



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

since the obligation became an intercompany liability eliminated in the group consolidated financial statements. The value of the lease liability at the acquisition date was US\$87 million. Please refer to note 4.3.1 Financial Highlights.

Maturity of the lease liabilities is analyzed as follows:

	31 December 2020
Within one year	20
Between 1 and 2 years	18
Between 2 and 5 years	28
More than 5 years	6
Balance at 31 December	71

The total cash outflow for leases in 2020 was US\$31 million, which includes redemptions of principal and interest payments.

4.3.25 DEFERRED INCOME

Deferred income is as follows:

	31 December 2020	31 December 2019
Deferred income on operating lease contracts	-	150
Total	0	150

The deferred income on operating lease contracts was mainly related to the revenue *FPSO Espirito Santo*, which reflected a decreasing day-rate schedule. As revenue 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 was included as deferred income as of December 31, 2019.

The decrease in deferred income of US\$150 million compared with prior year is entirely due to the sale of the *FPSO Espirito Santo* following the newly negotiated contract with the client in December 2020, which resulted in a finance lease accounting treatment instead of an operating lease. We refer to note 4.3.15 Finance Lease Receivables.

4.3.26 PROVISIONS

The movement and type of provisions during the year 2020 are summarized as follows:

Provisions (movements)

	Demobilisation	Onerous contracts	Warranty	Employee benefits	Restructuring	Other	Total
Balance at 31 December 2019	124	-	49	28	0	81	283
Derecognition at 1 January following early application IFRS 16	-	-	-	-	-	-	-
Balance at 1 January 2020	124	-	49	28	0	82	283
Arising during the year	18	3	19	5	46	95	187
Unwinding of interest	7	-	-	0	-	-	7
Utilised	(13)	0	(1)	(1)	(16)	(5)	(35)
Released to profit	(0)	-	(30)	(3)	(0)	(12)	(46)
Other movement	0	-	(0)	5	(25)	1	(19)
Balance at 31 December 2020	135	3	37	34	6	161	377
of which :							
Non-current portion	111	1	-	34	-	102	248
Current portion	23	2	37	-	6	59	128