

16. Trade receivables and other assets

	Note	Dec 31 2016	Dec 31 2015
Non-current financial assets:		306,897	145,991
Security deposits receivable		17,042	20,458
Finance lease receivables	16.2	14,571	11,018
Oil and Gas Extraction Facility Decommissioning Fund ⁽¹⁾		33,195	31,794
Cash for removal of the MOPU from the YME field		-	69,453
Security deposit - ICE Futures		19,564	3,176
Security deposits related to licensed activities		20,663	-
Cash securing contractual obligations related to future decommissioning of assets		192,017	-
Shares		9,752	9,752
Other receivables		93	340
Current financial assets:		2,569,646	2,223,366
Trade receivables		2,251,727	1,550,900
- including from related entities	31.1	16,149	12,219
Security deposits receivable		14,643	7,761
Deposits		189,196	85,519
Cash earmarked for the EFRA Project		-	438,329
Cash for removal of the MOPU from the YME field ⁽²⁾		75,284	39,087
Security deposit under EPCM contract for the offshore production unit in the B-8 field		-	10,620
Settlements under joint operations (Norwegian fields) ⁽³⁾		1,415	15,431
Security deposits related to the use of gas fuel distribution and transmission system		14,386	13,952
Receivables under commodity swap settlement		-	49,208
Receivables under payment cards (service stations)		9,063	4,426
Other receivables		13,932	8,133
Financial assets		2,876,543	2,369,357
Non-current non-financial assets		5,216	55,017
Costs related to disbursement of the EFRA Project financing		-	48,568

Other	5,216	6,449
Current non-financial assets:	259,317	183,870
Value-added tax receivable	110,247	95,753
Property and other insurance	25,615	28,294
Excise duty on inter-warehouse transfers	34,734	31,015
Settlements under joint operations (Norwegian fields) ⁽³⁾	68,019	-
Prepaid deliveries	8,498	13,607
Prepayments for IT services	5,404	7,141
Other	6,800	8,060
Non-financial assets	264,533	238,887
Total	3,141,076	2,608,244
including:		
non-current	312,113	201,008
current:	2,828,963	2,407,236
- trade payables	2,251,727	1,550,900
- other	577,236	856,336

⁽¹⁾ Cash deposited in the bank account of the Oil and Gas Facility Decommissioning Fund (created pursuant to the Geological and Mining Law of February 4th 1994 and the Minister of Economy's Regulation of June 24th 2002) to cover future costs of decommissioning of oil extraction facilities, see [Note 30.1](#).

⁽²⁾ Cash held in an escrow account associated with the agreement concluded between the parties involved in the YME project in Norway (for more details on the agreement, see [Note 30.1](#)).

⁽³⁾ Receivables of LOTOS Exploration and Production Norge AS (LOTOS Petrobaltic Group, the upstream segment) under mutual settlements between the operator and consortium members concerning specific Norwegian fields.

As at December 31st 2016 and December 31st 2015, deposits included the Parent's *deposits* designated for the overhaul shutdown of the refinery planned for 2017, deposits securing payments of interest under credit facilities contracted for the financing of the 10+ Programme, as well as for the financing and refinancing of inventories.

The collection period for trade receivables in the ordinary course of business is 70-35 days.

As at December 31st 2016, the Group's receivables of PLN 23,250 thousand (December 31st 2015: PLN 20,845 thousand) were assigned by way of security for the Group's liabilities.

For description of the financial instruments, see [Note 7.22](#). For description of objectives and policies of financial risk management, see [Note 28](#).

For currency risk sensitivity analysis of financial assets, see [Note 28.3.1](#).

For interest rate risk sensitivity analysis of financial assets, see [Note 28.4.1](#).

For maximum credit risk exposure of financial assets, see [Note 28.6](#).

16.1 Change in impairment losses on receivables

	2016	2015
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At beginning of period	171,640	177,694
Recognised	4,036	8,599
Used	(7,912)	(3,766)
Reversed	(2,494)	(10,920)
Other	43	33
At end of period	165,313	171,640

The amounts resulting from recognition or reversal of impairment losses on receivables are presented under Other income or Other expenses (the principal portion) and under Finance income or Finance costs (the default interest portion). In the statement of comprehensive income, recognised and reversed impairment losses on receivables are presented on a net basis under: Other income/expenses (in accordance with the adopted accounting policy the Group offsets corresponding items of Other income and Other expenses in line with Section 34 and 35 of IAS 1 *Presentation of Financial Statements*).

Recognised impairment losses included PLN 3,489 thousand in respect of the principal (2015: PLN 8,094 thousand) and PLN 547 thousand in respect of interest (2015: PLN 505 thousand).

Reversed impairment losses included PLN 1,935 thousand in respect of the principal (2015: PLN 10,021 thousand) and PLN 559 thousand in respect of interest (2015: PLN 899 thousand).

In 2016, the Group disclosed the recognised and reversed impairment losses on the principal amount of receivables under other expenses, in the amount of PLN 1,554 thousand, including: PLN 3,489 thousand under recognised impairment losses, and PLN 1,935 thousand under impairment loss reversal (see [Note 9.4](#)).

In 2015, the Group disclosed the recognised and reversed impairment losses on the principal amount of receivables under other income, in the amount of PLN 1,927 thousand, including: PLN 8,094 thousand under recognised impairment losses, and PLN 10,021 thousand under impairment loss reversal (see [Note 9.3](#)).

Ageing of unimpaired past due receivables:	Dec 31 2016	Dec 31 2015
Up to 1 month	75,664	26,123
From 1 to 3 months	1,249	707
From 3 to 6 months	39	359
From 6 months to 1 year	37	1,262
Over 1 year	4,048	358
Total	81,037	28,809

No impairment losses were recognised on past due receivables because they are secured against credit risk with a mortgage, pledge, insurance policy, bank guarantee or surety.

As at December 31st 2016 and December 31st 2015, the share of trade receivables from the Group's five largest customers as at the end of the reporting period was 32% of total trade receivables (individually: 2%–11%). In the Group's opinion, with the exception of receivables from the above-mentioned customers, there is no material concentration of credit risk. The Group's maximum exposure to credit risk as at the end of the reporting period is best represented by the carrying amounts of those instruments.

16.2 Finance lease receivables

The Group has developed and operates the "LOTOS Family" Franchise Programme, which defines the procedures for

managing service stations. The Group has entered into franchise agreements with entities operating service stations at their own risk and for their own account (Partners). Receivables under franchise agreements represent mainly expenditure on the design of DOFO service stations operated by dealers under agreements executed for periods from 5 to 10 years.

	Minimum lease payments		Present value of minimum lease payments	
	Dec 312016	Dec 312015	Dec 312016	Dec 312015
Up to 1 year	7,166	5,608	7,108	5,568
From 1 to 5 years	14,671	10,940	14,551	10,862
Over 5 years	20	157	20	156
Total	21,857	16,705	21,679	16,586
Less unrealised finance income	(178)	(120)	-	-
Present value of minimum lease payments	21,679	16,585	21,679	16,586
including:				
non-current			14,571	11,018
current			7,108	5,568

The Notes to the consolidated financial statements are an integral part of the statements.
(This is a translation of a document originally issued in Polish)