

Note 19 - Provisions

Periodic maintenance on leased Boeing 737 aircraft

(NOK 1,000)	2013	2012
Opening balance	198,749	91,831
Charges to the income statement	-528,498	-477,782
Accruals	797,355	584,700
Closing balance	467,607	198,749
Classified as short term liabilities	54,869	23,443
Classified as long term provision	412,737	175,306

The lease contracts require the aircraft to be returned by the end of the lease term in accordance with specific redelivery conditions stated in the contract. In addition, the Group is obliged to follow the maintenance program as defined by Boeing. In order to meet this requirement, the Group must carry out maintenances of aircraft, both regularly as well as at the expiration of the leasing period. The overhauls and maintenances of the aircraft are contractual lease obligations. The specific event that gives rise to the obligation is each airborne hour or cycle completed by the aircraft as these determine the timing and nature of the overhauls and maintenances that must be carried out. For some of the contracts, there is a degree of uncertainty about what kind of maintenance is covered by the maintenance funds, and the provision for this increase of expenses for the Group, is distributed over the period until the maintenance is conducted.

The estimation technique for maintenance reserve contribution (MRC) additional provisions is based on contractual payments for maintenances and mandatory maintenances. The estimated costs of overhauls and maintenances are based on the Group's maintenance program and contractual prices. In addition, additional provisions are set to meet redelivery conditions for leased aircraft. Additional provisions are dependent on redelivery date and redelivery conditions of the different lease terms. In case of lease extension, estimates on maintenance costs will be revised. For the additional provisions set to meet redelivery conditions, an increased cost upon redelivery of 10% would increase the MRC additional provisions with approximately NOK 3,8 million (2012: NOK 2.1 million)

Parts of the periodic maintenances will be conducted in 2014, and NOK 54.9 million is classified as a short term liability for periodic maintenances (2012: NOK 23.0 million). The short term part of periodic maintenance is estimated based on the planned maintenances in 2014.

Pension cost

(NOK 1,000)	2013	2012
Opening balance	187,394	0
Reversals	-187,394	0
Accruals		187,394
Closing balance	0	187,394
Classified as short term liabilities	0	187,394
Classified as long term provision	0	0

The Group's defined benefit plan was closed 1 December 2012 and a new defined contribution plan was issued to all employees, in 2013, according to agreement with labour unions, a new defined benefit plan was issued to certain employees (see note 18). Provisions for pension cost at 31 December 2012 consisted of estimated conversion costs, non-forfeiture value to employees and potential legal claims (see note 28). The provision was reversed in 2013.