

S02.02-AS-05-I.2-Cash

Cash & Cash equivalents

For the Group's purposes, the components are as follows:

	EN	FR
A51100	Banks - Debit	Banques - Débit
A52000	Term deposits - Cash equivalents	Dépôts à terme - Equivalents de trésorerie
A55000	Marketable securities < 3 months	Titres de placement - Equivalents de trésorerie < 3 mois
A55010	Bonds and treasury bills < 3 months	Obligations et Bons du Trésor < 3 mois
A58100	Treasury accounts - Debit	Fonds de trésorerie - Débit
STOT-A500	Deposits & Treasury accounts	Dépôts et fonds de trésorerie
A59500	Cash & Cash equivalents - Write-down	Trésorerie & equivalents de trésorerie - Réduction de valeur
STOT-A590	Cash & Cash equivalents - Write-down	Trésorerie & equivalents de trésorerie - Réduction de valeur
TOT-A500	Cash & Cash equivalents - Net	Trésorerie & equivalents de trésorerie - Net

DEFINITION

Cash and Cash equivalents are typically financial assets at fair value through P&L. They are held to meet short-term cash commitments rather than for investments or other purposes. They are included at the bottom of the statement of cash flows where cash flows from operating, financing and investing activities are reconciled.

INCLUDE

- **Banks - Debit (A51100)**
 - **Cash at banks and in hand**
 - Sight deposits with banks or other financial institutions
 - Cash in hand (money, revenue stamps and postage stamps)
 - Amounts in the process of collection (e.g.: checks, bills of exchange, coupons or bonds)
 - Internal funds transfers.
 - Vendor payments
- **Term deposits - Cash equivalents (A52000)**
 - Short-term deposits, maturing in under 3 months, must be recognized as cash equivalents. On the other hand, deposits maturing in over 3 months are "Held-to-maturity financial assets".
- **Bonds and treasury Bills < 3 months (A55010)**
- **Marketable securities < 3 months (A55000)**
 - **Stocks (Shares):**
Quoted and unquoted stocks purchased as investments, but NOT for the long term, i.e. temporary investments which are not intended to forge a lasting link with the entity.
Note: Stocks held in affiliated companies, i.e. associated companies and those in which the entity has a participating interest (holdings of 10% or more), are recorded under this heading only where they have been purchased or subscribed with a view to resell them or where the entity has decided to realize them (outside the Group) within 12 months.***
 - **Bond investments:**
All fixed income securities acquired as investments, but not for the longer term, i.e. which are not intended to forge a lasting link with the entity: bonds issued by private companies, government bonds and securities, certificates of deposit, treasury bills, capitalized interest bonds, fixed income investment trusts, real estate certificates, etc.
 - **Investment securities** (e.g.: mutual funds):
An investment is deemed to be a cash equivalent where it is readily convertible into a known amount of cash and is subject to an insignificant risk of a change in value.
In general, they are presented in the financial statements as "Financial assets at fair value through profit or loss". Alternatively, depending on the intention at the date of acquisition these assets may be classified as "Held-to-maturity financial assets" or as "Available-for-sale financial assets".
Case of **mutual funds**:
 - The two categories selected for analysis of their classification as cash equivalents are:
 - Mutual funds classified by the French Financial Markets Authority (AMF - "Autorité des Marchés Financiers", institution regulating and supervising the Financial Markets in France) as "euro money" that because of their AMF classification are, in almost all cases, automatically assumed to satisfy the following four criteria:
 - Short-term investment;
 - Very liquid investment;
 - Investment readily convertible into a known amount of cash;
 - Investment subject to an insignificant risk of a change in value.
 - Money market funds other than "euro money market" funds, meeting certain defined criteria, but that must be systematically rechecked under [IAS 7 - Statement of Cash Flows](#).
 - Special case: money market funds denominated in foreign currencies. This requires a twin-track approach:
 - Ensure that the investment satisfies the four criteria with respect to cash equivalents in the currency in which they are denominated. Only French-law "international money market" funds, approved by the AMF, and foreign law ones that

are coordinated and in receipt of marketing authorization in France from the AMF are deemed eligible. The others must comply with the 4 criteria set out in IAS 7.

- Translation pursuant to [IAS 21 - The Effects of Changes in Foreign Exchange Rates](#).
- Short-term debt instruments classified under the "euro money market" are considered as cash equivalents.
- **Treasury accounts - Debit (A58100)**
 - Treasury funds (e.g.: cash pool)
 - **Internal financial current accounts (debit balances: treasury accounts receivable)**
 - Include
 - All transactions related to short-term cash centralization (cash-pooling)
 - All transactions related to short-term financing without pre-defined maturity dates.
 - Current accounts assets towards CICC and NAFTA factoring
 - Exclude financial transactions with fixed maturity dates set forth in a contract (loans or borrowings).
 - IBA (Internal Bank Account) balance of the last statement is the amount that must be reconciled in BOIC. The same applies for [L58200 - Treasury accounts - Credit](#).

EXCLUDE

- Cash credits (bank overdrafts): If at the end of the period, a current account shows a balance in favor of the credit institution, this balance should be reclassified to "[L51900 - Banks - Credit](#)".
- [L12801 - Treasury shares reserves](#) which reduce the shareholders' equity.

COMMENTS

- **Cash and Cash equivalents**
 - The sums representing cash, use of which by the entity is subject to restrictions (frozen account) may not be considered to be components of cash & cash equivalents and be classified as current financial assets. Nevertheless, if they are classified as cash and cash equivalents, the amounts in question and the type of restriction on their use must be set out in the notes to the financial statements.
 - Even where these amounts are included in the balance sheet under cash & cash equivalents, for the purposes of the statement of cash flows they will be reported under the change in working capital.
 - **In the event of restrictions on material sums (> 5 MEUR), contact the Corporate Consolidation team.**
- **Cash at banks and in hand**
 - Netting of debit and credit balances is not allowed. In the case where different accounts are maintained at one credit institution, netting of debit and credit balances is allowed if the different account balances are also taken together for the calculation of interests.
 - The date to account for cash payments and cash receipts is the **transaction date**.
 - Receipts and payments by transfer: value date (preferably) or date of the bank statement.
 - Receipts and payments by checks: date at which the check is received or written by the company. When the check is written, the payable balance is debited.