# IFRS 18

## Considerations & potential changes in SAP

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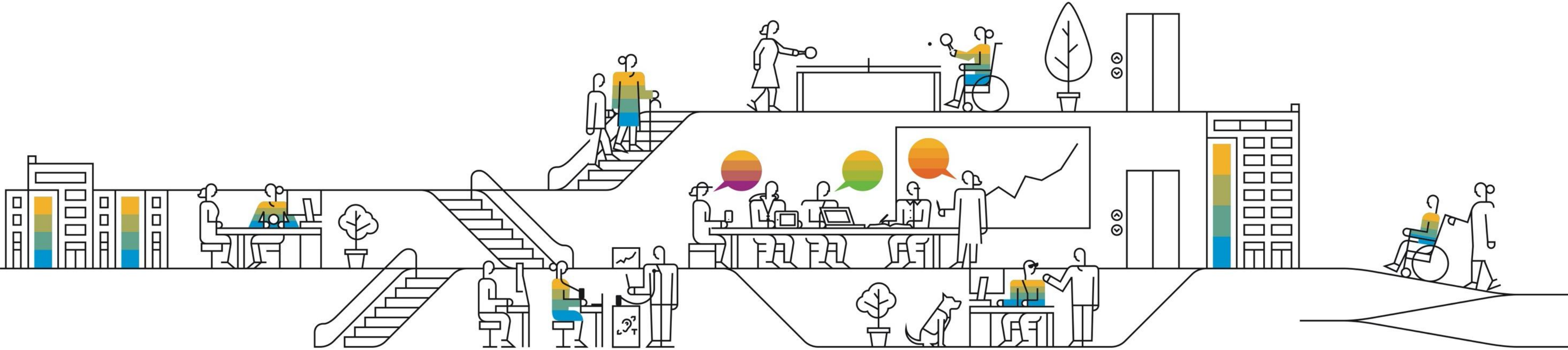
# Considerations & potential changes in SAP



# Considerations

IFRS 18 is a global standard, however its reporting requirements are company specific because they depend on a company's main business activities.

- In many cases, the required setup would need to treated as a project
- SAP Business Suite can cover many (if not all aspects) of IFRS 18 reporting requirements
- For complex customers, partner solutions could also be required to cover all reporting requirements (For example disclosure tools)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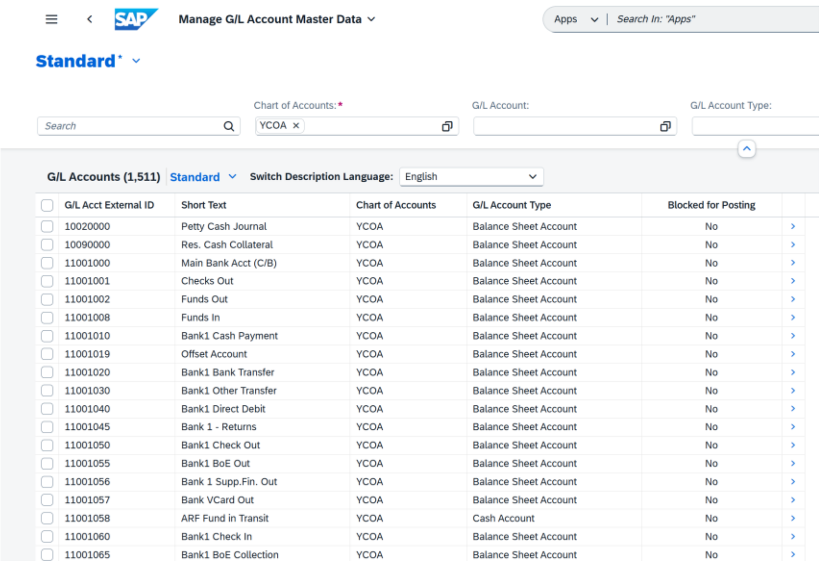
# Changes to General Ledger and Reporting

- New G/L Accounts needs to be created to support reporting requirement – Both for Balance Sheet and in the Profit & Loss
- Potential need to have “cleaner” G/L Accounts in the Balance Sheet to be able to revalue the G/L Accounts correctly
- Potential need of additional subledgers such as for AP / AR to cover specific reporting categories such as operating, investing, financing
- General Ledger account determination needs to be assessed and changed




| G/L Acct External ID | Short Text | Chart of Accounts | G/L Account Type | Blocked for Posting |
|---|---|---|---|---|
| 10020000 | Petty Cash Journal | YCOA | Balance Sheet Account | No |
| 10090000 | Res. Cash Collateral | YCOA | Balance Sheet Account | No |
| 11001000 | Main Bank Acct (C/B) | YCOA | Balance Sheet Account | No |
| 11001001 | Checks Out | YCOA | Balance Sheet Account | No |
| 11001002 | Funds Out | YCOA | Balance Sheet Account | No |
| 11001008 | Funds In | YCOA | Balance Sheet Account | No |
| 11001010 | Bank1 Cash Payment | YCOA | Balance Sheet Account | No |
| 11001019 | Offset Account | YCOA | Balance Sheet Account | No |
| 11001020 | Bank1 Bank Transfer | YCOA | Balance Sheet Account | No |
| 11001030 | Bank1 Other Transfer | YCOA | Balance Sheet Account | No |
| 11001040 | Bank1 Direct Debit | YCOA | Balance Sheet Account | No |
| 11001045 | Bank 1 - Returns | YCOA | Balance Sheet Account | No |
| 11001050 | Bank1 Check Out | YCOA | Balance Sheet Account | No |
| 11001055 | Bank1 BoE Out | YCOA | Balance Sheet Account | No |
| 11001056 | Bank 1 Supp.Fin. Out | YCOA | Balance Sheet Account | No |
| 11001057 | Bank VCard Out | YCOA | Balance Sheet Account | No |
| 11001058 | ARF Fund in Transit | YCOA | Cash Account | No |
| 11001060 | Bank1 Check In | YCOA | Balance Sheet Account | No |
| 11001065 | Bank1 BoE Collection | YCOA | Balance Sheet Account | No |

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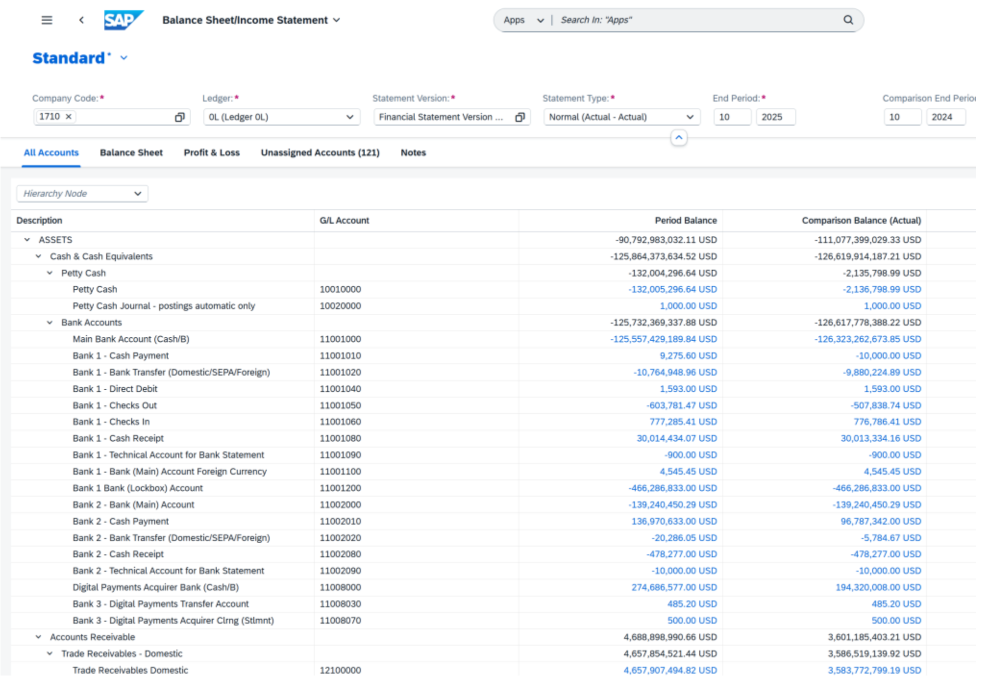
# Changes to Financial Statement Versions

- Financial Statement Versions needs to be changed / or new Versions created for reporting requirements
- Potential need to use Semantic Tag functionality, both for classification and revaluation purposes in Advanced Currency Valuation
- Functional Area to be utilized for reporting




| Description | G/L Account | Period Balance | Comparison Balance (Actual) |
|---|---|---|---|
| ASSETS | | -90,792,983,032.11 USD | -111,077,399,029.33 USD |
| Cash & Cash Equivalents | | -125,864,373,634.52 USD | -126,619,914,187.21 USD |
| Petty Cash | | -132,004,296.64 USD | -2,135,798.99 USD |
| Petty Cash | 10010000 | -132,005,296.64 USD | -2,136,798.99 USD |
| Petty Cash Journal - postings automatic only | 10020000 | 1,000.00 USD | 1,000.00 USD |
| Bank Accounts | | -125,732,369,337.88 USD | -126,617,778,388.22 USD |
| Main Bank Account (Cash/B) | 11001000 | -125,557,429,189.84 USD | -126,323,262,673.85 USD |
| Bank 1 - Cash Payment | 11001010 | 9,275.60 USD | -10,000.00 USD |
| Bank 1 - Bank Transfer (Domestic/SEPA/Foreign) | 11001020 | -10,764,948.96 USD | -9,880,224.89 USD |
| Bank 1 - Direct Debit | 11001040 | 1,593.00 USD | 1,593.00 USD |
| Bank 1 - Checks Out | 11001050 | -603,781.47 USD | -507,838.74 USD |
| Bank 1 - Checks In | 11001060 | 777,285.41 USD | 776,786.41 USD |
| Bank 1 - Cash Receipt | 11001080 | 30,014,434.07 USD | 30,013,334.16 USD |
| Bank 1 - Technical Account for Bank Statement | 11001090 | -900.00 USD | -900.00 USD |
| Bank 1 - Bank (Main) Account Foreign Currency | 11001100 | 4,545.45 USD | 4,545.45 USD |
| Bank 1 Bank (Lockbox) Account | 11001200 | -466,286,833.00 USD | -466,286,833.00 USD |
| Bank 2 - Bank (Main) Account | 11002000 | -139,240,450.29 USD | -139,240,450.29 USD |
| Bank 2 - Cash Payment | 11002010 | 136,970,633.00 USD | 96,787,342.00 USD |
| Bank 2 - Bank Transfer (Domestic/SEPA/Foreign) | 11002020 | -20,286.05 USD | -5,784.67 USD |
| Bank 2 - Cash Receipt | 11002080 | -478,277.00 USD | -478,277.00 USD |
| Bank 2 - Technical Account for Bank Statement | 11002090 | -10,000.00 USD | -10,000.00 USD |
| Digital Payments Acquirer Bank (Cash/B) | 11008000 | 274,686,577.00 USD | 194,320,008.00 USD |
| Bank 3 - Digital Payments Transfer Account | 11008030 | 485.20 USD | 485.20 USD |
| Bank 3 - Digital Payments Acquirer Clrng (Stlmnt) | 11008070 | 500.00 USD | 500.00 USD |
| Accounts Receivable | | 4,688,898,990.66 USD | 3,601,185,403.21 USD |
| Trade Receivables - Domestic | | 4,657,854,521.44 USD | 3,586,519,139.92 USD |
| Trade Receivables Domestic | 12100000 | 4,657,907,494.82 USD | 3,583,772,799.19 USD |

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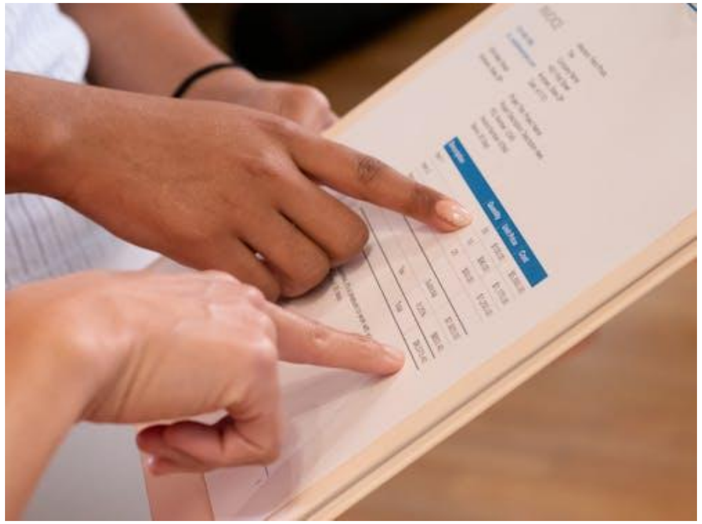
# SAP changes to cover reporting requirement

- The understanding and initial approach is that SAP will not create a new set of solution for IFRS 18 reporting. (My assumption)
- However, SAP is evaluating existing solutions, including Functional Area concept, Financial Statement Version, Review Booklet, Cash Flow capability, TRM, and Advanced Valuation
- SAP is trying to identify customer challenges with the existing solution and evaluating the need for enhancement
- KBA / SAP Note on IFRS 18 is planned to published by end of October
- Plan is to announce the initial roadmap by the end of 2025.



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# Configuration and Master Data changes to be considered

- Setup in Advanced currency valuation / Classic currency valuation needs to be considered and setup based on reporting categories
- G/L Account setup for Balance Sheet Accounts and revaluation needs to be considered (Exhange rate diff. Key)
- Business Partner and Subledger setup needs to be considered
- Functional Areas setup needs to be considered (Classification of expenses by the nature of the operation, such as production, sales, administration, or research and development)
- (Custom Logic / BAdIs in finance can support fx valuation logic)

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