

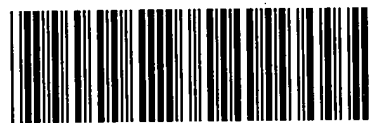
Registered number: 00282161

P&O PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24 DECEMBER 2014

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P&O PROPERTY HOLDINGS LIMITED
COMPANY INFORMATION

Directors

R O Keshiro
S S Ali (appointed 22 November 2014)
S R Karaikuruchi (appointed 30 April 2015)

Registered number

00282161

Registered office

16 Palace Street
London
SW1E 5JQ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

P&O PROPERTY HOLDINGS LIMITED

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P&O PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 24 DECEMBER 2014

The directors present their report and the audited financial statements of P&O Property Holdings Limited (the 'Company'), for the year ended 24 December 2014.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Results

The profit for the financial year amounted to £2,175,000 (2013: £2,023,000).

The directors do not recommend the payment of a dividend (2013: £NIL).

Principal activities

The principal activity of the Company is investment in property and other group companies.

Business review

The Company's financial statements for the year summarise the property and other income.

On 25 July 2014 the Company disposed of its leasehold investment property interest known as 4 Carlton Gardens for consideration of £5m realising a gain of £0.85m.

The financial statements contain a prior year adjustment in respect of the value of fixed asset investments. In 2013 it was based on the value of underlying net assets, rather than cost. The 2013 restated impact on retained earnings is a reduction of £4,083,105.

The Company's key financial and other performance indicators during the year were as follows:

	2014	2013	Change
	£000	£000	%
Turnover	1,222	1,001	22.1
Profit on ordinary activities before taxation	2,262	771	193.5

Principal risks and uncertainties

The financial performance of subsidiary undertakings may affect their carrying value. The carrying value of these investments is monitored regularly for indications of impairment.

Having reviewed the Company's business activities, together with the factors likely to affect its future development and financial position, the directors do not foresee any significant risks and uncertainties. In respect of going concern, after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

P&O PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 24 DECEMBER 2014

Directors

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

I G H Barnett (resigned 31 December 2014)

R O Keshiro

E E Wilson (resigned 23 June 2014)

G Brooks (resigned 31 December 2014)

S S Ali (appointed 22 November 2014)

S R Karaikuruchi (appointed 30 April 2015)

Directors' indemnity insurance

All directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims 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.

Provision of information to auditors

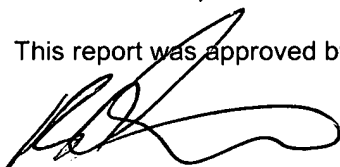
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



R O Keshiro
Director

Date: 24 September 2015

P&O PROPERTY HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 24 DECEMBER 2014

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

P&O PROPERTY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF P&O PROPERTY HOLDINGS LIMITED

Report on the company financial statements

Our opinion

In our opinion, P&O Property Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 24 December 2014 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements comprise:

- The Balance sheet as at 24 December 2014;
- The Profit and loss account for the year then ended;
- The Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


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

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sonia Copeland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 24 September 2015

P&O PROPERTY HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2014**

		2014	<i>As restated</i>
	Notes	£000	2013 £000
TURNOVER	2	1,222	1,001
Cost of sales		(1,184)	(1,926)
GROSS PROFIT/(LOSS)		38	(925)
Administrative expenses		(138)	(123)
Impairment of fixed assets investments in subsidiary companies and other income	3	2,325	1,068
OPERATING PROFIT	3	2,225	20
Loss from other fixed asset investments	11	(1,201)	-
Profit on disposal of investment property	4	1,168	683
Interest payable and similar charges	7	-	(2)
Other finance income	8	70	70
PROFIT ON ORDINARY ACITIVIES BEFORE TAXATION		2,262	771
Tax on profit on ordinary activities	9	(87)	1,252
PROFIT FOR THE FINANCIAL YEAR	17	2,175	2,023

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents.

The notes on pages 9 to 23 form a part of these financial statements.

P&O PROPERTY HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 24 DECEMBER 2014**

		2014	<i>As restated</i>
	Notes	£000	2013
			£000
PROFIT FOR THE FINANCIAL YEAR		2,175	2,023
Surplus on revaluation of property offset against previous surpluses		-	1,300
Actuarial loss on defined benefit pension scheme	20	(250)	(200)
Movement on deferred taxation on defined benefit pension scheme	20	39	51
		<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		1,964	3,174
		<hr/> <hr/>	<hr/> <hr/>

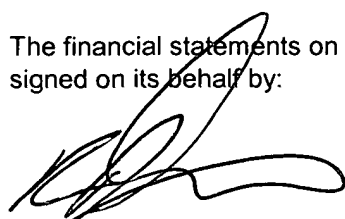
The notes on pages 9 to 23 form part of these financial statements.

P&O PROPERTY HOLDINGS LIMITED
REGISTERED NUMBER: 00282161

BALANCE SHEET
AS AT 24 DECEMBER 2014

	Notes	2014 £000	2014 £000	As restated 2013 £000	As restated 2013 £000
FIXED ASSETS					
Investment property	10		-		4,000
Investments	11		53,563		53,563
			<u>53,563</u>		<u>57,563</u>
CURRENT ASSETS					
Debtors	12	117,403		111,943	
Cash at bank and in hand		<u>112</u>		<u>6</u>	
		117,515		111,949	
CREDITORS: amounts falling due within one year					
	13	<u>(1,529)</u>		<u>(1,738)</u>	
NET CURRENT ASSETS			<u>115,986</u>		<u>110,211</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>169,549</u>		<u>167,774</u>
PROVISIONS FOR LIABILITIES					
Other provisions	15		<u>(1,458)</u>		<u>(1,818)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>168,091</u>		<u>165,956</u>
Defined benefit pension scheme liability	20		<u>(340)</u>		<u>(169)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>167,751</u>		<u>165,787</u>
CAPITAL AND RESERVES					
Called up share capital	16		32,256		32,256
Share premium account	17		318		318
Revaluation reserve	17		-		2,729
Other reserves	17		120,794		118,065
Profit and loss account	17		<u>14,383</u>		<u>12,419</u>
TOTAL SHAREHOLDERS' FUNDS	19		<u>167,751</u>		<u>165,787</u>

The financial statements on pages 6 to 23 were approved and authorised for issue by the board and were signed on its behalf by:



R.O Keshiro
Director

Date: 24 September 2015

The notes on pages 9 to 23 form a part of these financial statements.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statement are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of investments and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year.

Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of a parent undertaking which prepares consolidated financial statements, which include the result of the Company, and are available on request.

The financial statements contain a prior year adjustment in respect of the value of fixed asset investments. In 2013 the fixed asset investments were based on the value of underlying net assets, rather than cost. The 2013 restated impact on retained earnings is a reduction of £4,083,105.

1.2 Pensions

The Company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 24 December 2014.

The Company participates in the UK P&O Pension Scheme ("the P&O scheme"), which is a funded defined benefit scheme which was closed to routine new members on 1 January 2002. The assets of the scheme are managed on behalf of the trustee by independent fund managers. The Company's net obligation in respect of the P&O scheme has been reflected as a liability on its balance sheet. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of recognised gains and losses, actuarial gains and losses. A summary of the pension arrangements for employees is included in note 20. Independent actuarial valuations of the scheme are made every three years.

1.3 Cash flow statement

The Company has taken advantage of the exemption available to it under FRS1 (revised) "Cash Flow Statements" not to prepare a statement of cash flows on the grounds that the Company is wholly owned and its ultimate parent undertaking, Dubai World, prepares a consolidated statement of cash flows.

1.4 Related party transactions

The Company has taken advantage of the exemption available to it under FRS8 "Related Party Disclosures" not to disclose transactions with other wholly owned group companies. There were no other related party transactions during the year.

1.5 Investment in subsidiaries

Investments are stated at cost less any provision for impairment. Impairment losses are recognised in the Profit and loss account in the period in which they arise. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.6 Investment Properties

Investment properties are included in fixed assets at their latest valuations plus subsequent additions at cost; surpluses and deficits arising on valuation are included in the revaluation reserve, in the case of deficits to the extent that they are considered temporary or available for offset against previous surpluses on the same property. A substantial proportion by value, including the largest properties and is valued annually by external valuers. Profits and losses on sale of properties are calculated by reference to their net carrying amounts.

Depreciation or amortisation is not provided in respect of freehold or long leasehold investment properties. This treatment may be a departure from the Companies Act 2006 concerning the depreciation of fixed assets in respect of certain properties. However, such properties are not held for consumption but for investment and the directors consider systematic annual depreciation would be inappropriate and that this policy is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. In the case of freehold and long leasehold properties occupied by group companies annual depreciation or amortisation (using residual values estimated at the time the properties were acquired or at the time of a later revaluation) would not be material in these financial statements and hence no depreciation or amortisation is provided. Any permanent diminution in the value of properties is charged to the Profit and loss account.

The book value of leasehold properties with less than twenty years to the termination of the lease is written off over the remainder of the lease period on a straight line basis, unless an impairment loss is identified which is recognised in the year it arises, either through the revaluation reserve to the extent that it represents the reversal of a previous surplus, or through the Profit and loss account for the year.

1.7 Operating leases

Rentals receivable under operating leases are charged to the profit and loss account on a straight line basis over the lease term, unless onerous lease obligations exist, where provision is made based on the estimated present value of the obligation.

1.8 Provisions

Provision has been made for dilapidation and refurbishment costs in relation to certain property obligations. The provision represents the directors' best estimate of the costs expected to be incurred in respect of these properties. The provision also relates to the guarantee of rental income to third parties in connection with various property interests, some of which were disposed in previous years. The provision represents the directors' best estimate of the costs expected to be incurred to satisfy the Company's obligations.

1.9 Turnover

Turnover is derived from rental income received from investment properties supplemented or offset by way of the recovery of dilapidations from tenants or by bearing such expenditure where it cannot be recovered.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.10 Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

The whole of the turnover is attributable to rental income received from investment properties supplemented or offset by way of the recovery of dilapidations from tenants or by bearing such expenditure where it cannot be recovered.

All turnover arose within the United Kingdom.

Turnover is as follows: Rent receivable of £1,222,000 (2013: £1,001,000).

3. OPERATING PROFIT

(a) The Company's business is organised and revenue generated wholly in the United Kingdom.

(b) The basis of charging intra-group interest is agreed between the parties from time to time.

(c) Fees for audit and non-audit services provided by PricewaterhouseCoopers LLP to the Company in 2013 and 2014 have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the Company.

(d) Intra-group management charges relate to the services of an employee based in the Czech Republic on secondment.

(e) (Reversal)/Impairment of fixed asset investments in subsidiary companies and other income is broken down as follows:

	2014 £000	As restated 2013 £000
Reversal/(Impairment) of fixed assets investments in subsidiary companies	1,201	(1,929)
Gain on assignment of group intercompany balances from other group undertakings	1,124	2,997
	<u>2,325</u>	<u>1,068</u>

4. PROFIT ON DISPOSAL OF INVESTMENT PROPERTY

	2014 £000	2013 £000
4 Carlton Gardens	1,168	-
Units 15-30 Leyton Business Centre	-	683
	<u>1,168</u>	<u>683</u>

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2014**

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£000	£000
Wages and salaries	3,077	1,844
Social security costs	358	405
Other pension costs (Note 18)	160	270
	3,595	2,519

The average monthly number of employees, including the directors, during the year was as follows:

	2014	2013
	No.	No.
Administration	14	14
Directors	4	4
	18	18

6. DIRECTORS' REMUNERATION

	2014	2013
	£000	£000
Remuneration	1,710	1,201
Compensation for loss of office	815	-

The highest paid director received remuneration of £1,489,482 (2013: £572,000). The pension element of directors' emoluments was £67,561 (2013: £103,294).

A total of £814,991 was paid to three directors as compensation for loss of office over the year.

	2014	2013
	No.	No.
Number of directors accruing benefits under defined benefit schemes	3	3

The directors are also directors/employees of, and were paid by, other group undertakings. 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.

Directors' remuneration and staff costs, as disclosed above were fully borne by P&O Estates Limited, a fellow subsidiary undertaking, which has responsibility for incurring administrative expenditure for the Istithmar P&O Estates (UK) Limited group. The employment contracts for all the employees within the Istithmar P&O Estates (UK) Limited group, however, are held by P&O Property Holdings Limited.

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2014**

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£000	£000
Third party	-	2

8. OTHER FINANCE INCOME

	2014	2013
	£000	£000
Expected return on pension scheme assets	270	260
Interest on pension scheme assets	(200)	(190)
	<u>70</u>	<u>70</u>

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £000	As restated 2013 £000
Analysis of tax credit in the year		
UK corporation tax credit on profit for the financial year	-	(87)
Adjustments in respect of prior periods	87	(1,165)
Tax on profit on ordinary activities	87	(1,252)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	As restated 2013 £000
Profit on ordinary activities before taxation	2,262	771
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	486	179
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	68
Utilisation of tax losses	(226)	-
Adjustments in respect of prior periods	87	(1,165)
Short term timing difference leading to a decrease in taxation	(120)	(297)
Non-taxable expense	(493)	(410)
Transfer pricing adjustments	353	373
Current tax credit for the year (see note above)	87	(1,252)

Factors that may affect future tax charges

The reductions in the corporation tax rate from 21% to 20% from 1 April 2015 announced in the March 2013 Budget were substantively enacted on 2 July 2013. The rate change will impact the amount of the future tax charges recognised by the Company. However, it is not considered to have any material effect on the current year results.

Unrecognised deferred tax

A deferred tax asset of £12.1m (2013: £15.9m) has not been recognised in respect of property and non-trading losses. This asset is unrecognised as there is uncertainty as to whether there will be suitable profits and gains available for offset in the future.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

10. INVESTMENT PROPERTY

	Freehold investment property £000
Valuation	
At 25 December 2013	4,000
Disposals	(4,000)
At 24 December 2014	-

11. INVESTMENTS

	Investments in subsidiary companies £000
Cost	
At 25 December 2013 and Written down adjustment	67,990 (1,201)
At 25 December 2014	66,789
Impairment	
At 25 December 2013 (as previously stated)	10,344
Prior year adjustment	4,083
At 24 December 2013 (as restated)	14,427
Reversal of impairment	(1,201)
At 24 December 2014	13,226
Net book value	
At 24 December 2014	53,563
<i>At 24 December 2013 (as restated)</i>	53,563

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

The financial statements contain a prior year adjustment in respect of the value of fixed asset investments. In 2013 it was based on the value of underlying net assets, rather than cost. The 2013 restated impact on retained earnings is a reduction of £4,083,105.

During 2015 a number of dormant subsidiaries are to be dissolved under the Members Voluntary Liquidation, this will result in a net impairment in subsidiaries of £4.2m.

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

11. INVESTMENTS (continued)

PRINCIPAL SUBSIDIARY UNDERTAKINGS

The following were principal subsidiary undertakings of the Company:

Name	Class of shares	Holding
Cheverell Estates Limited	Ordinary	100%
P&O Developments Limited	Ordinary	100%
Millennium Park (Grimsby) Limited	Ordinary	100%
Isthmar P&O Estates Limited	Ordinary	100%
P&O Estates Limited	Ordinary	100%
P&O Properties Limited	Ordinary	100%
Midland City Property Limited	Ordinary	100%
P&O Property Accounts Limited	Ordinary	100%
P&O Agency Services Limited	Ordinary	100%
Regent Quarter Limited	Ordinary	100%
Ridgecross Limited	Ordinary	100%
Town & City Properties Limited	Ordinary	100%

Name	Business	Registered office
Cheverell Estates Limited	Development of building projects	UK
P&O Developments Limited	Development of building projects	UK
Millennium Park (Grimsby) Limited	Development of building projects	UK
Isthmar P&O Estates Limited	Activities of head offices	UK
P&O Estates Limited	Management of real estate on a fee or contract basis	UK
P&O Properties Limited	Management of real estate on a fee or contract basis	UK
Midland City Property Limited	Development of building projects	UK
P&O Property Accounts Limited	Banks	UK
P&O Agency Services Limited	Non-trading company	UK
Regent Quarter Limited	Development of building projects	UK
Ridgecross Limited	Construction of commercial buildings	UK
Town & City Properties Limited	Renting and operating of housing association real estate	UK

All companies are wholly owned, have 24 December and 31 December year ends, are incorporated in Great Britain and registered in England and Wales, and operate mainly in the country of incorporation.

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2014**

12. DEBTORS

	2014	2013
	£000	£000
Trade debtors	101	363
Amounts owed by group undertakings	115,805	110,179
Other debtors	853	642
Group relief	554	708
Deferred tax asset (see note 14)	90	51
	117,403	111,943

There are no debtors falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free and do not have specified terms of settlement and are therefore considered current.

13. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	228	489
Other creditors	1,301	1,241
Accruals and deferred income	-	8
	1,529	1,738

There are no creditors falling due after one year.

14. DEFERRED TAXATION

The deferred tax asset included in the balance sheet is in respect of the following:

	2014	2013
	£000	£000
At the beginning of the year	51	-
Released during year	39	51
At the end of the year	90	51

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2014**

15. PROVISIONS FOR LIABILITIES

	Dilapidation provision £000	Onerous lease £000	Total £000
At 25 December 2013	1,796	22	1,818
Additions	152	-	152
Amounts released	(512)	-	(512)
At 24 December 2014	1,436	22	1,458

Dilapidation provision

Provision has been made for dilapidation and refurbishment costs in relation to certain property obligations. The provision represents the directors' best estimate of the costs expected to be incurred in respect of these properties.

Onerous lease provision

The provision relates to the guarantee of rental income to third parties in connection with various property interests, some of which were disposed in previous years. The provision represents the directors' best estimate of the costs expected to be incurred to satisfy the Company's obligations.

16. CALLED UP SHARE CAPITAL

	2014 £000	2013 £000
Authorised		
80,000,000 (2013: 80,000,000) Ordinary shares of £0.50p each	40,000	40,000
Allotted, called up and fully paid		
64,512,794 (2013: 64,512,794) Ordinary shares of £0.50p each	32,256	32,256

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

17. RESERVES

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 25 December 2013 (as previously stated)	318	2,729	118,065	16,502
Prior year adjustment (note 18)	-	-	-	(4,083)
At 25 December 2013 (as restated)	318	2,729	118,065	12,419
Profit for the financial year	-	-	-	2,175
Pension reserve movement	-	-	-	(211)
Reclassification	-	(2,729)	2,729	-
At 24 December 2014	318	-	120,794	14,383

The closing balance on the Profit and loss account includes a £340,000 (2013: £169,000) debit, stated after deferred taxation of £90,000 (2013: £51,000), in respect of pension scheme liabilities of the Company pension scheme.

18. PRIOR YEAR ADJUSTMENT

The financial statements contain a prior year adjustment in respect of the value of fixed asset investments. In 2013 it was based on the value of underlying net assets, rather than cost. The 2013 restated impact on retained earnings is a reduction of £4,083,105.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	As restated 2013 £000
Opening shareholders' funds	169,870	162,613
Prior year adjustments (note 18)	(4,083)	-
Opening shareholders' funds (as restated)	165,787	162,613
Profit for the financial year	2,175	2,023
Other recognised (loss)/gains during the financial year	(211)	1,151
Closing shareholders' funds	167,751	165,787

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

20. PENSIONS

The Company operates a defined benefit pension scheme.

The Company participates in the UK P&O Pension Scheme ("the P&O scheme"), which is a funded defined benefit scheme which was closed to routine new members on 1 January 2002. The assets of the scheme are managed on behalf of the trustee by independent fund managers.

The latest valuation of the P&O UK Scheme has been updated to 24 December 2014 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.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate at 24 December	3.60%	4.35%
Expected rates of salary increases	2.50%	2.50%
Pension increases - deferment	2.80%	3.00%
Pension increases - payment	2.80%	3.00%
Inflation	3.15%	3.60%
Expected rates of return on scheme assets	4.10%	4.78%

The market value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain are set out below:

	2014	2014	2013	2013
	Expected long term rate of return %	Market value £000	Expected long term rate of return %	Market value £000
Equities	6.20	1,274	7.00	917
Bonds	3.55	466	4.60	484
Other	4.70	78	3.00	137
Value of insured pensioner liability	3.35	3,262	4.20	2,932

The amounts recognised in the balance sheet are as follows:

Fair value of scheme assets	4.10	5,080	4.78	4,470
Present value of funded obligations		(5,510)		(4,690)
Deficit in scheme		(430)		(220)
Related deferred tax asset		90		51
Net pension liability		(340)		(169)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2014**

20. PENSIONS (continued)

The pension costs for defined benefit scheme are as follows:

	P&O UK Scheme
2014	£000
Items included in operating profit	
Current service cost	(160)
Past service cost	-
Total charge to operating profit	<u>(160)</u>
Other finance income/(expense)	
Expected return on pension scheme assets	270
Interest on obligation	(200)
Net return	<u>70</u>
Statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	290
Experience gain on pension scheme liabilities	40
Changes in assumptions underlying the present value of scheme liabilities	(580)
Related deferred tax asset	39
Actuarial loss recognised in statement of total recognised gains and losses net of deferred tax	<u>(211)</u>

	P&O UK Scheme
2013	£000
Items included in operating profit	
Current service cost	(270)
Past service cost	-
Total charge to operating profit	<u>(270)</u>
Other finance income/(expense)	
Expected return on pension scheme assets	260
Interest on pension scheme liabilities	(190)
Net return	<u>70</u>
Statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	(260)
Experience losses on pension scheme liabilities	(30)
Changes in assumptions underlying the present value of scheme liabilities	90
Related deferred tax asset	51
Actuarial loss recognised in statement of total recognised gains and losses net of deferred tax	<u>(149)</u>

The cumulative amount of actuarial gain recognised in the Statement of total recognised gains and losses is £642,000 (2013: £853,000).

P&O PROPERTY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 DECEMBER 2014**

20. PENSIONS (continued)

As the P&O UK Scheme is closed to new entrants, under the Projected Unit valuation method, the current service cost as a percentage of relevant defined benefit pensionable payroll will increase as the members of the scheme approach retirement.

Movement in the present value of the defined benefit obligation were as follows:

	2014	2013
	£000	£000
Opening defined benefit obligation	4,690	4,700
Current service cost	160	270
Interest cost	200	190
Contributions by scheme participants	-	20
Actuarial losses/(gains)	540	(60)
Benefits paid	(80)	(430)
Closing defined benefit obligation	5,510	4,690

Changes in the fair value of scheme assets were as follows:

	2014	2013
	£000	£000
Opening fair value of scheme assets	4,470	4,700
Expected return on assets	270	260
Actuarial gains/(losses)	290	(260)
Contributions by employer	130	180
Contributions by scheme participants	-	20
Benefits paid	(80)	(430)
	5,080	4,470

The expected long-term rates of return for each of the main asset classes are subjective judgements based on market indicators, economic background, historical analysis and industry forecasts. They take into account the schemes strategic asset allocations across the sectors of the main asset classes.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2014	2013
Retiring today		
Males	23.1	23.1
Females	25.5	25.5
Retiring in 20 years		
Males	26.1	26.1
Females	28.6	28.6

P&O PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 24 DECEMBER 2014

20. PENSIONS (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Fair value of the plan assets	5,080	4,470	4,700	3,830	2,000
Present value of the benefit obligation	(5,510)	(4,690)	(4,700)	(3,953)	(3,556)
Deficit	<u>(430)</u>	<u>(220)</u>	<u>-</u>	<u>(123)</u>	<u>(1,556)</u>
Experience adjustments on scheme assets	290	(260)	440	(120)	240
Experience adjustments on scheme liabilities	40	(30)	-	-	(1,150)

All accrued service liabilities of the scheme arising before 24 December 2007 amounting to £4,965,000 were transferred from P&O Property Holdings Limited to The Peninsular & Oriental Steam Navigation Company as at 24 December 2007.

Contributions made by the Company during the year amounted to £130,000 (2013: £180,000). The Company's best estimate of contribution's to be paid in 2015 is £36,000.

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 24 December 2014 is Istithmar P&O Estates (UK) Limited, a company incorporated in the United Kingdom.

The smallest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is Istithmar Building FZE, a company incorporated in Dubai. The consolidated financial statements of this group are available on request from the Galleries, Downtown Jebel Ali, P.O. Box 1700, Dubai, United Arab Emirates.

The largest group of companies for which consolidated financial statements are prepared and in which the Company is consolidated is the ultimate parent company Dubai World. The consolidated financial statements of this group are available on request from P.O. Box 1700, Dubai, United Arab Emirates.