

Petrofac International Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

14 FAIR VALUE MEASUREMENT (continued)

Assets measured at fair value

Year ended 31 December 2016

		Carrying amount US\$'000	Fair value US\$'000
Financial assets			
Forward currency contracts-designated as cash flow hedges	Level 2	361	361
Forward currency contracts-undesignated	Level 2	287	287
Cash and short-term deposits	Level 2	914,545	914,545
Restricted cash	Level 2	45,824	45,824
Financial liabilities			
Forward currency contracts-designated as cash flow hedges	Level 2	44,456	44,456

Year ended 31 December 2015

		Carrying amount US\$'000	Fair value US\$'000
Financial assets			
Forward currency contracts-designated as cash flow hedges	Level 2	101,140	101,140
Forward currency contracts-undesignated	Level 2	6	6
Cash and short-term deposits	Level 2	949,833	949,833
Restricted cash	Level 2	75,945	75,945
Financial liabilities			
Forward currency contracts-designated as cash flow hedges	Level 2	81,441	81,441
Interest bearings loans and borrowings	Level 2	539,999	539,999

The Group considers that the carrying amounts of trade and other receivables, trade and other payables, other current and non-current financial assets and liabilities (other than forward currency contracts) approximate their fair values and are, therefore, excluded from the above table.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- the Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are the foreign exchange forward contracts.
- the fair values of long-term interest-bearing loans and borrowings are equivalent to their amortised costs determined as the present value of discounted future cash flows using the effective interest rate.