deficit payments relating to P&O Scottish Ferries Limited from 30 March 2007, and the company is therefore accounting for the P&O UK Scheme under IAS 19.

Merchant Navy Ratings' Pension Fund

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by the Company has participated. The scheme has a significant funding deficit and has been closed to further benefit accrual.

The most recent formal actuarial valuation was carried out as at 31 March 2014. The Company's deficit contributions arising from this valuation totalled £3.0 million (equating to 7.3% share of the net deficit). Deficit contributions of £0.1 million were paid into the Scheme in 2015. Negotiations are ongoing for a repayment period for the remaining £2.9 million deficit (on which 6% per annum interest will be charged).

The Company which is no longer a current employer in the MNRPF had settled its statutory debt obligation and was not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustees could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Company appealed the decision, it was not overturned.

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

9. CONTROLLING PARTY

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is The Peninsular and Oriental Steam Navigation Company, a company incorporated by Royal Charter and therefore not registered, copies of whose accounts can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ

The largest group of companies for which consolidated financial statements are prepared and which are publicly available, and in which the company is consolidated is DP World Limited, a company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Centre 19 55% of the shares of DP World Limited are traded on NASDAQ Dubai

The immediate parent undertaking at 31 December 2015 was The Peninsular and Oriental Steam Navigation Company, a company incorporated in the United Kingdom

In the opinion of the directors the ultimate controlling parent undertaking as at 31 December 2015 was Port & Free Zone World FZE, which owns 80 45% of DP World Limited Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent company of the company, but which does not exert control over the company Both Port & Free Zone World FZE and Dubai World Corporation are incorporated in Dubai

P&O Scottish Ferries Limited

Notes to the financial statements
For the Year Ended 31 December 2015

10. FIRST TIME ADOPTION OF FRS 101

	Note	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 101 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Fixed assets		403	-	403	403	-	403
Creditors amounts falling due within one year		(2,140)	-	(2,140)	(3,887)	-	(3,887)
Net current liabilities		(2,140)	-	(2,140)	(3,887)	-	(3,887)
Total assets less current liabilities		(1,737)	-	(1,737)	(3,484)	-	(3,484)
Provisions for liabilities		(13,940)	338	(13,602)	(13,198)	(980)	(14,178)
Net liabilities		(15,677)	338	(15,339)	(16,682)	(980)	(17,662)
Capital and reserves		(15,677)	338	(15,339)	(16,682)	(980)	(17,662)

P&O Scottish Ferries Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

10. FIRST TIME ADOPTION OF FRS 101 (continued)

	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Note			
	-	-	-
Administrative expenses	1	(231)	(230)
Operating profit	1	(231)	(230)
Net Interest costs on net defined benefit liability/(asset)	(288)	(266)	(554)
Loss on ordinary activities after taxation and for the financial year	(287)	(497)	(784)

Explanation of changes to previously reported profit and equity

- 1 As of transition date, pension and post-retirement benefits are measured in compliance with FRS 101, which resulted into decrease in pension liabilities by £338 thousand with a corresponding impact to retained earnings
- The transition to FRS 101 resulted in an increase of pension liability in comparative period with a corresponding impact to increase in administrative costs by £231 thousand, net finance costs by £266 thousand, and debit to retained earnings by £497 thousand