

FR - Exchange Loss and Gain - Local / IFRS (SCo)

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, singapore, south_korea, thailand, indonesia, new_zeland
- 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. 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

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Scope

? Unknown Attachment

ERP



Frequency

? Unknown Attachment

References

S_ALR_87012277

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1. Objective and Scope

1.1. Objective of this Operation

The purpose of this document is to explain how to book the accrual exchange rate and to map local GAAP and IFRS revaluation.

Each month, the Exchange rate revaluation procedure is done, (*refer to procedure [Foreign Currency Valuation](#)*); The procedure consists in posting the differences between the accounting rate and the end of month rate of the G/L, Customers and Vendor Accounts, based on the exchange rate tables uploaded on a daily basis into SAP.

In some countries, like France we need to execute the currency revaluation according to [group exchange rates](#) and also [local exchange rates](#)

we need to book a manual posting to correct eventual gap between Local GAAP and IFRS posting.

- There is a different treatment regarding Revaluation when we are between French GAAP rules and IFRS rules.

The **main difference:**

- In IFRS the revaluation has direct impact in P&L, (Loss or gain) and no provision is made for foreign exchange differences nor it is used the asset / liability difference accounts.
- In French GAAP no direct impact in P&L and a provision for exchange Loss is done and reversed on following month.

This is done for monetary items: Trade receivables and trade payables are part of this, and should therefore be revalued at the closing rate at the end of each month.

Example: Customer invoice of 100USD, recorded in SAP with the currency of the day 95€ and evaluated at the end of the month with the rate of the last day of the month 99€

Bank accounts - no correction because there is no P&L impact

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We reverse on the alternative account 8477 and we keep the cost on the customer and 477. IFRS with the P&L impact and in French GAAP only Balance sheet impact.

In case of Loss: (in this case we always have a risk provision)

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In this Procedure we need to perform 2 movements:

1st - To cancel the PL impact in Local Accounts (Retraitement Revalorisation)

2nd - For the Exchange Loss accrual posting (PROV PERTE DE CHANGE)

1.2. Scope

This procedure applies to all WP1 French companies with Revaluation:

- **WP1 companies**
- **6422** - Specialty Operations France
- 5586 - Rhodia Chimie S.A.S. (n/a)
- 3865 - Solvay Energy Services S.A.S. (n/a)
- **3944** - Rhodia Energy GHG S.A.S.
- ~~ZFR9 - Butachimie S.N.C.~~
- ~~5723 - Solvay France~~ (currently in PF1)
- **3919** - Rhodia Participations S.N.C.

Companies under this procedure are **covered by TSA** upon PO2 separation on Dec 2023: **6422 (legacy SCo from ZFR3), 3944 and 3919**.

2. Definitions

See Finance Glossary:

- [GAAP](#)
- [GL](#)
- [IFRS](#)
- [P&L](#)
- [WP1](#)

3. Tasks description

3.1. I run the SAP transaction S_ALR_87012277 - GL Accounts Balance

1) On D+3 go to transaction S_ALR_87012277.

2) Select account 98622003, 89862203, 98622005, 89862205, 81515000, 84760000, 84770000.

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3) Change the company code accordingly, check if the reporting year is the correct one, the reporting period must be the closing month [blocked URL](#).

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- Variant: **FR-RET REVAL**

4) Below the result:

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5) Copy the Result to the posting file template (Result before posting)

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6) Fill out the amounts of accounts in Check control table.

1st control before postings is to check the balance of the accounts 81515000 (provision de perte de change), 84760000 & 84770000 (Loss & Gains) - should have zero balance as the P&L cancellation and provision are done and reversed on the following Month.

3.2. I perform the posting file REVAL 84760000 and Exchange loss accrual

3.2.1. I cancel the P&L impact

We should check the original posting of the revaluation and reverse the impact only in Local Accounts.

1 - check the balance of PL reval accounts (debit and credit)

- 98622003 & 89862203 (Loss & adjustments Loss)
- 98622005 & 89862205 (Gain & adjustments Gain)

The postings will be the cancellation only in Local Accounts

e.g:

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Posting file:

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In the posting file, sheet "RET REVALO IFRS CCCC":

- Update the **Posting Date in cell B5**
- Update the text in cells:

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- Fill the following cells with amounts of the accounts balance:

e.g.

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FS10N

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The rest of the cells will be filled out automatically.

3.2.2. I post the provision for exchange loss

The provision posting will be the opposite posting only for Revaluation Loss

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The "**Posting file Revalo**" sheet will be filled automatically with the correspondent amount both for the Reval and for the Exchange loss provision.

3.3. I rerun SAP transaction S_ALR_87012277 - GL Accounts Balance final check

After the postings are done rerun the transaction, balance should look like this:

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The Total balance of the accounts should correspond to account 84770000, all the others accounts are matched.

- **Account 81515000 = 84760000 (with opposite sign)**
- **Account 84770000 = Total Balance of the accounts**

Copy the Result to the posting file template (Result after posting).

Send the information with the final check to the correspondend CAMS with Acc Platform in copy.

(see eg of case Ticket #2858214)

End of document.