



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

4 FINANCIAL STATEMENTS 2019

The following part of the net investment in the lease is included as part of the current assets within the statement of financial position:

Finance lease receivables (part of the net investment included as part of the current assets)

	31 December 2019	31 December 2018
Gross receivable	790	669
Less: unearned finance income	(503)	(474)
Current portion of finance lease receivable	287	195

The maximum exposure to credit risk at the reporting date is the carrying amount of the finance lease receivables taking into account the risk of recoverability. The Company performed an assessment which concluded that the credit risk for these receivables has not increased significantly since the initial recognition. The Company does not hold any collateral as security.

Purchase and termination options

The finance lease contracts of FPSO *Aseng* and FPSO *Liza Destiny*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early. The exercise of the purchase option as of December 31, 2019 would have resulted in a gain or a near break-even result for the Company. The exercise of the early termination option, in which case the Company would retain the vessels, would have resulted in a gain for FPSO *Liza Destiny* and break even for FPSO *Aseng*.

The finance lease contract of FPSO *Liza Unity* (under construction as per December 31, 2019) also contains options for the client to purchase the underlying asset or terminate the contract early. These options are exercisable at any time starting from the delivery date of the vessel.

4.3.16 OTHER FINANCIAL ASSETS

The breakdown of the non-current portion of other financial assets is as follows:

	31 December 2019	31 December 2018
Non-current portion of other receivables	76	79
Sublease receivable	4	-
Non-current portion of loans to joint ventures and associates	25	133
Total	104	211

The decrease in the non-current portion of loans to joint ventures and associates is mainly explained by the repayment of loans from Sonasing Xikomba Ltd., the entity that owns the FPSO *N'Goma*, to the Company following optimization of the non-recourse project loan in 2019 (see note 4.3.1 Financial Highlights).

The maximum exposure to credit risk at the reporting date is the carrying amount of the interest-bearing loans taking into account the risk of recoverability (for expected credit losses refer to note 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets and note 4.3.29 Financial Instruments – Fair Values and Risk Management). The Company does not hold any collateral as security.

LOANS TO JOINT VENTURES AND ASSOCIATES

	<i>Notes</i>	31 December 2019	31 December 2018
Current portion of loans to joint ventures and associates	4.3.19	30	101
Non-current portion of loans to joint ventures and associates		25	133
Total	4.3.33	55	234

The decrease in the current portion of loans to joint ventures and associates is also linked to the repayment from joint ventures to the Company following their external refinancing.

The carrying amount of funding loans is reduced by an amount of US\$168 million as of December 31, 2019 (December 31, 2018: US\$168 million) due to cumulative losses in two joint ventures.

The maximum exposure to credit risk at the reporting date is the carrying amount of the loans to joint ventures and associates, taking into account the risk of recoverability. The Company does not hold any collateral as security.

4.3.17 DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities and associated offsets are summarized as follows:

Deferred tax positions (summary)

	31 December 2019			31 December 2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	16	(16)	-	26	(26)
Tax losses	9	-	9	11	-	11
Other	12	7	6	15	10	5
Book value at 31 December	22	23	(1)	26	36	(10)

Movements in net deferred tax positions

	Note	2019	2018
		Net	Net
Deferred tax at 1 January		(10)	11
Deferred tax recognized in the income statement	4.3.10	9	(20)
Foreign currency variations		(0)	(1)
Total movements		9	(21)
Deferred tax at 31 December		(1)	(10)

Expected realization and settlement of deferred tax positions is within 9 years. The current portion of the net deferred tax position (liability) as of December 31, 2019 amounts to US\$2 million. The deferred tax losses are expected to be recovered based on the anticipated profit in the applicable jurisdiction. The Company has US\$16 million (2018: US\$24 million) of deferred tax assets unrecognized in 2019 due to current tax losses not valued. The term in which these unrecognized deferred tax assets could be settled depends on the respective tax jurisdiction and ranges from seven years to an unlimited period of time.

The non-current portion of deferred tax assets amounts to US\$8 million (2018: US\$17 million). On a cumulative basis a total amount of US\$197 million at the end of 2019 (2018: US\$193 million) corresponds to deferred tax assets unrecognized on temporary differences, unused tax losses and tax credits.

Expiry date on deferred tax assets unrecognized on temporary differences, unused tax losses and tax credits:

	2019	2018
Within one year	1,657	9,837
More than a year but less than 5 years	18,527	7,768
More than 5 years but less than 10 years	8,555	19,033
More than 10 years but less than 20 years	92,181	91,259
Unlimited period of time	75,883	65,478
Total	196,803	193,375