



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

4 CORPORATE STATEMENTS 2020

4.3.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables (summary)

	<i>Note</i>	31 December 2020	31 December 2019
Trade debtors		115	128
Other accrued income		280	140
Prepayments		64	115
Accrued income in respect of delivered orders		41	51
Other receivables		67	73
Taxes and social security		33	37
Current portion of loan to joint ventures and associates	<i>4.3.16</i>	14	30
Total		614	573

The increase in other accrued income is a result of the recognition of accrued income related to the *FPSO Capixaba* and the Deep Panuke MOPU.

At the request of the client, *FPSO Capixaba* was shut down in April 2020 enabling the Company to complete an extensive maintenance program. In agreement with the client, this shutdown was extended to a total duration of approximately four months. During this period, no charter payment was due. The period of approximately four months has been added to the charter contract at the end of the current lease period, leading to the recognition of an associated accrued income of approximately US\$20 million to ensure the recognition of the unchanged remaining lease income on a straight-line basis over the new duration of the lease with reference to IFRS 16 'Leases'.

The Deep Panuke MOPU was safely redelivered by the client to the Company in July 2020. As a result of the redelivery of the unit and the final settlement, the lease period of the unit, as per accounting requirements, has ended and the Company (i) recognized the remaining contractual revenue (US\$122 million), which also includes the portion of the financial consideration to be received in 2021 in case no early lump sum payment is made (i.e. US\$77 million). Therefore, the amount of US\$77 million is included in other accrued income as per December 31, 2020.

The decrease in prepayments of US\$51 million is mainly related the progress made in 2020 on the construction of a new multi-purpose floater hull which has not yet been allocated to a project.

The carrying amounts of the Company's trade debtors are distributed in the following countries:

Trade debtors (countries where Company's trade debtors are distributed)

	31 December 2020	31 December 2019
Angola	37	25
Brazil	10	16
Guyana	12	23
Equatorial Guinea	3	13
The United States of America	9	6
Malaysia	2	11
Australia	0	3
China	5	5
Other	37	28
Total	115	128

The trade debtors balance is the nominal value less an allowance for estimated impairment losses as follows:

Trade debtors (trade debtors balance)

	31 December 2020	31 December 2019
Nominal amount	118	130
Impairment allowance	(3)	(2)
Total	115	128

The allowance for impairment represents the Company's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual exposures. Furthermore, the Company uses historical credit loss experience as well as forward-looking information to determine a 1% expected credit loss rate on individually insignificant trade receivable balances. The creation and release for impaired trade debtors due to credit risk are reported in the line item 'Net impairment losses on financial and contract assets' of the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The ageing of the nominal amounts of the trade debtors are:

Trade debtors (ageing of the nominal amounts of the trade debtors)

	31 December 2020		31 December 2019	
	Nominal	Impairment	Nominal	Impairment
Not past due	69	(2)	67	1
Past due 0-30 days	5	(0)	27	-
Past due 31-120 days	15	(0)	22	-
Past due 121- 365 days	9	(0)	6	-
More than one year	21	(1)	8	-
Total	118	(3)	130	1

Not past due are those receivables for which either the contractual or 'normal' payment date has not yet elapsed. Past due are those amounts for which either the contractual or the 'normal' payment date has passed. Amounts that are past due but not impaired relate to a number of Company joint ventures and independent customers for whom there is no recent history of default, or the receivable amount can be offset by amounts included in current liabilities.

For the closing balance and movements during the year of allowances on trade receivables, please refer to note 4.3.29 Financial Instruments – Fair Values and Risk Management.

4.3.20 CONSTRUCTION WORK-IN-PROGRESS

The details regarding construction work -in-progress are included in the following table:

	Note	31 December 2020	31 December 2019
Recognized revenue		2,492	1,508
Instalments invoiced		(309)	(577)
Reclassification to contract liability	4.3.27	69	42
Net impairment losses on contract assets	4.3.8	(4)	(0)
Total construction work-in-progress		2,248	973

The significant portion of the outstanding balance of construction work-in-progress as of December 31, 2020 relates to the *Liza Unity* (FPSO), *FPSO Sepetiba* and *Prosperity* (FPSO) finance lease projects since the Company will receive most of the payments for the construction only during the lease period through bareboat charter payments. The increase in the construction work-in-progress is mainly driven by the progress made in 2020 on the *Liza Unity* (FPSO), *FPSO Sepetiba* and *Prosperity* (FPSO) projects.