Doubtful customers

he items selected will now appear in green.

And confirmation of the posting done.

Table of contents

1. Objective and Scope

This OP describes how to manage all requests concerning doubtful customers. All the stages of a doubtful customer process have special procedures and specific postings are described in this procedure. Depending on the situation of each invoice, different actions are to be taken in the SAP system.

This operating procedure (OP) applies to the Receivables of Solvay Companies Worldwide.

2. Definitions

- SBS: In the current document, "Solvay Business Services" will be replaced by its abbreviation "SBS".
- CCT AR: Customer Credit & Trade Accounts Receivable team
- CCT CM: Customer Credit & Trade Credit Management team
- OP: Operating procedure
- CAM: Country Account Manager
- PI1: Factoring ERP SAP system
- PF1: Local ERP SAP System
- WP1: Local ERP SAP System
- BA: Business area

3. Doubtful procedure

If, for some reason, there is a risk of not collecting the payment regarding a receivable, the contract must be converted into doubtful status. The decision of putting a contract in a doubtful status belongs to Credit Management team, who should send their request to AR mailbox to proceed as described in this OP.

Scope

APAC EMEA

LAM NAM

ERP

PF1 WP1

References

- **Z3F_FA_Doubtful**
- **FB05**

Attachments

REQUEST FORM (Doubtful-Provision-Write Off)

Point of Contact GBU Controller

Warning

Mandatory Requirements:

AR team will need to assure that the all requests follow the next requirements:

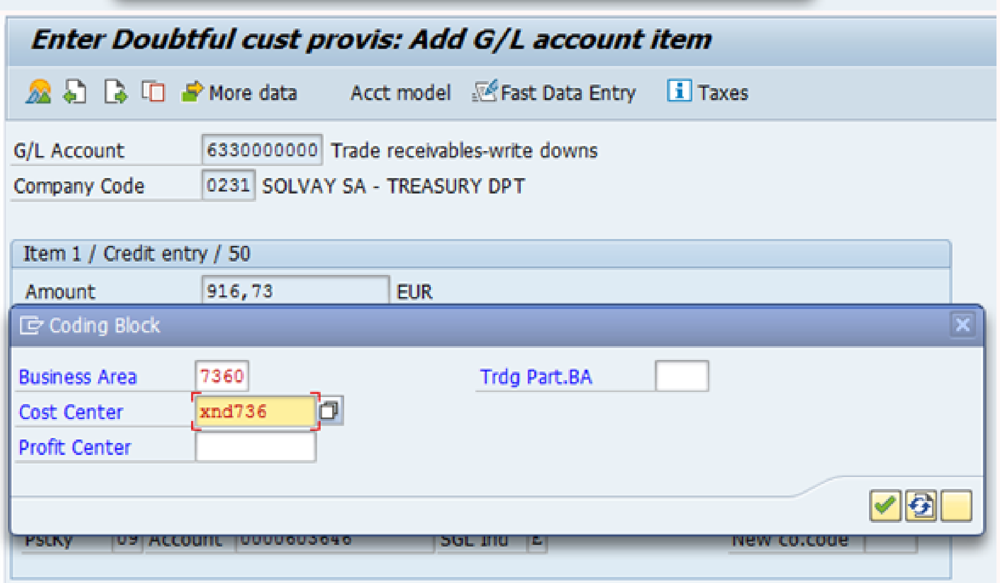
- Template received
- Exchange with business attached on the email content
- Check if the customer is factored from more than one company (if yes, we need to assure that Credit Manager is considering the customer globally)

AR team is only authorized to perform any posting regarding doubtful procedure when Credit Manager sends the attached template with all the information filled in REQUEST FORM (Doubtful-Provision-Write Off)

Warnings

In PI1 system there are some Business Areas with no Cost Center associated. The usual format of the cost centers in PI1 is "XND + 3 initial digits of the Business Area" (e.g. BA 7360 = CO XND736).

If you receive an error message because it is not inserting the Cost center, try to use this rule. In case it doesn't work it might be that the Cost Center does not exist. Please request the creation to RtR-DMR_Data_Management@solvay.com.



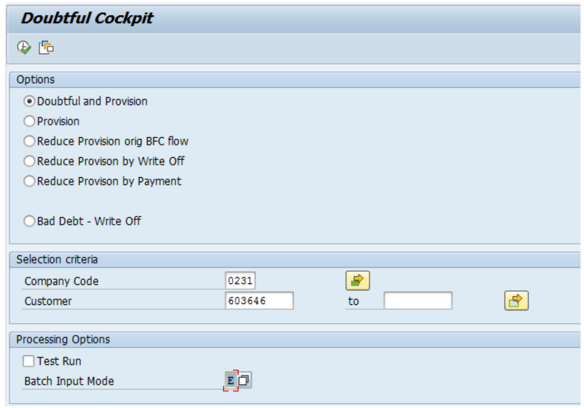
In case of Business Area 3400 division which was Sold (Benvic) use Cost Center "XND5ZS" and Business Area "5ZS0"

3.1 Customers assigned to Factoring

3.1.1 Convert an invoice into doubtful status and post provision

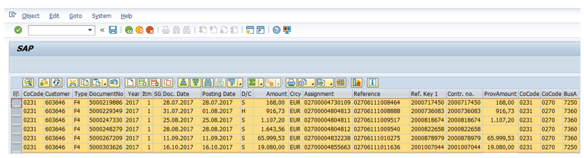
In order to convert a receivable to doubtful for a customer to Factoring, we should use transaction **Z3F_FA_Doubtful** in PI1 and follow the steps below:

Select the **option "Doubtful and Provision"** , **add the customer account** and execute **.**



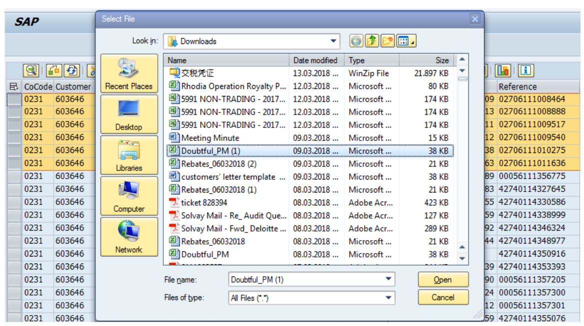
Select the items to be converted to Doubtful and in case the items should be provisioned as well add the amount in column "Provision Amount".

In case there is no Provision to be booked leave the amount blank, or in case the provision is not for 100% add the amount to be provisioned provided by Credit Team.



Then press save .

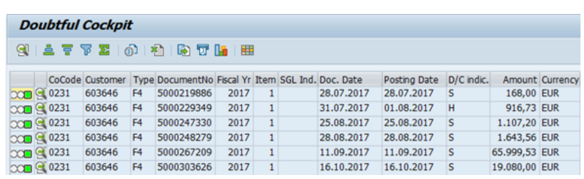
It will ask you to attach the excel file with the instructions provided by Credit Management - **it only accepts Excel format.**

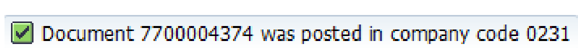


This will attach the justifications to all postings done.

The items selected will now appear in green.

And confirmation of the posting done.



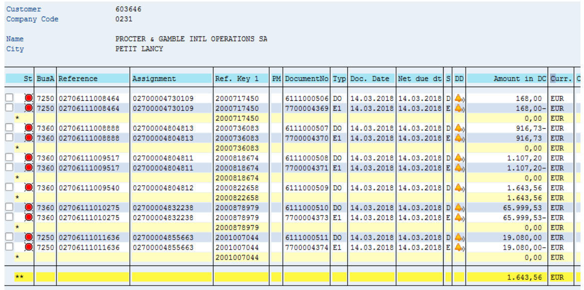


On customer account there are now the Doubtful items (DO documents with special GL indicator D) and respective provisions created (E1 documents with special GL indicator E).

Special GL indicator D = GL account 2270000000

Special GL indicator E = GL account 2271000000

Note that there was one document (invoice 0270611109540) for which there was no Provision created as the amount was zero in the selection done.

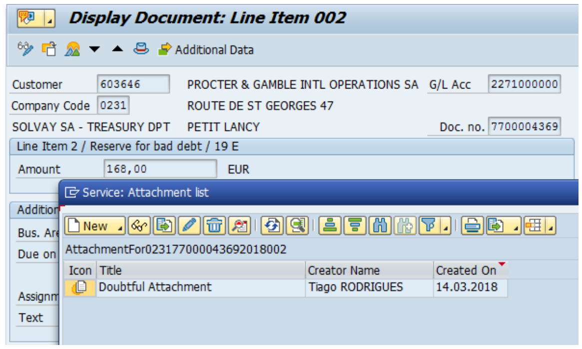


Customer 603646
Company Code 0231

Name PROCTER & GAMBLE INTL OPERATIONS SA
City PETIT LANCY

St	BusA	Reference	Assignment	Ref. Key 1	PM	DocumentNo	Typ	Doc. Date	Net due dt	S	DD	Amount in DC	Curr.
	7250	02706111008464	02700004730109	2000717450		6111000506	DO	14.03.2018	14.03.2018	D		168,00	EUR
	7250	02706111008464	02700004730109	2000717450		7700004369	E1	14.03.2018	14.03.2018	E		168,00-	EUR
*				2000717450								0,00	EUR
	7360	02706111008888	02700004804813	2000736083		6111000507	DO	14.03.2018	14.03.2018	D		916,73-	EUR
	7360	02706111008888	02700004804813	2000736083		7700004370	E1	14.03.2018	14.03.2018	E		916,73	EUR
*				2000736083								0,00	EUR
	7360	02706111009517	02700004804811	2000818674		6111000508	DO	14.03.2018	14.03.2018	D		1.107,20	EUR
	7360	02706111009517	02700004804811	2000818674		7700004371	E1	14.03.2018	14.03.2018	E		1.107,20-	EUR
*				2000818674								0,00	EUR
	7360	02706111009540	02700004804812	2000822658		6111000509	DO	14.03.2018	14.03.2018	D		1.643,56	EUR
*				2000822658								1.643,56	EUR
	7360	02706111010275	02700004832238	2000878979		6111000510	DO	14.03.2018	14.03.2018	D		65.999,53	EUR
	7360	02706111010275	02700004832238	2000878979		7700004373	E1	14.03.2018	14.03.2018	E		65.999,53-	EUR
*				2000878979								0,00	EUR
	7250	02706111011636	02700004855663	2001007044		6111000511	DO	14.03.2018	14.03.2018	D		19.080,00	EUR
	7250	02706111011636	02700004855663	2001007044		7700004374	E1	14.03.2018	14.03.2018	E		19.080,00-	EUR
*				2001007044								0,00	EUR
**												1.643,56	EUR

You can also see the attachment in all the postings.



3.1.2 Receive a payment for a doubtful document

> **Warnings**
>
> If a payment is received for a document which is settled with doubtful status, check the customer account to see if there is a provision created for it. If so the provision should be cancelled – follow the instruction in chapter 3.1.4. Cancel a provision.
>
> Always confirm with CM if the payment can be applied, to which invoice(s) and attach the instructions.

Select the payment normally in **FEBA/ F-32** transactions and select the invoice to be cleared. In case the full amount is not paid use **FB05** to apply the partial or leave the Residual amount with document type DO and Special GL D.

> **Warning**
>
> A doubtful contract does not appear on the reconciliation screen in FEBA/F-32 and FB05 transactions. Therefore, the special G/L indicator should be inserted with "O" or "D" in order to select the invoice (s).

See example (payment already on account)

Since there will be a residual that should remain in Doubtful use **FB05** with **payment dates** (if not possible, use 1st day of the month)

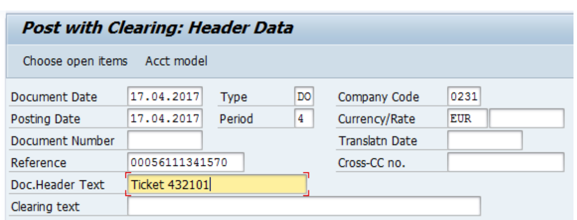
Document type: DO **Cc:**0231 **Currency:** of invoice

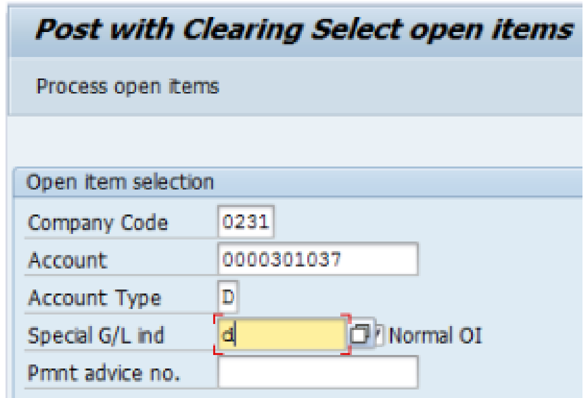
Reference: Invoice Reference

Doc Header text: Ticket with the instructions of CM

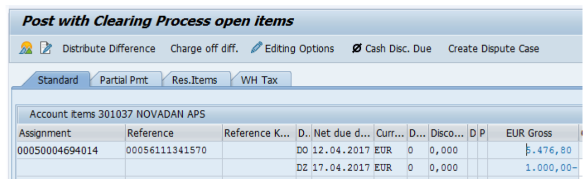
Press Enter

Process open items with <u>Special GL indicator D or O</u> (some older items might have O - Check the customer account to confirm)





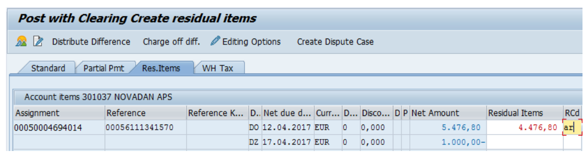
Select the item in Doubtful to be cleared and the partial payment



Use the <u>Residual items tab</u> to add the <u>residual amount</u> and <u>reason code AR</u>

-

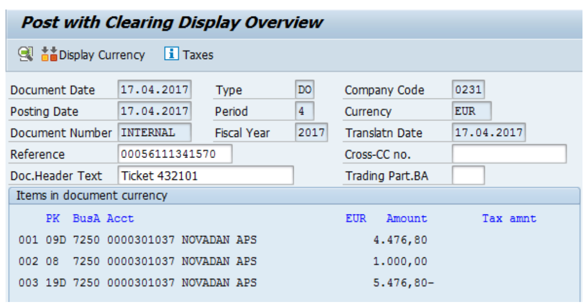
-



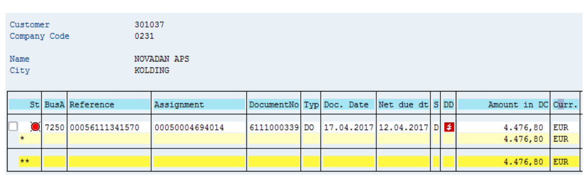
Simulate.

There will be 3 lines, for the payment, for the item cleared and for the residual Doubtful which will have the same data as the original Doubtful.

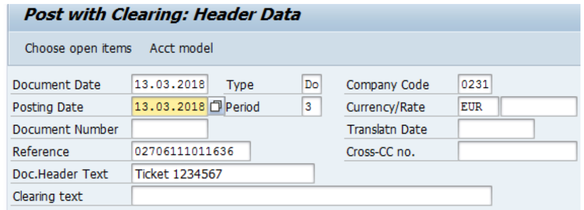
Save.

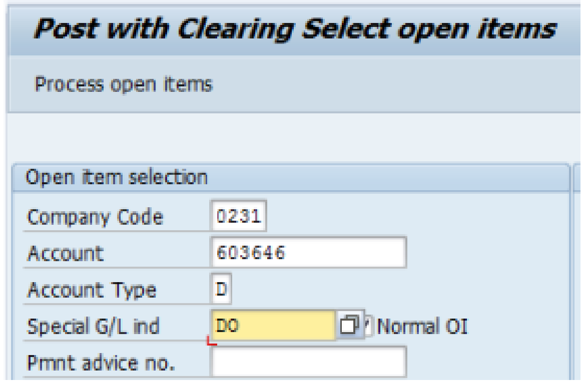


On the account there will be the new line for the residual.



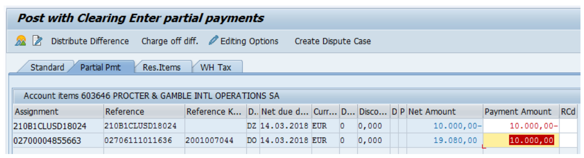
In some situations it might be required to **apply a partial** (so that the payment is also visible on customer account) Using also **FB05**, the same selections and fields as explained for residual.





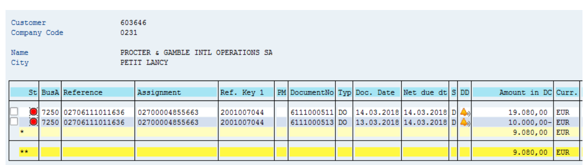
Select the two items (payment was already open on customer account)

And use the "Partial Pmt" tab to associate the payment to the respective invoice.



Save .

Here the partial payment (with special GL indicator D) associated to the invoice.



3.1.3 Create a provision

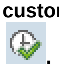
Warning

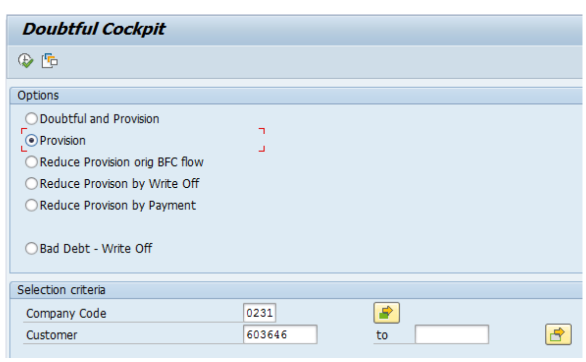
- The instructions to create and cancel a provision should be received by the responsible Credit Manager
- We should perform one provision for each document
- The instructions with the request should be attached to the posting (automatically done by the transaction Excel, word, PDF accepted).

Transaction **Z3F_FA_DOUBTFUL**.

There is the possibility to create the Provision in case it was not immediately created in step "Doubtful and Provision" or to increase the provision amount if not fully provisioned.

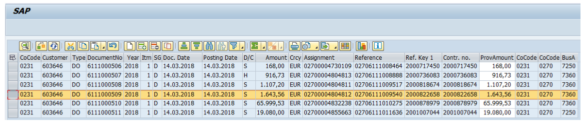
To do so select the **option "Provision"**, add the **customer account** and

process .

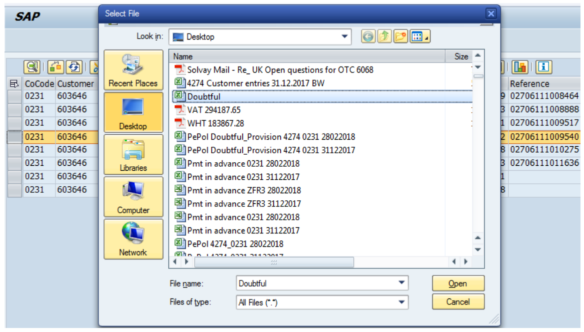


This will show only the items that are already in Doubtful.

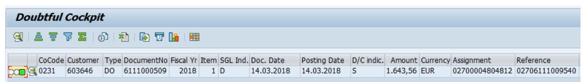
Select the item you want to provision and press save  .

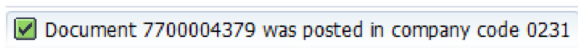


Add the attachment.

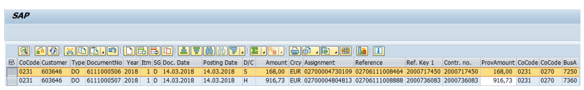


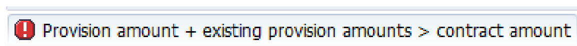
The document was posted.





Remark: In case you select a document that is fully provisioned (or the amount you insert exceeds the total amount of the Doubtful) there will an warning message which will not allow to proceed.





3.1.4 Cancel a provision

Warning

- The instructions to create and cancel a provision should be sent by the responsible Credit Manager.
- We should perform one cancellation of provision for each document
- The instructions with the request should be attached to the posting (automatically done by the transaction Excel, word, PDF accepted).

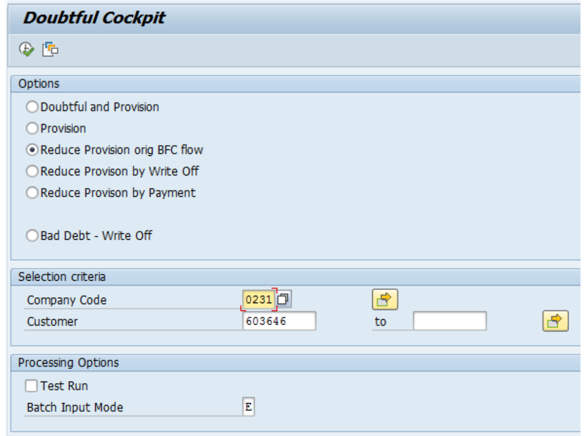
Transaction **Z3F_FA_DOUBTFUL**.

There are 3 options to cancel or reduce a provision, depending on the scenario.

- **Reduce Provision orig BFC flow** - To be used when it is necessary a correction, usually in the same period or in case the other 2 options are not applicable (transaction flow F25);
- **Reduce Provision by Write Off** - when the debt is considered unrecoverable and

the account should be closed (Transaction flow F35), the full amount of provision must be cancelled:

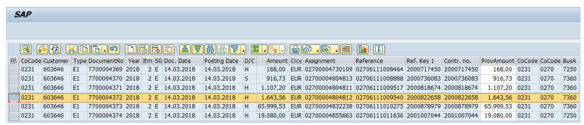
- **Reduce Provision by Payment** - When customer pays the full amount or partially (Transaction flow F36), reduction should be equal to what was paid.



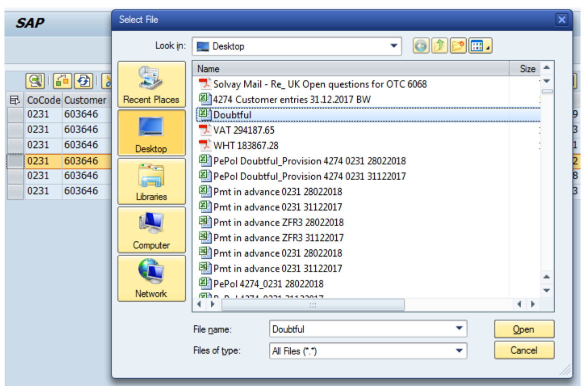
In any of the cases processing mode is the same.

<u>Select the option according to the scenario</u>, add the **customer account** and process **.**

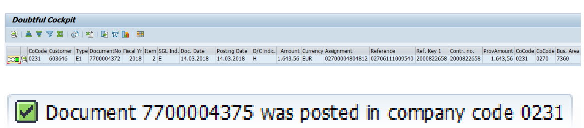
Select the provision that should be cancelled or reduced (check if the amount is correct and) and press save .



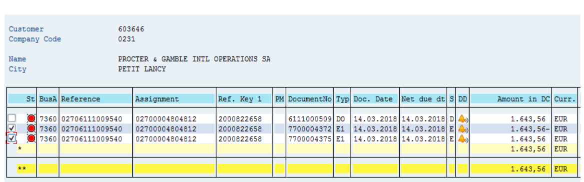
Add the attachment.



The document was posted.

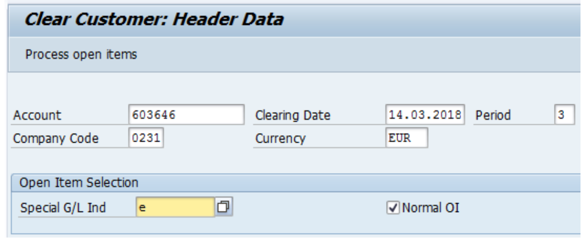


Here the the Original provision and Cancellation on account (Special GL ind. "E").

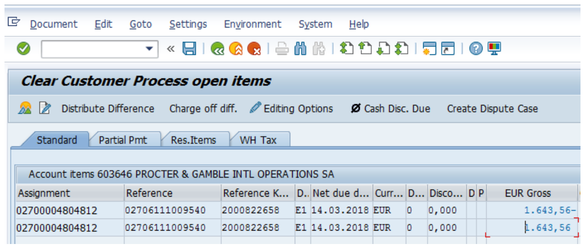


To complete the action use **F-32** to clear both items.

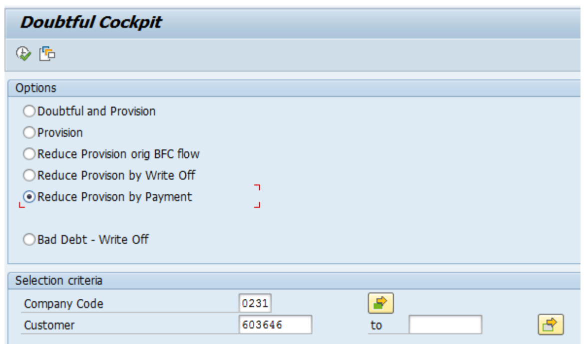
Special GL indicator "E" must be selected.



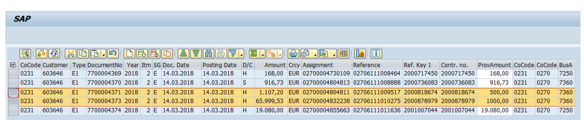
Select both items and save  .



In case of **Partial reduction by Payment** the amount of provision must be adjusted.



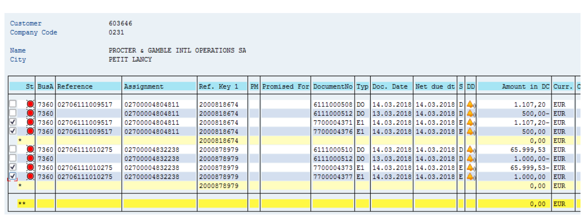
Select the Provision related with the item that was paid and adjust the amount.



For the example, consider the customer paid 500,00 EUR for invoice 02706111009517 and 1.000,00 EUR for invoice 02706111010275.

Hit Save  .

On customer account you can see the Partial Payments previously recorded (see chapter 3.1.2 Receive a payment for a doubtful document) and the reduction of the Provision. There will be always two lines, one for the Original Provision and another for the Reduction.



E.g

DO 6111000508 - Original Doubtful;

DO 6111000512 - Partial Payment;

E1 7700004371 - Original Provision;

E1 7700004376 - Provision Reduction;

Warning

- In case there is a request to apply a Payment and write off the remaining amount, the provision reduction must be done in two steps.
- First reduce the provision by Payment selecting the option ◉ Reduce Provison by Payment and adjusting the reduction to the amount that was paid.
- Then cancel the remaining Provision for the amount still provisioned by using the option ◉ Reduce Provison by Write Off, attention to select the original provision line and cancel only the remaining amount:

SAP

CoCode	Customer	Type	DocumentNo	Year	Itm	SG	Doc. Date	Posting Date	D/C	Amount	Crcy	Assignment	Reference	Ref. Key 1	Contr. no.	ProvAmount	CoCode	CoCo
0231	603646	E1	7700004369	2018	2	E	14.03.2018	14.03.2018	H	168,00	EUR	02700004730109	02706111008464	2000717450	2000717450	168,00	0231	0270
0231	603646	E1	7700004370	2018	2	E	14.03.2018	14.03.2018	S	916,73	EUR	02700004804813	02706111008888	2000736083	2000736083	916,73	0231	0270
0231	603646	E1	7700004371	2018	2	E	14.03.2018	14.03.2018	H	1.107,20	EUR	02700004804811	02706111009517	2000818674	2000818674	1.107,20	0231	0270
0231	603646	E1	7700004373	2018	2	E	14.03.2018	14.03.2018	H	65.999,53	EUR	02700004832238	02706111010275	2000878979	2000878979	64.999,53	0231	0270
0231	603646	E1	7700004374	2018	2	E	14.03.2018	14.03.2018	H	19.080,00	EUR	02700004855663	02706111011636	2001007044	2001007044	19.080,00	0231	0270
0231	603646	E1	7700004376	2018	2	E	14.03.2018	14.03.2018	S	500,00	EUR	02700004804811	02706111009517	2000818674	2000818674	500,00	0231	0270
0231	603646	E1	7700004377	2018	2	E	14.03.2018	14.03.2018	S	1.000,00	EUR	02700004832238	02706111010275	2000878979	2000878979	1.000,00	0231	0270

In the end the Provisions should match to zero and cleared in F-32:

Clear Customer Process open items

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

Standard | Partial Pmt | Res.Items | WH Tax

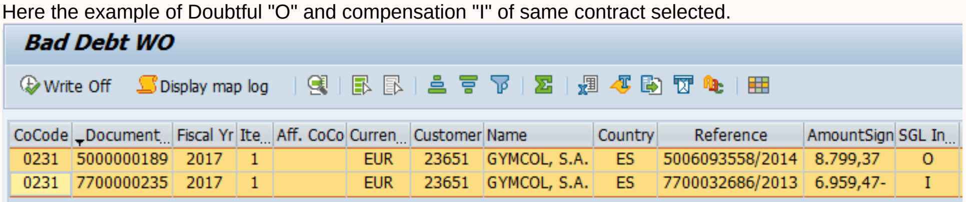
Account items 603646 PROCTER & GAMBLE INTL OPERATIONS SA

Assignment	Reference	Reference K...	D..	Net due d...	Curr...	D...	Disco...	D	P	EUR Gross
02700004832238	02706111010275	2000878979	E1	14.03.2018	EUR	0	0,000			65.999,53-
02700004832238	02706111010275	2000878979	E1	14.03.2018	EUR	0	0,000			1.000,00
02700004832238	02706111010275	2000878979	E1	14.03.2018	EUR	0	0,000			64.999,53

3.1.5 Write-off

Warning

- The posting of write-off can only be done after instructions from the Credit Manager concerned
- The instructions with the request should be attached to the posting (automatically done by the transaction Excel, word, PDF accepted).
- The **write off should be done contract by contract,** do not select lines which are not related with the same contract. **After processing one contract go back and process the next one.**
  Here the example of Doubtful "O" and compensation "I" of same contract selected.

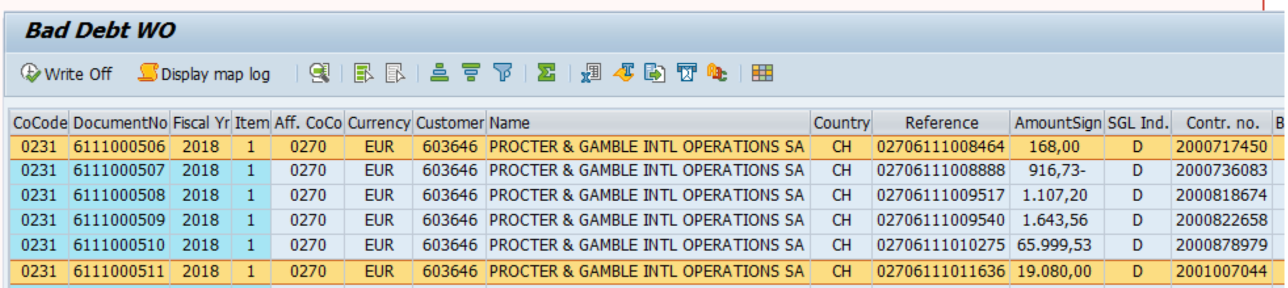


Bad Debt WO

Write Off | Display map log

CoCode	Document...	Fiscal Yr	Ite...	Aff. CoCo	Curren...	Customer	Name	Country	Reference	AmountSign	SGL In...
0231	5000000189	2017	1		EUR	23651	GYMCOL, S.A.	ES	5006093558/2014	8.799,37	O
0231	7700000235	2017	1		EUR	23651	GYMCOL, S.A.	ES	7700032686/2013	6.959,47-	I

- If exceptionally it is e it is necessary to select several contracts and there is more than one Business Area on customer Account, run the transaction **Z3F_FA_DOUBTFUL per Business Area**, do not Mix two Different BA in the same posting. Here below only 7250 BA is selected.



Bad Debt WO

Write Off | Display map log

CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.	Contr. no.	B
0231	6111000506	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111008464	168,00	D	2000717450	
0231	6111000507	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111008888	916,73-	D	2000736083	
0231	6111000508	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111009517	1.107,20	D	2000818674	
0231	6111000509	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111009540	1.643,56	D	2000822658	
0231	6111000510	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111010275	65.999,53	D	2000878979	
0231	6111000511	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111011636	19.080,00	D	2001007044	

Transaction **Z3F_FA_DOUBTFUL** in PI1 is customized to work only with a debit balance, however there might be the need to apply the doubtful procedure in a credit balance, therefore these two situations are described below:

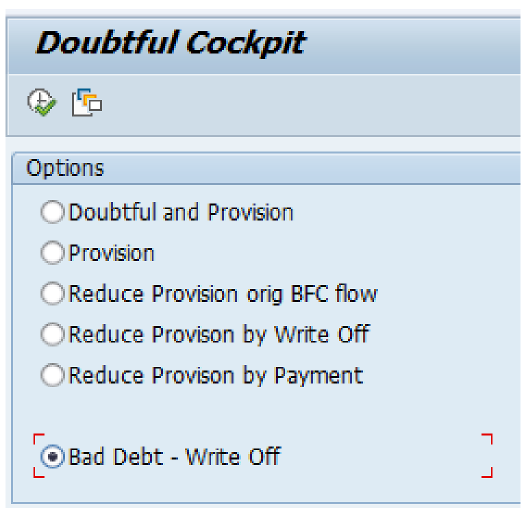
Only for Debit balance

Use **Z3F_FA_DOUBTFUL** transaction and select the option **"Bad Debt - Write Off".**

Press  to continue.

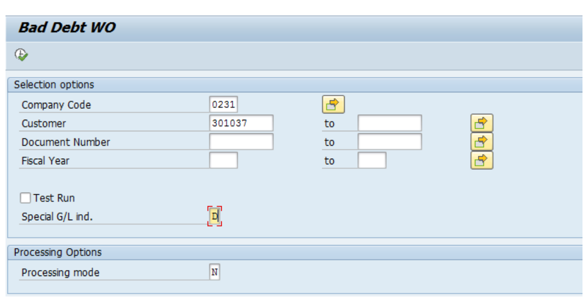
You can search by customer number or document or run the transaction with no info in the fields and it will show all open doubtful contracts.

Special GL Ind: D (or O for some older cases)



You can search by customer number or document or run the transaction with no info in the fields and it will show all open doubtful contracts.

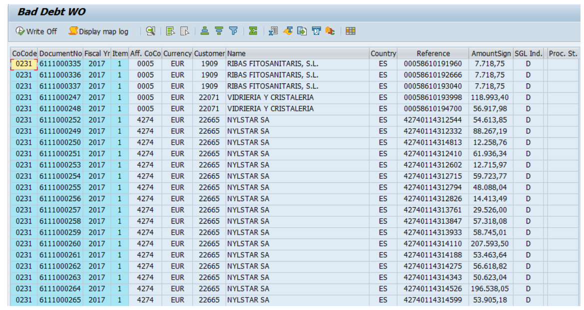
Special GL Ind: D (or O for some older cases)



Example without selection options:

In this case all customers having doubtful contracts will be open and it is possible to select the items by selecting the line. However two validations are defined in the transaction:

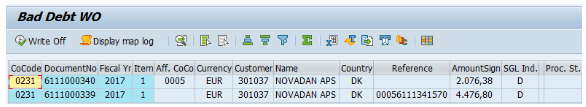
- **All the documents selected must belong to same customer;**
- **All the documents selected must have same currency;**



CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.	Proc. St.
0231	6111000335	2017	1	0005	EUR	1909	RIBAS FITOSANITARIS, S.L.	ES	00058610191960	7.718,75	D	
0231	6111000336	2017	1	0005	EUR	1909	RIBAS FITOSANITARIS, S.L.	ES	00058610192666	7.718,75	D	
0231	6111000337	2017	1	0005	EUR	1909	RIBAS FITOSANITARIS, S.L.	ES	00058610193040	7.718,75	D	
0231	6111000247	2017	1	0005	EUR	22071	VIDRIERIA Y CRISTALERIA	ES	00058610193998	118.993,40	D	
0231	6111000248	2017	1	0005	EUR	22071	VIDRIERIA Y CRISTALERIA	ES	00058610194700	56.917,98	D	
0231	6111000252	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312544	54.613,85	D	
0231	6111000249	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312332	88.267,19	D	
0231	6111000250	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314813	12.258,76	D	
0231	6111000251	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312410	61.936,34	D	
0231	6111000253	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312602	12.715,97	D	
0231	6111000254	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312715	59.723,77	D	
0231	6111000255	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312794	48.088,04	D	
0231	6111000256	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114312826	14.413,49	D	
0231	6111000257	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114313761	29.526,00	D	
0231	6111000258	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114313847	57.318,08	D	
0231	6111000259	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114313933	58.745,01	D	
0231	6111000260	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314110	207.593,50	D	
0231	6111000261	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314188	53.463,64	D	
0231	6111000262	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314275	56.618,82	D	
0231	6111000263	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314343	50.623,04	D	
0231	6111000264	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314526	196.538,05	D	
0231	6111000265	2017	1	4274	EUR	22665	NYLSTAR SA	ES	42740114314599	53.905,18	D	

Example with limit by customer number:

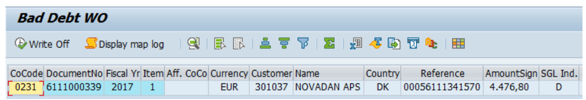
In this case, transaction will give us all the documents related with the customer selected. Thus, the user should select the ones which are to be posted as loss.



CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.	Proc. St.
0231	6111000340	2017	1	0005	EUR	301037	NOVADAN APS	DK		2.076,38	D	
0231	6111000339	2017	1		EUR	301037	NOVADAN APS	DK	00056111341570	4.476,80	D	

Example with limit by document number:

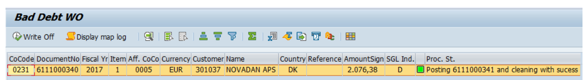
In this case, only that document number will be displayed.



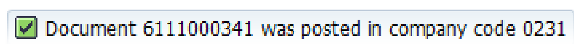
CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.
0231	6111000339	2017	1		EUR	301037	NOVADAN APS	DK	00056111341570	4.476,80	D

After selecting the lines concerned,

choose Write Off



CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.		Proc. St.
0231	6111000340	2017	1	0005	EUR	301037	NOVADAN APS	DK		2.076,38	D		Posting 6111000341 and cleaning with sucess



Debit / Credit balance using FB05:

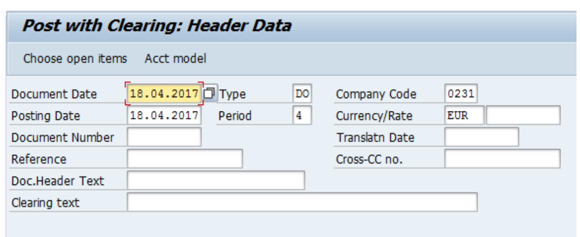
Enter in **FB05** in PI1 system transaction.

Fill the fields as below:

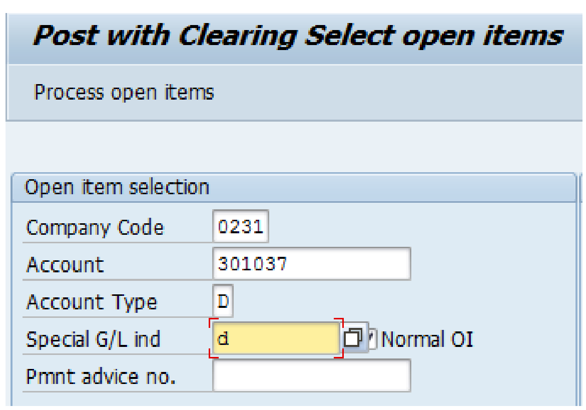
Document Date and Posting date: Request date

Document Type: DO

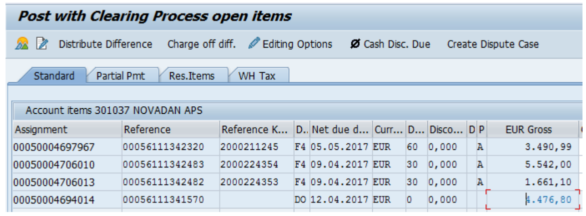
Choose open items



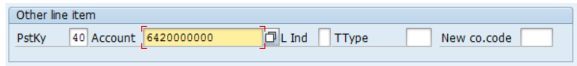
Insert customer number and Special G /L ind. "D" or "O".

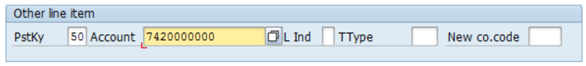


Select the item in Doubtful / Invoice or CN



Go back 



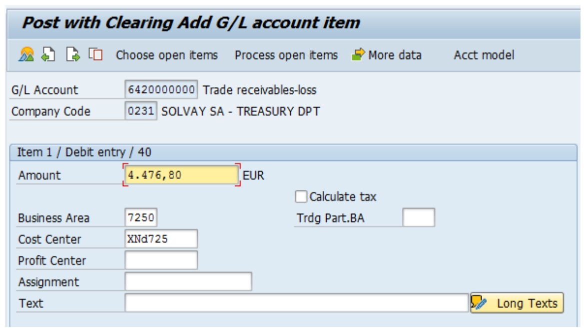


Use Posting Key 40 for Debit Balance and account 6420000000

Or

Use Posting Key 50 for Credit Balance and Account 7420000000

Enter.



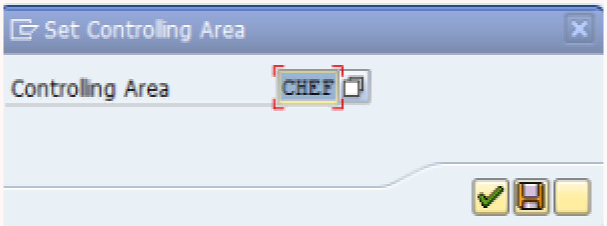
Fill the amount, Business area and Cost Center fields and Save the posting.

3.2 Customers not assigned to Factoring

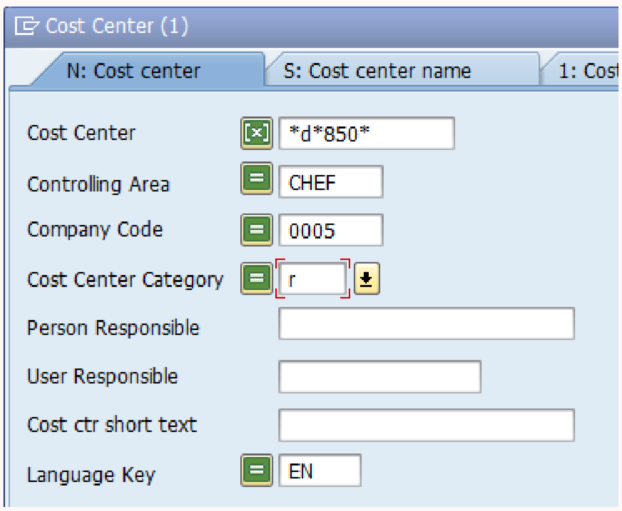
Warnings

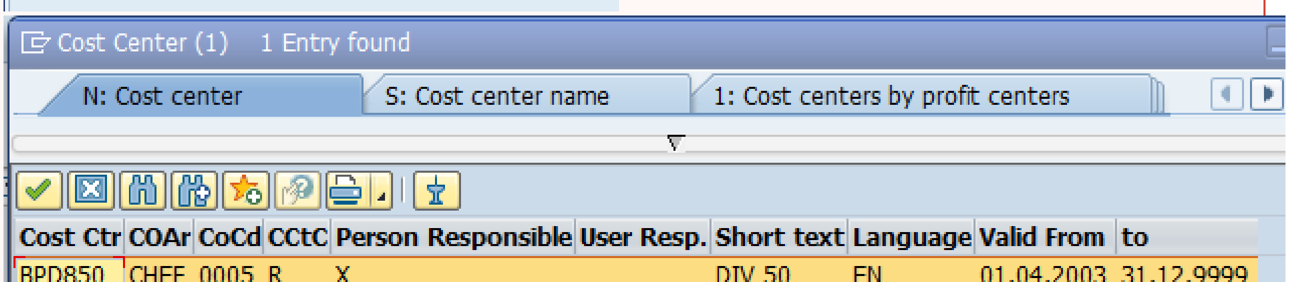
The cost centers should always be provided by CM in accordance to the GBU controller. However in here follows some guidance in order to find cost centers for PF1 and WP1.

For the **cost center** in **PF1**, we should check transaction KS03 - Display cost center or press directly the search button .



Choose "CHEF" and  Cost Center: *d*850 (3 first digits of the business area); Cost Center category: "R" ; and the respective company code.





In case it doesn't work it might be that the Cost Center does not exist. Please request the creation to RtR-DMR_Data_Management@solvay.com.

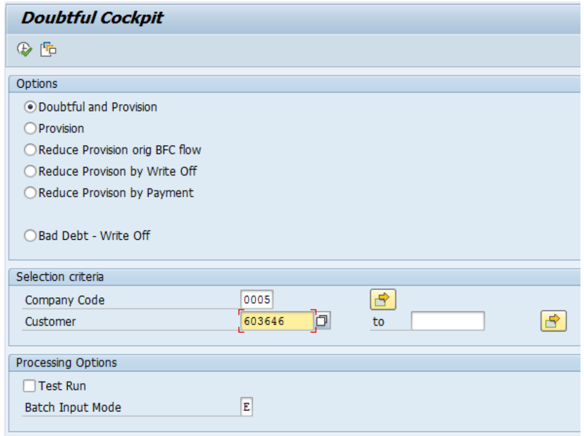
For the **cost center field** for **WP1**, we can use the following file:

https://drive.google.com/file/d/16RzNz-8c59O4iE6wyOu6qVuHz9iV9tlVpvCkPcatFPs/view

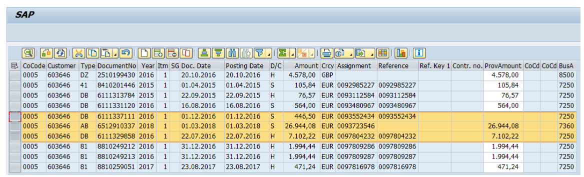
In case of doubts or if you cannot find the cost center, please send an email to the IHB Accounting team in Lisbon (For example Adrienn Torok, Sonia Xavier, Sandra Barradas, Jose Carlos Nunes)

3.2.1 Convert an invoice into doubtful status

In order to convert a receivable to doubtful for a customer no assigned to Factoring, we should use transaction **Z1 F_DOUBTFUL** in PF1 or WP1 and follow the steps below:



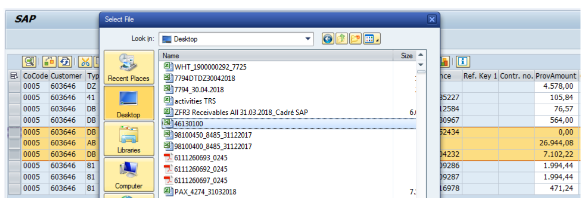
Select the **option "Doubtful and Provision"** , **add the Customer account, the Company Code** and execute .



Select the items to be converted to Doubtful and in case the items should be provisioned as well add the amount in column "Provision Amount".

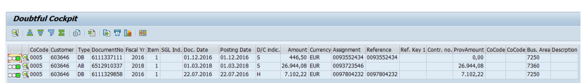
In case there is no Provision to be booked leave the amount blank, or in case the provision is not for 100% add the amount to be provisioned provided by Credit Team.

Then press save .

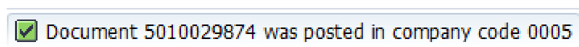


It will ask you to attach the excel file with the instructions provided by Credit Management - **it only accepts Excel format.**

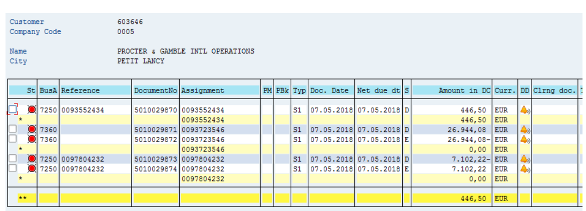
This will attach the justifications to all postings done.



The items selected will now appear in green.



And confirmation of the posting done.



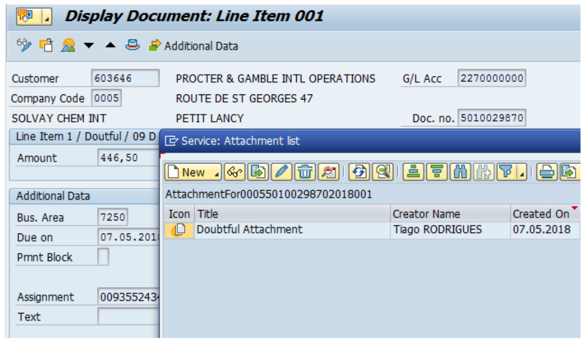
On customer account there are now the Doubtful items (documents with special GL indicator D) and respective provisions created (documents with special GL indicator E).

Special GL indicator D = GL account 2270000000 PF1 /41100300 WP1

Special GL indicator E = GL account 2271000000 PF1 / 49100400 WP1

Note that there was one document (93552434) for which there was no Provision created as the amount was zero in the selection done.

You can also see the attachment in all the postings.



3.2.2 Receive a payment for a doubtful document

Warning

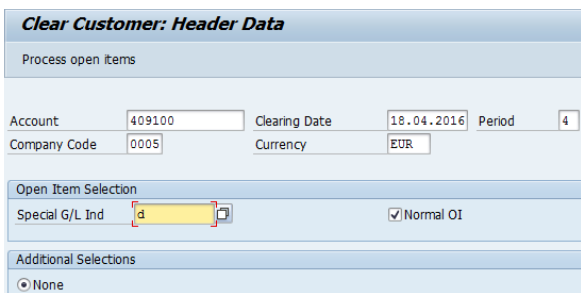
If a payment is received for a document with doubtful status, the customer account must be checked to confirm if there is a provision created (document with Special GL indicator E). If there is a provision it should be cancelled – follow the instruction in chapter 3.2.4. Cancel a provision.

Select the payment in F-32 transaction with the company code inserted and select the invoice to be cleared. In case of APAC companies the Doubtful posting must be reversed first using FBRA and afterwards the payment is applied with the original invoice as normal practice.

Warning

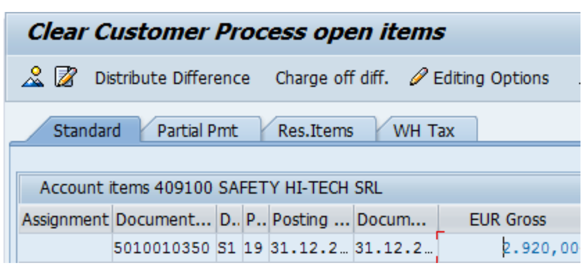
A doubtful document does not appear on the reconciliation screen in FEBA or in F-32 transactions. Therefore, the special G/L indicator should be inserted with "d" in order to select the invoice (s).

See example below:



Select the invoice as below:

Save 



3.2.3 Create a provision

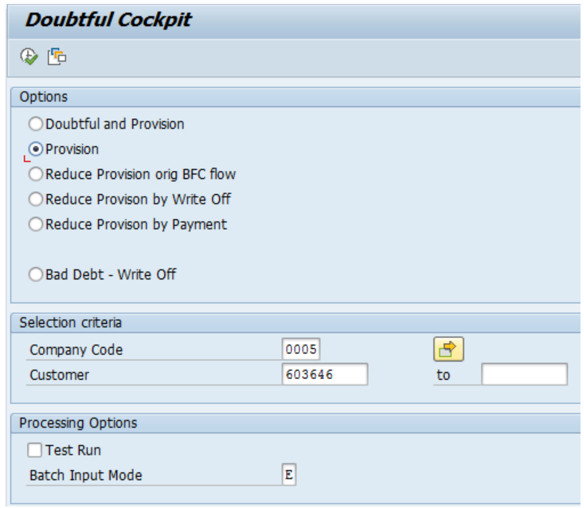
Warning

- The instructions to create and cancel a provision should be sent by the responsible Credit Manager.
- We should perform one provision for each document
- The instructions with the request should be attached to the posting
- The business area should be provided by the Credit Manager or the cost center by the GBU controller. If you do not have the cost center, you can find the point of contact by GBU here to get the information.

Transaction **Z1F_DOUBTFUL.**

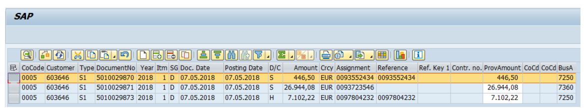
There is the possibility to create the Provision in case it was not immediately created in step "Doubtful and Provision" or to increase the provision amount if not fully provisioned.

To do so select the **option "Provision"**, add the **customer account, the company code** and process **.**



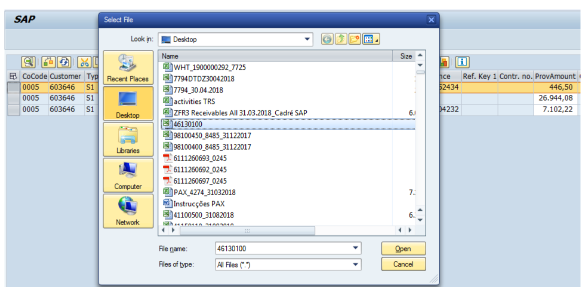
This will show only the items that are already in Doubtful.

Select the item you want to provision and press save .

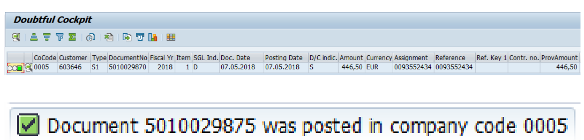


<u>Remark:</u> be careful with the amounts posted as provision to avoid having more amount provision than Doubtful.

Add the attachment.



The posting was done.



3.2.4 Cancel a provision

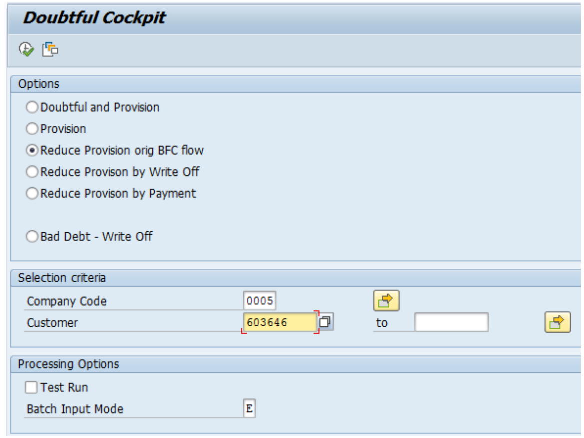
Warnings

- The instructions to create and cancel a provision should be sent by the Credit Manager responsible.
- We should perform one cancellation of provision for each document
- The instructions with the request should be attached to the posting
- The business area should be provided by the Credit Manager or the cost center by the GBU controller. If you do not have the cost center, you can find the point of contact by GBU [here](#) to get the information.

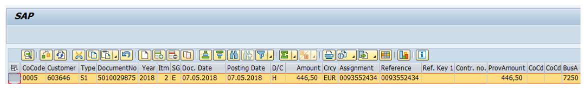
Transaction **Z1F_DOUBTFUL.**

There are 3 options to cancel or reduce a provision, depending on the scenario.

- **Reduce Provision orig BFC flow** - To be used when it is necessary a correction, usually in the same period or in case the other 2 options are not applicable (transaction flow F25);
- **Reduce Provision by Write Off** - when the debt is considered unrecoverable and the account should be closed (Transaction flow F35), the full amount of provision must be cancelled:
- **Reduce Provision by Payment** - When customer pays the full amount or partially (Transaction flow F36), reduction should be equal to what was paid.



In any of the cases processing mode is the same.

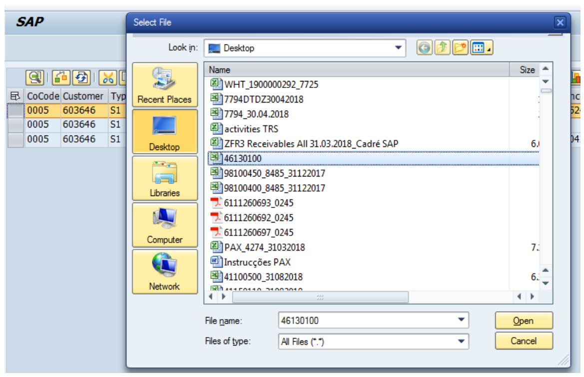


__Select the option according to the scenario__ , add the **customer account** and process **.**

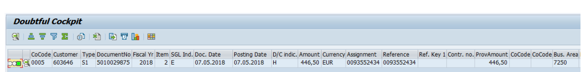
Select the provision that should be cancelled or reduced (check if the amount is correct and) and press save

.

Add the attachment.



The document was posted.



Document 5010029876 was posted in company code 0005

Here the the Original provision and Cancellation on account (Special GL ind. "E").

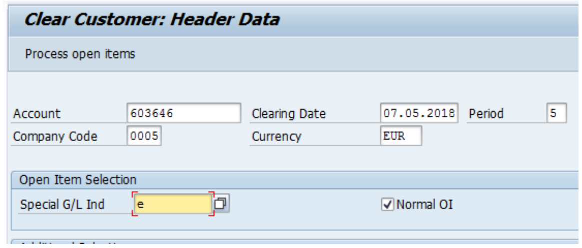
Customer 603646
Company Code 0005

Name PROCTER & GAMBLE INTL OPERATIONS
City PETIT LANCY

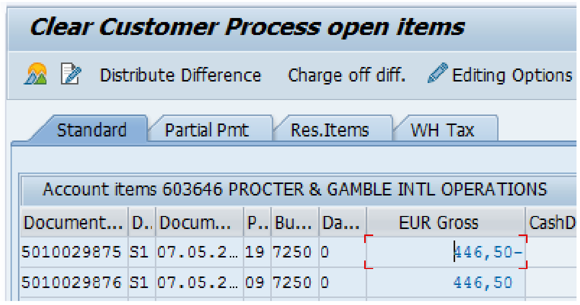
St	BusA	Assignment	DocumentNo	PM	Contr. no.	PBk	Typ	Doc. Date	Net due dt	S	Amount in DC	Curr.	DD	Clrng doc.
	7250	0093552434	5010029870				S1	07.05.2018	07.05.2018	D	446,50	EUR		
	7250	0093552434	5010029875				S1	07.05.2018	07.05.2018	E	446,50-	EUR		
	7250	0093552434	5010029876				S1	07.05.2018	07.05.2018	E	446,50	EUR		

To complete the action use **F-32** to clear both items.

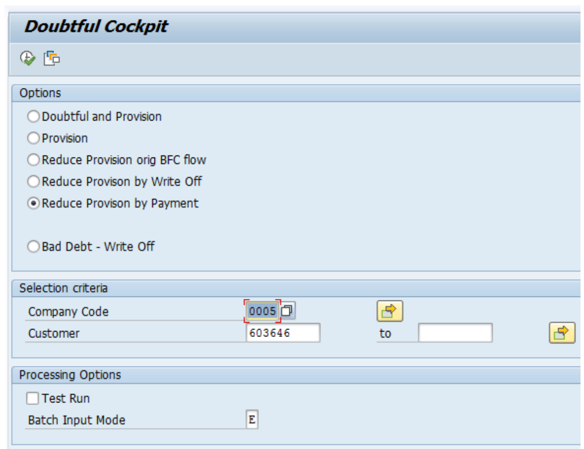
Special GL indicator "E" must be selected.



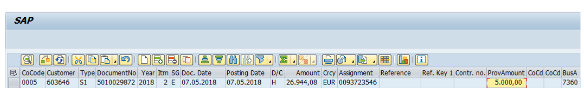
Select both items and save .



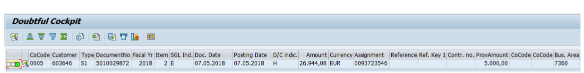
In case of **Partial reduction by Payment** the amount of provision must be adjusted.

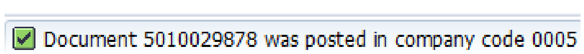


Select the Provision related with the item that was paid and adjust the amount.

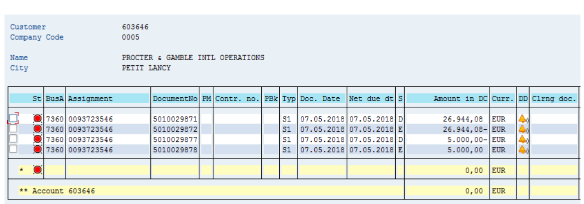


Select the documents and Save.





On customer account you can see the Partial Payments previously recorded (see chapter 3.2.2 Receive a payment for a doubtful document) and the reduction of the Provision. There will be always two lines, one for the Original Provision and another for the Reduction.



E.g

"D" 5010029871 - Original Doubtful;

"D" 5010029877 - Partial Payment;

"E" 5010029872 - Original Provision;

"E" 5010029878 - Provision Reduction;

Warning

- In case there is a request to apply a Payment and write off the remaining amount, the provision reduction must be done in two steps.
- First reduce the provision by Payment selecting the option ⦿ Reduce Provison by Payment and adjusting the reduction to the amount that was paid.
- Then cancel the remaining Provision for the amount still provisioned by using the option ⦿ Reduce Provison by Write Off, attention to select the original provision line and cancel only the remaining amount:

SAP

CoCode	Customer	Type	DocumentNo	Year	Itm	SG	Doc. Date	Posting Date	D/C	Amount	Crcy	Assignment	Reference	Ref. Key 1	Contr. no.	ProvAmount	CoCode	CoCo
0231	603646	E1	7700004369	2018	2	E	14.03.2018	14.03.2018	H	168,00	EUR	02700004730109	02706111008464	2000717450	2000717450	168,00	0231	0270
0231	603646	E1	7700004370	2018	2	E	14.03.2018	14.03.2018	S	916,73	EUR	02700004804813	02706111008888	2000736083	2000736083	916,73	0231	0270
0231	603646	E1	7700004371	2018	2	E	14.03.2018	14.03.2018	H	1.107,20	EUR	02700004804811	02706111009517	2000818674	2000818674	1.107,20	0231	0270
0231	603646	E1	7700004373	2018	2	E	14.03.2018	14.03.2018	H	65.999,53	EUR	02700004832238	02706111010275	2000878979	2000878979	64.999,53	0231	0270
0231	603646	E1	7700004374	2018	2	E	14.03.2018	14.03.2018	H	19.080,00	EUR	02700004855663	02706111011636	2001007044	2001007044	19.080,00	0231	0270
0231	603646	E1	7700004376	2018	2	E	14.03.2018	14.03.2018	S	500,00	EUR	02700004804811	02706111009517	2000818674	2000818674	500,00	0231	0270
0231	603646	E1	7700004377	2018	2	E	14.03.2018	14.03.2018	S	1.000,00	EUR	02700004832238	02706111010275	2000878979	2000878979	1.000,00	0231	0270

In the end the Provisions should match to zero and cleared in F-32:

Clear Customer Process open items

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

Standard | Partial Pmt | Res.Items | WH Tax

Account items 603646 PROCTER & GAMBLE INTL OPERATIONS SA

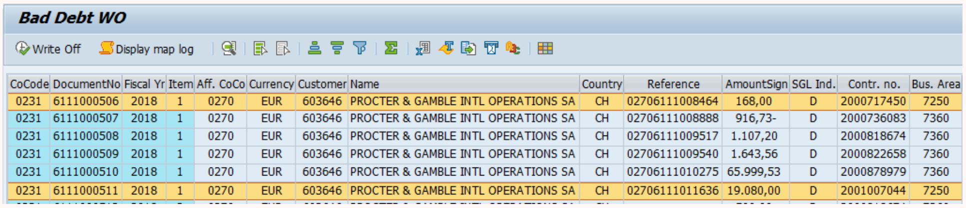
Assignment	Reference	Reference K...	D..	Net due d...	Curr...	D...	Disco...	D	P	EUR Gross
02700004832238	02706111010275	2000878979	E1	14.03.2018	EUR	0	0,000			65.999,53-
02700004832238	02706111010275	2000878979	E1	14.03.2018	EUR	0	0,000			1.000,00
02700004832238	02706111010275	2000878979	E1	14.03.2018	EUR	0	0,000			64.999,53

- For **Rhodia Operations Cc ZFR3** The cancellation of the provision (Flow F-35) should always be equal to the amount written off.
  - So if not fully provision it as to be provisioned and then cancelled;
  - If the provision is higher then the write off the cancellation has to be done in two steps, F-36 for the difference F-35 for the amount = write off;

3.2.5 Write-off

Warnings

- The posting of write-off can only be done after instructions from the Credit Manager concerned
- The instructions with the request should be attached to the posting
- The **write off should be done document by document (see the assignment) ,** do not select lines which are not related with the same document. **After processing one document go back and process the next one.**
- If exceptionally it is e it is necessary to select several documents and there is more than one Business Area/cost center, run the transaction **Z1F_DOUBTFUL per Business Area**, do not Mix two Different BA/Cost centers in the same posting. Here below only 7250 BA is selected.



Bad Debt WO

Write Off   Display map log

CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.	Contr. no.	Bus. Area
0231	6111000506	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111008464	168,00	D	2000717450	7250
0231	6111000507	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111008888	916,73-	D	2000736083	7360
0231	6111000508	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111009517	1.107,20	D	2000818674	7360
0231	6111000509	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111009540	1.643,56	D	2000822658	7360
0231	6111000510	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111010275	65.999,53	D	2000878979	7360
0231	6111000511	2018	1	0270	EUR	603646	PROCTER & GAMBLE INTL OPERATIONS SA	CH	02706111011636	19.080,00	D	2001007044	7250

Transaction **Z1F_DOUBTFUL** in PF1 and WP1 is customized to work only with a debit balance, however there might be the need to apply the doubtful procedure in a credit balance, therefore these two situations are described below:

Only for Debit balance

Use **Z1F_DOUBTFUL** transaction and select the option **"Bad Debt - Write Off".**

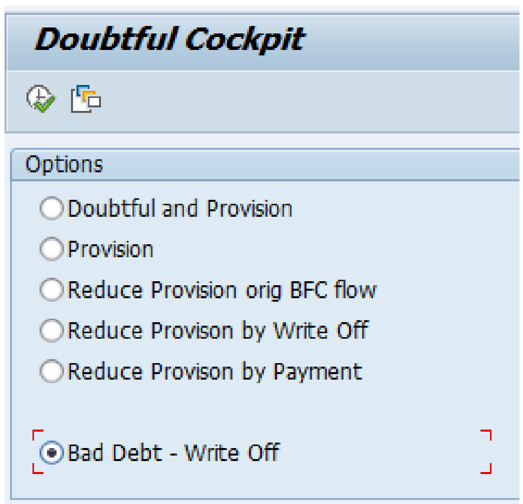
Press to continue.

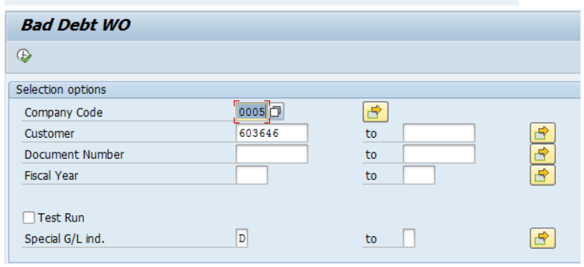
Special GL Ind: D

You can search by customer number or document or run the transaction with no info in the fields and it will show all open doubtful contracts.

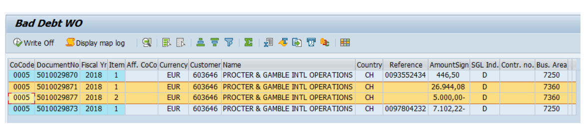
Here in the example the selection is by customer.

Press to continue.





Select the items to write off (see the assignment in FBL5N to see the lines related)

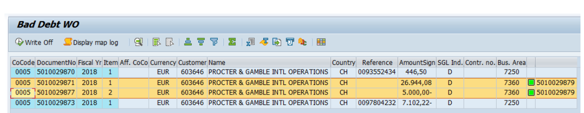


Bad Debt WO

Write Off   Display map log

CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.	Contr. no.	Bus. Area
0005	5010029870	2018	1		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH	0093552434	446,50	D		7250
0005	5010029871	2018	1		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH		26.944,08	D		7360
0005	5010029877	2018	2		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH		5.000,00-	D		7360
0005	5010029873	2018	1		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH	0097804232	7.102,22-	D		7250

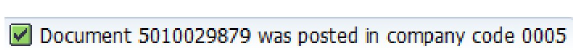
After selecting the lines concerned, choose Write Off.



Bad Debt WO

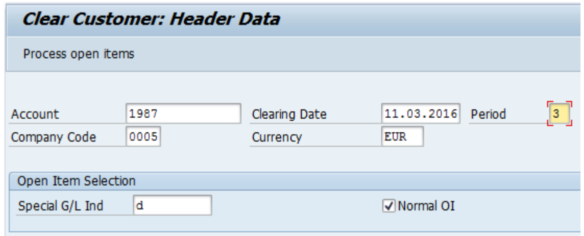
Write Off   Display map log

CoCode	DocumentNo	Fiscal Yr	Item	Aff. CoCo	Currency	Customer	Name	Country	Reference	AmountSign	SGL Ind.	Contr. no.	Bus. Area	
0005	5010029870	2018	1		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH	0093552434	446,50	D		7250	
0005	5010029871	2018	1		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH		26.944,08	D		7360	5010029879
0005	5010029877	2018	2		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH		5.000,00-	D		7360	5010029879
0005	5010029873	2018	1		EUR	603646	PROCTER & GAMBLE INTL OPERATIONS	CH	0097804232	7.102,22-	D		7250	



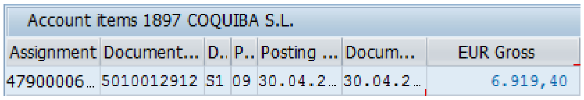
Manually for Debit balance or credit balance

Open **F-32** transaction in local system with special indicator **"D"**



Enter.

Select the invoice



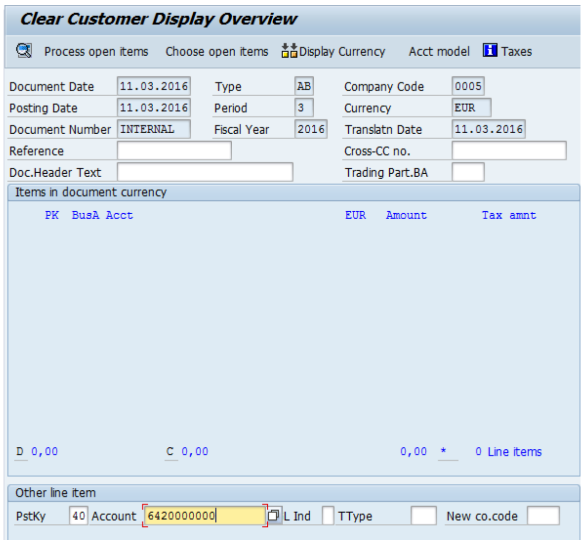
Go back

Insert Posting Key 40 for debit 50 for credit and the g/l account for the loss / profit according to the SAP system:

PF1 - 6420000000 / 7420000000

WP1 - 98300800 / 98300812

Then click on Enter.



Insert * in the Amount field, the business area related (for PF1) and the cost center.

Save .