

Rules - Posting of Inventory Depreciation

Please check file related with [posting scheme for inventory reserve](#) for all the details.

- Manual entry after validation by FRA or GCCO; no direct update of standard price or moving average price in a material master;
 - BFC P/L reporting heading is always **R25600** "Write-downs on inventories";
 - Document type to use must be always **SB**;
 - Posting and document date must be always the last day of the **Quarter**: 1st 31/03, 2nd 30/06, 3rd 30/09 and 4th (30/11 or 31/12 - according with instructions of [I calculate inventory reserves](#));
 - In SAP, separate documents per impairment type (**NRV**, **Slow-turn** and **Quality** - off-spec / obsolete / damaged), meaning that:
 - It should be performed only one posting per impairment type and per plant (if several exist in the company).
 - In the document, the assignment should mention the impairment type and the text should mention the type of impairment and the period related (Month/Hard-close).
- The posting must be **reversed** on the 1st day of the month of the following quarterly closure: 1st 01/06, 2nd 01/09 and 3rd 01/12.
- To reverse the posting of the 4th quarter/hard-close on 01/03, we have to change the following elements, since the posting is done in a new fiscal year:
- **P&L Account to be used is 98340650**
 - **and Transaction Type to be used in the stock account is F36 (cash-flow).**

Mandatory fields:

- P&L Account to use is always **98340600**;
- It is mandatory to insert the appropriate company code **cost center** to determine the correct Activity Market and CGU of the stock being depreciated. P&L specific cost center (XXXX-75XX);
- B/S transaction type **F25** (allowance) must be used;
- Both assignment fields (B/S and P&L) should identify the impairment type;
- Stock Account (B/S) to be used depends of the material Valuation Class (check Table 1). It is mandatory to insert the appropriate **profit center** for working capital.

Table 1

Valuation Class	B/S Account	B/S Account Name	Inventory Type	B/S - BFC	P/L Account	P/L Account Name	P/L - BFC
Z100	39100100	Raw Materials-Valuation Allowances	Raw Materials	A39100	98340600	stock depreciation	R25600
Z110	39100300	Packaging Material-Valuation Allowances	Packaging	A39100	98340600	stock depreciation	R25600
Z120	39100200	Industrial Supplies-Valuation Allowances	Industrial Supplies	A39100	98340600	stock depreciation	R25600
Z130	39700200	Goods For Resale-Valuation Allowances	Trading Goods	A39700	98340600	stock depreciation	R25600
Z140	39700400	Semi-Finished Products-Valuation Allowances	Semi-Finished Products	A39700	98340600	stock depreciation	R25600
Z150	39700100	Finished Products-Valuation Allowances	Finished Products	A39700	98340600	stock depreciation	R25600
Z150	39700102	FINISHED PRODUCTS - OFF SPEC	Finished Products	A39700	98340600	stock depreciation	R25600
Z150	39700102	GOODS FOR RESALE - NRV	Finished Products	A39700	98340600	stock depreciation	R25600
Z150	39700201	FINISHED PRODUCTS - NRV	Finished Products	A39700	98340600	stock depreciation	R25600
Z160	39100100	Industrial Supplies consumed in BOM	Industrial Supplies Consumed in BOM	A39100	98340600	stock depreciation	R25600

Mandatory fields:

- P&L Account to use is always **6310000000**;
- It is mandatory to insert the appropriate **reporting cost center at PIF level** to determine the correct Activity Market and CGU of the stock being depreciated;
- B/S transaction type **F25** (allowance) must be used;
- Both assignment fields (B/S and P&L) should identify the impairment type;
- Stock Account (B/S) to be used depends of the material Valuation Class (check Table 2). It is mandatory to insert the appropriate **business area** for working capital.

Table 2

Valuation Class	B/S Account	B/S Account Name	Inventory Type	B/S - BFC	P/L Account	P/L Account Name	P/L - BFC
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Z100	2009000000	Finished Goods Manufactured-Write Downs	Finished Products	A39700	6310000000	Inventories-write downs	R25600
Z101	2019000000	Finished Goods Purchased-Write Downs	Finished Products	A39700	6310000000	Inventories-write downs	R25600
Z052	2109000000	Raw Materials,Combustible,Energy-Write Downs	Raw Materials	A39100	6310000000	Inventories-write downs	R25600
Z000	2109000100	Main Raw Materials-Write Downs	Raw Materials	A39100	6310000000	Inventories-write downs	R25600
Z050	2109000200	Other Raw Materials-Write Downs	Raw Materials	A39100	6310000000	Inventories-write downs	R25600
Z054	2109000500	Utilities-Write Downs	Utilities	A39100	6310000000	Inventories-write downs	R25600
Z053	2109100000	Semi-Finished Goods-Write Downs	Semi-Finished Products	A39400	6310000000	Inventories-write downs	R25600
Z055	2119000000	Gen and Techn Items Excl Packaging-Write Downs	Industrial Supplies	A39100	6310000000	Inventories-write downs	R25600
Z058	2119010000	Spare Parts-Write Downs	Industrial Supplies	A39100	6310000000	Inventories-write downs	R25600
Z051	2119100000	Packaging-Write Downs	Packaging	A39100	6310000000	Inventories-write downs	R25600