

2017

ANNUAL REPORT



EXPERIENCE MATTERS

4 FINANCIAL STATEMENTS 2017

default needed to be remedied, or the terms of the loan arrangement renegotiated, before the financial statements were authorized for issue.

4.3.25 DEFERRED INCOME

The deferred incomes are as follows:

	31 December 2017	31 December 2016
Deferred income on operating lease contracts	249	247
Other	-	16
Total	249	263

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 IAS 17 '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 2017 are summarized as follows:

Provisions (movements)

	Demobilisation	Onerous contracts	Warranty	Employee benefits	Other	Total
Balance at 1 January 2017	103	42	104	26	330	604
Arising during the year	-	40	43	2	253	338
Unwinding of interest	4	1	-	0	18	22
Utilised	-	(21)	(41)	(1)	(11)	(74)
Released to profit	-	0	(39)	0	(4)	(43)
Through OCI	-	-	-	(7)	-	(7)
Other	(14)	-	0	0	0	(14)
Foreign currency variations	-	1	0	2	0	3
Balance at 31 December 2017	93	63	68	23	584	830
of which :						
Non-current portion	93	41	-	23	86	242
Current portion	0	22	68	-	498	588

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 financial expenses (please refer to note 4.3.7 'Net financing costs').

The 'Other' movement of the demobilization provision relates to updates of the estimated demobilization cost based on the latest available benchmarks where updates of the demobilization costs are recognized both impacting the provision and the asset.

Expected outflow within one year is nil and amounts to US\$ 29 million between one and five years and US\$ 63 million after five years.