

BE - SOLVAY SA Development Cost Capitalized

Tasks to be completed when documenting an operation (from creation to publication)

1. Enter the **Title of the operation / page**

2. Add the following Labels:

- Scope of applicability: ww, country_accounting
- Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, latvia, australia, india, japan, south_korea, thailand, singapore, new_zealand, emea_transversal, apac_transversal
- Unit and Domain according to the [List of labels to be used in the Finance Service Line space](#)
 - E.g. 1: WW Operation in Financial Accounting under domain "Central Finance Processes & Compliance":
 - Labels to be used: **ww, financial_accounting, central_fin_proc_compliance**
 - E.g. 2: France Operation in Financial Accounting:
 - Labels to be used: **country_accounting, france, financial_accounting**
(for country operations, the Domain is always country_accounting)

3. Fill in all fields as described above

4. Name the title of each section using OPD methodology naming convention - **Infinitive verb without the "to", mainly action verb...something) -" I do something..."**

5. Once the description of the operation is completed, ensure it is approved and published by launching the [SBS-Finance approval workflow](#)

Domain: Country Accounting

Responsibility area: N/A

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1. Objective and Scope

1.1. Objective of this Operation

The purpose of this document is to describe the way to capitalize Research and Development cost in SOLVAY S.A.

1.2. Scope

This procedure applies to all Research and Development costs that have to be capitalized in SOLVAY S.A , company which is the owner of the intellectual property.

2. Definitions

See Finance Glossary:

- [AUC](#)
- [BU](#)
- [GBU](#)
- [IFRS](#)
- [WBS](#)

3. Tasks description

3.1. Responsibilities

- **GBU Controller:** GBU controllers are responsible to provide on due time information to Solvay S.A. accounting manager in order to capitalise development cost including the commissioning date of the project.
- **Solvay S.A. Accounting Manager:** is responsible to define appropriate posting to capitalize research and development cost
- **Finance Operarions:** Finance Operarions is responsible to perform the postings.
- **I D Regional Manager :** Supervise the process of capitalization in the assets books.
- **Innovation Committee:** The innovation committee in each BU is responsible to validate the capitalization date, commissioning date and useful life the intangible assets.
- **R & D Controller** supervise the appropriate allocation of cost related to R&D.

3.2. Periodicity

GBU controllers have to send the information (capitalization, commissioning date) each quarterly (D - 10) to the Solvay S.A. accounting ID Regional Manager is responsible to perform internal controls related to this activity (Sleeping AUC; physical inventory)

3.3. Background

Accounting rules

Innovation / Research & Development project phases

G5 is the date of commissioning and represents the starting point of depreciation

For Solvay S.A, the research and development cost can be internal cost or cost re- invoiced from other subsidiaries which have their own research center (e.g. Solvay Carbonate France,...).

The costs are first considered as research cost and after decision of Research Committee, the GBU controller has to inform the Company Accounting Manager about the capitalization.

NB: it is not mandatory to create a new project definition, the WBS to be capitalized are part of the global development budget.

The use of [Template to capitalize development 0001](#) is necessary in order:

- 1) to provide clear information to the accountancy
- 2) to enable the follow up of the capitalized cost. Indeed, the starting date for the depreciation is depending on each project, and so can be postponed. The GBU controller has to update the file until the depreciation has started for each project

End of document.