



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

4 FINANCIAL STATEMENTS 2018

4.3.25 DEFERRED INCOME

The deferred incomes are as follows:

	31 December 2018	31 December 2017
Deferred income on operating lease contracts	200	249
Total	200	249

The deferred income on operating lease contracts is mainly related to the revenue for one of the operating lease units, which reflects a decreasing day-rate schedule. As income is shown in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant contracts.

4.3.26 PROVISIONS

The movement and type of provisions during the year 2018 are summarized as follows:

Provisions (movements)

	Demobilisation	Onerous contracts	Warranty	Employee benefits	Brazil investigation	Other	Total
Balance at 31 December 2017	93	63	68	23	299	285	830
Derecognition at 1 January following early application IFRS 16	-	(63)	-	-	-	-	(63)
Balance at 1 January 2018	93	-	68	23	299	285	768
Arising during the year	-	0	12	1	48	77	138
Unwinding of interest	3	-	-	0	0	-	4
Utilised	-	-	(11)	(1)	(196)	(84)	(292)
Released to profit	-	-	(35)	0	-	(14)	(49)
Through OCI	-	-	-	4	-	-	4
Other	-	-	0	0	(103)	0	(103)
Foreign currency variations	-	-	0	(1)	-	(3)	(4)
Balance at 31 December 2018	96	0	34	26	48	262	467
of which :							
Non-current portion	96	-	-	26	28	0	150
Current portion	0	0	34	-	21	262	317

Demobilization

The provision for demobilization relates to the costs for demobilization of the vessels and floating equipment at the end of the respective operating lease periods. The obligations are valued at net present value, and a yearly basis interest is added to this provision. The recognized interest is included in the line item 'Financial expenses' of the consolidated income statement (please refer to note 4.3.9 Net Financing Costs).

Expected outflow within one year is nil and amounts to US\$ 31 million between one and five years, and US\$ 65 million after five years.

Onerous contract

Onerous contract provisions related to lease contracts were derecognized following the adoption of IFRS 16 on January 1, 2018 (see note 4.2.7 Accounting Principles). As per IFRS 16, right-of-use assets will be subject to impairment, if applicable.