

# I calculate inventory reserves

Domain: Costing

Responsibility area: Supervise Inventory Valuation

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## Scope

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WW

## ERP

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PF2

WP2

## Frequency

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## References

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- [ZCO\\_SPAREPARTS - Industrial Supplies Depreciation](#)
- [ZWFA10A - Determination of Lowest Value;](#)
- [MRN1 - Lowest Value Determination Based On Range Of Coverage](#)
- [ZWFA21A-Determination of Lowest Value](#)
- [ZFI\\_INVENTORY\\_SMOG - Inventory SMOG report](#)
- [ZWFA23A](#)
- [MRN0](#)
- [ZWDV11 - Transfer Program of UNIX file to PC file](#)

## Forms

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## Attachments

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- [Inventory Impairment](#)
- [posting scheme for inventory reserve](#)
- [Hard-Close instruction for inventory reserve](#)
- [PF1 reserves Template BW](#)
- [PF1 reserves Template BW \(5642\)](#)
- [WP1 reserves Template BW](#)
- [WP1 reserves Template BW - With posting file](#)
- [WP1 reserves Template BW \(CM\) - Posting File](#)
- [PF1 reserves Template BW SPP Monthly](#)
- [PF1 reserves Template BW SPP Quarterly](#)
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- [Calculate and post Inventory Reserve](#)

*Previous OP << | calculate inventory reserves >> Next OP*

# 1. Objective and Scope

## 1.1. Objective of this Operation

The purpose of this document is to explain how to generate the proposition and how to account in ERP the valuation of the stocks at the "fair value" in order to give relevant information about the "real value" of the company to all economic actors (share-holders, legal authorities...).

## 1.2. Scope

This procedure is applied to all companies WW.

## 2. Definitions

[Finance - Glossary](#)

## 3. Tasks description

### 3.1. Background

#### \* Hard-Close instruction for Inventory Reserve (please check attachment)

##### Objectives

The purpose of this document is to explain how to generate the proposition and how to account in ERP the valuation of the stocks at the "fair value" in order to give relevant information about the "real value" of the company to all economic actors (share-holders, legal authorities...).

Before the closure in the months of March, June, September and (November and or December)\*. The final validation and postings should be done until D-5 at the latest.

#### General Rules - Frequency (\*Best Practice)

- On a quarterly basis, review the impairment of inventories based on the matrix of inventory and impairment type that is recommended and update an existing inventory reserve.
- At least once a year, justify slow-turn inventory reserve in November for hard-close and NRV inventory reserve in December for year-end close.
  
- Mandatory for all companies included in the consolidation under full integration
- Recommended for "joint operation", joint-ventures and where Solvay is considered as "associate"
- All types of inventories that need to be written down by below impairment cases:
  - Slow-turn
  - Obsolescence (end of shelf-life)
  - Off-specification / bad-quality
  - Damage
  - Net realizable value

	Slow-turn	Obsolescence / Off-specification / Bad-quality / Damage	NRV
<b>To be validated</b>	<b>In November</b>	<b>In November</b>	<b>In December</b>
<b>Finished Goods</b>	X	YES	YES
<b>Intermediate</b>	YES	YES	X
<b>RM</b>	YES	YES	X
<b>Spare Parts</b>	YES	YES	X
<b>Packaging</b>	X	YES	X

\*YES means "designated impairment types should be checked for the concerned inventory type"

WHO	WHAT	WHEN
FRA	<ul style="list-style-type: none"> <li>• Ask Service Center to reverse the slow-turn inventory reserve of Q3.</li> <li>• Ask PIM to initiate an inventory reserve for obsolete, off-spec and damaged inventories and validate it.</li> <li>• In WP1 perimeter, ask Service Center to calculate a slow-turn inventory reserve <b>based on the stocks at the end of October</b> and validate it.</li> <li>• In PF1 perimeter, calculate a slow-turn inventory reserve based on the stocks at the end of October.</li> <li>• Ask Service Center to post a new slow-turn inventory reserve for November closing.</li> </ul>	November
PIM	<ul style="list-style-type: none"> <li>• Validate an obsolete, off-spec and damaged inventories and propose an inventory reserve to FRA.</li> </ul>	November
GCCO	<ul style="list-style-type: none"> <li>• Identify the NRV inventory reserve of Q3 and if no NRV reserve posted in Q3, validate it if there is no impairment indication by NRV.</li> <li>• Ask Service Center to recalculate the NRV inventory reserve <b>based on the stocks at the end of November</b> and validate it in WP1 perimeter and calculate it in PF1 perimeter.</li> </ul>	November  December
Technical expert for spare part	<ul style="list-style-type: none"> <li>• Propose an inventory reserve for obsolete, off-spec and damaged spare parts.</li> </ul>	November
Service Center	<ul style="list-style-type: none"> <li>• Calculate an inventory reserve in WP1 perimeter and report it to FRA, according to this procedure.</li> <li>• Post an inventory reserve that is validated by FRA (slow-turn) or GCCO (NRV).</li> </ul>	November
RCOM	<ul style="list-style-type: none"> <li>• Follow up external audit requirements for hard-close in Audit WIKI.</li> </ul>	December
CAM	<ul style="list-style-type: none"> <li>• Review stock accounts for inventory reserve based on the CAM Guidebook.</li> </ul>	December D4

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### General Rules - Depreciation

- [Standard rule](#) for NRV/LCM and Slow-turn if no local procedure defined.
- [Local procedure for inventory reserve](#) for obsolete, off-spec and damaged inventory reserve

## 3.2. Responsibilities


**SU MAC** runs the transactions and prepares the Excel files with proposal of rotation and financial depreciation.

Controllers are responsible to analyze the posting proposal sent by **SU MAC** and provide the final validation for the depreciation amounts to be posted, indicating the changes to be done to the original posting proposal. In some cases, an additional comment on the largest variances between depreciation proposed and validated is required.

Regarding Spare Parts and Gen & Tech (exc. Packaging) the **Accounting Platform Team** is responsible to perform IFRS vs LOCAL GAAP postings - see specificity on point 3.3) 1) For Spare Parts 1) PF1: Industrial Supplies - DE Specificities

## 3.3. I run inventory valuation reports

**Start the transaction ZCO\_SPAREPARTS**

 Industrial Supplies Depreciation: initial screen

Spare part by Company/ Plants / Profit center / Material

Selection Screen

Company Code

Valuation Area  to

Material Code  to

Valuation Class  to

Profit Center  to

Year

Period


Storage Location

Schedule Manager

Display Options

Layout

**STEP 2**

1. Select variant: **SLOWTURN-SP**
2. Enter the **company code**
3. Enter **Year and Period** (period must be end of month before quarterly. Feb May Aug and Oct for Hardclose)
4. Execute  to display the report or execute in background to save the report to SQ00

Spare part by Company/ Plants / Profit center / Material

Selection Screen

Company Code  **2**

Valuation Area  to

Material Code  to

Valuation Class  to

Profit Center  to

Year  **3**

Period  **3**

Storage Location


Schedule Manager

Display Options

Layout

**STEP 3**

**The report is displayed**

Save the report by pressing  in order to have it available in the SQ00 query ZCO\_SPAREPARTS. These will be the final figures to use in the posting. If you have not saved the report, some inconsistencies may be created.

Spare part by Company/ Plants / Profit center / Material

CoCode	GL Account	Val. Area	Val. Class	Stor. Loc.	Profit Center	Material	Material Description	FC	CGU	Matl Type	Matl Group
7811	31000200	7897	2120	IS01	7811-1045	1760925	MASS FLOW METER SENSOR/RCCS39	PACG	U817	ZERS	0178
7811	31000200	7897	2120	IS01	7811-1045	1762001	MECHANICAL SEAL FOR P10060	PACG	U817	ZERS	0141
7811	31000200	7897	2120	IS01	7811-1045	1762030	MECHANICAL SEAL FOR A1040/10050/20011	PACG	U817	ZERS	0141
7811	31000200	7897	2120	IS01	7811-1045	1765078	CENTRIFUGAL PUMP ES100-45-200/2P-30	PACG	U817	ZERS	0153
7811	31000200	7897	2120	IS01	7811-1045	1764841	FC-302P73KTS20H20G000SXXXXXXBX0000DX	PACG	U817	ZERS	0474
7811	31000200	7897	2120	IS01	7811-1045	1830276	control valve SCV 10031/20022/SIZE 4"	PACG	U817	ZERS	0194
7811	31000200	7897	2120	IS01	7811-1045	1764840	FC-302P4SKTSC20H20G000SXXXXXXBX0000DX	PACG	U817	ZERS	0474
7811	31000200	7897	2120	IS01	7811-1045	1830274	control valve SCV12025/30001/SIZE 3"	PACG	U817	ZERS	0194
7811	31000200	7897	2120	IS01	7811-1045	1830245	control valve CV 94021/ SIZE 3"	PACG	U817	ZERS	0194
7811	31000200	7897	2120	IS01	7811-1045	1844919	Magnetic flowmeter DN25 0-2.5t/h 316L PA	PACG	U817	ZERS	0178
7811	31000200	7897	2120	IS01	7811-1045	1830237	control valve CV 9401U/ SIZE 3"	PACG	U817	ZERS	0194
7811	31000200	7897	2120	IS01	7811-1045	1762002	MOTOR EEV01C14 M23A200L4	PACG	U817	ZERS	0335

**STEP 4**

extract the report and put in the inventory reserve template

1. there are 2 provision type in the report
2. **Unrestricted provision** is calculated by slow moving day defined by the rule
3. Blocked provision is calculated by amount of inventory in blocked status (100% provision)

**STEP 5**

## Tasks to be completed when documenting an SAP Transaction, Report or Message code.

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  - SAP Report => "sap\_report"
  - SAP Message => "sap\_msg"
3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)

### STEP 1

Use transaction  
code: ZCO\_SPAREPARTS\_POST

**i** ZCO\_SPAREPARTS\_PO  
ST- Spare parts provision  
posting: Initial Screen

**i** This program is for  
automatic posting of  
spare parts provision  
which data is saved in  
SQ00  
table ZCO\_SPAREPARTS

The data must be  
available in SQ00 before  
processing this transaction

Report for Spareparts Provision Posting

General Selections

Company Code  to

Valuation Area

Provision Calculation Period

Test Run

Processing Type

Input posting date to post the provision

Posting Date

To reverse the provision with the posting date input

Display reports only

### STEP 2

This program is used to post/reverse  
spare parts provision

There are 3 processing type for this  
transaction

1. Posting
2. Reverse

Processing Type

Input posting date to post the provision

Posting Date

To reverse the provision with the posting date input

Display reports only

### 3. Display

#### STEP 3

#### Fill the selection

#### Selection Parameters:

1. Company code
2. Valuation area **put \* to select all valuation area** or specific the value
3. Provision calculation period: period that the data is extracted to SQ00 (provision period = Feb, May, Aug and Oct)
4. Processing type:
  - Posting = put the posting date as end of quarterly month
  - Reverse = put the same date of the posting to repost the provision or put it in next quarter
  - Display = only display the data
 Then execute the transaction

Report for Spareparts Provision Posting

General Selections

Company Code 7180 1 to

Valuation Area \* 2

Provision Calculation Period 2 2021 3

Test Run

Processing Type

Input posting date to post the provision

Posting Date 4 31.03.2021 5

To reverse the provision with the posting date input

Display reports only

#### STEP 4

#### Output results:

#### Posting

- When Test mode is selected: you can save and output will give you the status whether it can be posted (in case of the error from Master data is missing please contact SU MAC)

Report for Spareparts Provision Posting

Date	CoCode	G/L Account	Val. Area	Profit Center	Val. Class	Val. Type	Material	Curren.	Val.Stream	FC	CGU	De
30.04.2021	6062	31000200	8245	8245-20449	Z120		1908475	SGD	CGU0N077			CSCGU073
		31000200					1908479	SGD	CGU0N077			CSCGU073
		31000200					1908480	SGD	CGU0N077			CSCGU073
		31000200					1908484	SGD	CGU0N077			CSCGU073
		31000200					1908490	SGD	CGU0N077			CSCGU073
		31000200					1908491	SGD	CGU0N077			CSCGU073
		31000200					1908492	SGD	CGU0N077			CSCGU073
		31000200					1908493	SGD	CGU0N077			CSCGU073
		31000200					1908494	SGD	CGU0N077			CSCGU073
		31000200					1908495	SGD	CGU0N077			CSCGU073

Message text	Msg. Var.	Status
Document check - no errors: BKPFF \$ WQ1_400	BKPFF	<span style="color: green;">■</span>

Message text	Msg. Var.	Status
Document posted successfully: BKPFF 100000146360622021 WQ1_400	BKPFF	<span style="color: green;">■</span>

- When test mode is not selected: when you save the output will return with document number and the items will be locked with document number

Bkldd Prov	UnstrProv	Total Prov	Posted	Cancelled Prov.	Year	Post Doc.	Revsd Doc	Current Date	Use
0.00	206.21	206.21	✓	□	2021	2300002055		24.03.2021	BUI
0.00	2.67	2.67	✓	□	2021	2300002055		24.03.2021	BUI
0.00	9.60	9.60	✓	□	2021	2300002055		24.03.2021	BUI
0.00	0.00	0.00	□	□				09.03.2021	TH
0.00	2.16	2.16	✓	□	2021	2300002055		24.03.2021	BUI
0.00	24.04	24.04	✓	□	2021	2300002055		24.03.2021	BUI
0.00	62.46	62.46	✓	□	2021	2300002055		24.03.2021	BUI
0.00	14.89	14.89	✓	□	2021	2300002055		24.03.2021	BUI
0.00	25.60	25.60	✓	□	2021	2300002055		24.03.2021	BUI
0.00	20.80	20.80	✓	□	2021	2300002055		24.03.2021	BUI
0.00	0.00	0.00	□	□				09.03.2021	TH

## Reverse

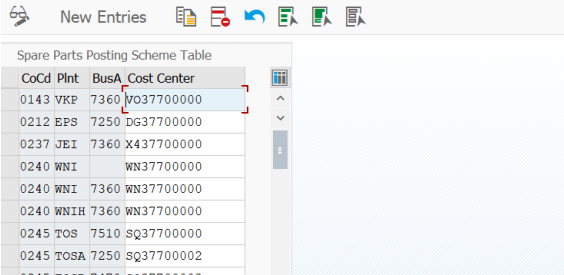
- Steps are similar to the posting

**i** Provision data will be frozen in the table SQ00 after document is posted by the program

## NOTE:

**i** In case it's necessary to update the CC automatically used, this should be done directly in transaction ZCO\_SP\_POS TScheme

### Change View "Spare Parts Posting Scheme Table": Overview



CoCd	Plnt	BusA	Cost Center
0143	VKP	7360	73037700000
0212	EPS	7250	DG37700000
0237	JEI	7360	X437700000
0240	WNI		WN37700000
0240	WNI	7360	WN37700000
0240	WNIH	7360	WN37700000
0245	TOS	7510	SQ37700000
0245	TOSA	7250	SQ37700002
0245	TOSB	7470	SQ37700003

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2. Add the following Labels, respectively:

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- SAP Message => "sap\_msg"

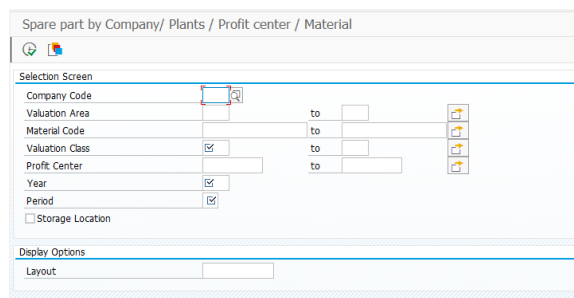
3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)

STEP 1

Use transaction code:  
Z1K\_SPAREPARTS

You will be able to find four sections:

- Selection Screen
- Layout
- Download to excel



Spare part by Company/ Plants / Profit center / Material

Selection Screen

Company Code  to

Valuation Area  to

Material Code  to

Valuation Class  to

Profit Center  to

Year

Period

Storage Location

Display Options

Layout

**i** PF2 - Report Z1k\_SPAREPARTS: This report will provide you extraction of several fields of the master data of the material as well as stock quantities, values and consumption-

**i** This report is mainly used to provide information for the calculation PF1 inventory reserves:

- Raw Materials
- Spare Parts
- Finished goods (limited)

**STEP 2 Selection Screen**

In the Selection screen, the following data needs to be selected:

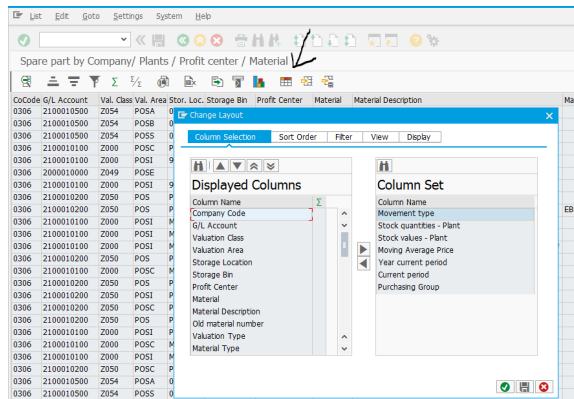
- Company code
- Valuation class (Of the material)
- Year
- Month
- The other fields, can be selected depending on the level of detail available /needed
- Layout can also be selected if available (Otherwise can be define after execution)

**STEP 3 Layout**

Depending on the information needed, select the different fields to prepare the report

First screen after execution:

Layout selection:

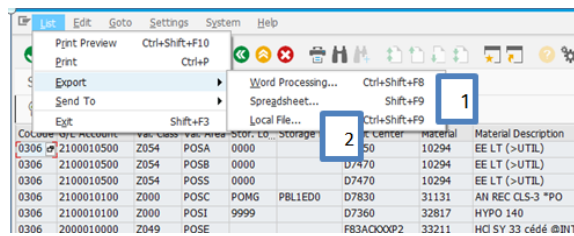


**STEP 4** Extraction to excel

Go to list -> Export and select the option needed

It is possible to extract to excel in two different ways:

1. Excel
2. Local File



**IFRS accounts**

The Z1K\_SPAREPARTS transaction only uses the G/L account 631000000 on the debit side which is a limitation for Germany companies, once they use dedicated accounts depending on the material. For Spare Parts it should be used the G/L account 631000020 and for Gen & Tech (exc. Packaging) the G/L account 631000050, according the following matrix: [PF2 Germany WD\\_Inventories accounts](#).

To guarantee the correct reporting, a manual reclassification will have to be performed by **Accounting Platform Team**.

Debit PL account 631000020 AND/OR 631000050 (in order to determine the amount to be transferred take into consideration the balance account, whether it is 211901000 Spare Parts or 211900000 Gen & Tech (exc. Packaging)).

Credit PL account 631000000

**Eliminations accounts**

The Z1K\_SPAREPARTS transaction only posts in IFRS. Therefore, elimination will have to be manually performed by the **Accounting Platform Team**:

- Spare Parts: post elimination as per the following matrix: [PF2 Germany WD\\_Inventories accounts](#).

Debit BS account B11901009

Credit PL account F31000029

- Gen & Tech (exc. Packaging): not to eliminate (no difference IFRS vs LOCAL GAAP)

Every time there are new users performing this procedure, it's important to maintain them in a specific table, so that they can be considered "Authorized Users to Save Spare Parts Report": T-Code G502, Table ZCO\_USER\_SPAREPARTS (to be done by the TL).

NOTE All users can run the report (both in foreground and background), but only the User IDs that are maintained in the set ZCO\_USER\_SPAREPARTS can save the report result in the customized table. If the Saving part is not Done, we might have inconsistencies between the proposal posting and the real posting performed by the system.

Search only in these pages

The selected root page could not be found.

Updated July 18 2023

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Link to Benchmark (formerly Gensuite)

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## [Info & Resources](#)

[es](#)

### Learn more about Benchmark ESG (formerly Gensuite)

- [Benchmark\\_Gensuite in Brief 2022](#)

*Note: The Benchmark\_Gensuite in Brief 2022 provides an overview of the Global Rollout initiative and examples of the modules used today on the Solvay Instance including the two core modules (ATS and I&M).*

- [Gensuite Site Lead and/or Site Champions](#)

*List of Solvay Designated Site Leads and Site Champions responsible for managing their sites. **Site Gensuite champions** are the main local point of contact for user needs*

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## [Learning Tools](#)

### Below are links to short How To's and recorded training sessions on specific modules & User Guide

- [Benchmark/Gensuite How To's archive](#)

*A collection of How To's and videos of various trainings held.*

- [Solvay Benchmark ESG / Gensuite global guide](#)

*Note: The Global Guide provides more details on using the modules beyond the two core modules (ATS and I&M)*

#### Example Videos that can be found in How To's Collection:

I&M - How to Enter and I&I or OSHA Recordable in Gensuite December 2023

- [Site Champion Training Dec 2023](#)

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## [OS Procedure](#)

### Reporting Incidents

1. IF the **Accident** results in a **H-RII**, COMPLETE the [H-RII Declaration form](#) AND EMAIL the completed form to the CEO of Solvay within 24 hours of the **Accident** being classified as an **H-RII**.

- a. When submitting the **H-RII** form, you need to copy and paste the form into the body of the email

2. Enter incident into Gensuite, complete investigation and add related documentation in Gensuite via Attachments link (including photos and required documentations such as LLB and RCA) within required time frame as specified in the HSE-01.01-PRO.

Note: Once a link is established between Gensuite and **PURE**, **Sites** using Gensuite will not need to enter the information related to accidents and incidents into PURE along with related documents (such as photos, RCAs and LLBs loaded onto Gensuite). **All accidents and incidents flagged as "Solvay Reportable" will be transferred to PURE** (See slide 122 of the [Solvay Benchmark ESG / Gensuite global guide](#)) - Gensuite to PURE Bridge GO LIVE Date Nov 2, 2022



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[IND-HSE-01.01-PRO -](#)

[Reporting of HSE events](#)

Note: All accidents are to be reported in Gensuite; All OS Injuries and Illnesses will be transferred to PURE via Bridge; PS and TS events marked Solvay Reportable and Send to EHS reporting form completed, will transfer to PURE.

## Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

Dec 12, 2022	Actor	Type	Activity	Version
Published	Lara Alves	Edit	updated the page at 5:06 pm	
		State	changed state to <b>Published</b> at 4:06 pm	v17
Draft	Lara Alves	State	gave <i>Approvers</i> approval at 4:06 pm	
		State	changed state to <b>Draft</b> at 4:06 pm	v17
<b>Aug 18, 2016</b>				
Published	Yijing (Elaine) Ni	Comment	commented 3:00 am	
			<i>Thanks <a href="#">ROLLIER, Charlotte</a>, it's ok now.</i>	
<b>Aug 17, 2016</b>				
	<a href="#">ROLLIER, Charlotte</a>	Comment	commented 11:31 am	
			<i>thanks <a href="#">Yijing (Elaine) Ni</a>, I updated the title accordingly, please confirm it is correct now.</i>	
	<a href="#">ROLLIER, Charlotte</a>	Edit	updated the page at 11:27 am	

## Tasks to be completed when documenting an SAP Transaction, Report or Message code.

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- SAP Transaction => "sap\_transaction", Transaction code "xxxx"
- SAP Report => "sap\_report"
- SAP Message => "sap\_msg"

3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)

STEP 1

**Use transaction code:  
Z1K\_SPAREPARTS**

**You will be able to find four sections:**

- Selection Screen
- Layout
- Download to excel

Screenshot of the SAP Selection Screen for transaction Z1K\_SPAREPARTS. The title is "Spare part by Company/ Plants / Profit center / Material". The Selection Screen includes fields for Company Code, Valuation Area, Material Code, Valuation Class, Profit Center, Year, Period, and Storage Location. There are "to" fields and arrows for each of the first four fields. The Display Options section shows a Layout field.

**i** PF2 - Report  
Z1K\_SPAREPARTS: This report will provide you extraction of several fields of the master data of the material as well as stock quantities, values and consumption-

**i** This report is mainly used to provide information for the calculation PF1 inventory reserves:

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STEP 2

**Selection Screen**

In the Selection screen, the following data needs to be selected:

- Company code
- Valuation class (Of the material)
- Year
- Month
- The other fields, can be selected depending on the level of detail available /needed
- Layout can also be selected if available (Otherwise can be define after execution)

Spare part by Company/ Plants / Profit center / Material

Selection Screen

Company Code: 0270

Valuation Area: to

Material Code: to

Valuation Class: z055 to

Profit Center: to

Year: 2019

Period: 12

Storage Location

Display Options

Layout:

**STEP 3** Layout

Depending on the information needed, select the different fields to prepare the report

First screen after execution:

G/L Account	Val. Class	Val. Area	Stor. Loc.	Storage Bin	Profit Center	Material	Material Description	Mfct No.	Val. Type	Mat. Type	Mat. Group	Cread. Cl.	Rem. Life	Shelf Ev.	ABC Cl.	
0306 2100010500	Z054	POSA		0000		07020	10294		EE LT	(>UTIL)		2790	204010	0	1	
0306 2100010500	Z054	POSB		0000		07470	10294		EE LT	(>UTIL)		2790	204010	0	1	
0306 2100010500	Z054	POSS		0000		07470	10294		EE LT	(>UTIL)		2790	204010	0	1	
0306 2100010500	Z054	POMG	PBL300			07020	31131		AN REC	CLS-3 *PO		2790	21319401	0	1	
0306 2100010100	Z000	POSI		9999		07360	32817		HYPO	140		2790	21312425	0	1	
0306 2100010100	Z000	POSC				F83AC00P2	33211		HCI SY 33	cédé @INT		2790	21319401	0	1	
0306 2100010100	Z000	POSI		9999		07360	45068		LC 50	DK + HLI		2790	21320447	0	1	
0306 2100010200	Z050	POS				07020	100079		ACTIC	ALUMINA GRADE A, 4 TO 8 MM * P30		2790	204020	0	1	
0306 2100010200	Z050	POSI	PBL450			07360	100079		CTRIC	AC30 HIGHLYHYDRATED * 525		EMR0209	2790	204010	0	1

Layout selection:

**STEP 4** Extraction to excel

It is possible to extract to excel in two different ways:

1. Excel
2. Local File

Go to list -> Export

and select the option needed

STEP 1

Start the transaction ZWFA21A

**i** Determination of Lowest Value: Sales price determination: initial screen

STEP 2

1. Enter the **company code**
2. **Key date**: Last day of the month
3. **Material type**: ZMAT - Raw materials & Finished goods
4. **Valuation class**:
  - Z130 : Trading goods
  - Z150 : Finished products
5. **Sales organisation**: All sales organisation of the company
6. **Currency type**: Useless (all data in specific table are in local currency)
7. Uncheck **Exclude Cross company delivery**

STEP 3

1. Click on "Valuation level"
2. Check "Company code"

and enter

STEP 4

Click on

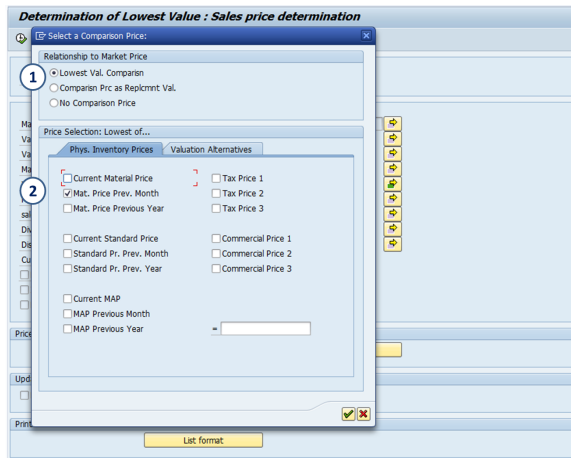
**Comparison price**

Select the relationship to Market Price = **Lowest val. Comparisn**

Select the price used for the comparison:

- "Mat.Price Prev.Month" (material price previous month)

and enter

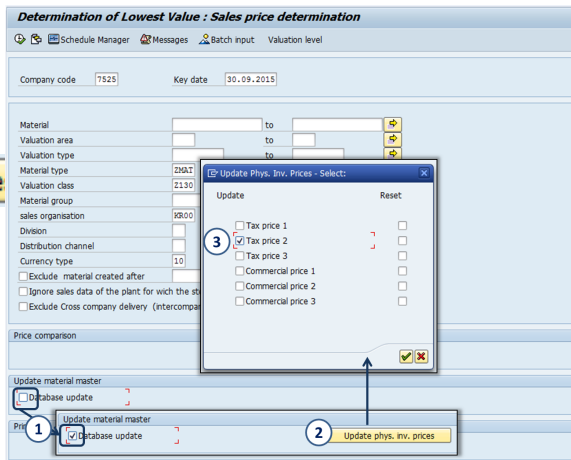


**STEP 5**

1. Check "Database update" and a new button appears.
2. Click on **Update phys. inv. price**
3. Select "Tax price 2": field of the material master data in which the calculated price is saved



and enter



Then start the calculation by clicking



on

Ignore the warning message

No material number interval entered. Please check



by clicking on

**STEP 5**

The report is displayed

Determination of Lowest Value: Sales price determination part 2

ValA	Material	Val.	Class.	Val. type	Material description	MatType	Tot. stock	Net Real value	Comparison price	Lowest price	per	Price Date	Price Source
7603	118799	2150			TY W500A GREY 2980 500 KG BB/A	ZMAT	21,500 KG	4,092,000	3,397,332	3,397,332	/1,000	201506	COFA
7603	118950	2150			PM01A-C32H2MX30 GREY 174NH-M 10KG BOX /A	ZMAT	200 KG	14,499,000	14,499,315	14,499,000	/1,000	201509	COFA
7603	118800	2150			TY SX 216 V55 G-GREY 25 KG PB/A	ZMAT	1,800 KG	3,129,000	2,488,740	2,488,740	/1,000	201506	COFA
7603	119932	2150			STABAMID 24FE3 K BIG BAG 750 KG	ZMAT	38,158 TO	26,811,460	24,038,485	24,038,485	/ 10	201506	COFA
7603	119997	2150			TY A 2385I CV28 BLACK 25 KG PB /A	ZMAT	75 KG	1,000,000	1,000,000	1,000,000	/1,000	201506	COFA
7603	121497	2150			STAR AFX 216 V60 GREY 2327 25KG(MP) /A	ZMAT	0 KG	0,000	0,000	0,000	/1,000	201506	COFA
7603	124713	2150			TY S 218 MV20 BLACK-E 750KG BB/A	ZMAT	21,000 KG	2,599,000	2,353,000	2,353,000	/ 1	201506	COFA
7603	125507	2150			TY 2417IG4 BLACK 25KG (KP) PB/A	ZMAT	6,050 KG	3,972,000	2,849,472	2,849,472	/1,000	201506	COFA
7603	125508	2150			TY C 216 V55 BLACK 25 KG PB/A	ZMAT	2,500 KG	3,008,000	2,119,186	2,119,186	/1,000	201506	COFA
7603	126165	2150			TY SX 218L2 V50 BLACK 38N 25 KG PB/A	ZMAT	7,000 KG	3,849,000	2,716,118	2,716,118	/1,000	201506	COFA

1. **Material Master Data** & plant code
2. **Stock quantity** at the end of the month (execution date)
3. **Net Real value** most recent "net real value" on the "key date"
4. **Comparison price**: Price selected in the "comparison price" box (here "price on the previous month")
5. **Lowest price**: Lowest value of the two prices (3) & (4) followed by the price unit
6. **Price date**: Date of calculation of the price
7. **Price Source**: Origin of the price


Unable to render {include} The included page could not be found.

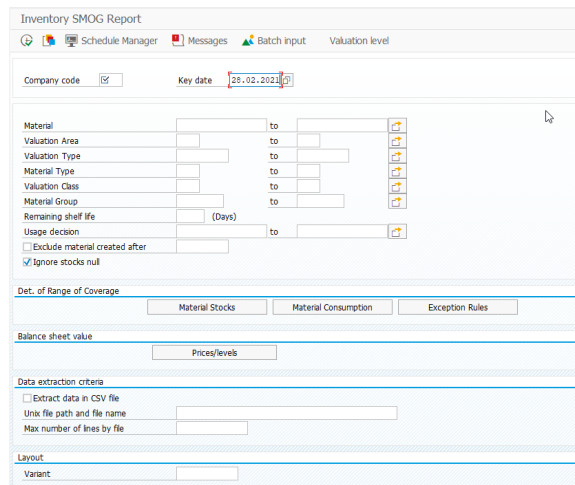
### 3.4. I calculate inventory reserves

Responsibility area: [Calculate and post Inventory Reserve](#)

#### STEP 1

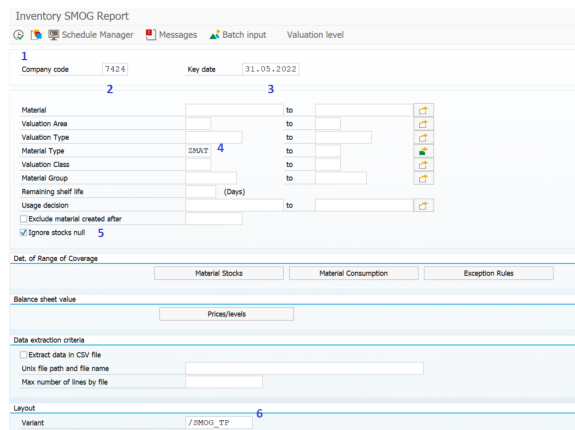
Start the transaction **ZFI\_INVENTORY\_SMOG**

 Inventory SMOG report: initial screen



#### STEP 2

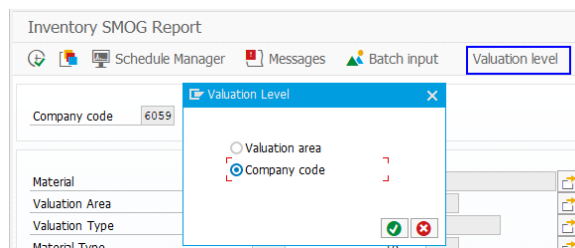
1. Select variant: /SMOG\_TEMPLATE
2. Enter the **company code**
3. **Key date**: Last day of the month before quarterly
4. **Material type**: ZMAT and ZVER
5. The materials with null stock should not be considered in the calculation. The field must be flagged. Note: The new materials can be excluded by flagging the field "Exclude material created after" - it is not mandatory, it will depend of the business.
6. **Variant layout**: /SMOG\_TP



#### STEP 3

1. Click on "Valuation level"
2. Select "Company code"

and enter 



Note: The rate of coverage is calculated at **company code level** and not batch level -The reason is that in some plants we only have the transfer of stock between 2 locations and no sale or consumption, which means that these plants always have 100% depreciation.

**STEP 4**

Click on

**Prices/levels**

1. Check "Tax Price 1" (where the range of coverage is stored) and "Tax Price 2" (where the Net realizable value is stored)
2. Check "0=0" Level 1
3. Click on **Bal.Sh.Val**
4. Add "Stock Value" to the already selected values.

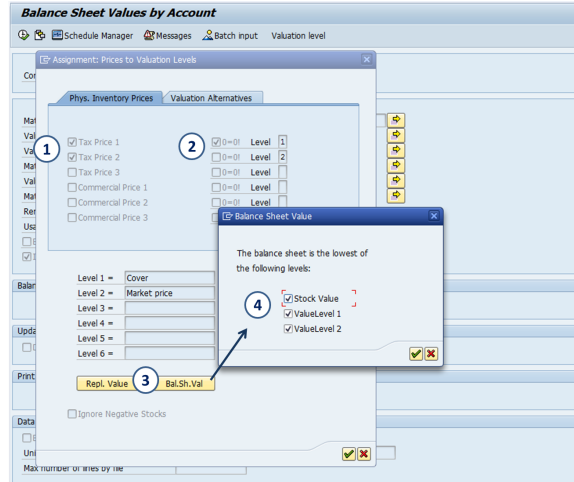
The calculation of impairment will be based on the lowest of the 3 values

- Stock value (=standard)
- Value Level 1 (= Tax Price 1)
- Value Level 2 (= Tax Price 2)



and enter if you have a message you can click on

**Continue**



**STEP 5**

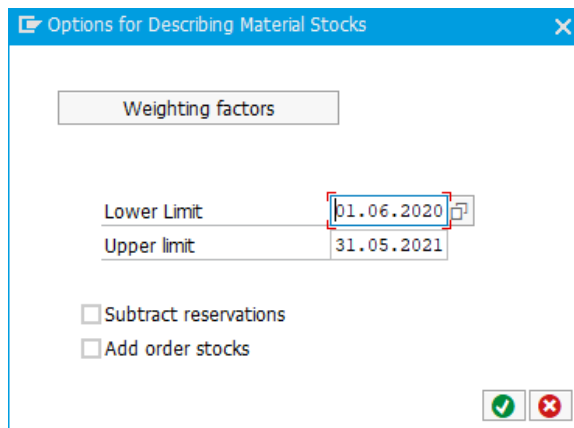
Click on

**Material Stocks**

Enter:

- "Upper limit" = "key date"
- "Lower limit" = "Upper Limit" - 12 months

The range of dates corresponds to the period of analysis of the monthly stocks



**STEP 6**

Click on

**Material Consumption**

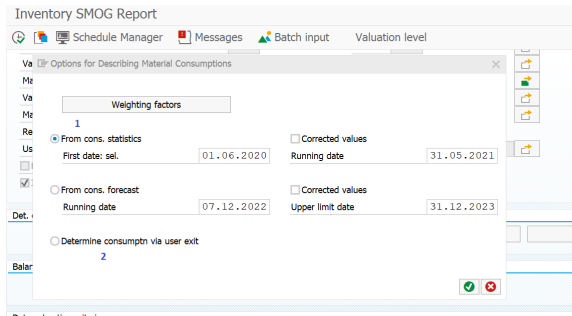
1. Select and enter the range of date in the first range as the analysis period for the determination of consumptions.

Then execute the transaction

The option "Determine consumption via user exit" can be selected to apply the rules to calculate the range of coverage (average consumption).

Then start the calculation by clicking on

Ignore the warning message



STEP 7

### SMOG Report Functions

1. The total stock are summarized by the batch stock, non batch stock and stock in transit.

Account	Val. Area	Val. Class	Material	Val. Type	Material Description	Stor. Loc.	Batch	BatchStock	NoBatchStk	Stock in Transit	Unit	Total Value
31000300	8192	Z110	1825577		PE DRUM 208L PO BLUE Y1.4/150 VENTED			0	446	0	PC	10,644.35
31000300	8192	Z110	1825585		STEEL DRUM 208L PO 1.2X0.9X1.2 WBG ODPHL			0	461	0	PC	12,043.85
31000300	8192	Z110	1825590		STEEL DRUM 208L PO 1.2X0.9X1.2 WBB UNLND			0	564	0	PC	14,127.75
31000300	8192	Z110	1825601		STEEL DRUM 208L TO 1.1X0.8X1.1 WBB ODPHL			0	499	4	PC	14,304.03

### 2. Reserves and Financial depreciation

Manuf. Dte	Days Expr.	Expires On	ROC (M)	%Reserve	Coverage	BlockedQty	BlockedAmt	BlckQtyAdj	BlckAmtAdj	Aged Qty	ΣAged Amt	ΣNetCover	ΣFinReserve	ΣGood
08.09.2017	723- days	08.09.2019	9,999.000	1.00	2.86	0	0.00	0	0.00	1	2.86	0.00	2.86	0.00
15.09.2017	716- days	15.09.2019	18.000	0.50	1.34	0	0.00	0	0.00	1	2.68	0.00	2.68	0.00
30.09.2017	701- days	30.09.2019	0.077	0.00	0.00	0	0.00	0	0.00	1	3.35	0.00	3.35	0.00
25.11.2017	645- days	25.11.2019	0.006	0.00	0.00	0	0.00	0	0.00	1	2.89	0.00	2.89	0.00
06.12.2017	634- days	06.12.2019	9,999.000	1.00	3.02	0	0.00	0	0.00	1	3.02	0.00	3.02	0.00

- **Fin.Depr:** value is calculated from ZWFA21A stored in field tax price 2 in material master data
- **ROC(M):** value is calculated from MRN1 stored in field tax price 1 in material master data
- %Reserve:
  - If ROC<12, then %Reserve = 0
  - If ROC>12 & ROC<24, then %Reserve = 0.5
  - If ROC>24 & ROC<36, then %Reserve = 0.75
  - If ROC>36, then %Reserve = 1
- **Financial Depreciation:** based on Solvay standard : If source price is 'COPA' and Market price < Total value, then Financial depreciation = Total value - Market price
- **Coverage:** (Stock qty \* % Reserve) \* Standard material price
- **Blocked Qty:** (Off spec material) material batch with blocked status then total batch stock is blocked (100% provision).
- **Blocked Amt:** Blocked Qty \* Standard Material Price
- **Aged Qty:** (Obsolescence material) When the day until expiration is less than 0, the whole batch stock will be aged (100% provision).
- **Aged Amt:** Aged Qty \* Standard Material Price
- **NetCover:** Coverage - blocked amt - aged amt - blocked amt adj
- **FinReserve:** NetCover + blocked amt + aged amt + blocked amt adj
- **Good:** Total value - Financial Reserve

## IMPORTANT

The program **ZFI\_INVENTORY\_SMOG** will prioritize the 3 following rules:

### 1. Identify any blocking stock of the batch

If yes, it will be proposed to be 100% reserved

### 2. Identify the aging of the stock/batch based on Expiration Date

If date expired, it will be proposed to be 100% reserved

### 3. Identify the Range of Coverage (RoC) based on the last 12 months of consumption ( average consumption / average stock)

Reserved proposed based on following ranges

If  $ROC < 12$ , then %Reserve = 0

If  $ROC > 12$  &  $ROC < 24$ , then %Reserve = 0.5

If  $ROC > 24$  &  $ROC < 36$ , then %Reserve = 0.75

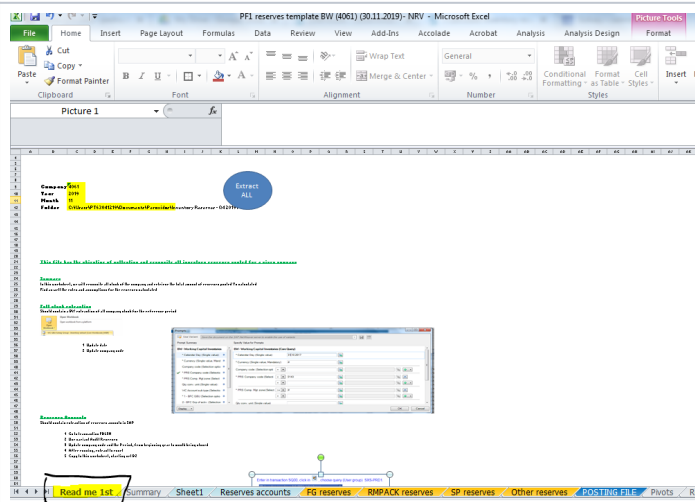
If  $ROC > 36$ , then %Reserve = 1, so for cases where ROC is equal or 9.999.00, it means that there is no consume for a long time

Note: If stock status is blocked or expired **Depreciation is 100%**.

The process is currently processed with the support of one excel template that needs to be updated with the extractions from each transaction mention in section 3.3.

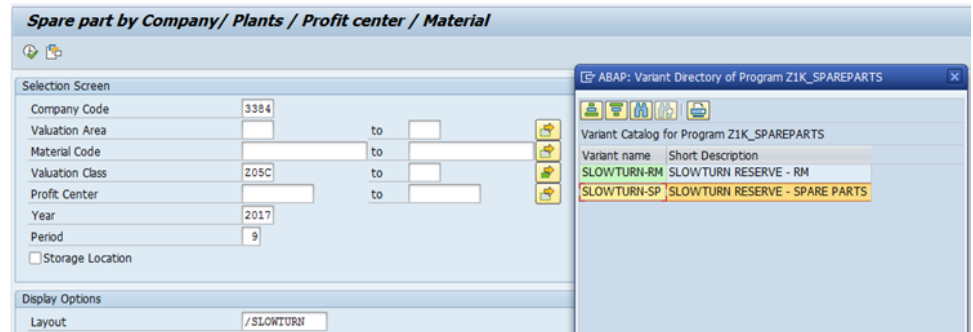
### Worksheet "Read Me" in the template:

- The excel template contains a Read Me worksheet with the details of how to extract data and fill in each worksheet.
- Some files, might contain one Excel Macro to extract automatically the data from SAP and fill in each worksheet.



### Prepare Spare Parts data (3.3.1):

1. Go to report Z1K\_spareparts
2. Select variant /SLOWTURN-SP
3. Update the company code
4. Update the year and month
5. After running, extract to excel
6. Copy to **worksheet "SP reserves"**, starting cell A2



**Prepare Raw Materials & Packaging data (3.3.2):**

1. Go to report Z1K\_spareparts
2. Select variant /SLOWTURN-RM
3. Update the company code
4. Update the year and month
5. After running, extract to excel
6. Copy to **worksheet "RMPACK reserves"**, starting cell A2

**Spare part by Company/ Plants / Profit center / Material**

ABAP: Variant Directory of Program Z1K\_SPAREPARTS

Variant Catalog for Program Z1K\_SPAREPARTS

Variant name	Short Description
SLOWTURN-RM	SLOWTURN RESERVE - RM
SLOWTURN-SP	SLOWTURN RESERVE - SPARE PARTS

Selection Screen

Company Code: 3384

Valuation Area: [ ] to [ ]

Material Code: [ ] to [ ]

Valuation Class: Z05C to [ ]

Profit Center: [ ] to [ ]

Year: 2017

Period: 9

Storage Location

Display Options

Layout: /SLOWTURN

**Prepare Finished Goods Data (3.3.3):**

1. Got to SQ00
2. Select query/user group SXS-PRD1
3. Run table Z1K\_UPIS3
4. Select Variant "INV RESERVES" with the company, plant (if necessary) and period/Year
5. After running, extract to excel
6. Copy to **worksheet "FG reserves"**, starting cell A2

Select query/user group SXS-PRD1

Query from User Group COSTING: Initial Screen

Name	User group name
COSTING	Costing
FI_3S_CTB	QUERIES FOR 3S CTB
SXS-PRD1	Solexis Products 1 (batches)
Z1_FI	FI

Run table Z1K\_UPIS3

Query from User Group SXS-PRD1: Initial Screen

Query area: Standard Area (Client-specific)

Query:

QuickViewer      Display      Description

Name	Title	InfoSet	Logical Database	Table/View/Join	InfoSet Title
Z1C_ZWPPMCKOST	ZWPPMCKOST	Z1C_ZWPPMCKOST_TAB		ZWPPMCKOST	PT99375423:Z1C_ZWPPMCKOST
Z1K_BATCH_FV	CO BATCHES: list - Fix Var in Cny curr	CO-BATCH-NEW5		Z1K_BATCH3	CO Batches and UPIS
Z1K_BATCH_NEW	CO BATCHES: list - NEW version ---	CO-BATCH-NEW5		Z1K_BATCH3	CO Batches and UPIS
Z1K_PLANT	CO - plants by company code	CO_T001K		T001K	CO Cny plants (T001K)
Z1K_UPIS3	CO UPIS + SlowMoving + LCM - VERSION 2020	CO-BATCH-NEW5		Z1K_BATCH3	CO Batches and UPIS
Z1K_UPISTEST	UPIS - summary - DO NOT USE	CO-BATCH-NEW5		Z1K_BATCH3	CO Batches and UPIS
Z1K_UPIS_RAW	CO UPIS - VERSION 2012 - details in origin currency	CO-BATCH-NEW5		Z1K_BATCH3	CO Batches and UPIS
Z1K_UPIS_SUM	UPIS - summary - DO NOT USE	CO-BATCH-NEW5		Z1K_BATCH3	CO Batches and UPIS

Select Variant "INV RESERVES" with the company, plant (if necessary) and period/Year

CO UPIS + SlowMoving + LCM - VERSION 2020

Program selections

Company Code	4061	
Year	2019	
Period	11	
profit ctr		to
plant		to
Industrial Origin		to
<input type="checkbox"/> Read UD DETAIL ?		
Valuation Class	Z101	to
Material Number		to
Batch Number		to
Product hierarchy		to
Output Format		

ABAP: Variant Directory of Program AQ20SXS-PRD1====Z1K\_UPIS3====

Variant name	Short Description	Environment	Protecte
GBU SP Z061	GBU SP x UPIS Z061	A	
GBUSPBACHTESSL	GBU SP BACHTES/SaraLoddo	A	
IAC5835	IAC5835	A	
INV RESERVES	Inv Reserves calculation	A	
P_A-Y_VVV	SpP Alg & Hyf WorldWide	A	
P_CNA	SpP CNA	A	
P_CNA1	SpP CNA1	A	
SODA ASH	SODA ASH BU UPIS	A	
SPOL TOTAL	UPIS x FG & WIP	A	
SPP BELGIUM	SpP Belgium	A	
STOCK GRU LCM	stock GRU LCM	A	

**3.5. I send the report to the GBUs**

**3.5.1. I generate the proposition files**

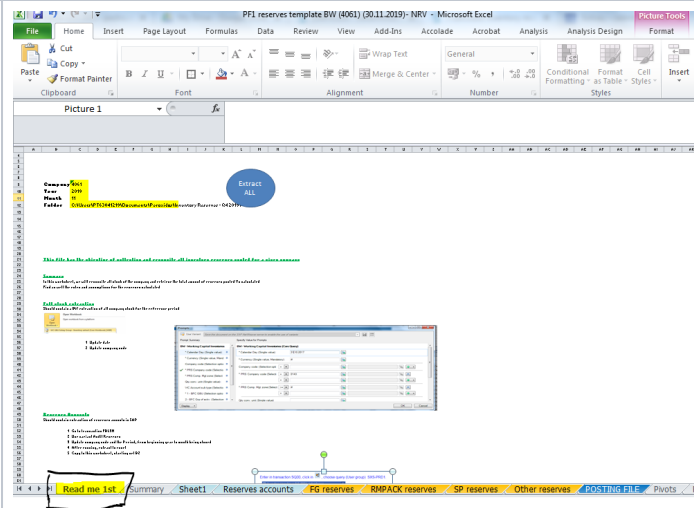
Extract the data in spreadsheet format from ZCO\_SPAREPARTS and ZFI\_INVENTORY\_SMOG

and copy the data to inventory reserves template field A2 in both "RMFG reserves" & "Industrial supplies reserves"

Having the extractions done in section 3.4 related to PF2, each worksheet needs to be completed

**Worksheet "Read Me" in the template:**

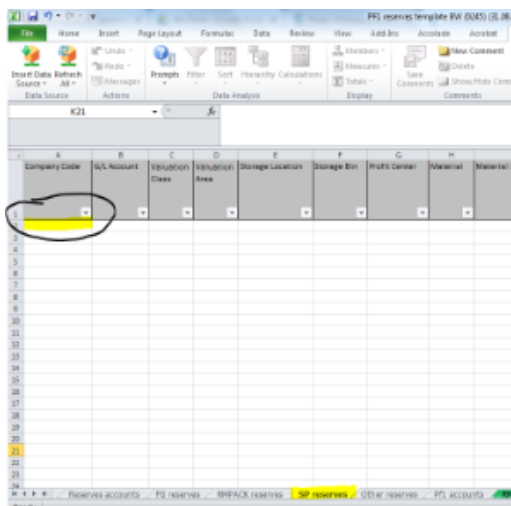
- The excel template contains a Read Me worksheet with the details of how to extract data and fill in each worksheet.
- Some files, might contain one Excel Macro to extract automatically the data from SAP and fill in each worksheet.



**Prepare Spare Parts data (3.3.1):**

1. Copy the extraction to **worksheet "SP reserves"**, starting cell A2
  - a. Check the last columns are not overwrite, as these contain the formulas to calculate the reserves

Copy the extraction to cell A2



Have in mind that not to overwrite the last columns:

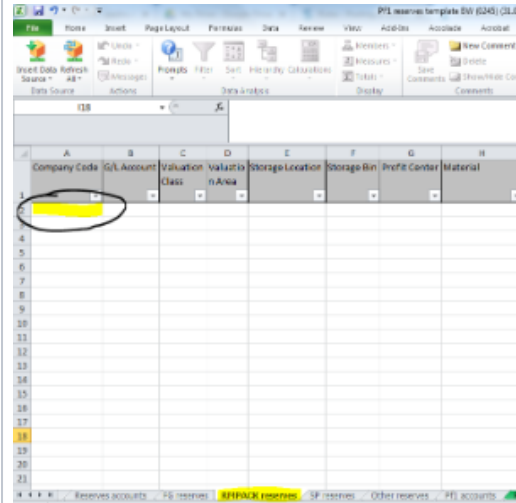
AM	AN	AO	AP
te of Last Count	No. of Slow Moving Days	Depreciation rate for 10% rule (=IF(AL2>365;10%;0%))	Slow-turn reserve by AJ2*AM2)
		0%	0%
		0%	0%
		0%	0%

These columns are the ones containing the formulas to calculate the final res

**Prepare Raw Materials & Packaging data (3.3.2):**

1. Copy the extraction to **worksheet "RMPACK reserves"**, starting cell A2
  - a. Check the last columns are not overwrite, as these contain the formulas to calculate the reserves

Copy the extraction to cell A2



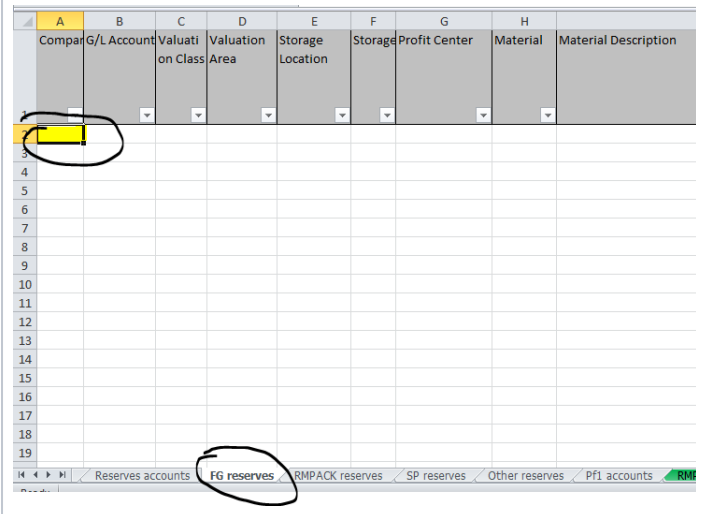
Have in mind that not to overwrite the last columns:

AN	AO	AP	AQ	AI
No. of Slow Moving Days	Material Type	Range of coverage	Rate of depreciation	Coverage Slow reserve
	RM		100	100%
	RM		100	100%
	RM		100	100%
	RM		100	100%
	RM		100	100%
	RM		100	100%

These columns are the ones containing the formulas to calculate the final res

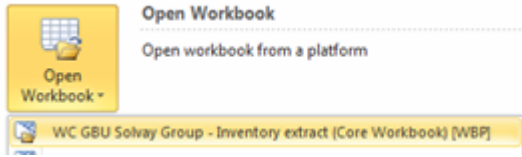
**Prepare Finished Goods Data (3.3.3):**

1. Copy the extraction to **worksheet "FG reserves"**, starting cell A2



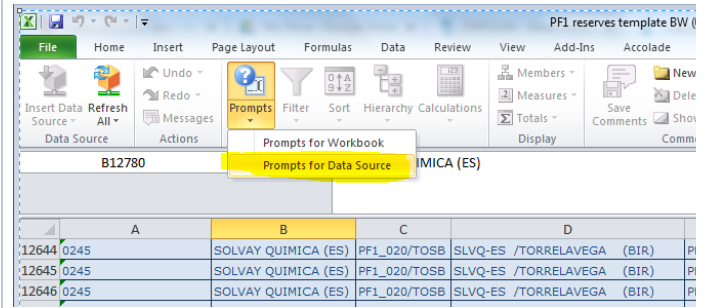
**Worksheet "Full stock extraction" :**

- Extract through BW, the stock of the company for the period in analysis

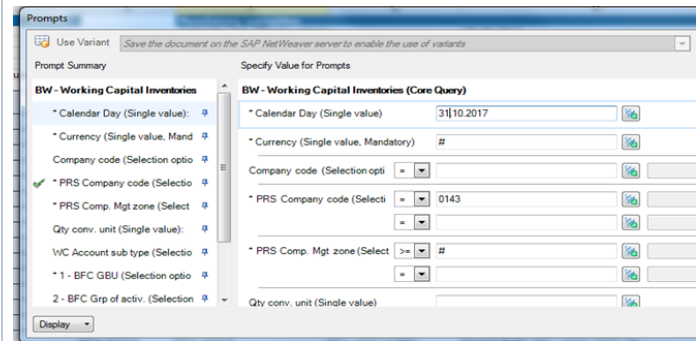


1. Refresh this worksheet through Analysis/Prompt
2. Select date (Last day of the month in analysis)
3. Select the company code

Go to "prompt" to perform the refresh

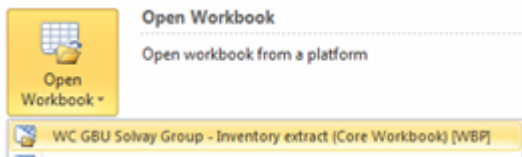


Select the date and company



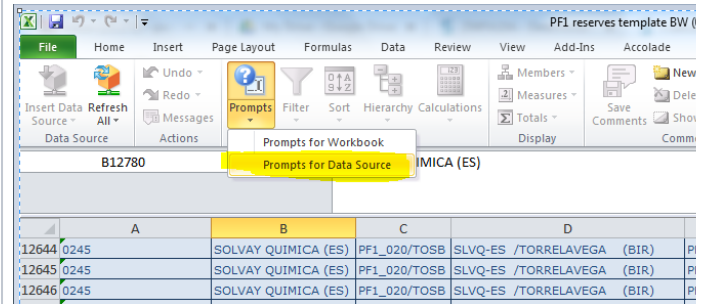
**Worksheet "Reserve accounts" :**

- Extract through BW, the [Balance sheet reserve accounts](#) of the company for the period in analysis

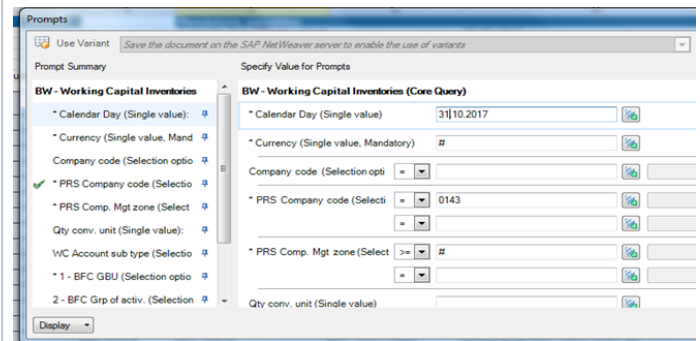


1. Refresh this worksheet through Analysis/Prompt
2. Select date (Last day of the month in analysis)
3. Select the company code

Go to "prompt" to perform the refresh



Select the date and company



**Worksheet "Summary" in the template:**

- The total amount of the columns with the calculated reserve, should be in column G
- The total amount of company stock retrieved in worksheet "full stock extraction" should be in column C
- The total amount of the Balance sheet accounts coming from worksheet "reserve accounts" should be in column F

Template

**3.5.2. I prepare the proposition files**

Ensure all the data in other sheets are reflected into tab Summary

**Solvay Template Analysis - Write-off inventories**

Material class	Category of Stock	Check of Total Stock Amounts			Check of Reserves Posted		
		Total Value LC amount	Total Value LC amount from reserves calculation	Differences	Total Value LC of write-off booked	Total Value LC of write-off calculated	Differences
Z100	Raw Materials	-	-	-	-	-	-
Z105	Other Raw Materials	-	-	-	-	-	-
	Heavy Fuel	-	-	-	-	-	-
	Solid Fuel	-	-	-	-	-	-
	Light Fuel	-	-	-	-	-	-
Z110	Packaging	-	-	-	-	-	-
	Semi-Finished Goods	-	-	-	-	-	-
Z120/Z125	Spare Parts/Industrial Supplies RM	-	-	-	-	-	-
Z160	Spare Parts/Industrial Supplies FP	-	-	-	-	-	-
Z170/Z175	Gen & Tech exc. Packaging	-	-	-	-	-	-
Z150/Z140	Finished Goods manufactured	-	-	-	-	-	-
Z130	Finished Goods purchased/Goods for resale	-	-	-	-	-	-
<b>Total</b>		<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>

To finalize the template before send it to the Controllers, some consistency checks need to be done.

**Prepare Spare Parts data (3.3.1):**

1. Check that no formula is missing in the last columns

Have in mind that not to overwrite the last columns:

Formula to determine if there is % to be calculated

IF(R2="X";0;IF(AN2>365;10%;0%))

Where column R is related to "critical spare part" and Column AN is related to

Number	Styles
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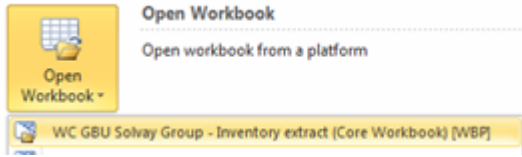
AM	AN	AO	AP
Age of Last Count	No. of Slow Moving Days	Depreciation rate for 10% rule (=IF(AL2>365;10%;0%))	Slow-turn reserve by AJ2*AM2
		0%	
		0%	
		0%	
		0%	

The formulas can change, depending on additional criteria implemented for a



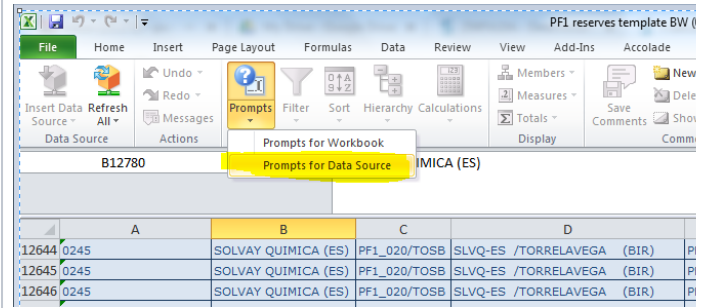
**Worksheet "Full stock extraction" :**

- Extract through BW, the stock of the company for the period in analysis

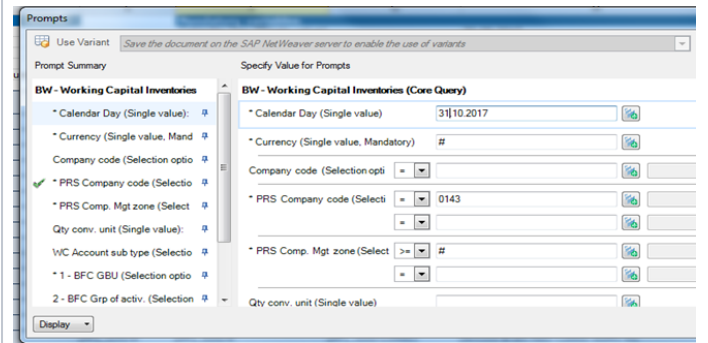


1. Refresh this worksheet through Analysis/Prompt
2. Select date (Last day of the month in analysis)
3. Select the company code

Go to "prompt" to perform the refresh

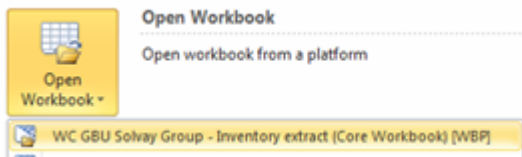


Select the date and company



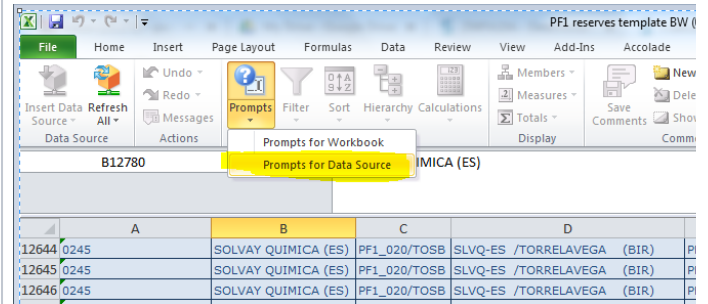
**Worksheet "Reserve accounts" :**

- Extract through BW, the **Balance sheet reserve accounts** of the company for the period in analysis



1. Refresh this worksheet through Analysis/Prompt
2. Select date (Last day of the month in analysis)
3. Select the company code

Go to "prompt" to perform the refresh



Select the date and company

