

# I perform the monthly Inventory revaluation reverse

Domain: Costing

Responsibility area: Supervise Inventory Valuation

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### Scope

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WW

### ERP

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WP2

### Frequency

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### References

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- [ZWFA100A](#)
- [KE30](#)

### Forms

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## 1. Objective and Scope

### 1.1. Objective of this Operation

The purpose of this document is to explain how to reverse the automatic Inventory Revaluation done by the system in the current period and repost the inventory revaluation in previous period split it into Variable / Fixed / Depreciation in COPA.

### 1.2. Scope

This procedure is applicable to all WP2 companies.



This Procedure is not applicable to WP2 companies using Material Ledger (*Brazilian and Korean* companies).

## 2. Definitions

See [Finance - Glossary](#)

## 3. Tasks description

### 3.1. Periodicity

This procedure should be executed in the monthly closure on D2. For December yearly closure, a specific procedure must be followed (see [I perform the year-end Inventory revaluation reverse](#)).

At period-end closing, stocks are reevaluated on the 1st day of the month after the closure (calculation of new Standard Cost Estimate).

This revaluation must be transferred to the period of the closing, and split into VC/FC/DEP (Variable Cost / Fixed Cost / Depreciation Cost).

As result, Stock revaluation in the Profit & Loss Statement is done by material / plant / Profit Center (deriving into IECRA) & divided into VC/FC/DEP on the period of the closing, instead of just into VC in the following month.

### 3.2. Responsibilities

#### SBS Finance Operations:

- After calculating and releasing the standard price for period M+1 via CK40N, the revaluation postings are reversed in month M+1 and re-posted in month M, divided into VC/FC/DEP.

#### Management Accounting Service Unit Expert Costing:

- Responsible to validate the posting scheme in table ZWFAT151. **IS** will update this table in the ERP after PE validation.

### 3.3. I run the inventory valuation reverse

The costing run (CK40N) release generates a revaluation variance (difference between the new and the old standard cost), which is posted as variable cost variance in the new month, and updates the cost of inventory in stock. But this is not the ideal solution:

- Some variances are due to changes in standard fixed cost and depreciation (due to changes in routing or product version, for instance), not just VC, so the standard solution might lead to distortion in Contribution and EBITDA analysis;
- The inventory revaluation is posted on the new month, when group procedures establish having an updated inventory cost at month's closing;

Therefore, the following actions must be ensured:

1. Maintain posting scheme table: **ZWFAT151** (by Management Accounting Service Unit Expert Costing).
2. Processing Stock revaluation reverse: **ZWFA100A** – always in background.

Which are divided in 3 phases:

- Reverse of Revaluation of stock issued from Costing run (in period M+1)
- Posting on Revaluation of stock into period M (100% VC)
- Split of the revaluation of stock into VC/FC/DEP in period M

The posting scheme table is maintained with the transaction ZWFAT151

**This table is common to all controlling areas.** It determines the accounts on which the « Reverse » and the « Valuation » will be posted depending on the original revaluation document (document type PR issued from costing run). It needs to be updated only if there is an accounting change.

#### Source keys (in grey in print below):

- ValCl: Valuation Class for the materials
- G/L account: G/L account determined by valuation class
- PK: Posting Key issued from reference document – to be reversed

#### Target key (in white in print below):

- G/L account: Target G/L account
- PK: Target posting key used in the « Valuation »

Change View "Inventory Valuation Reverse": Overview					
New Entries					
Inventory Valuation Reverse					
ValCl	G/L Account	PK	G/L Account	PK	PK Revers.
Z100	31000100	89	31000109	40	50
Z100	31000100	99	31000109	50	40
Z100	98151972	83	98153972	40	50
Z100	98151972	93	98153972	50	40
Z110	31000300	89	31000309	40	50
Z110	31000300	99	31000309	50	40
Z110	98151973	83	98153973	40	50
Z110	98151973	93	98153973	50	40
Z130	37000200	89	37000209	40	50
Z130	37000200	99	37000209	50	40
Z130	98151971	83	98153971	40	50
Z130	98151971	93	98153971	50	40
Z140	37000400	89	37000409	40	50
Z140	37000400	99	37000409	50	40
Z140	98351110	83	98153110	40	50
Z140	98351110	93	98153110	50	40
Z150	37000100	89	37000109	40	50
Z150	37000100	99	37000109	50	40
Z150	98351010	83	98153010	40	50
Z150	98351010	93	98153010	50	40

Source Key | Target Key

- PK Reverse: Target posting key used in the « Reverse »


ZWFA100A is a transaction executed at company code level which:


- Anticipates the revaluation from the new month to the closing month, using manual P&L and inventory adjustment accounts (two postings, one reverting the revaluation on the new month and the other posting it in the previous [closing] month), registering this in KE30 report ZZZ-SOLV04 line D50 (the original posting made by CK40N in the new month is done in line D52);
- Splits the revaluation into VC, FC, Depreciation (using lines D50, E50, F50 in KE30 report ZZZ-SOLV04), in the closing month.
- All postings at plant / material level, impacting their respective profit centers (and as a consequence their IECRA).

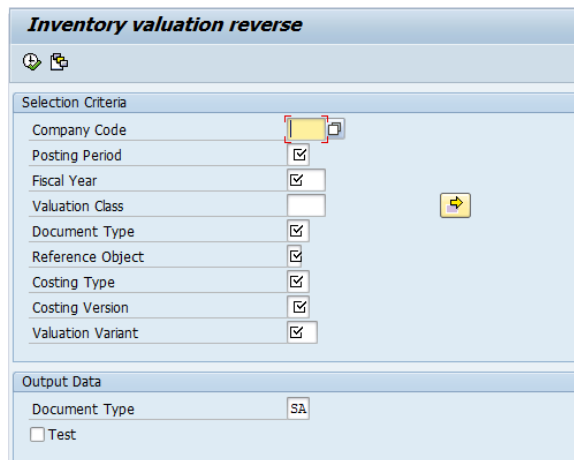
Closing period inventory is revaluated at updated standard cost, and the P&L gets accurate contribution, gross margin and EBITDA figures.

STEP 1


Start the transaction ZWFA100A


 Inventory valuation reverse: initial screen

 The transaction can be launched in test as many times as required, to check the proposal before actual processing.



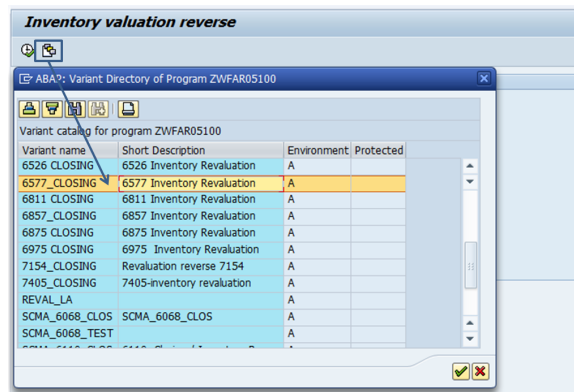
STEP 2

You can look for an existing variant by clicking on 

Select the variant and 

Enter the period to be reversed: When you enter 07/2015, the revaluation of stock on 01.07.2015 will be reversed & posted on 30.06.2015.

Execute 



Variant name	Short Description	Environment	Protected
6526_CLOSING	6526 Inventory Revaluation	A	
6577_CLOSING	6577 Inventory Revaluation	A	
6811_CLOSING	6811 Inventory Revaluation	A	
6857_CLOSING	6857 Inventory Revaluation	A	
6875_CLOSING	6875 Inventory Revaluation	A	
6975_CLOSING	6975 Inventory Revaluation	A	
7154_CLOSING	Revaluation reverse 7154	A	
7405_CLOSING	7405-inventory revaluation	A	
REVAL_LA		A	
SCMA_6068_CLOS	SCMA_6068_CLOS	A	
SCMA_6068_TEST		A	

If you don't have the variant you can make the selection :

1. **Company code** on which the reverse has to be applied
2. **Period** to be reversed: When you enter 07/2015, the revaluation of stock on 01.07.2015 will be reversed & posted on 30.06.2015
3. **Valuation class** in test mode only, the valuation class can be selected. In real mode, it is not necessary. All Revaluation doc. are treated.

4. **Document Type** of the original Revaluation doc to be reversed (**PR** : issued from Costing run)
5. **Reference object:** 0
6. **Costing type:** 01 - Standard cost est.
7. **Costing version:** 1 (same as the one of Costing run)
8. **Valuation variant:** issued from Costing Run
9. **Document type:** used in the postings periods M & M+1

Execute 

**Inventory valuation reverse**

Selection Criteria

Company Code	1	6577	
Posting Period		7	
Fiscal Year	2	2015	
Valuation Class			3
Document Type	4	PR	
Reference Object		0	5
Costing Type	6	01	
Costing Version		1	7
Valuation Variant	8	ZFO	

Output Data

Document Type	9	SA
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Test

**STEP 3**

The inventory valuation reverse is displayed

You can find the details of the report in this file [Details of ZWFA100A Output Screens](#)

**Inventory valuation reverse**

Inventory valuation reverse

Company code.....:	6577
Reverse period...:	07
Valuation class...:	
Reference object...:	0
Costing type.....:	01
Costing version...:	01
Valuation variant:	ZFO
Current date.....:	01.08.2015
Hour.....:	13:19:43

Processed documents


Relate the accounting documents created in month M:


Accounting doc	Amounts	Currency	Plan	Material	Profit Center
Grand Total Valrev in CNY :	-137,039.57				
Grand Total Valuation in CNY :	137,039.57				
Grand Total Valrev in CNY :	-137,039.57				
Grand Total Valuation in CNY :	137,039.57				

### 3.4. I control the result of the calculation

**STEP 1**

Start the transaction **KE30** (make sure you are in the right controlling area) and select the report

 **ZZZ-SOLV04** | Month/Year

 Run Profitability Report: initial screen

**Run Profitability Report: Initial Screen**

Report	Description	User n...	Date cr...	Form	Spec...
Report					
▸ ZZZ-IFRS00	IFRS Periods	CWTEO	31.08.2005	ZZZ-IFRS00	
▸ ZZZ-IFRS01	Per operation type	JLU2	07.03.2006	ZZZ-IFRS01	
▸ ZZZ-IFRS02	Variance Others	S8004335	04.02.2010	ZZZ-IFRS02	
▸ ZZZ-IFRS03	Quarter/Year	JLU2	07.03.2006	ZZZ-IFRS03	
▸ ZZZ-IFRS04	Month/Year	JLU2	07.03.2006	ZZZ-IFRS04	
▸ ZZZ-IFRS05	Do not use any...	CWTEO	05.09.2005	ZZZ-IFRS05	
▸ ZZZ-IFRS07	P&L Production ...	ZLCGEY10	13.02.2008	ZZZ-IFRS07	7
▸ ZZZ-SOLAUD	L2015 - Audit	YLEVENEZ	04.10.2013	ZZZ-SOLAUD	
▸ ZZZ-SOLV00	IFRS Periods/Year	WDJUMIN	28.03.2012	ZZZ-SOLV00	
▸ ZZZ-SOLV01	Per operation type	CZENG	10.05.2012	ZZZ-SOLV01	
▸ ZZZ-SOLV04	Month/Year	CZENG	10.05.2012	ZZZ-SOLV04	
▸ ZZZ-SOLVFC	L2015 - Income ...	YLEVENEZ	20.03.2013	ZZZ-SOLVFC	
▸ ZZZ-SOLVFCMT	L2015 - Income ...	YLEVENEZ	07.05.2014	ZZZ-SOLVFCMT	

**STEP 2**

Enter

1. Reporting Currency = 10
2. Fiscal year
3. Company Code
4. Select "Classic drilldown report"

Execute 

**Selection: Month/Year**

Report selections

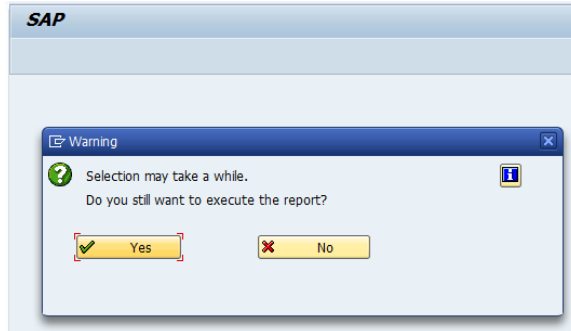
Reporting Currency: 10  
 Fiscal year: 2015  
 Company Code: 6577  
 Plant: \_\_\_\_\_ to \_\_\_\_\_  
 Enterprise: \_\_\_\_\_ to \_\_\_\_\_  
 Product line 00: \_\_\_\_\_  
 Iecra: \_\_\_\_\_ to \_\_\_\_\_  
 From Profit Center: \_\_\_\_\_  
 To Profit Center: \_\_\_\_\_

Output type

Graphical report output  
 Classic drilldown report  
 Object list (more than one lead column)

If you have a warning message, click

Yes



**STEP 3**

Check the amount in in the value field D52 that should be the same as the result of the transaction ZWFA100A.

KE30 report ZZZ-SOLV04			ZWFA100A	
P&L Lines	June	July	Accounting doc	Amounts   Currency
D52 CP Rev.CCR T030	130,965.08	137,039.57	Grand Total Valrev in CHY :	-137,039.57
D55 VC Free 1	0.00	0.00	Grand Total Valuation in CHY :	137,039.57
D60 VC Free 2	0.00	0.00		
D70 Neutral.VC/marg	0.00	0.00		
D80 AC margin	0.00	0.00		
VC Variance	125,445.08	106,100.51	Grand Total Valrev in CHY :	-137,039.57
VC on MP Sales	5,962,418.77	14,678.25	Grand Total Valuation in CHY :	137,039.57
VC MP Sales/KG	7.888	1.835		

If it is confirmed, the transaction ZWFA100A can be executed in real mode.

**STEP 4**

Once the transaction ZWFA100A is executed in real mode

In M, D50 shows both the full reversal of current month revaluation to previous month and the posting this month of the Variable Cost portion of next month's revaluation.

**NOTE:** To have the correct amount of the Variable Cost, you will have to open the line items and select what was posted by the program.

In M, E50 / F50 show only Fixed Cost / Depreciation portion of next month's revaluation.

**As a rule,** in M+1 the reverse D50 is the exact absolute value of D52. Some aggregate differences may occur, however:

- Individual revaluation due to individual CK11N costing runs
- Costing run reversals;
- Lack of standard cost for the material in one of the periods;

P&L Lines	June	July
D00 VC Variable Cost	5,836,973.69	120,779.06
D01 VC Duty VAT	0.00	0.00
D05 VC Process0 Var	59,459.33	0.00
D45 VC CC Variance	338,415.37	0.00
D47 CP Ec/T030	387,371.68-	106,101.01-
D50 VC PC Reval Var	114,942.06	137,039.37-
D52 CP Rev.CCR T030	130,965.08-	137,039.57
D55 VC Free 1	0.00	0.00
E00 FC Fixed Costs	321,346.13	7,237.18
E05 FC Process0 Var	77,455.77	0.00
E50 FC PC reval Var	14,546.63	0.00
E01 FC Period	1,492,797.28	0.00
E90 FC absorption	356,639.61-	0.00
F00 DEP Depreciation	170,586.60	3,799.59
F05 DEP Poces0 Var	51,402.63-	0.00
F50 DEP PC Reval Var	7,550.68	0.00
D90 DEP period	1,014,248.92	0.00
F90 DEP absorption	189,069.59-	0.00

- Other manual postings in D50 line.

By principle we can make this check directly in KE30 because there are no additional postings in Value Fields D50+E50+F50 and D52.

Anyway, if there are differences between these Value Fields, it needs to be analyzed in KE24 if there are additional postings.



**D50+E50+F50 vs D50 only**

As you can see above, by principle, we can say that  $D52(M+1) = D50(M)+E50(M)+F50(M)$

Although, using the concept of Semi-standard cost, the normal is to have the variation mainly in variable costs (CV), which is posted in VV D50.

If there was NO price change in activities such as MACHI, AMO and MANH neither in the quantities used, it is normal to have "0" in value fields VVE50 (CF) and VVF50 (DEP).



**Non Processed documents by ZWFA100A**

In case you have an error in transaction ZWFA100A and there is documents not processed by transaction.

After process transaction ZWFA100A, if you have the error below, please proceed as follows:

Total Valrev in EUR : 1.104.294,49-  
Total Valuation in EUR : 1.104.294,49

Grand Total Valrev in EUR : 1.104.294,49-  
Grand Total Valuation in EUR : 1.104.294,49

**Non Processed documents**

Accounting doc	Item	Amount	Currency	Plant	Material	Profit Center	ValCl
4800000743 - 081		2.720.981,53-	EUR	8842	72619	ZFR9-M0431	Z150

STEP 1

On Month M, post a FI Document (Ref. 1000009578) and reverse on the following month M+1

Doc.Type : SA ( G/L account document ) Normal document  
 Doc. Number 1000009578 Company Code ZFR9 Fiscal Year 2019  
 Doc. Date 31.07.2019 Posting Date 31.07.2019 Period 07  
 Calculate Tax   
 Doc. Currency EUR  
 Doc. Hdr Text Non Alloc. Amount IVR

Itm	PK	TY	Account	Account short text	Assignment	Tx	Cost Ctr	Amount	Crcy	Amt.in loc.cur.	Text
1	40		37000109	FINISHED PRODUCT ADJ	20190701			2.720.981,53	EUR	2.720.981,53	Revaluation from a price change
2	50		98351010	VAR FP STANDARDS	20190701			2.720.981,53-	EUR	2.720.981,53-	Revaluation from a price change
*								0,00	EUR		

This posting will also impact COPA (98351010 account) in value field D52.

Please use the correct accounts, according with the type of material:

Posting Key	G/L account	Description
40	37000109	FINISHED PRODUCT ADJ
50	98153010	PROD STK VAR.

40	37000209	TRADED ADJ
50	98153971	VAR.ST GOOD STD
40	31000109	RM STOCK ADJ
50	98153972	VC-VAR.ST RM STD
40	37000409	INTERNMEDIATES ADJ
50	98153110	STK VAR. ST.SET

**STEP 2**

On Month M, post a COPA manual correction, to change the value field from D52 (step 1) to D50.

Company Code ZFR9  
 Fiscal Year 2019  
 Currency type 10  
 Period  
 Plan/Act. Indicator 0  
 Record Type A Z  
 Period/year 008.2019 008.2019

Number of line items 102  
 Mode of access Read acc. to current structure

C.	R.	Period/year	Doc. no.	Item	Created On	Ref.doc.number	Ref. item	Created by	CoCd	Sender cost ctr	Cost Element	Curr.	D52 CP Rev.CCR T030	Crcy
10	B	008.2019	8877209		01.08.2019	3001582455	000030	PT63007986	ZFR9		98351010	EUR	2.720.981,53	EUR

July closure		
	D50	D52
August	2.720.981,53	-2.720.981,53
July	-2.720.981,53	
	manual	cost estimate

Please note in this case, the amount was totally consider as VC and therefore, only posted in value field D50.

**STEP 2.1**

If the costs of the material needs to split into VC+FC+DEP, we need to post in value fields D50+E50+F50.

To check this split, go to CK13N at Month M+1, and see the amounts related to VC, FC and DEP:

Material: 72619 ADIPONITRILE BULK  
Plant: 8842

Costing Data | Dates | Qty Struct. | Valuation | History | **Costs**

Costs Based On: 3 User Entry 2.370,500 TO

Cost Component View	Total Costs	Fixed Costs	Variable Costs	Currency
Cost of goods manufactured	2.720.981,53	554.637,60	2.166.343,94	EUR
Cost of goods sold	2.720.981,53	554.637,60	2.166.343,94	EUR
Sales and administration co...	0,00	0,00	0,00	EUR
Inventory (commercial)	2.720.981,53	554.637,60	2.166.343,94	EUR
Inventory (tax-based)	2.720.981,53	554.637,60	2.166.343,94	EUR

1 Cost of goods manufactured Partner

Cost Components for Material 72619 Plant 8842

CComp	Name of Cost Comp.	Overall	Fixed	Variable	Crcy
10 VC		2.166.343,94		2.166.343,94	EUR
20 FC		339.609,14	339.609,14		EUR
30 DEP		215.028,46	215.028,46		EUR
		2.720.981,54	554.637,60	2.166.343,94	EUR

STEP 3

On Month M+1, cancel D52 and move to D50 using the original posting as reference (in COPA only)

Enter Line Items (Legal View)

Derivation | Valuation

Document number: [ ] Item number: [ ] Record Type: 2  
Posting date: 01.08.2019 Period: 8 Fiscal Year: 2019

Characteristics | **Value fields** | Origin data

Foreign currency  
Currency key: EUR Euro  
Exchange rate: [ ]

Value fields (foreign currency)

Value field	Amount	Un.
D50 VC PC Reval Var	2.720.981,53	
D52 CP Rev.CCR T030	2.720.981,53-	