DACH SCo - HR Provisions - Annual Procedure

LOCAL

- Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, l atvia, australia, india, japan, singapore, south_korea, thailand, indonesia, new_zeland
  - **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. 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

- Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, latvia, australia, india, japan, singapore, south_korea, thailand, indonesia, new_zeland
- 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. Once the description of the operation is completed, ensure it is approved and published by launching the SBS-Finance approval workflow
- 1. Objective and Scope
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Scope

DACH

ERP

PF1 / WP1

Frequency

YEARLY

References

ZZF_BFC_FI_FLOW_VA

Forms

SCo DE HR Provisions - Annual Procedure YYYY.xlsm

SCo WP1 DE HR Provisions - Annual Procedure YYYY.xlsm

Attachments

Previous OP << DACH SCo - HR Provisions - Annual Procedure >> *Next OP*

1. Objective and Scope

1.1. Objective of this Operation

The purpose of this document is to describe necessary adjustments that some HR accounts must have at year end.
All procedure is documented and explained step by step in SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) & SCO WP1 DE HR Provisions - Annual Procedure YYYY.xlsm (for 7772)

1.2. Scope

This procedure is applied to all DACH companies and other new companies that have been created meanwhile.

DE - PF1	DE - WP1
5642 - SOLVAY SPOL DE	7772 - CYTEC ENGINEERED MATERIALS
	CH
	6423- SPEPRO SPECIALTY PRODUCTS AG

The accounts that are under the scope of this procedure are mainly from local GAAP but there are also IFRS accounts:

- **IFRS Accounts:**

DE - PF1:

2454004920 - Reserve for professional associations
2455004930 - Payroll-end of year premium due when leaving
2455014910 - Payroll-overtime
2729103710 - Vacation pay
2456000000 - Other social debts

DE - WP1:

42900520 - Staff-Credit holiday pay accruals
42900530 - Staff-Credit - accrued charges for compensatory
43900410 - Includes both Disabled and professional associations
15600100 - PROVISION FOR RETIREMENT-LT
16930200 - PROVISION LT IAS 19 OTHER POST RETIREMENT BENEFITS

CH - PF1:

2455003220 - Vacation pay

- **Local GAAP:**

DE, CH - PF1:

B455004930 - Payroll-end of year premium due when leaving
D000000000 - Retirement benefits
D003000000 - Other long-term benefits
D004004910 - Termination benefits-LT-payroll
D004004940 - Termination benefits-LT-pension insuran
D070010000 - Provisions-recovery plan-LT
D070010010 - Termination benefits-LT-pension insuran

DE - WP1:

81560010 - PENSION PROVISION LT
81693010 - ADJUST LT PROVISION SFAS 106
89834030 - PENSION COST ADJUSTEMENT FOR LOCAL GAAP

2. Definitions

See Finance Glossary:

- CAM
- IFRS
- P&L
- SCMA
- GAAP
- HRSL: Human Resources Service Line
- FSL: Finance Service Line

3. Concepts

3.1. Provision

A provision is a liability of uncertain timing and amount and should be recognize if:

- A present obligation (legal or constructive) has arisen as a result of a past event (the obligating event);
- Payment is probable (more likely than not), and
- The amount can be estimated reliably.

The provisions accounts must be reviewed each balance sheet date and if an outflow no longer probable the provision can be reversed.

3.1.1. Use of Provision

Provisions should only be used for the purpose for which they were originally recognized. They should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision should be reversed.

3.2. Accounts

3.2.1. Payroll-overtime (2455014910 AT/ DE PF1)

All working hours that were not paid or compensated are being included in this accrual:

- Overtime;
- Extra-Shift;
- Time Accounts;
- Accrued Overtime;

All these costs have to be estimated at year-end, even if they won't be compensated with money, and they have to be released next year.

3.2.2. Reserve for disabled (2454004910 DE PF1 & 43900410 DE WP1)

For legal reasons is mandatory to ensure that 5% of the staff is disabled. If this rule is not fulfilled we have to pay a fine during the following year. An accrual provision should be charged in current year in order to recognize the costs of the invoice that will come.

3.2.3. Reserve for professional associations (2454004920 DE PF1 & 43900410 DE WP1)

This provision account reflects the costs regarding Professional Associations that Solvay has to pay during the year.

The cost regarding **Professional Associations,** is recognized on a monthly basis through recurring entry set at the beginning of the year and the payment is usually done on the following year.

3.2.4. Payroll-end of year premium due when leaving (2455004930 DE PF1)

This is a Long-Term provision and should reflect the company's needs regarding future expenses for bonus paid to employees when they leave the company for retirement reasons.

This account has only one adjustment at year-end in order to get the final balance provided by HRSL (Closing Balance Adjustment). As this provision account exists also for local proposes, all postings done should be eliminated on local GAAP.

3.2.5. Vacation pay (2729103710 DE PF1 & 42900520 DE WP1 & 2455003220 CH)

This is the amount of time-off pay earned by employees, but not yet used by them.

3.2.6. Other social debts (2456000000 DE PF1)

More and more employees are taking longer and longer periods of leave from their long-term accounts (before retirement) with more and more savings saved.

For these employees, the entitlement to 30 days of vacation per year remains despite being released, so that they do not save from their own long-term account for this period but the costs are borne by the employer. Since this entitlement is always only obtained at the beginning of a year when an exemption agreement lasts several years, provisions should be set up for the vacation entitlement for the following years as soon as a signed exemption agreement is available.

Provision is recognized throughout the year by HRSL (Lieselotte Schötte) and payments will occur in January and February.

3.3. Adjustments

3.3.1 Use Correction

This adjustment will correct the use of provision that occurred during the year according the initial balance that was recognized (balance carry forward) to cover those expenses.
Provisions are measured at the best estimate (including risks and uncertainties) and not with the exact amount that we are expecting to pay next year. For that reason we have to apply this adjustment in order to correct what we expected to pay (Provision) from what was really paid (Actual Cost). That's why we need to compare the balance carry forward of the provision account with the use of provision (F35) to adjust the real cost.

- If Balance Carry Forward is higher than the total Use means that we used less than we were initially expected. For that reason a write-back (F36) must be posted;
- If Balance Carry Forward is less than total Use means that we had more costs than we were initially expected. For that reason we have to reduce the Use of this year to the level of the Carry Forward and record this amount directly in P&L.

3.3.2. Release Balance Carry Forward (B.C.F.)

This adjustment is only to post total Balance Carry Forward as a Use of provision. This way we will ensure that all costs recognized at the beginning of the year to cover the costs of this year will be "used". This type of posting is to be done whenever we can consider that "by definition" the provision was used. Example: holiday allowance. Legally holiday must be taken until March of the following year.

3.3.3. Interest Rate Effect

This adjustment is used to reflect the non-cash time effect in some long term provisions. This adjustment needs SBS-Human Resources Service Line in Germany, input because they have to provide us the interest rate applicable for each year.

The amount posted under this adjustment is based on the following formula:

- BCF+F70+F50+50%*F35*i

This adjustment will reflect the cost interest on long term provisions and will post a F56. As a recurring entry was set in the beginning of the year for this kind of movement flow we have to deduct the F56 that was already posted from the result of the above formula.

For account D000000000 – Retirement Benefits the interest rate is 1 *(i = 1)* therefore the adjustment for this account could be done without any input from HRSL.

3.3.4. "Closing Balance" Adjustment

This adjustment is to finalize all the adjustments mentioned before and is used to reach the final balances required by HRSL. This kind of adjustment may be posting two types of movements:

A cost charge (F25) if HRSL wants to increase the closing balance; or,

A write-back (F36) if HRSL wants to decrease the provision account (balance carry forward).

3.3.5. Summary of Adjustments by account

Adjustment Account	**Use Correction**	**Release BCF**	**Interest Rate**	**Closing Balance**	**Recurring Entry**
2454004910	x			x	
2454004920	x			x	x
2455004930				x	
2455014910		x		x	
2729103710		x		x	
2455003220		x		x	
B455004930			x	x	
D000000000			x	x	x
D003000000			x	x	x
D004004910			x	x	x
D004004940			x	x	x
D070010000			x	x	x
D070010010			x	x	x
43900410	x			x	x
42900520		x		x	x
42900530		x		x	x
42900500					x
42900510					x
81560010			x	x	x
81693010			x	x	x

3.4. Assignment/ Transaction Types

Mandatory field to use in every posting done on accounts that are under scope of this procedure. The transaction type is needed for reporting reasons and also to justify the type of movement recorded.

Flow Codification	**Flow Description**	**Expected usage / rules**

F01	Perimeter Inflow	Incoming entities
F24 - ⛔	Exceptional Expenses Charged	Allowance for provision when the PL counterpart is in the PL heading "Non Recurring Items".
F25 - ⛔	Allowance - Recurring	Allowance for provision when the PL counterpart is in Recurring Operating Income.
F31	Short Term Transfers	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)
F35 - ⊕	Use	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-Recurring	Reversal (with no use of the provision) for provision when the PL counterpart is in Recurring Operating Income .
F50	Reclassification	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.
F56 - ⛔	Discounting / Un-discounting 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).
F70	Special Operations (Merger /Split)	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.
F98	Perimeter Outflow	Out-coming entities
F99	Closing Balance	

⛔ Negative sign in provision matrix

⊕ Positive sign in provision matrix

4. Tasks description before Payroll posting

4.1. I prepare and schedule Meeting (Road map step 0)

When: Preparation files during September and October. Event: During November

Who: Preparation: Accounting Platform. Attendees: CAM / Accounting Platform / HRSL / TAX (Konrad Hennies)

Storage in Google Drive: ***SCo GBS FSL EMEA - ACP&CAM / ACP / DACH_PT_EMI / Multi-country topics/ HR provisions***

4.1.1. I update the Power Point presentation

Update Debriefing Annual Closure YYYY.pptx.

- Agenda:
  - Companies Scope
  - Accounts Scope
  - Update Procedure & Timeline
  - HR input
  - Remarks & Questions
  - Year End Roadmap Closure

4.1.2. I create new Road Map for the current year

Update SCo Road Map Year-End YYYY

Duplicate file from previous year and update Year and timings.

Update status for all tasks to "Not started"

Review: responsible/ assignments

Note: the start date and end date will be confirmed during the meeting

4.1.3. Schedule a meeting to align timings and procedure steps

Send an invitation including the links of files prepared in steps 4.1.1 & 4.1.2.

> **Subject**
>
> The meeting will take place in google meets:
>
> PPT of the presentation (add link)
>
> Road Map (add link)
>
> Please confirm your availability.
>
> Similar to what was done last year, I am booking this meeting to start the preparation of 20YY Annual Closure. In this meeting we will discuss some topics such as:
> - Local HR Provisions (DE)
> - Align deadlines;
> - Review Road Map file.
>
> Please feel free to invite more participants if you think useful.

4.2. I perform the Preliminary Checks on Deferral Matrix (Road map step 1)

There are some quality checks that we must perform in order to ensure that all postings have been correctly done during the year.

> **Important**
>
> Verify if all postings done have Business Area (only PF1), Transaction Type and Assignment. These three fields are quite important in this procedure once they are going to impact BFC and Local Reporting.

To check that:

4.2.1 Run FBL3N with variant SCOHRPROVISION

Make a subtotal by each column (Business Area, Transaction Type and Assignment) at same time. Correct all incomplete posting requesting support to Front-Office (in case the postings had been done by them) or the person from service center who had made it.

4.2.2 Run ZZF_BFC_FI_FLOW_VA

Variant PF1: SCOHRPROVISION

Variant WP1: DE_LOCAL_GAAP

Filter by the accounts in the scope (See 1.2 Scope)

Now check all Deferral Matrix and ensure that the following rules are being fulfilled (by flow):

F25 - All figures should be negative; If not find the posting and see if it makes sense;
F35 - All figures should be positive; If not find the posting and see if it makes sense;
F56- has credit balance
F70 - This flow should be balanced. The only items that could unbalance this flow should come from DTO postings.
Check if new Business Areas appears with F00 amounts.
Verify by account if the BA used are in line with usual BA.
Verify by account if Payroll postings are posted in same BA as their RE's.
Verify if the invoices are posted with correct BA

4.2.3 I correct documents with wrong Business Areas (For PF1)

Case A) When BA to correct is missing:

Two postings have to be performed.

1st posting is to cancel the item of the original document. Use opposite posting keys and mention in the text "BA correction Doc. xxxxxxxxxx) and post against account 2306000000.

2nd posting is to posting with correct BA. Post previous document with opposite posting keys, but add the business area in the account that you want to correct.
Clear the account 2306000000.

Case B) When BA to correct is wrong:

Only one posting has to be performed.

Cancel the item of the original document with Wrong BA. Use opposite posting key and mention in the text "BA Doc. xxxxxxxxxx)" , The second line is to use correct BA and mention in the text "BA correction Doc. xxxxxxxxxx)"

4.2.4 I correct documents with wrong Transaction Type - Tty (for IFRS accounts) (For PF1)

When Transaction type to correct is missing:

Only one posting has to be performed.

Cancel the item of the original document with Wrong Tty. Use opposite posting key and mention in the text "Tty Doc. xxxxxxxxxx)" , The second line is to use correct Tty and mention in the text "Tty correction Doc. xxxxxxxxxx)"

4.2.4 I correct documents with wrong assignment (for local GAAP and IFRS accounts)

When assignment field is missing or incorrect:

No posting is needed, edit document and change the data in the assignment field.

Note

Case 1: Account 2486010001 (T&E)

Please note, it was decided in the past and to not impact on the automation of the T&E process, that no changes will be performed manually in the assignment field. To guarantee correctness in the matrix, Accounting platform is performing the following postings in the account:

1. Manual posting will be performed Debit 2486010001 & Assignment F35 - Credit 2486010001 with no Flow information by the amount of F00 figures.

2. Remaining amount will be adjusted by an additional posting on Debit 2486010001 without Flow & Credit 2486010001 with Assignment F25

This will imply that original postings used for clearing in T&E will not be modified by CAM's and will also allow to have the correct figures in the Flow Matrix

Case 2: GL Postings

For example IAS19 postings include in the field assignment the restructuring plan that refers the postings. In order to not delete this information please add in the beginning of the assignment "FFXX + original assignment data"

4.3 I confirm with HRSL the date of last payroll in December (Road map step 2)

The payroll date is provided by Stephan Jäckel & Lieselote Schötte and will be used to determine timings of HR procedures steps (the procedure defines tasks to be performed before and after payroll date).

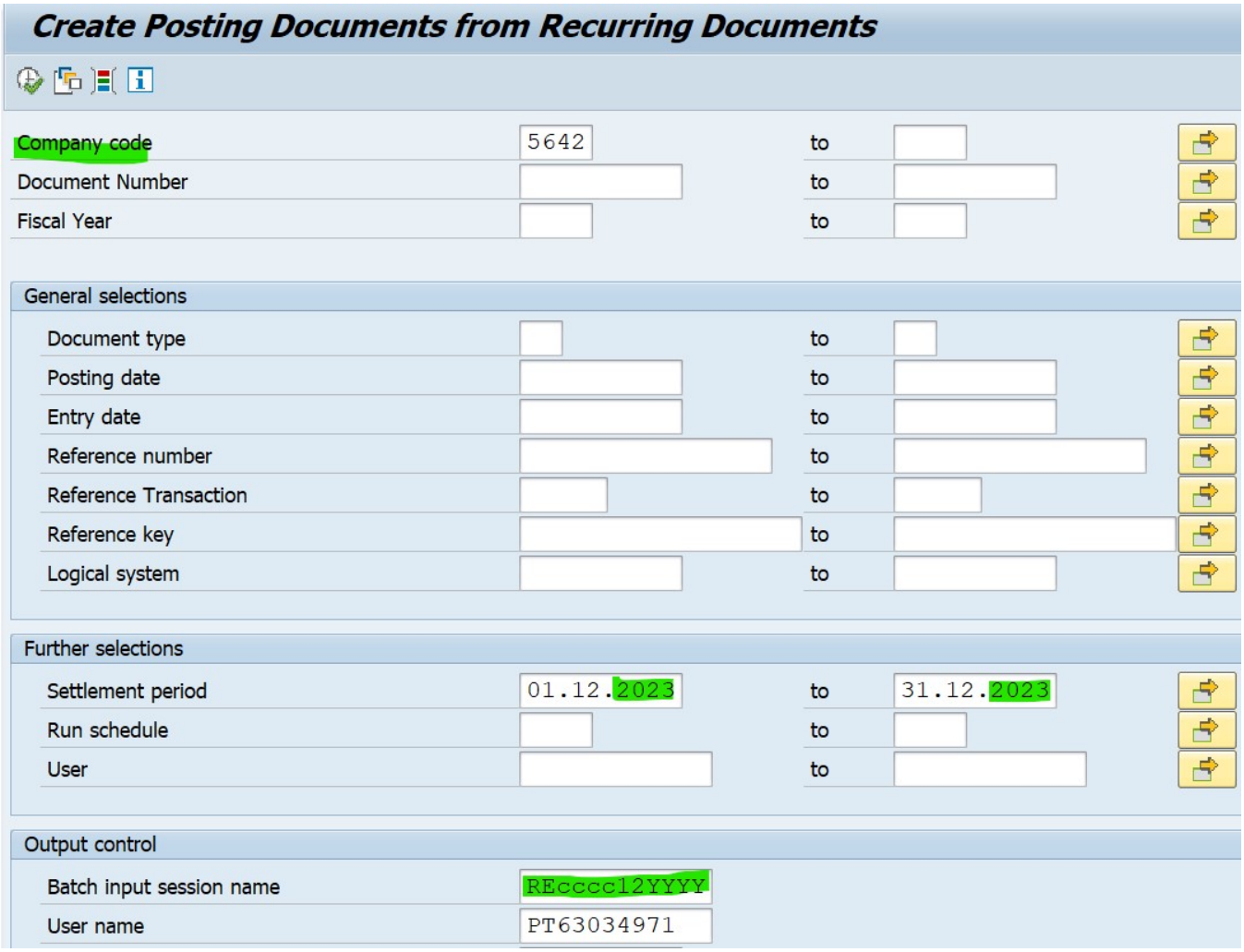
To be provided during the meeting held in step 4.1.

4.4 I Anticipate all Recurring entries postings for DACH to today and inform locals (Road map step 3)

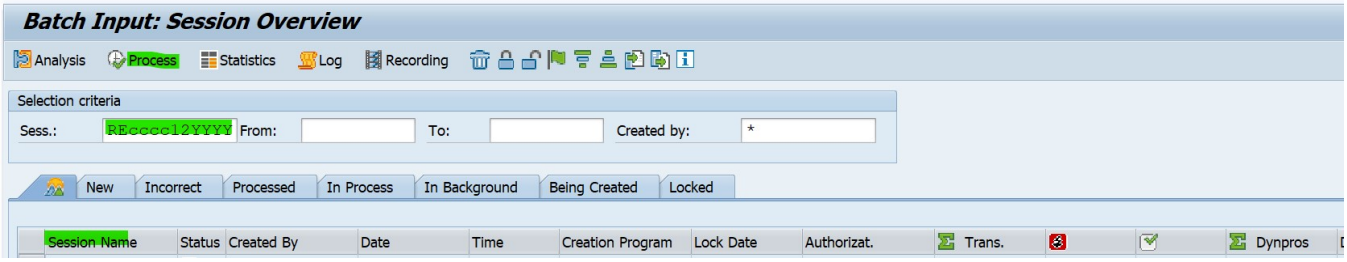
When: beginning December after November's closure.

Run transaction F.14 by company code:

- Select company code
- Settlement period: From 01.12.YYYY to 31.12.YYYY
- Batch input session name: REcccc12YYYY (company code for CCCC and current year for YYYY)



Process batch in SM35



4.5 I perform the Use Correction Adjustment (Road map step 4):

4.5.1. I perform the adjustments for Disable and Professional associations

DE PF1: 2454004910 - Reserve for disabled
DE PF1: 2454004920 - Reserve for professional associations
DE WP1: 43900410 - BG and Disable
CH: N/A

4.5.2. I perform the extraction of BFC flow variances for for disabled and for professional associations

I run the ZZF_BFC_FI_FLOW_VA, and:

For PF1 choose variant SCOHRPROVISION and then filter only by accounts 2454004910 and 2454004920.

For WP1 choose set of accounts PROV_DE_SOCIAL and then filter only by account 43900410.

4.5.3. I perform the Use correction adjustments for disabled and for professional associations

☑ PF1 System

Account	Cost Acc	Profit Acc	Text
2454004910	6230000000	7450044901	Überstunden und Zulagen
2454004920	6210050000	7450044901	Beiträge Berufsgenossenschaft

Example (same exercise is applicable to account 2454004920) **:**

31/12/Y-1: A provision of 100€ is recognized to pay a fine that we expected to pay next year.
Db. 6230000000
Cr. 2454004910 [F25]
01/03/Y: The invoice comes with amount of 90€
Db. 2454004910 [F35]
Cr. Vendor Account

Year-End: There are two scenarios possible:

Scenarios	Procedure	Actual Flows	Delta	Posting Scheme (PF1)
Scenario 1 BCF (F00) > F35	At year end we will apply the **Use Correction** Adjustment to compare Balance Carry Forward (Y-1) with the Use of provision (Y)	F00 = 100; F35 = 90	100-90 = 10	**Adjustment** - Use Correction: Write-Back posting Db. 2454004910 [F36] Cr. 7450044901
Scenario 2 BCF (F00) < F35	If BCF is less than total Use (F35) the posting should recognize the remaining costs that there hasn't been recognized yet, posting a F35	F00 = 100; F35 = 120	100-120 = -20	Db. 6230000000 Cr. 2454004910 [F35]

☑ WP1 System

The account 43900410 - SOCIAL CR OTHER its used to register the **Use Correction** Adjustment for BG and Disable.

> **Note**
>
> In WP1 exists only the flow F15. To register the adjustment is mandatory to use the field assignment by mentioned on it
>
> F35 YYYY-1 Disabled or BG
>
> F36 YYYY-1 Disabled or BG
>
> Use Disabled or BG (Berufsgenossenschaft) depending what it relates the adjustment

Year-End: There are two scenarios possible:

Scenarios	Procedure	Actual Flows	Delta	Posting Scheme (PF1)
Scenario 1 BCF (F00) > F35	At year end we will apply the **Use Correction** Adjustment to compare Balance Carry Forward (Y-1) with the Use of provision (Y)	F00 = 100; F35 = 90	100-90 = 10	**Adjustment** - Use Correction: Write-Back posting Db. 43900410 [F36] Cr. 98300910
Scenario 2 BCF (F00) < F35	If BCF is less than total Use (F35) the posting should recognize the remaining costs that there hasn't been recognized yet, posting a F35	F00 = 100; F35 = 120	100-120 = -20	Db. 98320241 Cr. 43900410 [F35]

4.5.4. I confirm that adjustment has been done correctly

Run again ZZF_BFC_FI_FLOW_VA (as explained in point 4.5.2) and confirm that F25 is equal to F99.

4.6 I perform the Balance Carry Forward BCF adjustment (Road map step 5):

4.6.1. I perform the adjustments for Payroll-overtime and Vacation Pay

DE PF1: 2455014910 - Payroll-overtime
DE PF1: 2729103710 - Vacation pay

DE WP1: 42900520 - Holiday Pay (manual by reference)
DE WP1: 42900530

CH: 2455003220 - Vacation pay
CH: N/A Payroll-overtime

4.6.2. I perform the extraction of BFC flow variances for Payroll-overtime and Vacation Pay

I run the ZZF_BFC_FI_FLOW_VA, and:

For PF1 choose variant SCOHRPROVISION and then filter only by accounts 2455014910, 2729103710 and 2455003220.

For WP1 choose set of accounts PROV_DE_VACATION

4.6.3. I perform the release BCF adjustments for Payroll-overtime and Vacation Pay

- [x] **PF1 System**

Country	Account	Cost Acc	Text
DE PF1	2455014910	6230010000	Überstunden Guthaben
DE PF1	2729103710	6230010000	Resturlaub
AT	2455003220	6350900000	Zuführung Urlaubsrückstellung
CH	2455003220	6350900000	Rückbuchung Abgrenzung Feriensaldi

- [x] **WP1 System**

Account	Cost Acc	Profit Acc	Text
42900520	98320131	98320131	Adjust holiday/overtime accrual
42900530	98320105	98320105	Adjust holiday/overtime accrual

Amounts are examples.

Before Adjustment	Country	BCF Amount	Release BCF Adjustment	After Adjustment
F00 = -100; F35 = 0 ; actual F99 = -100	DE PF1	100	Db. 2729103710 or 2455014910 (F35) Cr. 6230010000	F00 = -100; F35 = 100 ; actual F99 = 0
	CH		Db. 2455003220 (F35) Cr. 6350900000	
	DE WP1		Db. 42900520 (F35) Cr. 98320131 Text: Adjust holiday/ overtime accrual Assigment: F35 // Tty: F15 Document Heather Text: RS vacation pay	

4.6.4. I confirm that adjustment has been done correctly

Run again ZZF_BFC_FI_FLOW_VA (as explained in point 4.6.2) and confirm that F99 is equal to 0.

4.7 I request the Closing Balances Adjustment - IFRS accounts (Road map step 6-8):

4.7.1. I request to SBS-Human Resources Service Line, the Closing Balance for disabled and for pro fessional associations

To confirm the closing balance for disabled and for professional associations, with HRSL, I run again the ZZF_BFC_FI_FLOW_VA:

For PF1 choose variant SCOHRPROVISION and then filter only by accounts 2454004910 and 2454004920.

For WP1 choose set of accounts PROV_DE_SOCIAL and then filter only by account 43900410.

After fill in Input Deferral Matrix inside SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) & SCO WP1 DE HR Provisions - Annual Procedure YYYY.xlsm (for 7772), I sent the data to SBS - HR SL.

Email

- **DE PF1**

Dear Stephan,

Please find enclosed an extraction of Deferral Matrix for accounts

2454004910 - Reserve for Disabled and

2454004920 - Reserve for Professional Associations.

The *Correction of Use a*djustment was already done and now we just need to adjust the final closing balance. For this we kindly ask you to fill in column T the final balance for each account by business area. (This figure must be inserted with negative sign).

Regards

- **DE WP1**

Dear Lilo,

Please find enclosed an extraction of Deferral Matrix for accounts

43900410

The *Correction of Use a*djustment was already done and now we just need to adjust the final closing balance. For this we kindly ask you to fill in column T the final balance, please specify what relates to *Disabled and what is related to BG*. (This figure must be inserted with negative sign).

Regards

4.7.2. I request to SBS-Human Resources Service Line, the Closing Balance for Payroll-overtime and Vacation Pay

To confirm the closing balance for Payroll-overtime and vacations pay, with SBS - HRSL, I run again the ZZF_BFC_FI_FLOW_VA, and:

For PF1 choose variant SCOHRPROVISION and then filter only by accounts 2455014910, 2729103710 and 2455003220.

For WP1 choose set of accounts PROV_DE_VACATION

After fill in Input Deferral Matrix inside SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) & SCO WP1 DE HR Provisions - Annual Procedure YYYY.xlsm (for 7772), I sent the data to SBS - HR SL

Email

- **DE PF1**

Dear Lilo,

Please find enclosed an extraction of Deferral Matrix for accounts

2455014910 - Payroll Overtime

2729103710 - Vacation Pay

The *Release of BCF* adjustment was already done and now we just need to adjust the final closing balance. For this we kindly ask you to fill in column T the final balance for each account by business area. (This figure must be inserted with negative sign).

Regards

- **DE WP1**

Dear Lilo,

Please find enclosed an extraction of Deferral Matrix for accounts

42900520 - Holiday Pay

42900530

The *Release of BCF* adjustment was already done and now we just need to adjust the final closing balance. For this we kindly ask you to fill in column T the final balance for each account. (This figure must be inserted with negative sign).

Regards

4.7.3. I request to SBS-Human Resources Service Line, the Closing Balance for payroll end of year premium due when leaving

To confirm the closing balance for Payroll-overtime and vacations pay, with SBS - HRSL, I run again the ZZF_BFC_FI_FLOW_VA with variant SCOHRPROVISION and then filter only by account 2455004930.

After fill in Input Deferral Matrix inside SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) & SCO WP1 DE HR Provisions - Annual Procedure YYYY.xlsm (for 7772), I sent the data to SBS - HR SL.

Email

Dear Stephan,

Please find enclosed an extraction of Deferral Matrix for accounts

2455004930 - Payroll-end of year premium due when leaving

We just need to adjust the final closing balance. For this we kindly ask you to fill in column T the final balance for each account by business area. (This figure must be inserted with negative sign).

Regards

4.8 I post the Closing Balances Adjustment - IFRS accounts (Road map step 9):

Closing adjustment balance example:

Note

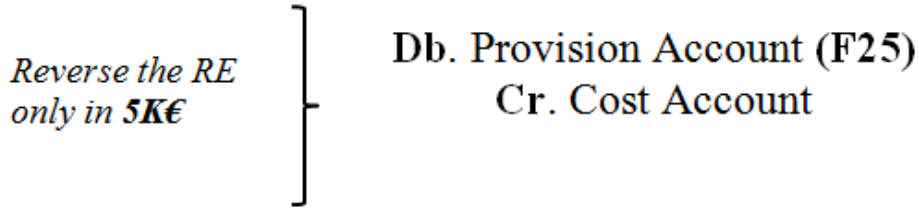
If the account had a recurring entry posting a F25 (expenses charged) during the year and SBS-Human Resources Service Line in Germany, wants to decrease the final balance, we will have first to reverse the recurring entries proportionally (using the same transaction type – F25) and just then we can post a write-back (F36) with the remaining amount.

Recurring Entry (monthly basis) = 1K€ x 12 months = 12K€ (**Total F25**)

F01 = 100K€ **F99** = 112K€

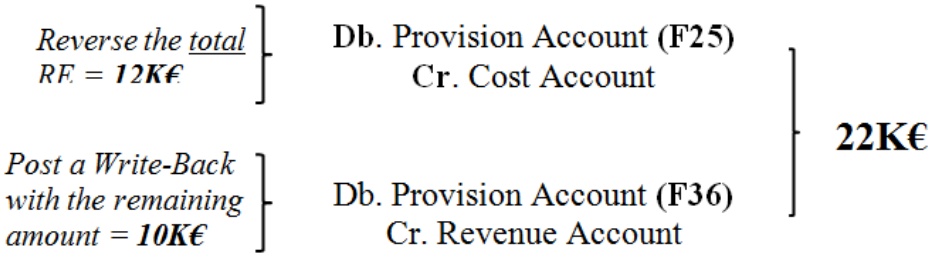
- **Scenario 1** (post only F25): HRSL wants a final balance of 107K€ (**new F99**):

F99 - new F99 = 112k€ – 107K€ = 5K€ It's less than total RE has posted:



- **Scenario 2** (post F25 and F36): HRSL wants a final balance of 90K€ (**new F99**):

F99 - new F99 = 112K€ – 90K€ = 22K€It's more than total RE has posted:



The write-back flow must only be used to decrease balance carry forward.

4.8.1. I perform the Closing Balance adjustments for disable and for professional associations

I post the figures provided by SBS - HR SL 4.7.1, according below several scenarios and corresponding posting scheme :

Amounts are examples and in K€.

Scenarios	Actual Flows	New F99	Posting Scheme (PF1)
Scenario 1	F00 = 0; F25 = 500; F35 = 0 ; F99 = 500	0	Cr. 2454004920 [F25] Db. 6210050000 amount = 500
Scenario 2	F00 = -430; F25 = 0 ; F35 = 30; F36 = 400 ; F99 = 0	-50	Cr. 2454004920 [F25] Db. 6210050000 amount = -50
Scenario 3	F00 = -100; F25 = -6000 ; F35 = 100 ; actual F99 = -6000	0	Db. 2454004920 [F25] Cr. 6210050000 amount = 6000
Scenario 4	F00 = 0; F25 = 500 ; F36 = 0 ; F99 = 500	-600	Cr. 2454004920 [F25] Db. 6210050000 amount = -1100
Scenario 5	F00 = 0; F25 = 0 ; F36 = 0 ; F35 = 0 ; actual F99 = 0	-250	Cr. 2454004920 [F25] Db. 6210050000 amount = -250
Scenario 6	F00 = -200; F25 = 0 ; F36 = 0 ; F35 = 200 ; actual F99 = 0	-80	Cr. 2454004920 [F25] Db. 6210050000 amount = -80

Scenarios	Actual Flows	New F99	Posting Scheme (WP1)
Scenario 1	F00 = -1.500; F25 = 0 ; F36 = 0 ; F35 = 1.500 ; actual F99 = 0	-1.500	Cr. 43900410 [F25] Db. 98320241 amount = -1.500

Remark

Note for PF1: All scenarios are applicable to account 2454004910, however the offset account to be used is 6230000000.

Note for WP1: Doc type: SA; assignment : F25 YYYY-Disabled; text: Disabled YYYY; Doc. Header Text : Disabled YYYY; Reference: Ticket nr

Remark

The payments done on year Y regarding costs recognized in previous year (Y-1) should use transaction type F35 (use provision). Usually these payments are done until June of year Y.
Otherwise, when the payments done on year Y are related with costs for current year (Y) the posting should be done using transaction type F25. Usually these payments are done as of June.

4.8.2. I perform the Closing Balance adjustments for Payroll-Overtime and Vacation Pay

☑ **PF1 System**

Country	Account	Cost Acc	Text
DE PF1	2455014910	6230010000	Überstunden Guthaben
DE PF1	2729103710	6230010000	Resturlaub
AT	2455003220	6350900000	Zuführung Urlaubsrückstellung
CH	2455003220	6350900000	Rückbuchung Abgrenzung Feriensaldi

☑ **WP1 System**

Account	Cost Acc	Profit Acc	Text
42900520	98320131	98320131	Adjust holiday/overtime accrual
42900530	98320105	98320105	Adjust holiday/overtime accrual

I post the figures provided by SBS - HR SL 4.7.2, according to posting scheme below:

Amounts are examples and in K€.

Before Adjustment	Country	New F99 = F25	Closing balance Adjustment	After Adjustment
F00 = -100; F35 = 100 ; actual F99 = 0	DE PF1	-75	Cr. 2729103710 or 2455014910 (F25) Db. 6230010000	F00 = -100; F25= -75; F35 = 100; actual F99 = -75
	CH		Cr. 2455003220 (F25) Db. 6350900000	
	DE WP1		Cr. 42900520/ 42900530 (F25) Db. 98320131 Text: Anpassung RS vacation pay Assigment: F25 // Tty: F15 Document Heather Text: RS vacation pay	

4.8.3. I perform the Closing Balance adjustments for payroll end of year premium due when leaving

I post the figures provided by SBS - HR SL 4.7.3, according to posting scheme below:

The amount to post is the difference between the New F99 and actual F99.

- If the new F99 > actual F99, I record the variance with F25 (Allowance for provision)
- If the new F99 < actual F99, I record the variance with F36 (Write-Back for provision)

Account	Cost Acc	Profit Ac	Text
2455004930	6200030100	7450044901	Abschlussverg.bei Austritt
B455004939	F200030109	G450044909	Abschlussverg.bei Austritt

Scenarios	Actual Flows	New F99	Posting Scheme (PF1)
Scenario 1	F99 = -100	-120	amount =-120 - (-100) = -20 Cr. 2455004930 (F25) Db. B455004939 (F25) Db. 6200030100 Cr. F200030109
Scenario 2	F99 = -100	-90	amount =-90 - (-100) = +10 Db. 2455004930 (F36) Cr. B455004939 (F36) Cr. 7450044901 Db. G450044909

4.9. I update Personalkostenzuschläge YYYY - Personnel supplements (Road map step 10)

Open file DE SCo Resturlaub_Mehrarbeit YYYY.xlsm

This procedure is set up only for PF1.

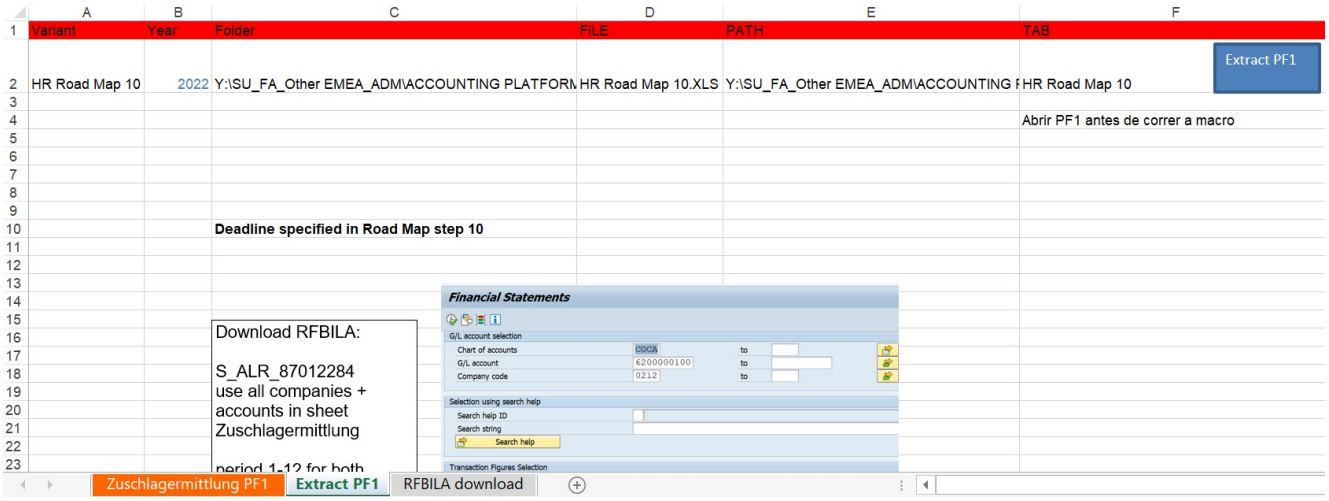
- Go to tab **Zuschlagermittlung PF1** and update cell A4 with the current year

ROAD MAP STEP 10 - Personalkostenzuschläge (Personnel supplements)						
Change Cell A4 to current year						
2022						
Beträge in Euro	6200000300	6210000300		6200000100	6210000100	
	6200030100			6200030300		

Buchungskreis/ GB	Gehälter			Löhne		
	Basis Gehalt	Zuschläge Gesetzl.Soz.Leist. ohne sonst. und ATZ	%	Basis Lohn	Zuschläge Gesetz.Soz.Leist. ohne Sonst. und ATZ	%
5642	-	-	0.00%	-	-	0.00%

	L+G	Summe Zuschlag	%
5642	-	-	0.00%

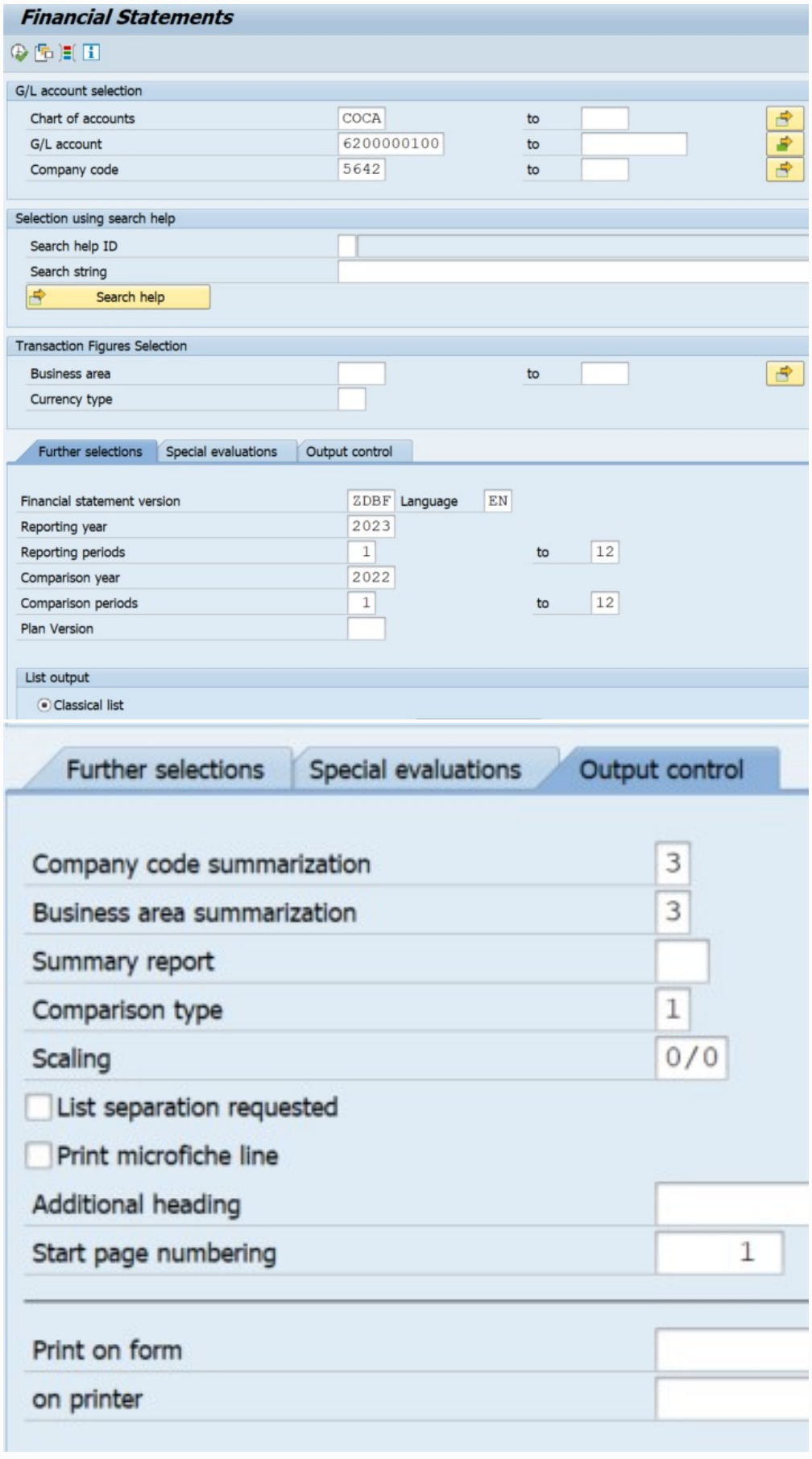
- Run macro in tab "Extract PF1"



Macro setup

In case the macro is not working:

Download RFBILA:S_ALR_87012284use all companies + accounts in sheet Zuschlagermittlungperiod 1-12 for both update tab output control: Selection 3/3


Financial Statements
G/L account selection
Chart of accounts
COCA
to
G/L account
6200000100
to
Company code
5642
to
Selection using search help
Search help ID
Search string
Search help
Transaction Figures Selection
Business area
to
Currency type
Further selections
Special evaluations
Output control
Financial statement version
ZDBF
Language
EN
Reporting year
2023
Reporting periods
1
to
12
Comparison year
2022
Comparison periods
1
to
12
Plan Version
List output
Classical list
Further selections
Special evaluations
Output control
Company code summarization
3
Business area summarization
3
Summary report
Comparison type
1
Scaling
0/0
List separation requested
Print microfiche line
Additional heading
Start page numbering
1
Print on form
on printer

- Verify reasonability of data extracted (percentages in line from prior year extraction) and send the report to Lieselotte Schötte

4.10. I perform the PensionsVersicherungsverein procedure (Road map step 11-12)

4.10.1. I Confirm with HRSL that all Misc vendor have been posted

Confirm with HRSL that all Misc vendor have been posted:

- HRSL informs FSL/ Accounting Platform that all Misc vendor have been posted in order to start the procedure
- HRSL gives the numbers of Misc vendor to FSL and confirm that there are no additional PSV vendors or new coding for the existing.
- Go to FBL1N and check for the following vendors: 9901000334 & 9901021833 if invoices are posted.

St	DocumentNo	Type	Doc..Date	S	DD	Amount in local cur.	LCurr	Clrng doc.	Text	Reference
	3120004958	M6	25.11.2022			10.187,05-	EUR	1510013374	*PSV-Zahlung	K93649753
*						10.187,05-	EUR			
** Account 9901000334						10.187,05-	EUR			

4.10.2. I perform comparison between the accruals the payments

Open file DE SCo Provision Pensionssicherungsverein YYYY.xlsm and perform December actions

PSV template

The file contains 2 steps:

- December actions: road map step 11-12
- January actions: to be performed at road step 31

4.11. I clear 2455000009 - Smoothing personnel costs (Road map step 13)

HRSL: Should provide the postings to balance the UG and WG postings;
FSL/ Acc. Platform: Should clear the account after all postings had been done, in case account is not balanced to 0, contact HRSL Lieselotte Schötte;

Account Scope: 2455000009 - Smoothing personnel costs

SAP Transaction: F-03 with clear date 31.12.YYYY

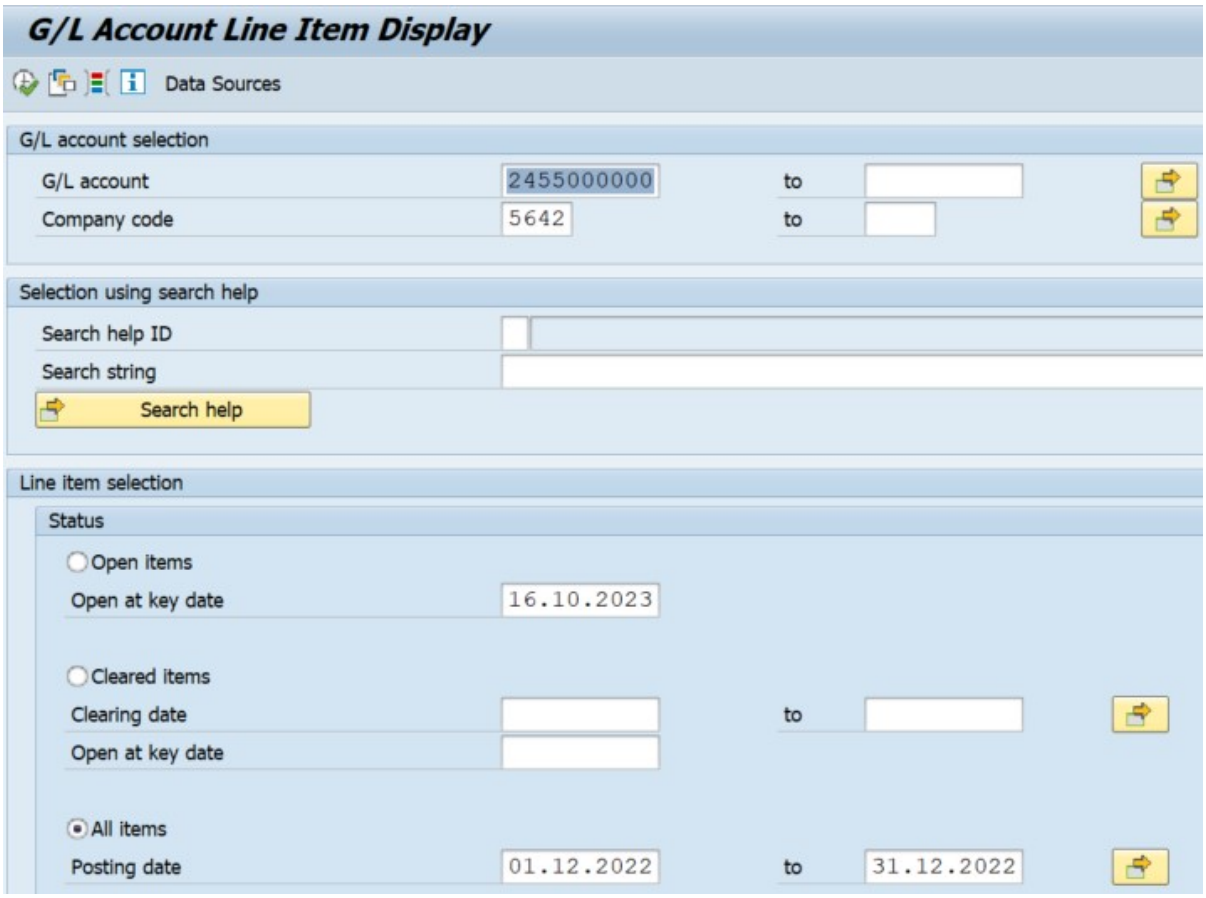
5. Tasks description after Payroll posting

5.1. I Check payroll run (Road map step 18)

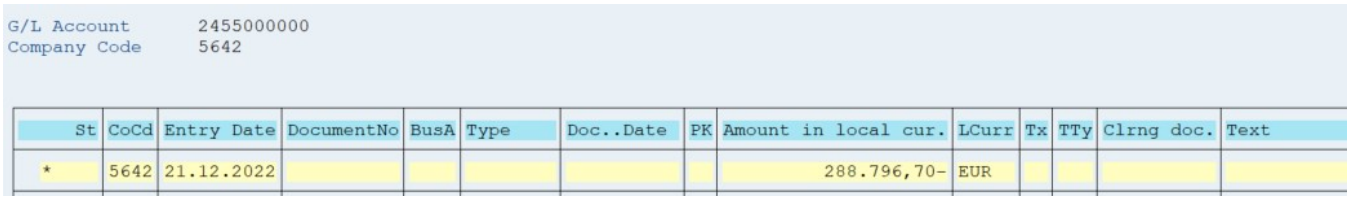
Check payroll run date (all data in FI) set in step 4.3 of this procedure - Important Remark: Remaining steps can only be done after payroll is posted.

Go to FBL3N

- GL account: 2455000000 PF1 or 42900100 WP1
- Companies: specified in 1.2 Scope
- All items: December (01.12.YYYY - 31.12.YYYY)

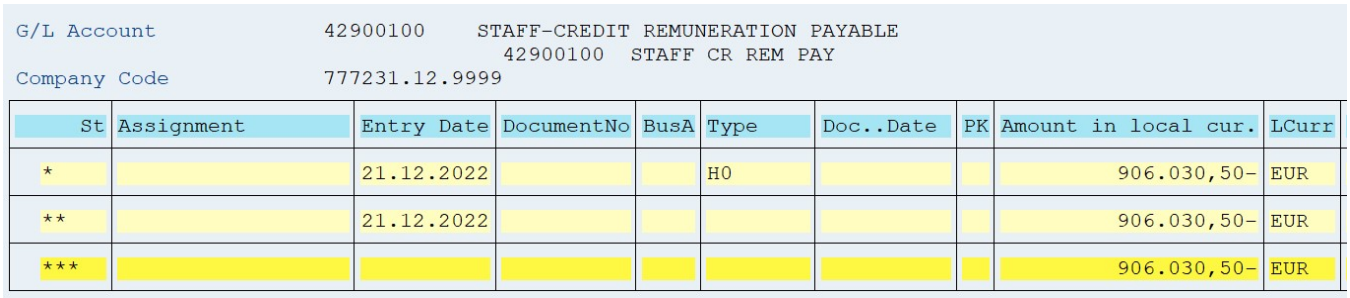


Once in the transaction add entry date and filter by H0 document type. The example below for PF1 and WP1 were posted in 21.12.2022:



G/L Account 2455000000
Company Code 5642

St	CoCd	Entry Date	DocumentNo	BusA	Type	Doc..Date	PK	Amount in local cur.	LCurr	Tx	TTy	Clrng doc.	Text
*	5642	21.12.2022						288.796,70-	EUR				



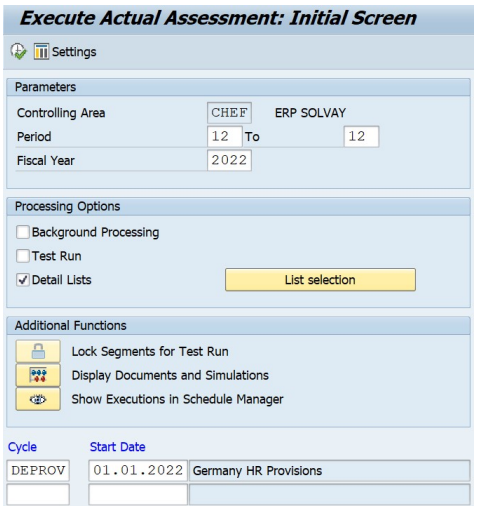
G/L Account 42900100 STAFF-CREDIT REMUNERATION PAYABLE
42900100 STAFF CR REM PAY
Company Code 777231.12.9999

St	Assignment	Entry Date	DocumentNo	BusA	Type	Doc..Date	PK	Amount in local cur.	LCurr
*		21.12.2022			H0			906.030,50-	EUR
**		21.12.2022						906.030,50-	EUR
***								906.030,50-	EUR

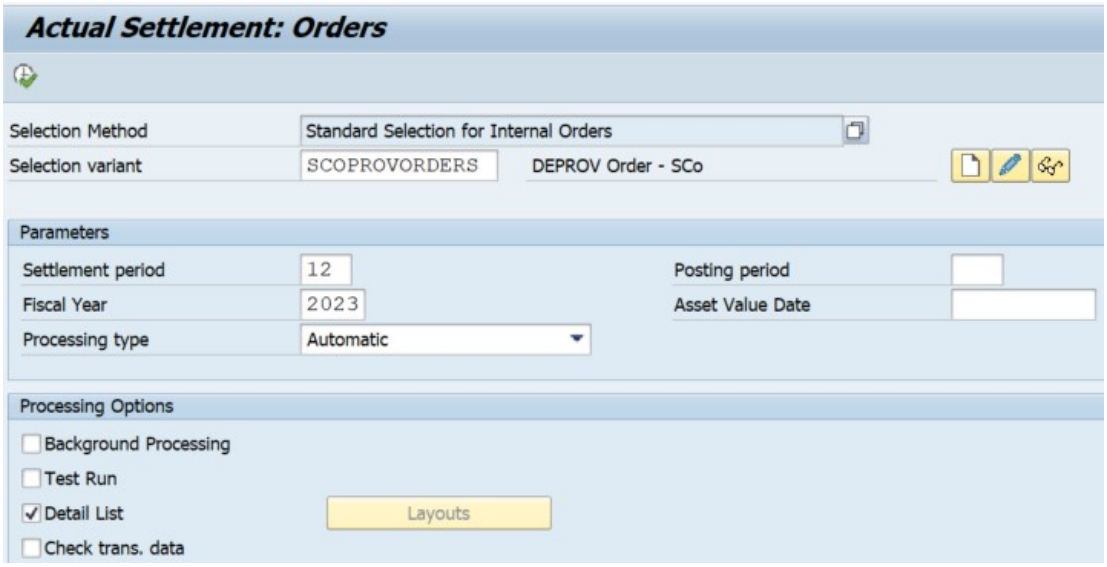
5.2. I perform checks before adjustments on local accounts (Road map step 19-20)

5.2.1. I anticipate cycle DEPROV and settle orders

- Go to KSU5 and run for the closing month cycle DEPROV
  - Period: 12 To 12
  - Fiscal Year: Current year (ex: 2022)
  - Make sure Test run is unflagged
  - Cycle: DEPROV



- Settle orders in KO8G
  - Selection variant: SCOPROVORDERS
  - Settlement period:12
  - Flag Detail list



5.2.2. I perform OP. Provisions procedure

Perform the DE SCo - OP Provisions template.xlsm

> **Timing**
>
> This procedure during Non-Yearly closures is performed at D+2
>
> During Yearly closure, it is anticipated to Mid-December (based on Road Map sequence) to carry out the HR provisions postings

5.3. I perform the adjustment of Interest rate Effect (F56) for local accounts (Road map step 21-22)

5.3.1. I request data necessary for Interest rate adjustment

5.3.1.1 For D000000000

Interest amount is provided together when requesting Closing balance adjustment for local account D000000000 in next task 5.4.

5.3.1.2 For rest of HR provisions local accounts

First of all we will need the interest rate that will be used to calculate the interest discount applied for the following accounts which applied for all local accounts except account specified in 5.3.4.1:

The interest rate "i" is provided by Stephan Jäckel (HRSL) fill this information in the template.

5.3.2. I perform the Interest rate adjustment

5.3.2.1 For D000000000

Go to template SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) and perform road map step 22 from the template.

The template will propose the following postings based on input from HRSL (will compare Current F56 that was set at the beginning of the year by Recurring entry vs. the final F56 provided by HRSL)

Scenarios	Current F56	New F56 (HRSL input)	Posting Scheme (PF1)
Scenario 1 Current F56 > New F56	10	2	Db. D000000000 [F56] Cr. F350000002 amount = 8
Scenario 2 Current F56 < New F56	25	50	Cr. D000000000 [F56] Db. F350000002 amount = 25

5.3.2.2 For rest of HR provisions local accounts

In PF1, I perform this adjustment based on formula (BCF+F70+F50+50%*F35*i) in 3.3.3. Interest Rate Effect and use support files below.

Go to template SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) and perform road map step 23 from the template.

The template will propose the following postings (will compare Current F56 that was set at the beginning of the year by Recurring entry vs. the calculated F56 based on each flow and the interest rate provided by HRSL)

Scenarios	Actual Flows	Calculated F56	Posting Scheme (PF1)
Scenario 1 Current F56 > Calculated F56	Current F56 = 50 i = 1,44% F00 (BCF) = 0; F70 = 500; F50 = 0 ;	10	Db. D* / B* account [F56] Cr. F599080000 amount = xxxxx
Scenario 2 Current F56 < Calculated F56	Current F56 = 0 i = 1,44% F00 (BCF) = 0; F70 = 500; F50 = 0 ;	-50	Cr. D* / B* account [F56] Db. F599080000 amount = xxxxx
Scenario 3 Negative Calculated F56	F00 = -100; F25 = -6000 ; F35 = 100 ; actual F99 = -6000	-50	No posting

5.4. I request the Closing balance adjustment for Local accounts (Road map step 23)

5.4.1. I request to SBS-Human Resources Service Line, the closing balance for local accounts

Before I perform this adjustments, request to HRSL the closing balance. For that:

I run again the ZZF_BFC_FI_FLOW_VA, and:

For PF1 choose variant SCOHRPROVISION and then filter only by local accounts listed below:

*B455004930 - Payroll-end of year premium due when leaving
*D000000000 - Retirement Benefits
*D003000000 - Other long-term benefits
*D004004910 - Termination benefits-LT-payroll
*D004004940 - Termination benefits-LT-pension insuran
*D070010000 - Provisions-recovery plan-LT
*D070010010 - Termination benefits-LT-pension insuran

Export the information to an excel file and insert all data extracted into sheet Local GAAP&EoY-Stephan. In order to send a separate file to HRSL, create a copy of this sheet and save it in your computer. This new file must be the one that you will send to Stephan Jäckel.

For WP1 choose Set of accounts PROV_DE_PENSION

5.5. I perform the Closing balance adjustment for Local accounts (Road map step 24)

For local accounts there are only two adjustments:

- The **Interest Rate Effect** adjustment that will post according to the interest rate provided by HRSL; and
- The **Closing Balance** adjustment in order to get the final balances requested by HRSL.

There is one exception for account D000000000 – Retirement Benefits where an additional adjustment is needed to post a dotation for BilMog pensions (F24).

> **Important**
>
> Account needs to be seen in total in respect of dotation or release at year-end. If there are different business areas, it can happen for example that some business areas have a debit amount and other a credit amount as dotation.

HRSL is the last responsible to check if outcome is correct.

5.5.1. I perform the adjustment of the closing balance for local accounts

The amount to post is the closing balance of F56 and the F99

For calculations and posting I use the support file SCo DE HR Provisions - Annual Procedure YYYY.xlsm (for 5642) and follow the instructions inside.

I consider below accounts to post the adjustment:

Account	Cost Acc	Profit Ac	Text	Cost Account - Interest Accru
B455004930	F200030100	G450044901	RKST. Abschlussverg.	F599080000
D000000000	F350000000	G350000000	RKST. Pensionen	F350000002
D003000000	F353000000	G353000000	RKST. Jubiläen	F599080000
D004004910	F200004900	G354000000	RKST. Entgelt ATZ	F599080000
D004004940	F210014900	G354000000	RKST. Sozial ATZ	F599080000
D070010000	F200004900	G354000000	RKST. Entgelt ATZ-AREX	F599080000
D070010010	F210014900	G354000000	RKST. Sozial ATZ-AREX	F599080000

Scenarios	Actual Flows	New F99	Calculation	Posting Scheme (PF1)	New Flows After posting

Scenario 1 Calculated (F25 + F36) BA A + (F25 + F36)BA B > 0 Difference to be posted in F36	BA A: F25 = -100; F36 = 0; F99 = -200 BA B: F25 = 0; F36 = 125 ; F99 = -100	BA A New F99 = -210 Var -10 BA B New F99 = -110 Var - 10	Calculated BA A: F25 = -100 -10 = -110; F36 = 0 Calculated BA B: F25 = 0 ; F36 = 125-10 = 115 Sum F25 = -110 + Sum F36 = 115 = 5 > 0 F36	**BA A** Db. D* / B* account [F25] : 100 Cr. F* account :100 & Cr. D* / B* account [F36] : 110 Db. G* account : 110 **BA B** Cr. D* / B* account [F36] : 10 Db. G* account : 10	New BA A: F25 = 0 F36 = -110 New BA B: F25 = 0 ; F36 = 115 **Sum F25 = 0 + Sum F36 = 5**
Scenario 2 Calculated (F25 + F36) BA A + (F25 + F36)BA B < 0 Difference to be posted in F25	BA A: F25 = -100; F36 = 0; F99 = -200 BA B: F25 = 0; F36 = 125; F99 = -100	BA A New F99 = -230 Var -30 BA B New F99 = -110 Var - 10	Calculated BA A: F25 = -100 -30 = -130; F36 = 0 Calculated BA B: F25 = 0 ; F36 = 125-10 = 115 Sum F25 = -130 + Sum F36 = 115 = -25 < 0 F25	**BA A** Cr. D* / B* account [F25] : 30 Db. F* account : 30 **BA B** Cr. D* / B* account [F36] : 125 Db. G* account : 125 & Db. D* / B* account [25] : 115 Cr. F* account : 115	New BA A: F25 = -130 F36 = 0 New BA B: F25 = 115 ; F36 = 0 **Sum F25 = -25 + Sum F36 = 0**

*BA = Business area

*Db. = Debit

*Cr. = Credit

- [x] **WP1 System**

Please refer to **Road map step 28**

5.6. I send the final figures to CAM (Road map step 25)

Run transaction ZZF_BFC_FI_FLOW_VA, with variant SCOHRPROVISION selecting the entire year (make sure that it is flagged "ALV list at Business level"). Filter by the accounts listed in Step 1.2. and select column "Company code" and "Account" and make a subtotal

IFRS:

2454004910
2454004920
2455004930
2455014910
2729103710
2456000000

Local GAAP:
B455004930
D000000000
D003000000
D004004910
D004004940
D070010000
D070010010

Make two extractions (one for IFRS accounts and one for LOCAL GAAP) of all data to an excel file (select Spreadsheet) and send it to Local HRSL and FSL/ CAM for their appraisal and final validation.

6. Tasks description New year

6.1. I Perform the travel and expense procedure (account 2486010001) (Road map step 27)

It might happen that some Travel Expenses are entered in the tool in December of each year (or beginning of January) but, due to several reasons, they could not be posted in that year. So, in order to keep track of the non-posted expenses, it's necessary to make some postings at year end. Those postings are described in this Excel File.

DE SCo Yearly Corrections for Travel Expenses YYYY.xls

- I obtain the Report: T&E WW OPS - EMEA - GERMANY - FSL Year Closure - Unassigned & Unsubmitted Corporate Card Transactions
- I reverse the previous year accrual and post the non-posted expenses for the current year
- I correct the assignments:
    - Manual posting will be performed Debit 2486010001 & Assignment F35 - Credit 2486010001 with no Flow information by the amount of F00 figures.
    - Remaining amount will be adjusted by an additional posting on Debit 2486010001 without Flow & Credit 2486010001 with Assignment F25

6.2. I Perform the Closing Balances Adjustment Posting on WP1 local GAAP (Road map step 28)

Closing Balances Adjustment Posting:

Flow correction in WP1 account 81560010 after Tax Posting and OCI posting in account 15600100 (F60) :

Based on both accounts:
15600100-PROVISION FOR RETIREMENT-LT
81560010-PENSION PROVISION LT

Please refer to the template SCO WP1 DE HR Provisions - Annual Procedure YYYY.xlsm (for 7772)

6.3. I set the recurring entries (Road map step 31-32)

After annual closure the recurring entries for New Year must be set according the input given by HRSL.

SBS Finance Service Line - Accounting Platform has to request the monthly figures and set the automatic posting before the first monthly closure of the year.

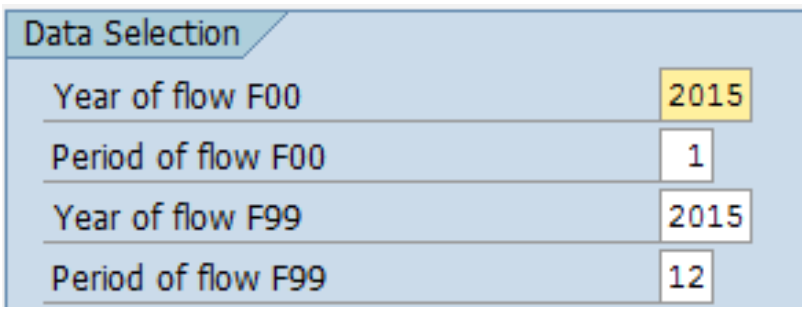
6.3.1 Provision (PSV Pensionssicherungsverein)

Open file DE SCo Provision Pensionssicherungsverein YYYY.xlsm and perform January actions

6.3.2 HR IFRS & Local GAAP

Procedure

Run transaction **ZZF_BFC_FI_FLOW_VA** with variant SCOHRPROVISION choosing the period and year in order to get an extraction for entire previous year:



Then make a filter choosing only the accounts that must have a monthly accrual (check resume table in point 3.3.5).

Export the information to a spreadsheet and send it to HRSL (according to their company assignment) requesting the monthly accruals.
Set the new recurring entries according to the information provided and inform the local contact about the documents created.

Important

The new recurring entries must be set before the January closure. When you finish this task make sure that you release the yearly task on SCMA named *DE: Create HR Provisions Recurring Entries.*

6.3.3 I perform quality check on recurring entries

Important

After creating the recurring entry please verify that the following fields are fulfilled:

- Assignment
- Business Area
- Transaction type

7. Summary

7.1. Contact details

The provisions accounts are assigned to different persons in HRSL. All figures and input needed must be requested according to the next table:

Account	Name	HRSL Responsible
2454004910	Reserve for disabled	Stephan Jäckel
2454004920	Reserve for professional associations	
2455004930	Payroll-end of year premium due when leaving	
Local Accounts		
2455014910	Payroll-overtime	Lieselotte Schötte
2729103710	Vacation pay	

For accounting support the next list of of CAMs could be contacted according to their company assignment:

- Imke Frank
- Dominik Martin

End of document.