

P&O Ports Limited

Directors' report and financial statements

for the year ended 31 December 2012

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P&O Ports Limited

Company Information

Directors	F Dalgaard S M Qureshi
Company secretary	B Allinson
Registered number	00751061
Registered office	16 Palace Street London SW1E 5JQ
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf E14 5GL

P&O Ports Limited

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P&O Ports Limited

Directors' report for the year ended 31 December 2012

The Directors present their report and the financial statements for the year ended 31 December 2012

Principal activities and review of business

The Company acts as a holding company for its investments in Southampton Container Terminals Limited

During the year, the Company completed a sale agreement to dispose of its entire shareholding of the associate company, Tilbury Container Services Limited

The Company is exempt, by virtue of its size, from the requirement to include an enhanced business review

Directors

The Directors who served during the year were

F Dalgaard
S M Qureshi

Political and charitable contributions

During the year the Company has made no charitable or political donations (2011 - £NIL)

Principal risks and uncertainties

Funding and liquidity

The directors have considered the funding and liquidity position of the Company. Following this review, the directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

Qualifying third party indemnity provisions

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 the auditor

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 auditor is 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 information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

P&O Ports Limited

**Directors' report
for the year ended 31 December 2012**

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

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



F Dalgaard
Director

Date 5 June 2013

P&O Ports Limited

Directors' responsibilities statement for the year ended 31 December 2012

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 they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice)

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the shareholders of P&O Ports Limited

We have audited the financial statements of P&O Ports Limited for the year ended 31 December 2012, set out on pages 5 to 11. 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).

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 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). 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 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 2012 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.

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.

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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report.



Sameena Arshad (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
E14 5GL

6 June 2013

P&O Ports Limited

**Profit and loss account
for the year ended 31 December 2012**

	Note	2012 £	2011 £
Profit on sale of investments	5	49,053,789	-
Interest receivable and similar income		112	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		49,053,901	-
Tax on profit on ordinary activities	3	(775,670)	-
		<hr/>	<hr/>
Results for the financial year		48,278,231	-
		<hr/>	<hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 11 form part of these financial statements

P&O Ports Limited
Registered number: 00751061

Balance sheet
as at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	4	1,588,454	1,588,454
Current assets			
Fixed assets held for sale	5	-	1,346,211
Debtors	6	52,223,020	1,651,983
		<u>52,223,020</u>	<u>2,998,194</u>
Creditors: amounts falling due within one year	7	<u>(946,595)</u>	<u>-</u>
Net current assets		<u>51,276,425</u>	<u>2,998,194</u>
Net assets		<u>52,864,879</u>	<u>4,586,648</u>
Capital and reserves			
Called up share capital	8	2,934,667	2,934,667
Profit and loss account	9	49,930,212	1,651,981
Shareholders' funds	10	<u>52,864,879</u>	<u>4,586,648</u>

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


F Dalgaard
Director


S M Qureshi
Director

Date 5 June 2013

The notes on pages 7 to 11 form part of these financial statements

P&O Ports Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

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

1.2 Investments

Investments in subsidiary undertakings held as fixed assets are shown at cost less provision for impairment.

1.3 Related party transactions

The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 "Related Party Disclosure" as it is a wholly-owned subsidiary of The Peninsular and Oriental Steam Navigation Company. Therefore the Company has not disclosed transactions or balances with entities that form part of the group headed by The Peninsular and Oriental Steam Navigation Company. There were no other related party transactions in the year.

1.4 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.5 Going concern

The directors have considered the funding and liquidity position of the Company. Following this review, the directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

1.6 Taxation

UK Corporation tax is provided on taxable profits at the current rate. The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing difference between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet dates except as otherwise required by Financial Reporting Standard 19 (Deferred Tax).

P&O Ports Limited

Notes to the financial statements for the year ended 31 December 2012

2. Operating Profit

During the year, no Director received any emoluments (2011 - £NIL) The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the Company and their services as directors/employees of other group undertakings

Fees for the audit and non-audit services provided by KPMG LLP to the Company have been borne by other group companies The fees for the year were £4,100 (2011 - £4,000) and £NIL (2011 - £NIL) in respect of audit and non-audit services, respectively

3. Taxation

	2012 £	2011 £
UK corporation tax charge on profit for the year	775,670	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - the same as) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	49,053,901	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	12,018,206	-
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	329,821	-
Non-taxable income	(11,735,500)	-
Transfer pricing adjustments	163,143	-
Current tax charge for the year	775,670	-

Factors that may affect future tax charges

The rate of UK corporation tax has been reduced to 23% from 1 April 2013 and this rate change was enacted on 17 July 2012 when the UK Finance Act 2012 received Royal Assent In his Autumn Statement on 5 December 2012 and Budget on 20 March 2013 the Chancellor of the Exchequer announced further reductions in the corporation tax rate to 21% from 1 April 2014 and then to 20% from 1 April 2015 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 The Company will only recognise the impact of these rate changes in its financial statements once they are substantively enacted

P&O Ports Limited

**Notes to the financial statements
for the year ended 31 December 2012**

4. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012 and 31 December 2012	1,588,454
Net book value	
At 31 December 2012	1,588,454
At 31 December 2011	1,588,454

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Class of shares	Holding
Southampton Container Terminals Limited	Ordinary "P" Class shares	51%

Name	Business	Registered office
Southampton Container Terminals Limited	Container terminal operating	United Kingdom

The holding of 51% in Southampton Container Terminal Limited (SCT) is the result of the Company owning 100% of the ordinary "P" class shares, which represents 51% of the ordinary share capital of SCT

P&O Ports Limited

**Notes to the financial statements
for the year ended 31 December 2012**

5. Fixed assets held for sale

	2012	2011
	£	£
Fixed assets held for sale	-	1,346,211

During 2011, the investment in Tilbury Container Services Limited was transferred to fixed assets held for sale. On 25 January 2012, the Company sold its entire 34% shareholding in Tilbury Container Services Limited for the gain on disposal of £49,053,789 which is recognised in the 2012 profit and loss account. No fixed assets were held for sale at 31 December 2012. £10,200,000 of consideration is deferred and shown within other debtors (note 6) and will be received in January 2013.

6. Debtors

	2012	2011
	£	£
Amounts owed by group companies	42,023,020	1,651,983
Other debtors	10,200,000	-
	52,223,020	1,651,983

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

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

	2012	2011
	£	£
Group relief payable	775,670	-
Provisions	170,925	-
	946,595	-

8. Share capital

	2012	2011
	£	£
Authorised, allotted, called up and fully paid		
2,934,667 (2011 - 2,934,667) Ordinary Shares of £1 each	2,934,667	2,934,667

P&O Ports Limited

**Notes to the financial statements
for the year ended 31 December 2012**

9. Reserves

	Profit and loss account £
At 1 January 2012	1,651,981
Profit for the year	48,278,231
	<u>49,930,212</u>
At 31 December 2012	<u>49,930,212</u>

10. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	4,586,648	4,586,648
Profit for the year	48,278,231	-
	<u>52,864,879</u>	<u>4,586,648</u>
Closing shareholders' funds	<u>52,864,879</u>	<u>4,586,648</u>

11. Ultimate parent undertaking and controlling party

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

The largest group of companies for which consolidated financial statements are prepared and which are publicly available, and in which the company is consolidated is DP World Limited, a company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Centre DP World Limited has 19.55% of its shares jointly trading on NASDAQ Dubai and London Stock Exchange

The immediate parent undertaking at 31 December 2012 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 2012 was Port & Free Zone World FZE, which owns 80.45% of DP World Limited Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent company of the company, but which does not exert control over the company Both Port & Free Zone World FZE and Dubai World Corporation are incorporated in Dubai