

**Company Registration Number: 00493147**

**THE MAERSK COMPANY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**



**TABLE OF CONTENT**

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities	4
Independent Auditors' Report to the Members of The Maersk Company Limited	5
Income Statement	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

## STRATEGIC REPORT

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2014.

### Review of the business

The results for the Company in 2014 reflect the strategic development of the organisation. Beneficial ownership of the Company transferred to Maersk Drilling A/S on 1 January 2014 with legal ownership transferring on 23 January 2014. This change in ownership enabled the Company to lease and bareboat charter two ultra deepwater drill ships in the Maersk name during the year.

The performance for the year shows a net loss of USD 41,434k (2013: loss USD 3,497k) and a decrease in operating profit, primarily due to the change in vessels operated by the Company. The owned fleet at 31 December 2014 consisted of three container vessels, one tanker and two ultra deepwater drill ships (2013: five container vessels and one tanker). The Container and Tanker vessels are on time charter hire arrangements made between 2007 and 2014 and which expire at varying dates between 2015 and 2016. The Drill ships are on bareboat contracts running from 2014 to 2017. Current and projected market conditions are challenging, but the Company will remain profitable while the bareboat contracts continue.

Total equity has decreased during the year from USD 1,523,608k to USD 1,481,034k.

Total assets are USD 1,728,972k (2013: USD 1,795,639k) of which vessels and equipment total USD 1,361,999k (2013: USD 250,355k).

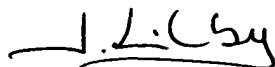
The Company covers a number of businesses each utilising specific key performance indicators for monitoring and measuring performance. The key factors by which management monitors overall performance are operating profit margin and return on equity. The Company is committed to conducting its activities in a manner that protects the health and safety of all personnel working under its direction. Performance is measured based on lost-time incidents and a number of other parameters, in line with the industry norm in the particular market. These measures permit a focus on reduction and mitigation of health and safety risks at work. Preserving the environment is an important factor in the way the Company operates, with high priority placed on environmental considerations in the way the business is managed. Further details on how environmental issues are addressed can be obtained from the website of the ultimate parent Company, A.P.Møller-Mærsk A/S, on [www.maersk.com](http://www.maersk.com).

The operating profit margin for the Company decreased from 9% in 2013 to -33% in 2014, mainly as a result of the change in the vessels being operated and the re-measurement to fair value less costs to sell for the container vessels held for sale. Return on equity has decreased from -0.2% to -2.7% in 2014. There was 1 lost-time incident in 2014 (1 incident in 2013). The Company continues to focus on improving safety levels to ensure these incidents are kept to a minimum.

### Principal risks and uncertainties

The Company actively reviews and manages risk. The main risks facing the Company are related to cyclical fluctuations in the freight, shipping and oil markets and movements in exchange rates. The Company's risk management includes entering into long-term agreements where possible, avoiding spot rate market deals, and by applying hedging techniques to mitigate significant financial exposures. Further information on the Company's financial risk management policies can be found in Note 21 of these financial statements.

By order of the Board



John Kilby  
Company Secretary  
7 May 2015

Maersk House  
Braham Street  
London  
E1 8EP

## DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2014.

### Principal activities

The principal activity of the Company during the year continued to be ship owning and operations, with a change in the major focus from container ships to drill ships.

### Future developments

2015 results are expected to see an increased contribution from the Maersk Valiant and Maersk Viking operations. The Directors consider that the Company's ship owning activities will continue for the foreseeable future.

### Dividends

The Directors do not recommend the payment of a final dividend (2013: Nil). Transfers to reserves are shown in the reconciliation of movements in shareholders' funds within Statement of Changes in Equity on page 10 of these financial statements.

### Review of the business

The results for the year are shown in the Income Statement on page 7. For analysis of the results and performance of the Company's business in the year refer to the Strategic Report on page 1.

The Company continues to positively manage Maersk's name and interests in the United Kingdom. This is done by thorough and professional management of vessels and crew, by the provision of corporate services to the Maersk group, and by careful attention to corporate governance and legal compliance. Group initiatives in sustainability, human resource development and technology continue to be fully supported.

Corporate governance is enhanced by a combination of regular management and board meetings, thorough risk assessment and management, by following documented control procedures, and by regular internal and external audit.

### Principal risks and uncertainties

For the principal risks and uncertainties refer to the Strategic Report on page 1.

### Directors

The Directors in office during the year ended 31 December 2014 and to the date of approval of these financial statements, were:

Terence Eric Cornick (resigned: 7 May 2014)

John Kilby

Desmond Paul Hedges (resigned: 30 March 2014)

Jakob Stausholm (resigned: 1 January 2014)

David Jeffrey Harris

Marianne Sørensen-Henriksen (appointed: 1 January 2014)

Casper Munch (appointed: 1 January 2014)

Nigel Edmund Lehmann-Taylor (appointed: 30 March 2014)

Abraham van Zelm (appointed: 7 May 2014) (resigned: 20 April 2015)

No Director had a beneficial interest in the shares of the Company at any time during the year.

**DIRECTORS' REPORT (continued)**

**Employment policies**

The Company is committed to ensuring that no discrimination is practised against any employee or prospective employee on the grounds of colour, race, creed or gender. In particular the Company employs disabled persons and has a policy of giving full and fair consideration to applications for employment from registered disabled people. In cases where disablement occurs whilst in service, Company policy is, as far as possible, to continue employment and to arrange for any necessary re-training facilities. Opportunities for training, career development and promotion apply equally across the Company to disabled and non-disabled alike.

The Company has developed harmonised arrangements for communication and consultation with employees including an intranet web site, electronic mail for the announcement of key issues, staff newsletters and magazines and senior management briefings to staff.

**Statement of disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board



John Kilby  
Company Secretary  
7 May 2015

Maersk House  
Braham Street  
London  
E1 8EP

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

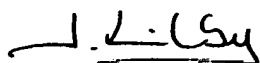
The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, 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 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.

By order of the Board



John Kilby  
Company Secretary  
7 May 2015

Maersk House  
Braham Street  
London  
E1 8EP

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAERSK COMPANY LIMITED

### REPORT ON THE FINANCIAL STATEMENTS

#### Our opinion

In our opinion, The Maersk Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### What we have audited

The Maersk Company Limited's financial statements comprise:

- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Financial Position as at 31 December 2014;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity 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 IFRSs as adopted by the European Union.

### OTHER REQUIRED REPORTING

#### Consistency of other information

##### Companies Act 2006 opinion

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

#### 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.

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDITS

#### Our responsibilities and those of the Directors

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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAERSK COMPANY LIMITED (continued)**

**What an audit of financial statements involves**

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' Reports and Financial Statements (the "Annual 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.



Tony Nicol (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

7 May 2015



**INCOME STATEMENT**

for the year ended 31 December 2014

	Note	2014 \$000	2013 \$000
<b>Continuing operations</b>			
Revenue		127,079	127,835
Cost of sales	2	<u>(42,780)</u>	<u>(52,243)</u>
<b>GROSS PROFIT</b>		<b>84,299</b>	<b>75,592</b>
Depreciation and impairment losses	2/9/10	(96,080)	(26,249)
Administrative expenses	2/3	(29,254)	(15,662)
Loss on sale of non-current assets	2	(33,664)	(39,558)
Other operating income	4	36,191	19,096
Other operating expenses	5	<u>(3,578)</u>	<u>(1,240)</u>
<b>OPERATING (LOSS)/PROFIT BEFORE FINANCING COSTS</b>		<b>(42,086)</b>	<b>11,979</b>
Financial income	6	15,573	7,108
Financial expenses	6	<u>(14,962)</u>	<u>(21,603)</u>
<b>LOSS BEFORE INCOME TAX</b>		<b>(41,475)</b>	<b>(2,516)</b>
Income tax benefit/(expense)	7	41	(981)
<b>LOSS FOR THE YEAR</b>		<b><u>(41,434)</u></b>	<b><u>(3,497)</u></b>
<b>Loss attributable to:</b>			
Owners of the parent		<b><u>(41,434)</u></b>	<b><u>(3,497)</u></b>

There is no material difference between the results shown in the Income Statement and that on a historical cost basis.

The notes on pages 12 to 37 form part of these financial statements.

THE MAERSK COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2014

	Note	2014 \$000	2013 \$000
Loss for the year		(41,434)	(3,497)
<b>Other comprehensive expense</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Defined benefit plan actuarial losses	20	(1,140)	(6,815)
Transfer of defined benefit pension liability from fellow subsidiary	20	-	(8,415)
<b>Other comprehensive expense for the year</b>		<u>(1,140)</u>	<u>(15,230)</u>
<b>Total comprehensive expense for the year</b>		<u><u>(42,574)</u></u>	<u><u>(18,727)</u></u>
<b>Total comprehensive expense attributable to:</b>			
Owners of the parent		<u><u>(42,574)</u></u>	<u><u>(18,727)</u></u>

The notes on pages 12 to 37 form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Note	2014 \$000	2013 \$000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Vessels and dry-docking	9	1,361,999	250,355
Investments in subsidiaries and joint ventures	11	7,910	9,443
Derivatives	21	-	33,607
Trade and other receivables	13	50,517	71,352
Deferred tax	12	386	385
		<u>1,420,812</u>	<u>365,142</u>
<b>Current assets</b>			
Derivatives	21	3,223	4,999
Tax receivable	8	10,938	20,468
Trade and other receivables	13	101,102	1,405,030
Cash and cash equivalents	14	70,397	-
		<u>185,660</u>	<u>1,430,497</u>
Assets held for sale	9	122,500	-
<b>TOTAL ASSETS</b>		<u><b>1,728,972</b></u>	<u><b>1,795,639</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	15	282,315	282,315
Retained earnings		<u>1,198,719</u>	<u>1,241,293</u>
<b>Total equity</b>		<u><b>1,481,034</b></u>	<u><b>1,523,608</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	16	-	151,331
Provisions	17	17,525	9,653
Employee benefits	20	28,108	31,166
Derivatives	21	-	182
		<u>45,633</u>	<u>192,332</u>
<b>Current liabilities</b>			
Interest-bearing loans and borrowings	16	156,871	34,647
Provisions	17	919	671
Derivatives	21	4,363	3,386
Tax payable	8	8,765	14,074
Trade and other payables	18	31,387	20,398
Bank overdraft	19	-	6,523
		<u>202,305</u>	<u>79,699</u>
<b>Total liabilities</b>		<u><b>247,938</b></u>	<u><b>272,031</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,728,972</b></u>	<u><b>1,795,639</b></u>

The notes on pages 12 to 37 form part of these financial statements.

The financial statements on pages 7 to 37 were approved by the Board of Directors on 7 May 2015 and were signed on its behalf by:



David Jeffrey Harris  
Chief Financial Officer  
Company Registration Number: 00493147

THE MAERSK COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2014

		Attributable to owners of the parent		
	Note	Share capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 January 2013		282,315	1,260,020	1,542,335
Loss for the year		-	(3,497)	(3,497)
Other comprehensive expense:				
Defined benefit plan actuarial losses	20	-	(6,815)	(6,815)
Transfer of defined benefit pension liability from fellow subsidiary	20	-	(8,415)	(8,415)
Total comprehensive expense for the year		-	(18,727)	(18,727)
<b>Balance at 31 December 2013</b>		<b>282,315</b>	<b>1,241,293</b>	<b>1,523,608</b>
Balance at 1 January 2014		282,315	1,241,293	1,523,608
Loss for the year		-	(41,434)	(41,434)
Other comprehensive expense:				
Defined benefit plan actuarial losses	20	-	(1,140)	(1,140)
Total comprehensive expense for the year		-	(42,574)	(42,574)
<b>Balance at 31 December 2014</b>		<b>282,315</b>	<b>1,198,719</b>	<b>1,481,034</b>

The notes on pages 12 to 37 form part of the financial statements.

**STATEMENT OF CASH FLOWS**

for the year ended 31 December 2014

	Note	2014 \$000	2013 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year		(41,434)	(3,497)
Adjustments for:			
Depreciation and impairment losses	9/10/11	97,613	26,249
Loss on disposal of vessels		33,664	39,558
Dividend income	4	(6,212)	(8,464)
Pension costs	20	2,113	1,397
Net financing (income)/cost	4/5/6	(1,817)	14,970
Income tax (benefit)/expense	7	(41)	981
<b>Operating profit before changes in working capital and provisions</b>		<b>83,886</b>	<b>71,194</b>
(Increase)/Decrease in trade and other receivables		(46,241)	1,698
Increase/(Decrease) in trade and other payables		11,274	(2,189)
Increase/(Decrease) in provisions		8,727	(150)
<b>Cash generated from operations</b>		<b>57,646</b>	<b>70,553</b>
Payment to defined benefit pension schemes	20	(4,621)	(4,638)
Interest paid		(6,067)	(731)
Net hedge receipts		889	1,313
Income taxes received/(paid)		4,218	(20,222)
<b>Net cash generated from operating activities</b>		<b>52,065</b>	<b>46,275</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of vessels		22,568	149,440
Dividends received	4	6,212	8,464
Interest received		12,856	5,427
Acquisition of vessels	9	(1,386,430)	(589)
Acquisition of plant, property and equipment	10	(26)	-
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,344,820)</b>	<b>162,742</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from loans with related parties		1,462,753	86,931
Loans granted to related parties		-	(186,591)
Repayment of borrowings		(26,753)	(94,714)
Repayment of finance lease liabilities		(102,076)	(3,257)
Net hedge receipts		36,207	-
<b>Net cash generated from/(used in) financing activities</b>		<b>1,370,131</b>	<b>(197,631)</b>
Net increase in cash and cash equivalents		77,376	11,386
Cash and cash equivalents at 1 January		(6,523)	(14,520)
Effect of exchange rate fluctuations on cash held		(456)	(3,389)
<b>Cash and cash equivalents at 31 December</b>	<b>14/19</b>	<b>70,397</b>	<b>(6,523)</b>

The notes on pages 12 to 37 form part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

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

#### General information

The Maersk Company Limited (the "Company") is a private Company incorporated in England and Wales and domiciled in the United Kingdom. The registered office and principal place of business is Maersk House, Braham Street, London, E1 8EP.

The Company owns and operates vessels.

#### Basis of preparation

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS interpretations committee (IFRS IC), as adopted by the European Union and in accordance with the Companies Act 2006.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the Income Statement or as available-for-sale. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### Consolidated group financial statements

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated group financial statements. These financial statements present information about the Company as an individual undertaking and not as a group. The Company's ultimate parent undertaking, A.P.Møller-Mærsk A/S (a company incorporated in Denmark), prepares and publishes consolidated financial statements that comply with IFRS. These financial statements can be obtained from A.P.Møller-Mærsk A/S, Esplanaden 50, DK-1098, Copenhagen.

#### Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are detailed below.

#### Recoverability of certain assets/impairment calculations:

All assets are reviewed to assess their recoverable value. Where the book value of the asset is believed to be higher than the recoverable value, an impairment of the asset is immediately recognised and a charge made to the Income Statement.

#### Pension assumptions:

For all pension funds designated as 'defined benefit' funds, a full actuarial valuation is conducted every three years and this is updated at the end of each interim year.

#### Finance and operating leases:

Each lease, when entered into, is assessed using the guidelines in IAS 17 'Leases', to determine whether the lease is a finance or operating lease. The lease is then accounted for in the appropriate manner.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

**Going concern**

The Company is expected to generate positive operating cash flows for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent. The Directors, having assessed the responses of the Directors of the Company's ultimate parent, A.P.Møller-Mærsk A/S, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

**Functional and presentation currency**

These financial statements are presented in US dollar, which is also the Company's functional currency. All financial information presented in US dollar has been rounded to the nearest thousand.

**Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'Financial income or Financial expenses'. All other foreign exchange gains and losses are presented in the Income Statement within 'Other operating income or Other operating expenses'.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the Income Statement for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

**Derivative financial instruments and hedging**

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Currently, there are no items that have been hedge accounted.

The fair values of various derivative instruments are disclosed in Note 21. The full fair value of a derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

**Vessels, dry-dockings, property, plant and equipment**

Vessels, dry-dockings, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Certain vessels, property, plant and equipment that had been revalued to fair value on or before 1 January 2004, the date of transition to IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets is recognised in the Income Statement as incurred.

Where parts of an item of vessels, property, plant and equipment have different useful lives, they are accounted for as separate items of vessels, property, plant and equipment. Dry-docking costs are taken to the Statement of Financial Position when incurred and depreciated over the period until the next expected dry-docking.

Depreciation is provided on a straight line basis to depreciate each asset over its estimated useful economic life after making allowance for any estimated residual value as follows:

Vessels and dry-docking	3 - 30 years
Leasehold improvements	5 years

Depreciation periods and residual values are reassessed at the end of each reporting year.

**Leases**

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are treated as operating leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Assets acquired under finance leases, being leases that transfer substantially all the risks and rewards of ownership of an asset to the lessee, are capitalised and the outstanding future lease obligations are shown in liabilities. Operating lease rentals are charged to the Income Statement on a straight-line basis over the period of the lease.

Vessels acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

**Impairment charges**

The carrying amounts of the Company's assets, other than deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

**Recoverable amount**

The recoverable amount is the higher of fair value less costs to sell and estimated value in use.

Fair value less costs to sell is sought to be obtained for active markets for corresponding assets or determined on the basis of other observable inputs. As far as possible, the estimated value of vessels is obtained using acknowledged brokers.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

**Impairment charges (continued)**

The estimated value in use is derived on the basis of the expected free cash flow from the relevant asset based on updated business plans for the next five years or the remaining useful lives for assets operating under contracts. The calculated value in use is based on a number of assumptions and subject to uncertainty in respect of the global economy's impact on the Company's business in the short term as well as in the long term.

**Reversals of impairment**

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

**Investments in subsidiaries and joint ventures**

Investments in subsidiaries and joint ventures are carried at cost, less impairment losses.

**Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale when the sale is considered highly probable. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured and held at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets/liabilities, employee benefit assets/liabilities, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

**Trade and other receivables**

Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Overdrafts are reported in current liabilities. For the purposes of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

**Financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**Financial assets at fair value through profit or loss:**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

**Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the year. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

**Loans and interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

**Provisions**

A provision is recognised if, as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

**Employee benefits**

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Income Statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. An asset or liability may result from advance payments or payments due, respectively, to a defined contribution fund.

Defined benefit plans:

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 service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised directly in other comprehensive income.

The Company is a contributing member to multi-employer pension schemes. Provision, on the basis of actuarial estimates and in accordance with IFRIC14, is made for the Company's exposure should other contributing members of the schemes be unable to meet their liabilities. Where insufficient information is available about a multi-employer plan, such that the Company is not able to identify its share of the underlying financial position and performance of the plan, the Company accounts for the plan as if it were a defined contribution plan.

For all pension funds designated as 'defined benefit' funds, a full actuarial valuation is conducted every three years and this is updated at the end of each interim year.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from vendors. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition**

Revenue from sale of goods is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the Income Statement when the service has been provided. The earnings of vessels are recognised in revenue based on time charter agreements. Revenue is measured at the fair value of the consideration received or receivable.

**Other operating income**

Other operating income from management fees receivable and project costs relate to services rendered to subsidiaries and fellow A.P.Møller-Mærsk A/S Group subsidiaries and is recognised in the Income Statement when the service has been provided.

Rental income is recognised in the Income Statement on an accruals basis in accordance with the substance of the relevant rental agreements.

*Dividend income is recognised in the Income Statement on the date the entity's right to receive payments is established.*

Income from liquidated damages is recognised in the Income Statement on an accruals basis in accordance with the substance of the relevant agreement.

**Gain/loss on disposal of non-current assets**

Gains and losses on disposal of an item of non-current assets are determined by comparing the proceeds from disposal with the carrying amount of non-current assets, and are recognised net within the Income Statement.

**Expenses**

Operating lease payments:

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense.

Finance lease payments:

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs:

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested and foreign exchange gains and losses on loans, borrowing, financial assets and associated hedging instruments that are recognised in the Income Statement.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method.

Interest payable in respect to borrowings to finance construction of qualifying assets is capitalised, until such time as the assets are ready for their intended use or sale.

**Income taxes and tonnage taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Certain activities of the Company qualify for UK tonnage tax, where tax payable is calculated with reference to net tonnage of qualifying vessels. Tonnage tax is recognised within 'Administrative expenses' within the Income Statement due to the tax charge not being proportionate to the profit before tax.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1 SIGNIFICANT ACCOUNTING POLICIES (continued)****Income taxes and tonnage taxes (continued)**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 substantially 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 asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

**Dividends paid**

Dividends are recognised as a liability in the Statement of Financial Position in the year in which they are declared.

**New Standards, amendments and interpretations**

No new standards or amendments to published standards have had a material impact on the financial statements for the financial year beginning 1 January 2014.

**New standards and interpretations not yet adopted**

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1 January 2015, and have not been early adopted:

- IFRS 15 Revenue from contracts with customers - This new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for periods beginning on or after 1 January 2017. The Company has yet to assess IFRS 15's full impact.
- IFRS 9 Financial Instruments - This new accounting standard introduces a new classification approach for financial assets and liabilities. The previous four categories for financial assets will be reduced to three, being fair value through profit and loss, fair value through other comprehensive income and amortised cost, and financial liabilities will be measured at amortised cost or fair value through profit and loss. The standard is effective for periods beginning on or after 1 January 2015. The Company has yet to assess IFRS 9's full impact.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 2 EXPENSES

## Expenses by nature

	2014	2013
	\$000	\$000
The operating (loss)/profit before finance costs is stated after charging:		
Bunker costs	36	4,354
Staff costs	17,347	5,556
Management fees	6,326	2,589
Operating lease costs	33,057	34,186
Depreciation charges	38,702	26,249
Impairment charges on vessels	57,378	-
Loss on disposal of vessels	33,664	39,558
Other operating costs	15,268	21,220
	<u>201,778</u>	<u>133,712</u>

## Auditors remuneration

	2014	2013
	\$000	\$000
Included in administrative expenses are the following:		
Audit of these financial statements	223	199
Other services:		
The auditing of financial statements of subsidiaries of the Company pursuant to legislation	3	-
Other services relating to taxation	2	-
All other services	3	-
	<u>231</u>	<u>199</u>

## 3 STAFF NUMBERS AND COSTS

	2014	2013
Average number of employees	<u>207</u>	<u>241</u>
	2014	2013
	\$000	\$000
Wages and salaries	5,467	3,589
Social security costs	352	419
Other pension costs	11,528	1,984
Reversal of previous year employee tax provision	-	(436)
	<u>17,347</u>	<u>5,556</u>

Some of the employment costs are borne by fellow A.P.Møller-Mærsk A/S Group subsidiaries on behalf of which employees undertake their duties.

Of the 207 persons employed 32 (2013: 31) undertook their duties for The Maersk Company Limited, 108 (2013: 121) undertook duties for A.P.Møller-Mærsk A/S, 59 (2013: 77) undertook duties for Damco UK Limited, 1 (2013: 7) undertook duties for Danbor Limited, 5 (2013: 3) undertook duties for Maersk Supply Service UK Limited, 1 (2013: 1) undertook duties for APM Terminals B.V and 1 (2013: 1) undertook duties for Maersk Singapore PTE Limited.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**3 STAFF NUMBERS AND COSTS (continued)**

	2014 \$000	2013 \$000
Directors' emoluments	<u>1,207</u>	<u>837</u>
The emoluments of the highest paid Director	<u>373</u>	<u>290</u>

There were no accrued pension contributions for Directors as at 31 December 2014 (2013: USD Nil).

All of the above emoluments relate to short-term employee benefits except for USD 216k that are for post-employment benefits (2013: USD 123k).

Fees to non-executive Directors' were USD 8k (2013: USD 12k).

**4 OTHER OPERATING INCOME**

	2014 \$000	2013 \$000
Management fees	6,774	6,437
Rental income	2,306	3,430
Dividend income	6,212	8,464
Liquidated damages compensation	16,150	-
Project income	1,498	-
Foreign exchange gains	3,251	765
	<u>36,191</u>	<u>19,096</u>

**5 OTHER OPERATING EXPENSES**

	2014 \$000	2013 \$000
Impairment of investments	1,533	-
Foreign exchange losses	2,045	1,240
	<u>3,578</u>	<u>1,240</u>

**6 FINANCING INCOME AND COSTS**

	2014 \$000	2013 \$000
Interest income	11,493	6,463
Foreign exchange gains on derivatives and liquid funds	4,080	645
Financial income	<u>15,573</u>	<u>7,108</u>
Interest expense	(5,859)	(13,690)
Foreign exchange losses on derivatives and loans and borrowings	(9,103)	(7,913)
Financial expense	<u>(14,962)</u>	<u>(21,603)</u>
Net financing income/(costs)	<u>611</u>	<u>(14,495)</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7 INCOME TAX (BENEFIT)/EXPENSE

Recognised in the Income Statement	2014 \$000	2013 \$000
<b>Current tax (benefit)/expense:</b>		
Current year	58	(1,367)
Adjustments for prior years	<u>(40)</u>	<u>(973)</u>
	<b>18</b>	<b>(2,340)</b>
<b>Deferred tax (benefit)/expense:</b>		
Origination and reversal of temporary differences	(1)	-
Adjustments in respect of prior years	-	3,358
Effect of change in tax rates	<u>-</u>	<u>58</u>
	<b>(1)</b>	<b>3,416</b>
<b>Total income tax charge in the Income Statement</b>	<b>17</b>	<b>1,076</b>
Of which relates to:      tonnage tax (included in administrative expenses)	58	95
income taxes	<u>(41)</u>	<u>981</u>
<b>Total tax charge in the Income Statement</b>	<b>17</b>	<b>1,076</b>
<b>Reconciliation of effective tax rate</b>		
Profit/(loss) before income tax	(41,475)	(2,516)
Profit taxed under the tonnage tax regime	68,790	(170)
Other profit/(loss) before tax	<u>27,315</u>	<u>(2,686)</u>
Theoretical tax thereon (2014 21.5% : 2013 23.25%)	5,872	(624)
Effects of:		
Income not taxable	(6,375)	(1,793)
Effect of changes in tax rate	35	191
Adjustments in respect of prior years	(43)	2,385
Deferred tax not provided	<u>470</u>	<u>822</u>
<b>Income tax (benefit)/expense for the year</b>	<b>(41)</b>	<b>981</b>

During 2012 a deferred tax asset was recognised in relation to current year losses expected to be utilised as group relief. However following submission of the 2012 tax returns it was considered unlikely that these losses would be used and the deferred tax asset relating to these losses was therefore released in 2013. Losses carried forward are now disclosed in unrecognised deferred tax. The unprovided deferred tax asset at the year end, relating entirely to losses carried forward, was USD 4,299k (2013 USD 3,625k).

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this year are taxed at an effective rate of 21.5%. Further decreases are expected to be enacted in future Finance Bills.

## 8 CURRENT TAX ASSETS AND LIABILITIES

The Company has a net current tax asset of USD 2,173k (2013: USD 6,394k).

These balances relate to group relief receivable or payable and amounts due to/from HMRC in respect of current and prior years.

Included within 'Tax asset' is USD 10,532k (2013: USD 17,422k) owed from related parties and included within 'Tax liabilities' is USD 8,707k (2013: USD 13,163k) owed to related parties, as disclosed in Note 24.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

<b>9 VESSELS AND DRY-DOCKINGS</b>	<b>Owned \$000</b>	<b>Finance Leases \$000</b>	<b>Under construction \$000</b>	<b>Total \$000</b>
<b>Cost</b>				
Balance at 1 January 2013	524,535	116,668	243	641,446
Additions	589	-	-	589
Transfer from assets under construction	241	2	(243)	-
Disposals	(244,639)	(423)	-	(245,062)
Balance at 31 December 2013	<u>280,726</u>	<u>116,247</u>	<u>-</u>	<u>396,973</u>
Balance at 1 January 2014	280,726	116,247	-	396,973
Additions	1,444	1,384,986	-	1,386,430
Disposals	(1,632)	(116,944)	-	(118,576)
Transfer to held for sale	(249,940)	-	-	(249,940)
Balance at 31 December 2014	<u>30,598</u>	<u>1,384,289</u>	<u>-</u>	<u>1,414,887</u>
<b>Accumulated depreciation and impairment losses</b>				
Balance at 1 January 2013	(121,527)	(54,907)	-	(176,434)
Depreciation charge for the year	(20,951)	(5,298)	-	(26,249)
Disposals	56,065	-	-	56,065
Balance at 31 December 2013	<u>(86,413)</u>	<u>(60,205)</u>	<u>-</u>	<u>(146,618)</u>
Balance at 1 January 2014	(86,413)	(60,205)	-	(146,618)
Depreciation charge for the year	(6,090)	(32,586)	-	(38,676)
Impairment charge for the year	(57,378)	-	-	(57,378)
Disposals	1,237	61,107	-	62,344
Transfer to held for sale	127,440	-	-	127,440
Balance at 31 December 2014	<u>(21,204)</u>	<u>(31,684)</u>	<u>-</u>	<u>(52,888)</u>
<b>Carrying amounts</b>				
At 1 January 2013	<u>403,008</u>	<u>61,761</u>	<u>243</u>	<u>465,012</u>
At 31 December 2013 / 1 January 2014	<u>194,313</u>	<u>56,042</u>	<u>-</u>	<u>250,355</u>
At 31 December 2014	<u>9,394</u>	<u>1,352,605</u>	<u>-</u>	<u>1,361,999</u>

A tanker vessel was impaired in the year, due to a decline in time charter rates and recognised at its recoverable amount, identified as its value in use. The impairment loss of USD 1,753k was recognised in depreciation and impairment losses in the Income Statement. The pre-tax discount rate applied to the value in use calculation was 9%. The USD 2,000k impairment recognised in 2012 has not been reversed.

**Leased vessels****As a lessor**

The Company's vessels are leased to both fellow subsidiaries and third parties. Each of the leases contains a fixed rate rental income. Renewals are negotiated with the lessee and generally renewal periods are between 1 and 5 years. No contingent rents are charged. See Note 22 for further information.

**As a lessee**

At 31 December 2014 the net carrying amount of leased vessels was USD 1,352,605k (2013: USD 56,042k). Depreciation for the year for leased vessels was USD 32,586k (2013: USD 5,298k). The finance leases on the two drill ships were prepaid in full in 2014.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 9 VESSELS AND DRY-DOCKINGS (continued)

**Assets held for sale**

Maersk Kensington, Maersk Kinloss and Maersk Kithira were designated as held for sale on 7 May 2014, with an impairment loss of USD 55,625k recognised in depreciation and impairment in the Income Statement following a re-measurement to their fair value less costs to sell. This is the non-recurring fair value measurement which has been measured using observable inputs, being the prices for recent sales of similar assets, and is therefore classified within level 2 of the fair value hierarchy.

## 10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements \$000	Total \$000
<b>Cost</b>		
Balance at 1 January 2014	14,869	14,869
Additions	26	26
Balance at 31 December 2014	<u>14,895</u>	<u>14,895</u>
<b>Accumulated depreciation and impairment losses</b>		
Balance at 1 January 2014	(14,869)	(14,869)
Depreciation charge for the year	(26)	(26)
Balance at 31 December 2014	<u>(14,895)</u>	<u>(14,895)</u>
<b>Carrying amounts</b>		
At 31 December 2013 / 1 January 2014	<u>-</u>	<u>-</u>
At 1 January 2014/31 December 2014	<u>-</u>	<u>-</u>

## 11 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

	2014 \$000	2013 \$000
<b>Investments in subsidiaries and joint ventures</b>		
Balance at 1 January	9,443	2,258,941
Disposal	-	(2,249,498)
Impairment charge for the year	(1,533)	-
Balance at 31 December	<u>7,910</u>	<u>9,443</u>

The investment in Safmarine UK Limited was impaired to USD nil in the year, as the entity entered into liquidation on 18 September 2014.

Significant subsidiaries and joint ventures held at 31 December 2014 are listed in Note 23.

## 12 DEFERRED TAX ASSETS

	2014 \$000	2013 \$000
Deferred tax assets are attributable to the following:		
Property, plant and equipment	<u>386</u>	<u>385</u>
<b>Unrecognised deferred tax assets</b>		
	2014 \$000	2013 \$000
Deferred tax assets have not been recognised in respect of the following items:		
Losses unprovided	<u>4,299</u>	<u>3,625</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12 DEFERRED TAX ASSETS (continued)

## Movement in temporary differences during the year

	Balance 1 January 2014 \$000	Recognised in Income Statement \$000	Balance 31 December 2014 \$000
Property, plant and equipment	<u>385</u>	<u>1</u>	<u>386</u>
	Balance 1 January 2013 \$000	Recognised in Income Statement \$000	Balance 31 December 2013 \$000
Property, plant and equipment	428	(43)	385
Tax losses carried forward	3,373	(3,373)	-
	<u>3,801</u>	<u>(3,416)</u>	<u>385</u>

## 13 TRADE AND OTHER RECEIVABLES

	2014 \$000	2013 \$000
<b>Current</b>		
Trade receivables	2,424	5,069
Amounts owed by related parties	43,365	1,391,939
Other receivables	6,561	3,701
Prepayments and accrued income	48,752	4,321
	<u>101,102</u>	<u>1,405,030</u>
<b>Non-current</b>		
Amounts owed by related parties	<u>50,517</u>	<u>71,352</u>

Trade receivables are stated net of USD 146k (2013: USD 33k) provision for bad and doubtful debts.

The Company's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 21.

Included within 'Prepayments and accrued income' is USD 46,997k (2013: USD 791k) owed from related parties.

## 14 CASH AND CASH EQUIVALENTS

	2014 \$000	2013 \$000
Bank balance	<u>70,397</u>	<u>-</u>

The bank balance forms part of a cash pooling arrangement with a fellow A.P.Møller-Mærsk A/S group entity and is aimed at concentration and management of liquidity at group level, supplying entities with liquid funds to cover daily payments.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 15 SHARE CAPITAL

	2014 \$000	2013 \$000
Allotted, called up and fully paid:		
164,000,000 ordinary shares of £1 each	<u>282,315</u>	<u>282,315</u>

All shares rank pari passu with all holders having full voting rights, as well as right to dividends and to participate in a distribution (not liable to redemption).

## 16 INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

For more information about the Company's exposure to interest rate and foreign currency risk, see Note 21.

	2014 \$000	2013 \$000
<b>Non-current</b>		
Secured bank loans	-	53,872
Obligations under finance leases and hire purchase contracts	<u>-</u>	<u>97,459</u>
	<u>-</u>	<u>151,331</u>
<b>Current</b>		
Secured bank loans	53,872	12,249
Amounts owed to related parties	102,999	18,699
Obligations under finance leases and hire purchase contracts	<u>-</u>	<u>3,699</u>
	<u>156,871</u>	<u>34,647</u>

The bank loans are secured over 2 vessels with a net book value of USD 93,000k (2013: 2 vessels with a net book value of USD 140,788k).

<b>Bank loan repayment</b>	2014 \$000	2013 \$000
Within one year	53,872	12,249
In the second to fifth years	-	41,045
Over five years	<u>-</u>	<u>12,827</u>
	<u>53,872</u>	<u>66,121</u>

<b>Finance lease and hire purchase liabilities</b>	<b>Minimum lease payments</b>	<b>Interest</b>	<b>Principal</b>
	2013 \$000	2013 \$000	2013 \$000
Within one year	5,159	1,460	3,699
In the second to fifth years	23,603	5,402	18,201
Over five years	<u>86,689</u>	<u>7,431</u>	<u>79,258</u>
	<u>115,451</u>	<u>14,293</u>	<u>101,158</u>

The vessels with outstanding finance at 31 December 2013 were sold during 2014. The 30 year finance leases on the two drill ships were prepaid in full in 2014. Refer to Note 9 for further details.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 17 PROVISIONS

	2014 \$000	2013 \$000
Balance at 1 January	10,324	10,270
Provided during the year	9,139	1,639
Utilised during the year	(130)	(262)
Reversed during the year	(280)	(1,526)
Foreign exchange (gain)/loss	(609)	203
Balance at 31 December	<u>18,444</u>	<u>10,324</u>
Non-current	17,525	9,653
Current	<u>919</u>	<u>671</u>
	<u>18,444</u>	<u>10,324</u>

The provisions are in respect of restructuring costs, claims and onerous contracts. The amount and timing of the settlement of the claims provisions are dependent on the outcome of ongoing legal cases which can last several years. It is considered probable that these provisions will be crystallised within six years.

## 18 TRADE AND OTHER PAYABLES

	2014 \$000	2013 \$000
Current		
Trade payables	151	1,298
Amounts owed to related parties	9,578	7,793
Other payables and accrued expenses	<u>21,658</u>	<u>11,307</u>
	<u>31,387</u>	<u>20,398</u>

Included within 'Other payables and accrued expenses' is USD 938k (2013: USD 97k) owed to related parties, as disclosed in Note 24.

## 19 BANK OVERDRAFT

	2014 \$000	2013 \$000
Bank overdraft	<u>-</u>	<u>6,523</u>

Bank overdraft forms part of a cash pooling arrangement with a fellow A.P.Møller-Mærsk A/S group entity and is aimed at concentration and management of liquidity at group level, supplying entities with liquid funds to cover daily payments.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20 EMPLOYEE BENEFITS

**Defined benefit plans**

The Company funds contributions to a multi-employer plan, the Merchant Navy Officers Pension Fund (MNOFF). The Company also guarantees contributions to a defined benefit plan, Maersk RBS Pension Scheme, on behalf of a fellow A.P.Møller-Mærsk A/S group subsidiary, Maersk Line UK Limited.

**MNRPF**

The Company is a former employer of the Merchant Navy Ratings Pension Fund (MNRPF), an industry wide pension scheme. Currently the Company is not required to contribute towards any funding deficits. As a result of a court case brought by Stena Line in 2009 the trustee is seeking Court approval to amend the rules so that it can spread deficit contributions across all employers associated with the scheme since its inception in 1978. The Company may therefore be required to contribute to the MNRPF in the future.

**MNOFF**

The MNOFF is an industry wide defined benefit scheme. It closed to new employees in October 1996, but remains open to future pension accruals. Benefits are based on re-valued career average earnings with benefits accrued post 1997 subject to annual statutory revaluation.

The scheme provides spouse's / dependant's pensions at the rate of 50% of the member's pension.

Contributions to the MNOFF are in respect of a past service deficit.

During the prior year a net pension liability for the MNOFF of USD 8,415k was transferred to the Company from a then subsidiary Maersk Line UK Limited. This net liability comprised of assets of USD 31,930k and liabilities of USD 40,345k and relates to the compliance with a deed of novation on the liquidation of several companies who had employees in the scheme.

	2014 \$000	2013 \$000	2012 \$000	2011 \$000	2010 \$000
Present value of funded obligations	150,795	144,740	92,367	81,958	77,967
Adjustment for minimum funding requirement (IFRIC 14)	-	5,621	44	11,718	7,082
Fair value of plan assets	(122,687)	(119,195)	(74,255)	(74,137)	(62,531)
Total employee benefits	<u>28,108</u>	<u>31,166</u>	<u>18,156</u>	<u>19,539</u>	<u>22,518</u>

<b>Movements in the net liability for defined benefit obligations recognised in the Statement of Financial Position</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
Net liability for defined benefit obligations at 1 January	31,166	18,156
Contributions made	(4,621)	(4,637)
Expense recognised in the Income Statement (see below)	2,113	1,397
Liability recognised directly to reserves	1,140	6,815
Transfer in	-	8,415
Foreign exchange (gain)/loss	(1,690)	1,020
Net liability for defined benefit obligations at 31 December	<u>28,108</u>	<u>31,166</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20 EMPLOYEE BENEFITS (continued)

<b>Movements in the gross liability for defined benefit obligations recognised in the Statement of Financial Position</b>	<b>2014 \$000</b>	<b>2013 \$000</b>
Liability for defined benefit obligations at 1 January	150,361	92,411
Net current service costs	445	324
Contributions by members	138	161
Interest costs	6,386	5,611
Net benefit payments	(6,399)	(5,300)
Actuarial loss	14,706	6,730
Unfunded obligations	(5,772)	5,295
Transfer in	-	40,345
Foreign exchange (gain)/loss	(9,070)	4,784
Liability for defined benefit obligations at 31 December	<u>150,795</u>	<u>150,361</u>

**Movements in fair value of plan assets for defined benefit obligations recognised in the Statement of Financial Position**

Net plan assets for defined benefit obligations at 1 January	119,195	74,255
Interest income on plan assets	5,209	4,538
Actuarial gain	7,794	5,210
Contributions by employers	4,621	4,637
Contributions by members	138	161
Net benefit payments	(6,399)	(5,300)
Administration expenses paid	(491)	-
Transfer in	-	31,930
Foreign exchange (loss)/gain	(7,380)	3,764
Net plan assets for defined benefit obligations at 31 December	<u>122,687</u>	<u>119,195</u>

**The fair value of the plan assets and the return were as follows:**

Equities	17,437	16,687
Government bonds	50,452	40,526
Corporate bonds	30,828	30,990
Property	2,964	3,576
Other	21,006	27,416
	<u>122,687</u>	<u>119,195</u>

Actuarial return on plan assets	13,003	9,748
Actual return on plan assets	10.4%	10.1%

The return on plan assets is calculated using the underlying GBP figures.

**Expense recognised in the Income Statement**

Net current service cost	445	324
Net interest on the defined benefit liability	1,026	1,073
Administration expenses recognised in the Income Statement	491	-
Interest on additional liability	151	-
Foreign exchange (gain)/loss	(1,690)	1,022
	<u>423</u>	<u>2,419</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20 EMPLOYEE BENEFITS (continued)

	2014 \$000	2013 \$000
The expense is recognised in the following line item in the Income Statement:		
Administration expense	2,113	1,397
Financial expense	(1,690)	1,022
	<u>423</u>	<u>2,419</u>

## Principal actuarial assumptions (weighted averages):

Discount rate	3.5%	4.4%
Inflation	3.2%	3.6%
Future salary increases	4.2%	4.6%
Future pension increases	3.1%	3.5%

The expected return on assets has not been determined in 2014 since the pension cost from 2015 is calculated on the basis of the discount rate in accordance with the revised IAS 19.

## Mortality assumptions

Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience. These assumptions translate into average life expectancy in years for a pensioner retiring at the age of 65:

	2014 Years	2013 Years
Retiring at the end of the reporting year;		
Male	21.9	21.9
Female	25.3	-
Retiring 20 years after the end of the reporting year;		
Male	23.8	23.8
Female	27.3	-

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Change in assumption 2014	Increase in assumption 2014	Decrease in assumption 2014
Discount rate	0.10%	Decrease by 1.5%	Increase by 1.5%
Inflation	0.10%	Increase by 0.5%	Decrease by 0.5%
Life expectancy	1 Year	Increase by 4%	Decrease by 3.1%
	<b>2013</b>	<b>2013</b>	<b>2013</b>
Discount rate	0.10%	Decrease by 1.4%	Increase by 1.4%
Inflation	0.10%	Increase by 0.5%	Decrease by 0.4%
Life expectancy	1 Year	Increase by 2.9%	Decrease by 2.8%

Defined contribution plans	2014 \$000	2013 \$000
Total expense relating to these plans was:	<u>9,415</u>	<u>1,984</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21 FINANCIAL INSTRUMENTS

Financial Instruments held by the Company comprise of loan receivable, trade and other receivables, cash, finance lease liabilities, loan payable and trade and other payables. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange and interest rate. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The A.P.Møller-Mærsk A/S group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## MARKET RISK

## Foreign exchange risk

The Company operates internationally and is exposed to currency risk on sales and purchases, and deposits that are in a currencies other than the functional currency. The currencies in which these transactions occur predominantly include GBP, EUR and DKK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The unhedged financial assets of the Company that are not denominated in the functional currency are as follows:

Cash and cash equivalents	2014 \$000	2013 \$000
GBP	4,434	(20,858)
EUR	237	(2,354)
	<u>4,671</u>	<u>(23,212)</u>

## Hedging

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

## Forward exchange contracts

As at the balance sheet date, the Company had entered into forward exchange contracts, which are used to hedge the currency risk related to recognised and unrecognised transactions. The net principal amount for purchase/sale and fair value of the forward exchange contracts are as follows:

	Principal Purchase/(sale), net	
	2014 \$000	2013 \$000
GBP denominated	(40,991)	27,856
USD denominated	37,438	8,577
	<u>(3,553)</u>	<u>36,433</u>
Fair value	(1,140)	35,038
Of which recognised	<u>(1,140)</u>	<u>35,038</u>
For future recognition	<u>-</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)****21 FINANCIAL INSTRUMENTS (continued)****Cash flow and fair value interest rate risk**

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

Based on the various scenarios, the Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Company raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

At the year end all borrowings are fixed interest rate bearing and therefore the risk to the Company is consider minimal.

**CREDIT RISK**

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

**Trade and other receivables**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments in the balance sheet. There were no assets past due at the balance sheet date and therefore no aged analysis has been presented.

**Cash and cash equivalents**

The Company's credit risk attributed to amounts deposited with A.P.Møller-Mærsk in Copenhagen is managed by assessing the nature of the funds and by ensuring that no restrictions are applicable on any monies deposited. The Directors are of the view that such credit risk is minimal in view of A.P.Møller-Mærsk A/S' financial position.

**LIQUIDITY RISK**

Cash flow forecasting is performed by the Company and aggregated by group finance. The Company monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the Company over and above the balance required for working capital management is transferred to the group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21 FINANCIAL INSTRUMENTS (continued)

## LIQUIDITY RISK (continued)

The table below analyses the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2014	Note	Effective interest rate %	Less than 1 year \$000	1-5 years \$000	Over 5 years \$000	Total \$000
Trade and other payable	18	nil	(31,387)	-	-	(31,387)
Amounts owed to related parties	16	1.47	(103,765)	-	-	(103,765)
Secured Bank loans - fixed rate	16	6.40	(63,947)	-	-	(63,947)

2013	Note	Effective interest rate %	Less than 1 year \$000	2-5 years \$000	Over 5 years \$000	Total \$000
Cash and cash equivalents	19	0.10	(6,523)	-	-	(6,523)
Trade and other payable	18	nil	(37,858)	-	-	(37,858)
Amounts owed to related parties	16	0.08	(18,736)	-	-	(18,736)
Secured Bank loans - fixed rate	16	6.40	(14,267)	(50,371)	(13,576)	(78,214)
Secured Bank loans - floating rate	16	0.80	(1,999)	-	-	(1,999)
Finance lease liabilities	16	0.54	(5,159)	(23,603)	(86,689)	(115,451)

## Fair values

The carrying amount of financial assets and liabilities of the Company at the balance sheet date approximate their fair value:

	Note	Carrying amount		Fair value	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Secured bank loans	16	(53,872)	(66,121)	(61,833)	(77,110)
Amount owed to related parties	16	(102,999)	(18,699)	(102,999)	(18,699)
Finance lease obligation	16	-	(101,158)	-	(101,158)
Derivatives		(1,140)	35,038	(1,140)	35,038

## Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - Inputs for the asset or liability that are not based on observable market data.

Derivatives	Carrying amount \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
2014	(1,140)	-	(1,140)	-
2013	35,038	-	35,038	-

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## NOTES TO THE FINANCIAL STATEMENTS(continued)

**21 FINANCIAL INSTRUMENTS (continued)****Fair values versus carrying amounts**

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

**Derivatives**

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. Forward exchange contracts are recognised at fair value at each reporting date with gains or losses recognised within the Income Statement as they are treated as assets / liabilities at fair value through profit and loss. All other financial instruments are treated as loans and receivables.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for similar instrument at balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

**Interest-bearing loans and borrowings**

Fair value is calculated based on discounted expected future principal and interest cash flows at current market rates.

**Finance lease liabilities**

The fair value is estimated as present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

**Current financial assets and liabilities**

The carrying amounts of cash and cash equivalents, trade and other receivables, deposits and prepayments, trade and other payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

**Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future operations of the business. Capital consists of share capital and retained earnings. The Company regularly reviews its capital structure and is not subject to external controls on its capital structure. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital to shareholders, issue new shares or sell assets to reduce debt. The board monitors the return on capital as well as the level of dividends to ordinary shareholders.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 22 OPERATING LEASE COMMITMENTS

As a Lessee	2014		
	Land and buildings \$000	Other \$000	Total \$000
Non-cancellable operating lease rentals:			
Within one year	8,398	32,529	40,927
In the second to fifth years	19,022	84,752	103,774
Over five years	13,915	-	13,915
	<u>41,335</u>	<u>117,281</u>	<u>158,616</u>
Recognised cost in the year			<u>41,776</u>

	2013		
	Land and buildings \$000	Other \$000	Total \$000
Non-cancellable operating lease rentals:			
Within one year	8,998	33,550	42,548
In the second to fifth years	26,194	116,722	142,916
Over five years	17,726	-	17,726
	<u>52,918</u>	<u>150,272</u>	<u>203,190</u>
Recognised cost in the year			<u>39,996</u>

As a Lessor	2014		
	Vessels \$000	Land and buildings \$000	Total \$000
Operating lease income from charter of vessels:			
Within one year	356,750	1,063	357,813
In the second to fifth years	545,311	1,165	546,476
	<u>902,061</u>	<u>2,228</u>	<u>904,289</u>
Recognised income in the year			<u>129,635</u>

	2013		
	Vessels \$000	Land and buildings \$000	Total \$000
Operating lease income from charter of vessels:			
Within one year	84,381	1,129	85,510
In the second to fifth years	171,190	2,142	173,332
	<u>255,571</u>	<u>3,271</u>	<u>258,842</u>
Recognised income in the year			<u>128,179</u>

Vessels are on time charter agreements of length between 1 and 5 years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**23 CONTROLLING PARTIES****Control of the Company**

On 23 January 2014 A.P.Møller-Mærsk A/S sold its shares in the Company to Maersk Drilling A/S, a company incorporated in Denmark, and a fellow entity in the A.P.Møller-Mærsk A/S group.

**Immediate holding company**

The Maersk Company Limited's immediate holding company at the 2014 year end is Maersk Drilling A/S, a company incorporated in Denmark. The registered address for Maersk Drilling A/S, is 50 Esplanaden, 1098 Copenhagen.

**Ultimate holding company**

The ultimate holding company is A.P.Møller-Mærsk A/S, a company incorporated in Denmark. The registered address for A.P.Møller-Mærsk A/S, is 50 Esplanaden, 1098 Copenhagen.

The only group in which the results of the Company are consolidated is A.P.Møller-Mærsk A/S. Copies of the consolidated financial statements can be obtained from the company's website at [www.maersk.com](http://www.maersk.com).

**Subsidiaries and Joint Ventures**

Name	Country of registration and operation	Principal activity	Class of shares	Percentage of shares held directly
<b>Subsidiary undertakings</b>				
Safmarine UK Limited	England	Liner agency	Ordinary £1	100% **
Maersk Offshore (Guernsey) Limited	Guernsey	Crewing	Ordinary £1	100%
Maersk Global Payroll Services Limited formerly Maersk Company (Isle of Man) Limited	Isle of Man	Seafarer payroll administration	Ordinary £1	100%
Maersk Crewing Limited	England	Vessel management	Ordinary £1	100%
Maersk Pension Trustee Limited	England	Pensions administration	Ordinary £1	100%
Maersk Healthcare Trustee Limited	England	Healthcare administration	Ordinary £1	100%
<b>Joint ventures</b>				
North Sea Production Company Limited	England	Offshore services	Ordinary A £1 Ordinary B £1	100% * - *

\* The Company owns 50% of the voting rights of North Sea Production Company Limited through its holding of Ordinary A shares. The other 50% of voting rights are held by Odebrecht Oil Services Ltd, through its 100% holding of issued Ordinary B shares.

\*\* Safmarine UK Limited entered into liquidation on 18 September 2014.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 24 RELATED PARTY TRANSACTIONS

**Identity of related parties**

The Company has a related party relationship with its ultimate parent, immediate parent, subsidiaries, joint ventures, fellow A.P.Møller-Mærsk A/S group entities (see Note 23); its Directors and executive officers.

**Transaction with key management personnel**

During the year consultancy costs of USD 55k (2013: USD 87k) were paid to Paul Hedges Consultancy Limited, a company controlled by D P Hedges, a Director of the Company during the year. At the year end a balance of USD nil (2013: USD 10k) was included within trade payables.

There were no other transactions with key management other than those in Note 3.

**Other related party transactions**

Transactions with related parties were as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Transaction values</b>		
Sales of goods & services - ultimate parent	44,061	85,195
Sales of goods & services - subsidiaries	462	538
Sales of goods & services - fellow A.P.Møller-Mærsk group subsidiaries	83,007	41,952
Purchases of goods & services - ultimate parent	(37)	-
Purchases of goods & services - fellow A.P.Møller-Mærsk group subsidiaries	(38,702)	(42,163)
Administrative expenses - ultimate parent	(935)	(1,858)
Administrative expenses - immediate parent	(3,636)	-
Administrative expenses - subsidiaries	-	-
Administrative expenses - fellow A.P.Møller-Mærsk group subsidiaries	(1,697)	(634)
Interest income - ultimate Parent	964	398
Interest income - subsidiaries	2	7
Interest income - fellow A.P.Møller-Mærsk group subsidiaries	2,870	6,051
Interest expense - ultimate parent	(1,869)	(3)
Interest expense - subsidiaries	(1)	(11)
Interest expense - fellow A.P.Møller-Mærsk group subsidiaries	(85)	(7,191)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 24 RELATED PARTY TRANSACTIONS (continued)

	2014 \$'000	2013 \$'000
<b>Balances outstanding</b>		
Non-current trade and other receivables from fellow A.P.Møller-Mærsk group subsidiaries	50,517	71,352
Current derivatives from ultimate parent	1,168	2,400
Current derivatives from fellow A.P.Møller-Mærsk group subsidiaries	2,055	-
Current tax receivables from subsidiaries	9	29
Current tax receivables from joint venture	1,592	1,971
Current tax receivables from fellow A.P.Møller-Mærsk group subsidiaries	8,931	15,422
Current trade and other receivables from ultimate parent	3,547	7,291
Current trade and other receivables from immediate parent	1,055	-
Current trade and other receivables from subsidiaries	-	180
Current trade and other receivables from joint venture	-	-
Current trade and other receivables from fellow A.P.Møller-Mærsk group subsidiaries	85,760	1,403,111
Non-current interest bearing loans and borrowings to ultimate parent	(100,000)	-
Non-current interest bearing loans and borrowings to fellow A.P.Møller-Mærsk group subsidiaries	(2,999)	(18,699)
Non-current derivatives to fellow A.P.Møller-Mærsk group subsidiaries	-	182
Current derivatives owed to ultimate parent	(4,363)	640
Current derivatives owed to fellow A.P.Møller-Mærsk group subsidiaries	-	2,728
Current tax payables owed to fellow A.P.Møller-Mærsk group subsidiaries	(8,707)	(13,163)
Current trade and other payables owed to ultimate parent	(4,231)	(5,103)
Current trade and other payables owed to immediate parent	(1,088)	-
Current trade and other payables owed to subsidiaries	(10)	(355)
Current trade and other payables owed to fellow A.P.Møller-Mærsk group subsidiaries	(5,187)	(6,323)

Included within current trade and other receivables from fellow A.P.Møller-Mærsk group subsidiaries is USD 16,788k relating to current loans and USD 161k interest.

Included within current trade and other payables from ultimate parent is USD 4k relating to accrued interest.

All outstanding balances with related parties are non-secured and there is no provision for bad debts relating to the ultimate parent, immediate parent, joint venture, or fellow A.P.Møller-Mærsk group subsidiaries.

## 25 EVENTS AFTER THE REPORTING PERIOD

The Maersk Kinloss and Maersk Kensington were sold to Maersk Line Ltd in March 2015; these vessels are shown within the financial statements as held for sale.