WW - Fixed assets supplier Debt

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Objective and Scope

Objective of this Procedure

The purpose of this document is to describe the way to record Fixed Assets supplier Debt in the frame of CAPEX reporting.

Scope

This organizational procedure (P) applies to all Fixed assets supplier debt recorded in PF1 and WP1.

Reference Documents

Group IFRS Principle and Rules:
Financial Reporting Guide

Definitions

ERP : Enterprise Resource Planning (SAP)

SBS : Solvay Business Services

AUC : Asset Under Construction

WBS : Work Breakdown structure

PS : SAP Module for "Project System"

BFC : Business Financial Consolidation. Group's consolidation tool

AHS : Asset History Sheet

GL : General Ledger

CGU : Cash Generating Unit

SU MAC: Service Unit Management Accounting

COLMAR : Capex Overall Lifecycle Management Approvals and Reporting

FXA - Fixed asset

Main Part

Principle

In order to take in account cash out, CAPEX of the group are calculated as followed : assets acquisition (F20 BFC)+ Assets down payment+ Delta fixed assets supplier debt(+debt at 1/1-debt 31/n). The purpose of the document is to describe the rule to determine fixed asset supplier debt.

CAPEX	**=**	**Assets Acquisition** **F20**	**+**	**Assets Down Payments** **A40170**	**+**	**Fixed Assets Supplier Debt** **L40800** ***Debt 01/01/20yy*** ***-*** ***Debt 31/MM/20yy***

Accounting rules

- Fixed assets supplier debt is recorded in SAP monthly through the transaction **Z1F_CAP_Monthly_Post**.
- The debt is cumulating invoices and good receipt accruals NOT YET PAID linked to assets acquisition.
- The amount considered as debt have to reflect exactly the amount in fixed assets expenses meaning without tax and reevaluation.
- The amounts are recorded in BFC L40800 split by CGU – the split is insured based on BW AP data but sent through SAP/ BFC Interface.
- The CGU is the one included in the profit center linked to the WBS for WP1 or business area for PF1 in the P&L posting.
- The amount recorded in L40800 is offset by Trade payable L40100.
- Assets Down payment have separate account are recorded separately in A40170 in BFC and are not part of the posting.
- All intercompany debt will be eliminated at trade payable level L40100, they are not included in L40800.

Reconciliation/reporting

- Justification are provided by the program (remain attached to the posting evidence archived in SAP business workplace).
- BW and COLMAR reporting tool will be aligned with SAP and BFC.

Periodicity

The amounts are recorded each month after last good receipt to be confirmed at 12:00 of D+2 and are reversed in the beginning of following month meanings:

- All good receipts are posted on the purchase order or "Blanket PO"
- All invoices are posted
- All vendor bank reconciliation are posted (no more clearing in AP)
- Posting Vendor period is blocked

General Roles and Responsibilities

- **SU MAC :** SU MAC is responsible to record monthly fixed assets debt program and is responsible on accuracy and reconciliation of the figures

- **SU MAC I&D Key user**: Supervise the process

Operational schemes

Some considerations to the model should be taken in to account:

- **<u>CAPEX Suppliers Data Collection</u>**
  - **Capex Fixed Asset Expenses Selection in the program**
    - The selection is based Check cost object is classified as Investment, i.e. will only be considered if the object in the PO \ Invoice is an Order that settles to an Investment type WBS or directly an Investment WBS.

            - The program will select the accruals and reconciliation accounts based on the Z1F_SEL_ACCOUNTS in SM30 according to automated accruals, and automated transport accruals as well as vendor reconciliation accounts.

    - **Impacts in adjacent tools**
        - **Changes to the SAP program Z1F_CAP_Monthly_Post**
            - Performing changes in this program and structure should take in to consideration informing the team managing the BW structure as well as the interface in SAP tables to BFC and BW extraction accounts.
            - Specific transactions are executed in the background by IS to feed this transaction. In case of any changes or disruptions assessment of the impact on the tables below should be reviewed with IS.
                - Z1F_CAP_PO_I_BSV
                - Z1F_CAP_PO_I_PLV

- **<u>CAPEX Fixed Asset Expenses</u>**

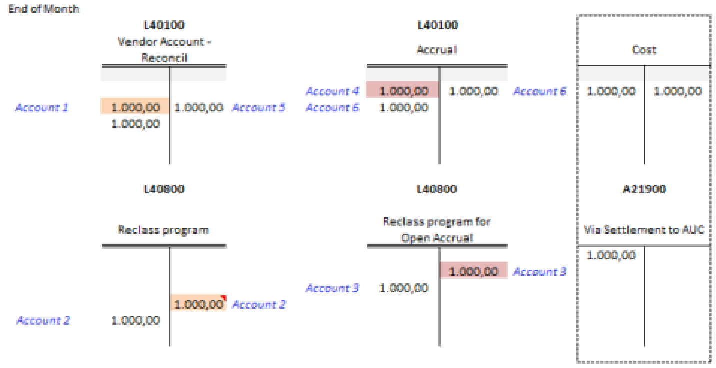
    - **Without VAT, Specific Withholding taxes or other Discount**
        - Reasoning is that amount assigned to the FXA Expense account and hence settled to the Investment is net based on the Accrued Good Receipt.
        - At the moment of reconciliation of Good Receipt \ Invoice Receipt if any price difference exists, it will be assigned to the FXA Expense and consequently settled to the Investment.
            - This is also applicable to the Subsequent Debits to the Good Receipt, i.e. the foreseen or Additional Transport costs.
        - Invoices and all the additional items within: VAT, Specific Withholding taxes or other Discount
            - These items will not be taken in to account as not considered in the capital expenditure.

    - **Without Revaluation – Treatment of accruals \ Invoices in foreign Currency**
            - Good Receipts (General Rule) are not valuated at month end on the assumption that at moment a GR is issued and settled to the Investment it is at the moment of acceptance and at actual rate.
            - Invoices Receipt (General Rule) are valuated at month end under the General Suppliers heading whilst open for payment. For Capex Supplier (L40800) the reclassification of the Revaluation portion will not follow.
            - The reclassification of Vendors to Vendors to Fixed Assets takes place at historical rate at company code currency.
                - Risk: in a company where the majority of the suppliers are CAPEX and there is a strong devalue of the local currency.
                    - Consequence the Valuation impact in the L40100 will be a debtor.

4.7 Posting scheme

In the enclosed attachment is the detailed posting scheme.

Step	Description	SGL	Doc Type	
1	Down payment Requested - PO relat	M	KS	
2	Partial GR / Final	no	WE	Open Accrual month End
3	Invoice	no	R1/RE	Open invoice month End
4	Invoice Payment	no	KS	
5	Final invoice down payment deduct	M	KS	
2.1	Settlement Order \ WBS			
2.1	Z1F_CAP_MONTHLY_POST - Open Accrual at Month En		SA	
2.1	Z1F_CAP_MONTHLY_POST - Open Accrual at Month En		SA	
3.1	Z1F_CAP_MONTHLY_POST	no	SA	
3.1	Z1F_CAP_MONTHLY_POST M+1 Rev	no	SA	



	Heading	PF1	WP1	
Account 1	L40100	2300000094	40100150	Program Posting
Account 2	L40800	2300002001	40800150	
Account 3	L40800	2320002001	40800325	
Account 4	L40100	2320000098	40100325	
Account 5	L40100	2300000000	40100100	Invoice
Account 6	L40100	2320000000	40100310 / 40100300	Accrual GR

Option taken to consider the historic rate.
Remove from Vendor - consider what is in the CAPEX amount
Revaluation will be considered at L40100
No revaluation in L40800
Possible risk is if a company is major CAPEX Suppliers
and a high Devalorization of Currency
Negative L40100 due to reval

	WP1	Offset / Adjustment Account	Target Account
Vend Acc	40100100	40100150	40800150
	40100300	40100325	40800325
	40100310		

PF1	Offset / Adjustment Account	Target Account
2300000000	2300000094	2300002001
2320000000	2320000098	2320002001

Reporting Assumptions

1 Reclass is done based on document level information
PF1: BA, Currency
WP1: Profit Center, Currency

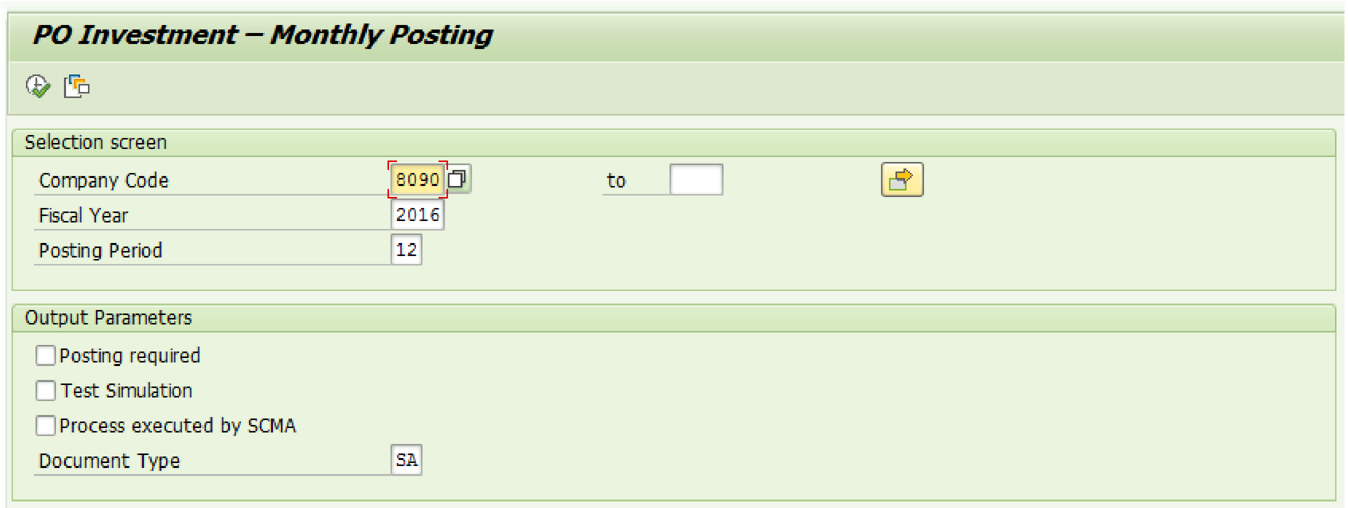
Posting Scheme - FOIMM.xlsx

Operational sequence

Sequence

Calling transaction **Z1F_CAP_MONTHLY_POST** and enter the:

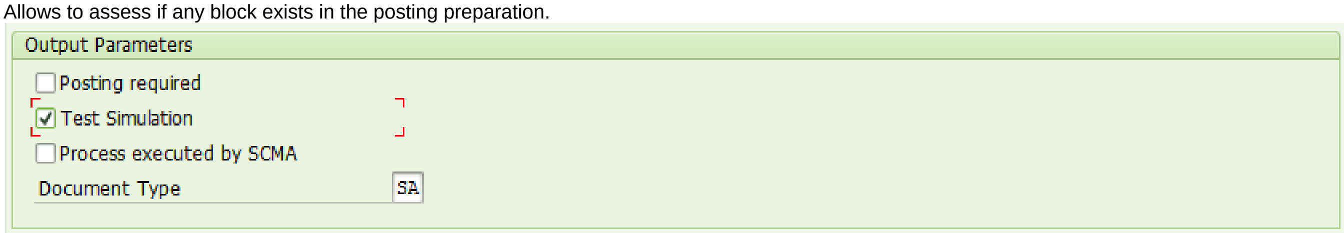
- Company Code
- Fiscal Year
- Posting Period



Output Parameters:

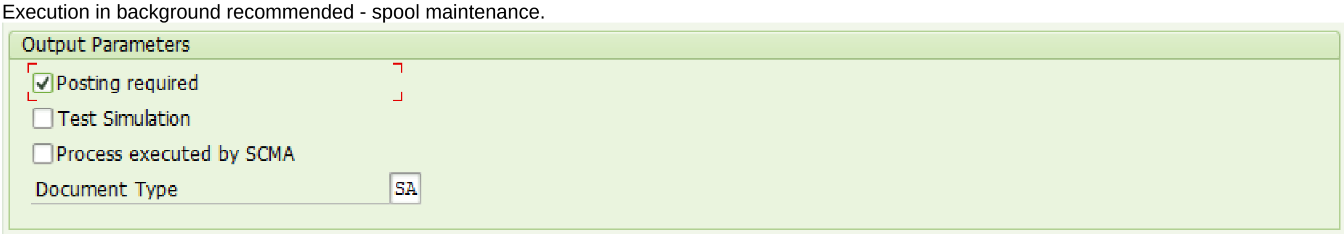
- Execution in test

Allows to assess if any block exists in the posting preparation.



- Real Launch

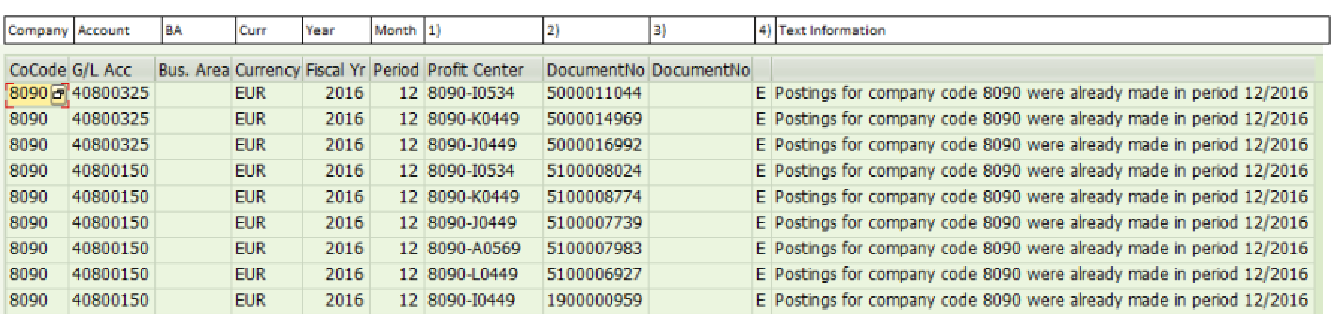
Execution in background recommended - spool maintenance.



The document type is always SA.

Log

Please select



Company	Account	BA	Curr	Year	Month	1)	2)	3)	4)	Text Information
CoCode	G/L Acc	Bus. Area	Currency	Fiscal Yr	Period	Profit Center	DocumentNo	DocumentNo		
8090	40800325		EUR	2016	12	8090-I0534	5000011044		E	Postings for company code 8090 were already made in period 12/2016
8090	40800325		EUR	2016	12	8090-K0449	5000014969		E	Postings for company code 8090 were already made in period 12/2016
8090	40800325		EUR	2016	12	8090-J0449	5000016992		E	Postings for company code 8090 were already made in period 12/2016
8090	40800150		EUR	2016	12	8090-I0534	5100008024		E	Postings for company code 8090 were already made in period 12/2016
8090	40800150		EUR	2016	12	8090-K0449	5100008774		E	Postings for company code 8090 were already made in period 12/2016
8090	40800150		EUR	2016	12	8090-J0449	5100007739		E	Postings for company code 8090 were already made in period 12/2016
8090	40800150		EUR	2016	12	8090-A0569	5100007983		E	Postings for company code 8090 were already made in period 12/2016
8090	40800150		EUR	2016	12	8090-L0449	5100006927		E	Postings for company code 8090 were already made in period 12/2016
8090	40800150		EUR	2016	12	8090-I0449	1900000959		E	Postings for company code 8090 were already made in period 12/2016

Notes:

1. Profit Center used for the reporting in BW of the Corresponding BFC Market
2. Document number of the posting in the period
3. Reversal document of the posting in period +1
4. E – If errors exist

List

Here the detail is by:

- Account nature
- Profit center or BA (WP1 or PF1)
- Vendor
- Purchase Order and Line of the PO
- Document – Good receipt or Invoice
- Currency of Transaction (Rate is historic Rate at document posting).

CoCode	Target A...	Offset Acc	Bus. Area	Profit Center	Vendor	Purch.Doc.	Item	DocumentNo	Fiscal Yr	Posting Date	Order	WBS Element	Curren...	Σ Amount	Σ Amount in LC	Net du...
ZFR3	40800325	40100325		ZFR3-I0554	57420	4502677418	20	5000209152	2016	21.11.2016		CRL-C16002.112	EUR	397,79-	397,79-	30.11.20...
ZFR3					123951	4502673297	30	5000199147	2016	04.11.2016		RR.IS2011.C112	EUR	2.210,44-	2.210,44-	
ZFR3							30	5000199147	2016	04.11.2016		RR.IS2015.C111	EUR	4.325,38-	4.325,38-	
ZFR3							30	5000199147	2016	04.11.2016		RR.IS2015.C156	EUR	136,45-	136,45-	

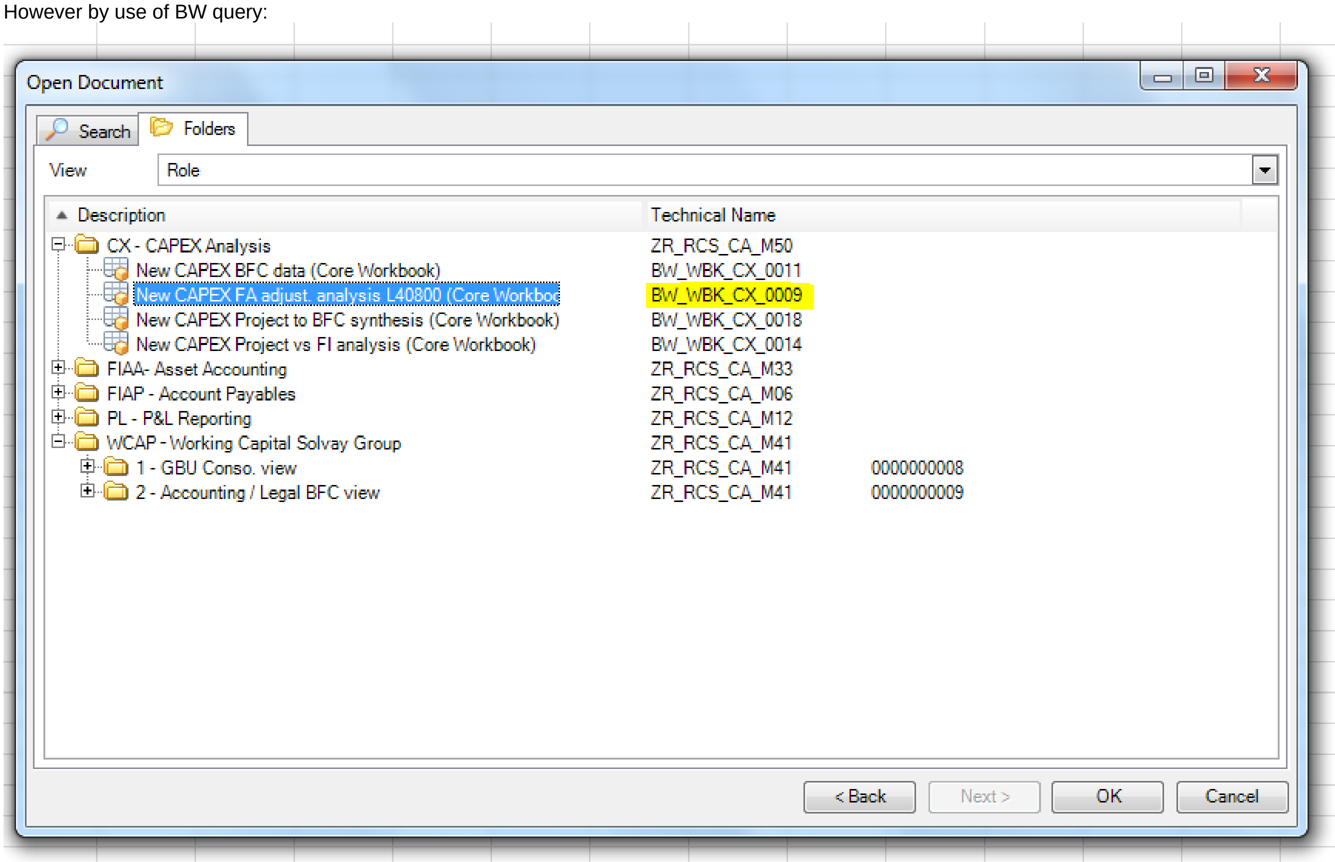
Spool

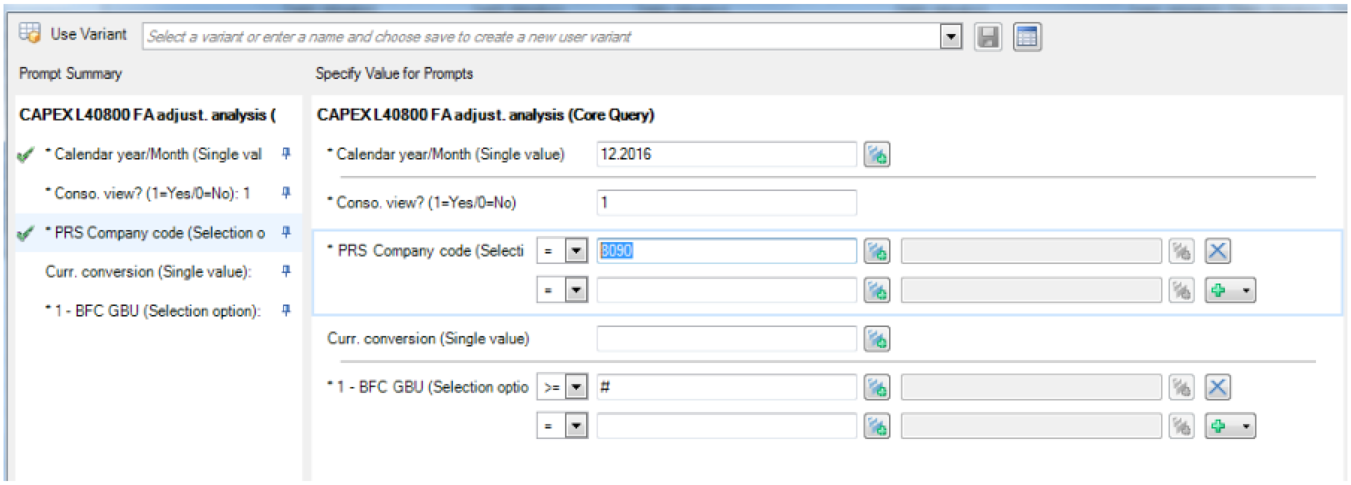
The archiving of the spools should be performing in SAP business workplace in the folders by country.
In FCC should be create/maintain variants by country.

Checking with BW

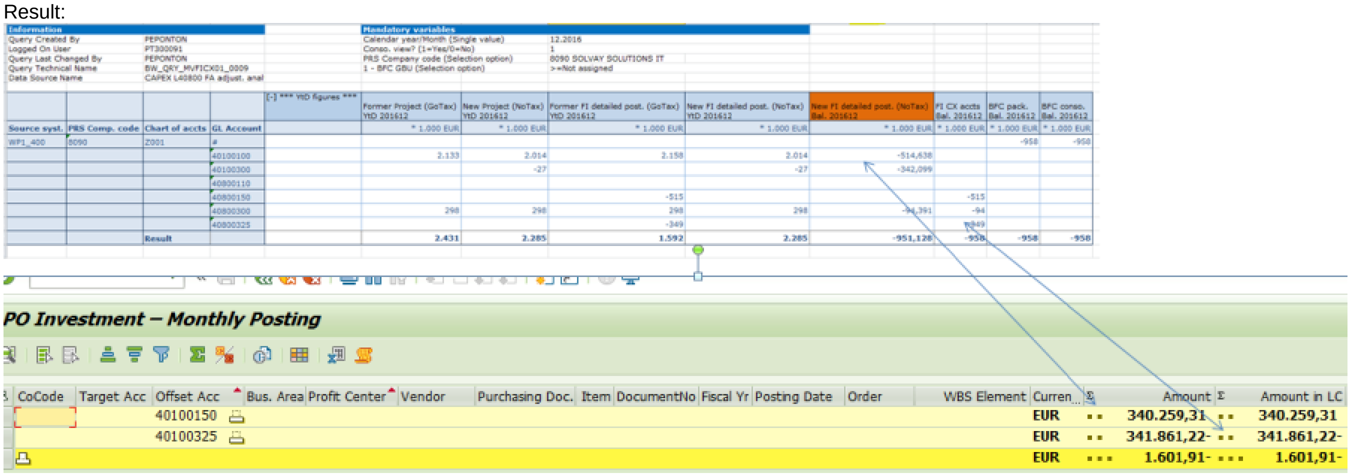
It is possible to do a cross check of the transaction output with BW. Jump query to summarize at document level only available by IS FINANCE Management

However by use of BW query:





Result:



In this case we see there are differences:

A Positive in 23*2001 - means we debit L40100 and Credit L40800
A Negative in 23*2001 - means we credit L40100 and debit L40800
A Positive in 232*2001 - means we credit L40100 and debit L40800
A Negative in 232*2001 - means we we debit L40100 and Credit L40800
The origin of the differences could be:
BW – Delta not justified - SAP posting with possible adjustment based on BW
SAP - Delta not justified - Big variance (more than 5% or 50K) - Posting based on BW
If we should perform the adjustment via BW:

1. Request ticket to IS RtR Management

Example WP1:

	A	B	C	D	E	F	G	H
1								New FI detailed post. (NoTax) Bal. 201612
2	Source sys	PRS Comp.		Company c	PRS Comp.	Account ty	4 - Sub-activity	
3	WP1_400	6107	RHODIA SPEC CHEM IN	6059	IN	K	Z026/8026-A0569	-3.181.971,83 INR
4	WP1_400	6107	RHODIA SPEC CHEM IN	6059	IN	K	Z026/8026-E0449	-313.790,92 INR
5	WP1_400	6107	RHODIA SPEC CHEM IN	6059	IN	K	Z026/8026-Z0449	-552.812,77 INR
6	WP1_400	6107	RHODIA SPEC CHEM IN	6059	IN	K	Result	-4.048.575,52 INR
7	WP1_400	6107	RHODIA SPEC CHEM IN	6059	IN	S	Z026/8026-A0569	6.666,67 INR
8	WP1_400	6107	RHODIA SPEC CHEM IN	6059	IN	S	Result	6.666,67 INR
9	WP1_400	6107	RHODIA SPEC CHEM IN	6059	Result			-4.041.908,85 INR
10	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Z026/8097-A0449	-4.732.858,16 INR
11	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Z026/8097-A0569	-384.670,00 INR
12	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Z026/8097-I0449	-65.243,47 INR
13	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Z026/8097-O0449	-197.417,34 INR
14	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Z026/8097-S0449	-1.000.855,24 INR
15	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Z026/8097-Z0449	-2.251.324,04 INR
16	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	K	Result	-8.632.368,25 INR
17	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	S	Z026/8097-A0449	32.324,48 INR
18	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	S	Z026/8097-Z0449	2.598,25 INR
19	WP1_400	6348	SUNSHIELD CHEMICALS	6348	IN	S	Result	34.922,73 INR
20	WP1_400	6348	SUNSHIELD CHEMICALS	6348	Result			-8.597.445,52 INR

Example PF1:

	A	B	C	D	E	F	G	H
1								New FI detailed post. (NoTax) Bal. 201612
2	Source syst.	PRS Comp. code		Company code	PRS Comp. Country	Account type	4 - Sub-activity	EUR
3	PF1_020	0306	SOLVAY PT PROD QUIM	0306	PT	K	CHEF/7360	-44.597,23
4	PF1_020	0306	SOLVAY PT PROD QUIM	0306	PT	K	Result	-44.597,23
5	PF1_020	0306	SOLVAY PT PROD QUIM	0306	PT	S	CHEF/7360	-68.398,57
6	PF1_020	0306	SOLVAY PT PROD QUIM	0306	PT	S	CHEF/8500	-2.999,70
7	PF1_020	0306	SOLVAY PT PROD QUIM	0306	PT	S	Result	-71.398,27
8	PF1_020	0306	SOLVAY PT PROD QUIM	0306	Result			-115.995,50

- Postings are performed by Profit Center (WP1) or BA (PF1)
- The posting should be done by FBS1 to allow reversal by F.81
- In the link below you will find an example for PF1 and to WP1.

Posting - BW adjustment:

Posting -...ment.xlsx

end