

WW - Asset Valuation Management

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Objective and Scope

Objective of this Procedure

The purpose of this document is to describe the role of SBS in the asset valuation management process.

Scope

This organizational procedure applies to all companies within the Solvay Business Services scope of entities.

Reference Documents

Group IFRS Principle and Rules:
[Financial Reporting Guide](#)

Definitions

ERP	Enterprise Resource Planning (SAP)
SBS	Syensqo Business Services
SU MAC	Service Unit - Management Accounting
CAM	Companies Accounting Manager
AUC	Asset Under Construction
WBS	Work Breakdown structure
PS	SAP Module for "Project System"
BFC	Business Financial Consolidation. Group's consolidation tool
AHS	Asset History Sheet
GL	General Ledger
PA	Project & Analytics Team
CGU	Cash Generating Unit

Main Part

General Roles and Responsibilities

SBS Actors:

- **SU MAC I&D Expert:** is in charge of ensuring efficient valuation process. It implies overall process supervision and intervention for specific cases.
- **SU MAC Regional I&D contacts:** Regional I&D contacts are accountable of the deliveries of the process with the support of the Project & Analytics team via a supervision role (for their region) to ensure overall process efficiency and performance enhancement coordination / follow-up when needed. They are responsible to identify, maintain, update and communicate the list of individual eligible to send a request to SU MAC team.
- **Companies Accounting Managers:** contribute to the process, mainly supervising depreciation , accounting valuation and reports posted / issued by SU MAC.
- **SU MAC Projects & Analytics Team:** is a major contributor on the assets valuation process, calculating and recording depreciation, and posting final valuation adjustments in the systems

Communication flow

The communication flow should respect the following criteria:

- Any request must be sent to the Projects & Analytics Team via a ticketing tool in order to be registered
- The requester should be recognized as eligible
- The Projects & Analytics Team is in charge of following the traceability, performing the request and sending a feedback to the requester.

Process Description

This procedure does not include the financial asset valuation

Asset depreciation

Key Principles

The asset depreciation process IFRS principles are described as follow:

- The asset is depreciated following a linear amortization mode and following its real useful life
- In order to harmonize the practice, the group has defined a common useful life depending the different classes of assets:
 - For Syensqo Legacy common useful life are defined in the material code table
 - For Rhodia Legacy common useful life are defined inside the asset class table
- In case of particular conditions, the Project Manager (or delegate) can adjust the useful life of the asset. This adjustment must be duly justified and validated by the Regional Managers
- The depreciation methods refers to the IFRS described in the "Group IFRS Principle and Rules" document

Roles and Responsibilities

- SU MAC I&D key users are in charge of:
 1. Verifying the appropriate treatment of the depreciation
 2. Aligning the appropriate statutory treatment with the CAM
- SBS is in charge of:
 1. Posting all the depreciations IFRS and statutory
 2. Verifying the accuracy of the postings and performing the reconciliation of account.
 3. Providing all the reports regarding the depreciation (tax, audit, GBU...)

Asset impairment

Key Principles

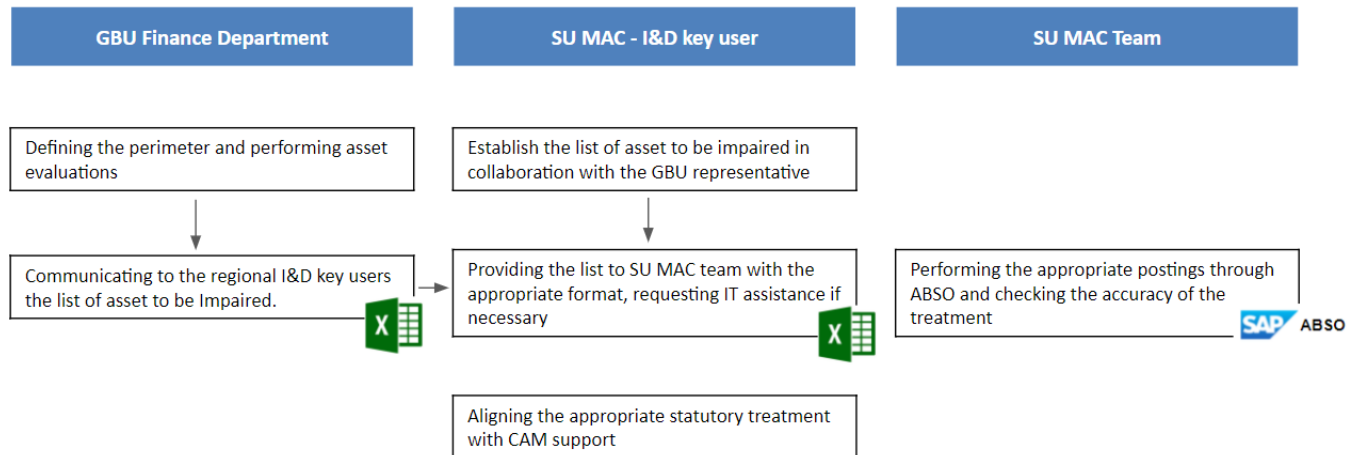
- Impairment allowances are recognized:
 1. To IFRS standards
 2. To local accounting standards according to country specific rules
 3. The impairment should be duly approved following the group procedures
 4. The way of depreciation has to be determined case by case with a common agreement between the GBU and SU MAC I&D key users

Roles and Responsibilities

- A GBU is in charge of:
 1. Defining the perimeter and performing the asset valuation
 2. Communicating to the Regional Managers the list of assets to be impaired
- SU MAC I&D key users is in charge of:
 1. Establishing the list of the assets to be impaired in collaboration with the GBU representative
 2. Providing the list to the SU MAC Team in an appropriate format with the assistance of the IT if needed
 3. Aligning the appropriate statutory treatment with the CAM
- SBS is in charge of:
 1. Performing the appropriate posting
 2. Checking the accuracy of the treatment

The reversal process follows the same principles of the impairment process

Flowchart



Asset re-evaluation in hyperinflation environment (IAS29)

Key Principles

- IAS 29 definition: IAS 29 Financial Reporting in Hyperinflationary Economies applies where an entity's functional currency is that of a hyperinflationary economy. The objective of IAS 29 is to establish specific standards for entities reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful.
- The assets concerned by the IAS 29 have to be re-evaluated. The re-evaluation is applied regarding the following rules:
 1. Initial value and cumulated depreciation has to be re-evaluated at the end of each quarterly period in counterpart of net equity
 2. Consequently the allowance of depreciation is automatically re-evaluated in the P&L

Roles and Responsibilities

- GBU is in charge of:
 1. Proposing the re-evaluation after validating the feasibility of application of IAS 29 with the Group Accounting
 2. Defining the perimeter and performing the asset re-evaluation
 3. Communicating to the SU MAC team the list of the concerned companies

- The SU MAC I&D key user is in charge of:
 1. Establishing the list of the assets to be re-evaluated in collaboration with the GBU representative
 2. Providing the list to SBS in an appropriate format with the assistance of the IT if needed
 3. Aligning the appropriate statutory treatment with the CAM

- SBS is in charge of:
 1. Performing the appropriate posting
 2. Checking the accuracy of the treatment

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