

S02.02-AS-05-I.2-Trade receivables

Trade receivables

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

	EN	FR
A41100	Trade receivables	Clients
A49100	Trade receivables - Write-down	Clients - Réduction de valeur
STOT-A410	Trade receivables - Net	Clients - Net

INCLUDE

- **Trade receivables (A41100)**
 - **Trade receivables within one year**, which covers receivables within one year and receivables or parts of receivables with an initial maturity of more than one year but which are due within 12 months. They include:
 - **Receivables with respect to the sale of goods and services in the normal course of trading for which a title already exists (invoices, credit notes)**, i.e.:
 - Sales invoices or trade notes issued for the delivery of goods or services within the normal course of trading.
 - Invoices issued for brokerage commissions, freight, packaging, ...
 - Intercompany commercial debit balances.
 - Amounts to be received from a bankrupt customer, after taking into account the necessary write-downs, even when the term of the receivable exceeds one year.
Note: The counterpart of the sale of goods and services corresponds to the general ledger accounts 70 or 74 (Solvay Corporate Chart of Accounts), depending on the nature of the transaction.
 - Notes remitted for collection and for discount.
 - Invoices to be issued.
 - **Receivables with respect to the sale of goods and services in the normal course of trading, for which no title exists.** This caption includes amounts to be received during the current or prior financial period, but for which no proper title exists yet (e.g.: **invoices to be issued**).
 - **Downpayments and advances received on orders related to recorded receivables**, i.e. all advance payments received from customers in respect of contracts in progress, without deliveries.
Notes:
 - It is not allowed to net advance payments with receivables from the same customer.
 - The downpayments are net of VAT; VAT being shown separately as "miscellaneous creditors".
 - **Downpayments on fixed assets, for purchased material and services, for construction services and equipment.**
 - **Royalties receivable (non-commercial), when they are billed.** When accrued, they are reported under "miscellaneous debtors".
 - **Doubtful trade receivables:** A receivable should be defined as doubtful and classified as such, where settlement of part or all of the balance can no longer be reasonably expected, due to the inability or unwillingness of the customer to pay (e.g.: litigation, disputed invoices, dishonored checks, arrest of a debt, current insolvency proceedings, ...).
The doubtful character of a receivable only applies to third parties.
 - **Securitization**
 - **Securitized receivables cashed in and to pay back to financial institutions**, i.e., amounts collected from customers to reimburse to financial institutions.
Is reported here the difference between:
 - the total net amount received from the financial intermediary securitization of an entity's receivables, and
 - the total amount of payments received from the customers on those receivables **less** the balance of the guarantee withheld.
 - **Outstanding securitized receivables**: Is reported here the difference between:
 - the total net amount received from the financial intermediary as securitization of an entity's receivables, and
 - the total amount of payments received from the customers on those receivables.
 - See [example of the accounting mechanism applied to securitization operations](#).
 - **Discounted receivables and liabilities:** both short-term and long-term.
Include discounted receivables and discounted payables bills by third parties.
- **Credit balances of trade receivables**
- **They are reported in here, as from January 2014; not any longer in L40100.** This results from the alignment between both legacies
- **Debit balances of trade payables: VOID**
It has been decided with the process owner to align between both legacies the reporting of trade receivables with credit balances and trade payables with debit balances.
The debit balances of trade payables are reported, as from January 2014, in L40100 .
- **Trade receivables - Write-down (A49100)**
Write-downs on trade receivables of less than one year and on doubtful trade receivables.

EXCLUDE

- Downpayments and advances received on orders related to NON-recorded receivables are recognized in "L41160 - Advance received from customers" within the "[Other short-term payables](#)".
- Trade receivables encashments: reported under "[L51900 - Banks-Credit](#)".
- Trade receivables and trade notes receivable from affiliated entities and regarded as financing (headings "[internal loans](#)" and "[investments](#)").

COMMENTS

- Amounts due from and payable to the same company may be netted within accounts receivable if the payable and receivable amount are linked to the same transaction. This is restricted to the issue of credit notes due to replacement deliveries, corrections to invoices or the return of goods by the customer.
Otherwise, it is not permitted to net amounts receivable and amounts payable relating to the same party.
- Clarification of items to be considered as trade receivables and those to be considered as "miscellaneous debtors" (non-trade receivables):
When there is an invoice, we consider that there is a trade transaction. This applies both to third parties than to Group entities.