



Policies and Procedures

Section:	Subject No:	Page No:
Finance	ACC-010	1 of 3
Subject: INTERCOMPANY TRANSACTIONS & RECONCILIATION POLICY	Date Issued:	Supersedes:
	12/03/2021	N/A

POLICY/PURPOSE:

It is J&E Hall (the “Company’s”) and its subsidiary Coulstock and Place to establish policy standards and procedures to ensure that Intercompany transactions are in accordance with proper internal control procedures and IFRS Accepted Accounting Principles along with Daikin global accounting objectives. The purpose of this policy is to provide guidelines for intercompany accounting under Daikin policy. Any non-compliance to this policy requires written approval by the Director of Finance.

SCOPE:

This policy applies to all intercompany transactions occurring between J&E Hall, its subsidiary Coulstock and Place as well as any other subsidiary of Daikin.

POLICY AND PROCEDURES:

1.0 INTERCOMPANY TRANSACTIONS & RECONCILIATION POLICY:

For the reporting and reconciling of intercompany transactions, the follow steps will be taken during each month end close:

- 1.1 On day 1 of J&E Hall’s monthly close, the group company will email its intercompany accounts receivable detail and y-t-d intercompany sales detail to the appropriate contact person in J&E Hall for the appropriate *accounting month*¹.
- 1.2 J&E Hall contact must record purchases (accounts payable) at the same time the group company posts the sales (accounts receivable) which are determined by the agreed intercompany delivery terms.

¹ Words in *Italic* are defined in Section 6.0 of this policy.

1.3 On day 1 of J&E Hall's monthly close, the group company will email a confirmation of payment detailing all invoices paid for in the accounting month to the appropriate J&E Hall contact person.

1.4 J&E Hall must record receipts (payments received) at the same time the group company posts the payment or vice versa.

2.0 All Intercompany differences must be reconciled before the monthly books are closed. In the case of a dispute (see Dispute Resolution), the *Seller's Rule* prevails.

3.0 Dispute Resolution: Before the monthly close has ended, the group company must email the contact responsible at J&E Hall notifying them of any dispute. All disputes must be resolved between both group companies by the end of the month being closed. Disputes that are not resolved within 60 days of closing must be reported by the J&E Hall contact responsible to the J&E Hall Financial Controller.

4.0 Reconciliation Procedure

4.1 On day 1 of the monthly close J&E Hall (seller) emails a detailed accounts receivable listing and detailed sales listing to Group Company B (buyer). Group Company B (buyer) will email a confirmation of payment detailing all invoices paid for in the month to J&E Hall(seller).

4.2 When the Group Company B (buyer) receives the detailed accounts receivable and sales listing and they notice an invoice for a shipment that has not been received yet. Group Company B then records intercompany accounts payable and goods in transit.

4.3 When J&E Hall (seller) receives the confirmation of payment detailing all invoices paid for in the month, they notice a payment remitted on the last day of the accounting month that they have not received yet. J&E Hall then records payments in transit in current assets and reduces the intercompany accounts receivable for the amount

4.4 J&E Hall and Group Company B work together during the monthly close to reconcile the Accounts Receivable/Accounts Payable difference and the y-t-d Sales/Purchases difference.

4.5 If no resolution is made before the books are closed for the month, then the Seller's Rule prevails

4.6 Should J&E Hall and the Group Company be unable to resolve their dispute within 60 days. The Group Company (buyer) should notify the Director of Finance of J&E Hall with details of the dispute for resolution.

5.0 FINANCIAL STATEMENT CLASSIFICATION:

5.1 The Company's intercompany balances and transaction detail must be properly included in Hyperion.

6.0 DEFINITIONS:

6.1 Accounting Month – The accounting month is based on the *accounting calendar*.

6.2 Goods in Transit - Goods which remain undelivered at the financial closing date.

6.3 Seller's Rule: Intercompany buyer business units must record the seller's intercompany accounts receivable balance and y-t-d sales balance as provided in the seller's communication as purchases and accounts payable.

/s/ Gary Burnett
Director of Finance, J&E Hall