

Registered number: 00071375

**P&O Scottish Ferries Limited**

**Unaudited**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2017**

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**P&O Scottish Ferries Limited**

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**Company Information**

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<b>Directors</b>	R.A. Al Qahtani (appointed 16 April 2018) S.M. Qureshi G.R. Jayaraman (resigned 16 April 2018)
<b>Company secretary</b>	M Al Hashimy
<b>Registered number</b>	00071375
<b>Registered office</b>	16 Palace Street London SW1E 5JQ

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**P&O Scottish Ferries Limited**

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## **P&O Scottish Ferries Limited**

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### **Directors' Report For the Year Ended 31 December 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017. P&O Scottish Ferries Limited ('the Company') is incorporated and domiciled in the UK. The Company did not engage in any commercial activity during the year.

#### **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 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 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;
- 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 to 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.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £648 thousand (2016 - loss £792 thousand).

The directors do not recommend the payment of a dividend (2016: £NIL).

#### **Directors**

The directors who served during the year were:

S.M. Qureshi  
G.R. Jayaraman (resigned 16 April 2018)

#### **Qualifying third party indemnity provisions**

All directors are entitled to contractual indemnification from the Company to the extent permitted by law against claim and legal expenses incurred in the course of their duties.

Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the Directors' Report.

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**P&O Scottish Ferries Limited**

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**Directors' Report (continued)  
For the Year Ended 31 December 2017**

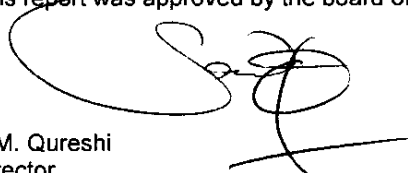
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**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 September 2018 and signed on its behalf.

S.M. Qureshi  
Director

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

**P&O Scottish Ferries Limited**

**Statement of Comprehensive Income  
For the Year Ended 31 December 2017**

	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
Administrative expenses		(267)	(285)
<b>Operating loss</b>		<b>(267)</b>	<b>(285)</b>
Interest costs on pension liability		(381)	(507)
<b>Loss before tax</b>		<b>(648)</b>	<b>(792)</b>
<b>Loss for the financial year</b>		<b>(648)</b>	<b>(792)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain/(loss) on defined benefit schemes		871	(22,759)
Other comprehensive income		23,523	-
		<b>24,394</b>	<b>(22,759)</b>
<b>Total comprehensive income for the year</b>		<b>23,746</b>	<b>(23,551)</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 7 to 18 form part of these financial statements.

**P&O Scottish Ferries Limited**  
Registered number: 00071375

**Statement of Financial Position**  
**As at 31 December 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Investment in subsidiaries	5	403	403
		<u>403</u>	<u>403</u>
Creditors: amounts falling due within one year	7	(15,607)	(9,217)
<b>Net current liabilities</b>		<u>(15,607)</u>	<u>(9,217)</u>
<b>Total assets less current liabilities</b>		<u>(15,204)</u>	<u>(8,814)</u>
<b>Net assets excluding pension liability</b>		<u>(15,204)</u>	<u>(8,814)</u>
Pension liability		(1,677)	(31,813)
<b>Net liabilities</b>		<u><u>(16,881)</u></u>	<u><u>(40,627)</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	8,148	8,148
Profit and loss account		(25,029)	(48,775)
		<u><u>(16,881)</u></u>	<u><u>(40,627)</u></u>

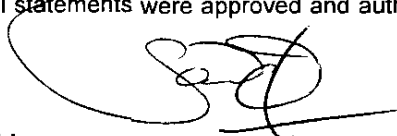
The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from audit under section 479(A) of the Companies Act 2006.

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 Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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



21 September 2018

**S.M. Qureshi**

Director

The notes on pages 7 to 18 form part of these financial statements.

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**P&O Scottish Ferries Limited**

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**Statement of Changes in Equity  
For the Year Ended 31 December 2017**

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	8,148	(48,775)	(40,627)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(648)	(648)
Actuarial gains on pension scheme	-	871	871
Pension obligation borne by ultimate parent company	-	23,523	23,523
<b>Other comprehensive income for the year</b>	-	24,394	24,394
<b>Total comprehensive income for the year</b>	-	23,746	23,746
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2017</b>	<b>8,148</b>	<b>(25,029)</b>	<b>(16,881)</b>



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**P&O Scottish Ferries Limited**

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**Statement of Changes in Equity  
For the Year Ended 31 December 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2016	8,148	(25,224)	(17,076)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(792)	(792)
Actuarial losses on pension scheme	-	(22,759)	(22,759)
<b>Other comprehensive income for the year</b>	-	(22,759)	(22,759)
<b>Total comprehensive income for the year</b>	-	(23,551)	(23,551)
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2016</b>	<b>8,148</b>	<b>(48,775)</b>	<b>(40,627)</b>

The notes on pages 7 to 18 form part of these financial statements.

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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

**1.3 Going concern**

The Company's immediate parent, 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.

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**1. Accounting policies (continued)**

**1.4 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**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.

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## **P&O Scottish Ferries Limited**

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### **Notes to the Financial Statements For the Year Ended 31 December 2017**

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#### **1. Accounting policies (continued)**

##### **1.6 Pensions**

###### **Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

##### **1.7 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

#### **2. Employees**

The Company has no employees other than the directors.

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**3. Directors' remuneration**

None of the directors received any remuneration from the Company during the year or prior period. The directors' remuneration was borne by group undertakings. The directors do not believe that it is practicable to apportion the remuneration between their services as directors of the Company and their services as directors/employees of other group undertakings.

**4. Taxation**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	<b>(648)</b>	<b>(792)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<b>(125)</b>	<b>(158)</b>
<b>Effects of:</b>		
Non-taxable income less expenses not deductible for tax purposes	<b>125</b>	<b>158</b>
<b>Tax charge in the income statement</b>	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

A reduction from 20% to 19% from 1 April 2017 was enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

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 deductible or taxable differences arose during the year, thus no deferred tax assets or deferred tax liabilities have been recognised.

**P&O Scottish Ferries Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**5. Investments**

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
<b>Cost</b>			
At 1 January 2017	400	3	403
At 31 December 2017	400	3	403
<b>Net book value</b>			
At 31 December 2017	400	3	403
At 31 December 2016	400	3	403

**6. Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
P&O Scottish Ferries Ship Management Limited	United Kingdom	Ordinary	100 %	Dormant

**7. Creditors: Amounts falling due within one year**

	2017 £000	2016 £000
Amounts owed to group undertakings	15,607	9,217
	15,607	9,217

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**8. Share capital**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>Authorised</b>		
814,844 (2016 - 81,484) Ordinary shares shares of £10 each	<b>8,148</b>	<b>815</b>
<b>Allotted, called up and fully paid</b>		
814,844 Ordinary shares shares of £10 each	<b>8,148</b>	<b>8,148</b>

**9. Pension commitments**

The Company participated in two industry wide multi-employer defined benefit pension schemes as described below:

**Merchant Navy Officers' Pension Fund ("MNOFF")**

The MNOFF was a Scheme in which officers employed by the Company have participated. The scheme was closed to future accrual in March 2016.

In September 2017 the Company paid £5.5 million to settle all the outstanding deficit contributions due to the MNOFF.

The MNOFF are currently reviewing the draft results of the 31 March 2018 Actuarial Valuation which will be presented to all participating employers during Q4 of 2018. Outstanding deficit contributions of £1.5 million per annum have been agreed to be paid until 2020 and £0.3 million pre annum from 2021 to 2023.

The Company's share of the net deficit of the MNOFF at 10 February 2017 is estimated at 5.33%.

**Merchant Navy Ratings' Pension Fund ("MNRPF")**

The MNRPF was a Scheme in which sea staff employed by the Company has participated. The scheme closed to further benefit accrual in 2001.

The Company's deficit contributions arising from the 31 March 2014 valuation totaled £3.0 million (equating to 7.3% share of the net deficit). Outstanding deficit contributions of £0.4 million per annum have been agreed to be paid until and including 2022.

The Trustee has recently informed the Company that its deficit contributions arising from the 31 March 2017 valuation totaled £2.4 million. The payment terms for the Company's deficit is still to be agreed. The Company has been informed of a potential issue, relating to the effectiveness of the Rule amendment ceasing future claims to ill-health early retirement, which the Trustee has referred to the Court for direction. The court hearing is not due to take place until 2020 at the earliest. The outcome could lead to a further deficit being allocated to all participating employers.

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**9. Pension commitments (continued)**

The amounts recognised in the balance sheet are as follows:

	<b>2017 £000</b>	<b>2016 £000</b>
Present value of obligations	<b>(79,438)</b>	<b>(80,393)</b>
Fair value of plan assets	<b>77,761</b>	<b>48,580</b>
	<b><u>(1,677)</u></b>	<b><u>(31,813)</u></b>

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

	<b>2017 £000</b>	<b>2016 £000</b>
Actuarial loss/(gain) recognised in the year	<b>(1,922)</b>	<b>14,949</b>
Return on plan assets lesser/(greater) than the discount rate	<b>(1,337)</b>	<b>11,906</b>
Change in share in multi-employer scheme	<b>(107)</b>	<b>(1,196)</b>
Movement in minimum funding liability	<b>2,496</b>	<b>(2,900)</b>
	<b><u>(870)</u></b>	<b><u>22,759</u></b>

The pension costs for defined benefit schemes are as follows:

	<b>2017 £000</b>	<b>2016 £000</b>
Administration costs	<b>(253)</b>	<b>(285)</b>
Net interest cost on net defined liability/(asset)	<b>(381)</b>	<b>(507)</b>
<b>Total expense recognised in the income statement</b>	<b><u>(634)</u></b>	<b><u>(792)</u></b>

The latest valuations of the defined benefit schemes have been updated to 31 December 2017 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.



**P&O Scottish Ferries Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

9. Pension commitments (continued)

		<b>MNOPF scheme</b>		<b>MNRPF scheme</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Discount rates	2.5%	2.5%	2.5%	2.5%
Discount rates - bulk annuity asset	n/a	n/a	n/a	n/a
Expected rate of salary increases	n/a	n/a	n/a	n/a
Pension increases:				
-Deferment	2.45%	2.5%	2.45%	2.5%
-Payment	3.35%	3.4%	3.35%	3.4%
Inflation	3.45%	3.5%	3.45%	3.5%

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:

	<b>MNOPF scheme £000</b>	<b>MNRPF scheme £000</b>	<b>Total fair value £000</b>
<b>2017</b>			
Equities	18,296	3,246	21,542
Bonds	33,532	22,687	56,219
Others	-	-	-
	<b>51,828</b>	<b>25,933</b>	<b>77,761</b>
<b>2016</b>			
Equities	9,593	4,335	13,928
Bonds	13,898	20,754	34,652
Others	-	-	-
	<b>23,491</b>	<b>25,089</b>	<b>48,580</b>

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:

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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9. Pension commitments (continued)

	Age 65 now	Male Age 65 in 20 years' time	Age 65 now	Female Age 65 in 20 years' time
<b>2017</b>				
MNRPF scheme	20.9	23.6	26.5	29.2
MNOPF scheme	23.0	26.0	26.4	29.3
<b>2016</b>				
MNRPF scheme	20.9	23.6	26.4	29.1
MNOPF scheme	23.0	25.9	26.4	29.2

At 31 December 2017 the weighted average duration of the defined benefit obligation was 15.6 years (2016:17.3 years).

**P&O Scottish Ferries Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**9. 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 2017:

	<b>MNOPF scheme £000</b>	<b>MNRPF scheme £000</b>	<b>Total £000</b>
Present value of obligation at 1 January 2017	(47,010)	(27,489)	(74,499)
Interest cost on Defined Benefit Obligation	(1,409)	(690)	(2,099)
Actuarial gain/(loss) - experience	2,081	(220)	1,861
Actual gain/(loss) - demographic assumptions	-	-	-
Actuarial gain/(loss) - financial assumptions	-	61	61
Effect of movement in exchange rates	-	-	-
Actual benefit paid	2,689	1,098	3,787
<b>Present value of obligation at 31 December 2017</b>	<b>(43,649)</b>	<b>(27,240)</b>	<b>(70,889)</b>
Fair value of scheme assets at 1 January 2017	23,491	25,089	48,580
Interest income on assets	1,281	596	1,877
Return on plan assets (greater)/less than the discount rate	932	405	1,337
Actual employer contributions	29,574	326	29,900
Actual benefit paid	(2,689)	(1,098)	(3,787)
Gain/(loss) due to change in share	(665)	772	107
Administration costs incurred during the period	(96)	(157)	(253)
<b>Fair value of scheme assets at 31 December 2017</b>	<b>51,828</b>	<b>25,933</b>	<b>77,761</b>
Irrecoverable surplus at 1 January 2017	(3,541)	(2,353)	(5,894)
Interest cost on irrecoverable surplus	(96)	(63)	(159)
Actuarial loss during the year	(2,433)	(63)	(2,496)
<b>Irrecoverable surplus at 31 December 2017</b>	<b>(6,070)</b>	<b>(2,479)</b>	<b>(8,549)</b>
Defined benefit schemes net liabilities at 31 December 2017	8,179	(1,307)	6,872
Minimum funding liability	(6,070)	(2,479)	(8,549)
<b>Defined benefit scheme net liability at 31 December 2017</b>	<b>2,109</b>	<b>(3,786)</b>	<b>(1,677)</b>

**P&O Scottish Ferries Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**9. 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 2016:

	<b>MNOPF scheme £000</b>	<b>MNRPF scheme £000</b>	<b>Total £000</b>
Present value of obligation at 1 January 2016	(37,437)	(22,941)	(60,378)
Interest cost on Defined Benefit obligation	(1,729)	(847)	(2,576)
Actuarial gain/(loss) - experience	32	158	190
Actuarial gain/(loss) - demographic assumptions	448	-	448
Actuarial gain/(loss) - financial assumptions	(10,693)	(4,894)	(15,587)
Gain/(loss) due to change in share	-	-	-
Actual benefit paid	2,369	1,035	3,404
<b>Present value of obligation at 31 December 2016</b>	<b>(47,010)</b>	<b>(27,489)</b>	<b>(74,499)</b>
Fair value of scheme assets at 1 January 2016	39,115	18,191	57,306
Interest income on assets	1,729	659	2,388
Return on plan assets (greater)/less than the discount rate	(16,200)	4,294	(11,906)
Actual employer contributions	1,496	1,789	3,285
Actual benefit paid	(2,369)	(1,035)	(3,404)
Gain/(loss) due to change in share	(152)	1,348	1,196
Administration costs incurred during the period	(128)	(157)	(285)
<b>Fair value of scheme assets at 31 December 2016</b>	<b>23,491</b>	<b>25,089</b>	<b>48,580</b>
Irrecoverable surplus at 1 January 2016	(6,262)	(2,213)	(8,475)
Interest cost on irrecoverable surplus	(256)	(63)	(319)
Actuarial loss during the year	2,977	(77)	2,900
<b>Irrecoverable surplus at 31 December 2016</b>	<b>(3,541)</b>	<b>(2,353)</b>	<b>(5,894)</b>
Defined benefit schemes net liabilities at 31 December 2016	(23,519)	(2,400)	(25,919)
Minimum funding liability	(3,541)	(2,353)	(5,894)
<b>Defined benefit scheme net liability at 31 December 2016</b>	<b>(27,060)</b>	<b>(4,753)</b>	<b>(31,813)</b>

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**P&O Scottish Ferries Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**9. Pension commitments (continued)**

	<b>MNOPF scheme £000</b>	<b>MNRPF scheme £000</b>	<b>Total £000</b>
Pension scheme contributions	<b>1,496</b>	<b>375</b>	<b>1,871</b>
	<b>1,496</b>	<b>375</b>	<b>1,871</b>

**10. 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 and where 19.55% of its shares are traded on NASDAQ Dubai.

The immediate parent undertaking at 31 December 2017 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 2017 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.