

Petrofac International Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

26 TRADE AND OTHER PAYABLES

	2016 US\$'000	2015 US\$'000
Trade payables	478,653	376,590
Advances received from customers	692,170	1,081,250
Accrued expenses	360,568	526,543
Other taxes payable	17,808	12,108
Other payables	145,851	101,289
	<u>1,695,050</u>	<u>2,097,780</u>

Trade payables are non-interest bearing and are normally settled on terms of between 30 and 60 days.

Advances received from customers represent payments received for contracts on which the related work had not been performed at the statement of financial position date.

Other payables mainly consist of retentions held against subcontractors of US\$ 87,575 thousand (2015: US\$ 70,702 thousand) and amounts payable to joint venture partners of US\$ 26,832 thousand (2015: US\$ 22,093 thousand).

As at 31 December 2016, trade and other payables of US\$ 13,459 thousand (2015: US\$ nil) were reclassified to liabilities associated with assets held for sale (note 12).

Certain trade and other payables will be settled in currencies other than the reporting currency of the Group, mainly in Sterling, Euros and Kuwaiti Dinars.

27 RELATED PARTY TRANSACTIONS AND BALANCES

The consolidated financial statements include the financial information of Petrofac International Ltd and the subsidiaries listed in note 30.

Related parties represent parent company, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of related party transactions are approved by the Group's management.

Balances with related parties included in the statement of financial position are as follows:

	2016 US\$'000	2015 US\$'000
Non-current:		
<i>Loans to related parties:</i>		
Companies under common control of the parent company	<u>224,161</u>	<u>472,484</u>
<i>Loans from related parties:</i>		
Companies under common control of the parent company	547,776	-
Parent company	<u>74,941</u>	<u>-</u>
	<u>622,717</u>	<u>-</u>

Loans to companies under common control of the parent company mainly include US\$ 218,897 thousand (2015: US\$ 193,832 thousand) for the purpose of financing production sharing contracts in PM304.

Loan from parent company of US\$ 74,941 thousand (2015: US\$ 68,293 thousand) relates to the construction of the JSD 6000 installation vessel (note 8). The loan carries an interest at LIBOR + 200 basis points per annum (2015: LIBOR + 200 basis points per annum) and is repayable by 31 December 2019.