WW IFRS 16 - Closure activities

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1 - Objective and Scope

Objective of these operations

The purpose of these tasks is to ensure that all activities are performed in order to guarantee the monthly IFRS 16 closure process.

NOTE: Please be aware that these tasks are performed automatically through FCC, however these guidelines are for when they need to be done manually.

Scope

This procedure is applied to all WW companies under IFRS 16.

2 - Task description

Closure Activities

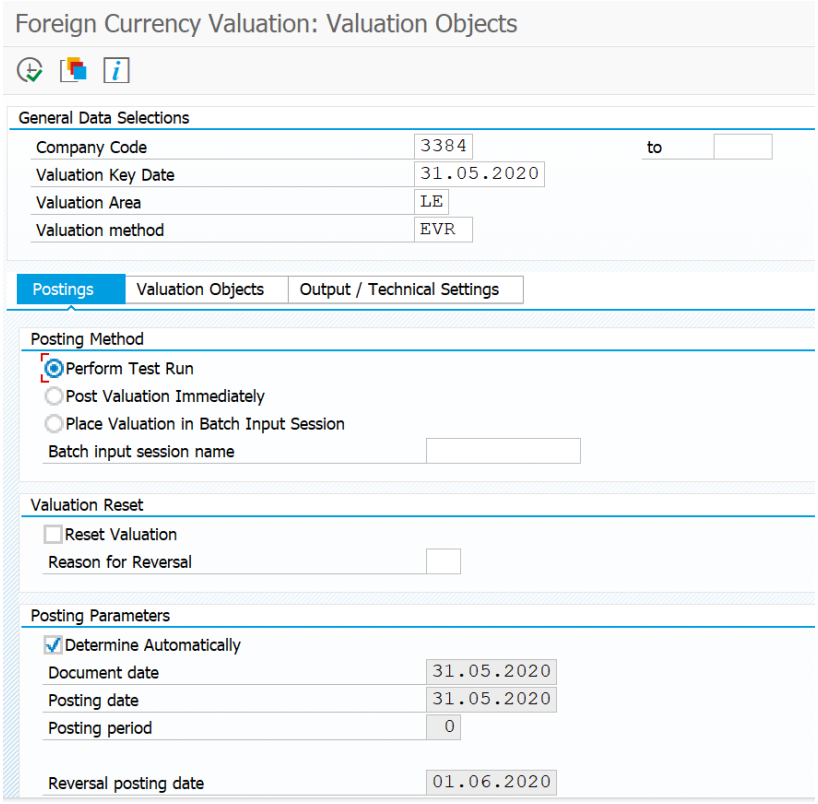
Closure Activities need to be performed during D1 to D3

D1

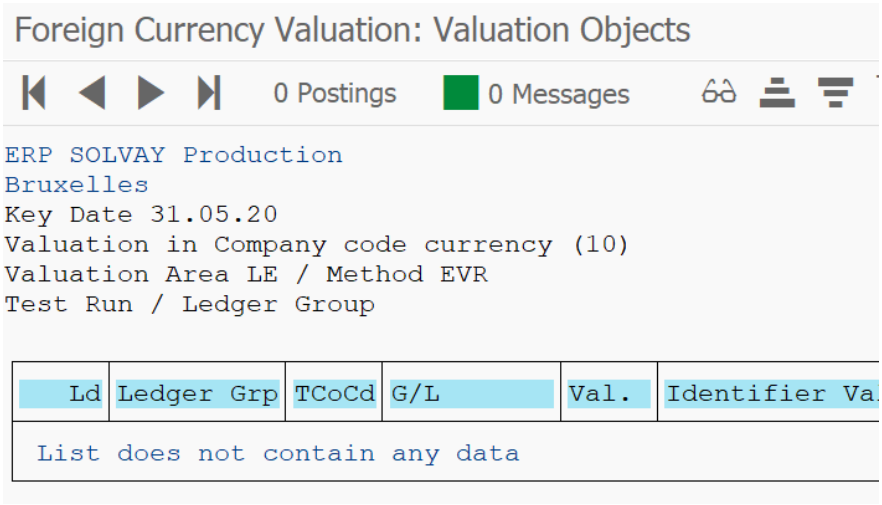
1. Foreign revaluation (SAP transaction code **OBJVAL**) - The purpose of this task is to revaluate at the functional currency (currency of the company code) the monthly valuation for contracts in foreign currency. As said this task is performed monthly and we should have always 2 postings, the revaluation posting in the closure period (*M-1*) and the reversal in the next period (*M*).

Fill in the required information, such as:

- Company Code
- Valuation Key Date: always the last day of the closure period (*M-1*)
- Valuation Area: always **LE** (*exceptions Brazil **LB** and Argentina **LA***)
- Valuation Method: always **EVR**

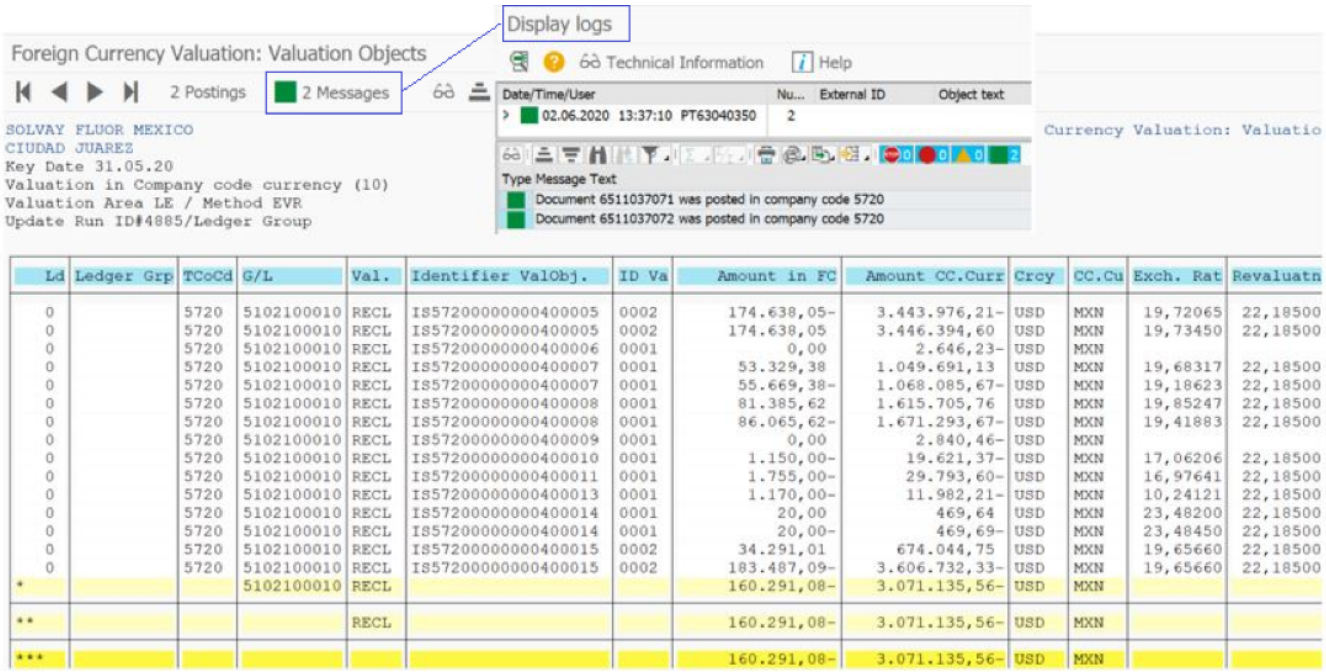


Perform first in Test Run, if there's nothing to be posted, the following message will appear.



If there is revaluation to be posted (it will appear as image below), in the main menu select the Posting Method ***Post Valuation Immediately*** and execute the transaction.

To check if the posting was done correctly (revaluation in the closure period and the reversal in the next period) in output you can select "2 Messages" and see the documents posted (image below - *Display logs*).



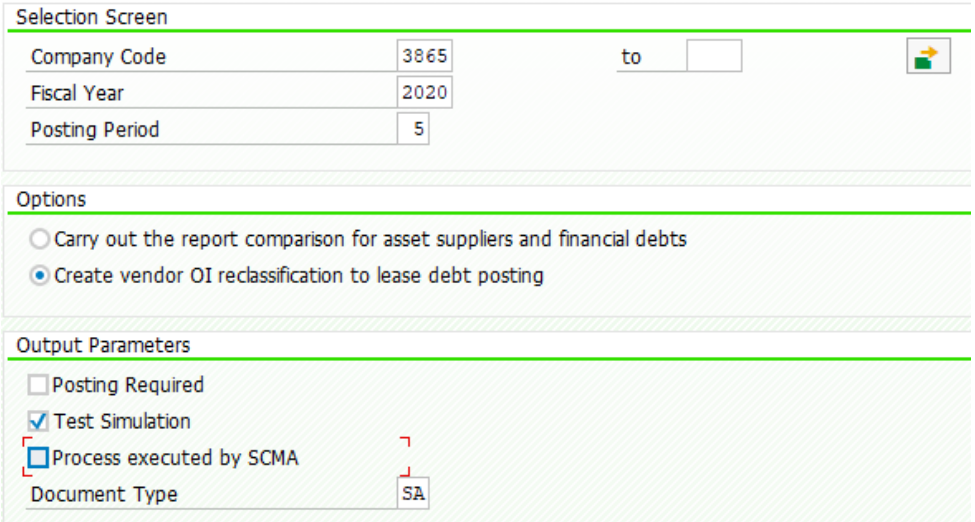
Ld	Ledger Grp	TCoCd	G/L	Val.	Identifier ValObj.	ID Va	Amount in FC	Amount CC.Curr	Crcy	CC.Cu	Exch. Rat	Revaluatn
0		5720	5102100010	RECL	IS57200000000400005	0002	174.638,05-	3.443.976,21-	USD	MXN	19,72065	22,18500
0		5720	5102100010	RECL	IS57200000000400005	0002	174.638,05	3.446.394,60	USD	MXN	19,73450	22,18500
0		5720	5102100010	RECL	IS57200000000400006	0001	0,00	2.646,23-	USD	MXN		
0		5720	5102100010	RECL	IS57200000000400007	0001	53.329,38	1.049.691,13	USD	MXN	19,68317	22,18500
0		5720	5102100010	RECL	IS57200000000400007	0001	55.669,38-	1.068.085,67-	USD	MXN	19,18623	22,18500
0		5720	5102100010	RECL	IS57200000000400008	0001	81.385,62	1.615.705,76	USD	MXN	19,85247	22,18500
0		5720	5102100010	RECL	IS57200000000400008	0001	86.065,62-	1.671.293,67-	USD	MXN	19,41883	22,18500
0		5720	5102100010	RECL	IS57200000000400009	0001	0,00	2.840,46-	USD	MXN		
0		5720	5102100010	RECL	IS57200000000400010	0001	1.150,00-	19.621,37-	USD	MXN	17,06206	22,18500
0		5720	5102100010	RECL	IS57200000000400011	0001	1.755,00-	29.793,60-	USD	MXN	16,97641	22,18500
0		5720	5102100010	RECL	IS57200000000400013	0001	1.170,00-	11.982,21-	USD	MXN	10,24121	22,18500
0		5720	5102100010	RECL	IS57200000000400014	0001	20,00	469,64	USD	MXN	23,48200	22,18500
0		5720	5102100010	RECL	IS57200000000400014	0001	20,00-	469,69-	USD	MXN	23,48450	22,18500
0		5720	5102100010	RECL	IS57200000000400015	0002	34.291,01	674.044,75	USD	MXN	19,65660	22,18500
0		5720	5102100010	RECL	IS57200000000400015	0002	183.487,09-	3.606.732,33-	USD	MXN	19,65660	22,18500
*			5102100010	RECL			160.291,08-	3.071.135,56-	USD	MXN		
**				RECL			160.291,08-	3.071.135,56-	USD	MXN		
***							160.291,08-	3.071.135,56-	USD	MXN		

D2

1. Reclassification Trade payables to Financial Debt (SAP transaction code PF2: **Z1F_CAPEX_MONTHLY** | WP2: **ZWFA58002**) - The purpose of this task is to reclassify on a monthly basis the amounts in the vendor trade payables account to the vendor financial debt account for reporting purposes. As said this task is performed monthly and we should have always 2 postings, the reclassification posting in the closure period (*M-1*) and the reversal in the next period (*M*).

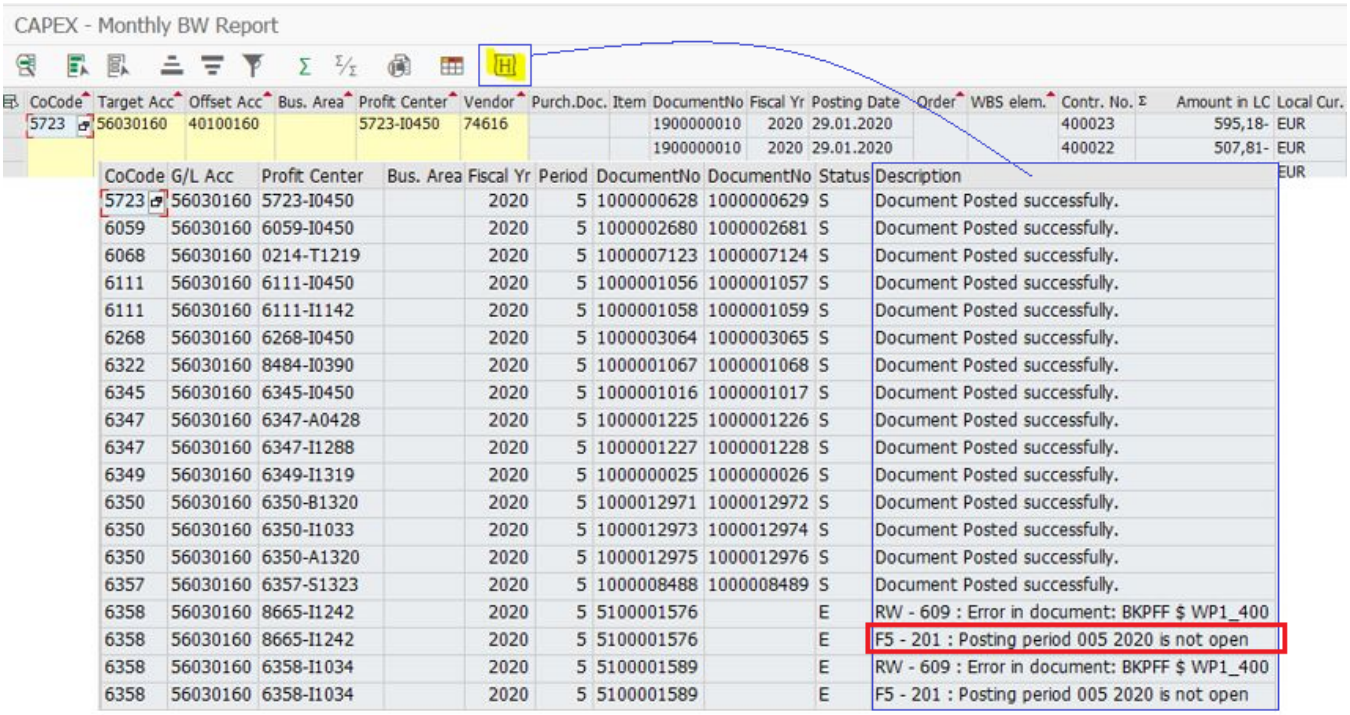
When you enter the transaction to perform the posting you should select the variant: **RC_TP_FD_AP_S**

You will obtain the following output:



Check one company at a time and run with test simulation in order to check if no error appears in the message.

The principal error that could appear is that one of the periods is closed. If this is the situation, open it before posting in order to process the pending items.



CoCode	Target Acc	Offset Acc	Bus. Area	Profit Center	Vendor	Purch.Doc.	Item	DocumentNo	Fiscal Yr	Posting Date	Order	WBS elem.	Contr. No.	Σ	Amount in LC	Local Cur.
5723	56030160	40100160		5723-I0450	74616			1900000010	2020	29.01.2020			400023		595,18-	EUR
								1900000010	2020	29.01.2020			400022		507,81-	EUR

CoCode	G/L Acc	Profit Center	Bus. Area	Fiscal Yr	Period	DocumentNo	DocumentNo	Status	Description	EUR
5723	56030160	5723-I0450		2020	5	1000000628	1000000629	S	Document Posted successfully.	
6059	56030160	6059-I0450		2020	5	1000002680	1000002681	S	Document Posted successfully.	
6068	56030160	0214-T1219		2020	5	1000007123	1000007124	S	Document Posted successfully.	
6111	56030160	6111-I0450		2020	5	1000001056	1000001057	S	Document Posted successfully.	
6111	56030160	6111-I1142		2020	5	1000001058	1000001059	S	Document Posted successfully.	
6268	56030160	6268-I0450		2020	5	1000003064	1000003065	S	Document Posted successfully.	
6322	56030160	8484-I0390		2020	5	1000001067	1000001068	S	Document Posted successfully.	
6345	56030160	6345-I0450		2020	5	1000001016	1000001017	S	Document Posted successfully.	
6347	56030160	6347-A0428		2020	5	1000001225	1000001226	S	Document Posted successfully.	
6347	56030160	6347-I1288		2020	5	1000001227	1000001228	S	Document Posted successfully.	
6349	56030160	6349-I1319		2020	5	1000000025	1000000026	S	Document Posted successfully.	
6350	56030160	6350-B1320		2020	5	1000012971	1000012972	S	Document Posted successfully.	
6350	56030160	6350-I1033		2020	5	1000012973	1000012974	S	Document Posted successfully.	
6350	56030160	6350-A1320		2020	5	1000012975	1000012976	S	Document Posted successfully.	
6357	56030160	6357-S1323		2020	5	1000008488	1000008489	S	Document Posted successfully.	
6358	56030160	8665-I1242		2020	5	5100001576		E	RW - 609 : Error in document: BKPFF $ WP1_400	
6358	56030160	8665-I1242		2020	5	5100001576		E	F5 - 201 : Posting period 005 2020 is not open	
6358	56030160	6358-I1034		2020	5	5100001589		E	RW - 609 : Error in document: BKPFF $ WP1_400	
6358	56030160	6358-I1034		2020	5	5100001589		E	F5 - 201 : Posting period 005 2020 is not open	

After checking the errors message and the open amounts in the transaction, check the open items (at the last day of the closure period) in **FBL3N** for the G /L account 56030160 (WP2) | 5112100070 (PF2) has any posting. If you have any values from previous months, further analysis to identify what document should be reversed is necessary.

If everything is okay, remove "*test simulation*" and run the transaction in real mode.

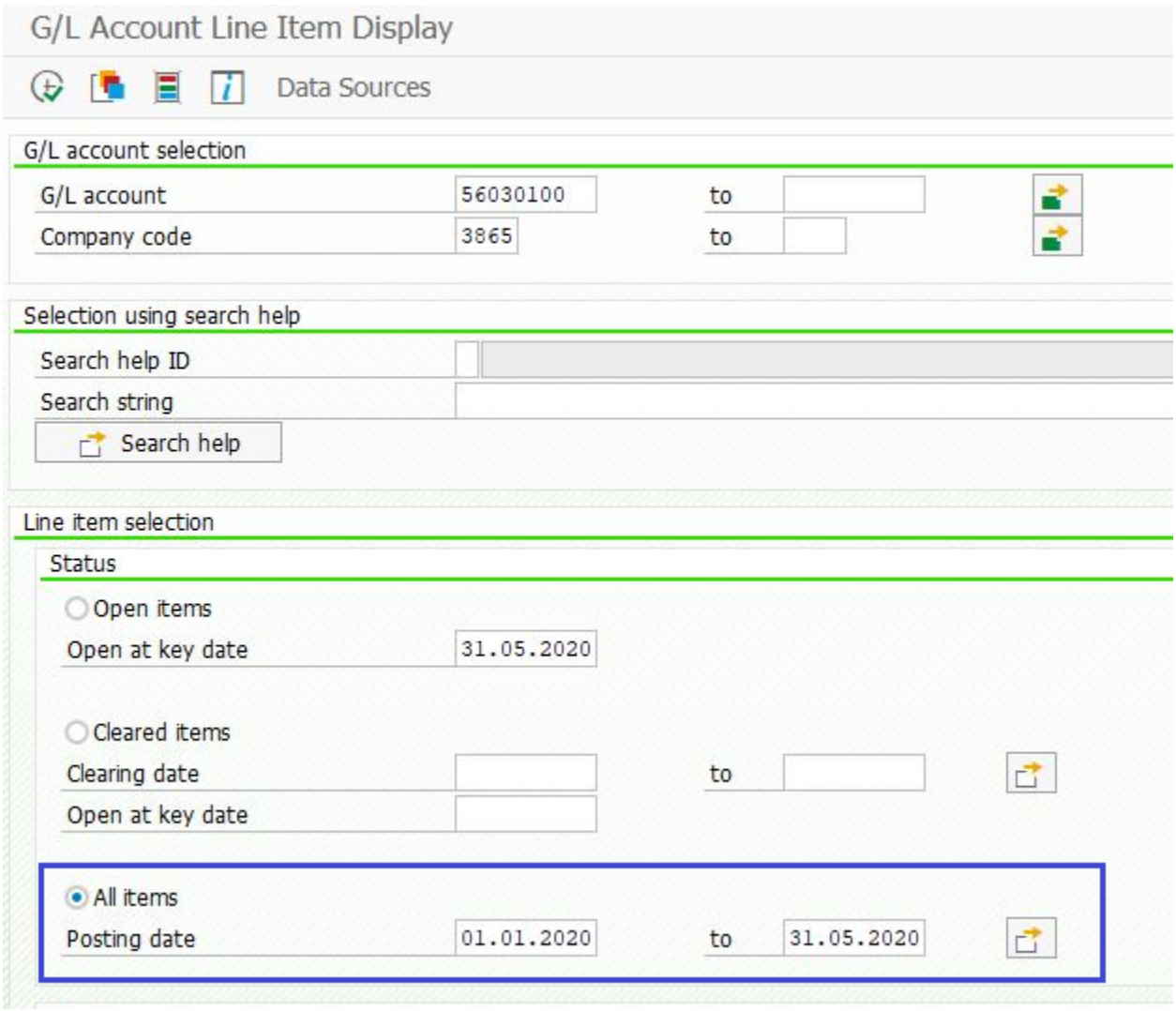
When refreshing **FBL3N** the amount must be the same of the Reclassification Trade Payable to Finance Debt posting.

2. Reclassification F31 to F30 (SAP transaction code PF2: **Z1F_IFRS_FLOW_CORR** | WP2: **ZWFA03B** with variant: **F31-F30_APAC_S**) - The purpose of this task is to reclassify on a monthly basis the amounts in flow F31 to flow F30 for reporting purposes (to report properly the cash out). As said this task is performed monthly and we should have always 2 postings, the reclassification posting in the closure period (*M-1*) and the reversal in the next period (*M*).

First you have to check the **F31** amounts in **FBL3N**, open transaction and select the IFRS 16 accounts

(Accounts for **PF2**: 5102100010, 5112100010, 5112100020, 5112100040, 5112100070 ---- Accounts for **WP2**: 16830100, 56030100, 56030110, 56030119, 56030120, 56030129, 56030160).

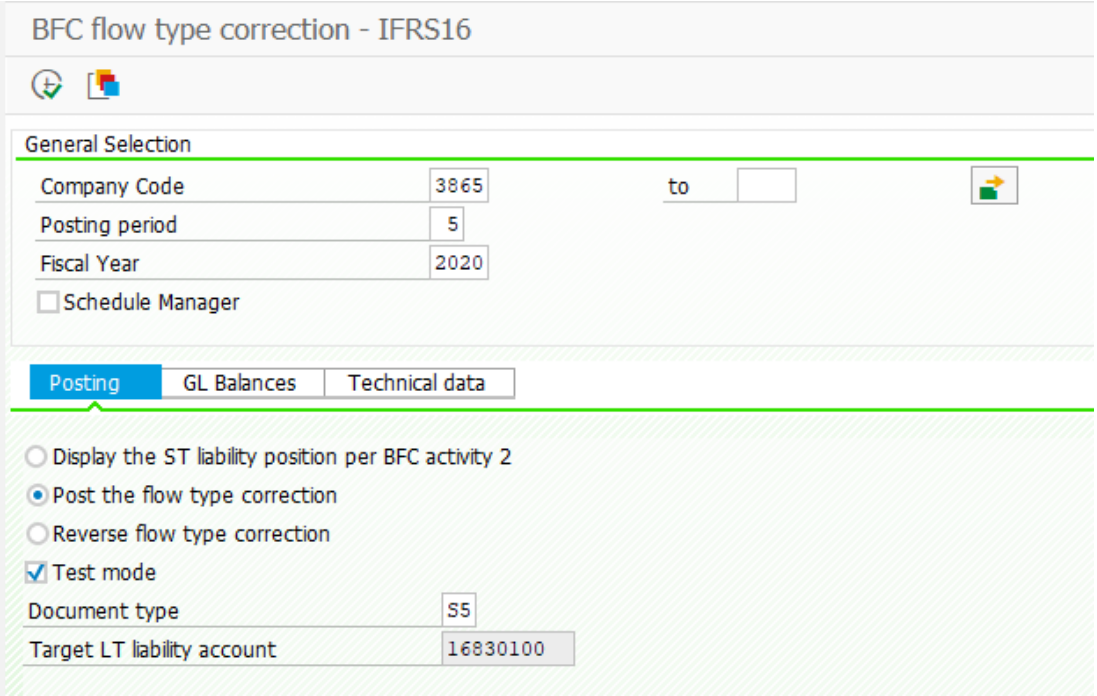
Check one company at the time and use all items from the beginning of the year to the last day of the closure month.



Filter transaction type for **F31** only.

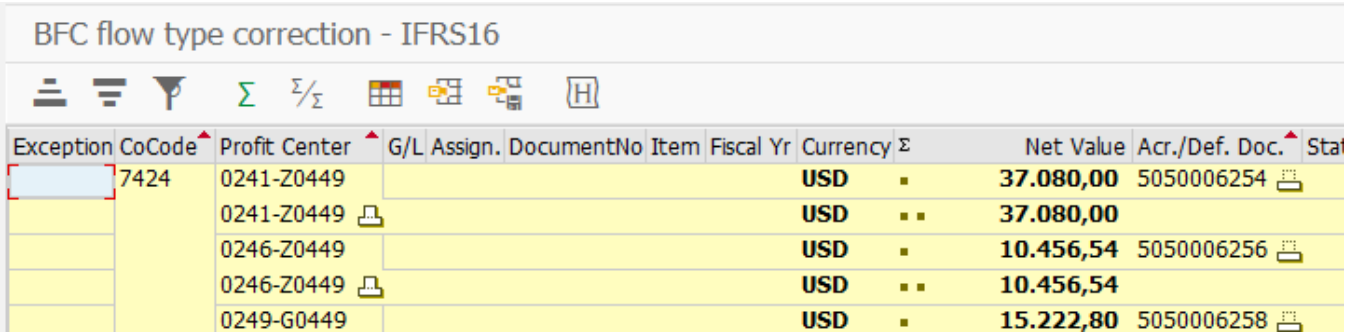
Then you open the **F31**/**F30** reclass transaction and select IFRS16 variant.

Add one company at a time and check in test mode by selecting “*Post the flow type correction*” and "*Test mode*".



Compare the data to be posted with the information per company that you have in **FBL3N**. The amounts must match.

Check the history in the transaction in order to review if there is any closed period that needs to be open or any other error.

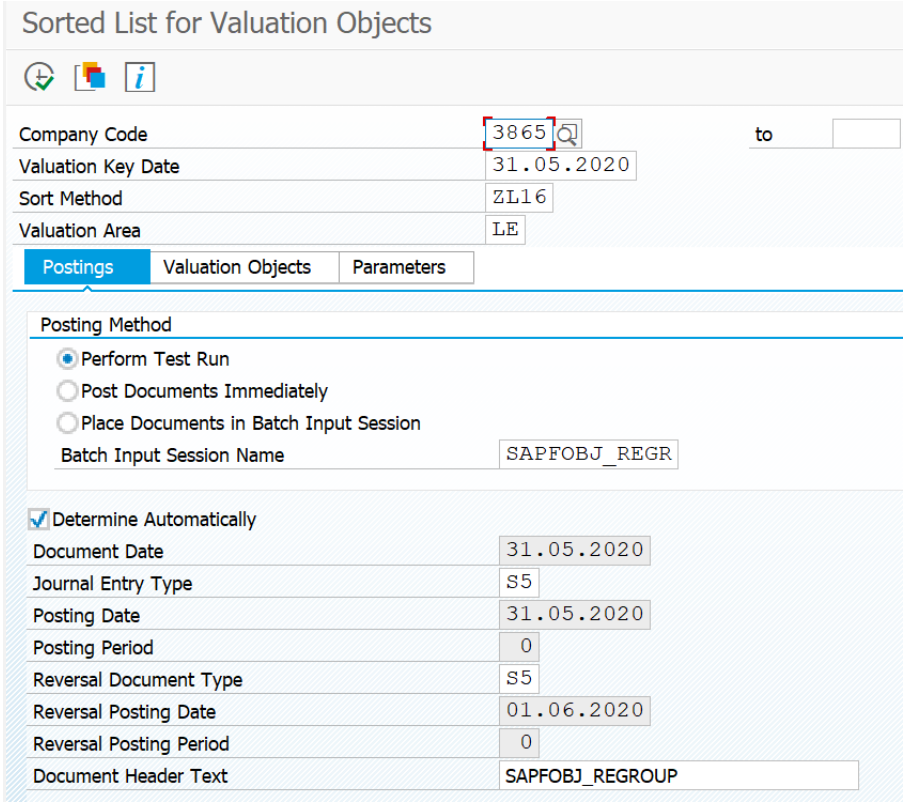


If no errors and periods are open, return and remove the "*test mode*" and process the items.
After the transaction posting, refresh the **FBL3N** extraction and filter again the transaction type for **F31**.
All the company codes should have **F31** balanced.

3. Reclassification from Long term portion to Short term portion (SAP code transaction **OBJREG**) - The purpose of this task is to reclassify on a monthly basis the debt for the following 12 months from Long term portion to Short term portion. As said this task is performed monthly and we should have always 2 postings, the reclassification posting in the closure period (*M-1*) and the reversal in the next period (*M*).

Fill in the required information, such as:

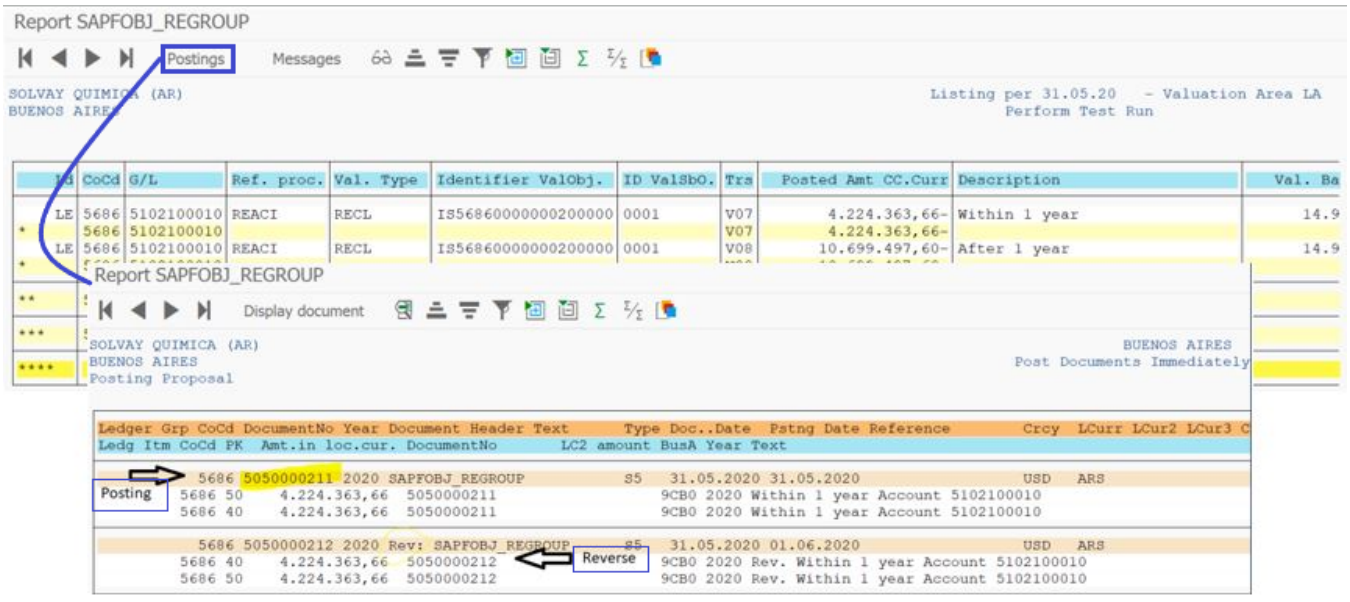
- Company Code
- Valuation Key Date: always the last day of the closure period (*M-1*)
- Sort Method: always **ZL16**
- Valuation Area: always **LE** (*exceptions Brazil **LB** and Argentina **LA***)



First "*Perform in Test Run*" running one company at a time and check if there are no error messages (for example the period of a company might be closed already).

If there are no errors and all periods are open go back to the main page of the transaction and run by "*Posting Documents Immediately*".

By clicking in the tab Postings you can see the documents posted. The first document is the reclassification posting, the second is the reverse.



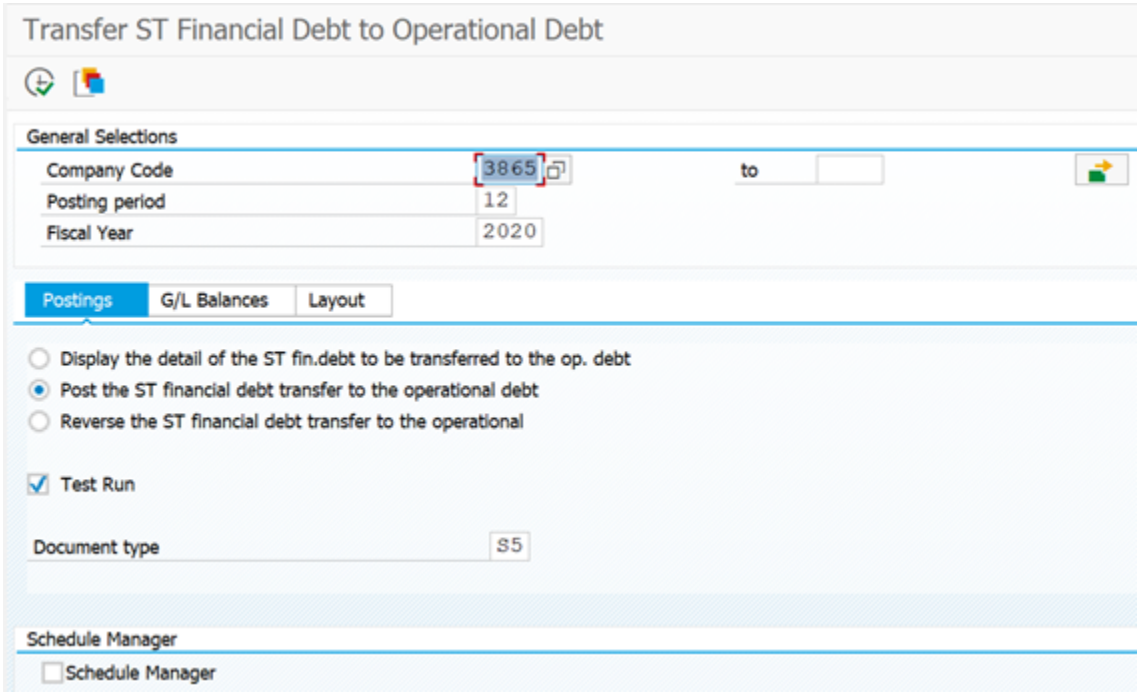
Please be aware that the system allows to run **OBJREG** as many times as possible, creating duplicated amounts. For this reason you should be careful to run it just once.

In case of duplication, the documents posted must be reversed.

4. Transfer ST Financial Debt to Operational Debt (Only local (P/L)) (**ZFI_DEBT_TRANSFER**) - The purpose of this task is to transfer monthly the IFRS financial debt affecting contracts, which didn't extend the IFRS16 in local GAAP (which post the lease costs to the P&L), back to the operational debt. This function is only related to the Short Term financial debt since the Long Term one is purely cancelled through **Z1ANNUL** annulment posting. As said this task is performed monthly and we should have always 2 postings, the reclassification posting in the closure period (*M-1*) and the reversal in the next period (*M*).

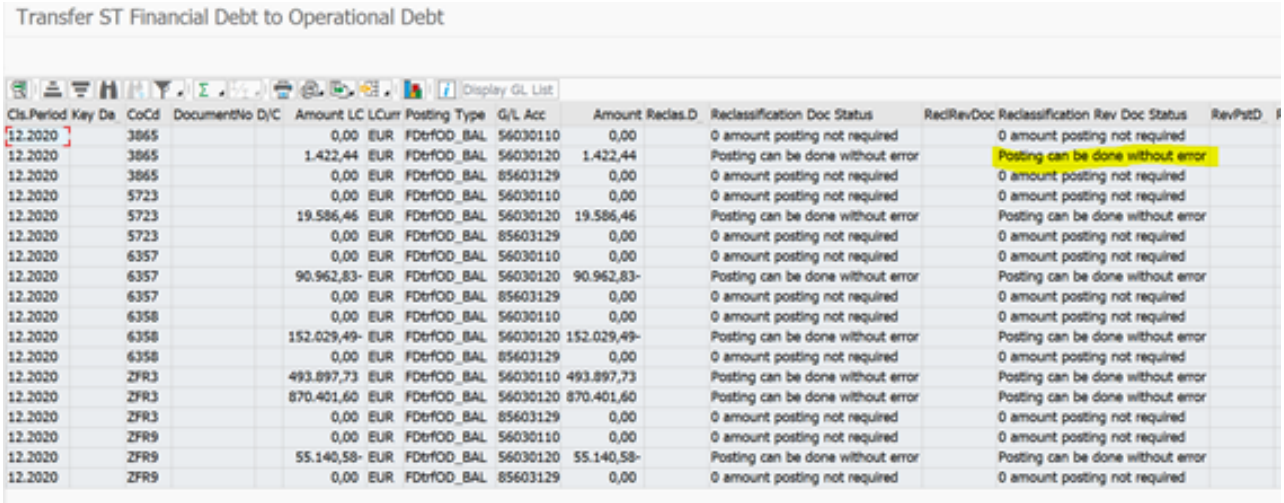
Go to transaction **ZFI_DEBT_TRANSFER** and select the variant *IFRS16 FRANCE*.

NOTE: This activity is performed ONLY for French companies.



Perform a first check in test run.

If there are no errors, then perform the posting in real mode unclicking the Test mode and save the document numbers.



Cls.Period	Key Da	CoCd	DocumentNo	D/C	Amount LC	LCurr	Posting Type	G/L Acc	Amount	Reclas.D	Reclassification Doc Status	RecRevDoc	Reclassification Rev Doc Status	RevPstD
12.2020		3865			0,00	EUR	FDtrfOD_BAL	56030110	0,00		0 amount posting not required		0 amount posting not required	
12.2020		3865			1.422,44	EUR	FDtrfOD_BAL	56030120	1.422,44		Posting can be done without error		Posting can be done without error	
12.2020		3865			0,00	EUR	FDtrfOD_BAL	85603129	0,00		0 amount posting not required		0 amount posting not required	
12.2020		5723			0,00	EUR	FDtrfOD_BAL	56030110	0,00		0 amount posting not required		0 amount posting not required	
12.2020		5723			19.586,46	EUR	FDtrfOD_BAL	56030120	19.586,46		Posting can be done without error		Posting can be done without error	
12.2020		5723			0,00	EUR	FDtrfOD_BAL	85603129	0,00		0 amount posting not required		0 amount posting not required	
12.2020		6357			0,00	EUR	FDtrfOD_BAL	56030110	0,00		0 amount posting not required		0 amount posting not required	
12.2020		6357			90.962,83-	EUR	FDtrfOD_BAL	56030120	90.962,83-		Posting can be done without error		Posting can be done without error	
12.2020		6357			0,00	EUR	FDtrfOD_BAL	85603129	0,00		0 amount posting not required		0 amount posting not required	
12.2020		6358			0,00	EUR	FDtrfOD_BAL	56030110	0,00		0 amount posting not required		0 amount posting not required	
12.2020		6358			152.029,49-	EUR	FDtrfOD_BAL	56030120	152.029,49-		Posting can be done without error		Posting can be done without error	
12.2020		6358			0,00	EUR	FDtrfOD_BAL	85603129	0,00		0 amount posting not required		0 amount posting not required	
12.2020		ZFR3			493.897,73	EUR	FDtrfOD_BAL	56030110	493.897,73		Posting can be done without error		Posting can be done without error	
12.2020		ZFR3			870.401,60	EUR	FDtrfOD_BAL	56030120	870.401,60		Posting can be done without error		Posting can be done without error	
12.2020		ZFR3			0,00	EUR	FDtrfOD_BAL	85603129	0,00		0 amount posting not required		0 amount posting not required	
12.2020		ZFR9			0,00	EUR	FDtrfOD_BAL	56030110	0,00		0 amount posting not required		0 amount posting not required	
12.2020		ZFR9			55.140,58-	EUR	FDtrfOD_BAL	56030120	55.140,58-		Posting can be done without error		Posting can be done without error	
12.2020		ZFR9			0,00	EUR	FDtrfOD_BAL	85603129	0,00		0 amount posting not required		0 amount posting not required	

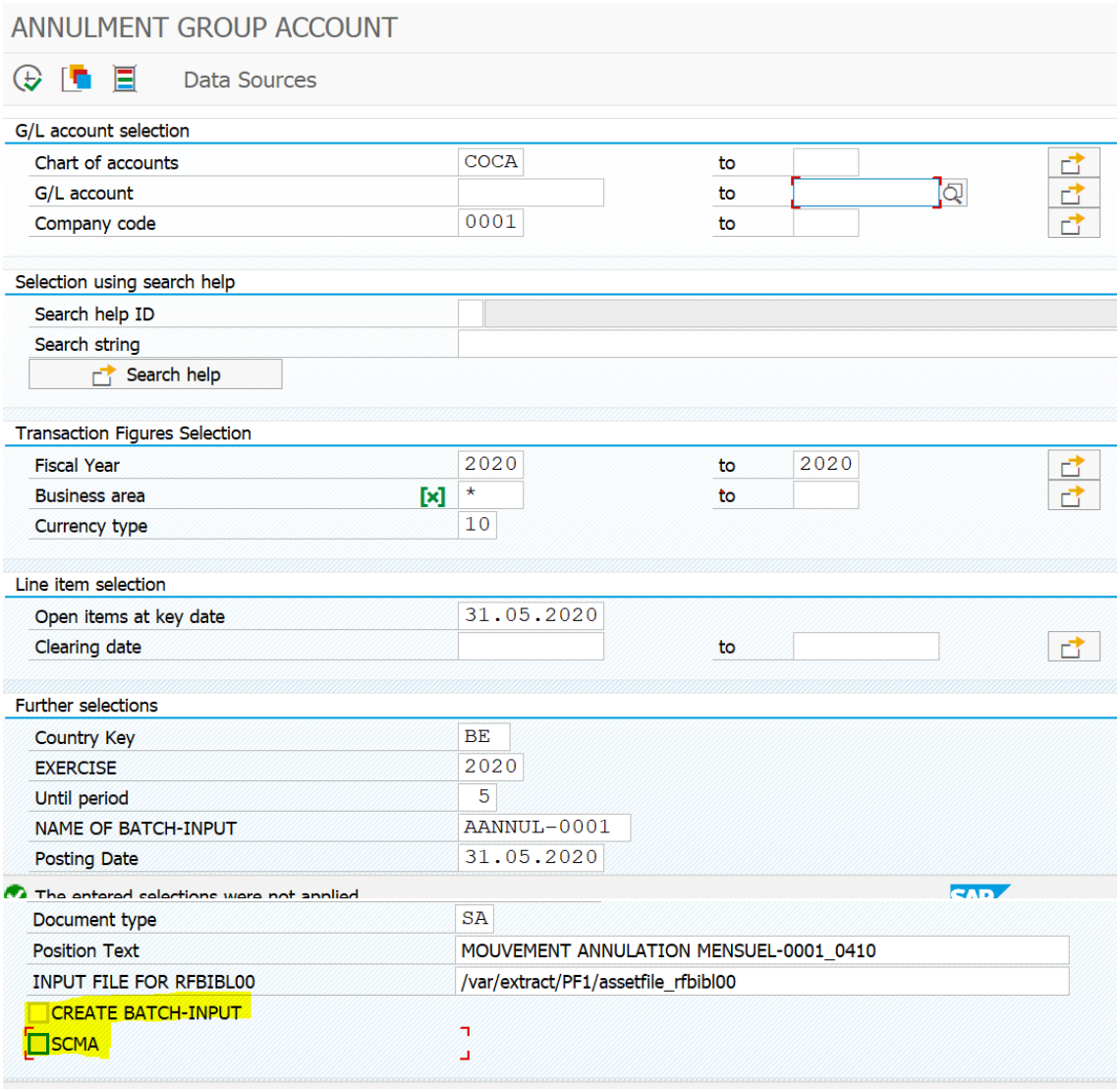
D3

1. Annulment of IFRS 16 amounts in statutory accounts (**Z1AANNUL**) - The purpose of this task is to cancel and correct the IFRS monthly financial debt affecting contracts, for both situations in Local GAAP (*Local (P/L)* - didn't extend the IFRS16 in local GAAP and post the lease costs to the P&L | *Local (BS)* - did extend the IFRS16 in local GAAP and post the lease costs to the BS).

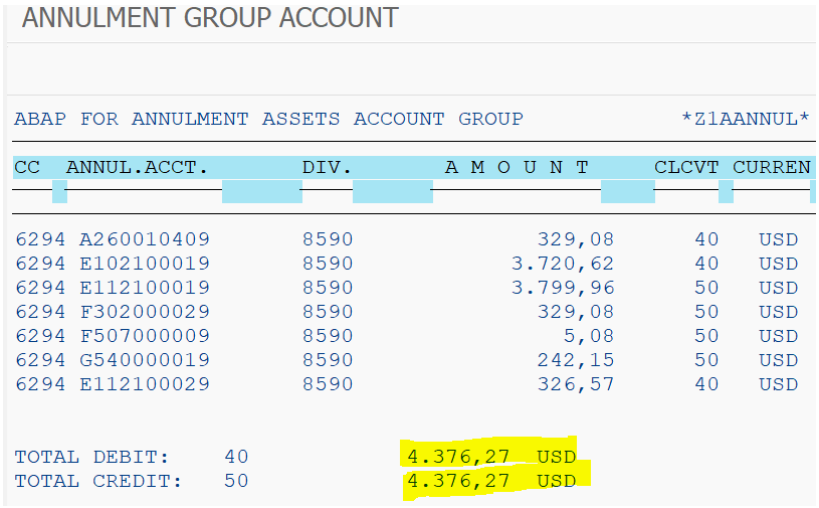
To run **Z1AANNUL**, to verify if the different accounts are balanced, you have to fill fields with the required information (templates with pre-filled information can be found in the "*Variant Directory of Program Z1AANNUL*").

Use as charts of account COCA for PF2 and Z001 for WP2.

Run one company at a time, remembering to change the Country Key, based on the country identity of the company code (e.g.: company 0001 Belgium – country key BE; company 5835 Italy - country key IT, etc..) and in test run, remove the ticks on "*CREATE BATCH-INPUT*" and "*SCMA*".



Example of balanced accounts:



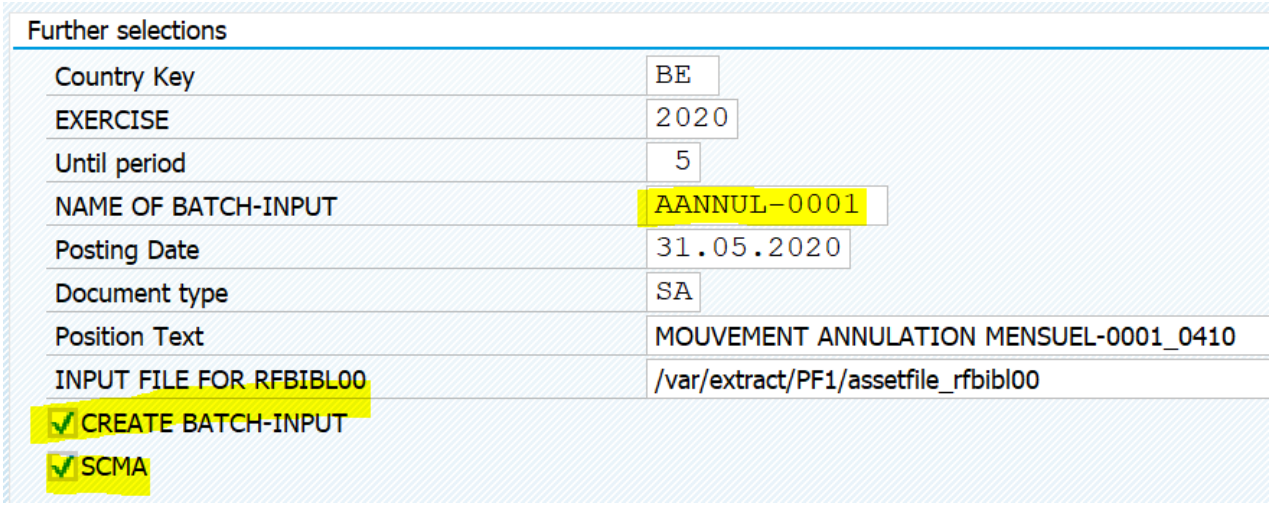
ANNULMENT GROUP ACCOUNT

ABAP FOR ANNULMENT ASSETS ACCOUNT GROUP *Z1AANNUL*

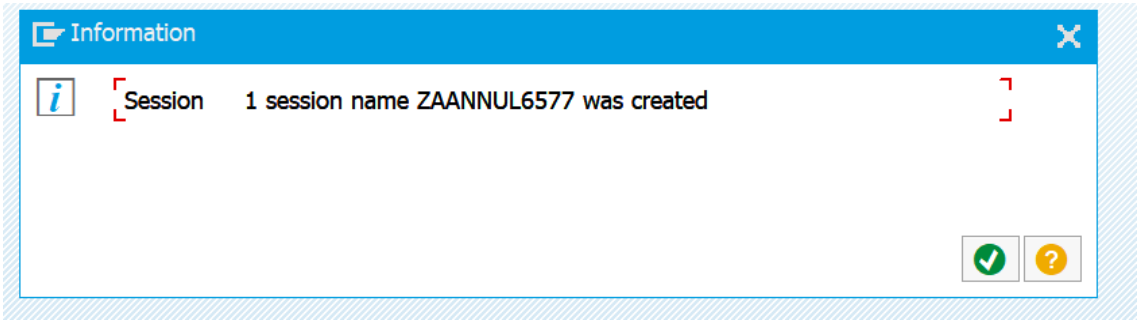
CC	ANNUL.ACCT.	DIV.	A M O U N T	CLCVT	CURREN
6294	A260010409	8590	329,08	40	USD
6294	E102100019	8590	3.720,62	40	USD
6294	E112100019	8590	3.799,96	50	USD
6294	F302000029	8590	329,08	50	USD
6294	F507000009	8590	5,08	50	USD
6294	G540000019	8590	242,15	50	USD
6294	E112100029	8590	326,57	40	USD

TOTAL DEBIT: 40 4.376,27 USD
TOTAL CREDIT: 50 4.376,27 USD

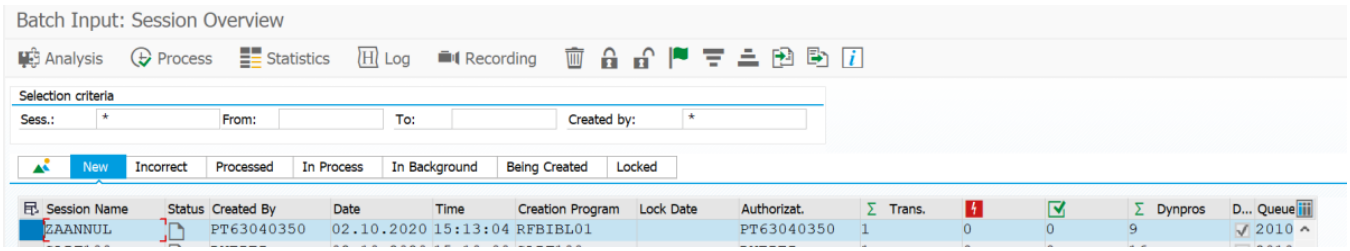
If the accounts are balanced, go back to the transaction main page and tick on "*CREATE BATCH-INPUT*", remembering to also change the *NAME OF BATCH-INPUT* based on the company code that is posted.



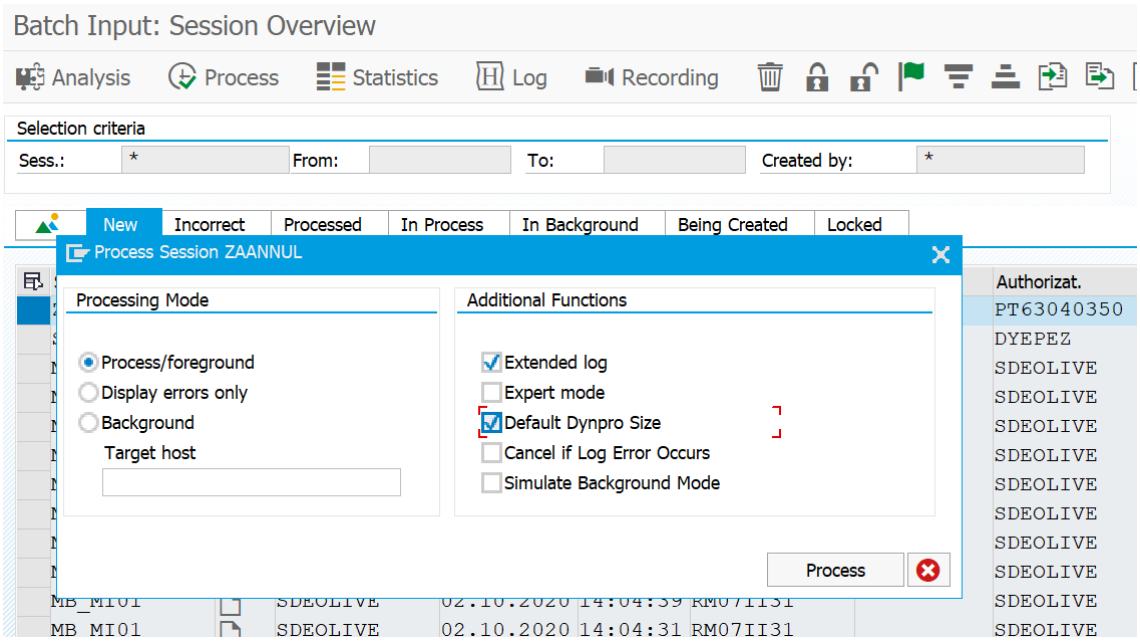
The batch is created when the following message appears:



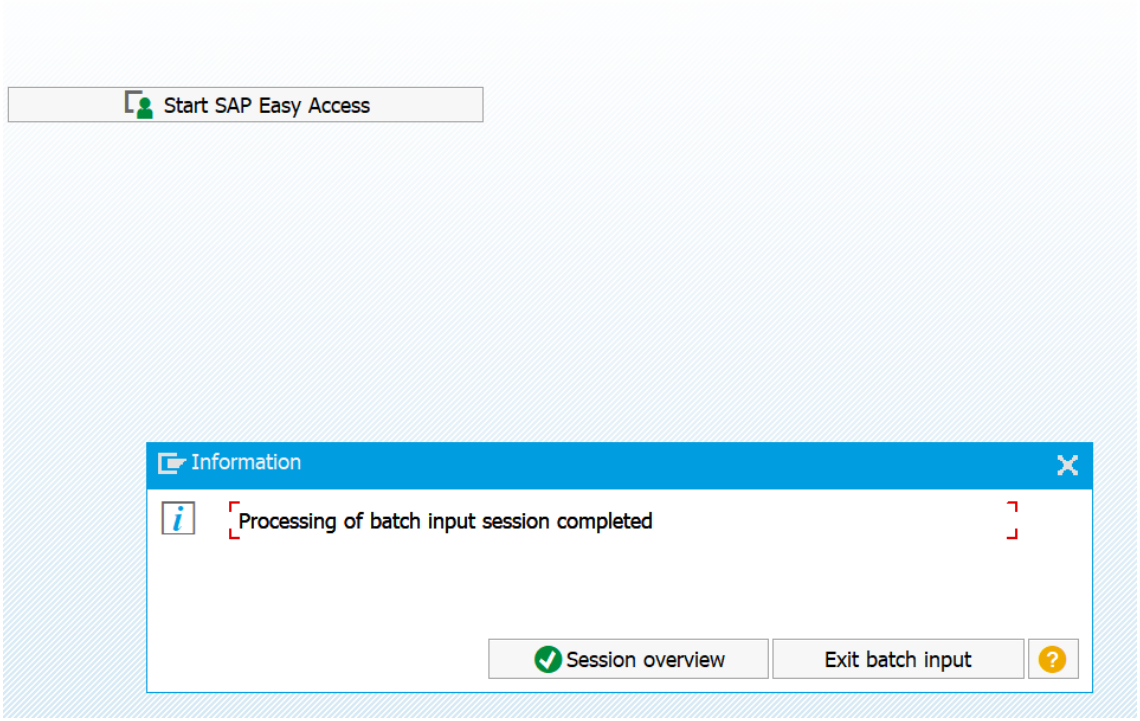
To run the bath in order to perform the annulment posting you have to go to SAP transaction code **SM35** and select the batch created.



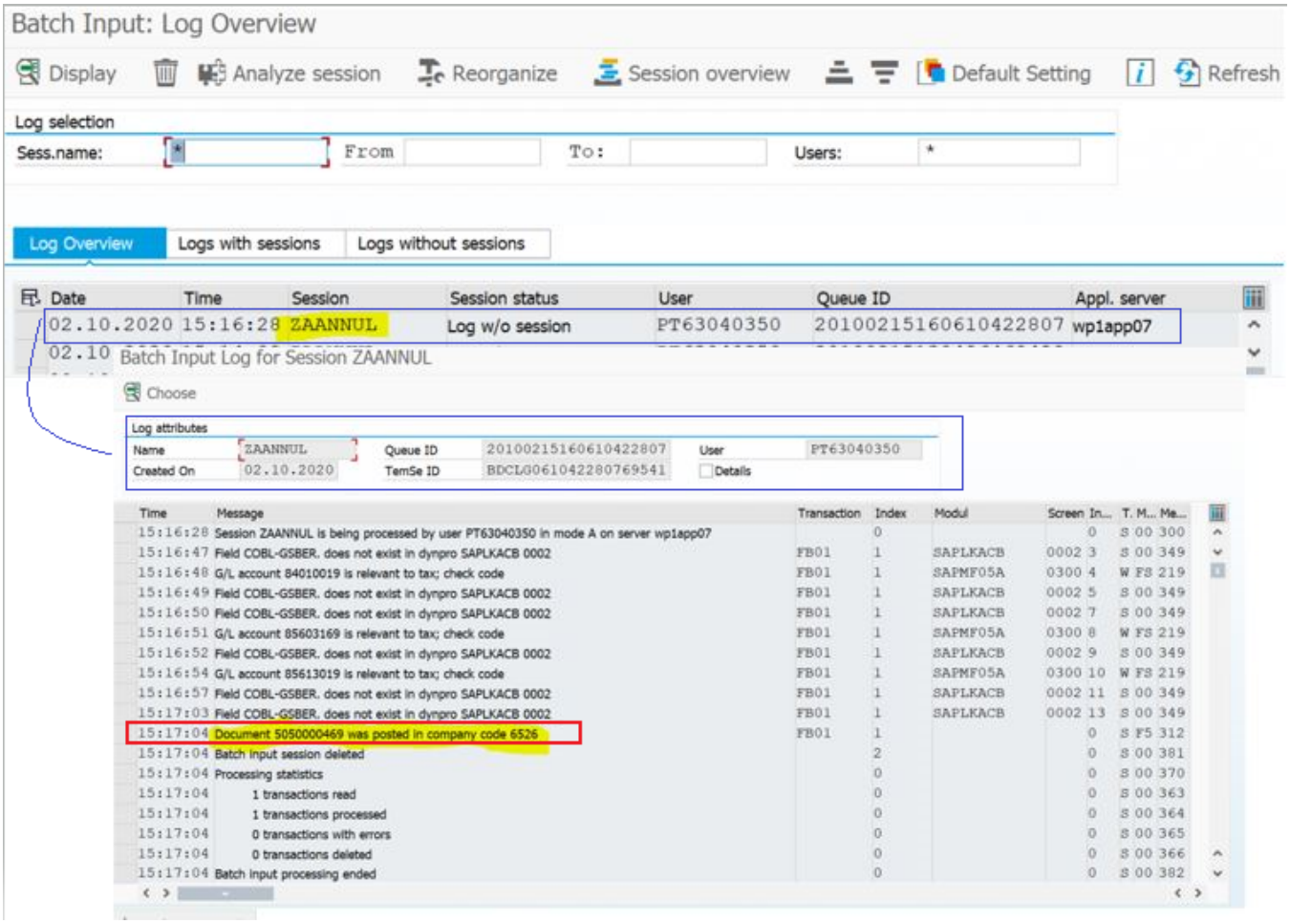
After selecting the batch you may process as follows:



The batch is posted when the following message appears:



You can confirm that the posting was performed by selecting the log icon (Log) and entering in the batch you process as following images:



After this last task you may consider all closure activities as completed.