

28. Provisions continued

The lease provisions are for the continuing obligations under leases in respect of property dilapidation and reinstatement provisions. Where material, lease obligations are discounted. The Group expects these provisions to be utilised over one to ten years.

Other provisions comprise environmental provisions related to property disposed of, provisions relating to legal claims and a provision relating to a Notice of Recovery received from French Customs, discussed below. The Group expects these provisions to be utilised in less than one year.

In 2018, the Group made a provision for \$8.9 million following the receipt of a Notice of Recovery from the Direction Générale des Douanes et Droits Indirects (French Customs) in relation to the valuation and classification of duty on certain imports into France. This dispute commenced with enquiries in 2011. During the period in question, Spirent adopted a duty tariff based on World Customs Organization guidelines which conflicted with European Union regulation. In 2019, the Group paid \$6.5 million in relation to this claim.

The import regulations changed on 1 January 2017 and no liability exists after that date. Spirent has provided for the liability up until the date of the change, which encompasses the period covered by the Notice of Recovery. The amount of the remaining provision includes uncertainties with regard not only to the legitimacy of the basis of the claim made by the French authorities, but also in relation to the period in question, the appropriate tariff classification, the recoverability of import VAT, and the population and valuation of goods potentially subject to duty.

The Group strongly refutes the basis of the claim paid under the Notice of Recovery and has reserved the right to challenge that basis in the courts at a future date.

29. Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers. The Group does not have any contract assets.

| | Notes | 2019 \$ million | 2018 \$ million | 2017 \$ million |
|---|-------|--------------------|--------------------|--------------------|
| Trade receivables | 20 | 128.7 | 123.4 | 113.8 |
| Contract liabilities | | | | |
| Payments received on account | 23 | 2.3 | 1.0 | 3.8 |
| Deferred income | 25 | 66.8 | 69.6 | 72.7 |
| | | 69.1 | 70.6 | 76.5 |
| Revenue recognised in the period from amounts included in contract liabilities at the beginning of the period | | 56.2 | 65.5 | 62.1 |

There was no revenue recognised in 2019, 2018 or 2017 from performance obligations satisfied in previous periods.

The timing of revenue recognition, invoicing and cash collections results in trade receivables, deferred income and advance customer payments received on account on the balance sheet.

The Group receives payments from customers based on a billing schedule, as established in the contract. Trade receivables are recognised when the right to consideration becomes unconditional. Contract liabilities are recognised as revenue as (or when) the Group performs under the contract.

The Group also recognises incremental costs incurred to obtain a contract as an asset if it expects to recover those costs. Such costs are presented in the balance sheet as assets recognised from costs to obtain a contract and disclosed in note 21.

Expected realisation of remaining performance obligations at year end

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

For contracts that exceed one year, deferred income that relates to unsatisfied or partially satisfied performance obligations at year end is expected to be recognised as revenue in the future as follows:

| | 2019 \$ million | 2018 \$ million |
|-----------------------|--------------------|--------------------|
| Within one year | 18.3 | 15.5 |
| Greater than one year | 10.3 | 12.7 |
| | 28.6 | 28.2 |

The above information represents the revenue the Group will recognise when it satisfies the remaining performance obligations in the contracts. The amounts presented do not include orders for which the Group has not performed.