

# Compensation between customer and vendor

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## 2. Objective and Scope

This OP explains how to perform compensations between Customer and Vendor accounts when they belong to the same legal entity.

This operating procedure (OP) applies to all EMEA companies and customer payments for invoices factored to Solvay SA.

## 3. Definitions

- CCT AR: Customer Credit & Trade Accounts Receivable
- CCT CM: Customer Credit & Trade Credit Management
- CCT CCL: Customer Credit & Trade Cash Collections
- OP: Operating procedure
- 0231: PI1 system for Solvay S.A. Treasury

## 4. Compensation Scenarios

This OP explains how to handle Compensations between Customer and Vendor accounts whenever there is a previous agreement between both parties.

There might be three different **triggers** for the Compensation to occur:

- **Regular checking** of Compensation accounts. In this case customers/vendors are already identified and compensation is made regularly by AR team.
- **CM/CCL/ Business** chase for payment and for some reasons (ex. Liquidity problems) a customer which is also vendor request a spot compensation. AR team should follow the same requirements in order to ensure that compensation is in line with contractual agreement on the customer and vendor side.
- **Payment received** where customer proactively deducts the vendor account balance.

### **Compensation Legal Requirements:**

- Prior agreement between the parties (customer/vendor, Credit manager and purchaser) except for recurrent compensations
- No compensations are processed in local systems (except for customers not assigned to Solvay SA);
- Compensation cannot be done for different Solvay Legal entities;
- Compensation between documents with different currencies it is not possible;
- The compensation of the invoices is mandatorily done for documents with due dates in the same accounting period and executed in the due dates accounting period.
- No compensation will be done if the third party customer is classified as "Bad debt"

### 4.1 Compensation

#### **Warning**

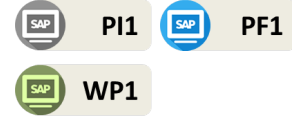
For local compensations (customers not assigned to Solvay SA), we should use document type S1

### 4.2 Recurrent compensations

## Scope



## ERP



## References

## Attachments

### 4.2.1 Standard recurrent compensations

This chapter is related to the compensation which is performed recurrently between customers and vendors accounts with previous agreement with Solvay.

The first thing to do is to access the following file and check which customers and vendor have items to compensate and the Solvay Companies in the scope.

[https://drive.google.com/file/d/1vKmcZCJ4Kk\\_HX5J\\_NPwo2O-oP1JOyK-UuYNNjGemPZc/view](https://drive.google.com/file/d/1vKmcZCJ4Kk_HX5J_NPwo2O-oP1JOyK-UuYNNjGemPZc/view)

Then, we can proceed with the compensation according to chapter "Compensation clearing" chapter.

### 4.2.2 SES Compensation (Cc 3865)

This chapter is related to the compensation which is performed between customers and vendors from company **3865 - SOLVAY ENERGY S FR.**

It is performed between the 10th and the 20th of each month.

The first thing to do is to request to [ses-middle@solvay.com](mailto:ses-middle@solvay.com) the creation of the file of the items to compensate and check if the invoices were issued for customers and vendors (use FBL5N transaction) and compare with the amounts in the file.

After this, an email should be sent to [ses-middle@solvay.com](mailto:ses-middle@solvay.com) requesting the posting of the possibly missing items. At the same time Purchasing FO Provisioning Specialist (Laeticia Chapus) should do the same exercise and fill the vendor invoices amounts in the same file so that AR team can verify in which cases a compensation can be executed.

#### Warning

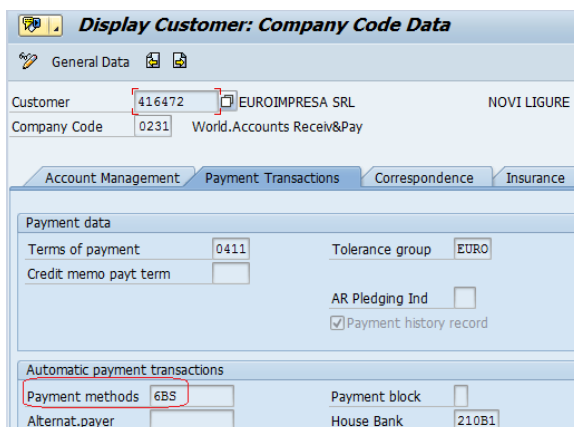
- Compensations should be done for the same business sector, meaning that we should only compensate gas invoices with gas invoices and so on
- The payments terms for these SES vendors are 20th; therefore we should proceed with the compensation maximum two days before (in case of weekends we should assure those vendors are paid before the due date).

As soon as we have the confirmation from SES and from Purchasing contact (Laeticia Chapus) and from Purchasing Service Center that all customer and vendor invoices are issued, we should proceed with the compensation as described in the chapter "Compensation clearing".

### 4.3 Compensation clearing

For compensations clearings, we should use transaction **ZFA\_COMPENSATION**. The requirements to be able to use this transaction are:

- Payment method S inserted in customer and vendor masterdata as in the image
- Residual to be left on vendor side to be paid



The screenshot shows the SAP 'Display Customer: Company Code Data' interface. The 'General Data' tab is active, displaying customer information for 'EUROIMPRESA SRL' (Customer Code: 416472, Company Code: 0231). The 'Payment Transactions' tab is also visible, showing 'Payment data' with 'Terms of payment' set to 0411 and 'Tolerance group' set to EURO. Under 'Automatic payment transactions', the 'Payment methods' field is highlighted with a red box and contains the value '6BS'. Other fields include 'Payment block' (unchecked), 'House Bank' (210B1), and 'Payment history record' (checked).

#### Warning

For other compensation scenarios please check chapter "Manual Compensations"

If those two criterias mentioned above are fullfield, you can run transaction ZFA\_COMPENSATION

**Factoring Compensation**

Selection options


Affiliate company code 3865 to  
 Fiscal Year to  
 Document Number to  
 Currency to  
 Company Code to


Additional options

Customer (PRS) 162362 to  
 Vendor (PRS) to  
 Include payment block

Execution options

Test Run  
 Automatic selection and clear  
 Batch input mode N

Insert company code and the customer number. Execute  with test run ticked to confirm the amounts.

Click on  until you get company code and the customer and vendor items appear in the selection


**Factoring Compensation**

Customer Items


COGL Customer	Document	Year	Amount	Ccy	APPL	Cont. no.	Text
WA	162362	50070129	28	1.156.665,00	EUR	3865	1623620199
			<b>1.156.665,00</b>	<b>EUR</b>			


Vendor Items

COGL Vendor	Document	Year	Amount	Ccy	APPL	Cont. no.	Text
WA	10213899	450158479	28	456.831,59	EUR	3865	1002061730
WA	10213899	450158479	28	3.488.266,59	EUR	3865	1002061730
WA	10213899	450158480	28	288.307,00	EUR	3865	1002061730
			<b>4.233.405,09</b>	<b>EUR</b>			

Then select the items on customer and vendor site by inserting a  on it.

**Information**

 Document 4501584799 was posted in company code 0231

Go back and take the test run and choose  **Compensate Items**

On customer site the invoice will be cleared and on vendor side we will find the residual to be paid:

Vendor: 10213899  
 Company Code: 0231  
 Name: GDF SIZI TRADING  
 City: COURBEVOIE

SE	Assignment	DocumentNo	Type	Doc. Date	Net due dt	S	DD	Amount in local out.	LCurr	Cirng doc.	Text
	3865	4501584799	ZI	20.05.2016	20.04.2016			3.076.144,29	EUR		Compensation

#### 4.4 Manual compensations

There are some situations in which we are not able to use transaction ZFA\_COMPENSATION due to transaction requirements and should be executed differently. Find below the possible scenarios:

- Balance between customer and vendor is zero
- Residual to be left on customer account
- Residual to be left on vendor side but when there are more than one customer/vendor account to be used in the clearing

For the two first scenarios, we can use F-32 transaction to perform the compensation clearing as below:

Open the Customer account in transaction **F-32**:

**Clear Customer: Header Data**

Process open items

Account 1020502  Clearing Date 10.10.2013 Period 10  
 Company Code 0231 Currency EUR


Add the Customer account and correct currency and press

**Process open items**

Standard Partial Pmt Res.Items WH Tax

Account items 1020502 STOCKMEIER CHEMIE

Assignment	Reference	Reference K...	D., Net due d...	Cur...	D...	Disco...	D/P	EUR Gross
00050003649964	00058810197769	1000014366	F1 01.09.2013	EUR	0	0,000		7.348,40
00050003651916	00058810197912	1000014509	F1 05.09.2013	EUR	0	0,000		7.113,25
00050003652673	00058810197977	1000014574	F1 06.09.2013	EUR	0	0,000		14.549,83
00050003656117	00058810198093	1000014690	F1 08.09.2013	EUR	0	0,000		7.060,34

Select the invoice and then press  followed by **Choose open items** :

### Clear Customer Select open items

Process open items

---

Open item selection

Company Code:

Account:

Account Type:

Special G/L ind:   Normal OI

Pmnt advice no.:

Add the **Vendor account** and **Account Type "K"** and **Process open items** :

Select the Vendor invoice

Standard Partial Pmt Res.Items WH Tax

Account items 1020502 STOCKMEIER CHEMIE (More)

Assignment	Reference	Reference K...	D...	Net due d...	Curr...	D...	Disco...	D/P	EUR	Gross
00050003649964	00058810197769	1000014366	F1	01.09.2013	EUR	0	0,000			7.348,40
00050003651916	00058810197912	1000014509	F1	05.09.2013	EUR	0	0,000			7.113,25
00050003652673	00058810197977	1000014574	F1	06.09.2013	EUR	0	0,000			14.549,83
00050003656117	00058810198093	1000014690	F1	08.09.2013	EUR	0	0,000			7.060,34
7082793	7082793	1000009420	K1	01.08.2013	EUR	1	0,000	=		1.284,00-

Processing Status

Number of items: 24 Amount entered: 0,00

Display from item: 2 Assigned: 5.829,25

Reason code: Difference postings:

Display in clearing currency: Not assigned 5.829,25-

In case the balance is zero you can Save. For the cases in which there is a residual, follow the steps below:

Go to the **Res. Items** tab:

### Clear Customer Create residual items

Distribute Difference Charge off diff. Editing Options Create Dispute Case

Standard Partial Pmt Res.Items WH Tax

Account items 1020502 STOCKMEIER CHEMIE (More)

Assignment	Reference	Reference K...	D...	Net due d...	Curr...	D...	Disco...	D/P	Net Amount	Residual Items	RCd
00050003649964	00058810197769	1000014366	F1	01.09.2013	EUR	0	0,000		7.348,40		
00050003651916	00058810197912	1000014509	F1	05.09.2013	EUR	0	0,000		7.113,25	5.829,25	CO
00050003652673	00058810197977	1000014574	F1	06.09.2013	EUR	0	0,000		14.549,83		
00050003656117	00058810198093	1000014690	F1	08.09.2013	EUR	0	0,000		7.060,34		
7082793	7082793	1000009420	K1	01.08.2013	EUR	1	0,000	=	1.284,00-		

Processing Status

Number of items: 24 Amount entered: 0,00


Display from item: 2 Assigned: 0,00

Reason code: Difference postings:

Currency: EUR

Display in clearing currency: Not assigned 0,00

Add the residual amount to the **Residual Items** column and the **RCd "CO"**. **As the balance is a Debit to be left on Customer account the residual should be placed on the Customer Invoice. A dispute for Collections should be created "To be collected"**.

The posting is now complete and ready to be .

The two items are now cleared in 0231:

And the residual is open on Customer account:

Vendor: \*

Company Code: 0231

Base: \*

City: \*

St	BuA	Reference	Assignment	Ref. Key 1	DocuamtBf	Typ	Doc. Date	Net due dt	DD	Amount in DC	Curr	Clearg doc.
		7082793	7082793	1000009420	4500002192	F1	15.06.2013	01.08.2013		1.284,00-	EUR	8700000109
		00050003651916	00050003651916	1000014509	8000010173	F1	05.09.2013	05.09.2013		7.113,25	EUR	8700000109
					8700000109	AB	10.10.2013	10.10.2013		7.113,25-	EUR	8700000109
					8700000109	AB	10.10.2013	10.10.2013		1.284,00	EUR	8700000109
* Clearing date 10.10.2013										0,00	EUR	

Customer: 1020502

Company Code: 0231

Name: STOCKMEIER CHEMIE

City: EILENBURG

St	BuA	Assignment	Ref. Key 1	DocuamtBf	Typ	Doc. Date	Net due dt	DD	Amount in DC	Curr	Text	
		00050003651916	1000014509	8700000109	AB	10.10.2013	10.10.2013		5.829,25	EUR	Compensation	
* Clearing date 00.00.0000										5.829,25	EUR	

For the third situation referred in the possible manual scenarios (Residual to be left on vendor side but when there are more than one customer/vendor account to be used in the clearing), we should execute the compensation clearing using **FB05**

Fill the following fields as below:

Type: K1

Document date/Posting date: Current date

Currency: of the documents

Tick on Transfer posting with clearing

**Post with Clearing: Header Data**

Choose open items Acct model

Document Date	20.05.2016	Type	K1	Company Code	0231
Posting Date	20.05.2016	Period	5	Currency/Rate	EUR
Document Number				Translatn Date	
Reference				Cross-CC no.	
Doc.Header Text					
Clearing text					

Transaction to be processed

Outgoing payment  
 Incoming payment  
 Credit memo  
 Transfer posting with clearing

First line item

PstKy  Account  SGL Ind  TType

When the selection is complete press **Choose open items** :

**Process open items**

Open item selection

Company Code	0231
Account	1020205
Account Type	D
Special G/L ind	<input type="checkbox"/> Normal OI <input checked="" type="checkbox"/>
Pmnt advice no.	

Add the Customer account and select **Process open items** :

Select the invoice as below:

**Post with Clearing Process open items**

Distribute Difference  Charge off diff.  Editing Options  Cash Disc. Due  Create Dispute Case


Standard Partial Pmnt Res.Items WH Tax

Account Items: 1020205 BRENNTAG GMBH

Assignment	Reference	Reference K...	D.	Net due d...	Curr...	D...	Disco...	D P	EUR Gross
00050003641931	00058810197766	1000014363	F1	01.09.2013	EUR	0	0,000		15.288,38

Processing Status

Number of items	1	Amount entered	0,00
Display from item	1	Assigned	15.288,38
Reason code		Difference postings	
Display in clearing currency		Not assigned	15.288,38-

Then press  followed by **Choose open items** :

**Post with Clearing Select open items**

Process open items

Open item selection

Company Code	0231
Account	102106392
Account Type	K
Special G/L ind	<input type="checkbox"/> Normal OI <input checked="" type="checkbox"/>
Pmnt advice no.	

Add the **Vendor account (s)** and **Account Type "K"** and **Process open items** :

Select the vendor invoice as below:

Standard Partial Pmt Res. Items WH Tax

Account items 1020205 BRENTAG GMBH (More)

Assignment	Reference	Reference K...	D...	Net due d...	Curr...	D...	Disco...	D/P	EUR Gross
00050003641931	00058810197766	1000014363	F1	01.09.2013	EUR	0	0,000		15.288,38
FMS026635	FMS026635	1000009473	K1	02.09.2013	EUR	2	0,000	=	34.503,80-

Processing Status

Number of items: 2      Amount entered: 0,00  
 Display from item: 1      Assigned: 19.215,42-  
 Reason code:      Difference postings:  
 Display in clearing currency: Not assigned      19.215,42-

Go to the Res. Items tab:

Add the residual amount to the Residual items column and the RCd "CO". As the balance is a Credit to be left on Vendor account the residual should be placed on the Vendor Invoice (it will be paid according to vendor invoice payment terms).

Save it .

Post with Clearing Create residual items

Distribute Difference Charge off diff. Editing Options Create Dispute Case

Standard Partial Pmt Res. Items WH Tax

Account items 1020205 BRENTAG GMBH (More)

Assignment	Reference	Reference K...	D...	Net due d...	Curr...	D...	Disco...	D/P	Net Amount	Residual Items	RCd
00050003641931	00058810197766	1000014363	F1	01.09.2013	EUR	0	0,000		15.288,38		
FMS026635	FMS026635	1000009473	K1	02.09.2013	EUR	2	0,000	=	34.503,80-	19.215,42-CO	

Processing Status

Number of items: 2      Amount entered: 0,00  
 Display from item: 1      Assigned: 0,00  
 Reason code:      Difference postings:  
 Currency: EUR      Display in clearing currency: Not assigned      0,00