



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

4 FINANCIAL STATEMENTS 2019

Deferred tax assets per location are as follows:

Deferred tax positions per location

	31 December 2019			31 December 2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Canada	12	16	(4)	14	26	(12)
Guyana	-	7	(7)	-	10	(10)
Monaco	5	-	5	5	-	5
Switzerland	1	-	1	3	-	3
the Netherlands	3	-	3	3	-	3
Brazil	1	-	1	1	-	1
Other	0	-	0	-	-	-
Book value at 31 December	22	23	(1)	26	36	(10)

4.3.18 INVENTORIES

	31 December 2019	31 December 2018
Materials and consumables	6	3
Goods for resale	2	2
MPF under construction	0	96
Total	8	101

Multi-purpose hulls under construction relate to the ongoing EPC phase of Fast4Ward® new-build hulls. The Fast4Ward® hulls remain in inventory until they are allocated to a specific FPSO contract. The Company has five multi-purpose hulls as of December 31, 2019 out of which three have been transferred to construction work-in-progress upon the award of the lease and operate contracts for FPSO *Liza Unity* and FPSO *Sepetiba* and the awarded initial limited scope for the FPSO *Prosperity* project. Two multipurpose hulls have not yet been allocated to a project and are therefore accounted for under inventory at December 31, 2019. Following the award of the respective contracts in December 2019 (see note 4.3.1 Financial Highlights), progress on these two hulls has been limited up to December 31, 2019.

4.3.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables (summary)

	Note	31 December 2019	31 December 2018
Trade debtors		128	175
Other accrued income		140	121
Prepayments		115	87
Accrued income in respect of delivered orders		51	13
Other receivables		73	81
Taxes and social security		37	18
Current portion of loan to joint ventures and associates	4.3.16	30	101
Total		573	596

The decrease in 'Trade debtors' of US\$47 million is mainly thanks to improved cash collection and an offsetting agreement between the Company and some of the joint ventures signed in 2019.

The increase in 'Prepayments' of US\$28 million is a result of advance payments in relation to the construction of a new multi-purpose floater hull which has been allocated to the FPSO *Sepetiba*.

The increase in accrued income in respect of delivered orders of US\$38 million is a result of the completion of the FPSO *Liza Destiny* project during the current year.

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 2019	31 December 2018
Angola	25	64
Brazil	16	31
Guyana	23	6
Equatorial Guinea	13	12
The United States of America	6	10
Malaysia	11	9
Australia	3	6
China	5	14
Other	28	22
Total	128	175

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

Trade debtors (trade debtors balance)

	31 December 2019	31 December 2018
Nominal amount	130	188
Impairment allowance	(2)	(12)
Total	128	175

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 2019		31 December 2018	
	Nominal	Impairment	Nominal	Impairment
Not past due	67	(1)	108	(1)
Past due 0-30 days	27	(0)	23	(2)
Past due 31-120 days	22	(0)	23	(1)
Past due 121- 365 days	6	(0)	21	(4)
More than one year	8	(1)	12	(4)
Total	130	(2)	188	(12)

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.