Check Depreciation Allocation

Tasks to be completed when documenting an operation (from creation to publication)

1. Enter the **Title of the operation / page**

2. Add the following Labels:

- Scope of applicability: ww, country_accounting
  - Country or group of countries (if applicable): belux, china, france, italy, lam, nam,uk_ie, bulgaria, dach, netherlands, iberia, poland, latvia, australia, india, japan, south_korea, thailand, singapore, new_zealand, emea_transversal, apac_transversal
  - Unit and Domain according to the List of labels to be used in the Finance Service Line space
    - **E.g. 1:** WW Operation in Financial Accounting under domain "Central Finance Processes & Compliance":
      - Labels to be used: ***ww, financial_accounting, central_fin_proc_compliance***
    - **E.g. 2:** France Operation in Financial Accounting:
      - Labels to be used: ***country_accounting, france, financial_accounting***
        (for country operations, the Domain is always country_accounting)

3. Fill in all fields as described above

4. Name the title of each section using OPD methodology naming convention - Infinitive verb without the “to”, mainly action verb...something) -" I do something..."

5. Once the description of the operation is completed, ensure it is approved and published by launching the SBS-Finance approval workflow

Domain:	**Responsibility area**:

Table of contents

Scope

WW

ERP

PF2

Frequency

Monthly

References

Forms

Attachments

Depreciation Allocation CCCC MM YYYY_Template

Template Depreciation Cases

Depreciation check PF2_ New Template

Depreciation check WP2_ New Template

<< Check Depreciation Allocation >>

1. Objective and Scope

1.1. Objective of this Operation

The goal of this check is to guarantee that all Syensqo companies are allocating correctly the Depreciation costs to final BFC headings related to Depreciation (making a consistency check between the BS and PL Depreciation).

1.2. Scope

WW

2. Definitions

See Finance Glossary:

- ...

3. Depreciation Check

3.1. I receive the file with the central check of the depreciation

3.1. I check if my companies have deltas

Reporting Unit	AC=R27200 Serv&Ut	AC=R33800 Adm&Com	AC=R36300 R&D	AC=R38400 Other recurring depreciation expenses	AC=R48620 Other non-recurring impairment losses	AC=R25860 period non proporcional depreciation of a product	Depreciation Balance Sheet Total Dep P&L BFC	Dotation BFC	CHECK P&L VS BSheet
RU=04056	-2.272	-478		-1.139		-13.411	-17.300	-17.427	127
RU=05782	-18.075	-5.378	-8.949	-1.281	-3.207	-65.841	-102.731	-103.320	589
RU=06289						-470	-470	-306	-164

3.2. I analyze the deltas

3.2.1. I confirm the amount in BS

The amount coming from BS appears in the file split by BS Headings, starting on column AD, and being the total on column Y.

Reporting Unit	AC=R27200	AC=R33800	AC=R36300	AC=R38400	AC=R48620	AC=R25860	Depreciation Balance Sheet Total Dep P&L	Dotation	CHECK
RU=01196		-1.847		-5			-1.852	-1.852	

If there was no manual adjustment in BFC, this amount should be the same as the amount in SAP in the Asset History Sheet.

Transaction AR02

blocked URL

CoCd	Heading		Crcy	F00 OPENING	F99 CLOSING	F25 TOTAL
1196			EUR	0,00	0,00	0,00
	A20300		EUR	401.775,44	401.775,44	12.949,00-
	A20800		EUR	0,00	0,00	0,00
	A21100		EUR	18.475,00	18.475,00	616,00-
	A21300		EUR	799.419,99	818.434,03	34.128,04-
	A21500		EUR	1.995.090,25	2.142.870,37	153.581,88-
	A21700		EUR	395.618,91	395.218,91	10.947,00-
	A21900		EUR	43.000,00	0,00	0,00
	A23300		EUR	12.840.174,76	13.015.734,45	1.549.236,29-
	A23400		EUR	245.255,23	260.931,53	85.970,21-
1196			**EUR**	**16.738.809,58**	**17.053.439,73**	**1.847.428,42-**

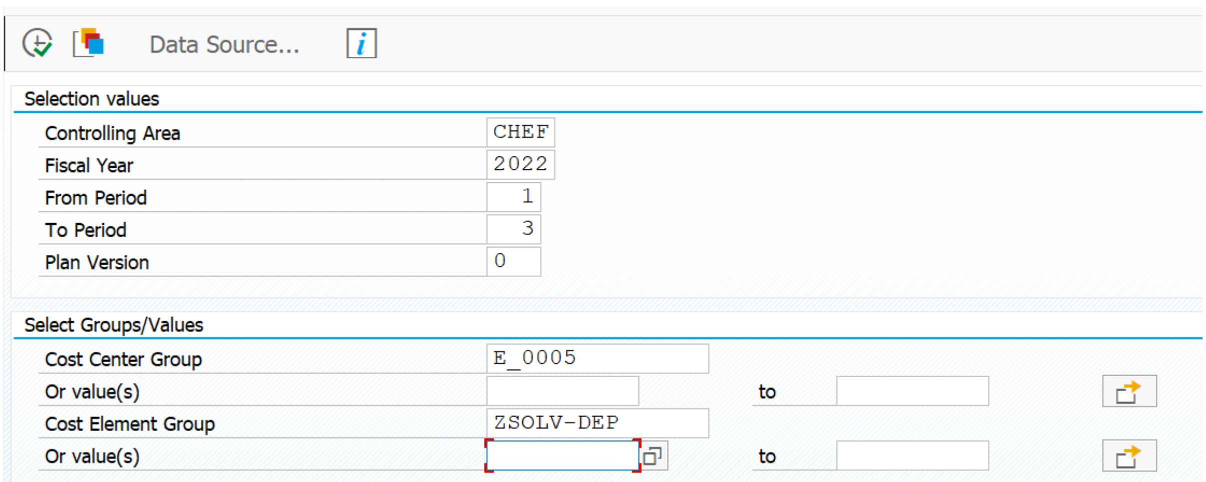
If the amount is not the same, it means that a manual adjustment was done in BFC BS. To solve the delta, this adjustment must also be done in BFC PL.

Note: In some situations there is a gap not considered in F25, and which should appear in AR02 under F33. If this is the case, we should consider it also OK.

3.2.2. I confirm the amount in PL

The original amounts are posted in cost centers and then should be allocated via cycles using the correct allocation structures or Cost Elements.

Transaction S_ALR_87013615:

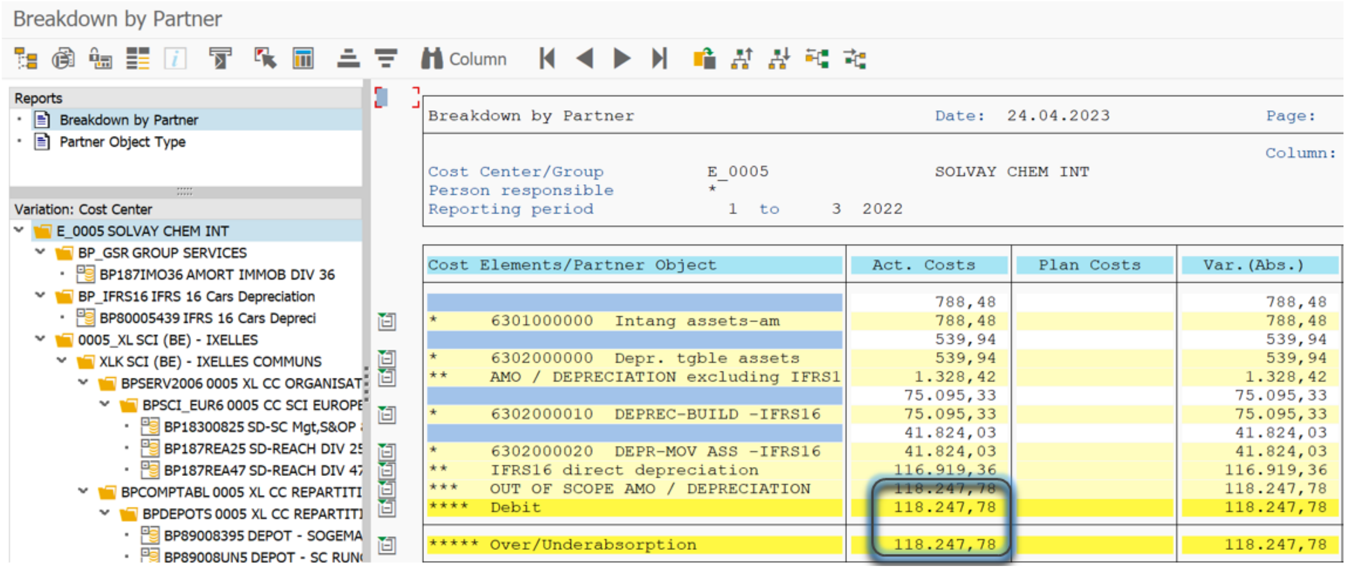

Data Source...

Selection values

Controlling Area	CHEF
Fiscal Year	2022
From Period	1
To Period	3
Plan Version	0

Select Groups/Values

Cost Center Group	E_0005		
Or value(s)		to	
Cost Element Group	ZSOLV-DEP		
Or value(s)		to	



In this case, as we don't have any credit amount, it means that the allocation was done directly to COPA.

		AC=R25890 Prod	AC=R27200 Serv&Ut	AC=R33800 Adm&Com	AC=R36300 R&D	AC=R38400 ring depreciatio	AC=R48620 urring imp	AC=R25860 onal depr	AC=R45500 ent of intan	AC=R46000 Goodwill Impairment	Total Dep P&L BFC
5	RU=00005	0	-86	-35	0	0	0	0	0	0	-121

If the amount on the debit side is not the same as the BFC amount, it means that the cycle allocations are not being done properly, or that there was a manual adjustment in BFC PL.

NOTE:

- Use template" Depreciation Allocation CCCC MM YYYY" for the PF2 system to easily detect cost centers that have incorrect allocation. We created file "Template depreciation cases" containing various cases so that we could quickly discover discrepancies.
- Use template "Depreciation check PF2_ New Template" and "Depreciation check WP2_ New Template" for deeper analysis.

3.2.2.2. Analysis for CC allocating directly to COPA

Note: Each Cost Element is linked to a certain Value Field (via Cost Element Group ZFC-PA), but in fact the Value Field is directly maintained in the cycle, so we can have a different (incorrect) link. Because of that, if needed we can check manually the final Value Field of each CC, independently from the Cost Element.

Example of analysis:

Transaction S_ALR_87013615:

Cost Centers: Breakdown by Partner: Selection

Data Source...

Selection values

Controlling Area	CHEF
Fiscal Year	2022
From Period	1
To Period	3
Plan Version	0

Select Groups/Values

Cost Center Group			
Or value(s)	CH1264803B	to	
Cost Element Group	ZSOLV-DEP		
Or value(s)		to	

Reports

- Breakdown by Partner
- Partner Object Type

Breakdown by Partner Date: 2

Cost Center/Group	CH1264803B	Koppersi
Person responsible	50033507	
Reporting period	1 to 3 2022	

Cost Elements/Partner Object	Act. Costs
	314,82
* 6302000000 Depr. tgble assets	314,82
** AMO / DEPRECIATION excluding IFRS1	314,82
*** OUT OF SCOPE AMO / DEPRECIATION	314,82
**** Debit	314,82
CTR CH32480400 AQ bulk	
CTR CH38600012 Wegv.afvalst.AQ	314,82-
* 9630000001 Depreciations	314,82-
** Indirect depreciation Actual	314,82-
*** INDIRECTS COSTS Depreciation Actua	314,82-
**** Credit	314,82-
***** Over/Underabsorption	

<u>Transaction KE24 - COPA amounts:</u>

Display Actual Line Items: FO01 - Cost-Based

Selection Conditions

Currency type	10			Code Currenty
Record type	D	to		Cycles
Period/year	001.2023	to	003.2023	Periods
Document number		to		
Date created		to		
Reference document number		to		
Entered by		to		
Sender cost center	CH1264803B	to		Cosr center
Cost element		to		
CO order		to		
Sales order		to		
Company code	0294	to		Company code
Customer		to		
Product		to		
Billing date		to		

The entire amount is allocated to a Depreciation PL heading, so it's OK:

Layout	SUSANA	Cost centers check
Cost Center	CH1264803B	Koppersinstallatie
Report currency	*	Object Currency

Cost Element	Cost element name	Σ	Val.in rep.cur.	Total quantity	PUM	Per	O	Offsetting acct	Nam
		•	**0,00**			1			
		•	**0,00**			2			
		•	**0,00**			3			
		••	**0,00**						

3.2.2.2. Analysis for indirect CC

The original amounts are posted in cost centers, then after should be allocated to other cost objects using the correct cost elements for depreciation.

Example of analysis:

Transaction S_ALR_87013615:

Cost Centers: Breakdown by Partner: Selection

Data Source...

Selection values

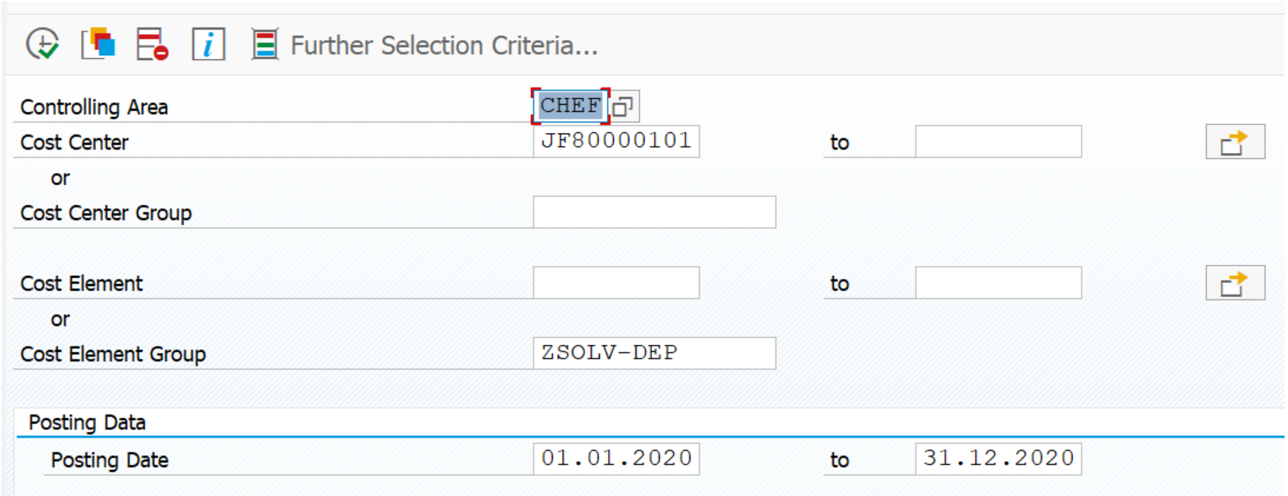
Controlling Area	CHEF
Fiscal Year	2020
From Period	1
To Period	12
Plan Version	0

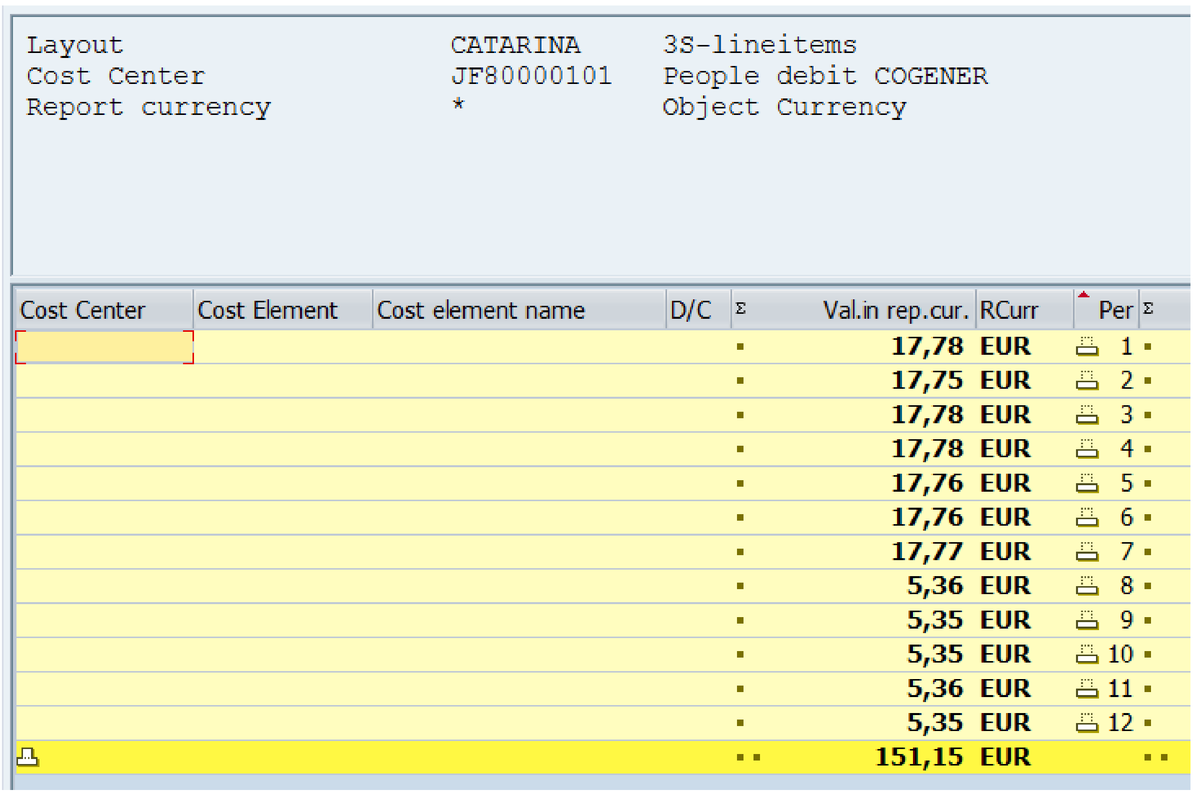
Select Groups/Values

Cost Center Group		
Or value(s)	JF80000101	to
Cost Element Group	ZSOLV-DEP	
Or value(s)		to

In this case we have an issue: we had 151€ of depreciation that were allocated to Fixed Costs, which is wrong.

1st step: Check if it was already solved during the year:

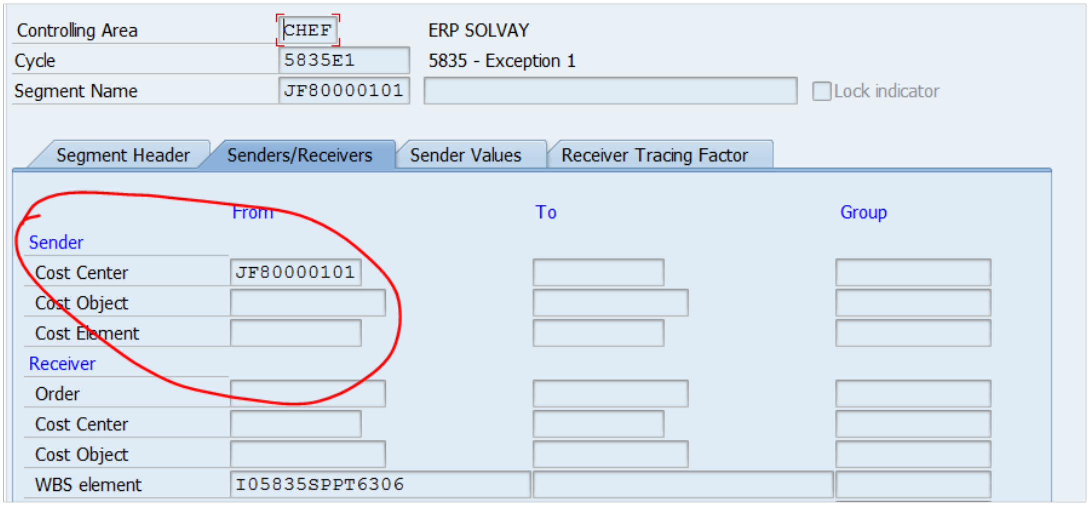


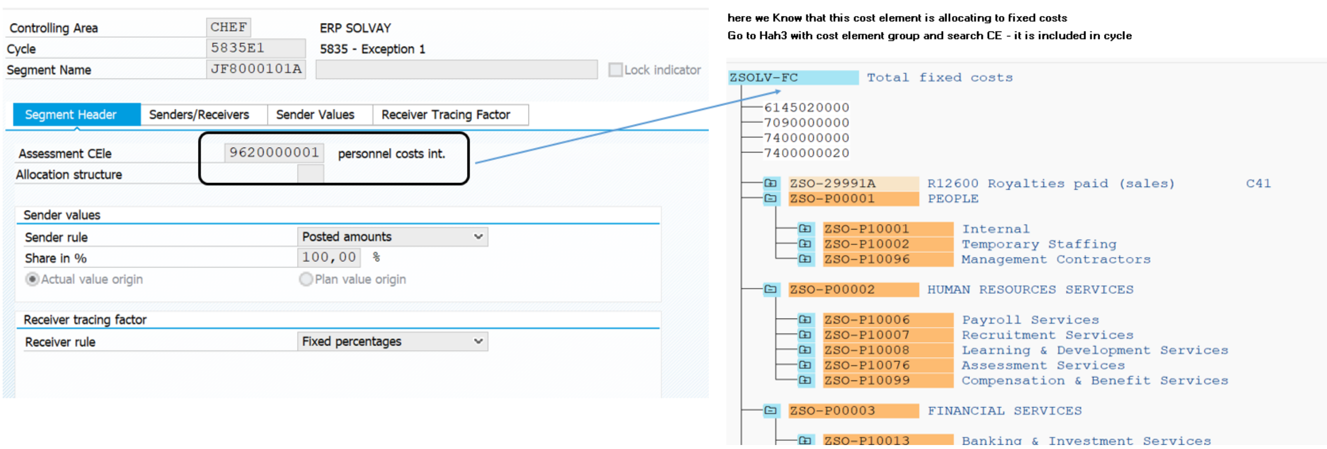

Layout CATARINA 3S-lineitems
Cost Center JF80000101 People debit COGENER
Report currency * Object Currency

Cost Center	Cost Element	Cost element name	D/C	Σ Val.in rep.cur.	RCurr	Per
				17,78	EUR	1
				17,75	EUR	2
				17,78	EUR	3
				17,78	EUR	4
				17,76	EUR	5
				17,76	EUR	6
				17,77	EUR	7
				5,36	EUR	8
				5,35	EUR	9
				5,35	EUR	10
				5,36	EUR	11
				5,35	EUR	12
				151,15	EUR	

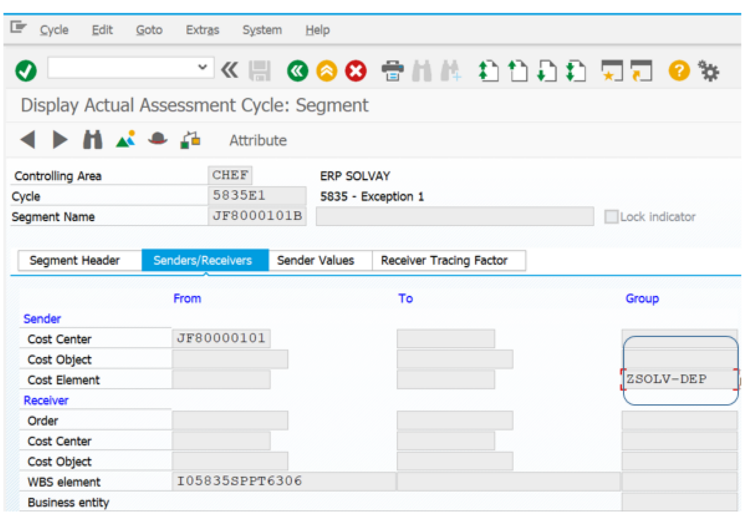
In this case, every month we have deltas, meaning that the cycle is still wrong, so we need to check which is the cycle that balances this CC and analyze it.

In this case the cycle is created as below, which means that all amounts posted on this CC (without any restriction on the Cost Element) will be allocated to Labor (Fixed Costs):

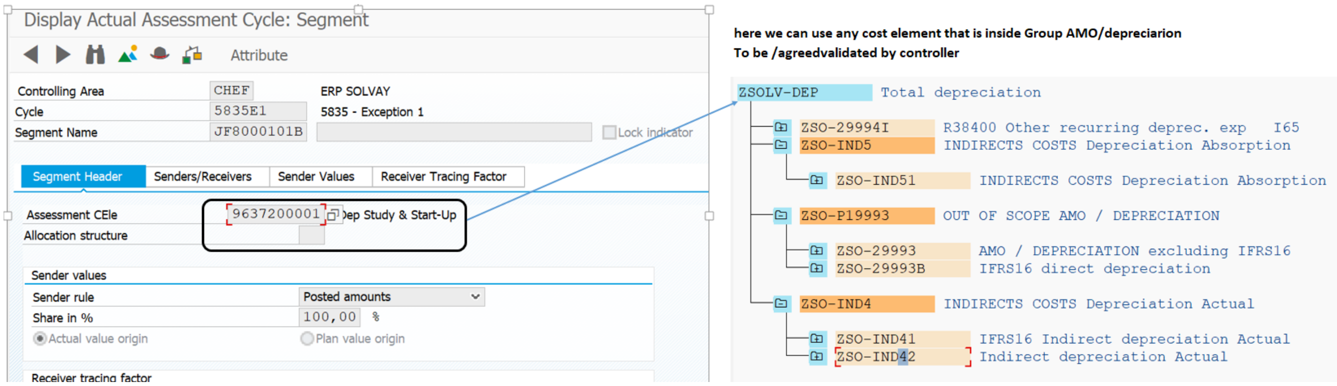




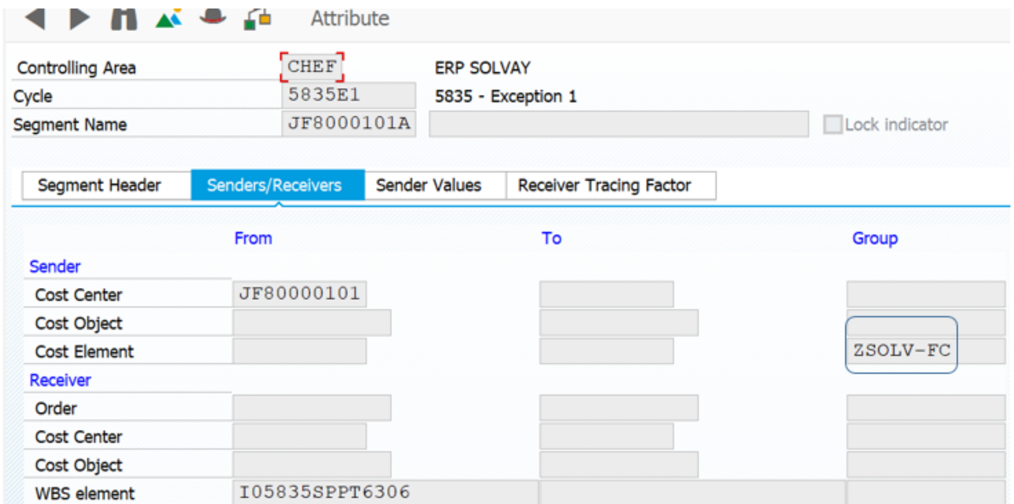
The correct way to allocate this CC is to split the amount between Fixed Costs and Depreciation. How?

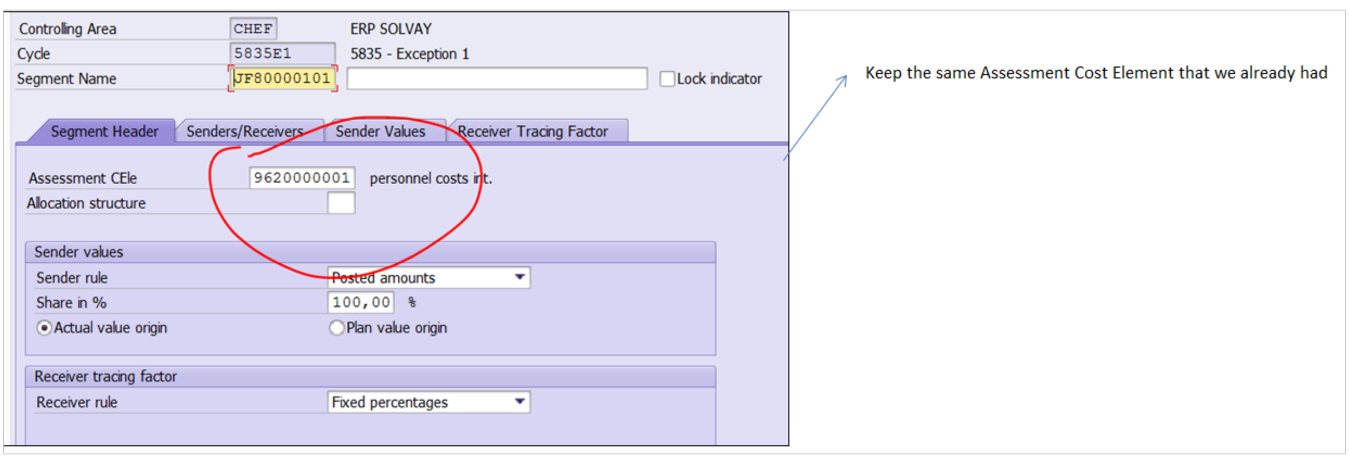


Segment 1 to allocate all Depreciation costs to Amortization:



Segment 2 to allocate all Fixed Costs to Fixed Costs:





NOTE:

This split between type of costs can be done using different segments (as shown above), but can also be done using only 1 segment with the correct allocation structure

It's necessary to check in the cycles rules the correct way to allocate the respective CC (unless there is some specific and justified reason requested by the controller to allocate otherwise).

End of document.