

# **SAP FICO Interview Material**

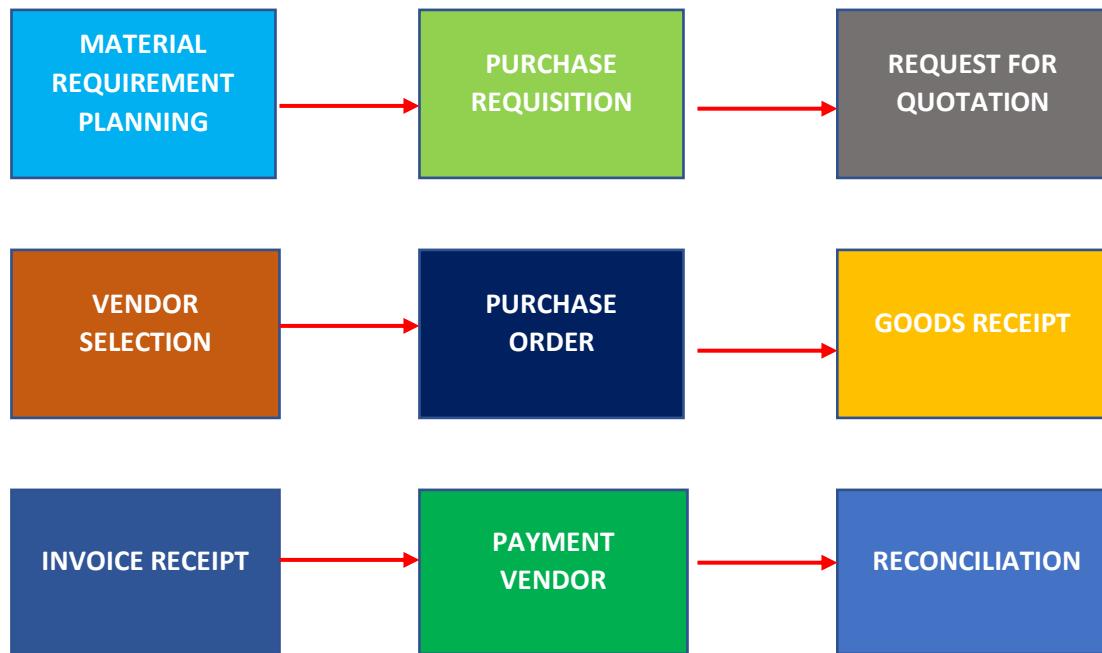
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## P2P PROCESS:

P2P is the Process of Obtaining and Managing the Raw Material Needed for Manufacturing Product and Providing Services.

## P2P CYCLE:



**1. MATERIAL REQUIREMENT PLANNING:** Material Requirement Planning Figure Out What Supplied Material You Will Need and When You Will Need. It Controls MRP Procedure, Pricing, Material Valuation.

**2. PURCHASE REQUISITION:** Every Organization May Have Deferment Types of Departments Every Department May Require Certain Goods and Services Employee Belongs to That Department Raise the Purchase Requisition. Purchase Requisition May Also Needs to be Approved by The Department Head Before Initiating the Approval Finance Department Once Finance Team Approves the Purchase Requisition Purchasing Group Creates a Purchase Order for Purchasing Department to Act on It.

**3. REQUEST FOR QUOTATION:** Requesting Potential Vendors to Submit a Quotation for Goods and Services. Quotation Contains Vendor Terms and Conditions.

**4. VENDOR SELECTION:** Vendor Selection Is the Most Important Step P2p Process with The Help of Obtained Quotation from Sources by Comparing the Vendors Are Selected.

**5.PURCHASE ORDER:** Once Purchase Order Is Created Purchasing Department Initiates Procurement Process. Purchase Department Issues Purchase Order to Vendor. Vendor Supplied Goods and Bills to The Company Accordingly. Purchase Order May Have the Information Like Order Type, Vendor, Material, Quantity, Purchase Price, Delivery Date, Terms of Payment. (Purchase Order T- Code: ME21N)

**6.GOODS RECEIPT:** When Organization Receives Goods, Goods Receipt Posted in Sap Using The T-Code: MIGO. Accounting Entry for Goods Receipt Is Follows

INVENTORY A/C DR 1000

TO GR/IR CLEARING A/C 1000

**7.INVOICE RECEIPT:** When Organization Receives Invoice Receipt, Invoice Receipt Posted in Sap Using The T-Code: MIRO. Accounting Entry for Invoice Receipt Is Follows

GR/IR CLEARING A/C DR 1000

TO VENDOR A/C 1000

**8.VENDOR PAYMENT:** Payment Can Be Done Through Manually (F-53) Or Automatically(F110)

VENDOR A/C DR 1000

TO BANK CLEARING A/C 1000

**9.RECONCILIATION:** After Receiving of Bank Statement. Bank Statement Is Uploaded in Sap Automatic Reconciliation Happens We Have Accounting Entry Is Follows.

BANK CLEARING A/C DR 1000

TO MAIN BANK A/C 1000

### **FI-MM INTEGRATION:**

Material Management Is the Costing Unit for Every Organization. Each and Every Activity Which Spent Money Should Be Captured by Finance People.

Up to Purchase Order There Is No AccountinAt The Time Goods Receipt Fi-Mm Integration Will Be Happen Using The T- Code: OBYC

Based On Factors Fi-Mm Integration Will Be Happen Those Factors Are.

1.MOVEMENT TYPE 2. VALUEATION CLASS 3. TRANSACTION KEYS 4. VALUEATION MODIFIER

5.MATERIAL TYPE.

**1.MOVEMENT TYPE:** All Material Movements in Material Management Happens with Respect to Movements Types

- ✓ Goods Receipt Movement Type - 101
- ✓ Reversal for Goods Receipt Movement Type - 102
- ✓ Return of Goods to Vendor Movement Type -122
- ✓ Return of Goods to Vendor for Unknown Reason -161
- ✓ Goods Issued to Production Order Movement Type – 261
- ✓ Scraping of Goods Movement Type - 551
- ✓ Goods Issued to Production Order Movement Type – 601
- ✓ Off Setting Entry for Stock Posting – 561

**2.VALUEATION CLASS:** Each Material Should Have Valuation Class Whether It Is Raw Material, Semi-Finished Goods, Finished Goods.

3000 – Raw Material

7900 – Semi Finished Goods

7920 – Finished Goods

Note: Valuation Class and Movement Type Determines the GL Accounts

**TRANSACTION KEY:** Transaction Keys Are Used to Control Storage & Filling of Document and Assignment of Documents.

Stock Posting – BSX

GR/IR Clearing – WRX

Price Difference – PRD

Off Setting Entry for Stock Postings – GBB

Freight Clearing –FRI

Consignment Liabilities – KON

**VALUEATION MODIFIER:** Valuation Modifier is also known as Valuation Grouping Code You Can Activate Valuation Modifier Using T-Code: OMWM. We Can Maintain Valuation Grouping Code using T-Code: OMWD

It Is Mandatory to Maintain Valuation Modifier, Even If You Have One Valuation Area That Should Be Assigned to Valuation Modifier.

**MATERIAL TYPE:** Each Material Should Assign Material Type in Material Master Record  
It Is Used to Update Changes Made in Quantity Are Updated in Material Master Record  
And Change in Value Also Updated in Stock Account.

Raw Material – ROH

Semi-Finished Goods – HALB

Finished Goods – FERT

Trading Goods – HAWA

#### Difference between Valuation Modifier and General Modifier

Valuation Modifier: Valuation Modifier is used to reduce number of entries posted in OBYC

General Modifier: General Modifier is used with three Transaction keys like GBB, PRD, KON

General Modifier Helps to post Different GL Accounts with Same Transaction Key.

Types of Purchase Orders in SAP FICO

#### Scenarios Based on Purchase Price Variance

**Scenario-1:** On 12/01/2022 Purchased Order Placed for 10 qty @10Rs Each on 13/01/2022 Goods Receipt received for 10qty@10Rs Each. at the time of Invoice receipt 10qty@12Rs Each. No stock issued against sales order.

#### Goods Receipt (MIGO):

12/01/2022	Inventory A/c	DR 100
	To GR/IR Clearing A/C	100

No Stock issued against Sales Order: No entry

#### Invoice Receipt (MIRO):

13/01/2022	GR/IR Clearing A/C	DR 100
	Inventory A/C	20
	To Vendor A/C	120

**Scenario-2:** On 12/01/2022 Purchased Order Placed for 10 qty @10Rs Each on 13/01/2022 Goods Receipt received for 10qty@10Rs Each.at the time of Invoice receipt 10qty@12Rs Each. Stock Issued against sales order 5qty.

**Goods Receipt (MIGO):**

12/01/2022	Inventory A/C	DR 100
	To GR/IR Clearing A/C	100

**Stock issued against Sales Order 5qty:**

13/01/2022	Cost Goods sold A/C	DR 50
	To Inventory A/C	50

**Invoice Receipt (MIRO):**

19/01/2022	GR/IR Clearing A/C	DR 100
	Inventory A/C	DR 10
	Purchase Price Variance	DR 10
	To Vendor A/c	120

**Scenario-3:** On 12/01/2022 Purchased Order Placed for 10 qty @10Rs Each on 13/01/2022 Goods Receipt received for 10qty@10Rs Each.at the time of Invoice receipt 10qty@12Rs Each. Stock Issued against sales order 10qty.

**Goods Receipt (MIGO):**

12/01/2022	Inventory A/c	DR 100
	To GR/IR Clearing A/C	100

**Stock issued against Sales Order 10qty:**

13/01/2022	Cost Goods sold A/C	DR 100
	To Inventory A/C	100

**Invoice Receipt (MIRO):**

19/01/2022	GR/IR Clearing A/C	DR 100
	Inventory A/C	DR 10

Purchase Price Variance DR 10

To Vendor A/c 120

#### Invoice Receipt (MIRO):

19/01/2022 GR/IR Clearing A/C DR 100

Inventory A/C DR \*\*

Purchase Price Variance DR 20

To Vendor A/c 120

#### DOCUMENT SPLITTING:

In SAP ERP the document splitting is the most powerful tool is widely and most commonly used. With this function the document splits the line items based on the "Characteristics" we define in system. Often this function is used to get the financial statements correctly for segment reporting.

[Back to the Basics -](#)

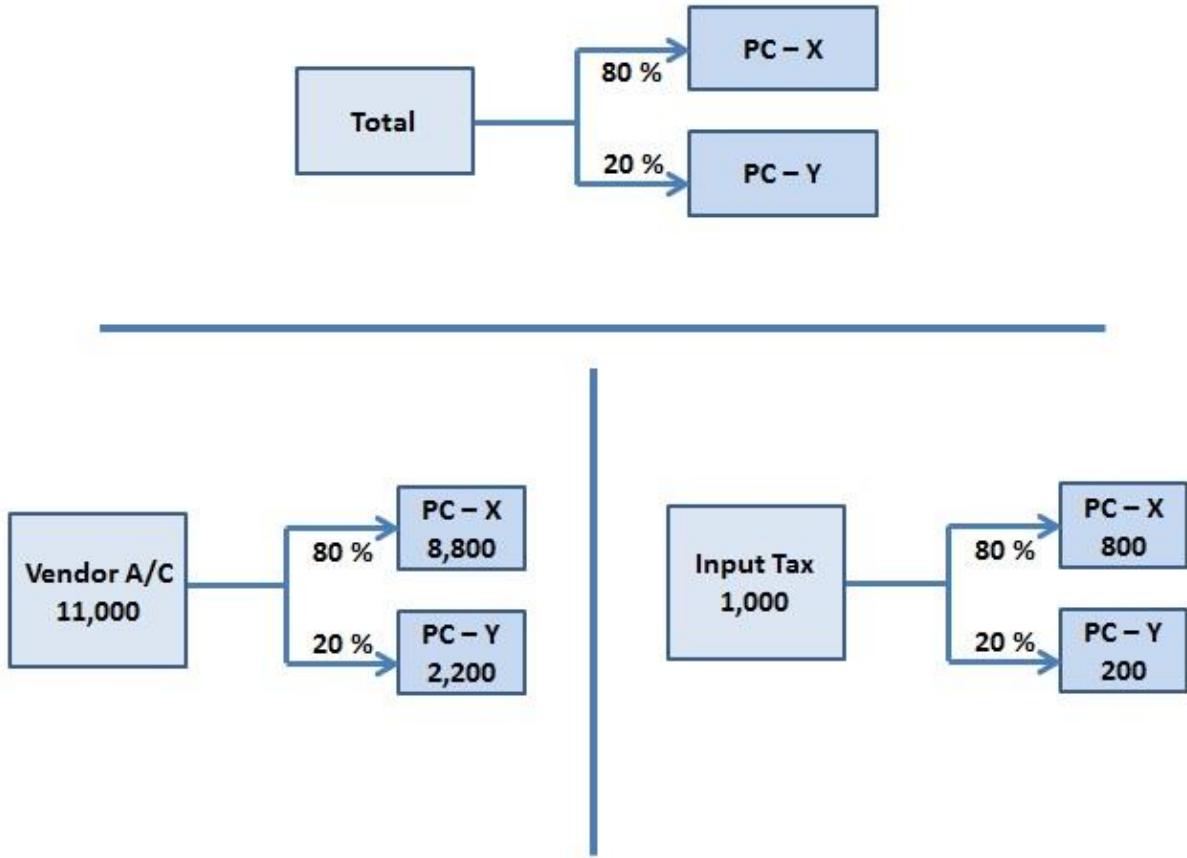
Concept can be explained of document splitting with the help of one of the most basic business transaction as "Vendor Invoice". Suppose we have vendor invoice as below which consists of two expense line items say 10,000 in total with 1,000 of tax component which sums to 11,000.

1. Expense Item 1 for 8,000 where it is assigned to PC – X
2. Expense Item 2 for 2,000 where it is assigned to PC – Y

Account	Amount	Profit Centre
Vendor A/C	-11,000	
Expenses 1	8,000	PC – X
Expenses 2	2,000	PC – Y
Input Tax	1,000	

If any person is responsible for PC – X wish to analyze the transactions performed for PC – X, but unfortunately the user can't – because of, if you look at the transaction the "Vendor Balance" and "Input Tax" is cumulative and hence is not assigned to any of the profit center either X or Y.

Now if you look at the transaction above it represents that the total expense is distributed in the ratio of 80% and 20% and same of Profit Centre of X and Y. So base to this the Vendor Balance and Input Tax should also have split according to 80%-20% rule.



As per the above image the system should have posted the document as per below financial transaction entry in system –

Account	Amount	Profit Centre
Vendor A/C	8,800	PC - X
Expenses 1	8,000	PC - X
Input Tax	800	PC - X
Vendor A/C	2,200	PC - Y
Expenses 1	2,000	PC - Y
Input Tax	200	PC - Y

Okay so the conclusion for whole exercise is, if the user can post the document as above, the reporting will be pretty particuar and balanced and there won't be a problem – issue is re-solved. Its easily said that issue will be solved but why any user will separate the line item as per calculations and split its bases always on its ratio, especially when there are 100's of line items sometimes in any document ! And what if system takes care of this?

Well the answer is Yes, and that's what the document splitting is all about!

Now we will understand the Document Splitting elements and key concepts –

- **Passive Splitting** – This type of splitting is mostly occurs when the payment transaction is posted for a vendor invoice. Now system splits the payment document bases on how the vendor invoice was split in place already.
- **Active Splitting** – In Active Splitting the document is split according to mySAP ERP predefined rules. SAP almost supports all the business process transactions but if it doesn't suit to any requirement the own splitting rules can be created.
- **Zero Balancing Splitting** – When the amounts within financial documents are not able to balance out to Debit of Profit Centre and Credit of Profit Centre which does not Net Off as its own, SAP then automatically generates new line item to balance the document. *We will see the example in following section of this scenario.*
- Item Category – Item category categorizes the general ledger accounts for document splitting. In the configuration each GL account is assigned to item category. Just to name a few like 01000 – Balance Sheet Account, 02000 – Customer, 03000 – Vendor and so on.
- Business Transaction – Business transaction is real scenario of business processes happens in organization such as vendor invoice, customer invoice etc.
- Business Transaction Variant – In the SAP, financial postings are derives the item category for individual line item. Business transaction variant always works in conjunction with business transaction where business transaction restricts the business processes to be posted to. System validates a check all postings against the item category to validate if these postings are allowed by splitting rule if not then understand this failed.
- Document Splitting Method – Document splitting method works in combination with business transaction and business transaction variant it determines the document splitting rule.
- Document Splitting Rule: Document splitting rule determines which item categories will be split and from which item categories it will derive the account assignment.

Let us see the actual example from system of Document Splitting for vendor invoice –

If we are posting an invoice from FB60 with two different expenses line item as below with two different cost centers assigned now system has derived the profit center from its cost centers mentioned in line item.

The screenshot shows the SAP FB60 'Enter Vendor Invoice' screen. The top menu bar includes Document, Edit, Goto, Extras, Settings, Environment, System, and Help. Below the menu is a toolbar with various icons. The main title is 'Enter Vendor Invoice: Company Code 1000'. The transaction path is 'Tree on > Company Code > Hold > Simulate > Park > Editing options'. The screen is divided into several sections:

- Basic data:** Vendor 2, SGL Ind, Invoice date 17.02.2016, Reference SPLITTING\_EXAMPL, Posting Date 17.02.2016, Cross-CC no., Amount 11,000.00 EUR, Calculate tax checked (11 (Input tax 10%)), Text, Paymt terms Due immediately, Baseline Date 12.02.2016, Company Code 1000 IDES AG Frankfurt, Lot No.
- Vendor:** Address: Electronic Components Distributor, Tower Lane 1082, FOSTER CITY CA 94404, USA. Bank account and Bank Number are listed as Not available.
- Expense Line Items:** A table titled '2 Items (No entry variant selected)' shows the following data:

St.	G/L acct	Short Text	D/C	Amount in doc.curr.	Cost center	Profit center	Order	Fi...	Sales order
1	476000	Office supplies	Debit	2,000.00	4120	1400			
2	473000	Postage	Debit	8,000.00	3105	1005			
			Debit						
			Debit						
			Debit						
			Debit						
- Buttons:** Standard SAP navigation buttons like Back, Forward, etc., and specific SAP ERP buttons for document processing.

Simulate this document to see pre-posting view with line item and associated assignments.

Document overview Edit Goto Settings System Help

Reset Taxes Park Complete Choose Save ABC

**Document Overview**

Doc.Type : KR ( Vendor invoice ) Normal document

Doc. Number	Company code	1000	Fiscal year	2016
Doc. date	Posting date	17.02.2016	Period	02
Calculate Tax <input checked="" type="checkbox"/>				
Ref.doc.	SPLITTING_EXAMPL			
Doc.currency	EUR			

Item	PK	Account	Account short text	Assignment	Tx	Amount	Cost Ctr	Profit Ctr
1	31	2	Electronic Component		II	11,000.00-		
2	40	476000	Office supplies		II	2,000.00	4120	1400
3	40	473000	Postage		II	8,000.00	3105	1005
4	40	154000	Input tax		II	1,000.00		

Now press F3 or Back button and come to main screen. Now go to Menu Bar Document -> Simulate with General Ledger to see the ledger view of this document.

Document Edit Goto Extras Settings Environment System Help

Change Ctrl+F1  
Display Ctrl+F2  
Post Ctrl+S  
Save as completed Ctrl+Shift+F6  
Park F8  
Hold F5  
Simulate F9  
Simulate General Ledger Ctrl+F12  
Exit Shift+F3

Any Code 1000

Simulate Park Editing options

Bal. 0.00

Notes Local currency

Vendor  
Address  
Electronic Components Distrib

Once clicked on simulate with general ledger, document can be seen as below as "Document Split" functionality.

General Ledger Simulation

Document Date: 17.02.2016      Posting Date: 17.02.2016      Fiscal Year: 2016  
 Reference: TOP      Cross-co. code no.:      Posting Period: 2  
 Currency: EUR      Ledger Group:      Ledger: 1L

Co...	Itm	L.item	PK	S	G/L Account	G/L account name	Amount	Curr.	Profit Ctr	...
1000	1	000001	31		161000	AP-foreign	8,800.00	EUR	1005	
1000	3	000004	40		473000	Postage	8,000.00	EUR		
1000	4	000005	40		154000	Input tax	800.00	EUR		
							0.00	EUR	1005	
1000	1	000002	31		161000	AP-foreign	2,200.00	EUR	1400	
1000	2	000003	40		476000	Office supplies	2,000.00	EUR		
1000	4	000006	40		154000	Input tax	200.00	EUR		
							0.00	EUR	1400	
							0.00	EUR		

### Document Splitting – Zero Balancing

As discussed above when system is not able to balance out the transaction entry based on its own it balances out by “zero balancing” account. System adds the zero balance account at its own to make balance zero for transaction. We will see the example for this now – We will post the transaction via FB50.

Enter G/L Account Document: Company Code 1000

Basic data      Details

Document Date: 17.02.2016      Currency: EUR  
 Posting Date: 17.02.2016  
 Reference: SPLITTING\_EXAMPL.  
 Doc.Header Text:  
 Cross-CC no.:  
 Company Code: 1000 IDES AG Frankfurt

Amount Information

Total deb.	8,000.00	EUR
Total cred.	8,000.00	EUR

2 Items (No entry variant selected)

St.	G/L acct	Short Text	D/C	Amount in doc.curr.	Co...	Tradin...	Bus...	Part...	N	Cost center	Order	Fi...	Sales order	Item j
<input checked="" type="checkbox"/>	476000	Office supplie	Debit	8,000.00	1000	9900			4120					
<input checked="" type="checkbox"/>	476000	Office supplie	Credit	8,000.00	1000	3000			3105					
					1000									
					1000									
					1000									
					1000									
					1000									
					1000									
					1000									
					1000									

Now simulate this with General Ledger View as below

The screenshot shows the SAP General Ledger Simulation interface. At the top, there's a menu bar with options like List, Edit, Goto, Views, Settings, System, and Help. Below the menu is a toolbar with various icons. The main title is "General Ledger Simulation". Underneath the title, there's a sub-header "SPLITTING\_EXAMPL Cross-co. code no." and a "Ledger Group" dropdown set to "1L". The main area displays a table of transaction details:

Co...	Itm	Litem	PK	S	G/L Account	G/L account name	Amount	Curr.	Profit Ctr
1000	2	000002	50		476000	Office supplies	8,000.00	EUR	1005
1000		000003	40		194500	Zero Bal Clearing AC	8,000.00	EUR	
						"	0.00	EUR	1005
1000	1	000001	40		476000	Office supplies	8,000.00	EUR	1400
1000		000004	50		194500	Zero Bal Clearing AC	8,000.00	EUR	
						"	0.00	EUR	1400
						" "	0.00	EUR	

If you look at above and notice simulated “General Ledger View” system has automatically generated the “Zero Balance Clearing A/C.”

Now let us look at the configuration of document splitting –

1. Classify GL Accounts for Document Splitting –

SPRO → SAP Reference IMG → Financial Accounting (New) → General Ledger Accounting (New) → Business Transaction → Document Splitting → Classify G/L Accounts for Document Splitting

Here in this step GL's are classified according to item categories according to business transaction nature. It is recommended that instead of assigned item category to each individual general ledger account try maintaining the item categories for “Range of General Ledger Accounts”.

The screenshot shows the SAP ERP interface with the following details:

- Menu Bar:** Table View, Edit, Goto, Selection, Utilities(M), System, Help.
- Toolbar:** Includes icons for New Entries, Copy, Paste, Find, Delete, etc.
- Title Bar:** Change View "Classify G/L Accounts for Document Splitting": Overview
- Sub-Header:** Chart of Accts (selected) and INT (highlighted).
- Description:** Chart of accounts - international
- Data Table:** A grid showing account classification. The columns are: Acct from, Account to, Overrd., Cat., and Description.

Acct from	Account to	Overrd.	Cat.	Description
100000	113199	<input type="checkbox"/>	04000	Cash Account
145099	145099	<input type="checkbox"/>	01000	Balance Sheet Account
154099	154099	<input type="checkbox"/>	01000	Balance Sheet Account
174000	174000	<input type="checkbox"/>	01000	Balance Sheet Account
194100	194100	<input type="checkbox"/>	01000	Balance Sheet Account
194500	194500	<input type="checkbox"/>	01000	Balance Sheet Account
199990	199999	<input type="checkbox"/>	01000	Balance Sheet Account
400000	419999	<input type="checkbox"/>	80000	Customer-Specific Item Category
470000	476000	<input type="checkbox"/>	20000	Expense
800000	800999	<input type="checkbox"/>	30000	Revenue
811000	811000	<input type="checkbox"/>	20000	Expense
884010	884010	<input type="checkbox"/>	30000	Revenue
888000	888000	<input type="checkbox"/>	30000	Revenue

## 2. Classify Document Types for Document Splitting –

SPRO --> SAP Reference IMG --> Financial Accounting (New) --> General Ledger Accounting (New) --> Business Transaction --> Document Splitting --> Classify Document Type for Document Splitting

In this step the “Business Transaction” and “Business Transaction Variant” is assigned to document types. Now almost every financial transaction is considered for document splitting.

The screenshot shows a SAP Fiori application window. At the top, there is a toolbar with icons for Table View, Edit, Goto, Selection, Utilities(M), System, and Help. Below the toolbar is a navigation bar with various icons. The main title of the screen is "Change View "Classify FI Document Type for Document Splitting": Overview". Underneath the title is a toolbar with icons for search, refresh, and other functions. The main content area is a table with the following columns: Type, Description, Transactn, Variant, Description, and Name. The table contains 25 rows of data, each representing a different document type. The rows are as follows:

Type	Description	Transactn	Variant	Description	Name
AA	Asset posting	0000	0001	Unspecified posting	Standard
AB	Accounting document	0000	0001	Unspecified posting	Standard
AE	Accounting document				
AF	Dep. postings	0000	0001	Unspecified posting	Standard
AN	Net asset posting	0000	0001	Unspecified posting	Standard
C1	Closing GR/IR accts				
CI	Customer invoice				
CP	Customer payment				
DA	Customer document	0200	0001	Customer invoice	Standard
DB	Cust.recurring entry				
DE	Customer invoice				
DG	Customer credit memo	0200	0001	Customer invoice	Standard
DR	Customer invoice	0200	0001	Customer invoice	Standard
DZ	Customer payment	1000	0001	Payments	Standard
EU	Conversion diff.Euro				
EX	External number	0000	0001	Unspecified posting	Standard
GF	Subsequent adjustmnt				
JE	G/L account posting				
KA	Vendor document	0300	0001	Vendor invoice	Standard
KG	Vendor credit memo	0300	0001	Vendor invoice	Standard
KN	Net vendors	0300	0001	Vendor invoice	Standard
KP	Account maintenance	1010	0001	Clearing transactions (zStandard)	

At the bottom of the table, there are navigation buttons for first, previous, next, and last. Below the table, there is a "Position..." button and a status message "Entry 1 of 51".

### 3. Define Zero Balance Clearing Account –

SPRO → SAP Reference IMG → Financial Accounting (New) → General Ledger Accounting (New) → Business Transaction → Document Splitting → Define Zero Balance Clearing Account

In this step we have to define the zero balance clearing account which will be used to generate and balance out financial entry when it is not possible to balance out at its own, as we have seen this example earlier.

The image consists of two vertically stacked screenshots of the SAP GUI interface.

**Screenshot 1: Change View "Posting Key": Overview**

- Toolbar:** Table View, Edit, Goto, Selection, Utilities(M), System, Help.
- Submenu:** Dialog Structure → Posting Key → Accounts.
- Table:** Item category 01001, Zero Balance Posting (Free Balancing Units). The table has columns: Account Key, Name, Deb PK, Cred.PK. One row is shown: 000, Standard account for zero balance, 40, 50.

**Screenshot 2: Change View "Accounts": Overview**

- Toolbar:** Table View, Edit, Goto, Selection, Utilities(M), System, Help.
- Submenu:** Dialog Structure → Posting Key → Accounts.
- Table:** Item category 01001, Zero Balance Posting (Free Balancing Units). The table shows Chart of Accts INT, Account Key 000, and Account Name Standard account for zero balance.
- Table:** G/L Account 194500, Short Text Zero Bal Clearing AC.

#### 4. Define Document Splitting Characteristics for General Ledger Accounting -

SPRO → SAP Reference IMG → Financial Accounting (New) → General Ledger Accounting (New) → Business Transaction → Document Splitting → Define Document Splitting Characteristics for General Ledger Accounting

This is one of the most important configurations step in document splitting. In this step we have to define the splitting characteristics. Additionally you can define whether this should be Zero Balance and Mandatory.

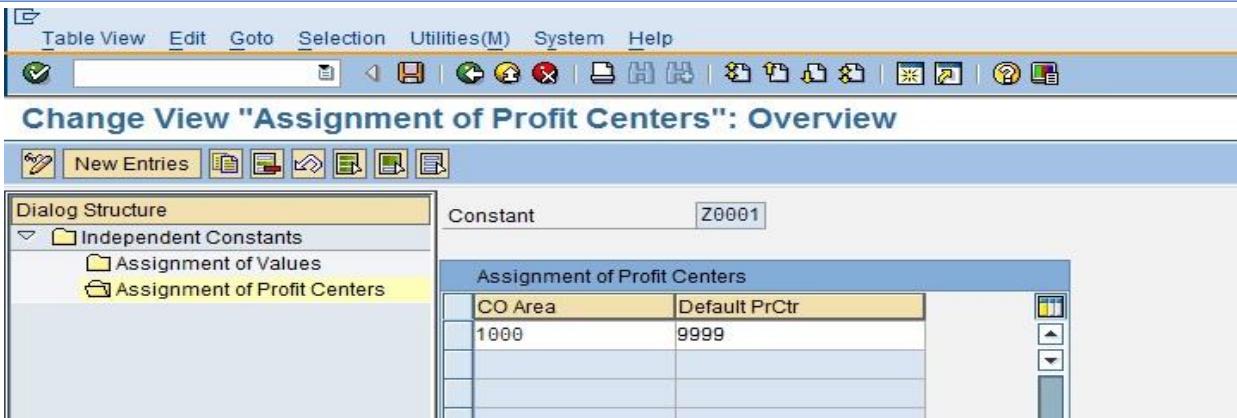
Field	Zero balance	Partner field	Mandatory Field
Profit Center	<input checked="" type="checkbox"/>	PPRCTR	<input checked="" type="checkbox"/>

## 5. Edit Constants for Non Assigned Processes -

SPRO → SAP Reference IMG → Financial Accounting (New) → General Ledger Accounting (New) → Business Transaction → Document Splitting →Edit Constants for Non Assigned Processes

In this step the constants are defined which helps to assigned the default account assignment when is not able to derive from any of the sources.

Constant	Name
Z0001	Constant Profit Centre



## 6. Activate Document Splitting

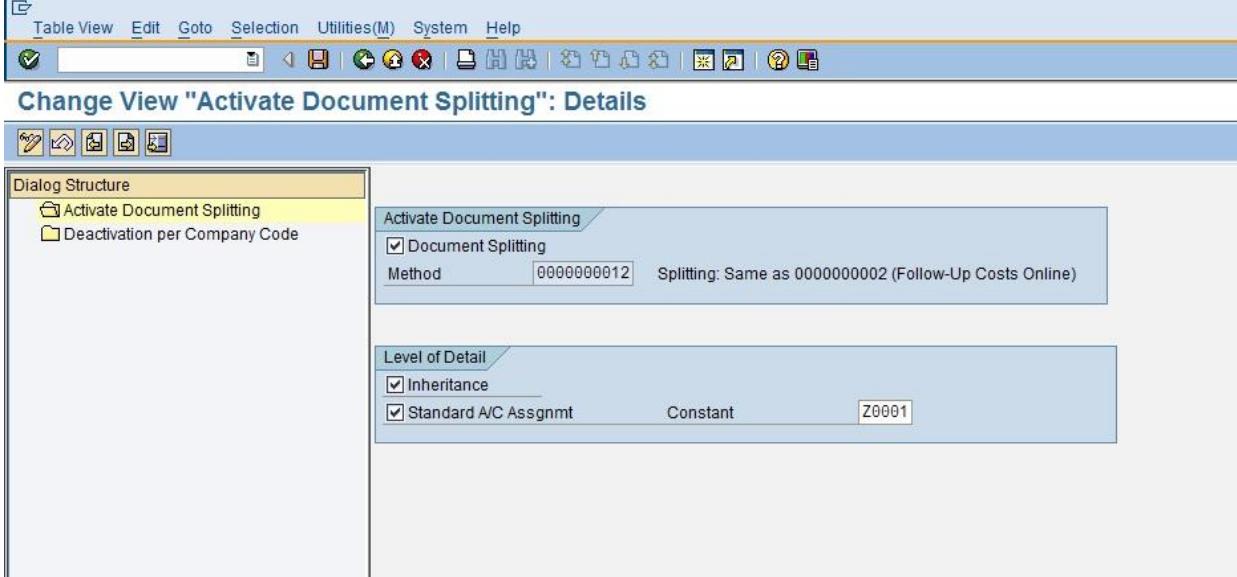
SPRO → SAP Reference IMG → Financial Accounting (New) → General Ledger Accounting (New) → Business Transaction → Document Splitting → Activate Document Splitting

Finally, the step to activate document splitting with additional settings like “Inheritance” and Activation of Document Splitting.

Select check box “Document Splitting” and apply appropriate method. SAP Standard pre-delivered method is “0000000012”.

Selecting the Inheritance signifies the line items which do not have account assignment will derive the account assignment from other line item.

Selecting Standard A/C Assgnmnt means system will set the standard account assignment for non-assigned line items. When this indicator is selected “Constant” needs to be maintained.



Activation of Document Splitting happens at client level but it is always possible to control of activation and deactivation at company code level.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

**Change View "Deactivation per Company Code": Overview**

Dialog Structure

- Activate Document Splitting
- Deactivation per Company Code**

**Deactivation per Company Code**

Company Code	Company Name	Inactive
0001	SAP A.G.	<input type="checkbox"/>
0005	IDES AG NEW GL	<input type="checkbox"/>
0006	IDES US INC New GL	<input type="checkbox"/>
0007	IDES AG NEW GL 7	<input type="checkbox"/>
0008	IDES US INC New GL 8	<input type="checkbox"/>
010	State Bank Of india	<input type="checkbox"/>
0100	IDES Japan 0100	<input type="checkbox"/>
0110	IDES Japan 0110	<input type="checkbox"/>
1000	IDES AG	<input type="checkbox"/>
1002	Singapore Company	<input type="checkbox"/>
1003	IDES USA	<input type="checkbox"/>
1022	L & T	<input type="checkbox"/>
1111	cipla pharmaceuticals	<input type="checkbox"/>
2000	IDES UK	<input type="checkbox"/>
2022	L & T	<input type="checkbox"/>
2055	IDES AG	<input type="checkbox"/>
210	aim	<input type="checkbox"/>
2100	IDES Portugal	<input type="checkbox"/>

Position... Entry 1 of 189

## SD Life Cycle (Sales & Distribution Life Cycle)

- Customer Inquiry
- Quotation for customer inquiry
- Sales Order creation
- Post Goods issue (PGI)
- Delivery
- Billing- Bill sent to customer
- Receipt of money- Customer Payment

## Sales & Distribution Cycle



OTC Process Steps	Transaction Code	Accounting Entries
Inquiry	VA11	No
Quotation	VA21	No
Sales Order	VA01	No
Post Goods Issue (PGI)	VL01n	Yes
Delivery	VL01n	Yes
Billing	VF01	Yes
Receipt of Money	FB50	Yes

**Inquiry:** A customer inquire about the product price and service. This is a very starting point of OTC process. This process does not have any effect on general ledger accounts and do not have any accounting entries. Once a customer creates inquiry, an inquiry number is generated. Inquiry is created by transaction code VA11.

**Quotation:** Quotation is a price quote given to the customer. A quotation follows inquiry steps. A quotation can be created via inquiry or without inquiry reference number. A quotation is created by transaction code VA21.

**Sales:** According to some SAP experts, Sales order is actually the first step of OTC process. After inquiry and quotation, once it's gets created. Sales order can be created with reference of quotation or without reference. It does not make any accounting book entry and it does not make any change in General Ledger accounts. It is just a commitment to deliver goods to the customer. SO can be created with **transaction code VA01**.

**Post Goods Issue:** Post goods issue is the steps where goods are being picked by warehouse, packed and shipped to the customer's given shipping address as per the sales order. We have accounting entries as inventory is being credited against the cost of goods sales (COGS) debited. General ledger accounts associated with the cost of goods sales and inventory is affected respectively.

**Delivery:** Delivery follows post goods issue (PGI). Delivery is the actual fulfillment of goods to the **customer shipping address**. At delivery stage, we have accounting entries in the books. At this stage, we debit revenue account and credit customer account. Transaction code for delivery is VL01n.

**Billing:** At billing stage, we send the bill to customer for the goods delivered. We have accounting entries at this stage where we debit customer and credit cash account. Transaction code for billing in SAP is VF01.

### Journal Entries

#### (1) Sales Order creation (T-code: VA01)

Here no accounting document gets generated.

#### (2) Creating outbound delivery (T-code: VL01N)

Even here no accounting document gets generated

#### (3) Post Goods Issue(VL01N)

Accounting Entry:

Cost of Goods Sold A/C Dr. XXXX

To Inventory A/C CR XXXX

#### (4) Creation of Billing document (T-code: VF01)

Accounting entry:

Customer A/C Dr XXXX

To Sales A/C Cr XXXX

#### 5) On the receipt of amount from Customer

Bank Clearing Account Dr XXX

To Customer A/c Cr XXX

#### **GL account determination for each condition type:**

Till now system has calculated condition type value but GL account needs to be determined for posting accounting entry.

Now business might require to record sales price & discount separately. This can be done by assigning condition type to account key and mapping account key to GL account.

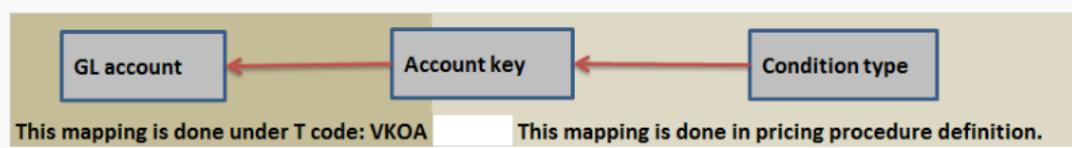
Sap provides large number of predefined account keys. Below are just two examples of account key

ERL – Sales

ERS – Sales deduction or sales discount

All those condition types whose value needs to be posted to sales account are assigned account key ERL

All those condition types whose value needs to be posted to discount account are assigned account key ERS.



We understood how pricing procedure works. How system determines the GL account and amount for posting accounting entry. Now let's understand how pricing procedure is selected.

#### **FI-SD Integration**

##### **1. Sales Order –(Tcodes: VA01, VA02, VA03.)**

A customer orders some items from your company by creating a Sales Order (Tables: VBAK, VBAP etc).

##### **2. Outbound Delivery Document –(TCodes: VL01N, VL02N, VL03N)**

Your company decides to deliver the items ordered by the customer. This is recorded by creating an Outbound Delivery document (with/without Order reference) (Tables: LIKP, LIPS etc).

##### **3. Post Goods Issue (PGI) (Tcode: VL02N)**

Once the items are available for sending to the customer, you Post Goods Issue (PGI) which reduces your inventory and puts the delivery in transit. This will create a material document. You will post goods issue using VL02N but the material document created will be stored in tables MKPF, MSEG.

##### **4. Shipping Document – (Tcodes: VT01N, VT02N, VT03N)**

You will then create Shipment Document to actually ship the items. (Tables: VTTK, VTTP etc).

5. Sales Billing Document – (SD -TCodes: VF01, VF02, VF03) (FI-Tcode: Sales Invoice – F-22/FB70)

You finally create a Sales billing document. (Tables: VBRK, VBRP etc). This will have a corresponding accounting document created that will be in BKPF, BSEG tables.

6. Customer Payment Invoice –(Incoming Payment – F-28)

When Customer Payment invoice, it will directly hit your AR account in FI.

SD Cycle:

*Quotation >> Sales Order >> Delivery Note >> Invoice (Billing)>>Payment*

FI Entries in SD cycle:

1. Sales Order Created

---No Entry---

2. PGI done (Post Goods issue) –

Cost of Goods Sold (COGS)	Dr	(Configured in OBYC GBBT-Key)
To Inventory Account	Cr	(Configured in OBYC BSX—Tkey)

3. Billing document released to Accounting (Sales Invoice – f-22/fb70)

Customer Account	Dr	
To Sales Revenue Account	Cr	(ERL T-key in Pricing procedure)

Note: The GL account is assigned to this ERL in VKOA

4. Payment Received (Incoming Payment Invoice – f-28)

Bank Clearing A/c	Dr	
To Customer A/c	Cr	

Configure Steps

FI - SD

1. Assign GL Accounts (VKOA)

We allocate G/L accounts for revenue account determination. You have to make the allocation for every access sequence you have defined beforehand.

A variety of criteria is valid for a G/L account, depending on the key combination. For the key combination "Customer account determination group/Account key" a G/L account depending upon the following criteria, is given:

- |                   |   |                              |
|-------------------|---|------------------------------|
| 1. Application    | - | V (Sales & Distribution)     |
| 2. Condition type | - | KOFI (Account Determination) |

3. Chart of accounts (from module FI)-	1105
4. Sales organization	- 1105
5. Account Assignment group for Customer-	01 (Domestic Revenue)
6. Account Assignment Group for Material	- 03 (Finished Goods)
7. Account Key	- ERL (Sales Revenue)
8. GL Accounts	- 300000 (Sales Revenue G/L account)

#### Some of Standard Account Keys

1. ERF - Freight Revenue
2. ERL - Sales Revenue
3. ERS - Sales Deductions
4. ERB----Sales Rebates

#### Important Note:

SAP provides the following six ways of determining the GL accounts in SD.

1. Application (key for the Sales and Distribution application)
2. Account determination type
3. Chart of accounts (from the FI System)
4. Customer account assignment group
5. Materials account assignment group
6. Account key

## Electronic Bank Statement

#### What is EBS?

Electronic Bank Statement is provided to the account holders in standard formats, e.g. CAMT, MT940, BAI2 etc. As a part of Payment Transaction processing, EBS can be imported and posted in SAP for reconciliation.

Bank reconciliation statement is a report or statement prepared by the business to match the business transactions recorded in the books of accounts with the bank statement. The bank reconciliation statement helps to check the correctness of the entries recorded in the books of accounts and thereby, ensure the accuracy of bank balances.

#### Why bank reconciliation statements are prepared

- Cheques issued but not cleared in the bank
- Difference in cheque deposited and cheque credited date
- Date of cheque issued towards payment and date on which it is debited is different

- Cheque issued or received is not presented in the bank for clearing
- Bank interests, Charges etc. are not accounted for. reason being it is not known till you reconcile
- Banks can also do mistake in debiting or crediting the transactions
- Just like banks, you too can take mistake in accounting the bank transactions in the books of accounts and so on.....

There are two types of bank reconciliation statement in sap

1. Manual Bank Reconciliation Statement: -

Manual bank reconciliation is the paper statement . Enter information from the statement and then do a manual reconciliation.

2. Electronic bank reconciliation statement: -

As a part of Payment Transaction processing, EBS can be imported and posted in SAP for reconciliation in standard formats.

### [Journal Entries](#)

#### [At the time of purchase](#)

1.Purchase goods /services from vendor .

Purchases a/c	Dr	xxx
To Vendor a/c		xxx

2.Payment to Vendor by cheque/bank transfer

Vendor a/c	Dr	xxx
To Outgoing bank a/c		xxx

3.While reconciliation process

Outgoing bank a/c	Dr	xxx
To Main bank a/c		xxx

#### [At the time of sale](#)

1. Sold goods /services to customer

Customer a/c	Dr	xxx
To Sales a/c		xxx

2. Receive payment from customer by cheque/Bank transfer

Incoming bank a/c Dr      xxx  
To Customer a/c                xxx

3. While reconciliation process

Main bank a/c Dr      xxx  
To Incoming bank a/c      xxx

4. If direct deposit while reconciliation process

Main bank a/c Dr      xxx  
To Customer a/c                xxx

### Some other Journal entries

1. Bank charges & Other Expenses

Bank charges & Other Expenses a/c      Dr      xxx  
To Main Bank a/c                                xxx

2. Interest & other Receipt

Main bank a/c Dr      xxx  
To Interest & other receipt      xxx

### Step to Configuration

### Create GL Accounts -----FS00

1. MAIN BANK
2. INCOMMING BANK
3. OUTGOING BANK
4. BANK CHARGES
5. OTHER EXPENSES
6. INTREST RECEPIT
7. OTHER INCOMES

### Define House banks----- FI12

SPRO→IMG→Financial accounting (New)→Bank accounting→bank accounts.....>Define House banks

In the SAP system, you use the bank ID and the account ID to specify bank details. These specifications are used, for example, for automatic payment transactions to determine the bank details for payment.

### Create Account Symbols ---- OT83

SPRO-----→IMG-----→Financial accounting new-----→Bank accounting-----  
 →business transactions-----→payment transactions-----→Electronic bank statements-  
 -----→Make global settings for electronic bank statement

ACCOUNT	TEXT
C100	MAIN BANK
C200	INCOMMING BANK
C300	OUTGOING BANK
C400	BANK CHARGES
C500	OTHER EXPENSES
C600	INTREST RECEPIT
C700	OTHER INCOMES

### Assign account to account symbol

ACT SYMBLE	INR	GL A/C NO	GL ACCOUNT
C100	INR	200100	MAIN BANK
C200	INR	200101	OUTGOING BANK
C300	INR	200102	INCOMMING BANK
C400	INR	409000	BANK CHARGES
C500	INR	409001	OTHER EXPENSES
C600	INR	300100	INTREST RECEPIT
C700	INR	300101	OTHER INCOMES

### Create keys for posting rules

POSTING RULES	TEXT
C100	DR MAIN BANK A/C TO CR CUSTOMER A/C
C200	DR OUTBANK A/C TO CR MAINBANK A/C

C300	DR BANK CHARGES TO CR MAIN BANK A/C
C400	DR OTHER EXPENSES TO CR MAIN BANK A/C
C500	DR MAIN BANK A/C TO CR INCOME RECEPIT A/
C600	DR MAIN BANK A/C TO OTHER INCOME A/C

#### Define posting rules

POSTIN G KEYS	ARE A	DR.POSTIN G KEYS	ACCOUNT S SYMBOLS	CR.POSTIN G KEYS	ACCOUNT S SYMBOLS	DOCOMEM TTYPE	POSTIN G KEYS
C100	2	40	C100			DZ	8
C200	1		C200	40	C100	KZ	4
C300	1	40	C300	50	A100	SA	1
C400	1	40	C400	50	C100	SA	1
C500	1	40	C100	50	A500	SA	1
C600	1	40	C100	50	C600	SA	1

#### Create transaction rules

MT940 Swift MT940 (standard-Germany)

#### Assign external transaction types to Posting rules

EXTERNAL TRANSACTION TYPES	SYMBOL(+/-)	DR.POSTING KEYS	ACCOUNT SYMBOL
NTRF1(ONLINE TRANSFER)	+	40	C100
NTRF1	-		C200
NCHG1(CHECK)	-	40	C300
NINT1(INTREST)	+	40	C500

After transaction code NTRF is your bank transaction id or cheque no which would be use for clearing process and that reference no is unique. So you will get new reference no for every transaction

#### Assign bank accounts to transaction types

Bank keys and Bank Account

## ***What is an MT940?***

An MT940 is a standard structured SWIFT Customer Statement message. In short, it is an electronic bank account statement which has been developed by SWIFT. It is an end of day statement file which details all entries booked to an account.

### ***MT940 Format Details:***

The MT940 file format consists of the following sections and tags:

#### **Tag 20 – Transaction Reference Number**

- Mandatory – 16x
- Used by the Sender to unambiguously identify the message

#### **Tag 21 – Related Reference**

- Optional – 16x
- If the MT 940 is sent in response to an MT 920 Request Message, this field must contain the field 20 Transaction Reference Number of the request message

#### **Tag 25 – Account Identification**

- Mandatory – 35x
- This field identifies the account for which the statement is sent

#### **Tag 28C – Statement Number/Sequence Number**

- Mandatory – 5n/[5n]
- Sequential number of the statement, optionally followed by the sequence number of the message within that statement when more than one message is sent for one statement
- For example – the first message within the statement would be represented as 28C:111/1, the second message within the same file would be 28C:111/2

#### **Tag 60a – Opening Balance**

- Mandatory – 1!a6!n3!a15d – D/C | Date | Currency | Amount

- Indicating for the (intermediate) opening balance, whether it is a debit or credit balance, the date, the currency and the amount of the balance
- There are 2 options:
  - Option F – :60F:
    - Debit/Credit | Last Statement Date (YYMMDD) | Currency (ISO) | Amount
  - Option M – :60M:
    - Debit/Credit | Current Statement Date (YYMMDD) | Currency (ISO) | Amount

#### Tag 61 – Statement Line

- Optional – 6!n[4!n]2a[1!a]15d1!a3!c16x[//16x]  
[34x]
- 6!n Value Date (YYMMDD)
- [4!n] Entry Date (MMDD)
- 2a Debit/Credit Mark
- [1!a] Funds Code (3rd character of the currency code, if needed)
- 15d Amount
- 1!a3!c Transaction Type Identification Code
- 16x Customer Reference
- [//16x] Bank Reference
- [34x] Supplementary Details (this will be on a new/separate line)

#### Tag 86 – Information to Account Owner

- Optional – 6x65x
- Additional information about the transaction detailed in the preceding statement line and which is to be passed on to the account owner

#### 1. Upload Bank Statement in SAP:

##### Transaction Code

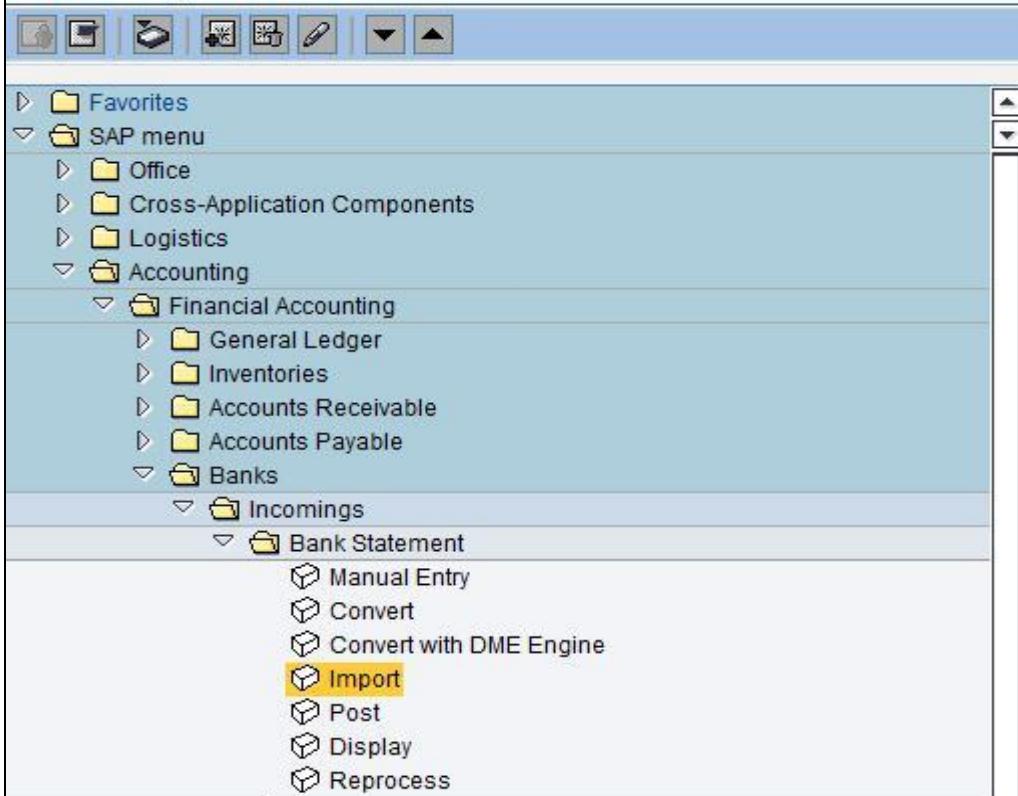
To upload the incoming bank statement **T CODE – FF.5 or program RFEBKA00** is used and depending on your requirement select the selection screen parameters.

## Formats

Uploading of Bank Statements into SAP can be done in **various formats**. It depends upon **the client's agreement with the respective bank**. The formats can be Multi-cash, SWIFT, BAI, MT940 etc.

## Menu Path

### SAP Easy Access



## Screenshot Showing Input Details

**Bank Statement: Various Formats (SWIFT, MultiCash, BAI...)**

**File specifications**

Import data  
Elect. bank statement format: Multicash (format: AUSZUG.TXT and )  
Statement File   
Line item file   
 Workstation upload  
 Zero Revenue Permitted (Swift)

**Posting parameters**

Post Immediately  
 Only bank postings  
 Generate batch input  
 Do not post  
 Assign value date  
Session names  1

**Cash management**

CM Payment Advice  
 Account Balance  
 Summarization  
 Planning type

**Algorithms**

BELNR number interval  to    
XBLNR number interval  to    
Bundling  Items Per Bundel

**Output Control**

Execute as background job  
 Print bank statement  
 Print posting log  
 Print statistics  
 Separate list

### Posting Parameters:

Uploading of Bank Statement can be done in either of the following two ways

- a) Do not post – If we select this option, the Bank Statement gets uploaded into the system but entries are not posted to the Bank GL Account. In order to post the entries, we have to use the T-code FEBP.
- b) Post immediately – If we select this option, then the entries in Bank Statement get posted to the Bank GL Accounts the moment we upload the Bank Statement into the system.

### Viewing of Uploaded Statement

We can view the uploaded Bank Statement via T-code FF.6 as shown below.

## Print Bank Statement

The screenshot shows the SAP 'Print Bank Statement' dialog box. At the top left are three icons: a magnifying glass, a document, and a help symbol. The main area is divided into sections:

- Bank statement specifications:** Contains fields for Application (empty), Company code (XYZ), House bank ID (ABCDE), Bank account ID (PQR), Statement number (01), Statement date (empty), and two 'to' fields with double-headed arrows.
- Or technical keys:** Contains fields for ID (empty) and Memo Record Number (empty), each with a 'to' field and a double-headed arrow.
- Further selections:** Contains fields for External transaction code (empty), Posting rule (empty), Bundle number (empty), and Amount (empty), each with a 'to' field and a double-headed arrow.

Figure 3

We can view the uploaded Bank Statement via T-code **FF.6** as shown below.

The selection parameters to be given include Company Code/Application, House Bank ID, Account ID, Statement Number/Dates.

Application means whether it is manual or Electronic Bank Statement.

001: Electronic and Manual bank statement

002: Check deposit transaction

003: Lock box

004: Account Balance

## Print Bank Statement

				Date	03/12/2013
				Page	1
THE BANK OF NEW YORK MELLON				Statement numb	
Bank no.:		Account number:		Statement date	
House bank:		Acct ID:			
Beginning balance	53,372.93				
Total Debit	36,704,816.23				
Total credits	37,315,325.93				
Ending balance	663,882.63				
MR no	Value date	BkPostDate	Posting text	Amount	BTC
1	01/11/2012	01/11/2012	Beginning balance	53,372.93 17,290,000.00	195
2	01/11/2012	01/11/2012		12,425,000.00	195
3	01/11/2012	01/11/2012		5,412,000.00	195

## Tabular Reference

The uploaded bank details can be viewed from Table FEBKO (header data) and FEBEP (line item data).

## Data Browser: Table FEBKO: Selection Screen

Number of Entries				
Application	<input type="text"/>	to	<input type="text"/>	<input type="button" value="&gt;"/>
Sending bank	<input type="text" value="ABCDE"/>	to	<input type="text"/>	<input type="button" value="&gt;"/>
Statement ID	<input type="text" value="01 "/>	to	<input type="text"/>	<input type="button" value="&gt;"/>
Recipient key	<input type="text"/>	to	<input type="text"/>	<input type="button" value="&gt;"/>

### Data Browser: Table FEBEP: Selection Screen

		Number of Entries
Document Number	1234567890	to <input type="text"/>
Fiscal Year	2013	to <input type="text"/>
Bank posting date	<input type="text"/>	to <input type="text"/>
Posting date	03/11/2013 <input type="button" value="..."/>	to <input type="text"/>
Value date	<input type="text"/>	to <input type="text"/>
Value Date Time	<input type="text"/>	to <input type="text"/>
+/- sign	<input type="checkbox"/>	to <input type="checkbox"/>
Acct Currency	<input type="text"/>	to <input type="text"/>
Amount	<input type="text"/>	to <input type="text"/>
AC fees	<input type="text"/>	to <input type="text"/>
ForeignCurrency	<input type="text"/>	to <input type="text"/>
For. curr amt	<input type="text"/>	to <input type="text"/>
SAP bank trans	<input type="text"/>	to <input type="text"/>
Reference	<input type="text"/>	to <input type="text"/>
Assignment	<input type="text"/>	to <input type="text"/>
Partner bk ctry	<input type="text"/>	to <input type="text"/>
Bank number	<input type="text"/>	to <input type="text"/>
Partner SWIFT	<input type="text"/>	to <input type="text"/>
Part. bank acct	<input type="text"/>	to <input type="text"/>
BusPartner	<input type="text"/>	to <input type="text"/>
Acctg clerk	<input type="text"/>	to <input type="text"/>
Cost center	<input type="text"/>	to <input type="text"/>
Business area	<input type="text"/>	to <input type="text"/>
Profit Center	<input type="text"/>	to <input type="text"/>
Contract Number	<input type="text"/>	to <input type="text"/>
Contract Type	<input type="text"/>	to <input type="text"/>
Daybook No.	<input type="text"/>	to <input type="text"/>
Check number	<input type="text"/>	to <input type="text"/>
Addit.info.2	<input type="text"/>	to <input type="text"/>

## 2. Deletion of Bank Statement from SAP

### Transaction Code

Program RFEBKA96 is used for deleting Bank Statement.

### Introduction

Sometimes after uploading the Bank Statement, we come to know that the statement is bad / incomplete. In that case, we ask for a corrected / complete statement from the Bank. So, in order to avoid confusion and duplicate, we have to delete the previous statement which was incomplete.

### Steps to be followed

The following steps needs to be followed for deleting Bank Statement:-

- (a) Go to T-Code FEBA. Identify the Bank statement ID which needs to be deleted, e.g., 01 in above scenario.

Information required

Statement Number

Statement Date

Account Number

Company Code

House Bank

Account ID

**Bank Statement Subsequent Processing**

Bank statement/check deposit transaction	
Application	Electronic and manual bank statement
Company code	XYZ
House Bank	ABCDE
Account ID	PQR
Statement number	
Statement Date	
Statement status	All line items
Bundle number	
Item value date	
Item amount/currency	

Posting parameters	
Posting area	Subledger accounting
Posting method	Display incorrect screens

Figure 7

### Bank Statement Overview

Subledger accounting		Bank key	Account number	Crcy;
CoCd	Bank			USD
	THE BANK OF NEW YORK			
St.no.	Stmt date	Curr.	Beginning bal.	Ending bal.
00001	07/01/2004	USD	14,246,182.06	34,487.95
			ID	00000001 ✓

Figure 8

(b) Go to T-Code SE38 and give the program name i.e. RFEBAK96.

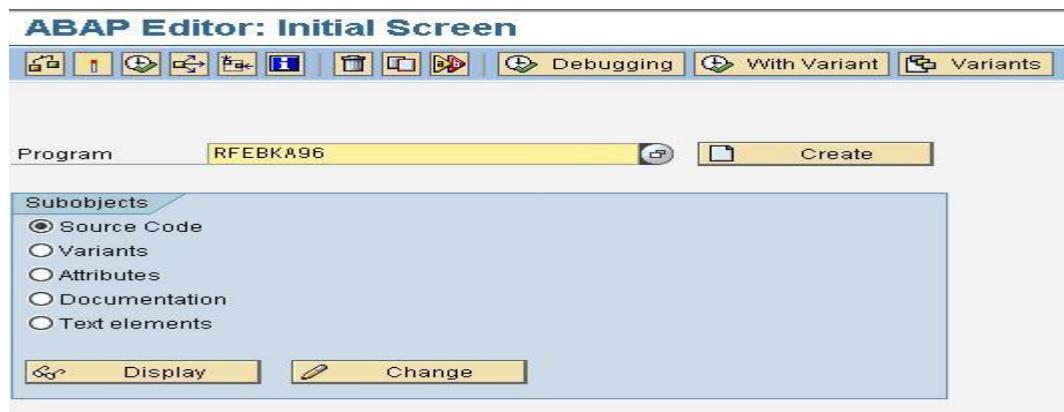


Figure 9

After entering in to the program, it asks for Application and ID.

For prior day statements, use Application ID = 0001 and for same day statements, use Application ID = 0004. It asks for Statement ID also.

### Delete Buffer

The screenshot shows the "Delete Buffer" dialog box. It has two input fields: "Application" with value "0001" and "ID" with value "01". To the right of these fields are two empty input fields labeled "to" and "to". On the far right are two small buttons with arrows. The top of the dialog has a blue header bar with icons for help and info.

Figure 10

Click the Delete Statements button.

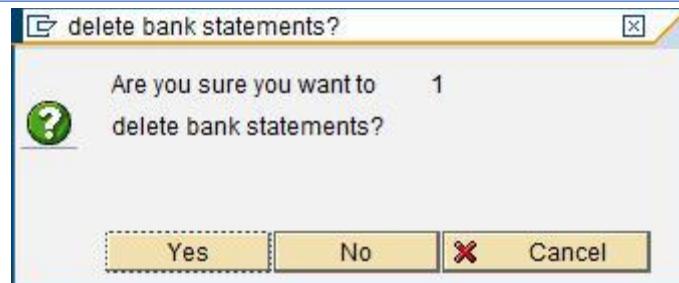


Figure 11

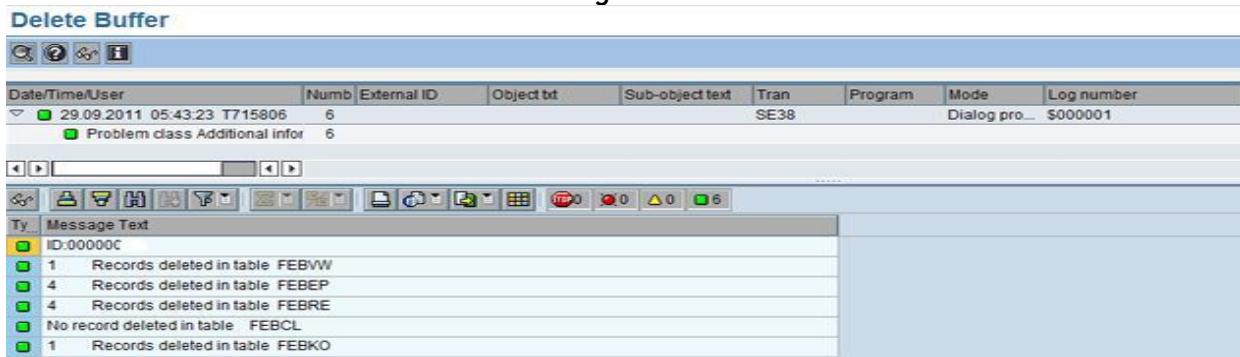


Figure 12

(c) After deleting the Statement, we can check it in T-Code FEBA

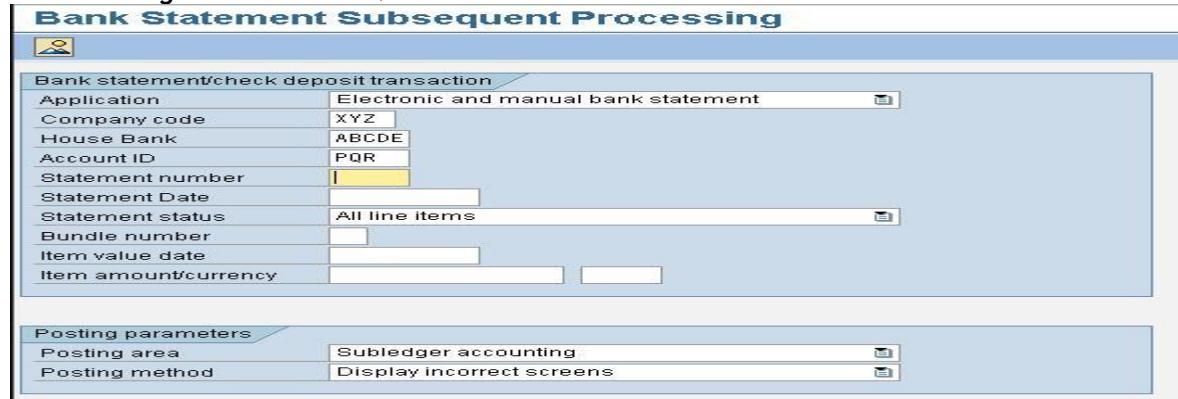


Figure 13

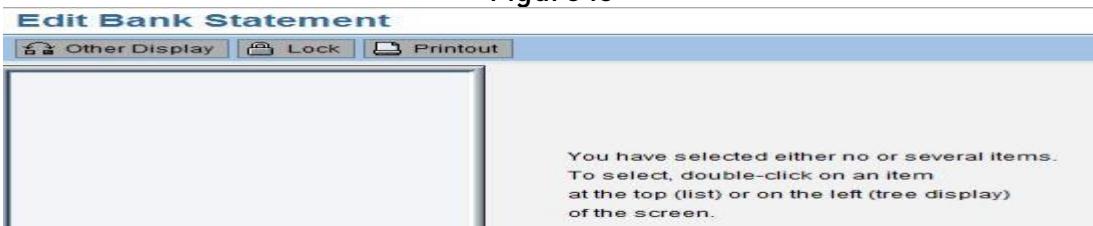


Figure 14

## **OPEN ITEM MANAGEMENT IN SAP**

**DESCRIPTION:** Generally In Technical Point of view Open item Management is just a Check box in control data TAB in GL Mater data (T-CODE: FS00).

In functional point of view it would be control all out standings, which will be receive from customer's and pay to vendor's / Employees / Govt authorities etc. in each and every line item of respective GL account reports. It should be give clear report, which line item / invoice has to be paid to vendor and received from customers. One red / Green symbol mentioned will be appear in standard report like FBL3N, FBL5N, and FBL1N & FAGLL03 report ,if you marked as open item management check box in GL master. Red symbol states those line items are still open and yet to clear & green symbol line items states those line items are cleared.

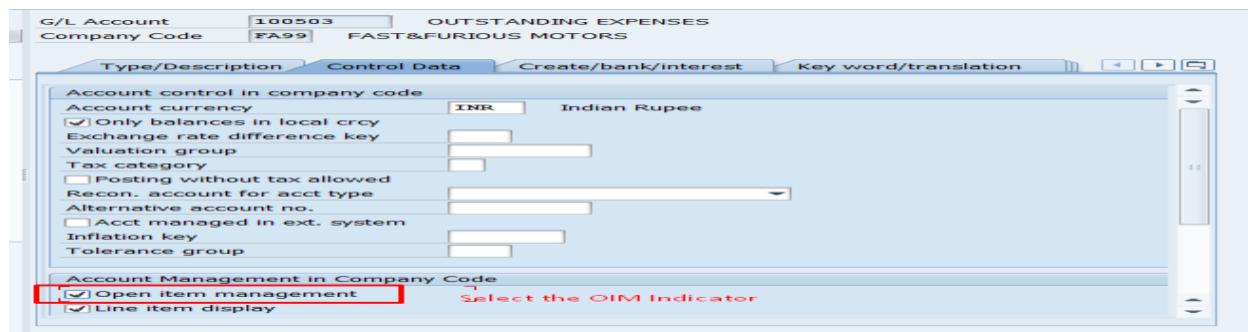
- Open item management is monitoring all the outstanding balances in the system
- Down payment methods Partial & Residual
- Receivables & Payables both can be monitored with Open item management
- If we select the OIM indicator in master data records for an account It will activate the OIM
- At the time of GL Creation there is OIM Indicator in control data
- Must Activate OIM for all the Payables & Receivables GLs
- The GLs will clear in the future those GLs will covered in OIM
- Provisions Like Rent & Salary's will come under OIM
- To view Document FBL3N

Table view SE16N BSIK : vendor open items

BSAK: Vendor clearing items

## GL Creation : FS00:

- Go to FS00 Create any GL in the header of Current Liability for Payable GL (Outstanding)
- Create any GL in the header A/C of Current Assets for Receivable GL (Incoming)
- Click The Open item Management indicator In control data screen
- Click Only Balances in Local currency



## GL Accounts to be managed as Open item management:-

1. Bank clearing GL accounts: – All bank sub ledgers like Bank incoming payments & outgoing payment GL account must be select as open item management & it will be help us for bank reconciliation purpose.
2. Payable GL accounts :- Like salary payable ,commission payable ,wages payable Freight payable & other tax related GL accounts like VAT payable must be select as open item management & it will be guide to FI department line item was tracking whether outstanding line items are paid to vendor's / employees and VAT authorities or not.
3. GRIR Clearing accounts: – You easily recognize your contingency liability status of GRIR accounts, if you activated OI management.

EX Entries : GL Posting

Date : 31.12.2021 Dr. Salary A/C 5,00,000

T-CODE FB50 / F-02

Cr. Salary Payable A/C 5,00,000

Date : 01.01.2022

### Payment Posting

Dr. Salary Payable A/C 5,00,000

T-CODE : F-06

Cr. Bank/Cash A/C 5,00,000

- Now once after the full payment done the document will be cleared
- Debit A/C & Credit A/C Set off and Null if after the clearing till than the document will show in red / Open it means not cleared.

Receivables Entry:

### GL Posting

05.01.2022 Dr. Rent Receivable A/C 55,000

T-Code : FB50 / F-02

Cr. Rent Received A/C

### Payment Posting

10.01.2022 Dr. Bank A/C 55,000

T-Code : F-07

Cr. Rent Receivable 55,000

**Enter G/L Account Document: Company Code FA99**

Basic Data		Details		Amount Information	
Document Date	13.01.2022	Currency	INR	Total Dr.	500.000,00 INR
Posting Date	13.01.2022			Total Cr.	500.000,00 INR
Reference	RIDE1				
Doc.Header Text	OPEN ITEM MANAGEMENT				
Cross-CC no.					
Company Code	FA99	FAST&FURIOUS MOTORS KADAPA			

**2 Items ( No entry variant selected )**

S...	G/L acct	Short Text	D/C	Amount in doc.curr.	Loc.curr.amount	T..	Tax jurisdicn c...	V	Assignment	Value date
1	400308	SALARY A/C	Debit	500.000,00	500.000,00					
2	100507	SALARIES P...	Cred...	500.000,00	500.000,00	0,00				
					0,00					
					0,00					
					0,00					
					0,00					

GL Posted in FB50 For Salary provision

## OPEN ITEM MANAGEMENT FOR PARTIAL CLEARING

PARTIAL			
31.12.2021 INVOICE	PACKING MATERIAL PURCHASED	Doc Num:10	Open
Dr. PACKING MATERIAL A/C 15,00,000			
Cr. VENDOR1 A/C 15,00,000			
01.01.2022		Doc Num:11	Open
Dr.VENDOR1 A/C 5,00,000			
Cr. BANK A/C 5,00,000			
05.01.2022		Doc Num:12	Open
Dr. VENDOR1 A/C 5,00,000			
Cr. BANK A/C 5,00,000			
10.01.2022		Doc Num:13	Clear
Dr. VENDOR1 A/C 5,00,000			
Cr. BANK A/C 5,00,000			

Process to Activate Open item Management for GLs Which consists Multiple entries posted :

T-code: FAGL\_ACTIVATE\_OP

So here it is possible to maintain Open item management for all the pre existed GLs which has entry posted earlier, the above T-Code to control Open item management which missed to activate while creating the GLs .

**Switch to Open Item Management**

The screenshot shows the SAP Open Item Management dialog box. It includes sections for Account Data (Company Code FA99, G/L Account checked, Date 13.01.2022), Conversion (Test Run checked, Document Type Transfer Posting, Perform Reposting checked), and Account Assignments (Business Area, Profit Center, Cost Center, Transaction Type, Trading part.BA, Partner Profit Ctr, Commitment Item, Trading Partner).

**MT940**

#### Tag 62a – Closing Balance (Booked Funds)

- Mandatory – 1!a6!n3!a15d – D/C | Date | Currency | Amount
- Indicating for the (intermediate) closing balance, whether it is a debit or credit balance, the date, the currency and the amount of the balance
- There are 2 options:
  - Option F – :60F:
  - Debit/Credit | Last Statement Date (YYMMDD) | Currency (ISO) | Amount
  - Option M – :60M:
    - Debit/Credit | Current Statement Date (YYMMDD) | Currency (ISO) | Amount

#### Tag 64 – Closing Available Balance (Available Funds)

- Optional – 1!a6!n3!a15d – D/C | Date | Currency | Amount
- Indicates the funds which are available to the account owner (if credit balance) or the balance which is subject to interest charges (if debit balance).
- Debit Balance /Credit Balance | Date (YYMMDD) | Currency (ISO) | Amount

#### Tag 65 – Forward Available Balance

- Optional – 1!a6!n3!a15d – D/C | Date | Currency | Amount

- Indicates the funds which are available to the account owner (if a credit or debit balance) for the specified forward value date
- Debit Balance /Credit Balance | Date (YYMMDD) | Currency (ISO) | Amount

### Tag 86 – Information to Account Owner

- Optional – 6x65x
- Additional information about the statement as a whole

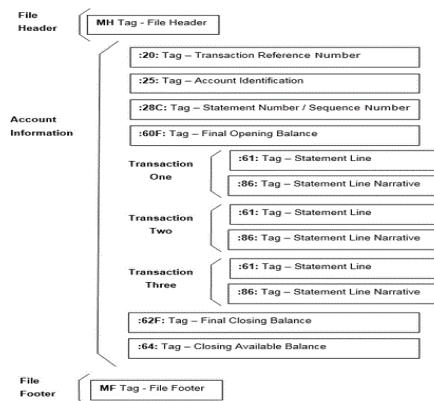
### MT940 format

```

:HD:WIRE 20030312094539000030010100000003001          0
{1:FZY5026NL95 3683031043}{2:o9401003980401PEOPLESOFTX4307897219804011003N}{4:
:20:8EUTDEFF1XXX
:25:05026NL95
:26:000000000001
:60F:980122EUR1000,00
:61:980123D850,00NMSCNONREF
:86:TESTLINE1
:86:083700BAR7109301/108720EUR UMSATZ?21EUR KTO 0139 17.01 KARTE 8
:86:ENDTESTLINE1
:61:980123D860,00NMSCNONREF
:86:TESTLINE2
:86:083700BAR7109301/108720EC-AUTOMAT 23.1 KONSTANZ?2169070032 0139 17.00 KARTE 8?22      50 CHF KURS 124,150
:86:ENDTESTLINE2
:61:980123D30,00NMSCNONREF
:86:TESTLINE3
:86:TESTLINE3
:86:TESTLINE3
:62F:980125EUR860,00
:64:C980126EUR860,00
:-}

```

### IN DETAILS OF MT940 FORMAT



### Customer Invoice:

Let's suppose that we have two Customer Invoices with the global amount of 378 EUR (177,10 and 200,90) with the reference values 10100001 & 10100002 like below:

Display Document: Overview									
Document Number	1000000001	Company Code	1100	Fiscal Year	2019				
Document Date	26.08.2019	Posting Date	26.08.2019	Period	8				
Reference	10100001	Cross-Comp.No.							
Currency	EUR	Texts exist							
CoCd	Item	Key Account	Description	Amount	Curr.	Tx			
1100	1 01	10058	CUSTOMER 10058	177,10	EUR	A0			
	2 50	70701111	SALES	177,10-	EUR	A0			

Display Document: Overview									
Document Number	1000000002	Company Code	1100	Fiscal Year	2019				
Document Date	26.08.2019	Posting Date	26.08.2019	Period	8				
Reference	10100002	Cross-Comp.No.							
Currency	EUR	Texts exist							
CoCd	Item	Key Account	Description	Amount	Curr.	Tx			
1100	1 01	10058	CUSTOMER 10058	200,90	EUR	A0			
	2 50	70701111	SALES	200,90-	EUR	A0			

## Customer Line Item Display FBL5N

With the line items display, we see that the two invoices have a red indicator (due date exceeded)

Customer Line Item Display									
Activate worklist Data Sources <b>Customer selection</b> Customer account 10058 to Company code 1100 to  <b>Selection using search help</b> Search help ID Search string 									
<b>Line item selection</b> Status <input checked="" type="radio"/> Open items <input type="radio"/> Open at key date 29.11.2019									

Customer Line Item Display									
<b>Customer</b> 10058									
<b>Name</b> CUSTOMER 10058 <b>City</b> PARIS									
Account	SG	Stat Document Date	Posting Date	DocumentNo	Reference	Key	z	Amount in local currency	Name of offsetting account
10058		26.08.2019	26.08.2019	1000000001	10100001	01		177,10	SALES
		26.08.2019	26.08.2019	1000000002	10100002	01		200,90	SALES
10058								378,00	
								378,00	

## Electronic Bank Statement (EBS) received

Let's assume that treasury department received a credit posting in the EBS with reference to the two invoices mentioned before (Reference 10100001 & 10100002) and for an amount of 378 EURO (177,10 + 200,90)

This means that the Customer payment have been received and we should clear the corresponding Open Items.

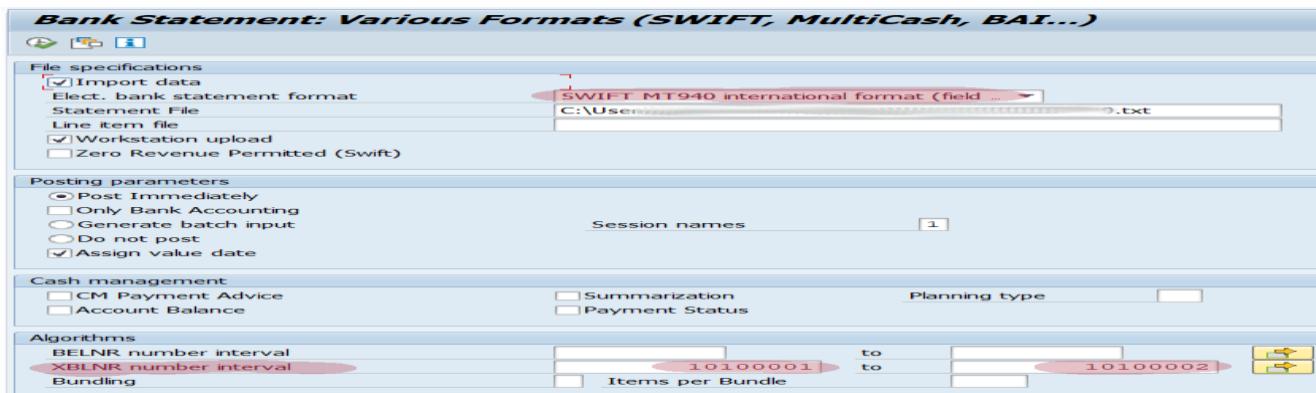
```

Bloc-notes
Fichier Edition Format Affichage ?
:25:
:28C:000001
:60F:
:61M:D1
:61:1908090809C378,NTRFN
CUSTOMER 10058
:86I:1667005EPA CREDIT TRANSFER
10100001 10100002?30B
:62M:D190809EU
:62F:C190809EURO,00
<

```

## Electronic Bank Statement (EBS) Integration FF\_5

EBS Integration program can be launched like below (with reference)



After a successful run, the program will allow the creation of the following documents:

- Bank clearing document for the Amount 378,00
- Customer payment document with 378,00 Euro which allows open items clearing

The below screenshot shows the postings made

Update Account Statement/Check Deposit Transaction										
Bank statement posting										
Bank statement posting log										
Document 1000300001 was posted in company code 1100										
Posting Ac	Bank Key	Name of bank	Bank accn	St no	Shrt key	Code	Item	Type	FR	Account Description
Bank Accounting	AC01	NTRF	PH01	1	MQ	40	51210000	BANK ACCOUNT	KUR	378,00
				2		50	51100000	BANK G/L CLEARING ACCOUNT		378,00
Document 1000100001 was posted in company code 1100										
Posting Ac	Bank Key	Name of bank	Bank accn	St no	Shrt key	Code	Item	Type	FR	Account Description
Customer Ledger	AC01	NTRF	PH05	1	KZ	40	61100000	BANK G/L CLEARING ACCOUNT	EUR	378,00
				2			51000000	CUSTOMER-H 10058		XBLMP 10100001
				3			51000000	CUSTOMER-H 10058		XBLMP 10100002
Document 1000100002 was posted in company code 1100										

## Bank Postings after FF.5 Run

### Bank clearing Document for the Amount 378,00

Display Document: Overview							
Document Number		1000300001	Company Code		1100	Fiscal Year	2019
Document Date		09.08.2019	Posting Date		09.08.2019	Period	8
Reference		166	Cross-Comp.No.				
Currency		EUR	Texts exist				
CoCd	Item Key	S... Account	Description	Amount	Curr.	Tx	
1100	1 40	51210000	BANK ACCOUNT	378,00	EUR		
	2 50	51100000	BANK G/L CLEARING ACCOUNT	378,00-	EUR		

Customer payment document 378,00 which will clear the open items

Display Document: Overview							
Document Number		1000100001	Company Code		1100	Fiscal Year	2019
Document Date		09.08.2019	Posting Date		09.08.2019	Period	8
Reference		166	Cross-Comp.No.				
Currency		EUR	Texts exist				
CoCd	Item Key	S... Account	Description	Amount	Curr.	Tx	
1100	1 40	51100000	BANK G/L CLEARING ACCOUNT	378,00	EUR		
	2 15	10058	CUSTOMER 10058	378,00-	EUR		

## Customer Line Item Display FBL5N

After launching the FBL5N with the appropriate criteria, the Customer Open Items are now displayed with a green indicator (Cleared Document).

Customer Line Item Display						
Customer 10058						
Name CUSTOMER 10058 City PARIS						
Account	SG	Stat	Document Date	Posting Date	DocumentNo	Reference
10058			26.08.2019	26.08.2019	1000000001	10100001 01
						177,10 SALES
						200,90 SALES
						378,00
						378,00

Global view of the processFrom an accounting point of view, the process can be shown like below



GST (Good and Services Tax)

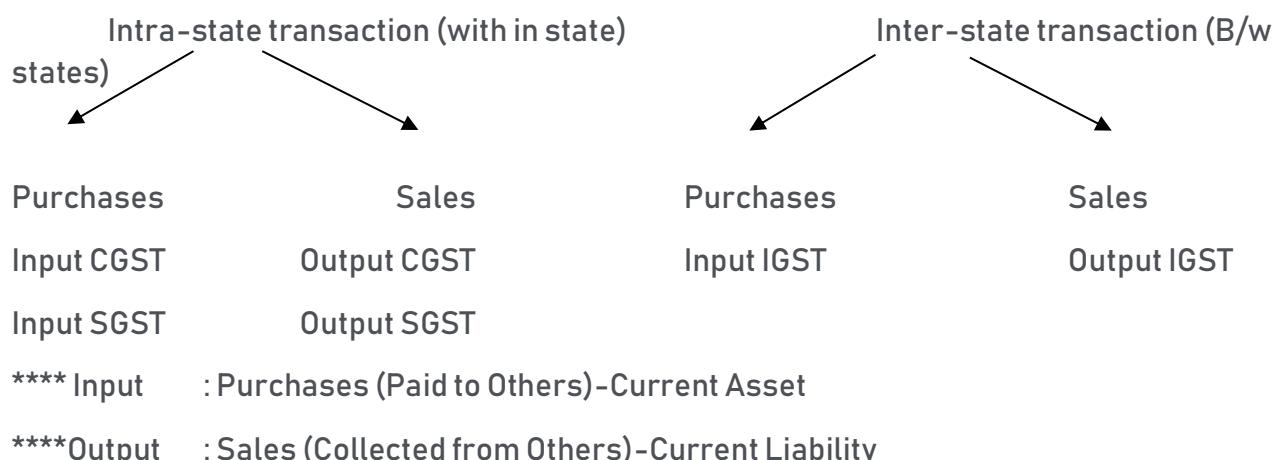
GST is an indirect tax and levied on the supply of goods and services.

### Types of GST

- Central Goods and Services Tax (CGST)
- State Goods and Services Tax (SGST)
- Integrated Goods and Services Tax (IGST)
- Union Territory Goods and Services Tax (UTGST)

Types of GST	Authority which is benefitted	Who is it collected by?	Transactions which are applicable (Goods and Services)
CGST	Central Government	Central Government	Within a single state, i.e. intrastate
SGST	State Government	State Government	Within a single state, i.e. intrastate
IGST	Central Government and State Government	Central Government	Between two different states or a state and a Union Territory, i.e. interstate
UTGST/UGST	Union Territory (UT) Government	Union Territory (UT) Government	Within a single Union Territory (UT)

### Transaction



### Journal Entries

Intra-state purchase	Inter-state Purchases	
Intra-state Sales	Inter-state Sales	
Purchase A/c .....Dr. 1,00,000	Purchase A/c .....Dr. 1,00,000	
Input CGSTA/c .....Dr. 2,500	Input IGSTA/c .....Dr. 5,000	
Input SGSTA/c .....Dr. 2,500		
To Creditors A/c.....1,05,000	To Creditors A/c	1,05,000
(Being purchase of goods to be traded, GST of 5%)		
Debtors A/c .....Dr. 1,05,000	Debtors A/c .....Dr. 1,05,000	
To Sales A/c                         1,00,000	To Sales A/c                         1,00,000	
To Output CGSTA/c                 2,500	To Output IGSTA/c                 5,000	
To Output SGSTA/c                 2,500		

## Configuration Steps

T code

1. Define Tax Access Sequence ..... OBQ2/OBYZ
  2. Define Condition Types(Tax) ..... OBQ1/OBYZ
  3. Create account keys ..... OBCN
  4. Define Tax procedure ..... OBQ3/OBYZ
  5. Assign Tax Procedure to Country ..... OBBG
  6. Create Tax code in Country ..... FTXP
  7. Assign GL to account keys ..... OB40

## EXAMPLE:

1. Define Tax Access Sequence..... OBQ2/OBYZ

Ex: CTAX

2. Define Condition Types(Tax)..... OBQ1/OBYZ

EX: CICT - INPUT CGST      COCT - OUTPUT CGST

CIST - INPUT SGST      COST - OUTPUT SGST

CIIT - INPUT IGST      COIT - OUTPUT IGST

3. Create account keys .....OBCN

EX: CIC - INPUT CGST      COC - OUTPUT CGST

CIS - INPUT SGST      COS - OUTPUT SGST

CII - INPUT IGST      COI - OUTPUT IGST

4. Define Tax procedure .....OBQ3/OBYZ

EX: CTAXIN

5. Assign Tax Procedure to Country..... OBBG

6. Create Tax code in Country ..... FTXP

C1- INPUT GST 5%(CGST&SGST)

C2- INPUT GST 5%(IGST)

M1-OUTPUT GST 5%(CGST&SGST), M2- OUTPUT GST 5%(IGST)

7. Assign GL to account keys ..... OB40

CURRENT ASSET

200108 INPUT CGST A/C

200109 INPUT SGST A/C

CURRENT LIABILITIES

100505 OUTPUT CGST A/C

100506 OUTPUT SGST A/C

\*\*\*\* WE NEED TO SELECT TAX CATEGORY IN G/L ACCOUNTS WHICH IS COMES UNDER TAX

### WITHHOLDING TAX IN SAP

Withholding Tax is quite like the working of Tax Deducted at Source. In outside India, terminology used for Tax Deducting at Source is withholding tax. But if we talk about India, here withholding tax is applicable on various income sources such as salary earned from work, commission, rent, professional services, technical services or income from business, etc. Withholding Tax is also called as retention tax. Its requirement of Government to deduct or withhold a particular percentage from paying to the vendor and pay such amount to the Government on behalf of other person.

In sap withholding tax is classification in to two types

1. Classic withholding tax

2. Extended withholding tax

Classic withholding tax-----we can enter only one-line item in the vendor master record. Classic withholding tax is only for creditors; we can have called it as vendors.

Extended withholding tax-----in extended withholding tax you can enter multiple line items, it is designed for both vendors and customers

Extended Withholding tax includes all the functions of classic withholding tax. SAP therefore recommends the use of extended withholding tax.

#### Classic and Extended Withholding Tax functions

Sl. No.	Functionality	Classic WHT	Extended WHT
1	Withholding Tax on Outgoing payment	Yes	Yes
2	TDS on Incoming payment	No	Yes
3	TDS at the time of invoice	No	Yes
4	TDS on partial payment	No	Yes
5	No. of withholding tax from each document	Max1	Several
6	TDS basis		
	- Net amount	Yes	Yes
	-Gross amount	Yes	Yes

	-Tax amount	No	Yes
7	Rounding rules	No	Yes
8	Cash discount consideration	No	Yes
9	Accumulation	No	Yes
10	Minimum/Maximum amt and exemption	No	Yes
11	Certification Numbering	No	Yes
12	Calculation Formula	Yes	Yes

**Country-Specific Requirements** Due to legal requirements, the following countries use extended withholding tax:

America	Europe and Africa	Asia/Pacific
Argentina	United Kingdom	India
Brazil	Slovakia	The Philippines
Chile	Turkey	South Korea
Colombia		Thailand
Mexico		
Peru		
Venezuela		

#### TDS under Income Tax Act

- TDS is deducted at the time of Payment or Invoice whichever is earlier
- The base amount for TDS calculation will be net amount i.e., excluding taxes
- Applicable on various expenses/payments like salary, interests, rent, commission etc.
- Different rate of TDS for different types of payments defined under different sections. Eg. Section 194 defines rates for TDS on Interest on securities, Sec 194 I defines rates for TDS on Rent etc.

#### Important Terms TAX KEYS

- Tax keys are defined to identify different Sections under which TDS is levied
- It is required for Reporting Tax details for respective Sections under Income tax return (India)

#### Recipient Types:

- Different persons are defined under recipient types [Example: Company, Individual/HUF]
- Recipient type is assigned to respective vendor
- Used in case different tax types are applicable to different persons (Individual/HUF/Company)

#### Exemption Reason Code:

- Exemptions, if any, are defined as exemption reason code.
- Exemption Reason code gets assigned to respective Vendor master record

**Business Place:**

- Business Place are location where tax is deducted
- A Business place is created for each TAN number that a company has.

**Tax Types:**

- Tax type is where we define properties for W/H Tax Calculation such as Base amount, rounding rule, accumulation type.
- Tax type is defined separately for Invoice & Payment. It means that for each tax key, 2 tax types will be defined
- If Recipient Type is to be defined, then additional Tax Types will also be defined as per requirement. Tax Code:
  - Each W/H Tax Rate under a section is defined under tax code
  - Each Tax code shall be defined twice for each tax type

#### **W/H Tax Configuration:**

- Define Withholding Tax Country
- Define Business Places
- Assign Factory Calendars to Business Places
- Assign Factory Calendars to Section Codes
- Maintain Tax Due dates
- Define Withholding Tax Keys
- Define Withholding Tax Types
- Define Recipient types
- Define Withholding Tax Code
- Define Reason Codes for Exemption
- Assigning Withholding Tax type to Company Code
- Remittance Challans
  - 1. Specify Document type (Accounts Payable)
  - 2. Maintain Number Groups
  - 3. Assign Number Ranges to Number Group
  - 4. Maintain Number Ranges

#### **WHT Certificate**

- 1. Maintain Number Groups and SAP Scripts for WHT Certificate
- 2. Assign Number ranges to Number Groups

### 3. Maintain Number range

Activate Extended Withholding Tax for your company code

Create GL and assign it to Tax Type

Assign Tax type, tax code, exemption reason code & recipient type to Vendor

Transactions Posting

Post Vendor Invoice

Create Remittance Challan

Enter Bank Challan

Printing Withholding Tax Certificate

## CONFIGURATION

### 2.1 Check Withholding Tax Countries

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax □ Extended withholding Tax □ Basic settings □ Check Withholding Tax Countries
Via Transaction Code	SPRO

### Change View "Country Keys For Withholding Tax"

Cty	WCty	Description
IN	IN	India

### 2.2 Define Withholding Tax keys

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax □ Extended withholding Tax □ Basic settings □ Define Withholding Tax keys
Via Transaction Code	SPRO

On prompting input country key

Click on  New Entries

**Change View "Official withholding tax key - Descriptions"**



Country IN India

Off. Key	Name	NatTax
194C	Withholding Tax - Contractors	

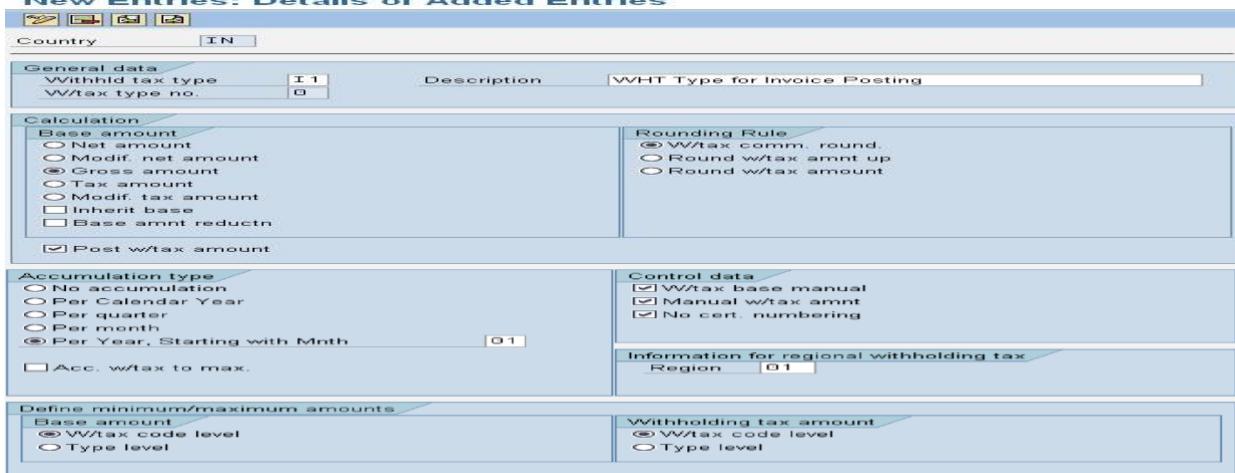
Click on 

### 2.3 Define Withholding Tax Type for Invoice Posting

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting global Settings(New) □ Withholding tax □ Calculation □ Define Withholding Tax Type for Invoice Posting
Via Transaction Code	SPRO

Click on  New Entries

**New Entries: Details of Added Entries**



Country IN

General data  
Withhold tax type I1  
W/wtax type no. 0  
Description WVHT Type for Invoice Posting

Calculation  
Base amount  
 Net amount  
 Modif. net amount  
 Gross amount  
 Tax amount  
 Modif. tax amount  
 Inherit base  
 Base amnt redctn  
 Post w/tax amount

Rounding Rule  
 W/wtax comm. round.  
 Round w/tax amnt up  
 Round w/tax amount

Accumulation type  
 No accumulation  
 Per Calendar Year  
 Per quarter  
 Per month  
 Per Year, Starting with Mnth 01  
 Acc. w/tax to max.

Control data  
 W/wtax base manual  
 Manual w/tax amnt  
 No cert. numbering

Information for regional withholding tax  
Region 01

Define minimum/maximum amounts  
Base amount  
 W/wtax code level  
 Type level

Withholding tax amount  
 W/wtax code level  
 Type level

Click on 

### 2.4 Define Withholding Tax Type for Payment Posting

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting global Settings(New) □ Withholding tax □ Calculation □ Define Withholding Tax Type for Payment Posting
Via Transaction Code	SPRO

**New Entries: Details of Added Entries**

Country **IN**

<b>General data</b>		Description <b>VWithholding Tax Type for Payment Posting</b>
Withhld tax type <input type="radio"/> VV/tax type no.	P1 <input type="radio"/>	
<b>Calculation</b>		
<input type="radio"/> Base amount <input type="radio"/> Net amount <input type="radio"/> Modif. net amount <input checked="" type="radio"/> Gross amount <input type="radio"/> Tax amount <input type="radio"/> Modif. tax amount <input type="checkbox"/> Inherit base	<b>Rounding Rule</b> <input checked="" type="radio"/> VV/tax comm. round. <input type="radio"/> Round w/tax amnt up <input type="radio"/> Round w/tax amount	<b>Cash discount</b> <input type="radio"/> VV/tax pre c/dis <input checked="" type="radio"/> C/disc pre VV/tx
<input checked="" type="checkbox"/> Post w/tax amount		
Accumulation type <input type="radio"/> No accumulation <input type="radio"/> Per Calendar Year <input type="radio"/> Per quarter <input type="radio"/> Per month <input checked="" type="radio"/> Per Year, Starting with Mnth  <input type="checkbox"/> Combined accum. <input type="checkbox"/> Acc. w/tax to max.	01	<b>Control data</b> <input checked="" type="checkbox"/> VV/tax base manual <input checked="" type="checkbox"/> Manual w/tax amnt <input type="checkbox"/> Self-w/holding  <b>Information for regional withholding tax</b> Region 01
<b>Define minimum/maximum amounts</b> Base amount <input checked="" type="radio"/> VV/tax code level <input type="radio"/> Type level		
<b>Withholding tax amount</b> <input checked="" type="radio"/> VV/tax code level <input type="radio"/> Type level		
Central invoice <input checked="" type="radio"/> No centr. invoice <input type="radio"/> Cent.inv. & 1st p.pmt <input type="radio"/> Central inv. prop.		<b>Minimum Check</b> <input checked="" type="radio"/> Minimum Check at Item Level <input type="radio"/> Check min. base amnt at pymt doc level <input type="radio"/> Min.base amnt check at doc.invoice level <input type="radio"/> Min. Amt Check at Payment Doc. Level <input type="radio"/> Base Exempt Amt Check at Pymt Doc. Level

Click on 

## 2.5 Check Recipient Type

Via Menus	IMG <input type="checkbox"/> Financial Accounting (New) <input type="checkbox"/> Financial Accounting Global Settings(New) <input type="checkbox"/> Withholding tax <input type="checkbox"/> Extended withholding Tax <input type="checkbox"/> Basic settings <input type="checkbox"/> Check Recipient Types
Via Transaction Code	SPRO

Provide country on prompting and

Click on

**New Entries**

**New Entries: Overview of Added Entries**

Country **IN India**

VVth.t.type	Rec.ty	Text
I 1	CO	Company
I 1	OT	Others
P 1	CO	Company
P 1	OT	Others

Click on 

## 2.6 Check Income Types

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax□ Extended withholding Tax□□ Basic settings□ Check Income Types
Via Transaction Code	SPRO

Provide country on prompting and Click on **New Entries**

**New Entries: Overview of Added Entries**

ITyp	Text
001	Contracts
002	Commission
003	Professional fee
004	Rent

Click on

## 2.7 Define Business places

Via Menus	IMG □ Cross Application Components □ General Application Functions □ Nota Fiscal □ CNPJ Business Places □ Define Business Places
Via Transaction Code	SPRO

**Determine Work Area: Entry**

Company Code **1112**

**New Entries: Details of Added Entries**

## 2.8 Define Section codes Business places

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax□ Extended withholding Tax□ Basic settings□ South Korea□Define Section Codes
Via Transaction Code	SPRO

**Change View "Section Codes": Overview**

Section Code	Name 1	Business Place	Name 1
1112	Section Code 1112	1112	Business Place - Hyderabad

Click on

## 2.9 Assign Factory Calendar to Business places

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax □ Extended withholding Tax □ Basic settings □ India □ Define Business Places
Via Transaction Code	SPRO

Provide country as prompted and Click on

**New Entries: Overview of Added Entries**

Co.	Sect. Code	Fa.	Rule
1112	1112	01	+ Day After

Click on

## 2.10 Maintain Tax Due dates

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax □ Extended withholding Tax □ Basic settings □ India □ Maintain Tax Due Dates
Via Transaction Code	SPRO

Click on

**Change View "Tax Due Dates": Overview**

Country	Official W...	Recipient	No. Days Un...
IN	194C	CO	777

Click on

## 2.11 Define Withholding Tax Codes

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax □ Extended Withholding tax Calculation □ WHT code □ Define Withholding Tax code
-----------	--

Via Transaction  
Code

SPRO

Click on **New Entries** and provide below details:

**Change View "Withholding tax code": Details**

Click on

## 2.12 Define Min/Max Amounts for Withholding Tax Codes

Via Menus

IMG  Financial Accounting (New)  Financial Accounting Global Settings(New)  Withholding tax  EWT  Calculation  Min/Max Amounts  Min/Max Amounts for WHT codes

Via Transaction  
Code

SPRO

**New Entries** and update details for both tax codes and by and

**New Entries: Details of Added Entries**

Country: IN India

Withhld tax type: W1  
Ww/tax code: W2  
Currency: INR

Amounts per Withholding Tax Code

Valid from:	01.04.2011
Minimum w/tax amount:	
Maximum w/tax amount:	
Minimum base amount:	20,000.00
Ww/tax base exem. amt:	

**New Entries: Details of Added Entries**

Country: IN India

Withhld tax type: P1  
Ww/tax code: W2  
Currency: INR

Amounts per Withholding Tax Code

Valid from:	01.04.2011
Minimum w/tax amount:	
Maximum w/tax amount:	
Minimum base amount:	20,000.00
Ww/tax base exem. amt:	

Click on

## 2.13 Assign Withholding Tax Types to Company Codes

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ EWT □ Company code □ Assign withholding Tax Types to company codes
Via Transaction Code	SPRO

**New Entries: Details of Added Entries**

Company Code: 1112

Ww/tax agent:   
Ww/tax obligate firm: 01.04.2011  
Oblig.to w/tax until: 31.03.2999  
Ww/tax number: ABCD1234H

**New Entries: Details of Added Entries**

Company Code: 1112 ABC Electronics India Ltd

Ww/tax agent:   
Ww/tax obligate firm: 01.04.2011  
Oblig.to w/tax until: 31.03.2999  
Ww/tax number: ABCD1234H

Click on

## 2.14 Activate Extended Withholding Tax

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings(New) □ Withholding tax □ Extended Withholding Tax □ Company code □ Activate Withholding Tax
Via Transaction Code	SPRO



## 2.15 Create GL Account for Withholding Tax

Create GL required for Withholding tax postings

## 2.16 Accounts for Withholding Tax to be paid over

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ Extended Withholding Tax □ Posting □ Accounts for Withholding Tax to be Paid over
Via Transaction Code	SPRO

**Maintain FI Configuration: Automatic Posting - Rules**

Click on

**Maintain FI Configuration: Automatic Posting - Accounts**

Withholding tax type	Withholding tax code	Account
I 1	W2	100550
P 1	W2	100550

Click on

## 2.17 Specify Document type (Accounts Payable)

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ Extended Withholding Tax □ Posting □ India □ Remittance Challans □ Document Types □ Specify Document types.
Via Transaction Code	SPRO

Click on

**New Entries: Overview of Added Entries**

CoCd	RC Doc Typ
1112	SA

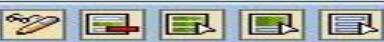
Click on

## 2.18 Maintain Number Groups

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ Extended Withholding Tax □ Posting □ India □ Remittance Challans □ Maintain Number Groups
Via Transaction Code	SPRO

Click on 

### New Entries: Overview of Added Entries



Number Groups For Internal Challan Numbers-EWT India: SECT			
Co...	Sect. Code	Off. W/Tax Key	Number grp
1112	1112	194C	001

Click on 

## 2.19 Assign Number Ranges to Number Groups

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ Extended Withholding Tax □ Posting □ India □ Remittance Challans □ Assign Number Ranges to Number Groups
Via Transaction Code	SPRO

Click on 

### New Entries: Overview of Added Entries

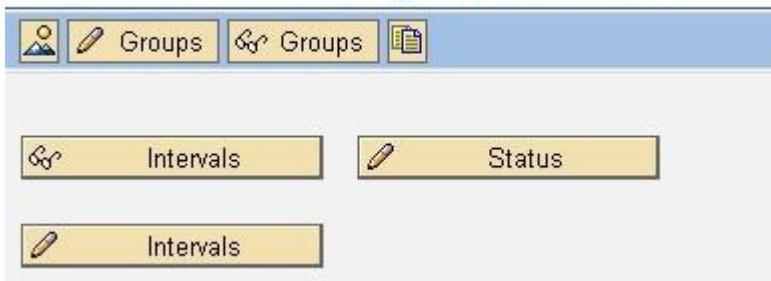


INTERNAL NO RANGE FC	
Number grp	IntNR
001	01

Click on 

## 2.20 Maintain Number Ranges

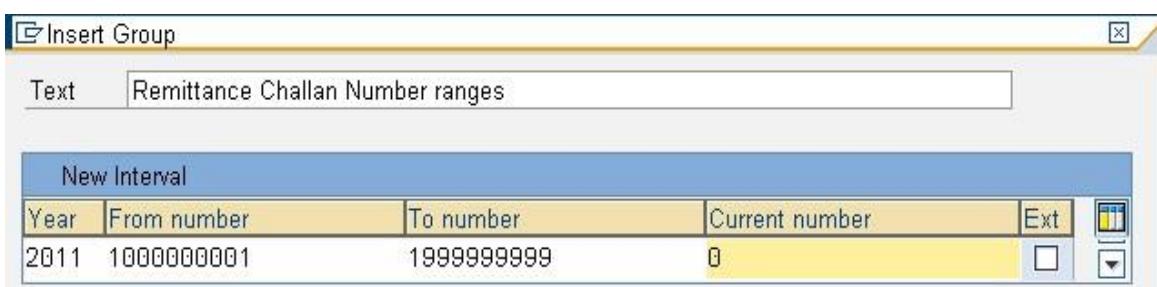
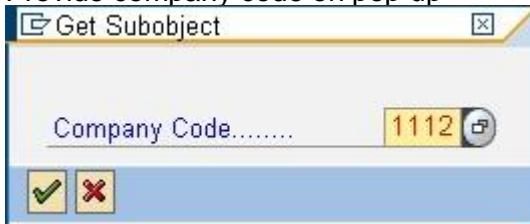
## Internal number range for challans



Click on and select Group→Insert from the menu



Provide company code on pop up



Click on Click on

Check number range object Challan No range  
Then click on Element/Group

**Maintain Number Range Groups**

<input type="checkbox"/> Remittance Challan numbers 001	<input type="checkbox"/> Group without text Remittance Challan Number ranges
--	---

Not assigned

Number group is assigned to Number ranges as below

**Maintain Number Range Groups**

<input checked="" type="checkbox"/> Remittance Challan Number ranges 001	<input type="checkbox"/> Group without text
---	---

Click on

## 2.21 Maintain Number Grps and SAP Scripts for WHT Certificate

Via Menus	IMG <input type="checkbox"/> Financial Accounting (New) <input type="checkbox"/> Financial Accounting Global Settings (New) <input type="checkbox"/> Withholding tax <input type="checkbox"/> Extended Withholding Tax <input type="checkbox"/> Posting <input type="checkbox"/> India <input type="checkbox"/> Withholding Tax Certificates for Vendors and Customers <input type="checkbox"/> Maintain Number Groups and SAP Script Forms
Via Transaction Code	SPRO

Click on New Entries

**Change View "SAPscript Forms/section indicators for EWT Certificate**

Co.	Sect. Code	Off. W/Tax Key	Sec. type	Form	Number grp
1112	1112	194C		J_1IEWT_CERT	002

Click on

## 2.22 Assign Number ranges to Number Groups

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ Extended Withholding Tax □ Posting □ India □ Withholding Tax Certificates for Vendors and Customers □ Assign Number Ranges to Number Groups
Via Transaction Code	SPRO



## 2.23 Maintain Number ranges

Via Menus	IMG □ Financial Accounting (New) □ Financial Accounting Global Settings (New) □ Withholding tax □ Extended Withholding Tax □ Posting □ India □ Withholding Tax Certificates for Vendors and Customers □ Maintain Number Ranges
Via Transaction Code	SPRO

Select Group from menu □ select insert



Update below details

Insert Group				
Text WHT Certificate numbers				
New Interval				
Year	From number	To number	Current number	Ext
2011	2000000001	2999999999	0	<input type="checkbox"/>

**Maintain Number Range Groups**

WHT Certificate numbers	002
-------------------------	-----

Click on

## 2.24 Maintain Company code Settings -Excise Registration

Via Menus	IMG □ Logistics-General □ Tax on Goods Movement □ India □ Basic Settings □ Maintain Company code Settings
Via Transaction Code	SPRO

**Change View "Company Code Settings": Details**

Company Code Settings	CENVAT Doc. Type SA	Util FI Doc Typ SA
	<input checked="" type="checkbox"/> Debit Acc Override	<input checked="" type="checkbox"/> Aut adj ind
	<input type="checkbox"/> Imm. credit on Capital Goods	
First Month	1 January	
Excise Invoice Selection params	Exc Sel Days 30	No. Exclnv Sel 999
	EI Sel. Proc. F FIFO	
Rounding Rules	<input checked="" type="checkbox"/> Rounding duty on Procurement <input checked="" type="checkbox"/> Rounding duty on removal	
Exchange rate settings	Exch.rate type for CVD	Exchange rate type for exports
	CVD account	

Click on

## 3 Assign Withholding Tax code to Vendor Master

Go to FK02 (Change Vendor Master) and select Withholding tax Check box

## Change Vendor: Initial Screen

Vendor  Mitsubishi Electronics Ltd  
Company Code  ABC Electronics India Ltd

**General data**  
 Address  
 Control  
 Payment transactions

**Company code data**  
 Accounting info  
 Payment transactions  
 Correspondence  
 Withholding tax

Press Enter and provide below details

## Change Vendor: Withholding tax Accounting

Vendor  Mitsubishi Electronics Ltd Hyderabad  
Company Code  ABC Electronics India Ltd

WH Tax Country

**With/tax information**

Wht.t.type	W/tax co	Liable	Rec.ty	Ex	Exe	Ex	Exe	Ex	Description
I1	W2	<input checked="" type="checkbox"/>	C0						WHT Type for Invoice Postin
P1	W2	<input checked="" type="checkbox"/>	C0						Withholding tax Type for In
		<input type="checkbox"/>							

Click on 

## 4 Transactions Posting

Here, let us post some transactions and see how withholding tax is calculated and how TDS Certificate is printed.

### 4.1 Post Invoice

Via Menus	Accounting □ Financial Accounting □ Accounts Payable □ Document Entry □ Invoice
Via Transaction Code	FB60

The screenshot shows the SAP Enter Vendor Invoice interface. The vendor details are: Mitsubishi Electronics Ltd, 1266 Somajiguda, 500072 HYDERABAD INDIEN. The invoice amount is 100,000.00 INR. A note at the bottom states: "Vendor 900005 is subject to withholding tax".

Select document □ Simulate □ Save

Note: You must enter business place and Section complete print withholding tax challan and certificate, otherwise you would get errors

Select Document □ Display

Document Number	19000003	Company Code	1112	Fiscal Year	2011
Document Date	20.08.2011	Posting Date	20.08.2011	Period	8
Reference	123456	Cross-CC no.		Ledger Group	
Currency	INR	Texts exist			

CoCd	Item	PK	S	Account	Description	Amount	Curr.
1112	1	31		900005	Mitsubishi Electronics Ltd	98,000.00-	INR
	2	40		400100	Job work Expenses	100,000.00	INR
	3	50		100550	withholding Tax	2,000.00-	INR

### 4.2 Create Remittance Challan

Via Menus	Accounting □ Financial Accounting □ Accounts Payable □ Withholding
-----------	--

	Tax □ India □ Extended Withholding Tax □ Remittance of Withholding Tax □ Create Remittance Challan
Via Transaction Code	J1INCHLN

Update below details:

**Create Remittance Challans**

**Company Details**

Company Code	1112
Fiscal Year	2011
Business Place/Section Code	1112

**Details of Withholding Tax Items**

Document Numbers	190000093	to	
Posting Dates	01.08.2011	to	20.08.2011
Section	194C	to	
Payment Due Dates		to	
Vendors	900005	to	
Recipient Types	co	to	

**Tax Remittance Details**

Document Date	20.08.2011
Posting Date	21.08.2011
Bank Account	200131
Business Area	
Bank Charges	

**Choose Selection Criterion**

Document Number  
 Reference

Double click on amount to select and select back arrow

**Post Outgoing Payments Process open items**

**Account Items 100560 withholding Tax Payable - Contracts**

Document N.	D.	Documen	P.	Busi.	Day.	INR Gross
190000093	KR	20.08.2011			0	2,000.00-

**Editing status**

Number of items	1
Display from item	1
Display in clearing currency	

**Amount entered**

Assigned	
Not assigned	

In the below screen double click on amount and delete amount and put \*

**Post Outgoing Payments Display Overview**

<input type="button" value="Process open items"/>	<input type="button" value="Choose open items"/>	<input type="button" value="Display Currency"/>	<input type="button" value="Acct model"/>	<input type="button" value="Taxes"/>
Document Date Posting Date Document Number Reference Doc. Header Text	Type Period Fiscal Year	Company Code Currency Cross-CC no. Trading part.BA	1112 INR 21.08.2011	
Items in document currency		INR	Amount 1.00-	Tax amnt
PK BusA Acct 001 50 0000200131 CITIBANK CHECK ISSU				
D 0.00	C 1.00	1.00- *		1 Line items

Select Document  Simulate  Save

Message: Document posted in company code 1112

Select Document  Display to view the document post

**Display Document: Data Entry View**

<input type="button" value="Find"/>	<input type="button" value="New"/>	<input type="button" value="Delete"/>	<input type="button" value="Copy"/>	<input type="button" value="Display Currency"/>	<input type="button" value="General Ledger View"/>
Data Entry View		Company Code		Fiscal Year	
Document Number Document Date Reference Currency	1000000001 20.08.2011	1112	Posting Date Cross-CC no.	21.08.2011	Period
		Texts exist		Ledger Group	
CoCd	Item	PK	S Account	Description	Amount Curr.
1112	1 50	200131	Citibank Check Issue	2,000.00- INR	
	2 40	100560	withholding Tax	2,000.00 INR	

**Create Remittance Challans**

Clearing Doc.									
Sr. No.	Co. Cd.	Doc. No.	Fiscal Year	B. Place	Tax Code	Challan No.	Challan Dt.	Total Tax	Surcharge Tax
1	1112	19000003	2011	194C	W2	001000000001	21.08.2011	2,000.00	0.00
Total Tax Remitted									
2,000.00 0.00									

Error: If you get the error "Number group not maintained for CO code 1112 section IEQ1112 and business place 194C"

**Maintain Table Views: Initial Screen**

<input type="button" value="Find Maintenance Dialog"/>
Table/View <input type="text" value="J_1IEWTNUMGR_1"/>
Restrict Data Range <input checked="" type="radio"/> No Restrictions <input type="radio"/> Enter conditions <input type="radio"/> Variant
<input type="button" value="Display"/> <input type="button" value="Maintain"/> <input type="button" value="Transport"/> <input type="button" value="Customizing"/>

**New Entries: Overview of Added Entries**

<input type="button" value="New"/> <input type="button" value="Edit"/> <input type="button" value="Delete"/> <input type="button" value="Print"/> <input type="button" value="Close"/>
Number Groups For Internal Challan Numbers-EWT India: SECC
Co. Sect. Code Off. VW/Tax Key Number grp
1112 1112 194C 001

Click on

#### 4.3 Enter Bank Challan

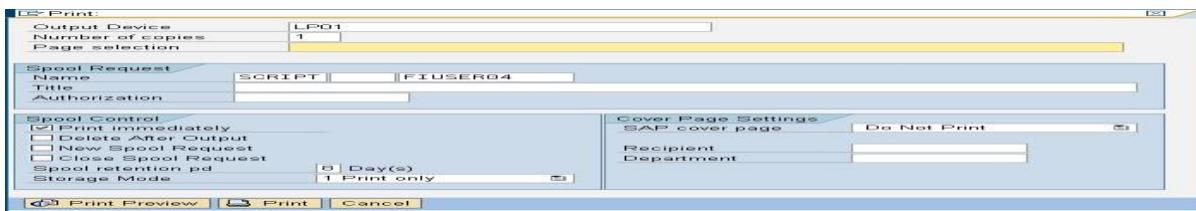
Via Menus	Accounting □ Financial Accounting □ Accounts Payable □ Withholding Tax □ India □ Extended Withholding Tax □ Remittance of Withholding Tax □ Enter Bank Challan
Via Transaction Code	J1INBANK

#### 4.4 Printing Withholding Tax Certificate

Via Menus	Accounting □ Financial Accounting □ Accounts Payable □ Withholding Tax □ India □ Extended Withholding Tax □ Certificates □ Enter Bank Challan
Via Transaction Code	J1INCERT

Provide below details:

Give printer name in the below screen



Click on **Print Preview** to preview TDS Certificate  
Click on **Print** to print TDS Certificate

Select System Own Spool Request (SP01) to see the WHT Certificate

#### Print Preview of LP01 Page 00001 of 00003

FORM NO. 16A	TDS Certificate No.				
[See rule 31(l)(b)]					
Certificate of deduction of tax at source under section 203 of Income-tax Act, 1961					
<p>[For interest on securities; dividends; interest other than "interest on securities"; winnings from lottery or crossword puzzle; winnings from horse race; payments to contractors and sub-contractors; insurance commission; payments to non-resident sportsmen/sports associations; payments in respect of deposits under National Savings Scheme; payments on account of repurchase of units by Mutual Fund or Unit Trust of India; commission, remuneration or prize on sale of lottery tickets; rent; fees for professional or technical services; income in respect of units; other sums under section 195; income of foreign companies referred to in section 196A(2); income from units referred to in section 196B; income from foreign currency bonds or shares of an Indian company referred to in section 196C; income of Foreign Institutional Investors from securities referred to in section 196D]</p>					
Name and address of the person deducting tax	TDS circle where Annual Return under section 206 is to be delivered	Name and address of the person to whom payment made or in whose account it is credited			
Section Code -Hyderabad		Mitsubishi Electronics Ltd			
ABC Street Hyderabad		Somajiguda Hyderabad			
500072		500072			
<b>TAX DEDUCTION A/C NO. OF THE DEDUCTOR</b> HYD ()	<b>NATURE OF PAYMENT</b> TDS ON CONTRACTORS	<b>PAN/GIR NO. OF THE PAYEE</b>			
<b>PAN/GIR NO. OF THE DEDUCTOR</b> /	<b>FOR THE PERIOD</b> From : 20.08.2011 To : 20.08.2011				
<b>DETAILS OF PAYMENT, TAX DEDUCTION AND DEPOSIT OF TAX INTO CENTRAL GOVERNMENT ACCOUNT</b>					
DATE OF PAYMENT/ CREDIT	AMOUNT PAID/ CREDITED(Rs)	AMOUNT OF INCOME-TAX DEDUCTED(Rs)	RATE AT WHICH DEDUCTED %	DATE/CHALLAN NO. OF DEPOSIT OF TAX INTO CENTRAL GOVERNMENT ACCOUNT	NAME & BANK BRANCH FOR TAX
20.8.2011 Branch	200,000.00	4,000.00	2.0000	21.08.2011/ABC D12345	Citibank Hyderabad Somajiguda
Certified that a sum of Rs. FOUR THOUSAND has been deducted at source and paid to the credit of the Central Government as per details given above.					

Place: HYDERABAD  
Date: 21.08.2011

Signature of person responsible  
for deduction of tax

Full Name: VENKAT EMANI  
Designation: FINANCE CONTROLLER

## **Asset Accounting**

### **Asset: --**

- Asset includes
- both current and fixed assets

### **Current Assets: --**

- are the assets
- which can be converted into
- cash or the cash equivalents
- within a short duration
- less than a year

Ex: - Cash, Bills receivable, prepaid expenses, Inventory etc.,

### **Fixed Assets: --**

- are the assets
- acquired for the purpose of
- usage
- not for resale
- economic benefit over a period of time
- i.e., more than a year

Ex: - Land, buildings, goodwill, patents, copyrights, vehicles, furniture, Plant & Machinery, etc.

Here, the fixed can be categorised into two types: -

#### **1.Tangible Assets: --**

- these are the assets
- which have physical existence (touch & feel)
- and visibility (can see)

Ex: - Buildings, Plant & Machinery, furniture, vehicles, etc.

#### **2. Intangible assets: --**

- these are the assets
- which have neither physical existence
- nor visibility
- but we can enjoy the benefit of such an asset

Ex: -Goodwill, patents, copyrights, trademarks, etc.

**for example: M/S.Sriji pvt ltd purchased a building at Vrindavan on 3.4.19 for Rs.50,00,000/-**

building03.04.19.....50lakhs

31.03. 20.....building value.....?

31.03.21.....building value.....?

there may be some reduction in the value of an asset.... why?

The reduction in the value of an asset to be known as Depreciation

**Depreciation.....> arises**

- Wear and tear
- Efflux of time/passage of time
- Obsolescence due to technological changes
- Decrease in market value

these are the various reasons for Depreciation as per AS-6

**Factors considered for providing Depreciation:**

- cost of the asset
- Expected useful life time
- Estimated residual value

**why depreciation will be provided?**

- To correct the financial statements  
or
- To present true and fair view of the financial position
- and to know that the exact value that exists on the balance sheet today (on such particular date)
- Depreciation will be provided on tangible assets
- Amortisation will be provided on intangible assets

suppose, the useful life of an asset is 20 years.....

- the asset value at the end of the period 20 years.....is zero

It's the time to purchase another asset .....

**Asset procurement cycle:** -----it's a flow....

1.purchase requisition (PR)-----ME51N

2.Purchase order (PO)----ME21N

3.Goods receipt (MIGO)

4.Invoice verification (MIRO)

5.Payment to Vendor-----F-53/APP

- after payment made to vendor, the asset purchased will be capitalised  
capitalisation shows the asset value under the balance sheet.

**Methods of Depreciation:** ---

Actually, there are 5 methods of depreciation:

They are: -----

**1.Straight line method:** --

- a fixed amount of depreciation charged every year

**2.Dimishing balance method:** -----

- Factors for determining depreciation percentage
- upper/lower limit for depreciation percentage

**3.Maximum amount method:** ---

- Depreciation only up to a certain level

**4.Periodic control method:** -----

- Acquisitions
- Subsequent acquisitions/post capitalizations
- Retirements
- Transfers

### **5.Multilevel Method: --**

- Validity period
- Base value
- Depreciation percentage

### **Retirement: -**

- removal of an asset
- from asset portfolio

it can be done in 2 ways: ----

1. Retirement with customer
- Gain/loss
2. Retirement without customer
- scrap

Retirement can be either.....

- partial
- or
- full retirement

### **Journal Entries:**

#### **At the time of purchase of asset**

Plant & Machinery a/c

To Vendor / cash a/c

#### **Providing Depreciation**

Depreciation a/c Dr

To Plant & Machinery a/c

### **At the time of Retirement**

#### **With customer----- Profit on sale of asset**

Bank a/c              Dr

Accumulated Deprn a/c Dr

    To machinery a/c

    To Profit on sale of asset a/c

#### **With customer----- Loss on sale of asset**

Bank a/c              Dr

Accumulated Deprn a/c      Dr

Loss on sale of machinery a/c Dr

    To machinery a/c

### **Asset Accounting In SAP**

The account maintained on fixed asset (tangible) are known as asset accounting.

#### **Asset Accounting involves: -**

- **chart of Depreciation**
- Non-taxable acquisitions
- Account Determination
- Screen Layout
- Asset Class
- Number Ranges
- Creation of GL's
- Depreciation key
- Depreciation methods
- Depreciation run
- Depreciation Vs. Accumulated depreciation

## Organisational structure

### Chart of Depreciation (COD):

- used in order to manage various legal requirements for the depreciation and valuation of assets
- **It is at client level**
- after creation of COD, assigned it to the company code
- COD is always country specific
- ✓ linked with the other company codes is known as country specific
- **cod involves various depreciation areas**
- the methods used for providing depreciation
- The depreciation areas are
  - 1.Book depreciation
  - 2.Tax Depreciation
  - 3.Costing Depreciation
  - 4.Group Depreciation
- ✓ Copying of Depreciation areas from the other countries is known as "Country specific"
- ✓ In USA, there are various number of depreciation areas in the country, and it will be different from one country to another.

for example: suppose we are having two company codes and one is located at US the other country is located in India. India is the head office and financial statements are prepared by head office only, where ever it is located.

USA---->Company----->dollars----->USD----->Branch

India----->Company----->Rupees----->INR----->Head office

here, the branch currency can be converted into head office currency

i.e., Conversion from USD to INR

In this situation, it will arise the concept of "IFRS".

**IFRS-----International financial reporting standards**

=>it contains worldwide unique standards

\*\*\*chart of Depreciation and chart of accounts are different\*\*\*

\*\*\*One chart of depreciation will be assigned to multiple company codes\*\*\*

## Differences between Chart of depreciation and chart of accounts

Chart of Depreciation	Chart Of Accounts
Established in FI-AA	Established in FI
A chart of depreciation is a collection of country specific depreciation areas	The chart of accounts is a list of GL accounts used in a company code. The chart of accounts contains 1. chart of accounts area 2. Company code area
The chart of depreciation is country specific. Usually, you may not require more than one chart of depreciation. SAP comes delivered with many countries' specific charts of depreciation as 'reference charts' which can be copied to have your own chart of depreciation	Depending upon the requirement you may have an 'operating chart of accounts', country specific chart of accounts', group chart of accounts
One company code uses only one chart of depreciation	One company code uses only one chart of accounts (operating)
Many company codes, in the same country, can use the same chart of depreciation	Several company codes within the same country can use the same chart of accounts

### Non-taxable acquisitions:

- these are the non-taxable purchases
- i.e., taxes are not applicable for purchase of assets
- towards these non-taxable purchases
  - ✓ in sap system
  - ✓ have to assign tax codes V0, A0(zero tax)
  - ✓ V0---Input tax
  - ✓ A0---Output tax
- it indicates there would be no tax on purchases and sales

### Account Determination:

- it is nothing but the assets
- such as land, buildings, plant&machinery, vehicles, Asset under construction
- example:

K1000 Land  
K2000 Buildings

K3000 Plant & Machinery  
K4000 Vehicles  
K5000 Asset under construction

➤ \*\*\*whatever the assets in the organisation will be mapped with a sap system is to be known as "Account Determination"\*\*\*

\*Account determination is linked with asset master data to post any kind of transaction.

\*

➤ Account Determination in asset accounting creates a link between the asset classes and the GL accounts.

#### Screen Layout Rules: ---

- It controls the field settings of Asset Master Data  
i.e. master data can be controlled here.
- In any master, data can be controlled from Account Groups

Ex: Vendor master data-----> Vendor account group

Customer master data--->Customer account groups

GL master data----->GL account groups

Asset master data----->account grps-->Screen Layout rules

- In asset master data account groups are known as Screen Layout Rules
- There will be only screen layout rules and no account groups in asset master data.

#### In screen Layout rules

- while using the general data, time dependant data, etc
- can assign which is
  - ✓ Mandatory.....Ex: Business Area
  - ✓ Optional.....Ex: Cost centres
  - ✓ Suppress

Example:      K100              Land  
                  K200              Buildings  
                  K300              Plant & Machinery

K400 -Vehicles      , K500 -Asset under construction

### **Asset classes: -**

- It is nothing but classification of an asset
- there will be a number of assets in asset class like

Ex: Buildings----->no of buildings----->one asset class

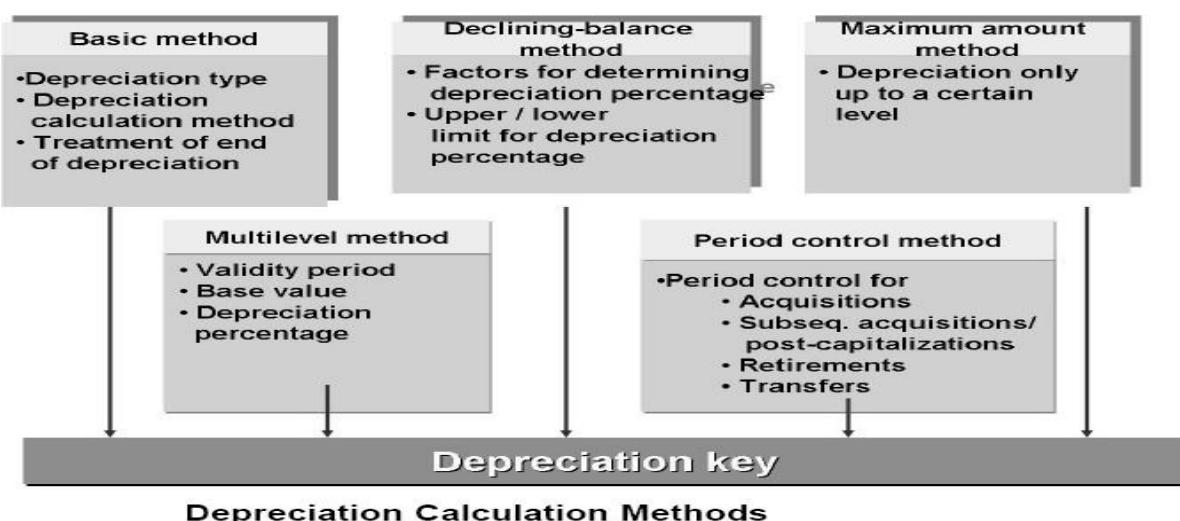
Machinery----->no of machineries----->one asset class  
same will be for furniture & fixtures, asset under construction.

- every asset is assigned to only one asset class.

### **Creation of GL's: -----**

- here, we are creating a fixed asset GL account for each class
- suppose there are 6 assets in business, then create 6 GL's
- Assets are nothing but reconciliations(G067),i.e sub ledgers
  - ✓ Creation of GL accounts in FS00
  - ✓ Ex: Land, Buildings, plant&machinery, Vehicles, Furniture& fixtures, asset under construction

**Depreciation Key:** -Specification and parameters required to calculate depreciation are entered in Depreciation Key.



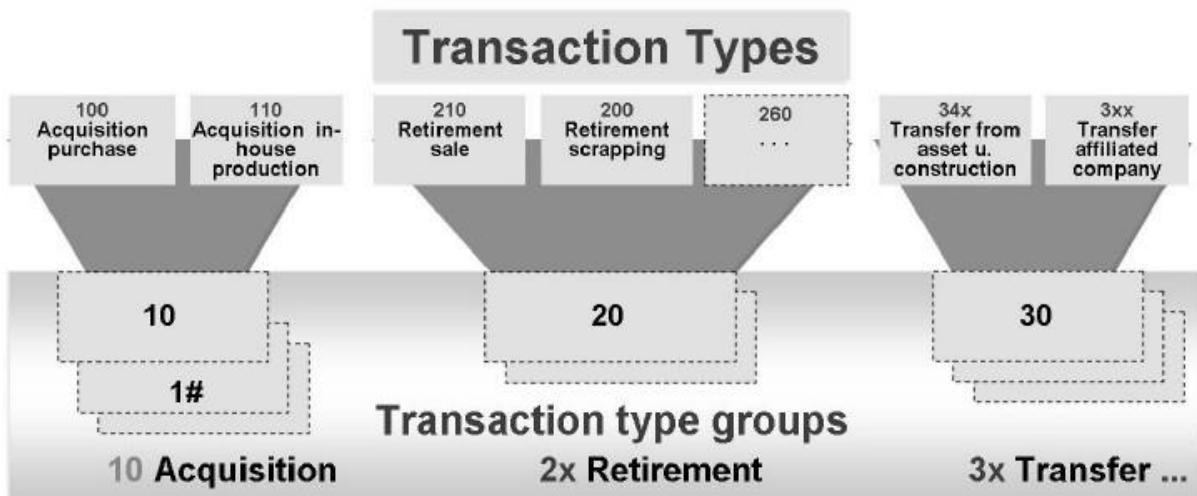
## Determine depreciation areas in Asset Class

The depreciation terms that are to be used for the asset class are mentioned in this step. When an asset master is created for this asset class, the depreciation terms are defaulted to the master record.

## Asset Accounting Transactions

We are going see what are the various transaction used in Fixed Asset management

Here, we are going to Transaction Types are used to differentiate various types of transactions.



## Asset Accounting Configuration in SAP

### Organisation Structure:

### Define Chart of Depreciation:

Path: SPRO > IMG > Financial Accounting (New) > Asset Accounting > Organizational Structures > Copy Reference Chart of Depreciation/Depreciation Areas

T. code: EC08

The screenshot shows the SAP transaction EC08 interface for defining the chart of depreciation. The screen includes fields for activities, a toolbar, and a status bar.

Activities
Perf... Name of Activity Copy Reference Chart of Depreciation Specify Description of Chart of Depreciation Copy/Delete Depreciation Areas

#### Assign Input tax indicator for Non-Taxable Acquisitions:

Path: IMG>Financial Accounting (New) > Asset Accounting > Integration with the General Ledger  
> Assign Input Tax Indicator for Non-Taxable Acquisitions

T.Code: OBCL

Change View "Allocate Co.Cd. -> Non-Taxable Transactions": Overview					
CoCd	Company Name	City	Input ta... VO	Output ... AO	Jurisdict. code
SNPL	SRI NIKUNJA BAGS PVT LTD	VRINDAVAN			
SOW	SOW GROUP OF INDUSTRIES	BANGALORE			
SP45	SP CONSTRUCTION LTD	hyderabad			
SREE	rekha software solutions	hyd			
SSS	sss pvt ltd	BANGALORE			
SV01	SV SIGNATURE1	BANGALORE			
SVH1	SV HEIGHTS	BANGALORE			
SVPO	SV PRIME	BANGALORE			
SVEL	SRI VRINDAVAN PUBLICATION	VRINDAVAN			
TATA	Tata Group Ind Pvt Ltd.	Pune			
TPN	tpn manufacturing pvt ltd	GUNTUR			
TR00	Company 00	Frankfurt			

#### 3. Assign Chart of depreciation to Company code:-

Path:- Financial Accounting (New) > Asset Accounting > Organizational Structures >  
Assign Chart of Depreciation to Company Code

T.Code: OAOB

Change View "Maintain company code in Asset Accounting": Overview		
CoCd	Company Name	Chrt dep
SNPL	SRI NIKUNJA BAGS PVT LTD	SNPL
SOW	SOW GROUP OF INDUSTRIES	
SP45	SP CONSTRUCTION LTD	
SREE	rekha software solutions	
SSS	sss pvt ltd	
SV01	SV SIGNATURE1	
SVH1	SV HEIGHTS	
SVPO	SV PRIME	
SVEL	SRI VRINDAVAN PUBLICATION	
TATA	Tata Group Ind Pvt Ltd.	
TPN	tpn manufacturing pvt ltd	
TR00	Company 00	

#### 4. Define Account determination: --

Path: -IMG>Financial Accounting (New) >Asset Accounting > Organisational structure >  
Asset Classes > Specify Account Determination

Change View "FI-AA: Account determination": Overview	
New Entries	Name for account determination
1000	Land - Cyient
1100	Buildings - Cyilent
1200	P & M - Cyient
1300	F & F - Cyient
1400	Computers - Cyient
1500	Vechicles - Cyient
1600	Off.Equipments - Cyient
10000	Real estate and similar rights
10010	Real estate and similar rights
10020	Real estate and similar rights
11000	Buildings
20000	Technical assets and machines

**Change View "FI-AA: Account determination": Overview**

Acct. determ.	Name for account determination
K1000	LAND
K2000	BUILDINGS
K3000	PLANT & MACHINERY
K4000	FURNITURE
K5000	VEHICLES
K6000	ASSET UNDER CONSTRUCTION
M1000	LAND
M2000	BUILDINGS
M3000	PLANT & MACHINERY
M4000	FURNITURE
M5000	VEHICLES
M6000	ASSET UNDER CONSTRUCTION

Position...      Entry 65 of 155

### Specify Screen layout rules:-

Path: -IMG>Financial Accounting (New) >Asset Accounting> Organisational structure >Asset Classes> Create Screen layout rule

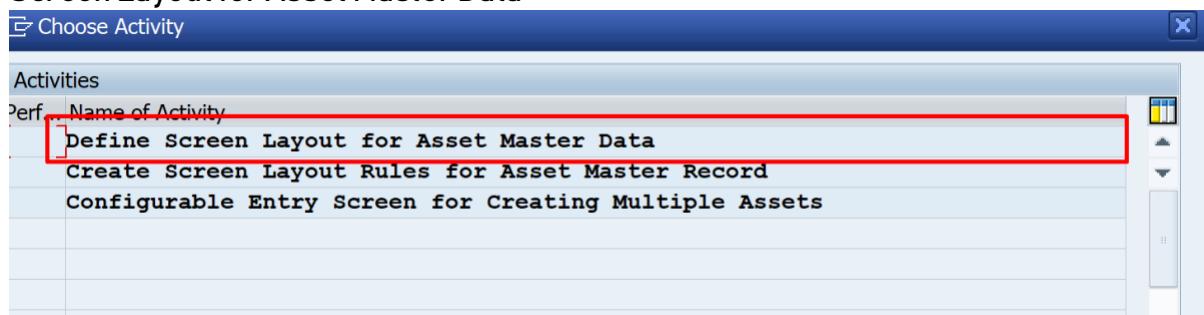
**Change View "Asset Accounting: Screen layout for master record": Overview**

Scr...	Name of screen layout rule
K100	LAND
K200	Buildings
K300	PLANT & MACHINERY
K400	VEHICLES
K500	FURNITURES & FIXTURES
K600	ASSET UNDER CONSTRUCTION
M100	Land
M200	Buildings
M300	Plant & machinery
M400	FURNITURE
M500	Vehicles
M600	asset under construction

Position...      Entry 53 of 145

If you want to change status of any field, go to below screen: -

Path:IMG>Financial Accounting (New) > Asset Accounting>Master Data >Screen Layout > Define Screen Layout for Asset Master Data



T.code:--0A77

Change View "Screen layout": Overview	
Dialog Structure - Screen layout - Logical field groups - Field group rules	
Layout K100 LAND K200 Buildings K300 PLANT & MACHINERY K400 VEHICLES K500 FURNITURES & FIXTURES K600 ASSET UNDER CONSTRUCTION M100 Land M200 Buildings M300 Plant & machinery M400 FURNITURE M500 Vehicles	 Position...      Entry 53 of 145

Display View "Logical field groups": Overview	
Dialog Structure - Screen layout - Logical field groups - Field group rules	
Log.fld.gr 1 General data 2 Posting information 3 Time-dependent data 4 Allocations 5 Leasing 6 Net worth valuation 7 Real estate and similar rights 8 Insurance 9 Origin 10 Inv. account assignment 11 Inventory	 Position...      Entry 1 of 17

Change View "Field group rules": Overview																																																																																																				
Dialog Structure - Screen layout - Logical field groups - Field group rules																																																																																																				
Screen layout      K100 LAND Logical fld grp      1 General data	<table border="1"> <thead> <tr> <th>FG</th><th>Field group name</th><th>Req.</th><th>Opt.</th><th>No</th><th>Disp</th><th>Class</th><th>MnNo.</th><th>Sbno.</th><th>Copy</th><th>Mult</th></tr> </thead> <tbody> <tr> <td>01</td><td>Description 1</td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="radio"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>02</td><td>Description 2</td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>03</td><td>General long text</td><td><input type="radio"/></td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>04</td><td>Inventory number</td><td><input type="radio"/></td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>05</td><td>Unit of measure</td><td><input type="radio"/></td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>06</td><td>Quantity</td><td><input type="radio"/></td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>07</td><td>Asset main no. text</td><td><input type="radio"/></td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr> <td>09</td><td>Account allocation</td><td><input type="radio"/></td><td><input type="radio"/></td><td><input checked="" type="checkbox"/></td><td><input type="radio"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> </tbody> </table>	FG	Field group name	Req.	Opt.	No	Disp	Class	MnNo.	Sbno.	Copy	Mult	01	Description 1	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	02	Description 2	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	03	General long text	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	04	Inventory number	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	05	Unit of measure	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	06	Quantity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	07	Asset main no. text	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	09	Account allocation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FG	Field group name	Req.	Opt.	No	Disp	Class	MnNo.	Sbno.	Copy	Mult																																																																																										
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02	Description 2	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>																																																																																										
03	General long text	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>																																																																																										
04	Inventory number	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																																																										
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06	Quantity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>																																																																																										
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### Define Number range Intervals:-

Path: -IMG>Financial Accounting (New)> Asset Accounting>Organizational Structures> Asset Classes>Define Number Range Interval

Range Maintenance: Asset Number	
Change documents	
Company code	<input type="text" value="SNPL"/>
Intervals	Intervals
Intervals	NR Status

### Interval Maintenance: Number Range Object Asset Number, Subobject SNPL

No	From No.	To Number	NR Status	Ext
01	000000010000	000000020000	10000	
02	000000020001	000000030000	20002	
03	000000030001	000000040000	0	
04	000000040001	000000050000	0	
05	000000050001	000000060000	0	
06	000000060001	000000070000	0	

### Define Asset Classes: -

Path: -Financial Accounting (New) >Asset Accounting >Organizational Structures >Asset Classes > Define Asset Classes

T.Code: OAOA

Change View "Asset classes": Overview		
	New Entries	
Class	Short Text	Asset class description
K1000	LAND	LAND
K2000	BUILDINGS	BUILDINGS
K3000	PLANT & MACHINERY	PLANT & MACHINERY
K4000	FURNITURE	FURNITURE
K5000	VEHICLES	VEHICLES
K6000	ASSET UNDER CONSTRUC	ASSET UNDER CONSTRUCTION
L1000	Real estate	Real estate
L1100	Real estate	Real estate
L1150	Real estate	Real estate
L2000	Machines str.-line	Machines straight-line-depr.
L2210	Machines str.-line	Machines straight-line-depr.
L2220	Machines str.-line	Machines straight-line-depr.

Position...

Entry 60 of 161

Change View "Asset classes": Details		
	New Entries	
Asset Class	K1000	LAND
Short Text		LAND
Asset type		
Account determ.	K1000	LAND
Scr.layout rule	K100	LAND
Base Unit		
Number assignment		
Number range	01	
External sub-no		
Status of AuC		
<input checked="" type="radio"/> No AuC or summary management of AuC		
<input type="radio"/> Line item settlement		
<input type="radio"/> Investment Measure		
Lock status		
<input type="checkbox"/> Asset class is blocked		
History status		
<input checked="" type="checkbox"/> Manage historically		
Real estate indicator for asset class		
Other asset without real estate management		
Technical information		
Created on	30.12.2021	

### Create GL Accounts required for Asset Accounting: -

-	Accumulated Depreciation
-	100200 ACC DEPN -BUILDINGS
-	100201 ACC DEPN -PLANT&MACH
-	100202 ACC DEPN -FURN&FIXTU
-	100203 ACC DEPN -VEHICLES A

-	400500	DEP ON BUILDINGS
-	400501	DEP ON PLANT & MACHI
-	400502	DEP ON FURNITURE&FIX
-	400503	DEP ON VEHICLES A/C
-		.....
-	Fixed Assets	
-	200000	LAND A/C
-	200001	BUILDINGS A/C
-	200002	PLANT & MACHINERY A/
-	200003	FURNITURE&FIXTURES
-	200004	VEHICLES A/C
-	200005	ASSET UNDER CONSTRUC
-	300102	ASSET SALE CLEARING
-	300103	GAIN ON SALE OF ASSE
-	400308	LOSS ON SALE OF ASSE

#### Define Account Assignment:-

The balance sheet accounts and the depreciation accounts are defined in this step. Path:-  
Financial Accounting (New) > Asset Accounting > Integration with the General Ledger > Assign G/L Account

The asset acquisition costs are posted to the account assigned under various categories in the Acquisition account assignment section. And the gain / loss arising out of the sale of an asset are defined in the Retirement account assignment section.

#### Provide Chart of Depreciation:-

Change View "Balance Sheet Accounts": Details

Dialog Structure

- Chart of Accounts
- Account Determination
  - Balance Sheet Accounts
  - Depreciation
  - Special Reserves

Chart of dep.      SNEL      chart of depreciation: SNPL India  
 Chart of Accts      SNCA      CREATION OF OPERATING CHART OF ACCOUNTS  
 Account determ.      K1000      LAND  
 Deprec. area      1      Book depreciation

Acquisition account assignment

Bal.sh.acct APC	200000	LAND A/C
Acquisition: down payments		
Contra account: Acquisition value		
Down-payments clearing account		
Acquisition from affiliated company		
Revenue frm post-capitaliz:		

Retirement account assignment

Loss made on asset retirement w/o reven.	400308	LOSS ON SALE OF ASSE
Clearing acct. revenue from asset sale	300102	ASSET SALE CLEARING
Gain from asset sale	300103	GAIN ON SALE OF ASSE
Loss from asset sale	400308	LOSS ON SALE OF ASSE
Clear.revenue sale to affil.company		

Revaluation account assignment

Revaluation acquis. and production costs		
Offsetting account: Revaluation APC		

Account assignment of cost portions not capitalized

Cost elem. for settlmt AuC to CO objects		
Capital. difference/Non-operatng expense		

**Change View "Depreciation": Details**

Dialog Structure

- Chart of Accounts
- Account Determination
  - Balance Sheet Accounts
  - Depreciation
  - Special Reserves

Chart of dep.	SNPL	chart of depreciation: SNPL India
Chart of Accts	SNCA	CREATION OF OPERATING CHART OF ACCOUNTS
Account determ.	K1000	LAND
Deprec. area	1	Book depreciation

Ordinary depreciation account assignment

Acc.dep. acctn.for ordinary depreciation  
Expense account for ordinary depreciat.  
Expense account for ord. dep. below zero  
Revenue from write-up on ord.deprec.

Special depreciation account assignment

Accumulated dep. account special dep.  
Expense account for special depreciation  
Expense account for spec.dep.below zero  
Revenue from write-up on special deprec.

Unplanned depreciation account assignment

Accumulated dep. account unpl. deprec.  
Expense account for unplanned deprec.  
P&Lact.unpl.dep.below 0  
Revenue from write-up on unplnd. deprec.

Account assignment for transfer of reserves

Val. adj. acct. for transfer of reserves  
Contra account for transferring reserves  
Revenue from w-up transfer of reserves

**Change View "Balance Sheet Accounts": Details**

Dialog Structure

- Chart of Accounts
- Account Determination
  - Balance Sheet Accounts
  - Depreciation
  - Special Reserves

Chart of dep.	SNPL	chart of depreciation: SNPL India
Chart of Accts	SNCA	CREATION OF OPERATING CHART OF ACCOUNTS
Account determ.	K3000	PLANT & MACHINERY
Deprec. area	1	Book depreciation

Acquisition account assignment

Bal.sh.acct APC  
Acquisition: down payments  
Contra account: Acquisition value  
Down-payments clearing account  
Acquisition from affiliated company  
Revenue frm post-capitaliz:

Retirement account assignment

Loss made on asset retirement w/o reven.	400308	LOSS ON SALE OF ASSE
Clearing acct. revenue from asset sale	300102	ASSET SALE CLEARING
Gain from asset sale	300103	GAIN ON SALE OF ASSE
Loss from asset sale	400308	LOSS ON SALE OF ASSE
Clear.revenue sale to affil.company		

Revaluation account assignment

Revaluation acquis. and production costs  
Offsetting account: Revaluation APC

Account assignment of cost portions not capitalized

Cost elem. for settlmt AuC to CO objects  
Capital. difference/Non-operatng expense

**Change View "Depreciation": Details**

Dialog Structure

- Chart of Accounts
- Account Determination
  - Balance Sheet Accounts
  - Depreciation
  - Special Reserves

Chart of dep. SNPL  
Chart of Accts SNCA

chart of depreciation: SNPL India  
CREATION OF OPERATING CHART OF ACCOUNTS  
PLANT & MACHINERY  
Deprec. area 1 Book depreciation

Ordinary depreciation account assignment  
Acc.dep. accnt for ordinary depreciation  
Expense account for ordinary depreciat.  
Expense account for ord. dep. below zero  
Revenue from write-up on ord.deprec.

100201	CC DEPN -PLANT&MACH
400501	DEP ON PLANT & MACH

Special depreciation account assignment  
Accumulated dep. account special dep.  
Expense account for special depreciation  
Expense account for spec.dep.below zero  
Revenue from write-up on special deprec.

Unplanned depreciation account assignment  
Accumulated dep. account unpl. deprec.  
Expense account for unplanned deprec.  
P&Lact.unpl.dep.below 0  
Revenue from write-up on unplnd. deprec.

100201	ACC DEPN -PLANT&MACH
400501	DEP ON PLANT & MACH

Account assignment for transfer of reserves  
Val. adj. acct. for transfer of reserves  
Contra account for transferring reserves  
Revenue from w-up transfer of reserves

**Change View "Account Determination": Overview**

Dialog Structure

- Chart of Accounts
- Account Determination
  - Balance Sheet Accounts
  - Depreciation
  - Special Reserves

Chart of dep. SNPL  
Chart of Accts SNCA

chart of depreciation: SNPL India  
CREATION OF OPERATING CHART OF ACCOUNTS

Account Determination

Account determ.	Name for account determination
K1000	ND
K2000	BUILDINGS
K3000	PLANT & MACHINERY
K4000	FURNITURE
K5000	VEHICLES
K6000	ASSET UNDER CONSTRUCTION
M1000	LAND
M2000	BUILDINGS
M3000	PLANT & MACHINERY
M4000	FURNITURE
M5000	VEHICLES
M6000	ASSET UNDER CONSTRUCTION
MT1000	LAND
MT2000	BULDINGS
MT3000	FUNITURE
MT4000	PLANT & MECHINARY
MT5000	VECHICALS
MT6000	assets under construction
N1000	LAND
N2000	BULIDING

Position... Entry 78 of 182

### Depreciation Key:-

Specification and parameters required to calculate depreciation are enter in Depreciation Key

### Define Depreciation Methods:-

Financial Accounting (New) > Asset Accounting > Depreciation > Valuation Methods > Depreciation Key > Calculation Methods > Define Base Methods

### Define Multi Level Methods: -

Path: Financial Accounting (New) > Asset Accounting > Depreciation > Valuation Methods > Depreciation Key > Calculation Methods > Define multi level methods

**Change View "Multilevel Method": Details**

New entries	Variable list
Dialog Structure	Chart of dep.
- Multilevel Method	SNPL
- Levels	chart of depreciation: SNPL India
Multilev.meth.	SL1
Validity start	From capitalization date
Dep.by fisc.year	<input type="checkbox"/>

**Change View "Multilevel Method": Details**

New entries Variable list

**Dialog Structure**

- Multilevel Method
  - Levels

---

Chart of dep.	SNPL	chart of depreciation: SNPL India
Multilev.meth.	WD1	Written down depreciation @ 15 %
Validity start	From capitalization date	
Dep.by fisc.year	<input type="checkbox"/>	

## Define Depreciation Key:-

The depreciation key controls the calculation of the depreciation for each asset and for each depreciation area.

Path: Financial Accounting (New) > Asset Accounting > Depreciation > Valuation Methods > Depreciation Key > Maintain Depreciation Key T.code: AFAMA

Change View "Depreciation Key": Overview			
Dialog Structure		Chart of dep.	chart of depreciation: SNPL India
Depreciation Key			
Assignment of Calculation			
DepKey	Name for whole depreciation	Status	
0000	No depreciation and no interest	Active	
A003	ACRS 3 years property	Active	
A005	ACRS 5 years property	Active	
A010	ACRS 10 years property	Active	
A15A	ACRS 15 years property - Month 1	Active	
A15B	ACRS 15 years property - Month 2	Active	
A15C	ACRS 15 years property - Month 3	Active	
A15D	ACRS 15 years property - Month 4	Active	
A15E	ACRS 15 years property - Month 5	Active	
A15F	ACRS 15 years property - Month 6	Active	
A15G	ACRS 15 years property - Month 7	Active	
A15H	ACRS 15 years property - Month 8	Active	
A15I	ACRS 15 years property - Month 9	Active	
A15J	ACRS 15 years property - Month 10	Active	
A15K	ACRS 15 years property - Month 11	Active	
A15L	ACRS 15 years property - Month 12	Active	
A18A	ACRS 18 years property - Month 1 - pre 6/23/84	Active	
A18B	ACRS 18 years property - Month 2 - pre 6/23/84	Active	
A18C	ACRS 18 years property - Month 3 - pre 6/23/84	Active	
A18D	ACRS 18 years property - Month 4 - pre 6/23/84	Active	
A18E	ACRS 18 years property - Month 5 - pre 6/23/84	Active	
A18F	ACRS 18 years property - Month 6 - pre 6/23/84	Active	

Change View "Depreciation Key": Overview			
Dialog Structure		Chart of dep.	chart of depreciation: SNPL India
Depreciation Key			
Assignment of Calculation			
DepKey	Name for whole depreciation	Status	
SL10	Straight Line Depreciation 10 %	Active	
STCK	Unit-of-production depreciation (Example)	Active	
SYTD4	Sum-of-the-years-digits (40%)	Inactive	
WD15	Written down depreciation @ 15 %	Active	
Z200	MACRS 3,5,7,10 years property	Active	
ZNA0	Alt Min Tax, 150% DB	Active	

**Change View "Assignment of Calculation Methods": Details**

### Determine depreciation areas in Asset Class:-

The depreciation terms that are to be used for the asset class are mentioned in this step. When an asset master is created for this asset class, the depreciation terms are defaulted to the master record.

Path:--Financial Accounting (New) >Asset Accounting > Valuation> Determine Depreciation Areas in the Asset Class

### Select Asset Class Land:-

**Change View "Asset class": Overview**

Asset class	Asset class description
K1000	LAND
K2000	BUILDINGS
K3000	PLANT & MACHINERY
K4000	FURNITURE
K5000	VEHICLES
K6000	ASSET UNDER CONSTRUCTION
L1000	Real estate
L1100	Real estate
L1150	Real estate
L2000	Machines straight-line-depr.
L2210	Machines straight-line-depr.
L2220	Machines straight-line-depr.
L3000	Fixture and fittings
L3110	Fixture and fittings
L3210	Fixture and fittings
L3410	Fixture and fittings
L3510	Fixture and fittings
L3610	Fixture and fittings
L3710	Fixture and fittings
L3810	Fixture and fittings
L4000	Assets under construction
L5000	Low value assets (individual management)
L5100	Low value assets (individual management)
L6010	Leased assets

**Change View "Depreciation areas": Details**

### Define or Assign Form:--

Path:-IMG>Financial Accounting (New) > Asset Accounting> Information System >Define or Assign Form

T.code : OAAY

**Change View "Asset class: Assignment of form for history": Overview**

Class	Asset class description	Layout set name
K1000	LAND	FIAA_F001
K2000	BUILDINGS	FIAA_F001
K3000	PLANT & MACHINERY	FIAA_F001
K4000	FURNITURE	FIAA_F001
K5000	VEHICLES	FIAA_F001
K6000	ASSET UNDER CONSTRUCTION	FIAA_F001
L1000	Real estate	FIAA_F001
L1100	Real estate	FIAA_F001
L1150	Real estate	FIAA_F001
L2000	Machines straight-line-depr.	FIAA_F001
L2210	Machines straight-line-depr.	FIAA_F001
L2220	Machines straight-line-depr.	FIAA_F001
L3000	Fixture and fittings	FIAA_F001
L3110	Fixture and fittings	FIAA_F001
L3210	Fixture and fittings	FIAA_F001
L3410	Fixture and fittings	FIAA_F001
L3510	Fixture and fittings	FIAA_F001

### Assign Settlement Profile to Company Code for AUC:-

Path:

IMG>Financial Accounting (New) > Asset Accounting> Transactions >Capitalization of AUC >Define/Assign Settlement Profiles

T.code:OK07

**Change View "Settlement Profile": Overview**

New Entries   

Settlement Profile	
Settle...	Text
0	Settle to CstCtr w/Orig.CostEl
10	All Receivers
20	Internal Order
21	Internal Order- R&D (OT 0101)
30	Production Order
40	Maintenance Order
50	Investment Order
60	Network w/o Source Structure
70	QM Order
80	Service Order (sm01)
90	Must not be settled
100	Settlement of marketing orders
110	Settlement of standard orders
1300	PS without source/PA structure
8501	85xx Investment project sett
130000	PS w/PAsettl.str./ w/o src str
130001	PS w/PA settl.str + source str
130002	Do not settle
131000	PS w/PAsettl.str./ w/o src str
500001	Production lot planning prof.
80E	Service order (rev.bearing)
80FP	Service Order (sm01)
<b>ABCCOB</b>	<b>ABC COST OBJECTS</b>

Position...    Entry 1 of 62

### Create Asset Master AS01

**Create Asset: Initial screen**

Master data    Depreciation areas

Asset Class	<input type="text" value="K2000"/>
Company Code	<input type="text" value="SNPL"/>
Number of similar assets	<input type="text" value="1"/>
Reference	
Asset	<input type="text"/>
Sub-number	<input type="text"/>
Company code	<input type="text"/>

Post-capitalization

## Asset Acquisition with Vendor:-

**Acquisition from purchase w. vendor: Header Data**

Held Document	Account Model	Fast Data Entry	<input type="checkbox"/> Post with reference	Editing Options	
Document Date	26.01.2022	Type	KR	Company Code	SNPL
Posting Date	26.01.2022	Period	10	Currency/Rate	INR
Document Number				Translatn Date	
Reference	REF FA 5			Cross-CC No.	
Doc.Header.Text	BUILDING PURCHASED				
Part.Bus.Area					

**Enter Vendor invoice: Add Vendor item**

More data Account Model Fast Data Entry Taxes Withholding tax

Vendor **96** SRI YUGAL KISHORE PRIVATE LTD Call Up Fast Entry (Shift+F8) **100503**

Company Code **SNPL** 5 BADEKUNJ

SRI NIKUNJA BAGS PVT LTD VRINDAVAN

Item 1 / Invoice / 31

Amount <b>10000000</b>	INR	BusPlace/Sectn
<input type="checkbox"/> Calculate tax		/
Bus. Area <b>VRND</b>		
Payment Terms <b>0001</b>	Days/Percent	/
Bline Date <b>26.01.2022</b>	Fixed	/
Disc. base	Disc. amount	/
Pmnt Block	Invoice Ref.	/
Payment cur.	Pmt Method	/
Assignment	Pymt Crcy Amt	
Text <b>BUILDING PURCHASED</b>		

Next Line Item  
PKey **70** Account **20001-0** SG/L Ind.  ATT **100** New Comp.Code

**Enter Vendor invoice: Add Asset item**

More data Account Model Fast Data Entry Taxes

G/L Account **200001** BUILDINGS A/C

Company Code **SNPL** SRI NIKUNJA BAGS PVT LTD TransTy. **120**

Asset **20001** **0** BUILDINGS1

Item 2 Debit asset / 70 External asset acqui / 100

Amount <b>*</b>	INR	<input type="checkbox"/> Calculate tax
		BusPlace/Sectn
		<input type="checkbox"/> W/o c.disc.
Business Area <b>VRND</b>		
Reference Date <b>20.01.2022</b>		
Assignment		
Text <b>+</b>		

Next Line Item  
PKey  Account SG/L Ind.  ATT New Comp.Code

### Enter Vendor invoice: Display Overview

Display Currency Taxes Reset

Document Date	26.01.2022	Type	KR	Company Code	SNPL
Posting Date	26.01.2022	Period	10	Currency	INR
Document Number	INTERNAL	Fiscal Yr	2021	Translatn Date	26.01.2022
Reference	REF FA 5			Cross-CC No.	
Doc.Header Text	BUILDING PURCHASED			Part.Bus.Area	

Items in document currency

PK	BusA	Acct	INR	Amount	Tax amnt
001	31	VRND 0000000096 SRI YUGAL KISHORE P	10.000.000,00-		
002	70	VRND 0000200001 000000020001 0000	10.000.000,00		

D 10.000.000,00 C 10.000.000,00 0,00 \* 2 Line items

Other Line Items

PKey	Count	SG/L Ind.	ATT	New Comp.Code
------	-------	-----------	-----	---------------

Display the document number:-

Path:

Accounting > Financial Accounting > General Ledger > Document > Display

T.code:FB03

Display Document: Data Entry View

Display Currency General Ledger View

Document Number	5007	Company Code	SNPL	Fiscal Year	2021
Document Date	26.01.2022	Posting Date	26.01.2022	Period	10
Reference	REF FA 5	Cross-Comp.No.			
Currency	INR	Texts exist	<input type="checkbox"/>	Ledger Group	

CoCf	Item PK	S. Account	Description	Amount	Curr.	Tx	Cost Center	Order	Profit Center	Segment	Billing Doc.	SLNo
SNPL	1 31	96	SRI YUGAL KISHORE PRIV...	10.000.000,00-	INR							
	2 70	200001	000000020001 0000	10.000.000,00	INR							

**Document Overview - Display**

Doc.Type : KR ( Vendor invoice ) Normal document

Doc. Number	5007	Company Code	SNPL	Fiscal Year	2021
Doc. Date	26.01.2022	Posting Date	26.01.2022	Period	10
Calculate Tax	<input type="checkbox"/>				
Ref.Doc.	REF FA 5				
Doc. Currency	INR				
Doc. Hdr Text	BUILDING PURCHASED				

Item	PK	Account	Account short text	Assignment	Tx	Amount
1	31	96	SRI YUGAL KISHORE PR	0000000096		10.000.000,00-
2	70	200001	000000020001 0000			10.000.000,00

Display document through AB03:-

Path:

Accounting > Financial Accounting> Fixed Assets > Posting> Edit document

**Documents for Asset**

Company Code: SNPL

Asset: 20001

Subnumber: 0

Fiscal Year: 2021

## Overview of Asset Accounting Documents

Asset 20001 BUILDINGS1  
Company code SNPL SRI NIKUNJA BAGS PVT LTD

01 Book deprec. / INR

AstValDt	Amount Posted	TTy	Trans. Type Text	Text	Ord. Dep.	Spec. Dep.
20.01.2022	10.000.000,00	100	External asset acquisition	BUILDING PURCHASED	Ordinary Deprec. 00	
20.01.2022	10.000.000,00	100	External asset acquisition	BUILDING PURCHASED	0,00	
20.01.2022	10.000.000,00	100	External asset acquisition	BUILDING PURCHASED	0,00	
20.01.2022	10.000.000,00	100	External asset acquisition	BUILDING PURCHASED	0,00	

Use Transaction code AB08 for reversal

## Asset Explorer

Path:

Accounting > Financial Accounting > Fixed Assets > Asset > Asset Explorer

T.code:: AW01N

Asset SNPL-20001/0000  
Depreciation Areas  
01 Book depreciation

Company Code SNPL SRI NIKUNJA BAGS PVT LTD  
Asset 20001 BUILDINGS1  
Fiscal year 2021

Planned values Posted values Comparisons Parameters

Planned values Book depreciation

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions	40.000.000,00		40.000.000,00	INR
Investment support				INR
Acquisition value	40.000.000,00		40.000.000,00	INR
Ordinary deprec.		1.000.000,00-	1.000.000,00-	INR
Unplanned dep.				INR
Write-up				INR
Value adjustment				INR

Transactions

AsstVal date	Amount posted	TTy	Transaction type name	Crcy
20.01.2022	10.000.000,00	100	External asset acquisition	INR
20.01.2022	10.000.000,00	100	External asset acquisition	INR
20.01.2022	10.000.000,00	100	External asset acquisition	INR
20.01.2022	10.000.000,00	100	External asset acquisition	INR

**Display of Depreciation Calculation - Period Interval Method**

The screenshot shows the SAP Fiori interface for displaying depreciation calculations. At the top, there's a toolbar with various icons. Below it, a header bar indicates the asset code: Asset SNPL-20001/0000, Depreciation Areas, and 01 INR Book depreciation.

The main area displays two tables:

- Depreciation Areas:**

Year	Current Yr APC	Total ODep.
2021	40.000.000,00	1.000.000,-
- Calculation Parameters:**

Type To Period	Base Value	Prd Fact.	Percentage %	Calculated Amt	Current Yr APC
N	9	0,00	0,75000	0,00000	0,00
N	12	40.000.000,00	0,25000	1.000.000,00	40.000.000,00
					<b>1.000.000,-</b>

**Asset Explorer**

The Asset Explorer screen shows the following details for asset SNPL-20001/0000:

- Company Code:** SNPL
- Asset:** 20001
- Fiscal year:** 2021
- Planned values:** Tab selected.
- Posted dep. values Book depreciation:**

Value	Fiscal year start	Change	Posted values	Crcy
Planned dep.				INR
Unplanned dep.				INR
Write-up				INR
Value adjustment				INR
Net book value		40.000.000,00	40.000.000,00	INR
Interest				INR
Down payments				INR
- Depreciation posted/planned:**

Status	Status	Per	Ord.deprec.	TBP	%Uplnd dep.	%Reserves	%Interest	%Revaluat.	Crcy
Planned	Planned	8		0,00	0,00	0,00	0,00	0,00	INR
Planned	Planned	9		0,00	0,00	0,00	0,00	0,00	INR
Planned	Planned	10	333.333,33-		0,00	0,00	0,00	0,00	INR
Planned	Planned	11	333.333,34-		0,00	0,00	0,00	0,00	INR
Planned	Planned	12	333.333,33-		0,00	0,00	0,00	0,00	INR
				<b>- 1.000.000,00 -</b>	<b>0,00</b>	<b>- 0,00</b>	<b>- 0,00</b>	<b>- 0,00</b>	<b>INR</b>

## Asset Balances AR01

Path: Accounting > Financial Accounting > Fixed Assets > Environment > Work

list>Generate

T.code: AR01

This is a popular report in asset accounting.

**Asset Balances**

Company code: SNPL      Asset number:      Subnumber:      to: [ ]

**Selections**

Asset class: K2000	to: [ ]	[ ]
Business area: VRND	to: [ ]	[ ]
Cost center:	to: [ ]	[ ]
Plant:	to: [ ]	[ ]
Location:	to: [ ]	[ ]
Asset super number:	to: [ ]	[ ]
Worklist:	[ ]	

**Settings**

Report date: 31.03.2022	Depreciation area: 01	Sort Variant: 0001	Book deprec. Co. code/bus. area/bal. item/B/S acc
Translation method: [ ]			
<input checked="" type="radio"/> List assets <input type="radio"/> ... or main numbers only <input type="radio"/> ... or group totals only			

**Display options**

Display variant: [ ]

**Asset Balances**

Report date: 31.03.2022 Asset Balances - 01 Book deprec.  
Created on: 26.01.2022

CompanyCode	BusinessArea	Bal.sheetitem	Bal.sh.acctAPC	AssetClass			
SNPL	VRND	8000000	200001	K2000			
Asset	SNo.	Cap.date	Asset description	Acquis.val.	Accum.dep.	Book val.	Crcy
20001	0	20.01.2022	BUILDINGS1	40.000.000,00	1.000.000,00-	39.000.000,00	INR
*	Asset Class	K2000	BUILDINGS	40.000.000,00	1.000.000,00-	39.000.000,00	INR
**	Bal.sh.acct APC	200001	BUILDINGS A/C	40.000.000,00	1.000.000,00-	39.000.000,00	INR
***	Balance sheet item	8000000	Accounts not assigned	40.000.000,00	1.000.000,00-	39.000.000,00	INR
****	Business Area	VRND	BUSINESS AREA OF VRINDAVAN	40.000.000,00	1.000.000,00-	39.000.000,00	INR
*****	Company Code	SNPL	SRI NIKUNJA BAGS PVT LTD	40.000.000,00	1.000.000,00-	39.000.000,00	INR

### Depreciation Calculation:-

- ✓ The asset master record contains the depreciation terms. System calculates annual depreciation using the depreciation key.
- ✓ System determines the depreciation start date using the asset value date and the period control method.
- ✓ Asset Explorer displays the values and the depreciation for every transaction and each area

### Depreciation Run

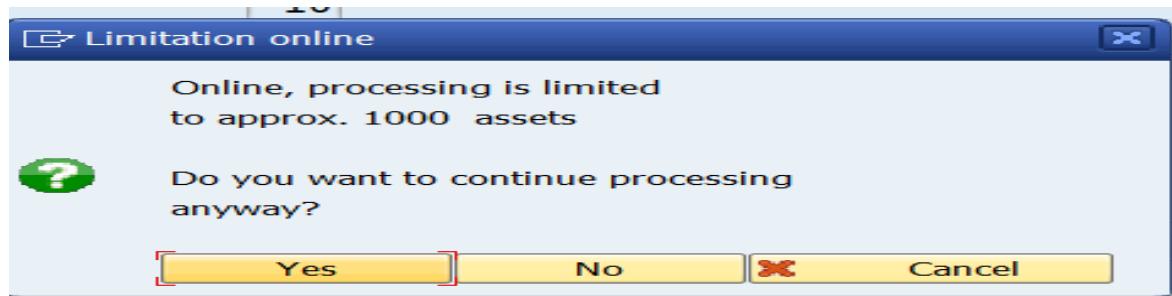
Path: Accounting > Financial Accounting > Fixed Assets > Periodic Processing >

## Depreciation Run > Execute

T.code: AFAB

**Depreciation Posting Run**

Posting Parameters
Company Code: SNPL
Fiscal year: 2021
Posting Period: <input type="button" value="..."/>
Reason for posting run
<input type="radio"/> Planned posting run
<input type="radio"/> Repeat
<input type="radio"/> Restart
<input checked="" type="radio"/> Unplanned posting run
Further options
<input type="checkbox"/> List assets
<input type="checkbox"/> List of manual depreciation
Layout:
Server Group:
Parameters for Test Run
<input checked="" type="checkbox"/> Test Run
<input type="checkbox"/> Error Analysis
<input type="checkbox"/> Output List Only, No Documents
Main asset number: <input type="text"/>
Asset subnumber: <input type="text"/> to <input type="text"/>
<input type="button" value="..."/>



## Sceanarios

### Depreciation Smoothing and Catch Up

- Explain the concept of smoothing and catch up functionality
  - ✓ when defining depreciation posting rules via transaction OAYR.
  - ✓ This write up also explains the calculation of depreciation under smoothing and catch up methods of depreciation.

### Overview

- ✓ Typically, depreciation is posted by the system at the end of each posting period.
- ✓ The frequency of depreciation posting is defined via transaction OAYR (i.e., Monthly posting, Bi-Monthly posting, quarterly posting etc..).

- ✓ Once the frequency for posting depreciation is defined, the specifications are valid at the company code and depreciation area level.

In the same customizing step, there is an important option called Smoothing. This option determines how the system behaves if settings like the depreciation key or useful life have changed in the Asset during the fiscal year, resulting in changes in the value of depreciation (either high or low).

- If the smoothing option is activated,
  - ✓ the difference is distributed
  - ✓ equally among the remaining posting periods of the current fiscal year.
- If this option is not activated,
- the entire difference is posted to
  - the current period which is known as catch up.

#### Business Scenario

- Depreciation relevant parameters like depreciation key or useful life of an asset is changed in the asset master or in customizing.
- This results in change in the depreciation amount.

#### Example

- An asset is acquired for \$12,000 on 01/01/2021 and its useful life is 10 years.
- Hence the yearly depreciation will be \$12,000/10 years = \$1,200 per year and
  - the monthly depreciation will be \$1,200/12 months = \$100 per month.
  - Depreciation is posted for period 1 to period 6.
  - Now the useful life of the above asset is changed from 10 years to 5 years in the asset master record in the mid of the year i.e. on 01/07/2021.
  - Then, the revised (new) depreciation will be \$12,000/5 years = \$2,400 per year and
  - the monthly depreciation will be \$2,400/12 months = \$200 per month.
  - ✓ This resulted in increase of Depreciation from \$ 1200 to \$2400 for the fiscal year 2021.
  - ✓ Original Depreciation: \$ 100/Month
  - ✓ Revised Depreciation: \$ 200/Month

What happens with the difference between the original and new depreciation in periods 1- 6?

There are 2 possibilities: Smoothing or Catch-Up

### Smoothing

The difference will be equally distributed over the remaining planned periods:

Period	Original Depreciation	New Depreciation	Difference	Amount to be Posted
1	Posted -100	200		
2	Posted -100	200		
3	Posted -100	200		
4	Posted -100	200		
5	Posted -100	200		
6	Posted -100	200		
7	Planned	200	100	300
8	Planned	200	100	300
9	Planned	200	100	300
10	Planned	200	100	300
11	Planned	200	100	300
12	Planned	200	100	300

If the smoothing option is activated, the difference is distributed equally among the remaining posting periods of the current fiscal year.

### Catch up

period	Original depreciation	New Depreciation	Difference	Amount to be posted
1	posted---100	200		
2	posted---100	200		
3	posted---100	200		
4	posted---100	200		
5	posted---100	200		
6	posted---100	200		
7	Planned	200		
8	Planned	200		
9	Planned	200		
10	Planned	200		
11	Planned	200		
12	Planned	200		
Period	Original Depreciation	New Depreciation	Difference	Amount to be Posted
Period	Original Depreciation	New Depreciation	Difference	Amount to be Posted
1	Posted -100	200		
2	Posted -100	200		
3	Posted -100	200		
4	Posted -100	200		
5	Posted -100	200		

period	Original depreciation	New Depreciation	Difference	Amount to be posted
1	posted---100	200		
2	posted---100	200		
3	posted---100	200		
4	posted---100	200		
5	posted---100	200		
6	posted---100	200		
7	Planned	200		
8	Planned	200		
9	Planned	200		
10	Planned	200		
11	Planned	200		
12	Planned	200		
Period	Original Depreciation	New Depreciation	Difference	Amount to be Posted
Period	Original Depreciation	New Depreciation	Difference	Amount to be Posted
6	Posted -100	200		
7	Planned	200	600	800
8	Planned	200		200
11	Planned	200		200
12	Planned	200		200

If the option is not activated, the entire difference is posted to the current period which is known as catch up.

---

**Tell me your client cutover activities strategies?**

**Cutover Strategy In SAP FICO**

Here we try to comprehensively cover the SAP Go live strategy as a reference guide as every business are unique and as a SAP FICO Consultant, you need to adjust accordingly.

**The Go Live strategy comprises of the following: -**

- 1) Cut off procedure
- 2) Pre-Go live checks.

**What is meant by cutoff date?**

- ✓ SAP system is configured as per the requirement of the client. The system is ready for the client to use. The client now needs to migrate from the Old system (Legacy system) to the new SAP system.
- ✓ The migration from the old system to the new system is known as cut off date.
- ✓ The old system is switched off and the new SAP system is switched on.
- ✓ The data will be migrated from the old system to SAP. The data will henceforth be entered in the new SAP system.
- ✓ To have a smooth switch over from the Legacy system to the new SAP systems are devised the cut off procedure.

**What is meant by Pre Go live check?**

- It is ensuring that SAP Production system is ready to go live smoothly.

**Scenario**

- A Ltd. is a company implementing SAP system.
- The company follows a January – December period for preparing financial accounts.
- Therefore the go live date decided for A Ltd is 2nd January 2096.

The Trial balance will be uploaded with date as on 31st December 2095. The Trial balance will consist only of balance sheet items since all the expense items are already transferred to the retained earnings account in the old system.

The activities are divided as follows:-

### **1) Pre Go live activities**

- ✓ A Ltd will upload the GL codes, cost elements in the production system on 1st December 2095.
- ✓ A Ltd will complete upload of all the material masters with all the views in the production system by 2nd December 2095.
- ✓ All Bill of Material, Routings will be uploaded in the production system by 4th December 2095.
- ✓ The material masters for raw and packing material will be uploaded with the moving average prices on 4th December 2095
- ✓ The cost center Plan will be uploaded, allocation cycles and activity price calculation will be done by 6th December 2095.
- ✓ Product cost calculation will be conducted from 7th Dec 2095 to 20th December 2095 to get the correct cost calculation from system.
- ✓ All other masters will be uploaded into the production system from 5th December 2095 and completed by 18th December 2095.

### **2) Cut off activities**

- The company closes its sales on 26th December 2095.
- The company stops all its stock movement on 26th December 2095 up to 1st January 2096.
- All open purchase orders will be uploaded on 28th December 2095.
- ✓ The provision for stock received and invoice not received will be accounted in a separate GL code (different than the GR/IR).
- ✓ The stocks will be finalized by 29th December 2095.
- ✓ The company closes its old (legacy) system on 30th December 2095.
- ✓ The stocks will be uploaded on 31st December 2095 and 1st Jan 2096.
- ✓ The standard cost estimate will be marked and released on 2nd January 2096.
- ✓ The system is available for data entry and operation to the users from 2nd January 2096.
- ✓ Accounts Receivable open items will be uploaded from 1st January 2096 to 3rd January 2096.
- ✓ Thus Accounts Receivable is available from 4th January 2096 to account for customer incoming payment.
- ✓ Accounts Payable open items will be uploaded from 3rd January 2096 to 4th January 2096.
- ✓ Accounts Payable is available for payment from 5th January 2096.
- ✓ Fixed assets are uploaded on 5th January 2096.
- ✓ The Remaining GL Balances are uploaded on 7th January 2096.
- ✓ Thus entire data take over activities are to be completed by 7th January 2096.

We will divide the activities as follows:-

- 
- A) Pre-Go Live activities
  - B) Pre-Go Live checks
  - C) Upload transaction data into the system

#### A) Pre-Go Live activities

##### 1. Master data Load into Production system

- Ensure all the master data is loaded into the production system.
- We will broadly cover the master data which needs to be loaded and the module responsible.
- Material Master (SAP Material Management)
- Basic responsibility MM: All the respective views of the material masters the other modules responsible . Ensure that all the required views are uploaded.
- GL codes - FI
- Customer Master - FI (accounting view) and SD (sales view)

##### Vendor Master - FI (accounting view) and MM (purchasing view)

- ✓ Cost elements - CO
- ✓ Secondary cost elements - CO
- ✓ Profit centers - CO
- ✓ Cost center - CO
- ✓ Activity type - CO
- ✓ Bill of Material - PP
- ✓ Work Center/Resource - PP
- ✓ Routing / Master Recipe - PP
- ✓ Purchasing Info Record - MM
- ✓ Service Master - MM
- ✓ Bank Master - FI
- ✓ Quality Info Record - QM
- ✓ Quality Inspection plan

##### 2. Upload Cost center plan

- Cost center plan must be updated through transaction code KP06 or using excel upload.

##### 3. Execute the allocation cycles within cost center accounting

- The plan allocation cycles (distribution, assessment) must be executed within the cost center accounting module. This will allocate the costs from the service cost center to the receiver cost center.

#### **4. Update planned activity**

- After executing of the plan allocation cycles, the production cost centers are now ready with the planned costs.
- You can now calculate the activity prices through the system or manually update the planned prices by calculating it outside.
- The planned activity must be updated through transaction code KP26.

#### **5. Calculate Activity prices**

- Calculate the activity prices using transaction code KSPI.

#### **6. Execute product costing run**

- The product costing run will be executed for all semi-finished and finished materials in the system using transaction code CK40N. This should be run after all the BOM and Master recipe are uploaded.
- The product cost finalization takes a long time and should begin well in advance before the go live date. Normally the product costing run has to be executed again and again (3-4 times) since data needs to be corrected and costs have to be compared with the existing legacy cost.

**The possible errors in the product costing run are:-**

- 1) Moving average prices or planned prices are not correctly maintained in the material masters.
- 2) Incorrect quantities in the Bill of Materials, incorrect base unit quantity in the Bill of Material.
- 3) Incorrect quantities (hours, KWH etc.) for activities in the Routing or Master recipe
- 4) Incorrect alternate unit of Measure

The product costing is calculated and made ready. The actual Mark and release will happen on after the stocks are uploaded into the system.

#### **B) Pre-Go Live activities**

1. Ensure all the customizing request are in the production system. Check that all the customizing request are gone in the system and no major requests are pending. Request relating to reports being developed can be transported as and when the reports are ready.
2. Ensure all the number ranges for all the modules have been maintained in the production system.

3. Ensure that Operating concern has been generated.
4. Ensure that all the Customer Master data is loaded.
5. Ensure all material masters (all material types) have been loaded.
6. Ensure that all the Vendor Master data is loaded.

### **C) Upload transaction data into system**

#### **1. Upload Open purchase orders**

Open purchase orders can well be uploaded into the system in advance before the cut off date if no invoices are expected.

#### **2. Stock upload**

Stock upload happens in 2 steps:-

- 1) **Finished goods:** The standard prices are first uploaded through MR21 or through an ABAP program which also uses MR21. The stock quantities are uploaded using movement type 561 through an ABAP program which calls transaction MB1C.
- 2) **Raw Material, packing Material, stores and spare parts:** The quantities and values are uploaded at the same time using an ABAP program which calls transaction MB1C.

**The stock upload will generate the following entry in the system:-**

Finished goods stock a/c Debit

Semi-Finished goods stock a/c Debit

Raw Material stock a/c Debit

Packing Material stock a/c Debit

Stores and spares a/c Debit

Data take over Credit

### **3. Mark and Release the cost estimate**

- After the stock is uploaded into the system, the standard cost estimate will be marked and released into the material master using transaction code CK40N.

### **4. Upload Accounts Receivable and Accounts Payable open items**

- The Accounts Receivable and Accounts Payable open items are uploaded through LSMW which calls transaction code F-02 GL Account posting.
- The profit center is captured in the data take over account. Baseline date must be captured, which will determine aging based on number of days mentioned in the payment terms.

**The accounting entry for Accounts Receivable open item upload is:-**

Customer a/c (not GL) Debit

Data takeover a/c Credit

**The accounting entry for Accounts Payable open item upload is:-**

Data takeover a/c Debit

Vendor a/c (not GL) Credit

### **5. Asset Master and value upload**

- Asset Master is a special case of upload where in you upload not only the master data but also the values. The total cost and accumulated depreciation are also uploaded at the same time.
- ✓ This is done through transaction code AS91.
- ✓ We will explain how it is done.

#### **5.1 The upload of asset master and values through AS91**

- This upload of asset masters along with the values will not update the FI General Ledger.
- The FI - GL entry balance update will be passed through another transaction.

#### **5.2 Transfer Asset balance into profit center**

- Once the asset master along with the values is uploaded, the opening balance for the asset needs to be transferred to profit center.
- The asset balances opening balances are transferred into profit center accounting through transaction code 1KEI.

#### **5.3 Remove the GL codes for asset from 3KEH table**

- Remove the Asset reconciliation codes from the transaction code 3KEH. This is required because a manual FI entry will be passed in the next step, which will duplicate posting into PCA for the assets.

#### **5.4 Update the FI entry for asset through transaction OASV.**

- We give an example of how a GL entry passed for Fixed asset upload:-

Let us take Plant and Machinery

Plant and Machinery a/c Dr 100,000

Accumulated depreciation a/c Cr 30,000

Data takeover a/c Cr 70,000

#### **5.5 Reinstate the GL codes for asset in 3KEH**

- After passing the entry for asset upload update the asset reconciliation accounts in transaction code 3KEH.

#### **6. Upload General Ledger account balances**

- Finally we upload the remaining General Ledger account balances other than Fixed Assets, Stock, Accounts Receivable and Accounts Payable. This is again uploaded through an LSMW program which calls transaction code F-02 GL.

#### **Posting.**

Let us take an example for the accounting entry passed:-

Data takeover a/c Debit 550,000 (Balancing figure)

Cash a/c Debit 10,000

Bank a/c Debit 50,000

Advances Debit 90,000

Share capital a/c Credit 100,000

Short term Loan a/c Credit 200,000

Long term loan a/c Credit 400,000

The Data takeover will become zero on upload of this entry.

#### **How to change the reconciliation account from Vendor Master?**

- ✓ Can we change the reconciliation account in the vendor master data after transaction(s) have been posted to the vendor?
- ✓ YES, the reconciliation account can still be changed. However, there are some prerequisites that need to be done first. I'd like to share the configuration changes and procedures:

#### **A. Set the "Reconciliation Account" field in the vendor master as optional field.**

##### **Transaction code: OB23**

Path: IMG → Financial Accounting (New) → Accounts Receivable and Accounts Payable → Vendor Accounts → Master Data → Define Screen Layout per Activity (Vendors).

- Change both Accounting and Centrally part.
- Vendor Change
- Set the status of “reconciliation account” field to optional entry from display only.
- Optional recon account
- Save your work.

#### **B. Define Adjustment Accounts for Changed Reconciliation Accounts**

##### **Transaction Code: OBBW**

Path: IMG → Financial Accounting (New) → General Ledger Accounting (New) → Periodic Processing → Reclassify → Transfer and Sort Receivables and Payables → Define Adjustment Accounts for Changed Reconciliation Accounts.

- Changed Recon Account
- Save your work.

#### **C. Run Balance Sheet Adjustment Program**

- ✓ Transaction Code: F101

**Tell me some month end activates that you have performed?**

- ✓ Post Adjustment Entries : FB50 (F.02)
- ✓ Update exchange rate : OB08
- ✓ Gaps in Document Number Assignment : S\_ALR\_87012342
- ✓ Invoice Numbers Allocated Twice : S\_ALR\_87012341
- ✓ Display compact document Journal : S\_ALR\_87012289
- ✓ Open and Close Posting Periods : S\_Alr\_87003642 (OB52)
- ✓ Post Parked Documents : FBV0
- ✓ Enter Closing Bank Statements (Manual Bank Reconciliation) : FF67, SM35
- ✓ Enter closing Bank Statements (Electronic Bank Statement Entry) : FF\_5, FEBAN & FF\_6
- ✓ Doubtful receivables: F104
- ✓ Post Balance Sheet Adjustments: F.5E
- ✓ Automatic Clearing: F.13
- ✓ Accrual/Deferral document: FBS1
- ✓ Recurring Entries: FBD1
- ✓ Foreign Currency Revaluation Run: FAGL\_FC\_VAL (F.05)
- ✓ Interest Calculation: F.52
- ✓ Capitalize AUC Assets if any: AIAB, AIBU
- ✓ Depreciation Run: AFAB
- ✓ Controlling: Repost, Distribution & Assessment and
- ✓ order settlement: KB61, KSV5, KSU5 & K088
- ✓ Open new CO Posting Period: OKP1
- ✓ Displaying the Document Journal: S\_Alr\_87012287
- ✓ Financial Statements Version: S\_Alr\_87012284/S\_PL0\_86000028
- ✓ Trial Balance: S\_PL0\_83000030
- ✓ Maintain GR/IR Clearing : MIGO, MIRO
- ✓ Review Billing documents not posted to FI and documents
- ✓ on Billing block: VF04 & VFX3

**ASSET ACCOUNTING FOR (AUC) MONTH/PERIOD END  
ACTIVITIES:**

Create Asset Master: AS01

Down Payment Request For AUC: F-47

Posting the Down Payment: F-48  
Posting the closing invoice: F-90  
Clearing the Down Payment: F-54  
Settlement Rule for AuC Asset : AIAB  
AUC Settlement: AIBU  
Asset Explorer: AW01N

**Tell me some yearend activates that you have performed at your client?**

- ✓ YEAR END CLOSING ACTIVITY:
- ✓ Create factory Calendar for new year: SCAL
- ✓ Copy Number Range: OBH2
- ✓ Carry forward AP/AR Balances: F.07
- ✓ Carry forward GL Balances: FAGLGVTR
- ✓ Create Payable balance confirmation: F.18
- ✓ Create Receivable balance confirmation: F.17
- ✓ Generate Trial Balance: S\_PL0\_86000030
- ✓ Final Close and financial release reporting: S\_Alr\_87012284
- ✓ Open and Close Previous Accounting period: S\_Alr\_87003642 (OB52)
- ✓ Display document journal: S\_Alr\_87012287
- ✓ Year End Closing: AJAB
- ✓ Fiscal Year Change: AJRW

**What is the Data Migration activities list?**

SAP FI DATA MIGRATION ACTIVITY

Broadly, SAP FI Data migration Activity has been divided into two categories,

- ✓ Master data (G/L accounts, customers, vendors, assets, cost elements, cost centers, profit centers etc.)
- ✓ Transnational Data (Open Items for customers and vendors, G/L line items, Asset Balances, Material balances, Cost Center planning, profit center plan data load etc.)

#### **1- Master Data**

##### **1- G/L Accounts**

- ✓ Make LSMW Upload for t-code FS00. Extract template, Fill data and Upload.

##### **2- Customer Accounts**

- ✓ Make LSMW Upload for t-code XD01. Extract template, Fill data and Upload.

### **3- Vendor Accounts**

- ✓ Make LSMW Upload for t-code XK01. Extract template, Fill data and Upload.

### **4- Asset Accounts**

- ✓ Make LSMW Upload for t-code AS91. Extract template, Fill data and Upload.

### **5- Cost Elements**

- ✓ Make LSMW Upload for t-code KA01. Extract template, Fill data and Upload.

### **6- Cost Centers**

- ✓ Make LSMW Upload for t-code XS01. Extract template, Fill data and Upload.

### **7- Profit Center**

- ✓ Make LSMW Upload for t-code KE51. Extract template, Fill data and Upload.

## **2- Transaction Data**

- ✓ Pre-Requisites
- ✓ Pre-Requisites required by FINANCE Department:
- ✓ Define cut over phase, during which FINANCE has to,
- ✓ Closed the P&L in Retained earning account.
- ✓ Check Balance sheet balances through equation,

$$\text{Assets} - \text{Liabilities} = \text{Equities}$$

You have to create 6 G/L upload clearing accounts through FS00

- ✓ G/L Upload clearing
- ✓ Vendors Upload clearing
- ✓ Customers upload clearing
- ✓ Assets upload clearing
- ✓ Material Upload Account
- ✓ Main Upload account

Also, configure the Doc Type “UL” with separate No. ranges for Upload.

## 1- G/L Line Items

Transfer Balance sheet account balances through F-02 LSMW program. Pass the following JV entry,

Example:

PK 40 – G/L uploading clearing account Dr 100

PK 50 – Capital ----- Cr 100

After uploading the balances you can pass an adjustment entry for these clearing accounts.  
Any way total balance for uploading clearing accounts should be zero.

Example:

PK 40 – Main Upload Account ---- Dr 100

PK 50 -G/hL upload clearing a/c ---- Cr 100

## 2- Open Items for Customers

Transfer Balance sheet account balances through F-02/F-22 LSMW program. Pass the following JV entry,

Example:

PK 01 – Customer 1 ----- Dr 100

PK 01 – Customer 2 ----- Dr 100

PK 01 – Customer 3 ----- Dr 100

PK 50 – Customer Upload clearing – Cr 300

After uploading the balances you can pass an adjustment entry for these clearing accounts.  
Any way total balance for uploading clearing accounts should be zero.

Example:

PK 40 – Customer upload clearing – Dr 100

PK 50 – Main Upload Account ----- Cr 100

## 3- Open Items for Vendors

Transfer Balance sheet account balances through F-02/F-43 LSMW program. Pass the following JV entry,

Example:

PK 50 – Vendor Upload clearing — Dr 300

PK 31 – Vendor 1 ----- Cr 100

PK 31 – Vendor 2 ----- Cr 100

PK 31 – Vendor 3 ----- Cr 100

After uploading the balances you can pass an adjustment entry for these clearing accounts.

Any way total balance for uploading clearing accounts should be zero.

Example:

PK 40 – Main Upload Account ----- Dr 100

PK 50 – Vendor upload clearing ----- Cr 100

#### 4- Asset Balances

As, you have already created the Asset Master data through AS91, during which you have also entered Asset APV and Depreciation values (Asset takeover values) in Asset accounting module.

- To post in G/L account, go to t-code: OAMK and change the control of reconciliation account to "BLANK"
- Transfer Balance sheet account balances through F-02 LSMW program. Pass the following JV entry,

Example:

PK 70 – Fixed Asset 1 ----- Dr 100

PK 70 – Fixed Asset 2 ----- Dr 100

PK 50 – Asset Upload clearing -- Cr 100

PK 50 – Acc. Dep Account --- Cr 100

- Post G/L balances and go to OAMK and restore control of reconciliation account to "ASSETS"

- 2nd Option for G/L posting is through t-code: OASV. In this you don't have to use t-codes: OMAK & F-02.
- Now, you have to reconcile Asset values in Asset Accounting module with GL balances using t-code: ABST2
- After uploading the balances you can pass an adjustment entry for these clearing accounts. Any way total balance for uploading clearing accounts should be zero Example:

PK 40 – Main Upload Account —— Dr 100

PK 50 – Asset Upload clearing —— Cr 100

#### **5- Material Balances**

Balances are uploaded via t- code MB1C from MM side.

When you upload using 561 movement type, the accounting entry should be,

Example: PK 89 – Inventory ———— Dr 100  
Material Upload Account – Cr 300

PK 50 –

- The system would read the material master price for the plant and multiply the same with quantity of the material. This will be the value which will be updated as the stock value in the inventory account G/L as well as stock balance in Materials Management.
- After uploading the balances you can pass an adjustment entry for these clearing accounts. Any way total balance for uploading clearing accounts should be zero.

Example:

PK 40 – Material Upload account – Dr 100

PK 50 – Main Upload Account ———— Cr 100

#### **6- Cost Center Planning**

Make LSMW program for the KP06, extract the template and upload Cost center planning data for previous number of years (Optional)

#### **7- Profit Center Planning**

Make LSMW program for the 7KE1, extract the template and upload Cost center planning data for previous number of years (Optional)

### **Asset under construction with Internal Order settlement process steps?**

- Step 1- Respective user will create the internal order in SAP System. – K001
- Step 2- Assignment of Budget to the internal order and after assignment approval from the respective approver. – K022.
- Step 3- Creation of Asset under Construction Master Data by the specific user. – AS01.
- Step 4- After creation of Assets Master record in SAP system the concerned user will create the Purchase Order (ME21N) in SAP system.
- Step 5- Release the Purchase order (ME29N) in SAP as per authorization matrix.
- Step 6- Goods receipt (MIGO) is also taken care the concerned department after the delivery is made in SAP system.
- Step 7- After the MIGO, Invoice receipt (MIRO) is also taken care by the Finance department. The depreciation will not run against the AUC.
- Step 8- Post the Payment (F-53) to the Vendor.
- Step 9-Fixed Assets Creation as per actual asset class – AS01.
- Step 10-Settlement of Asset Under Construction into Fixed Assets – AIAB.

### **Tell me Some important tables in SAP FICO?**

Important Tables in SAP FICO

Master data

G/L Accounts

Code	Description
SKA1	G/L Accounts (Chart of Accounts)
SKAT	G/L Accounts (Chart of Accounts: Description)

SKB1

G/L Accounts (Company Code)

**Customer Master**

Code	Description
------	-------------

KNA1 Customer master

KNB1 Customer / company

KNVV Customer sales data

KNBK Bank details

KNVH Customer hierarchy

KNVP Customer partners

KNVS Shipment data for customer

KNVK Contact persons

KNVI Customer master tax indicator

**Vendor Master**

Code	Description
LFA1	Vendor master
LFB1	Vendor per company code
LFB5	Vendor dunning data
LFM1	Purchasing organisation data
LFM2	Purchasing data
LFBK	Bank details

#### Customer - material info record

Code	Description
KNMT	Customer material info record

#### Bank data

Code	Description
BNKA	Master bank data

## Accounting documents

Code	Description
BKPF	Accounting documents
BSEG	Item level
BSID	Accounting: Secondary index for customers
BSIK	Accounting: Secondary index for vendors
BSIM	Secondary Index, Documents for Material
BSIP	Index for vendor validation of double documents
BSIS	Accounting: Secondary index for G/L accounts
BSAD	Accounting: Index for customers (cleared items)
BSAK	Accounting: Index for vendors (cleared items)

BSAS

Accounting: Index for G/L accounts  
(cleared items)

#### Payment Run

Code	Description
REGUH	Settlement data from payment program
REGUP	Processed items from payment program

#### Customizing Tables

##### Company code

Code	Description
T004	Chart of accounts
T077S	Account group (g/l accounts)
T009	Fiscal year variants
T880	Global company data
T014	Credit control area

##### FI document

Code	Description
T0100	Posting period variant
T010P	Posting Period Variant Names
T001B	Permitted Posting Periods
T003	Document types
T012	House banks

### Tell me GR/IR Clearing Process?

GR IR Clearing Account in SAP is an intermediary clearing account for goods and invoices in transit. It represents Goods Receipt and Invoice Receipt Account. It's a balance sheet account for which balance is not zero at the end of the period. This may happen because of following reasons:

- ✓ Goods received but not yet invoiced
- ✓ Invoices of goods which have not yet been received.

If the GR IR clearing account's balance is not zero in SAP then that balance need to be either shown as an asset or liability in balance sheet for the period end closing.

In OBYC we do customization to create accounting documents for goods received in store.

GR IR Clearing Account's Use in SAP FI Module

Entries Related to GR IR Clearing in SAP

When goods received in Store following entry has been passed from MM module to Financial module of sap;

**Inventory Account Dr.**

To Goods delivered but not invoiced Clearing Account

**At the time of receiving Vendor invoice:**

Goods delivered but not invoiced Clearing A/c Dr.

To Inventory A/c

- Suppose vendor has sent invoice only for the part of the goods and not for the entire amount then in that case the amount that has already been credited to GR/IR Clearing Account has not yet been completely reversed.
- Before preparing balance sheet of an organization, we have to take that particular amount from Goods delivered but not invoiced Clearing account to a particular a/c for disclosure purpose. Two additional a/cs are created for this purpose.

Goods delivered but not invoiced clearing Adjustment A/c

Goods delivered but not invoiced A/c

- In the first step GR IR Clearing adjustment account is debited in SAP for the differential amount and the “Goods delivered but not yet invoiced account” is credited for the same amount. In the second step after preparing the balance sheet the above entry get reversed to nullify the transaction.

**Where goods received but invoice not received, system passes the following entry:**

GR/IR Clearing Adjustment Account Dr

To Goods Received Not Invoiced Account

**Where the invoices have been received but goods not received, system passes the following entry:**

Goods Invoiced Not Received Account Dr

To GR/IR Clearing Adjustment Account

**Example**

### **Step 1: Goods Received**

We have posted \$ 2000 for goods received to the inventory account. System automatically posts the transaction to the GR IR clearing account.

#### **Accounting Entry**

Inventory A/c Dr \$2000

To Goods delivered but not invoiced Clearing A/c or GR IR Clearing Account \$2000

### **Step 2: Invoice Received**

- Invoice received for \$ 1500 towards part of the goods delivered. In this step the above credit entry of GR IR A/c is debited and vendor a/c credited to nullify the Account but in our case we have a balance of \$500 which has not been cleared so balance will be in this a/c unless and until we transfer it or clear it.

#### **Accounting Entry**

Goods delivered but not invoiced Clearing A/c or GR IR clearing Account Dr \$1500

To Vendor A/c \$1500

### **Step 3: Clearing of GR/IR Account**

- On the date of running clearing program, system transfer posting to the extent of goods "delivered but not yet invoiced" to the GR IR Adjustment A/c by debiting GR IR Clearing adjustment a/c. The offsetting entry is posted to the a/c used for presenting goods delivered but not invoiced (target account) and the balance in GR IR Clearing account and Adjustment a/c is set to zero in balance sheet as both a/cs are balance sheet items.

#### **Accounting entry**

GR IR Clearing Adjustment A/c Dr \$500

To Goods received but not yet invoiced A/c \$500

### **Step 4: Reverse the transfer entry of gr ir clearing adjustment a/c**

As mentioned in the clearing program system reverses the step 3 entry and the above process gets corrected.

## **Accounting Entry**

Goods received but not yet invoiced A/c Dr \$500

To GR IR Clearing Adjustment A/c \$500

## **Audit:**

- Download the Goods delivered but not invoiced clearing account in to a excel sheet then separate the items to debit and credit. Find out those items which are not cleared and reason of not clearing. Ask the concern person for the details of the balance amount in Goods delivered but not invoiced clearing account.
- Goods delivered but not invoiced Clearing A/c is used only in SAP Financial Module to manage three way match of a purchase order. Its a bookkeeping device to manage the timing difference of arrival of goods before the invoice is generated or when the invoice arrive before the delivery of goods. GR IR clearing Account in SAP is used as a buffer between the inventory and vendor a/c. It should be cleared at regular interval to have a clarity on your accounts.

## **Project Related Questions?**

- Initially the interviewer would try to make an assessment on your genuinity.
- When did the implementation start?
- When did it GOLIVE?
- Were you involved in the end to end implementation or was it a partial role?
- -If you are supporting the client, who implemented SAP?
- What tool do you use to track the support activities?
- How many tickets have you handled so far?
- Name some critical issues which you resolved and without which the production or business got affected?
- What is the system landscape?
- -Have you developed any reports / enhancements /technical /functional designs?
- Are you aware of SLAs
- Rate yourself on a rank of 1 to 10 in FI and CO
- How often have you interacted with client during implementation / support?
- What process designs have been prepared by you?

- How do you react when you get a critical issue or cross modular issues?

### Difference Between Assessment & Distribution?

**Assessment:** A business activity used to allocate quantities and amounts (actual and plan values) from one sender object to one or more receiver objects.

- The assessment process posts the sender amounts to an assessment account. The SAP system then allocates the amounts from the assessment account to the receiver(s) - not directly from the original sender account.
- The assessment works in the same way as the distribution. However, with the assessment, the debit and credit postings do not occur under the original account or the original cost element but under an assessment account or an assessment cost element. The information of the original account/original cost element are lost.

**3) Distribution:** A business activity used to allocate quantities and amounts (actual and plan values) from one sender object to one or more receiver objects.

- The distribution process distributes the balance(s) from the original sender(s) to the receivers. The original sender account is credited and the original receiver account is debited by the distribution. The debit and credit postings for the distribution occur under the original account/original cost element with which the amounts and quantities are posted at the sender. The information of the original account/original cost element remains intact.

### Types of Internal Orders?

Internal orders are used to monitor overhead costs incurred for a specific event, project or activity. It can be used for a restricted period when executing a job, or for long-term monitoring of portions of overhead costs. Internal Orders are company code dependent. Internal order groups can be created for cross-company reporting.

Each internal order in SAP must be identified as one of the following SAP internal order types

- ✓ Real Order
- ✓ Statistical Order

The main use cases for each order type are related to cost capturing and reporting. A real order denotes an actual cost posting to the internal order, while a statistical order will only hold the cost information for reporting purposes.

### Real Order

All transactions related to primary costs are posted to real orders. At the end of the period, all the actual costs captured in the internal order get settled in the form of allocation to relevant cost objects.

As an example, let's assume ABC Company organizes a marketing event over a two-month period. The following costs are incurred for the event:

Event Advertisement 1500

Security Expenses 2200

Venue Rental 3500

Total Event Cost 7200

- To capture and segregate the costs related to the event, ABC Company creates an internal order as a real order that will eventually be settled to the marketing cost center. As the costs are incurred, however, the real internal order captures the costs, while the cost center is not affected. At the end of the second month of the event, the total cost of 7200 is settled from internal order to the marketing cost center. Alternatively, ABC Company may elect to settle the incurred costs each month-end, and may allocate to multiple cost objects.
- Thus, real order postings form part of the transactional balance in the CO module by transferring primary costs from other SAP modules to a cost object during settlement.

#### Statistical Order

- Many organizations use internal orders purely for management analysis. In this case, they would elect to use a statistical order. In this type of internal order, the cost center is maintained in the order as the real cost object. Thus, when a transaction is posted to this type of order, the real cost is incurred by the cost center and the internal order maintains a statistical balance. No settlement is required for this order type and costs may not be allocated to multiple cost centers. In this way, statistical orders are useful for internal analysis and decision making.

#### Tell me why foreign currency revaluation is required?

Before creating Financial Statements, we have to perform Foreign Currency Valuation for the Transaction done in Foreign Currency.

These transactions can be bills receivables or bills payable or might be intercompany money transfers which involves G/L Accounts, Customer or Vendor.

The Line items can be open or cleared.

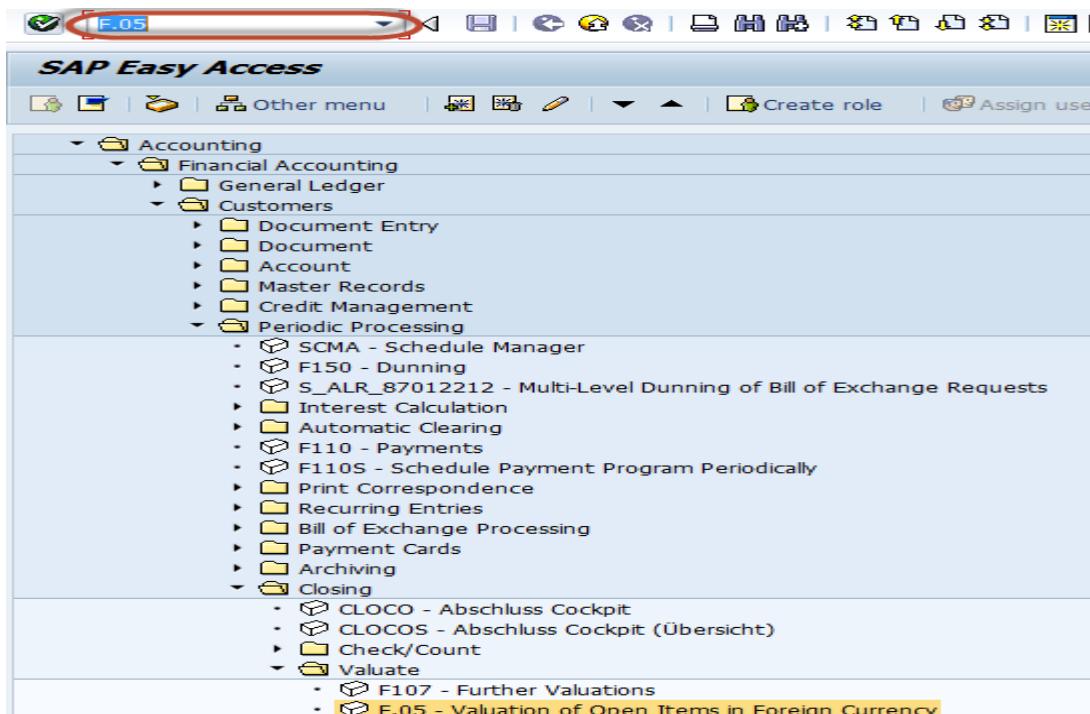
For the Line items which are cleared the exchange rate would be that of the date on which it is cleared.

For Open Items which are not yet cleared the exchange rate may be considered as the current rate or can be considered as month end exchange rate and can be carried out as a monthly closing activity .

So at the year end ,there could be some revenue or expense due to exchange rate fluctuations which will be reflected in the Financial Statements.

Expense and Revenue Accounts for exchange Rate differences can be maintained in Customizing transaction code SPRO. In the SAP we can carry out Foreign Currency Revaluation in the following manner :

Step 1) Enter Transaction Code F.05 in the SAP Command Field



Step 2) In the next screen , Enter the Following

1. Enter Company Code for which Foreign Currency Valuation is to be carried out
2. Enter Evaluation Key Date

3. Enter Valuation Method for Exchange Rate Consideration
4. Enter Valuation in Currency Type (Default is 10 : Company Code Currency)
5. You can filter out Valuation activity by entering appropriate parameters in the Tab Screens.

Press Execute

Step 3) In the next screen, a list of G/L Accounts is generated which are selected for the Foreign Currency Valuation by the Report SAPF100. It evaluates the open items in foreign currency as well as foreign currency balance sheet accounts.

#### Difference Between Validation & Substitution?

In this article we will discuss about Validation and Substitution in SAP Accounting Documents. Perhaps you are wondering why we discuss validation and substitution in SAP Financial (SAP FI) the answer is that numerous MM Documents have an FI document as a follow-on.

- With SAP validation and substitution, you have two very similar tools provided. The difference between the two is as follows:

#### Validation

With validation, you can check the field contents of the accounting document and prevent the posting of a document if required by displaying an error message.

### Substitution

- With substitution, you can overwrite some field contents of the accounting document.
- Of course, you also have the option in many MM enhancements to check an input or overwrite field contents. However, the advantage of validation and substitution is that there is a central item in the interface between MM and FI.
- Therefore, you can implement a central set of rules in validation that will always run regardless of whether the original document is material document, a logistics incoming invoice or a document from another SAP module.

### Validation of SAP Accounting Documents

- You can use SAP validation to check an accounting document and to reject the posting. You can create validation in transaction OB28. A validation for a specific callup point is therefore created and contains one or several steps. Each step in turn consists of prerequisite, a check and a message displayed if check fails.

### sap-validation-substitution-accounting-document

#### SAP Validation and Substitution – Callup Points

Validation can be triggered at various callup points, usually this happen during the check for the document at header or the document item takes place. Callup points consist of 3 points such as :

- ✓ Document Header ( BKPF )
- ✓ Document Item ( BSEG )
- ✓ Complete Document ( BKPF + BSEG )

#### SAP Validation and Substitution – Steps

Each validation consists of one or several steps that are executed in succession. Each step consists of the following sections :

### Prerequisites

In the PREREQUISITES section, you can entered the condition that step is required to executed, it may you entered only BKPF-BLARTEQ 'PY' is allowed to run this validation and substitution.

### Check

In the CHECK section, you specify condition that must be fulfilled to run the program without error and therefore to post the document. You can also go to validation exit for complex checks and carry out the checks via ABAP coding and you need to return the result of your check to variable B\_RESULT (false or true).

### Message

In MESSAGE section you have to define the message displayed to the user if the previously defined check has failed.

### What is IDOC?

- ✓ IDOC is simply a data container used to exchange information between any two processes that can understand the syntax and semantics of the data.
- ✓ In other words, an IDOC is like a data file with a specified format which is exchanged between 2 systems which know how to interpret that data.
- ✓ IDOC stands for " Intermediate Document"
- ✓ When we execute an outbound ALE or EDI Process, an IDOC is created.
- ✓ In the SAP System, IDOCs are stored in database. Every IDOC has a unique number(within a client).

### - Control Record

- ✓ All control record data is stored in EDIDC table. The key to this table is the IDOC Number
- ✓ It contains information like IDOC number, the direction(inbound/outbound), sender, recipient information, channel it is using, which port it is using etc.
- ✓ Direction '1' indicates outbound, '2' indicates inbound.

### Data Record

- ✓ Data record contains application data like employee header info, weekly details, client details etc
- ✓ All data record data is stored in EDID2 to EDID4 tables and EDIDD is a structure where you can see its components.
- ✓ It contains data like the idoc number, name and number of the segment in the idoc, the hierarchy and the data
- ✓ The actual data is stored as a string in a field called SDATA, which is a 1000 char long field.

### Status Record

- ✓ Status record is attached to an I-DOC at every milestone or when it encounter errors.
- ✓ All status record data is stored in EDIDS table.
- ✓ Statuses 1-42 are for outbound while 50-75 for inbound

The I doc structure consists of 3 parts –

**The administration part(Control Record)** - which has the type of idoc, message type, the current status, the sender, receiver etc. This is referred to as the Control record.

**The application data (Data Record)** – Which contains the data. These are called the data records/segments.

**The Status information (Status Record)** - These give you information about the various stages the idoc has passed through.

You can view an I-DOC using transaction WE02 or WE05

### **The Outbound Process**

Steps Involved –

- ✓ Create segments(WE31)
- ✓ Create an idoc type(WE30)
- ✓ Create a message type (WE81)
- ✓ Associate a message type to idoc type(WE82)
- ✓ Create a port(WE21)

### **The Inbound Process**

**Steps Involved-**

- ✓ Creation of basic Idoc type (Transaction WE30)
- ✓ Creating message type (Transaction WE81)
- ✓ Associating the Message type to basic Idoc type (Transaction WE82)
- ✓ Create the function module for processing the idoc
- ✓ Define the function module characteristics (BD51)
- ✓ Allocate the inbound function module to the message type(WE57)
- ✓ Defining process code (Transaction WE42)
- ✓ Creation of partner profile (Transaction WE20)

**Let's understand the process of creating an IDOC with an example –**

- ✓ Whenever a Purchase Order (PO) is created we want to send the IDOC to a vendor.

- ✓ The PO is sent in the form of an IDOC to the vendor (partner). That partner has to be EDI enabled in that system. SAP should realize that it could send doc to this vendor electronically.
- ✓ The PO sent as an outbound idoc by the customer will be inbound idoc for the vendor. The SAP system on the vendor's side can process this to create an application document (a sales order) on their system.
- ✓ Quotation, RFQ, PO, SO, Invoice, delivery note etc are some of the commonly exchanged documents through IDOC

**What is base line date? Why is that used? Can this be changed?**

base line date is date from which terms of payment apply. by default

base line date will display in invoice posting. we can control the base

line date in Terms of payment

configuration step(Tcode is OBB8).

Base line date may be :---

- a) document date
- b) posting date
- c) no default(for this option , the user should explicitly must define the baseline date in invoice posting).
- d) entry date

**What is a Cross company code. Please explain in brief.**

Cross-Company code Transaction involves two or more company codes in one business transaction.

- 1.One Company code makes purchases for other company codes(central procurement)
- 2.One Company code pays invoices for other company code(central payment)
- 3.One company code sells goods to other company codes.

**Can u Explain What is the Organization Structure for the Company?**