

# ***Maersk Training A/S***

Dyrekredsen 4, DK-5700 Svendborg

## **Annual Report for 1 January - 31 December 2019**

CVR No 32 57 01 19

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
19/6 2020

Jacob Ramsgaard Nielsen  
Chairman

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## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maersk Training A/S for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Svendborg, 17 June 2020

### **Executive Board**

Johan Pedersson Hay Ugglå

### **Board of Directors**

Morten Henrik Engelstoft  
Chairman

Lars-Erik Brenøe

Morten Kelstrup

Palle Brødsgaard Laursen

Vidula Vijay Bal

Martin Herrstedt

# Independent Auditor's Report

To the Shareholders of Maersk Training A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Training A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Independent Auditor's Report

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Independent Auditor's Report

Hellerup, 17 June 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Søren Ørjan Jensen

State Authorised Public Accountant

mne33226

Kristian Pedersen

State Authorised Public Accountant

mne35412

## **Company Information**

### **The Company**

Maersk Training A/S  
Dyrekredsen 4  
DK-5700 Svendborg

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E-mail: world@maersktraining.com  
Website: www.maersktraining.com

CVR No: 32 57 01 19  
Financial period: 1 January - 31 December  
Municipality of reg. office: Svendborg

### **Board of Directors**

Morten Henrik Engelstoft, Chairman  
Lars-Erik Brenøe  
Morten Kelstrup  
Palle Brødsgaard Laursen  
Vidula Vijay Bal  
Martin Herrstedt

### **Executive Board**

Johan Pedersson Hay Uggla

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2019</u> TDKK	<u>2018</u> TDKK	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	65,867	64,092	75,989	82,356	96,418
Profit/loss before financial income and expenses	-15,306	-11,979	-15,449	11,203	3,155
Net financials	-650	-2,435	-32,360	-49,797	-82,939
Net profit/loss for the year	-11,155	-8,835	-43,162	-36,494	-80,431
<b>Balance sheet</b>					
Balance sheet total	361,031	379,266	374,176	429,962	481,467
Equity	136,356	147,511	156,347	114,509	151,003
Investment in property, plant and equipment	2,825	12,089	2,762	14,998	4,103
Number of employees	102	101	95	101	115
<b>Ratios</b>					
Return on assets	-4.2%	-3.2%	-4.1%	2.6%	0.7%
Solvency ratio	37.8%	38.9%	41.8%	26.6%	31.4%
Return on equity	-7.9%	-5.8%	-31.9%	-27.5%	-60.3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see accounting policies.

In 2019, the company changed accounting policy regarding investments in subsidiaries. Comparative figures regarding 2015-2018 have been adjusted accordingly to reflect the change.



# Management's Review

## Main activity

Maersk Training is a fully owned subsidiary in the A.P. Moller - Maersk Group of companies. We are offering our clients high quality simulation, training, competency development and consultancy services as well as H2S supervision and servicing of safety equipment and competency development. Most of our highly skilled staff comes with many years of industry specific operational experience, skills and knowledge that is enabling us to create value for our customers within the Maritime, Oil & Gas and Renewable Energy industries.

The mission for Maersk Training is to enable its customers to improve safety and operational excellence, through a broad number of diverse product lines focused at above industries. Maersk Training has established business units worldwide with a targeted suite of operational equipment as well as advanced simulators and virtual applications, enabling our customers to train their staff in fully immersive simulated environments, where entire crews can be trained and their competencies developed and assessed.

## Development in 2019

2019 was the first year since the 2015 oil price drop that showed real signs of market recovery. Maersk Training achieved solid growth in all markets and experienced client starting to consider bringing cold stacked offshore rigs back into the market place.

The oil and gas market showed overall positive progress with more exploration projects being approved by the oil companies even though many of the well programs continued to be relatively short 1-2 wells with options to extend and only few longer term contracts. This had a positive impact on the rig utilization rates in the market but the market did still not see any significant improvement in rig rates.

The Maritime industry development remained flat in 2019 whereas the global wind industry continued to grow globally and Maersk Training is one of the most significant contributors to the development of technical competencies and safety worldwide.

Digitalization, performance improvement, marginal gains, data analytics, virtual training, minimizing operational risks, assessment of competence, fuel optimizations, leadership development and safety leadership has been some of the primary drivers for our growth in 2019 and these trends are expected to continue in the coming years even though the outlook for 2020 is more clouded than expected.

The 2019 result performed according to expectations in the current market conditions but noting that a negative net result is not considered satisfactory performance.

## Investments

During the year Maersk Training has only made minor investments but more significantly invested in people to support strategic initiatives that will strengthen Maersk Training in the future but in short term having a negative impact on the net result.

# **Management's Review**

## **Risks**

Maersk Training's income and expenditure are spread across several currencies. Based on specific assessments the company uses financial instruments to reduce this risk and impact in general of exchange rate fluctuations, etc.

The company has a certain concentration of customers but no significant dependency on any particular customer. The company has no significant credit risk.

## **Health, Safety and Environment**

The core focus in Maersk Training is assisting our customers to improve safety and avoid accidents. Likewise, it is a key focus of Maersk Training to keep employees and course participants safe and free of accidents. Constant efforts are made to promote ever higher safety standards among all employees, participants and suppliers.

The environment is a high priority area for the Company. Although the Company's energy consumption is not particularly demanding, the Company is constantly trying to find ways to reduce energy consumption, making its business activity as energy efficient as possible through technical innovation, as well as improving processes and operations in the global business units.

## **Outlook for 2020**

The market looks extremely challenging with Corona Virus impacting the entire world, at the same time as the global market is facing yet a new period of historic low oil prices, which leads to an expected net result in 2020 below 2019-level. The outlook for 2020 is difficult to predict but Maersk Training will react promptly to the circumstances and implement mitigations of the business risk to embrace the situation and come out of the crisis stronger in the market. Our key focus is to support our clients in the best way possible during this challenging period.

## Income Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
<b>Gross profit/loss</b>		<b>65,867</b>	<b>64,092</b>
Staff expenses	2	-68,392	-64,440
Depreciation of property, plant and equipment		-12,825	-11,611
Other operating income and expenses		44	-20
<b>Profit/loss before financial income and expenses</b>		<b>-15,306</b>	<b>-11,979</b>
Income from investments in subsidiaries		28,689	10,000
Impairment of financial assets		-22,228	-5,548
Financial income	3	231	640
Financial expenses	4	-7,342	-7,527
<b>Profit/loss before tax</b>		<b>-15,956</b>	<b>-14,414</b>
Tax on profit/loss for the year	5	4,801	5,579
<b>Net profit/loss for the year</b>		<b>-11,155</b>	<b>-8,835</b>
 <b>Proposed distribution of profit/loss</b>			
Proposed dividend for the year		0	0
Retained earnings		-11,155	-8,835
		<b>-11,155</b>	<b>-8,835</b>

## Balance Sheet 31 December

### Assets

	Note	2019 TDKK	2018 TDKK
Software in progress	6	855	0
<b>Total intangible assets</b>		<b>855</b>	<b>0</b>
Land and buildings		115,000	119,856
Plant, equipment and machinery		13,978	19,520
Property, plant and equipment in progress		398	0
<b>Property, plant and equipment</b>	7	<b>129,376</b>	<b>139,376</b>
Investments in subsidiaries	8	132,187	151,316
<b>Fixed asset investments</b>		<b>132,187</b>	<b>151,316</b>
<b>Fixed assets</b>		<b>262,418</b>	<b>290,692</b>
Trade receivables		20,959	17,833
Receivables from group enterprises		48,223	46,445
Other receivables		910	252
Corporation Tax		2,875	1,260
Deferred tax asset	9	24,521	22,673
Prepayments		1,039	0
<b>Receivables</b>		<b>98,527</b>	<b>88,463</b>
<b>Cash at bank and in hand</b>		<b>86</b>	<b>111</b>
<b>Currents assets</b>		<b>98,613</b>	<b>88,574</b>
<b>Assets</b>		<b>361,031</b>	<b>379,266</b>

## Balance Sheet 31 December

### Liabilities and equity

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Share capital	10	10,000	10,000
Retained earnings		<u>126,356</u>	<u>137,511</u>
<b>Equity</b>		<b><u>136,356</u></b>	<b><u>147,511</u></b>
Credit institutions	11	13,933	15,255
Lease obligations	11	28,218	29,245
Payables to group enterprises	11	<u>118,586</u>	<u>128,033</u>
<b>Long-term debt</b>		<b><u>160,737</u></b>	<b><u>172,533</u></b>
Credit institutions	11	1,322	1,257
Lease obligations	11	1,027	884
Trade payables		6,466	7,851
Payables to group enterprises	11	18,990	9,095
Other payables		23,468	31,135
Deferred income		<u>12,665</u>	<u>9,000</u>
<b>Short-term debt</b>		<b><u>63,938</u></b>	<b><u>59,222</u></b>
<b>Debt</b>		<b><u>224,675</u></b>	<b><u>231,755</u></b>
<b>Liabilities and equity</b>		<b><u>361,031</u></b>	<b><u>379,266</u></b>
Events after the balance sheet date	1		
Contingent liabilities and other financial obligations	12		
Related parties and ownership	13		

## Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
<b>2019</b>			
Equity at 1 January	10,000	137,511	147,511
Net profit/loss for the year	<u>0</u>	<u>-11,155</u>	<u>-11,155</u>
<b>Equity at 31 December</b>	<b><u>10,000</u></b>	<b><u>126,356</u></b>	<b><u>136,356</u></b>
<b>2018</b>			
Equity at 1 January	10,000	146,512	156,512
Net effect of changing account policies	0	-166	-166
Net profit/loss for the year	<u>0</u>	<u>-8,835</u>	<u>-8,835</u>
<b>Equity at 31 December</b>	<b><u>10,000</u></b>	<b><u>137,511</u></b>	<b><u>147,511</u></b>

# Notes to the Financial Statements

## 1 Events after the balance sheet date

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>2 Staff expenses</b>		
Wages and salaries	58,828	55,025
Pensions	5,936	5,784
Other social security expenses	716	654
Other staff expenses	<u>2,912</u>	<u>2,977</u>
	<b><u>68,392</u></b>	<b><u>64,440</u></b>
<b>Average number of employees</b>	<b><u>102</u></b>	<b><u>101</u></b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. The board of Directors has not been remunerated in 2018-19.

## 3 Financial income

Interest received from group enterprises	192	640
Other financial income	<u>39</u>	<u>0</u>
	<b><u>231</u></b>	<b><u>640</u></b>

## 4 Financial expenses

Interest paid to group enterprises	3,826	3,280
Other financial expenses	<u>3,516</u>	<u>4,247</u>
	<b><u>7,342</u></b>	<b><u>7,527</u></b>

## 5 Tax on profit/loss for the year

Current tax for the year	-2,875	-1,260
Deferred tax for the year	-1,848	-3,133
Adjustment of tax concerning previous years	<u>-78</u>	<u>-1,186</u>
	<b><u>-4,801</u></b>	<b><u>-5,579</u></b>

## Notes to the Financial Statements

### 6 Intangible assets

	Software in progress TDKK	Total TDKK
Cost at 1 January	0	0
Additions for the year	<u>855</u>	<u>855</u>
Cost at 31 December	<u>855</u>	<u>855</u>
Impairment losses and depreciation at 1 January	0	0
Depreciation for the year	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>855</u></b>	<b><u>855</u></b>

### 7 Property, plant and equipment

	Land and buildings TDKK	Plant, equipment and machinery TDKK	Property, plant and equipment in progress TDKK	Total TDKK
Cost at 1 January	148,498	69,790	0	218,288
Additions for the year	579	1,848	398	2,825
Disposals for the year	<u>0</u>	<u>-308</u>	<u>0</u>	<u>-308</u>
Cost at 31 December	<u>149,077</u>	<u>71,330</u>	<u>398</u>	<u>220,805</u>
Impairment losses and depreciation at 1 January	28,642	50,270	0	78,912
Depreciation for the year	5,435	7,390	0	12,825
Reversal of depreciation of sold assets	<u>0</u>	<u>-308</u>	<u>0</u>	<u>-308</u>
Impairment losses and depreciation at 31 December	<u>34,077</u>	<u>57,352</u>	<u>0</u>	<u>91,429</u>
<b>Carrying amount at 31 December</b>	<b><u>115,000</u></b>	<b><u>13,978</u></b>	<b><u>398</u></b>	<b><u>129,376</u></b>
Including assets under finance leases amounting to	<u>21,612</u>			



## Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	331,305	317,312
Additions for the year	<u>3,099</u>	<u>13,993</u>
Cost at 31 December	<u>334,404</u>	<u>331,305</u>
Value adjustments at 1 January	-179,989	-174,441
Impairment of the year	<u>-22,228</u>	<u>-5,548</u>
Value adjustments at 31 December	<u>-202,217</u>	<u>-179,989</u>
<b>Carrying amount at 31 December</b>	<b><u>132,187</u></b>	<b><u>151,316</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Result
Maersk Training Aberdeen Ltd.	Aberdeen, GB	100%	0	-3,088
Maersk Training Services India Pvt. Ltd.	Chennai, IN	100%	762	27
Maersk Training Centre India Pvt. Ltd.	Chennai, IN	100%	13,109	2,025
Maersk Training UK Limited	Newcastle, GB	100%	-19,257	-12,210
Maersk Training Norway AS	Stavanger, NO	100%	1,214	4,492
Maersk Training Brasil Treieimentos Maritimos Ltda*	Rio de Janeiro, BR	100%		
Maersk Training Nigeria Ltd*	Port Harcourt, NG	100%		
Maersk Training, Inc.*	Houston, US	100%		
Maersk H2S Safety Service A/S	Esbjerg, DK	100%	66,703	14,187
Maersk Training TMS A/S*	Svendborg, DK	100%		
Maersk Training DWC-LLC*	Dubai, AE	100%		

\*No local Annual Report is prepared.

## Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>9 Deferred tax</b>		
Deferred tax at 1 January	22,673	19,596
Deferred tax for the year recognised in profit/loss for the year	1,848	3,133
Adjustment of tax concerning previous years	<u>0</u>	<u>-56</u>
<b>Deferred tax at 31 December</b>	<b><u>24,521</u></b>	<b><u>22,673</u></b>
Deferred tax relates to:		
Tangible fixed assets	19,522	16,504
Provisions	<u>4,999</u>	<u>6,169</u>
<b>Deferred tax at 31 December</b>	<b><u>24,521</u></b>	<b><u>22,673</u></b>

## 10 Equity

The share capital consists of 10,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

The share capital has developed as follows:

	<u>2019</u> TDKK	<u>2018</u> TDKK	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK
Share capital at 1 January	10,000	10,000	10,000	10,000	8,000
Capital increase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
<b>Share capital at 31 December</b>	<b><u>10,000</u></b>	<b><u>10,000</u></b>	<b><u>10,000</u></b>	<b><u>10,000</u></b>	<b><u>10,000</u></b>

## 11 Long-term debt

Payments due within 1 year are classified as short-term debt.

The debt falls due for payment as specified below:

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>Credit institutions</b>		
After 5 years	7,915	9,537
Between 1 and 5 years	<u>6,018</u>	<u>5,718</u>
Long-term part	13,933	15,255
Within 1 year	<u>1,322</u>	<u>1,257</u>
	<b><u>15,255</u></b>	<b><u>16,512</u></b>

## Notes to the Financial Statements

### 11 Long-term debt (continued)

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>Lease obligations</b>		
After 5 years	22,422	24,152
Between 1 and 5 years	<u>5,797</u>	<u>5,093</u>
Long-term part	28,218	29,245
Within 1 year	<u>1,027</u>	<u>884</u>
	<b><u>29,245</u></b>	<b><u>30,129</u></b>
<b>Payables to group enterprises</b>		
Between 1 and 5 years	<u>118,586</u>	<u>128,033</u>
Long-term part	<u>118,586</u>	<u>128,033</u>
Within 1 year	18,215	5,000
Other short-term debt to group enterprises	<u>775</u>	<u>4,095</u>
Short-term part	<u>18,990</u>	<u>9,095</u>
	<b><u>137,576</u></b>	<b><u>137,128</u></b>

### 12 Contingent liabilities and other financial obligations

#### Rental agreements and leases

Lease obligations under operating leases. Total future lease payments:

	<u>2019</u> TDKK	<u>2018</u> TDKK
Within 1 year	293	303
Between 1 and 5 years	<u>221</u>	<u>429</u>
	<b><u>514</u></b>	<b><u>732</u></b>
Rental agreements, non-cancellation period of 6 month	1,404	1,598

#### Contingent liabilities

The Danish companies owned by A.P. Møller Holding A/S are jointly and severally liable for tax on consolidated taxable income.

The Company has provided guarantees at TNOK 771 to an external party regarding Maersk Training Norway AS' lease of buildings.

The Company has provided guarantees at TUSD 1,903 to an external party regarding Maersk Training, Inc.'s lease of buildings.

# Notes to the Financial Statements

## 13 Related parties and ownership

### Transactions

The company has as part of its business significant transactions with subsidiaries and other companies owned by A.P. Møller Holding A/S.

### *Consolidated Financial Statements*

The Company is included in the 2019 consolidated financial statements of A.P. Møller – Mærsk A/S, Cvr.: 22 75 62 14, and A.P. Møller Holding A/S, Cvr.: 25 67 92 88, who holds a controlling interest.

## **Accounting Policies**

### **Basis of Preparation**

The Annual Report of Maersk Training A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies of recognised and measured Investments in subsidiaries, has been changed from equity value to cost price. Management consider this policy to present a more true and fair view of the financial statements. The effect of the change had a positive effect of the net result for 2019 of 1,256 TDKK and equity of 82 TDKK.

The comparative figures has been adjusted accordingly.

Besides the above changes the accounting policies remain unchanged from last year.

Financial Statements for 2019 are presented in TDKK.

### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of A.P. Møller - Mærsk A/S, Cvr.: 22 75 62 14, the Company has not prepared consolidated financial statements.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of A.P. Møller - Mærsk A/S, Cvr.: 22 75 62 14, the Company has not prepared a cash flow statement.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

## **Accounting Policies**

### **Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## **Income Statement**

### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

### **Revenue**

Revenue is recognised when the risks and rewards have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## **Accounting Policies**

### **Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Depreciation and impairment losses**

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

### **Other operating income and expenses**

Other operating income and expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of property, plant and equipment.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes dividends received in the year.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish companies owned by A.P. Møller Holding A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Intangible assets and Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time

## **Accounting Policies**

when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50	years
Buildings on leased land	10-20	years
Other fixtures and fittings, tools and equipment	3-10	years
Software	3	years

Depreciation period and residual value are reassessed annually.

### **Investments in subsidiaries**

Investments in subsidiaries are recognized and measured at cost.

In the event the cost exceeds the recoverable amount, a write-down is made to this lower value. Indications of impairment exists for example when the cost exceeds the accumulated earnings since the acquisition or when the cost exceeds the net asset value of the investment. Recoverable amount used is the highest value of the expected net sales price and capital value. Capital value is determined as the present value of the expected net cash flow from the possession of the individual subsidiary. Impairment is recognized in the income statement as impairment of financial assets.

### **Receivables**

Receivables are recognized in the balance sheet at amortized cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which



## Accounting Policies

the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Return on assets

Profit before financials x 100 / Total assets

Solvency ratio

Equity at year end x 100 / Total assets at year end

Return on equity

Net profit for the year x 100 / Average equity