

Registration number: 00444786

Pandoro Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2015

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Pandoro Limited

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Pandoro Limited

Company Information

Directors	B Belder CN Cassidy
Company secretary	B Belder
Registered office	Wherstead Park Wherstead Ipswich Suffolk IP9 2WG
Auditors	KPMG LLP 15 Canada Square London E14 5GL

Pandoro Limited

Directors Report for the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015. The company is exempt, by virtue of its size, from the requirement to prepare a Strategic Report.

Incorporation

The company was incorporated on 6 November 1947.

Directors of the company

The directors who held office during the year were as follows:

B Belder

CN Cassidy

Principal activity

The principal activity of the company is that it holds a share of the Merchant Navy Ratings Pension Fund and the Merchant Navy Officers Pension Fund. It has not traded during the year or subsequent to the year end.

Dividends

The directors have not recommended a final dividend (2014: £nil). No interim dividends were paid in the year (2014: £nil).

Business review

Fair review of the business

The liability in relation to the defined benefit pension schemes has increased from the position at last year end, however, the amounts owed by group undertakings cover this liability comfortably and there is no reason to believe that the amounts owed by group undertakings are not recoverable.

Principal risks and uncertainties

The principal risk and uncertainty of the company is that the balance owed from group undertakings is insufficient to cover the liability of the defined benefit pension schemes.

Further details of risks and uncertainties relating to the company's participation in funded multi-employer defined benefit pension schemes are set out in note 9.

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks including credit risk. The company does not use derivative financial instruments for speculative purposes.

Credit risk

The company's principal financial assets are amounts owed by group undertakings.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. All allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Political donations

The company made no political donations and incurred no political expenditure during the year (2014: £nil).

Pandoro Limited

Directors Report for the Year Ended 31 December 2015 (continued)

Going concern

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the Financial Statements.

Directors liabilities

Relevant personnel at Pandoro Limited are covered by the Directors and Officers Liability Insurance arranged by Port and Free Zone World FZE with Orient Insurance. The main limit is US\$25 million which applies to a single claim.

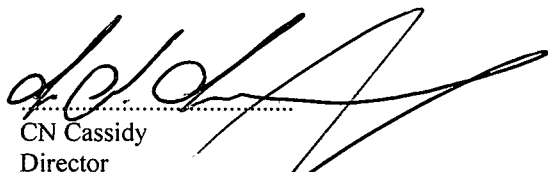
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 15 September 2016 and signed on its behalf by:



.....
CN Cassidy
Director

Registered Office address : Wherstead Park, Wherstead, Ipswich, Suffolk, IP9 2WG

Pandoro Limited

Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 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.

Pandoro Limited

Independent Auditor's Report to the members of Pandoro Limited

We have audited the financial statements of Pandoro Limited for the year ended 31 December 2015, set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss 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.

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.


Pandoro Limited

Independent Auditor's Report to the members of Pandoro Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption from the requirements to prepare a strategic report


.....
David Derbyshire (Senior Statutory Auditor)
For and on behalf of KPMG LLP Statutory Auditor

15 Canada Square
London
E14 5GL

21 ~~th~~ September 2016

Pandoro Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Administrative expenses		<u>(104)</u>	<u>(61)</u>
Operating loss		(104)	(61)
Interest payable and similar charges	3	<u>(67)</u>	<u>(81)</u>
Loss before tax		(171)	(142)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Loss for the year		<u><u>(171)</u></u>	<u><u>(142)</u></u>

The above results were derived from continuing operations.

The notes on pages 11 to 29 form an integral part of these financial statements.

Pandoro Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Loss for the year		(171)	(142)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post - employment benefit obligations		(796)	208
Deferred tax arising on remeasurement of defined benefit pension obligations	6	111	42
Current tax credit arising on pension contributions	6	51	-
Deferred tax change in tax rate	6	(56)	-
Deferred tax not recognised	6	<u>(106)</u>	<u>(42)</u>
Total comprehensive (loss) / income for the year		<u>(967)</u>	<u>66</u>

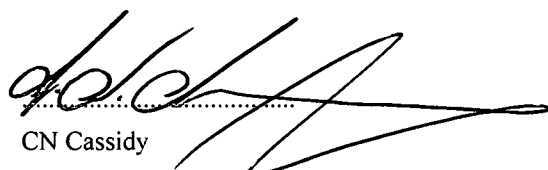
The notes on pages 11 to 29 form an integral part of these financial statements.

Pandoro Limited

(Registration number: 00444786)
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Current assets			
Debtors	7	4,925	5,345
Total assets less current liabilities		4,925	5,345
Net assets excluding pension liability		4,925	5,345
Non-current liabilities			
Net pension liability - MNOPF	9	(710)	(673)
Net pension liability - MNRPF	9	(1,705)	(1,195)
	9	(2,415)	(1,868)
Net assets		2,510	3,477
Capital and reserves			
Called up share capital	8	3,000	3,000
Profit and loss account		(490)	477
Shareholders' funds		2,510	3,477

Approved by the Board on 15 September 2016 and signed on its behalf by:


CN Cassidy
Director

The notes on pages 11 to 29 form an integral part of these financial statements.

Pandoro Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	3,000	477	3,477
Loss for the year	-	(171)	(171)
Other comprehensive loss	-	(796)	(796)
Total comprehensive loss	-	(967)	(967)
At 31 December 2015	3,000	(490)	2,510

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2014	3,000	411	3,411
Loss for the year	-	(142)	(142)
Other comprehensive income	-	208	208
Total comprehensive income	-	66	66
At 31 December 2014	3,000	477	3,477

The notes on pages 11 to 29 form an integral part of these financial statements.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

The company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Wherstead Park
Wherstead
Ipswich
Suffolk
IP9 2WG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared on the historical cost basis.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. In the transition to FRS101, the company has applied IFRS1 whilst ensuring that its assets and liabilities are measured in compliance with FRS101. An explanation of how the transition to FRS101 has affected the reported financial position and financial performance of the company is provided in Note 1212.

These financial statements are presented in sterling because that is the currency of the primary economic environment in which the company operates.

Summary of disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS101 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Comparative period reconciliations for share capital
- Disclosures in respect of capital management
- Effects of new but not yet effective IFRSs and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of P&O Ferries Division Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by IFRS13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors Report. The company has access to funds provided by P&O Ferries Division Holdings Limited, a parent company. The directors, having assessed the responses of the directors of P&O Ferries Division Holdings Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Pandoro Limited to continue as a going concern. On the basis of their assessment of the company's financial position and the enquiries made of the directors of P&O Ferries Division Holdings Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for at least the next twelve months. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tax

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

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

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

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Defined benefit pension obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The company determines the net interest on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reduction in future contributions and takes into account the adverse effect of any minimum funding requirements.

The company participates in two funded defined benefit pension schemes. The Merchant Navy Officers' Pension Fund (the "MNOF Scheme") & the Merchant Navy Ratings Pension Fund (the "MNRPF Scheme"). These are industry wide schemes.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

Recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The company's financial assets include amounts owed by group undertakings. These are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Pension liabilities are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment and impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Interest payable and similar charges

	2015 £ 000	2014 £ 000
MNRPF Interest charge	43	43
MNOPF Interest charge	24	38
Total interest cost	67	81

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

4 Directors' remuneration

The directors are not employed directly by the company, but by P&O Ferrymasters Limited. All remuneration received by the directors in respect of services rendered to the company are borne by the respective employing company.

5 Auditor's remuneration

	2015 £ 000	2014 £ 000
Audit of these financial statements	<u>2</u>	<u>2</u>

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent.

6 Taxation

Tax charged/(credited) in the Profit and Loss Account:

	2015 £ 000	2014 £ 000
Current taxation	-	-
Deferred taxation		
Total deferred taxation	<u>-</u>	<u>-</u>
Total tax credited in the Profit and Loss Account	<u>-</u>	<u>-</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.49%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Loss before tax	<u>(171)</u>	<u>(142)</u>
Corporation tax at standard rate	(35)	(30)
Change in tax rate in the year to 18%	4	2
Deferred tax asset not recognised	<u>31</u>	<u>28</u>
Total tax credited in the Profit and Loss Account	<u>-</u>	<u>-</u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Taxation (continued)

Deferred tax

	2015 £000	2014 £000
Opening deferred tax	-	-
Deferred tax movement in year	-	-
Closing deferred tax	-	-

	2015 £000	2014 £000
Deferred tax arising from		
Losses carried forward	76	-
Defined benefit pension	434	373
	<u>510</u>	<u>373</u>

	2015 £000	2014 £000
Of which unrecognised	<u>510</u>	<u>373</u>

7 Debtors

	2015 £ 000	2014 £ 000
Receivables from related parties	<u>4,925</u>	<u>5,345</u>

The receivables from related parties are due from P&O Ferrymasters Limited, a fellow subsidiary of P&O Ferrymasters Holdings Limited. No interest expense or income arises on the amounts receivable from related parties.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

8 Share capital

Allotted, called up and fully paid shares

	No. 000	2015 £ 000	No. 000	2014 £ 000
Ordinary of £1 each	3,000	3,000	3,000	3,000

9 Pension and other schemes

Defined benefit pension schemes

The company participates in the Merchant Navy Officers' Pension Fund ("MNOFP") and the Merchant Navy Ratings' Pension Fund ("MNRPF") industry wide schemes.

The company formerly participated in the MNRPF, but left in 2001 settling its statutory debt obligation in 1999. It was therefore not considered to have any legal or constructive obligation with respect to the on-going deficit on the MNRPF fund and no share of the scheme deficit was recognised. As disclosed in the 2011 financial statements, this position was successfully challenged by Stena Line Limited, a remaining employer in 2011. As a result, the company is required to participate as a former employer in the MNRPF. The MNRPF Trustees estimate of the share of the scheme obligations the company will be required to bear is reflected in these financial statements.

In recognising its share of the MNRPF deficit, the Directors have considered the sensitivity of the assumptions which may alter the share of the deficit recognised in the future, including in respect of the ability of other employers to satisfy their obligations to the Scheme.

MNOFP

The MNOFP Scheme is a defined benefit multi-employer scheme in which officers employed by the Group companies have participated. The Scheme is divided into two sections, the Old Section and the New Section both of which are closed to new members.

The Plan is governed by the Trustees and in accordance with the Trust Deed and Rules. The Trustees are appointed under the Trust Deed and Rules and there are currently two corporate trustees.

The parent company P&O Ferries Division Holdings Limited is responsible for the governance of the plan.

There are no amendments, curtailments or settlements.

There are no funding arrangements or funding policies that affect future contributions.

Contributions payable to the pension scheme at the end of the year are £Nil (2014 - £Nil).

The expected contributions to the plan for the next reporting period are £360,000.

The scheme was most recently valued on 31 March 2015.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Risks

Investment risk

One of the main risks associated with the Scheme is that there will be insufficient funds in the Scheme to meet benefit payments as they fall due. The assessment of the Scheme is dependent on the financial and demographic assumptions made. Experience will determine the actual cost of providing the benefit and to the extent that experience differs from these assumptions, the cost to the Employer of providing benefits may be higher than expected.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets	13,795	14,720
Present value of scheme liabilities	<u>(14,505)</u>	<u>(15,393)</u>
Defined benefit pension scheme deficit	<u>(710)</u>	<u>(673)</u>

Scheme assets

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

	2015 £ 000	2014 £ 000
Fair value at start of year	14,720	13,122
Interest income	519	560
Return on plan assets, excluding amounts included in interest income/(expense)	492	2,254
Actuarial gains and losses arising from changes in financial assumptions	73	(255)
Employer contributions	419	-
Benefits paid	(690)	(617)
Administrative expenses paid	(44)	(34)
Change in irrecoverable surplus	<u>(1,694)</u>	<u>(310)</u>
Fair value at end of year	<u>13,795</u>	<u>14,720</u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Equity instruments	5,076	5,284
Bonds	8,719	9,436
	<u>13,795</u>	<u>14,720</u>

Equity instruments

Equity instruments can be further categorised as follows:

	2015 £ 000	2014 £ 000
Quoted		
Equity instruments	<u>5,076</u>	<u>5,284</u>

Actual return on scheme's assets

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2015 £ 000	2014 £ 000
Present value at start of year	15,393	14,039
Actuarial gains and losses arising from changes in demographic assumptions	73	68
Actuarial gains and losses arising from changes in financial assumptions	(172)	1,385
Actuarial gains and losses arising from experience adjustments	(642)	(80)
Interest cost	543	598
Benefits paid	<u>(690)</u>	<u>(617)</u>
Present value at end of year	<u>14,505</u>	<u>15,393</u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2015	2014
	%	%
Discount rate	3.70	3.60
Future salary increases	4.20	4.15
Future pension increases - deferment	2.20	2.15
Inflation	3.20	3.15
Future pension increases - payment	<u>3.10</u>	<u>3.05</u>

Post retirement mortality assumptions

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

Amounts recognised in the income statement

	2015	2014
	£ 000	£ 000
Amounts recognised in operating profit		
Administrative expenses paid	46	34
Amounts recognised in finance income or costs		
Net interest	<u>24</u>	<u>38</u>
Total recognised in the income statement	<u>70</u>	<u>72</u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	2015	2014
	£ 000	£ 000
Actuarial gains and losses arising from changes in financial and demographic assumptions	172	(1,708)
Actuarial gains and losses arising from experience adjustments	642	80
Return on plan assets, excluding amounts included in interest income/(expense)	492	2,255
Irrecoverable surplus	<u>(1,694)</u>	<u>(310)</u>
Amounts recognised in the Statement of Comprehensive Income	<u><u>(388)</u></u>	<u><u>317</u></u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

MNRPF

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

The Plan is governed by the Trustees and in accordance with the Trust Deed and Rules. The Trustees are appointed under the Trust Deed and Rules and there are currently two corporate trustees.

The parent company P&O Ferries Division Holdings Limited is responsible for the governance of the plan.

There are no amendments, curtailments or settlements.

There are no funding arrangements or funding policies that affect future contributions.

Contributions payable to the pension scheme at the end of the year are £Nil (2014 - £Nil).

The expected contributions to the plan for the next reporting period are £1,747,224.

The scheme was most recently valued on 1 April 2014.

Risks

Investment risk

One of the main risks associated with the Scheme is that there will be insufficient funds in the Scheme to meet benefit payments as they fall due. The assessment of the Scheme is dependent on the financial and demographic assumptions made. Experience will determine the actual cost of providing the benefit and to the extent that experience differs from these assumptions, the cost to the Employer of providing benefits may be higher than expected.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2015	2014
	£ 000	£ 000
Fair value of scheme assets	2,406	3,040
Present value of scheme liabilities	<u>(4,111)</u>	<u>(4,235)</u>
Defined benefit pension scheme deficit	<u><u>(1,705)</u></u>	<u><u>(1,195)</u></u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Scheme assets

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

	2015 £ 000	2014 £ 000
Fair value at start of year	3,040	2,804
Interest income	107	118
Return on plan assets, excluding amounts included in interest income/(expense)	199	269
Actuarial gains and losses arising from changes in demographic assumptions	(89)	73
Benefits paid	(158)	(198)
Administrative expenses paid	(58)	(26)
Change in irrecoverable surplus	(635)	-
Fair value at end of year	<u>2,406</u>	<u>3,040</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2015 £ 000	2014 £ 000
Equity instruments	365	497
Bonds	1,354	1,852
Other	687	691
	<u>2,406</u>	<u>3,040</u>

Equity instruments

Equity instruments can be further categorised as follows:

	2015 £ 000	2014 £ 000
Quoted		
Equity instruments	<u>365</u>	<u>497</u>

Actual return on scheme's assets

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2015 £ 000	2014 £ 000
Present value at start of year	4,235	3,822
Actuarial gains and losses arising from changes in demographic assumptions	(66)	48
Actuarial gains and losses arising from changes in financial assumptions	(53)	430
Actuarial gains and losses arising from experience adjustments	3	(28)
Interest cost	150	161
Benefits paid	(158)	(198)
Present value at end of year	<u>4,111</u>	<u>4,235</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2015 %	2014 %
Discount rate	3.70	3.60
Future salary increases	4.20	4.15
Future pension increases - deferment	2.20	2.15
Inflation	<u>3.20</u>	<u>3.15</u>

Post retirement mortality assumptions

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

9 Pension and other schemes (continued)

Amounts recognised in the income statement

	2015 £ 000	2014 £ 000
Amounts recognised in operating profit		
Administrative expenses paid	58	27
Amounts recognised in finance income or costs		
Net interest	43	43
Total recognised in the income statement	101	70

Amounts taken to the Statement of Comprehensive Income

	2015 £ 000	2014 £ 000
Actuarial gains and losses arising from changes in financial and demographic assumptions	30	(405)
Actuarial gains and losses arising from experience adjustments	(3)	28
Return on plan assets, excluding amounts included in interest income/(expense)	200	268
Irrecoverable surplus	(635)	-
Amounts recognised in the Statement of Comprehensive Income	(408)	(109)

10 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is P&O Ferries Division Holdings Limited (registration number 6038090).

These financial statements are available upon request from:

The Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Parent and ultimate parent undertaking

The company's immediate parent is P&O Ferrymasters Holdings Limited.

The ultimate parent is Dubai World Corporation.

The most senior parent entity producing publicly available financial statements is P&O Ferries Division Holdings Limited.

The ultimate controlling party is Port and Free Zone World FZE.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Port and Free Zone World FZE, incorporated in United Arab Emirates.

The address of Port and Free Zone World FZE is:

Jebel Ali

PO Box 17000

Dubai

United Arab Emirates

The statements of this Corporation are not publicly available.

12 Transition to FRS 101

As stated in note 2, these are the company's first financial statements prepared in accordance with FRS101.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2015 and for the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS101 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS101 has affected the company's financial position and financial performance is set out in the following tables.

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Transition to FRS 101 (continued)

Balance sheet at 1 January 2014

	Note	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Current assets				
Debtors		5,345	-	5,345
Net pension liability	12.1	(2,269)	335	(1,934)
Net assets		<u>3,076</u>	<u>335</u>	<u>3,411</u>
Capital and reserves				
Share capital		3,000	-	3,000
Profit and loss account		<u>76</u>	<u>335</u>	<u>411</u>
Shareholders' funds		<u>3,076</u>	<u>335</u>	<u>3,411</u>

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	Note	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Current assets				
Debtors		5,345	-	5,345
Net pension liability	12.1	(1,912)	44	(1,868)
Net assets		3,433	44	3,477
Capital and reserves				
Share capital		3,000	-	3,000
Profit and loss account		433	44	477
Shareholders' funds		3,433	44	3,477

Pandoro Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Transition to FRS 101 (continued)

Profit and loss account for the year ended 31 December 2014

	Note	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Administrative expenses	12.1	-	(60)	(60)
Operating loss		-	(60)	(60)
Interest payable and similar charges	12.1	(6)	(76)	(82)
Loss before tax		(6)	(136)	(142)
Loss for the financial year		(6)	(136)	(142)

12.1 Pension scheme adjustments

The pension schemes have been adjusted for the transition to FRS101 and the irrecoverable surpluses on each pension scheme have been recognised as part of the liability balance.