

Registered number: 00071375

P&O Scottish Ferries Limited

Unaudited

Directors' Report and Financial Statements

For the Year Ended 31 December 2019

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P&O Scottish Ferries Limited

Company Information

Directors	R.A. Al Qahtani S.M. Qureshi (resigned 25 June 2019) M Al Hashimy (appointed 25 June 2019) M.D. Budhdev (appointed 25 June 2019)
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 2019

The directors present their report and the financial statements for the year ended 31 December 2019. 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 profit for the year, after taxation, amounted to £16,931 thousand (2018 - loss £976 thousand).

The directors do not recommend the payment of a dividend (2018: £NIL).

Directors

The directors who served during the year were:

R.A. Al Qahtani
S.M. Qureshi (resigned 25 June 2019)
M Al Hashimy (appointed 25 June 2019)
M.D. Budhdev (appointed 25 June 2019)

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.

P&O Scottish Ferries Limited

Directors' Report (continued)
For the Year Ended 31 December 2019

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 24 November 2020 and signed on its behalf.



M.D. Budhdev
Director

P&O Scottish Ferries Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2019**

	Note	2019 £000	2018 £000
Administrative expenses		(316)	(885)
Operating loss		<u>(316)</u>	<u>(885)</u>
Other gain		17,372	-
Interest costs on pension liability		(125)	(91)
Profit/(loss) before tax		<u>16,931</u>	<u>(976)</u>
Profit/(loss) for the financial year		<u>16,931</u>	<u>(976)</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit schemes		314	(2,916)
		<u>314</u>	<u>(2,916)</u>
Total comprehensive income for the year		<u>17,245</u>	<u>(3,892)</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 7 to 19 form part of these financial statements.

P&O Scottish Ferries Limited
Registered number: 00071375

Statement of Financial Position
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investment in subsidiaries	5	403	403
		<u>403</u>	<u>403</u>
Creditors: amounts falling due within one year	6	(400)	(17,012)
Net current liabilities		<u>(400)</u>	<u>(17,012)</u>
Total assets less current liabilities		<u>3</u>	<u>(16,609)</u>
Pension liability		(3,531)	(4,164)
Net liabilities		<u><u>(3,528)</u></u>	<u><u>(20,773)</u></u>
Capital and reserves			
Called up share capital	7	8,148	8,148
Profit and loss account		(11,676)	(28,921)
		<u><u>(3,528)</u></u>	<u><u>(20,773)</u></u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the 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
24 November 2020



M.D. Budhdev
Director

The notes on pages 7 to 19 form part of these financial statements.

P&O Scottish Ferries Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2019	8,148	(28,921)	(20,773)
Comprehensive income for the year			
Profit for the year	-	16,931	16,931
Actuarial gains on pension scheme	-	314	314
Other comprehensive income for the year	-	314	314
Total comprehensive income for the year	-	17,245	17,245
Total transactions with owners	-	-	-
At 31 December 2019	8,148	(11,676)	(3,528)

The notes on pages 7 to 19 form part of these financial statements.

P&O Scottish Ferries Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2018**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	8,148	(25,029)	(16,881)
Comprehensive income for the year			
Loss for the year	-	(976)	(976)
Actuarial losses on pension scheme	-	(2,916)	(2,916)
Other comprehensive income for the year	-	(2,916)	(2,916)
Total comprehensive income for the year	-	(3,892)	(3,892)
Total transactions with owners	-	-	-
At 31 December 2018	8,148	(28,921)	(20,773)

The notes on pages 7 to 19 form part of these financial statements.

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

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 paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;
- 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

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

1.3 Impact of new international reporting standards, amendments and interpretations

IFRS 16 Leases is a new accounting standard that is effective for the year ended 31 December 2019 and has had no material impact on the Company's financial statements.

1.4 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.

1.5 Financial instruments

Financial assets

Classification, initial recognition and measurement

Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories

- 1) Amortised cost;
- 2) Fair value through other comprehensive income ('FVOCI'); or
- 3) Fair value through profit or loss ('FVTPL')

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

Impairment of non-derivative financial assets

The Company assesses, on a forward-looking basis the expected credit losses ('ECLs') applicable to its financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

which the Group is exposed to credit risk.

Non-derivative financial liabilities

Classification, initial recognition and measurement

The Company's financial instruments include non-derivative financial liabilities comprising of trade and other payables including amounts owed to group undertakings and interest-bearing borrowings. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Company classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

1.6 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.

1.7 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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**Notes to the Financial Statements
For the Year Ended 31 December 2019**

1. Accounting policies (continued)

1.8 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').

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 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'.

1.9 Taxation

Tax is recognised in profit or loss 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, who did not receive any remuneration (2018 - £NIL).

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

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 (*2018 - lower than*) the standard rate of corporation tax in the UK of 19% (*2018 - 19%*). The differences are explained below:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	16,931	(976)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2018 - 19%</i>)	3,217	(185)
Effects of:		
Non-taxable income less expenses not deductible for tax purposes	(3,217)	185
Tax charge in the income statement	-	-

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

4. Taxation (continued)

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.

Retention of a 19% tax rate from 1 April 2020 was announced in the Budget on 11 March 2020, and was substantively enacted on 17 March 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 deductible or taxable differences arose during the year, thus no deferred tax assets or deferred tax liabilities have been recognised.

5. Investments

	Investments in subsidiary companies £000	Unlisted investments £000	Total £000
Cost			
At 1 January 2019	400	3	403
At 31 December 2019	400	3	403

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

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

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

6. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	400	17,012
	400	17,012

7. Share capital

	2019	2018
	£000	£000
Authorised, allotted, called up and fully paid		
814,844 (2018 - 814,844) Ordinary shares of £10.000 each	8,148	8,148

8. 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 Company participates in various industry multi-employer schemes, the most significant of which is the New Section of the MNOFF Scheme and is in the UK. These generally have assets held in separate trustee administered funds which are legally separated from The Company.

It is an industry wide multi-employer defined benefit scheme in which officers employed by Company have participated.

The most recent formal actuarial valuation of the New Section of MNOFF Scheme was carried out as at 31 March 2018. This resulted in a deficit of £9.0 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 2018 actuarial valuation. The New Section of the MNOFF Scheme closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009, 2012 and 2015 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. In September 2017, the Trustee offered a settlement sum of £5.5 million to The company which would clear the outstanding contributions (due payable bi-annually to September 2023). The Company agreed and settled the payment on 28 September 2017. There are no outstanding contributions due by The Company in 2019.

The Company's share of the net deficit of the MNOFF Scheme at 31 December 2019 is estimated at 5.21%.

Merchant Navy Ratings' Pension Fund ("MNRPF")

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by Company have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual from 2001.

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8. Pension commitments (continued)

Certain companies, which are no longer current employers in the MNRPF Scheme had settled their statutory debt obligation and were 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 Trustee could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although The Company appealed, the decision was not overturned.

The Company's deficit contributions arising from the 31 March 2014 valuation totalled £3 million. The most recent formal actuarial valuation was carried out as at 31 March 2017. The Company's deficit contributions arising from this valuation totalled £2.4 million. The contributions due to the Scheme in respect of this valuation will be paid over the period to 31 October 2023.

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 2019 is estimated at 7.38%.

The amounts recognised in the balance sheet are as follows:

	2019 £000	2018 £000
Present value of obligations	(78,099)	(73,023)
Fair value of plan assets	74,568	68,859
	<u>(3,531)</u>	<u>(4,164)</u>

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

	2019 £000	2018 £000
Actuarial loss/(gain) recognised in the year	6,100	(4,811)
Return on plan assets lesser/(greater) than the discount rate	(7,300)	7,500
Change in share in multi-employer scheme	1	(1,200)
Movement in minimum funding liability	885	1,427
	<u>(314)</u>	<u>2,916</u>

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8. Pension commitments (continued)

The pension costs for defined benefit schemes are as follows:

	2019	2018
	£000	£000
Administration costs	(316)	(885)
Net interest cost on net defined liability/(asset)	(125)	(91)
Total expense recognised in the income statement	(441)	(976)

The latest valuations of the defined benefit schemes have been updated to 31 December 2019 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.

	2019	MNOPF 2018	2019	MNRPF 2018
Discount rates	1.95%	2.85%	1.95%	2.85%
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	2.25%	2.55%	2.25%	2.55%
-Payment	3.15%	3.45%	3.15%	3.45%
Inflation	2.25%	3.55%	2.25%	3.55%

The assumptions for pensioner longevity under both the MNRPF 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 scheme £000	Total fair value £000
2019			
Equities	13,700	3,400	17,100
Bonds	31,900	25,600	57,500
Others	-	-	-
	45,600	29,000	74,600

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8. Pension commitments (continued)

2018

Equities	13,100	3,200	16,300
Bonds	30,400	22,100	52,500
Others	-	-	-
	<u>43,500</u>	<u>25,300</u>	<u>68,800</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:

	Age 65 now	Male Age 65 in 20 years' time	Age 65 now	Female Age 65 in 20 years' time
2019				
MNRPF scheme	19.2	21.2	22.4	24.5
MNOPF scheme	21.8	23.9	23.9	26.0
2018				
MNRPF scheme	19	20.9	22.2	24.3
MNOPF scheme	23.2	26.1	26.6	29.4

At 31 December 2019 the weighted average duration of the defined benefit obligation was 14.9 years (2018:14.0 years).

P&O Scottish Ferries Limited

Notes to the Financial Statements
For the Year Ended 31 December 2019

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 2019:

	MNOPF scheme £000	MNRPF scheme £000	Total £000
Present value of obligation at 1 January 2019	(40,205)	(25,473)	(65,678)
Interest cost on Defined Benefit Obligation	(1,400)	(700)	(2,100)
Actuarial gain/(loss) - experience	(301)	(100)	(401)
Actual gain/(loss) - demographic assumptions	2,400	-	2,400
Actuarial gain/(loss) - financial assumptions	(5,199)	(2,900)	(8,099)
Change in multi-employer scheme	-	-	-
Employer's current service cost	-	-	-
Actual benefit paid	2,900	1,300	4,200
Present value of obligation at 31 December 2019	(41,805)	(27,873)	(69,678)
Fair value of scheme assets at 1 January 2019	43,571	25,288	68,859
Interest income on assets	1,465	700	2,165
Return on plan assets (greater)/less than the discount rate	3,700	3,600	7,300
Actual employer contributions	-	760	760
Actual benefit paid	(2,900)	(1,300)	(4,200)
Gain/(loss) due to change in share	-	(1)	(1)
Administration costs incurred during the period	(96)	(220)	(316)
Fair value of scheme assets at 31 December 2019	45,740	28,827	74,567
Irrecoverable surplus at 1 January 2019	(3,466)	(3,879)	(7,345)
Interest cost on irrecoverable surplus	(96)	(94)	(190)
Actuarial loss during the year	(373)	(513)	(886)
Irrecoverable surplus at 31 December 2019	(3,935)	(4,486)	(8,421)
Defined benefit schemes net liabilities at 31 December 2019	3,935	955	4,890
Minimum funding liability	(3,935)	(4,486)	(8,421)
Defined benefit scheme net liability at 31 December 2019	-	(3,531)	(3,531)

P&O Scottish Ferries Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

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 2018:

	MNOPF scheme £000	MNRPF scheme £000	Total £000
Present value of obligation at 1 January 2018	(43,649)	(27,240)	(70,889)
Interest cost on Defined Benefit obligation	(1,300)	(668)	(1,968)
Actuarial gain/(loss) - experience	(400)	200	(200)
Actuarial gain/(loss) - demographic assumptions	-	1,400	1,400
Actuarial gain/(loss) - financial assumptions	2,400	1,211	3,611
Gain/(loss) due to change in share	-	(1,400)	(1,400)
Actual benefit paid	3,000	1,400	4,400
Employer's current service cost	(256)	(376)	(632)
Present value of obligation at 31 December 2018	(40,205)	(25,473)	(65,678)
Fair value of scheme assets at 1 January 2018	51,828	25,933	77,761
Interest income on assets	1,500	600	2,100
Return on plan assets (greater)/less than the discount rate	(4,500)	(3,000)	(7,500)
Actual employer contributions	-	1,405	1,405
Actual benefit paid	(3,000)	(1,454)	(4,454)
Gain/(loss) due to change in share	(2,100)	1,900	(200)
Administration costs incurred during the period	(157)	(96)	(253)
Fair value of scheme assets at 31 December 2018	43,571	25,288	68,859
Irrecoverable surplus at 1 January 2018	(6,070)	(2,479)	(8,549)
Interest cost on irrecoverable surplus	(223)	-	(223)
Actuarial loss during the year	2,827	(1,400)	1,427
Irrecoverable surplus at 31 December 2018	(3,466)	(3,879)	(7,345)
Defined benefit schemes net liabilities at 31 December 2018	3,366	(185)	3,181
Minimum funding liability	(3,466)	(3,879)	(7,345)
Defined benefit scheme net liability at 31 December 2018	(100)	(4,064)	(4,164)

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**Notes to the Financial Statements
For the Year Ended 31 December 2019**

8. Pension commitments (continued)

	MNRPF scheme £000	Total £000
Pension scheme contributions	646	646
	646	646

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 publicly available consolidated financial statements are prepared and in which the company is consolidated is DP World PLC. Following delisting from NASDAQ, Dubai and effective from 05 July 2020, DP World PLC changed its name to DP World Limited.

The immediate parent undertaking at 31 December 2019 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 2019 was Port & Free Zone World FZE, which owns 80.45% of DP World PLC. 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 UAE.