

BFC Blocking controls - General rules and Guidebooks

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: Central Finance Processes & Compliance

Responsibility area: Ensure figures reporting

Table of contents

- [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](#)
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- [Table of contents](#)
 - [1. Objective and Scope](#)
 - [1.2. Scope](#)
 - [2. Definitions](#)
 - [2.1 Update of the BFC Guidebooks](#)
 - [3. Tasks description](#)
 - [3.1. I understand what is the definition of a blocking control](#)
 - [3.2. I identify and read the blocking control information](#)
 - [3.2.1. I solve problems on partner S9999 Third Parties](#)
 - [3.2.2. I solve problems problems of flows by partners](#)
 - [3.2.3. I understand the consistency of flows and partners](#)
 - [End of document.](#)

Scope



WW

ERP



PF1



WP1



PI1

Frequency



Month

References

ZZF_BFC_FI_FLOW_AN - BFC flow analysis

ZZF_BFC_FI_FLOW_VA - BFC Flow Variances

ZZF_BFC_LIST - BFC/BOIC - List collecting tables

Attachments

1. Objective and Scope

1.1. Objective of this Operation

The aim of the operation is to understand the reason behind the BFC blocking controls and to solve them in their origin.

1.2. Scope

All PF1, WP1 and PI1 companies.

2. Definitions

See [Finance Glossary](#):

- ...

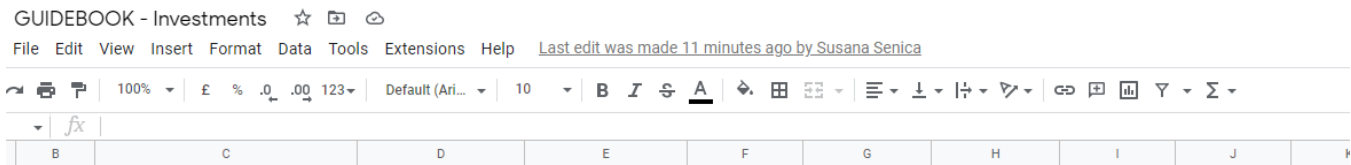
2.1 Update of the BFC Guidebooks

Every time there is the need to update any of the BFC Guidebooks available (**Central Provisions, Dividends, Equity, IFRS16, Investments, P&L by Activity/Partner, Tangible & Intangible Assets, Working Capital: Inventories, Working Capital: Payables/Receivables**), edit mode access has to be requested to SU FAC team distribution list gbs_finance_financial_acc_gl@syensqo.com, after the change has been previously approved by the team in charge of the topic.

In order for the edit mode access to be granted, it is mandatory to have the following parameters answered:

- Update # (in order to list the number of updates made)
- Blocking Control subject to update (in order to identify the Blocking control in question)
- Description of change (in order to understand the reason for the update)
- Update performed by (in order to track who initiate the update)
- Date of update (in order to track the timing of the update)
- Approved by (in order to track who approved the update)
- Date of approval (in order to track the timing of the approval of the update)
- Comments (in order to add additional remarks and/or comments)

All this information must be displayed in the sheet "Update tracking" of the Guidebook to update.



ALL changes to this document must be subject to approval.

In order to edit the document please request access to sbs.financesl-fin_acc_su_gl@solvay.com, once changes are performed you should request to the same email the removal of the edit access.

Update #	Blocking Control subject to update	Description of change	Update performed by	Date of update	Approved by	Date of approval	Comments

After all modifications are done, please revert back to SU FAC team distribution list gbs_finance_financial_acc_gl@syensqo.com, clarifying that all changes have been done according to the procedure in place.

After this SU FAC team will then remove the edit access.

3. Tasks description

BFC performs several consistency checks and only allows package publication once these consistency checks are all validated. When inconsistencies are found, this information is retrieved as blocking controls which have to be solved to have a valid package. These blocking controls can be manually corrected in a BFC package, however it is fundamental to correct the inconsistencies found in the source of the information, this is to correct data entries in SAP. This will prevent the same blocking situation in subsequent reporting periods.

3.1. I understand what is the definition of a blocking control

BFC performs several consistency checks and only allows package publication once these consistency checks are all validated. When inconsistencies are found, this information is retrieved as blocking controls which have to be solved to have a valid package. These blocking controls can be manually corrected in a BFC package, however it is fundamental to correct the inconsistencies found in the source of the information, this is to correct data entries in SAP. This will prevent the same blocking situation in subsequent reporting periods.

3.2. I identify and read the blocking control information

A	B	C	D	E	F	G
Status	Code	Description	Factor	Difference	Tolerance	Linked Schedules
	L70-042	F15 must be equal to 0	(AC = L15600)	44135	3	L6430 - IAS19 - Provisions for employee benefits - Defined B



A => the **status** indicates the result of the control performed. Icon

means that there is a blocking control which does not allow to publish the package until it is solved

B => each blocking control is identified with a specific **code**. It's possible to have several blocking controls with the same control code in the same period.

C => represents the **description of the control** itself and provides information on the check the tool performs. In this specific case F15 must be equal to 0 and as it is not a blocking control was generated.

D => the **factor** is the formula of the control, it can be on accounts (headings), flows or partners. In this example, the control is specific to account (heading) L15600.

E => the **difference** provides information on the exact amount which is reported inconsistently.

F => **tolerance** is the threshold for which blocking controls are generated. If inconsistencies are found below this amount, no technical control is generated.

G => provides information on the linked schedules for which the control is generated.

We can then understand that the given blocking control is generated because in schedule L6430 - IAS19 Provisions for employee benefits - amount 44 135Kcurrency is reported in heading L15600 as a variance in F15. This heading cannot have any variance reported as F15.

Below you may find a few examples of the consistency checks executed by the tool.

3.2.1. I solve problems on partner S9999 Third Parties

Example 1 : problems on partner S9999 Third Parties

	F00 OPENING	F99 CLOSING	F15 VARIATION	F20 INCREASE	F30 DECREASE	F31 SHORT TERME TRANSFERT	F32 FX TRANS EFFECT	F50 RECLASS
A26000 Long-term loans								
06020 ADVANCED BIOCHEMICAL (THAILAND) Co., Ltd	3 850 000	3 535 650	0	1 500 000	-	-1 814 350	-	-
S9999 Third Parties	0	0	0	0	-	1 814 350	-	-1 814 350
Total	3 850 000	3 535 650	0	1 500 000	-	0	-	-1 814 350

Flow analysis :

- Check of global amount for each flow
- (1 814 350) on account #A26000 / Flow F31 relates to partner 06020 Advanced Biochemical (Thailand) it seems Ok

Action plan :

Analyse the transaction and change partner or flow.

If the general flows are OK, flow F31 declared on partner 06020 Advanced Biochemical (Thailand) shall move to flow F50.

3.2.2. I solve problems problems of flows by partners

	F00 OUVERTURE	F99 CLÔTURE	F15 VARIATION	F20 AUGMENT.	F30 DIMINUT.	F31 TRANSFERT COURT TERME	F32 CHANGE TRANSAC	F50 RECLAS.
A54000 Prêts à court terme								
60787 ALAVER SA	-	14 218	14 218	-	-	-	-	-
65113 RHODIA POLIAMIDA BRASIL	-	-	-14 262	-	-	-	-	14 262
S9999 HORS-GROUPE	-	67	18	-	-	-	-	49
Total	-	81 020	15 247	-	-	-	-	65 773

Flow analysis:

- Check of global amount for each flow
- Small amount declared on partner S9999 Third Parties check => OK, it is consistent
- On partner 65113 Rhodia Poliamida Brasil, flow F50 equals F15 => it seems to be not OK
- Flow F15 on partners 65113 Rhodia Poliamida Brasil and 60787 Alaver SA are the same it seems to be not OK

Action plan :

Change flow F50 from partner 65113 Rhodia Poliamida Brasil to partner 60787 Alaver SA

3.2.3. I understand the consistency of flows and partners

	F00 OUVERTURE	F99 CLÔTURE	F15 VARIATION	F20 AUGMENT.	F30 DIMINUT.	F31 TRANSFERT COURT TERME	F32 CHANGE TRANSAC	F50 RECLAS.
L16800 Autres emprunts - Long terme								
00974 VINYTHAI PUBLIC COMPANY LIMITED	2 571 400	3 535 650	0	1 500 000	0	-1 814 350	-	1 278 600
S9999 HORS-GROUPE	0	0	0	0	0	0	-	0
Total	2 571 400	3 535 650	0	1 500 000	0	-1 814 350	-	1 278 600

Flow analysis :

- Check of global amount for each flow
- No amount declared on partner S9999 Third Parties check = OK, it is consistent
- (1 814 350) on account #L16800/Flow F31 relates only to partner 00974 Vinythai it seems OK

3.2.3.1 I understand the rules behind the flows

Flows are used in BFC to show historical changes in accounts from the opening to their closing. Main rules to follow :

- Long term : F20 or F30 no F15
- Equity: no F15
- Provisions: no F15
- Flow F35 : cash impact (should have no impact on P&L)
- Flows F25 / F36: impact in REBITDA or income tax charge
- Flows F24 / F37: impact in Non recurring items
- Flow F56: impact in financial result (no cash)

Specific flows : Flows F31 / F50 / F60 / F70

- They should reflect non cash impacts
- Flows F31 and F50 should be balanced in the package
- Flow F50 should reflect the reclassification of the opening balance
- Flow F60 should be validated by central team
- Flow F70 should be balanced at Conso Level information sharing

Important :

Special flows require the usage of a specific document type for extractions in SAP/BFC interfaces

Doc type Z3 => F01/F70/F98

FC flow code	Description FR	Expected usage / rules	Restriction
F00	OPENING BALANCE	automatically loaded in package (1st january Balance) - can not be modified [except for newly entering entity in the consolidation perimeter].	
F05	NET INCOME APROPRIATION N-1		Only for net equity and shares
F06	DIVIDENDS PAID		
F10	NET INCOME APROPRIATION N-1		
F40	CHANGES IN CAPITAL		
F15	VARIATION	Increase or decrease movement, when distinction between increase and decrease is not requested. Mostly used on current items (eg: stocks, acc. Receivables, acc. Payables, cash accounts)	
F20	INCREASE	Eg: acquisition of fixed assets (incl. Capitalized interests) or shares, new long term loans / borrowings...	
F30	DECREASE	Eg: disposal of fixed assets or shares, reimbursement of long term loans / borrowings...	
F25	ALLOWANCE - RECURRING	Allowance for provision when the PL counterpart is in Recurring Operating Income (REBIT) or in PL line Income Tax. - Pensions provisions are all in REBIT - Environmental provision are in REBIT when this is related to a continuing site - Tax litigations are in REBIT when this relate to eg VAT/Business tax etc... audit adjustment - Tax litigations are in Income Tax line when this relate to Income Tax (see IAS12 definition)	Only for provision, amortization and depreciation / impairment
F24	ALLOWANCE - NON RECURRING	Allowance for provision when the PL counterpart is in the PL heading "Non Recurring Items". To be validated with Central team.	
F35	WRITE BACK (USED PROV)	To be used when the provision is "used" i.e. there is a cash counterpart (eg write back following pensions cash out)	
F36	WRITE BACK (NOT USED PROV) RECURRING	Reversal (with no use of the provision) for provision when the PL counterpart is in Recurring Operating Income (REBIT) or in PL line Income Tax.	To be used when there is no cash counterpart (Eg Reversal of provision for risk when risk is no longer existing)
F37	WRITE BACK (NOT USED PROV) NON RECURRING	Reversal (with no use of the provision) for provision when the PL counterpart is in the PL heading "Non Recurring Items". To be validated with Central team.	
F31	SHORT TERM TRANSFERT	To be used to transfer from a LT account to a ST one when the due date becomes less than 1 year (eg loans & borrowings, provisions, prepaid income)	
F32	FX TRANSACTION EFFECT	To be used to record non cash effect on a Debt/ Receivable libelled in another currency than the reporting currency. To be used on Financial Debts / Financial Receivable. Ask advise with central team. Also to record revaluation on financial instruments (FX CFH)	
FC flow code	Description FR	Expected usage / rules	Restriction
F33	FIXED ASSETS BROUGHT OUT OF SERVICE	Only for fixed assets. Both should be balanced.	
F34	FIXED ASSETS BROUGHT INTO SERVICE	- F33: when a fixed asset is brought out of service, but NBV is not zero, you should fully amortize it through PL and then, remove the Gross value & cumulated amortization using flow 33 (NBV should be zero)	
F56	DISCOUNTING / (UNDISCOUNTING) EFFECT	Non Cash Time effect on Long Term accounts (> 1 year provisions / LT receivables etc...) Counterpart is in a specific line of Financial Result (Discounting Effect/ Interests costs/ expected return on Plan asset).	
F50	RECLASSIFICATION	- F50 Reclassification from one account to another for change in category (eg tangible asset classification : from Land to machinery & equipment) - flow must be balanced inside the package.	
F60	OTHER VARIATION	1/ Marked-to-Market of Financial Instruments derivatives Cash Flow Hedge (OCI) 2/ Actuarial gains / losses on post-employment benefits (OCI) 3/ Accretion or decoretion of Financial debt (non cash) 4/ Other non cash transactions: upon validated with central team	
F61	TRANSFER IN P&L OF OCI (CFH)	- F61 is related to Financial Instruments and only opened on Cash Flow reserves accounts. This flow is used at the moment when CFH instruments are "used/settled" to hedge PL underlying items	
F01	PERIMETER INFLOW	- Incoming entities (local package seize F00 => the system transfer into F01 automatically) - For Asset deal acquisition : enter in local package the assets acquired (Fixed assets / Inventories/ working capital etc...)	Usage to be validated with consolidation department.
F70	SPECIAL OPERATIONS - MERGER	For merger operations : entity absorbed should record F99 last balance => the system will transfer it through F70 automatically. However, Absorbing entity should record manually the entering balance of the absorbed entity using Flow 70 directly in the local package. F70 should be balanced at conso level.	
F57	EFFECT OF HYPERINFLATION	To record effects of IAS29 - Hyperinflation Economy. Only upon consolidation request.	
F80	FOREIGN EXCHANGE CONVERSION EFFECT	Conversion effect from local currency to conso currency (EUR) => calculated at conso level by the system.	
F89	CHANGE IN METHOD (PREVIOUS ONE)	Change in % of integration or change in conso method. Partly managed by the system. Only at conso level.	
F90	CHANGE IN METHOD (NEW ONE)		
F91	CHANGE IN INTEGRATION RATE		
F92	INCREASE IN SHARE OF PROFITS		
F98	PERIMETER OUTFLOW	- outgoing entities (local package seize F99 for last balance sheet => the system transfer into F98 automatically) - For Asset deal disposal : enter Flow 98 in local package the assets sold (Fixed assets / Inventories/ working capital etc...)	
F99	CLOSING BALANCE	- Balance sheet Closing Balance - P&L Year to Date closing balance.	

End of document.