

CAPRICORN PETROLEUM LIMITED
REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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COMPANIES HOUSE

CAPRICORN PETROLEUM LIMITED

Directors:

Simon Thomson
James Smith
Paul Mayland

Secretary:

Duncan Wood

Independent Auditors:

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Solicitors:

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Registered Office:

50 Lothian Road
Edinburgh
EH3 9BY

Registered No:

SC329619

CAPRICORN PETROLEUM LIMITED

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2014.

Consolidated financial statements are not produced for the Company and its wholly owned subsidiary (detailed in note 4 to the financial statements) as provided under the exemption in section 400(1) of the Companies Act 2006.

The Company is a wholly-owned subsidiary of Capricorn Energy Limited. The results of the Company are consolidated into those of the ultimate parent company, Cairn Energy PLC, registered in Scotland, whose principal place of business is at 50 Lothian Road, Edinburgh, EH3 9BY.

Business Review

The Company's principal activity is that of a holding company.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and therefore not prepared a Strategic Report.

The Company currently holds investment in Capricorn Oil and Gas Tunisia GmbH which is in the process of liquidation. The directors are considering options for the Company's future.

During the year the Company made a profit of US\$2.9m (2013: loss of US\$0.5m) due to release of intercompany debts provision and exchange gains.

No dividend has been paid or declared in respect of the year ended 31 December 2014 (2013: US\$nil). The Company did not hold any cash and cash equivalents during the year and therefore a Statement of Cash Flows has not been presented.

Accounting Policies

The Company applies accounting policies in line with the Cairn Energy PLC Group accounting policies. Significant accounting policies of the Group are included in their financial statements. Accounting policies relating to non-material items are available on the Cairn Energy PLC website

Principal Risks and Uncertainties

The Company's principal risks and uncertainties derive from the Company's ability to liquidate its subsidiary without incurring further costs.

Financial Instruments

For detail of the Company's financial risk management policy see note 8.

Directors

The Directors who held office during the year and up to the date of signing the financial statements were:

Jann Brown (resigned 15 May 2014)

Mike Watts (resigned 15 May 2014)

James Smith (appointed 15 May 2014)

Paul Mayland (appointed 15 May 2014)

Simon Thomson

CAPRICORN PETROLEUM LIMITED

Directors' Report (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with 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 year. 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.

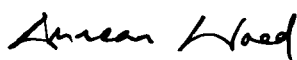
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Disclosure of Information to Auditors

The directors of the Company who held office as at the date of this report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the directors have taken appropriate steps to make themselves aware of the relevant audit information and that the Company's auditors are aware of this information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be presented at the annual general meeting.

By Order of the Board



Duncan Wood
Secretary
50 Lothian Road
Edinburgh EH3 9BY

11 June 2015

CAPRICORN PETROLEUM LIMITED

Independent auditors' report to the members of Capricorn Petroleum Limited

Report on the financial statements

Our opinion

In our opinion, Capricorn Petroleum 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 profit 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

Capricorn Petroleum Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the income statement and statement of comprehensive income 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.

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Entitlement to exemptions

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

CAPRICORN PETROLEUM LIMITED

Independent auditors' report to the members of Capricorn Petroleum Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.



Bruce Collins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
11 June 2015

CAPRICORN PETROLEUM LIMITED

Income Statement

For the year ended 31 December 2014

	Notes	2014 US\$	2013 US\$
Intercompany provision	5	(180,002)	
Reversal of intercompany provision	5	1,582,998	-
Exchange gain		1,511,738	-
Exchange loss		-	(462,022)
Profit/(loss) before taxation		2,914,734	(462,022)
Taxation	3	-	-
Profit/(loss) for the year		2,914,734	(462,022)

Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 US\$	2013 US\$
Profit/(loss) for the year	2,914,734	(462,022)
Total comprehensive income for the year	2,914,734	(462,022)

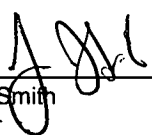
CAPRICORN PETROLEUM LIMITED

Balance Sheet

As at 31 December 2014

	Notes	2014 US\$	2013 US\$
Current assets			
Trade and other receivables	5	1,423,890	1,550,248
Total assets		1,423,890	1,550,248
Current liabilities			
Trade and other payables	6	-	52,017,159
Total liabilities		-	52,017,159
Net assets/(liabilities)		1,423,890	(50,466,911)
Equity			
Called-up share capital	7	3,420,921	3,420,921
Accumulated losses		(127,848,864)	(130,763,598)
Other reserves		125,851,833	76,875,766
Total equity		1,423,890	(50,466,911)

The financial statements on pages 6 to 16 were approved by the Board of Directors on 11 June 2015 and signed on its behalf by:


James Smith
Director

Company Registered Number SC329619

CAPRICORN PETROLEUM LIMITED

Statement of Changes in Equity

For the year ended 31 December 2014

	Called-up Share Capital US\$	Accumulated losses US\$	Other Reserves US\$	Total Equity US\$
At 1 January 2013	3,420,921	(130,301,576)	76,875,766	(50,004,889)
Loss for the year	-	(462,022)	-	(462,022)
Total comprehensive income for the year	-	(462,022)	-	(462,022)
At 1 January 2014	3,420,921	(130,763,598)	76,875,766	(50,466,911)
Profit for the year	-	2,914,734	-	2,914,734
Total comprehensive income for the year	-	2,914,734	-	2,914,734
Capital contribution	-	-	48,976,067	48,976,067
At 31 December 2014	3,420,921	(127,848,864)	125,851,833	1,423,890

CAPRICORN PETROLEUM LIMITED

Notes to the Financial Statements (continued)

1 Accounting Policies

a) Basis of preparation

The financial statements of Capricorn Petroleum Limited ("the Company") for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 11 June 2015. The Company is a limited company incorporated in Scotland and domiciled in the United Kingdom. The registered office is located at 50 Lothian Road, Edinburgh, Scotland.

The Company prepares its financial statements on a historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy. The Company's financial statements comply with the Companies Act 2006. The accounting policies adopted during the year are consistent with those adopted by the parent Cairn Energy PLC. Consolidated financial statements are not produced for the Company and its wholly owned subsidiary (detailed in note 4 to the financial statements) as provided under the exemption in section 400(1) of the Companies Act 2006.

The Company did not hold any cash and cash equivalents during the year, therefore a Statement of Cash Flows has not been presented.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 2. The financial position of the Company and borrowing facilities are presented in the financial statements and supporting notes. In addition, note 8 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources with which the directors believe that the Company is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Accounting standards

The Company prepares its financial statements in accordance with applicable International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") as adopted by the EU. The Company's financial statements are also consistent with IFRS as issued by the International Accounting Standards Board ("IASB") as they apply to accounting periods ended 31 December 2014.

Effective 1 January 2014, the Company has adopted the following standards:

- IFRS 10 "Consolidated Financial Statements"
- IFRS 11 "Joint Arrangements"
- IFRS 12 "Disclosure of interests in Other Entities"
- IAS 27 (amendment) "Separate Financial Statements"
- IAS 28 (amendment) "Investments in Associates and Joint Ventures"

There was no impact on the results for the year as a result of adoption.

The following amendments to standards issued by the IASB and endorsed by the EU have yet to be adopted by the Company:

- Annual improvements to IFRSs 2010-2012 Cycle (effective 1 July 2014)

The adoption of these amendments will have no material impact on the Company's results or financial statement disclosures. There are no other standards or amendments issued by the IASB and endorsed by the EU that will impact the Company.

CAPRICORN PETROLEUM LIMITED

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

c) Investments

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment. In testing for impairment the carrying value of the investment is compared to its recoverable amount, being its fair value less costs of disposal. The fair value is based on the discounted future net cash flows of any oil and gas assets held by the subsidiary, using estimated cash flow projections over the licence period. For exploration assets, estimated discounted cash flows are risk-weighted for future exploration success.

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are categorised as financial assets held at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Company holds financial assets which are classified as either available-for-sale financial assets or loans and receivables, with the exception of derivative financial instruments which are held at fair value through profit or loss.

Financial liabilities generally substantiate claims for repayment in cash or another financial asset. Financial liabilities are categorised as either fair value through profit or loss or held at amortised cost. All of the Company's financial liabilities are held at amortised cost, with the exception of derivative financial instruments which are held at fair value through profit or loss.

Financial instruments are generally recognised as soon as the Company becomes party to the contractual regulations of the financial instrument.

Other payables and other non derivative financial liabilities

Other payables are non-interest bearing and are measured initially at fair value and subsequently amortised cost.

Other receivables

Other receivables (classified as loans and receivables under IAS 39) that have fixed or determinable payments that are not quoted on an active market are initially measured at fair value and then subsequently at amortised cost using the effective interest method less any impairment. Other receivables are recognised when invoiced. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

The carrying amounts of other receivables are tested at each reporting date to determine whether there is objective material evidence of impairment, for example overdue trade debt. Any impairment losses are recognised through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement or Balance Sheet in accordance with where the original receivable was recognised.

e) Equity

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

Capital contribution from the parent is recognised at the fair value of the debt forgiven by the parent company. At the reporting date, any debts due to or due from group companies are reviewed. Where the fair value of the assets in the underlying subsidiary supports the issue of equity shares to reduce intercompany balances, equity shares are issued to reduce the debt. However, if this is not the case, the debt is usually forgiven by the parent, and the amount is considered as capital contribution in the subsidiary.

CAPRICORN PETROLEUM LIMITED

Notes to the Financial Statements (continued)

1 Accounting Policies (continued)

f) **Taxation**

The total tax charge or credit represents the sum of current tax and deferred tax. The current tax is based on taxable profit or loss for the year. Taxable profit or loss differs from net profit or loss as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint operations where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences that exist only where it is probable that taxable profits will be generated against which the carrying value of the deferred tax asset can be recovered.

A deferred tax asset or liability is not recognised if a temporary difference arises on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Current and deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2 Operating Loss

Auditor's remuneration

The Company's auditors' remuneration of US\$2,611 (2013: US\$2,347) has been borne by the intermediate holding company Capricorn Energy Limited. Auditors' remuneration for other services is disclosed in the financial statements of Cairn Energy PLC, the ultimate parent undertaking.

The Company has a policy in place for the award of non-audit work to the auditors which, in certain circumstances, requires approval by the Audit Committee of Cairn Energy PLC, the ultimate parent undertaking. No such costs were incurred by the Company during the year (2013: US\$nil).

Employees

This company has no employees (2013: none).

CAPRICORN PETROLEUM LIMITED

Notes to the Financial Statements (continued)

3 Taxation

Factors affecting tax expense for year

A reconciliation of the income tax expense applicable to the profit before income tax at the applicable tax rate to the income tax expense at the Company's effective income tax rate is as follows:

	2014 US\$	2013 US\$
Profit/(loss) before taxation	2,914,734	(462,022)
Tax at the standard rate of UK corporation tax of 21.5% (2013: 23.25%)	626,668	(107,420)
Effects of:		
Non-taxable income/non-deductible expenses	(301,644)	-
Temporary differences not recognised	-	68,403
Tax losses (claimed from) / surrendered to other group companies	(325,024)	39,017
Total tax charge	-	-

Factors that may affect future corporation tax charges

The UK main rate of corporation tax was 23% prior to 1 April 2015, and 21% from that date onwards. The reduction in the tax rate from 23% to 21% has resulted in an average rate of corporation tax of 21.5% for the year ended 31 December 2014, as shown above. The rate will reduce to 20% on 1 April 2015.

No deferred tax asset has been recognised at the year end on temporary differences in respect of finance losses carried forward for future relief of US\$nil (2013: US\$294,208) as it is not considered probable that these will be utilised in future periods.

4 Investments

	Subsidiary undertakings US\$
Cost	
At 1 January 2013 and 31 December 2013	109,974,119
Write off on liquidation	35,474,561
At 31 December 2014	74,499,558
Impairment	
At 1 January 2013 and 31 December 2013	109,974,119
Write off on liquidation	35,474,561
At 31 December 2014	74,499,558
Net book value at 1 January 2013, 31 December 2013 and 2014	-

The Company's subsidiaries as at the Balance Sheet date are set out below:-

	Principal activity	Country of incorporation	Country of operation	Proportion of voting rights and ordinary shares
Direct holdings				
Capricorn Oil and Gas Tunisia GmbH	Exploration	Switzerland	Tunisia	100%

CAPRICORN PETROLEUM LIMITED
Notes to the Financial Statements (continued)

5 Trade and Other Receivables

	31 December 2014 US\$	31 December 2013 US\$
Amounts owed by group companies	1,423,890	1,550,248

As at 31 December, the ageing analysis of trade and other receivables is set out below:

	Total US\$	>120 days US\$
2014		
Past due but not impaired	1,423,890	1,423,890
Past due and impaired	6,773,377	6,773,377
Allowance for doubtful debts	(6,773,377)	(6,773,377)
As at 31 December 2014	1,423,890	1,423,890
	Total US\$	>120 days US\$
2013		
Past due but not impaired	1,550,248	1,550,248
Past due and impaired	26,670,040	26,670,040
Allowance for doubtful debts	(26,670,040)	(26,670,040)
As at 31 December 2013	1,550,248	1,550,248

The movement in the allowance for doubtful debts individually or collectively impaired is set out below:

	Amounts owed by subsidiary undertakings US\$
At 1 January 2013 and 2014	(26,670,040)
Amounts released on liquidation of subsidiary	20,087,337
Amounts provided during year	(180,002)
At 31 December 2014	(6,762,705)

During the year, US\$18,504,339 due from medOil Plc, which was a subsidiary was written off. A provision of US\$1,582,998 was also written off.

6 Trade and Other Payables

	31 December 2014 US\$	31 December 2013 US\$
Amounts owed to group companies	-	52,017,159

CAPRICORN PETROLEUM LIMITED

Notes to the Financial Statements (continued)

7 Called-up Share Capital and Reserves

	£1 Ordinary shares Number of shares	£1 Ordinary shares US\$
Allotted, issued and fully paid ordinary shares		
At 31 December 2013 and 2014	2,221,954	3,420,921

Other Reserves

During the year, Capricorn Energy Limited, the parent company waived debts due of US\$24.2m and Capricorn Oil Limited, a group company waived debts due of US\$24.8m, both of which were credited to other reserves.

8 Financial Risk Management: Objectives and Policies

The main risks arising from the Company's financial instruments are liquidity risk and foreign currency risk. The Board of the Company's ultimate parent company, Cairn Energy PLC through the Treasury Sub-Committee, reviews and agrees policies for managing each of these risks and these are summarised below.

The Group's treasury function, at Cairn Energy PLC, and Executive Team as appropriate are responsible for managing these risks, in accordance with the policies set by the Cairn Energy PLC Board. Management of these risks is carried out by monitoring of cash flows, investment and funding requirements using a variety of techniques. These potential exposures are managed whilst ensuring that the Company and the Group have adequate liquidity at all times in order to meet their immediate cash requirements. There are no significant concentrations of risks unless otherwise stated. The Company does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The primary financial assets and liabilities of the Company comprise intra-group loans and other receivables and financial liabilities held at amortised cost. The Company strategy is to finance its operations through a mixture of retained profits and group borrowings. Other alternatives such as equity issues and other forms of non investment-grade debt finance are reviewed by the Cairn Energy PLC Board, when appropriate.

Liquidity risk

The Cairn Energy PLC Group closely monitors and manages its liquidity risk using both short and long-term cash flow projections, supplemented by debt financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in and delays of development projects. The forecasts show that the Group and Company will be able to operate within its current debt facilities and have significant financial headroom for the 12 months from the date of approval of the 2014 Annual Report and Accounts.

Foreign currency risk

The Company manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position. Where residual net exposures do exist and they are considered significant the Company, the Company may from time to time opt to use derivative financial instruments to minimise the exposure to fluctuations in foreign exchange and interest rates. At this time, however, there are no such instruments (2013: none).

Capital Management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements of the subsidiary companies. The Group's treasury function monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages the capital structure and makes adjustments to it in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may issue shares for cash, repay debt, put in place new debt facilities or other such restructuring activities as appropriate. No significant changes were made in the objectives, policies or processes during the year ended 31 December 2014.

CAPRICORN PETROLEUM LIMITED
Notes to the Financial Statements (continued)

8 Financial Risk Management: Objectives and Policies (continued)

Capital Management (continued)

Company capital and net debt were made up as follows:

	31 December 2014 US\$	31 December 2013 US\$
Trade and other payables	-	52,017,159
Net debt	-	52,017,159
Equity	1,423,890	(50,466,911)
Capital and net debt	1,423,890	1,550,248
Gearing ratio	-	3,355%

9 Financial Instruments

The Company calculates the fair value of assets and liabilities by reference to amounts considered to be receivable or payable on the Balance Sheet date. The Company's financial assets and liabilities, together with their fair values are as follows:

Financial assets	Carrying amount		Fair value	
	31 December 2014 US\$	31 December 2013 US\$	31 December 2014 US\$	31 December 2013 US\$
Trade and other receivables	1,423,890	1,550,248	1,423,890	1,550,248

All of the above financial assets are current and stated after allowances for doubtful debts. An analysis of the ageing of other receivables is provided in note 5.

Financial liabilities	Carrying amount		Fair value	
	31 December 2014 US\$	31 December 2013 US\$	31 December 2014 US\$	31 December 2013 US\$
Amounts owed to group companies	-	52,017,159	-	52,017,159

The fair value of financial assets and liabilities has been calculated by discounting the expected future cash flows at prevailing interest rates.

Maturity analysis

The Company's financial liabilities have a maturity of less than one year (2013: less than one year).

CAPRICORN PETROLEUM LIMITED

Notes to the Financial Statements (continued)

10 Related Party Transactions

The following table provides the balances which are outstanding with group companies at the Balance Sheet date:

	31 December 2014 US\$	31 December 2013 US\$
Amounts owed by group companies	1,423,890	1,550,248
Amounts owed to group companies	-	(52,017,159)
	1,423,890	(50,466,911)

The amounts outstanding are unsecured, repayable on demand and will be settled in cash. Interest, where charged, is at market rates. No guarantees have been given.

a) Remuneration of key management personnel and directors

The directors of the Company are also directors of other companies in the Cairn Energy PLC Group. The directors received remuneration for the year of US\$5.4m (2013: US\$3.7m) and pension contributions of US\$0.4m (2013: US\$0.3m) all of which was paid by other companies in the group. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of Cairn Energy PLC and fellow subsidiary companies. There are no agreements between the Company and the Board of Directors.

b) Other transactions

During the year medOil Plc, a subsidiary in the past was liquidated and amounts due from the subsidiary were written off. See note 5 for details.

Capricorn Energy Limited and Capricorn Oil Limited waived loans total of US\$48,976,067 which were credited to other reserves. See note 7 for details.

11 Ultimate Parent Company

The Company is a wholly-owned subsidiary of Capricorn Energy Limited. The results of the Company are consolidated into those of the ultimate parent company, Cairn Energy PLC, registered in Scotland, whose principal place of business is at 50 Lothian Road, Edinburgh, EH3 9BY.

Copies of Cairn Energy PLC's financial statements are available to the public and may be obtained from the above mentioned address.