

S02.02-AS-06

Investments in associates and Other investments

1. Definition

All ownership rights held by one entity in other entities with a view to forging lasting ties with them.

2. List of related reporting headings

	EN	FR
A20400	Goodwill on associated companies & JV (Equity methods)	Goodwill sur entreprises associées
A24000	Investments in associated companies	Participation dans les entreprises associées
A29940	Goodwill on associated companies - Impairment	Goodwill sur entreprises associées - Réduction de valeur
STOT-A240	Investments in associated companies - Net	Participation dans les entreprises associées - Net
A25100	Investments in conso subsidiaries and in non-conso companies	Titres de participation
A29510	Investments in conso subsidiaries and in non-conso companies - Write-down	Titres de participation - Réduction de valeur
A25300	Equity instruments measured at fair value through OCI	Instruments de capitaux propres évalués à juste valeur par le biais des autres éléments du résultat global
A29530	Equity instruments measured at fair value through OCI - Write-down	Instruments de capitaux propres évalués à juste valeur par le biais des autres éléments du résultat global - Réduction de valeur
STOT-A250	Investments - Net	Titres de participation - Net

The corresponding P/L heading for "A29510 - Investments in consolidated subsidiaries and in non-consolidated companies - Write-down" is "[R53920 - Write-down on investment securities - Available-For-Sale securities & consolidated companies](#)".

The shares of equity instruments measured at fair value through OCI are not isolated in a specific heading but these shares can easily be identified and therefore be manually reclassified in the right heading.

Be aware that BFC doesn't accept a negative value for a share declared in account **A25100** and doesn't accept a write-down in **A29510** if the share value in **A25100** is zero.

3. Content

- **Consolidated Group companies**
 - Fully consolidated ([IFRS 10 - Consolidated Financial Statements](#))
 - Proportionately consolidated ([IFRS 11 - Joint Arrangements](#), and [IFRS 12 - Disclosure of interests in Other Entities](#))
 - Equity method ([IAS 28 - Investments in Associates and Joint Ventures](#))
- **Non-consolidated Group companies** (outside the consolidation scope because they do not meet the criteria of significance)
 - Non-fully consolidated ([IAS 27 - Separate Financial Statements](#))
 - Non-proportionately consolidated ([IFRS 11 - Joint Arrangements](#), and [IFRS 12 - Disclosure of interests in Other Entities](#))
 - Non-equity method ([IAS 28 - Investments in Associates and Joint Ventures](#))
- **Goodwill on associated companies & JV (Equity methods) (A20400)**

Goodwill on equity-earnings computed centrally.
- **Other external investments**

These investments, which are listed on the stock exchange, are valued monthly at the closing rate. The difference between two consecutive monthly valuations is recorded under "A25300 - Equity instruments measured at fair value through OCI" and "[L12830 - Fair value variation of equity instruments at fair value through OCI](#)" through transfer headings. This has no impact on the income statement.

Notes:

 - Are concerned the permanent investments representing less than 10% of the share capital of the company.
 - If a shareholding in a company is not intended to be permanent and is held as a treasury investment, the shareholding should be shown under "A55000 - Marketable securities < 3 months" within "[Cash & Cash equivalents](#)".
 - Treasury shares of the ultimate parent company Solvay SA held in portfolio are reported under "[L12801 - Treasury shares reserves](#)" and reduce the shareholders' equity. Purchases are recorded in the cash flow statement.

4. Valuation

- Investments are valued at acquisition cost (subscription, purchase or contribution price). All acquisition-related costs are to be recognized as period expenses instead of being included in the acquisition cost.
- In the case of a capital increase the amount recorded under "investments in associates and other investments" is the amount actually paid in. The uncalled portion of capital, if any, is excluded.

5. Write-downs

- Investments are written down in the case of a permanent impairment justified by the financial position, profitability or future prospects of the company. Write-downs are recorded under "[R53910 - Write-down of financial assets on non-consolidated companies](#)".
- **There will be no reversal of a previous write-down at the time an investment is sold.** The gain or loss on the sale of an investment ("[Gain {R48760} and Loss {R48660} on investments disposals and partial disposals](#)") is the difference between the sales price and "[A25300 - Available-For-Sale investments](#)".

6. Criteria of significance (materiality threshold)

- In accordance with the principle of materiality, certain companies which are not of significant size have not been included in the consolidation scope. Companies are deemed not to be significant when they do not exceed any of the three following thresholds in terms of their contribution to the Group's accounts:
 - sales of 30 MEUR,
 - balance sheet total of 15 MEUR,
 - headcount of 150 persons.
- Companies that do not meet these criteria are, nevertheless, consolidated where the Group believes that they have a potential for rapid development, or where they hold shares in other companies that are consolidated under the above criteria.