



# **Hand Book on SAP FICO Module**

## For Beginners / Learners

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## ***APPEAL***

*After completion my certification, I practiced very consistently and studied various books on ERP Projects and implementation activities in depth. I have gone through the Project methodology adopted in my previous project implementation; I tried to make a black and white for the customization activities of a general project. The activities are more or less similar in ERP implementation projects. The small specific requests from the organizations have to deal independently. In India, there is a lacuna in the supply of books for the learners and beginners to understand the product module of this nature. The available books are useful for the senior consultants. Hence I made an attempt to compile the configurations and other relevant information exclusively for the junior consultants who are in the beginning of their profession. I have tried to compile most of the configurations, as a gist of implementation activities. I tried to satisfy the requirements of end to end project in respect of fico module. While preparing this book, I tried to write in my own style, not to reproduce the extracts as it is.*

*I personally extend my gratitude to my family members, who have given me a good support for this cause. I am thankful to my friends and co consultants who have extended their warmth support to complete this task with in a short span of time.*

***Author & Consultant.***

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# **CHAPTER 1**

## Introduction

## Introduction:

In the process of organizational evolutionary changes, computers play a vital role. To achieve the organizational plans, goals, and targets, computerization of its activities is inevitable. In the early computerization days, organizations are used to select the individual soft wear products. These products were replaced the manual environment and helped to improve the performance of an organization in all spheres. The independent soft wears were developed to meet the specific requirement of an organizational activity. The growing requirements prompted for designing new tools. Consequently an organization with multifaceted activities bundled with many independent computer packages. Hence development and maintenance of individual soft wears has becomes a white elephant for the organizations. In addition to the cost concept, the globalization and growing concept of global village, required more than the present set up of individual soft wear applications. In the present Global environment the soft wear should supports cross country functionalities, with the diversified activities.

To meet such demands of the industry, independent soft wear era has taken a new turn with integrated soft wears. The integrated soft wear supports the cross functionalities, multiple languages, and cross country activities, without changing the existing environment and organizational set up as well. The new Integrated Soft wear is coined as an ERP Product or Standard Soft wear products. The Standard soft wear is developed as flexible and universal product to meet the requirement of as many companies as possible. Standardization can be achieved by incorporating the accepted business common laws, international accounting standards, and scientific knowledge of business processes. The Enterprise Resource Planning product caters the requirements of an organization, with a tight integration among all the business processes.

In my own experience, I would like to say the Banking industry in India is too slow to accept the technological changes in the before 90s. There may be so many reasons in the past. However, Now the Banks in India are ahead to imbibe the technological changes happening around them. Privatization, globalization and liberalizations have brought the drastic changes in the facet of Indian Banking industry. The Big Bank i.e. State Bank India and its associates are the front runners in implementing the ERP product. Now Each Bank in India is following the foot steps of state bank. However, Banks ERP product is an Industry solution Product. The

implementation of Core Banking solutions (ERP>industry specific solution) is taking place in many of the Indian Banks. Many of the banks which are implemented the ERP product are deriving the benefits.

Now our discussion is relating to cross country application soft wears. There are several ERP products available in the Market. They are mainly

- 1. SAP**
- 2. ORACLE FINANCIALS**
- 3. JDEDEWARDS**
- 4. BAWN**
- 5. EPICORE**
- 6. PEOPLE SOFT etc.**

However, at present the most familiar product is SAP only. Hence, in the coming chapters I will discuss about SAP Standard soft wear product SAP only. In the available products, some are cross functional products and some products are industry specific solutions (banking soft wear). Industry Specific Products are designed to meet the business processes of unique business. More or less this type of industries will follow the similar business processes wherever they exist. Example Banking industry, insurance, retail solutions etc. Cross functional products are developed as standards soft wears to meet the different type of industry requirements, throughout the world. The standard soft wears can not be used as it is. The Soft wear has to be tailored to the requirement of different industries with the cross country functionalities and with the cross industry business processes. The standard integrated product has to be customized or configured with the specific industry requirements.

We have to set some pre activities to the standard soft wear, before using called Paramertization or so-called Customizing. The organisations' requirement is to be compared with the capabilities and adaptabilities of the standard soft wear before taking up the Customization task. Many organizations do not understand how to represent their organization structures and business processes in the standard soft wears. To take up the requirement definition task and Customization of Business processes, requires a specialist organization i.e. called Implementation Company. The implementation company selects and forms group with an expert people. This group of People is called a Consultant group. This consultant group has not only expertise in the standard software definitions but also to understand the organization's structures and business processes. They will

map the structures and business processes of the legacy system to ERP environment. Hence the main role of a consultant is to map up the business processes with the standard software processes and customize the additional requirements if required by the organization. The pre parameterization activities and customization activities are put together is called as an Implementation of Project.

The Implementation of the project is more or less similar for all standard software. In SAP environment also the process of Implementation is similar. Implementation of a project is so easy to discuss but involves a lot complexity and cost. Hence has to be properly planned and monitor project in a systematic procedure. The Consultant team and core team has to define the Deliverable Milestones and accordingly monitor the project. Definition of Milestones in the project is a tough task for sr.consultant and senior executives of the company. Then only we can complete the Implementation task successfully. The total activities and programmes are to be document in a proper way. This document is a guide for implementation of a project. This document is called as **ASAP METHODOLOGY OR SOLUTION MANGER**. It is road map for the consultant, to customize the business processes. The success or failure mainly depends on the methodology we have adopted during the project implementation.

The implementation road map is primarily based on sequential methodology and consists of five phases that are to be executed sequentially. Those are

- 1. Project preparation**
- 2. Business Blue prints,**
- 3. Realization**
- 4. Final preparation**
- 5. Go live and support.**

While preparing the above road map the consultants has to meet the core team members and interact with the people ascertain the required information relating to the existing process and their requirement in environment. (Core team is the group of expert people from various functional activates, to represent the company or the front line information providers to the consultants during the project implementation. **For the Project purpose generally the participating companies forms a Steering Committee.** The steering committee vested with the executive powers to define the new

process or modify the process if required. It consists of the people from consulting company as well as implementing company. The steering committee is responsible for the successful implementation of the project. In Each Stage or Process certain activities are defined with time bound intervals. If you follow the pre set time norms in the each stage there will not be “analysis in paralysis” in implementation project. There are no hard and fast common time bound intervals for each project. These are different from one industry to industry and country to country also. Generally the road map is prepared basing on the Principle of Business processes or so-called **As Is Processes**. The new processes are defined in the project as “**To Be Processes**” with proper authorization from the steering committee or from the vested authorities. The consultants do not make the configurations beyond the scope document without proper authorization.

### **1. Project Preparation:**

This is the first phase of implementation of project. In the phase the core component is Project Implementation Planning will be done. The Planning consists of all round activities relating to the implementation activities. Those are mainly defining existing goals and the new goals in the new environment. This is called as a project charter. There will not be any changes to the project charter unless and until the changes are approved by the competent authorities. Besides to the project charter, we have to define the implementation strategy, project standards for procedures and documentation procedures are defined. Apart from the project budget, and project resource planning (hardware requirement planning, technical requirement planning, defining system land scopes in new environment, human resources planning, etc) is also defined in the project preparation. The project goals and objectives, and other requirement definitions and planning and strategies to achieve the defined goals will be approved in the Kick off meeting. Kick Off meeting is the exact starting of implementation of the project. By this time all the members in the implementation team are fully aware of the scope document objectives.

The each phase of the road map concludes at predefined milestones. The quality checks to be made to the objectives defined for the phase. If the results are properly met with the set objectives, then the project manager from the company side will close the phase and confirms the results. He signed off the phase document having completed in all respects. Then we can go for the 2nd phase i.e. blue print preparation.

## **2. Blue print preparations:**

The objective of the second phase of implementation road map is preparation of Business Blue prints. It is called as a design document for the future r/3 system. Business blue prints are the basic requirement for the 3rd phase of implementation (realization). There is no 3rd phase without Business Blue prints. The blue print for each task will put together as blue print for the project. The project manager will ascertain the status from each consultant member and evaluate to the steering committee, at regular intervals. The time interval for meetings with the members, attending the steering committee meetings, and other project analysis depend on the size of the project.

In the Blue print stage a proper knowledge transfer with core team members is must for effective implementation of the project.

In this phase as is process definition and to be process definition will be made. Accordingly change management to the new type of environment also initiated. System land scopes will also be determined. This is a comprehensive phase. Each area of scope document will be meticulously examined and prepares the best available business process and evolve the training methodologies to understand the new business process environment is developed.

Last but not the least activity in the 2nd phase of blue print preparation is quality check for blue print preparations. For this purpose SAP provides separate tool for check.

## **3. Realization phase:**

As per the business blue print requirement, and design decision, the activities are realized in the new environment. The realization phase can be concluded in two phases. The Base line and the final configurations. In this stage parameterization or customizations will takes place and ensure its authenticity and finally confirms the realization. Sap enhancements, script forms, and other developments can takes place in this phase of implementation. In this phase structure of an organization will be created and ensures its quality checks with the blue prints, and preliminary testing by using some test cases also will be done. With the completion of this realization, we can see the silhouette or an organization in the r/3 environment.

In this phase with the help of system administrator proper authorizations,

check limits, dual control set ups and also defined. Final intra module integration test, and training classes for the end users, and training material will be prepared. Finally the routine activity of quality check will be conducted to know whether the milestones definitions are properly met or not. It ensures final acceptance and correctness of the configurations and accepted by the project management.

#### **4. Final Preparation:**

The fourth phase is to create a company in new environment in the production system. In this phase further enhancement for user programmes, system administration activities, and Cut- over dates for new environment is defined. As usually, the status and steering committee meetings will be conducted as before. Extensively end user training programmes will be conducted in the form of seminars, work shops, user master records creation and testing data will be processed. And further the system management will be also analyzed extensively.

Final activity testing will be done in the production system. Generally no changes can be made in production system. However, if any minor changes any made must be documented it properly for future reference. Quality checks will also take up in respect of achievement mile stones. In this Phase the Cut-over is the important activity. This will decides the go live and support phase.

#### **5. Go-live and support:**

Once the go live i.e. last phase is completed, as consultant, we must provide support in the production run for the end user till the system stabilizes. In this phase the main activity is to extend support to the end user and guiding them to check the data and reports for the requirement and other day to day problems in the new environment. For this purpose we can keep “Hand holding” to give the support for user. Once the system stabilized, the project management prepares for the acceptance of the productive environment by the steering committee or the company management.

**End Project:** the project should be ended officially at the completion of implementation of project. The project team will be relieved of its responsibility when all outstanding problems were cleared up or passed on to the help desk.

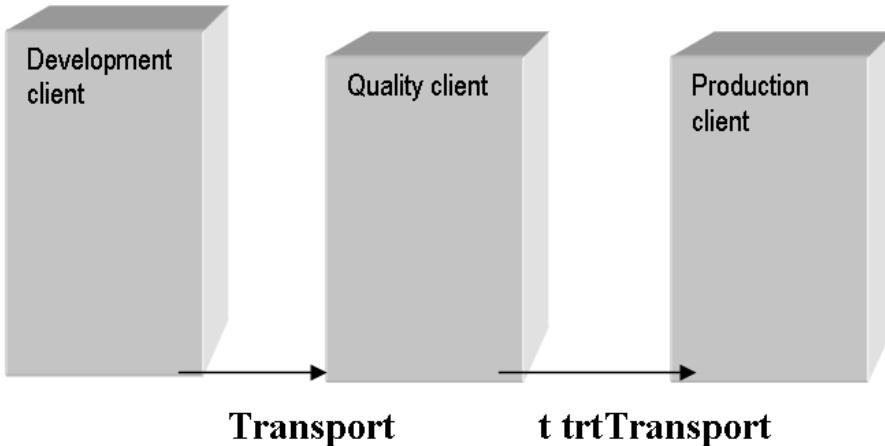
At finally the end results and business process results are compared and critical assessment of the complete project. These are only gist of the

Implementation Road Map or Methodologies for Project implementation. The above methodology is applicable for all types of standard soft wear implementations. Hence the understanding the methodology comprehensively, is said to be completed half of the implementation job. Before going to configuration or customization we need to understand the R/3 architecture. The R/3 architecture is the future silhouette of an Organization after implementation of the SAP standard softwear.

## R/3 Architecture

Before entering into project implementation activities every one of the project related, should at least know the R/3 architecture. It gives an immense knowledge over the implementation activities. The Sap system environment is called as Client Service approach. There are different views to understand the client server approach. The client server may be embedded in a single system or in different systems. As per the requirement of the project we can decide the system environment. Basically there are 3 types of clients are used in the project implementation. The first one is development client, the quality client, and the production client.

The three clients are specified for different activities. The development client is used to do the configurations by the Jr consultants as per the business blue prints. We can make and define the configurations as per the requirements. The configurations will be tested in another client (depending on the system environment) i.e. Quality client. The configurations made in development client will be transported to the quality client with the help of transport management (dealt by basis administration). And the configurations will be checked and ensure that they are in tuned with business blue prints. Once the quality checking is completed, the configurations will be transported from development client to Production client. This is client of end user. Generally no changes can be made to the configurations in this client. In exceptional cases if any changes made has to be documented perfectly ‘as the changes made in Production client’ However, SAP discourages to make changes in Production client, make the changes in development client and test it quality then again transport to production. This is best business practice of the Implementation. The R/3 architecture can be viewed as the following way. This type of R/3 view is considered as a development view. We can have a birds view over the total development activities in implementation process. Generally a client is considered a work area where the user master data is available or configured.



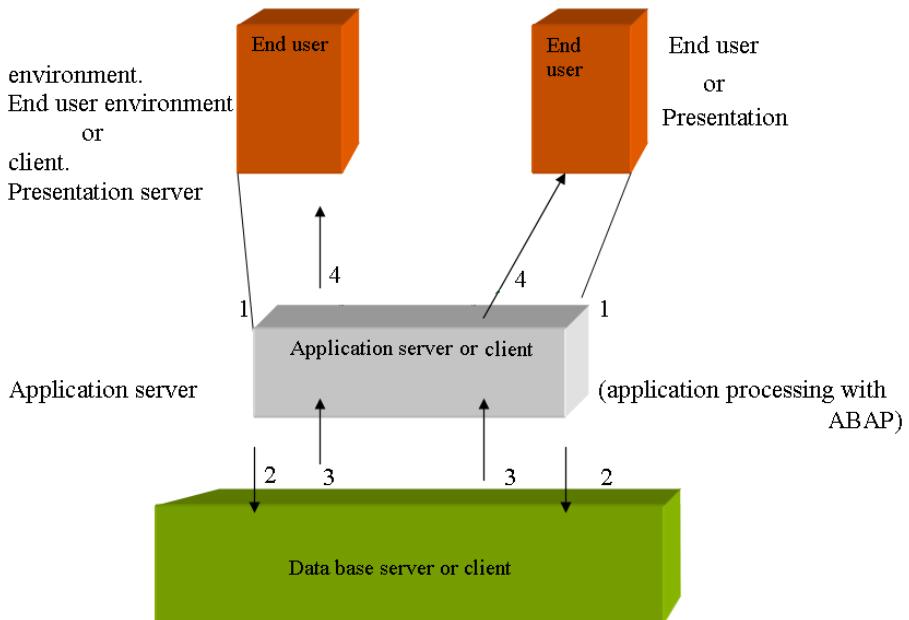
- |                    |                    |  |
|--------------------|--------------------|--|
| 1. Configurations  | 1. Quality testing | 1. Production or permanent client for users. |
| 2. Sand box and    |                    |  |
| 3 Initial testing. |                    |  |

With a view to remember the work areas or the clients, SAP suggested to name the client with 3 character Ids. There are no hard and fast system of number of clients. We can name it as per the convenience of the project. However, to maintain the standardization SAP suggests the consultants 000 client name should be accredited to Production client only.

As an application consultant we do the configurations in development client, and ensure the initial quality checking of the configurations as on going process. All configurations have to pass through the quality testing phase in quality client. Here in the quality client all types of testing, like intra module testing, business process tests, integration testing, will be done and finally confirms the customization and integration. Then the customized settings will be transported to production client. Before transporting into production client the final test called User Acceptance Test will be done.

### **Hard ware view of R/3 Architecture:**

The above is called a development view, the view of the R/3 architecture, is hard functionality, or we can say the process functionality of information with in the sap environment.



The above diagram is flow chart in R/3 structure. The end user queries first of all processed in the application server (with the help of abap) and sent to data base.(understands only sql language) In turn the data base server responds the queries and sent back the necessary information again to application server in turn to Presentation server. This also can be considered a Client server system with in a client. The flow of information in the diagram is defined with the numeric numbers.

I think the readers of this book, might have got an overview functionality of R/3 architecture by this time. The most complex activity for a consultant is to understand the Organizational structure in the legacy system and mapping up with the Organizational units in SAP environment. This is the hard core problem for the jr.consultants. Hence mapping of organizational units and mapping of business process are generally dealt by the senior consultants.

### **The Implementation approach vs. learning approach:**

The implementation approach in real time is somewhat different from the learners approach. However, the end product is same for the two approaches. The Implementation Approach is coined by me as Parallel approach. The Learners Approach is called as Horizontal Approach. If you take up the Implementation approach in the class room may cause a little bit confusion among the students. Hence I am taking up the Horizontal Approach for the students who have attended for work shops or training classes.

## Learners Approach or Horizontal Approach:

Content	Master data	Transactional data	End user activities	Miscellaneous activities
Organizational units	-----	-----	-----	Map up with the legacy system and to create org. units. and global settings.
General ledger accounting →	1.Creation GL master data →	2.Define number ranges, tolerances, posting keys, doc. type, and so on	3.Data postings, and ensure the correctness of settings,	4. Any activity related GL accounting.
Accounts payable And Accounts Receivable →	Definition of groups, no. ranges, and creation of Master records, →	Define doc. type, number ranges, tolerances, payment terms, automatic determinations into calculations,	Processing the data to ensure the correctness of the configurations.	Miscellaneous activities.
Bank accounting →	Creation of bank master record →	Definition of house banks, account ids, and related activities Into calculations,	Define check management and ensure the correctness of settings.	Miscellaneous activities.
Asset accounting →	Creation asset classes,(inlc. Pre act) →	Chart of depreciation, valuation methods, depreciation key and automatic determination of acs	Posting the data to ensure the correctness of the data.	Miscellaneous activities.
General configurations	Defining tax procedures, condition types jurisdiction codes	Define tax codes, and Automatic determination of accounts of tax	Post the data for correct ness	And miscellaneous activities.

In Horizontal approach each component wise master data, transactional data and end user data and related activities will be configured, this methodology is more reachable for the students in class room environment.

### **Implementation Approach in real time:**

In real time the implementation of the project is slightly differs with the horizontal approach. The methodology is mentioned under the table.

Particulars	Organizational units	General ledger accounting	Accounts payable and accounts receivable &Bank	Asset Accounting
1Master data ↓	Definition of organization units, and global settings, in each module	Creation all masters in GL accounting and creation all masters simultaneously by all module consultants.	Creation of All Masters in AR AP and Bank module Creation of all master records in all modules.	Creation of All masters in Asset accounting. And creation of all master records, simultaneously, in all modules.
2Transactional data ↓	Definitions are simultaneously in all modules	Transactional data definition will be done simultaneously in all modules.	Transactional data in all modules simultaneously	Transactional data in all modules simultaneously
3End user data ↓	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules	Processed simultaneously in all modules, for testing purposes and ensure the flow is taking place in all modules

In the implementation approach is suitable for real time project implementations, all the master records, will be defined simultaneously and useful for automatic assignments and default assignment purposes. And further it is good methodology to ensure the end to end tests and integration tests. Hence this methodology is followed in real time projects. However, the Horizontal Approach is exclusively useful for the class room environment for better understanding of the concepts.

If you familiar even with the horizontal approach method also, we can easily understand the implementation approach in real time. Hence I used to take the classes in Horizontal approach for the students. Now you are equipped with enough overview for taking up the project configurations as defined below.

SATYA PROJECT

FICO MODULE

CUSTOMIZATIONS.

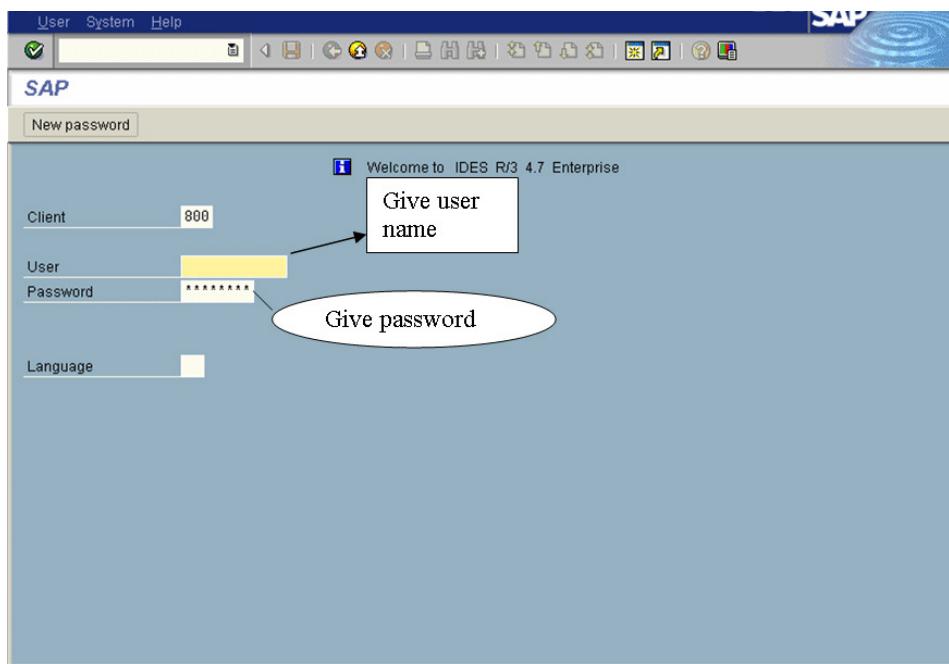
As a part of the implementation of ERP we have to choose an experienced implementation partner for a project. The selection of implementation partner will be dealt separately. As far as the implementation of the project, the client company has formed a group of people (Core team) to look after the implementation of the project. This group is called core team vested with predefined goal of project implementation. The Group or Core team (down the line) members are rich in experience in various activities of an organization. The core team represents the organization in the transformation business processes into ERP environment in the organization. These core team will not only interact with the consultant teams but also interact with people within the organization .They will create the suitable environment for change management and smooth sailing of transformation to SAP environment. They are the best resources from the organization to finalize the best business practices and internal business process functionalities of our business. They exclusively deputed for this implementation of the project. The core team is headed by the project manager who has 25 years of experience in cross functionalities. He will be assisted by the IT manager, as far as the IT requirements of the project. The Core team members are also having good functional knowledge in various activities of the company. They can represent the company's requirements while customization and configuration of business processes in SAP environment.

The success of an implementation mainly depends on the integrity and involvement of the people in the organization. They should try to extract the exploit the required business processes from the consultant team. If they in show any laxity in proactive, the end results of the new product will not come the organization. Besides they have to face lot of problems while dealing with the business transactions in the new environment. It may sometimes lead to chaos in the organizational work flow.

The consulting company prepares business blue prints by coordinating with the core team. Accordingly the configuration will begins. In the process of configuration every one of the core team members must know the functionalities of sap screens and also the Jr. Consultants ensure the

familiarity of sap screens as under. The first screen is the entry screen through which we enter in SAP environment.

There are two types of screens are there in SAP. One is easy access screen and the other one is IMG screen. Easy access screen is designed to process the day to day business transactions. IMG screen is the purpose of configurations and customization of the business processes. We have to mention the client name in which we are working. This is most important. Generally the configurations will be done in Development client. Hence give the client ID. Give the user name and maximum 8 character pass word. And press enter. You will be taken to new screen



**Figure 1**

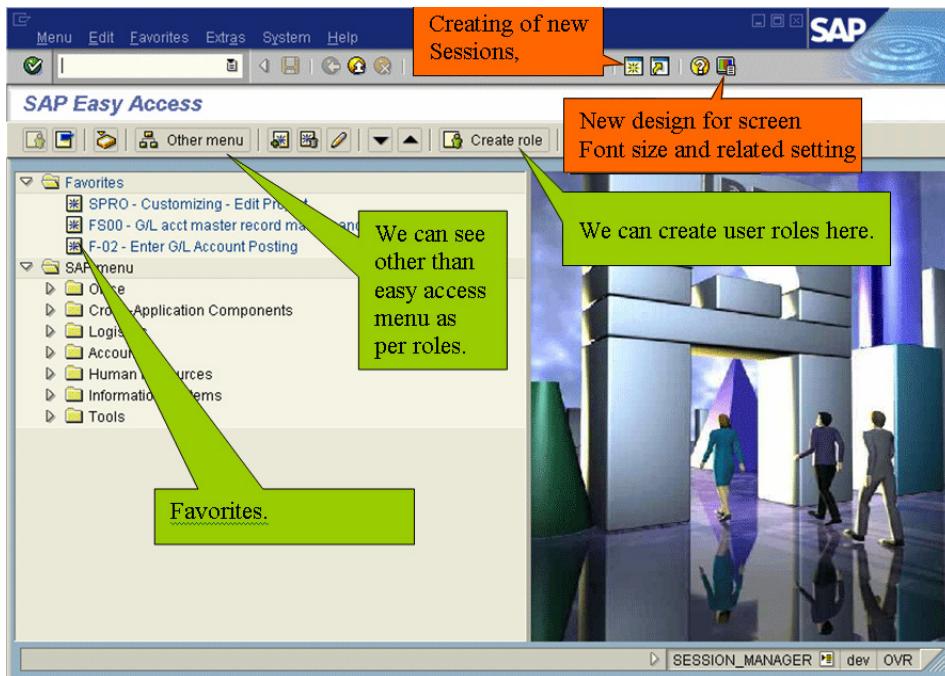
Client: an organizational unit, in which the master data and tables are stored.

Username: this is the name of the person who wanted to enter into sap. It should be predefined by the basis consultant.

Pass word: personal secret code with which user is identified by the system.

Language: the language in which the user works on.

**Note:** we can change the pass word by clicking new pass word option. This can be possible after giving the old pass word only.



**Figure 2**

The above screen is called Easy Access Screen. This is the screen from where the end user begins his routine transactions

The screen prompts will be depending on the roles assigned to the user or the defined job to the user in the real time environment. All the options are not displayed to all. This is for security reason and authorization role played by the user in the organization. This is the screen from where the end user performs his roles.

#### In the Office Menu:

We can set the end user important information as a ready reckoner. Besides that we can setup organizational information, business documents, reports, and personal information useful to discharge the roles effectively, and organization unit's information. This is a tool box for the user to discharge his duties efficiently and accurately without much help from the outside environment.

**Creation of Favorites:** go to menu item favorites>click on either folder or insert transaction give name of the folder or transaction code. Those will appear as in the screen.

### **The familiarity of the screen settings:**

- 1. White band is called command field where we have to give the transaction code.**
- 2. Title bar: where the screen name generally appears.**
- 3. Application tool bar: where the different tools are used to process the information.**
- 4. Status bar: this is the bar on help for the screen or messages will be displayed.**

This setting knowledge enables the consultant to execute the work efficiently. These are not directly related to configurations; however, act as helping aid to the consultants in real time.

However, it is not pertinent to the consultant to take up the configuration settings as per the project requirement definitions. The screen from which the consultant will work is called Implementation guide screen i.e. IMG screen. The following are the ways to reach the area of operation.

There are two ways to enter into other work areas: 1.navigation method  
2.transaction method

**Navigation method:** tools>customizing>img>spro edit project>sap reference img> display img (implementation guide)

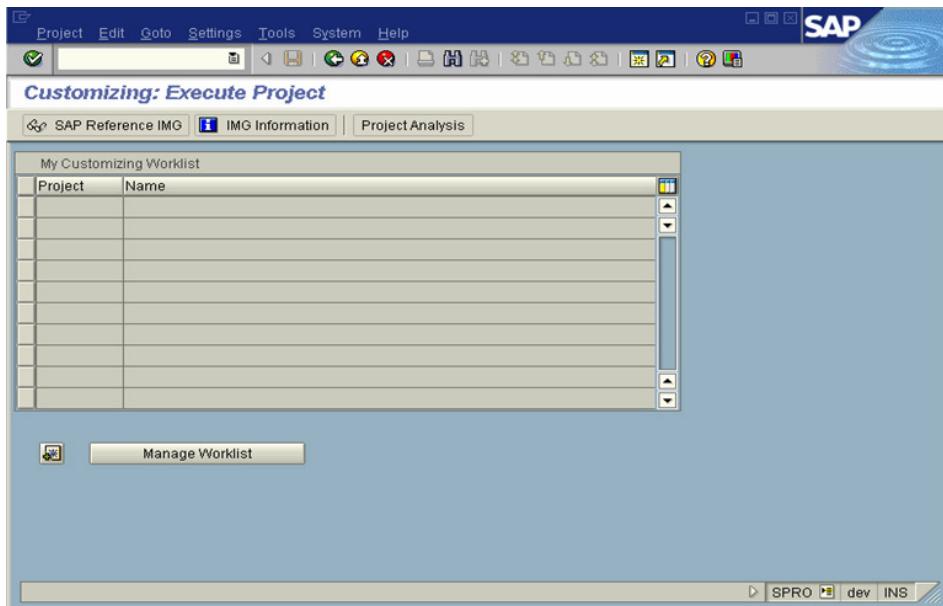
**Transaction code method:** in Sap every screen is identified with transaction code. We have to give the transaction code in command field. Example: spro is the transaction code for entering to sap reference img screen and press enter it will takes directly to sap reference img screen.

**Creation of favorites:** Go to menu item favorites>select create: create folder or transaction. Select the required option. Selected one will be displayed as above.

**General information:** 1.while transacting in sap the system used to give 3 types of messages in 3 different colors. 1. Red: error message: 2.yellow: warning message: 3. Green: ok message.

If you got yellow messages, you can skip that message by pressing enter button. But if you got error messages, you have to identify the mistake and rectify it, and then only the system allows further information.

To go to IMG screen we can use either navigation method or transaction code SPRO. It will take to edit project screen. In real time the project manger prepares the project details and objects in the sap environment. The screen will appear as under.



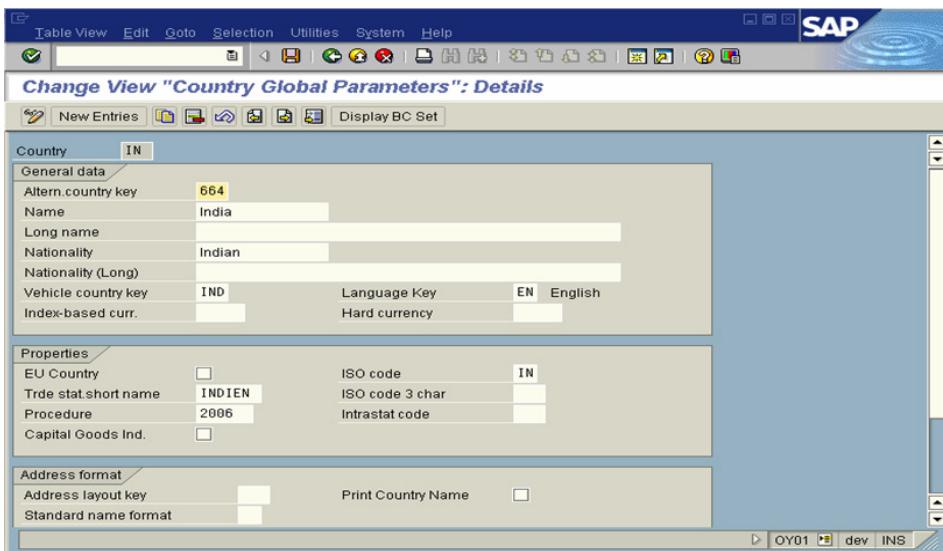
**Figure 3**

In the IMG information we will find the sap releases up to the date information. In the project analysis we can maintain the project details for the information. SAP reference IMG is defaulted with the soft wear which includes all modules whether you implement in the project or not. We can prepare own IMG for project requirement. Those are Enterprise IMG and Project IMG. Enterprise IMG refers all the modules which are going to be implemented as a whole. The Project IMG refers the exact the modules implementing during this implementation. However, we can configure from any of the IMGs. Once you double click on the reference img, takes you to the IMG screen. in the IMG screen we first ensure the general settings as under

#### **ENSURE GENERAL SETTINGS:**

Before proceeding further customization we have to ensure general settings available in the system. If any changes you want set you can set it as per the requirement of the project.

- 1. Set countries: click on position button give country code IN and continue. You will be prompted with country details. Ensure them and save it. If you want configure the regions you can define regions in sap environment.**

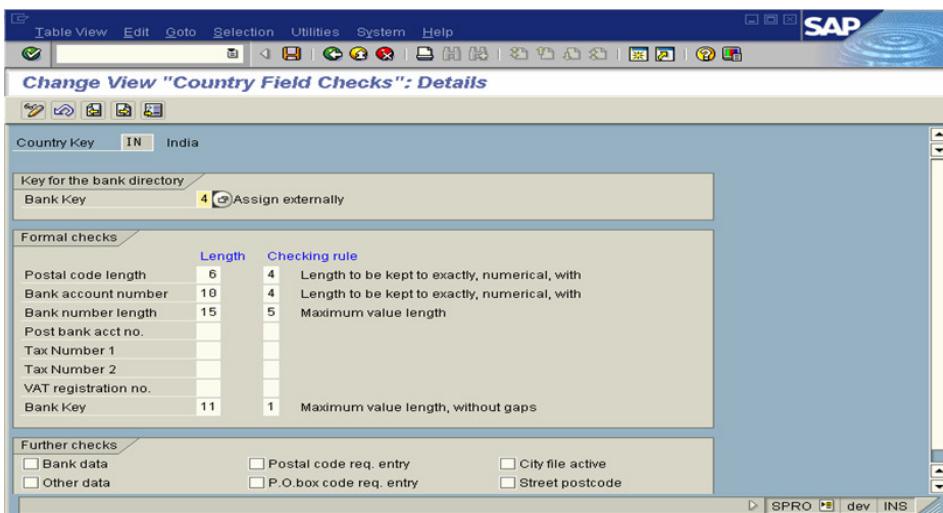
**Figure 4**

Alternative country key is used to identify the country by SAP. ISO code is the code accredited by the international standard organization to identify the country.

Procedure is the tax calculation procedure for the country. We can set the alternative currencies

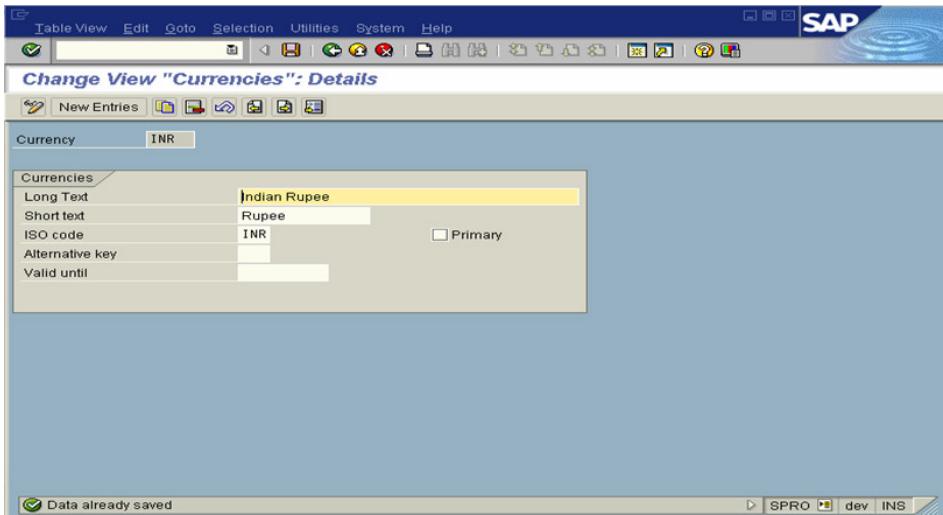
Maintain for the country. In the country definitions we can set hard currency and indexed based currency if the project requires.

Set specific country specific checks:

**Figure 5**

in this configuration generally we set the postal length and bank account number and bank key Digits, these are important checks to ensure before start up the real time projects.

## 2. Ensure currencies in the system: Path: general settings-set currencies.



**Figure 6**

Currency key is 3 characters key.

If no validity is mentioned treated as maximum validity period.

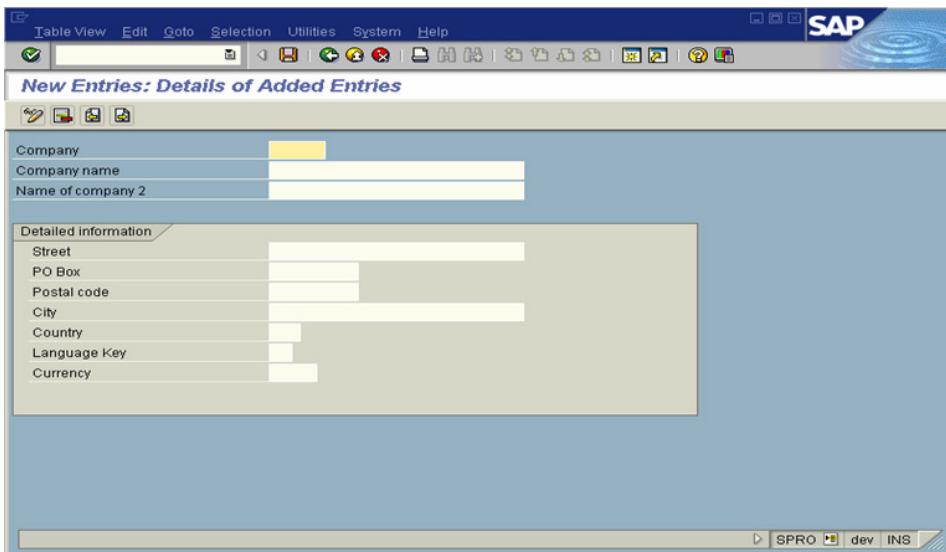
**Define regions:** general settings-set countries-insert regions:

We can define the regions, states, or province as per the requirement of the project. These

Regions are more useful in defining the tax jurisdiction codes in the tax structure:

## Mapping of the Organizational units: And configuration of organizational units.

This is one of the complex activities of the consultant. If you map the legacy system organizational units to SAP environment properly paves a smooth way for the configuration in the later stages of the project.. While going for the actual configuration we must understand the organizational units and structure of an organization well. Then only we can configure into sap environment. For that purpose we have to discuss with the company core team and finalize the structure of an organization in sap environment. Then only we can begin the configuration. The first step in the project implementation is define a company as under

**Figure 7**

**Path: enterprise structure>definition>financial accounting>company:  
TC 0X15**

In the process of implementation of the project we have to begin with a definition of a company i.e. group company. It is a six character code.

1. Give company code: 200006(six character code)
2. **Company name:** Satya InfoTech pvt ltd(it is considered as Group Company ) it is optional only.
3. If second name is there for a project give otherwise make it as blank only
4. Under detailed information give the street name

**Give the p.o box number and street (optional)**

**Postal code** with: 6 character number

**City:** give city name

**Country:** give the name of the country in which the project is being implemented, the country which are mentioned is called as local country or home country.

**Language key:** give the language key (for help press f4 for possible entries list display) select the language from it

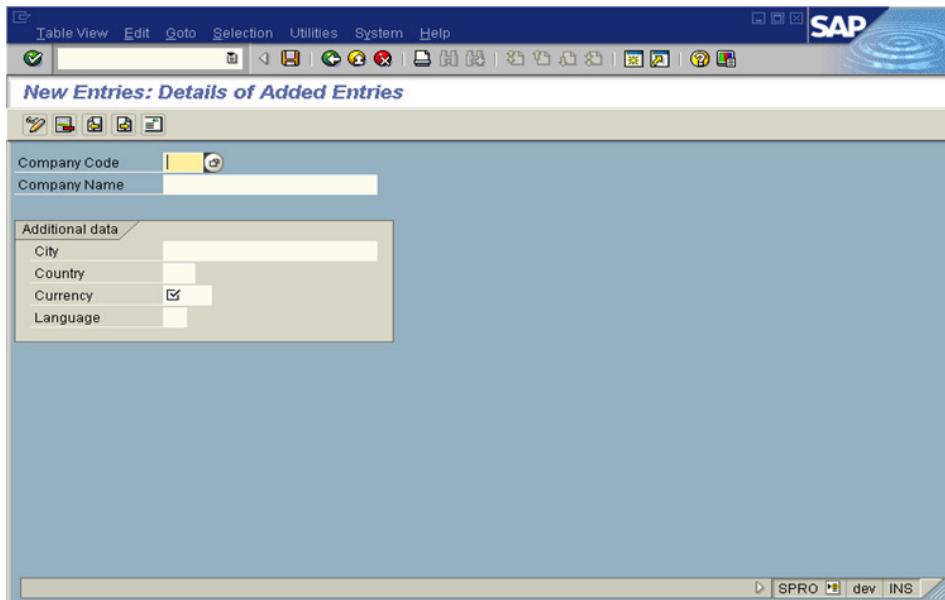
**Currency:** give the currency in which the transactions are being maintained for the group company.

After the details select control+s or save Button. Data was saved. Message will be displayed. The screen will appear as under.

Definition of the group company is optional only. The next step is to create a company code. The definition of company is code is an independent organizational unit which has its own set accounting books and obliged to prepare financial statement under statute of law. The definition of the company code is mandatory. It is 4 character key or code. The screen is appears as under

**PATH: enterprise structure>definition>financial accounting> edit copy  
delete company code: TC: ox02.**

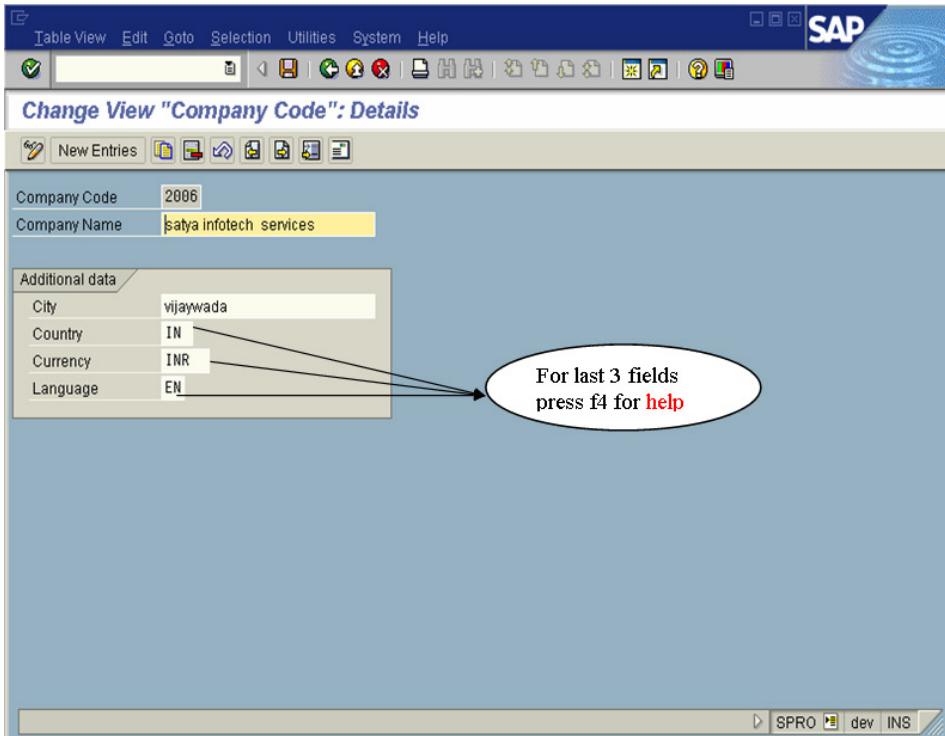
A small window will be displayed and double click on edit company code data: select new entries button to create a new company code for which you are taking the implementation.



**Figure 8**

1. Company: give 4 character code of the company: 2006
- 2 . Name of the company: give the name of the company: Satya InfoTech pvt ltd
3. Under additional data give city Name: Vijay Wada
4. Currency: INR the currency what we are mentioning is called home currency or local currency
5. Language: give the language key: EN

For above 3 to 5 columns press f4 to get the help of possible entries. You can select the code from the list. After giving the details save the data. After saving the data the system prompts for another screen for full address details of the company. Give all the details and select continue button. The screen will appear as under



**Figure 9**

Give the company code and other details. After saving the data the system displays address data screen in which you have to give the full details of the company in all aspects.

#### **Define credit control area: path: financial accounting-definition-enterprise structure- defines credit control area: TC: OB45**

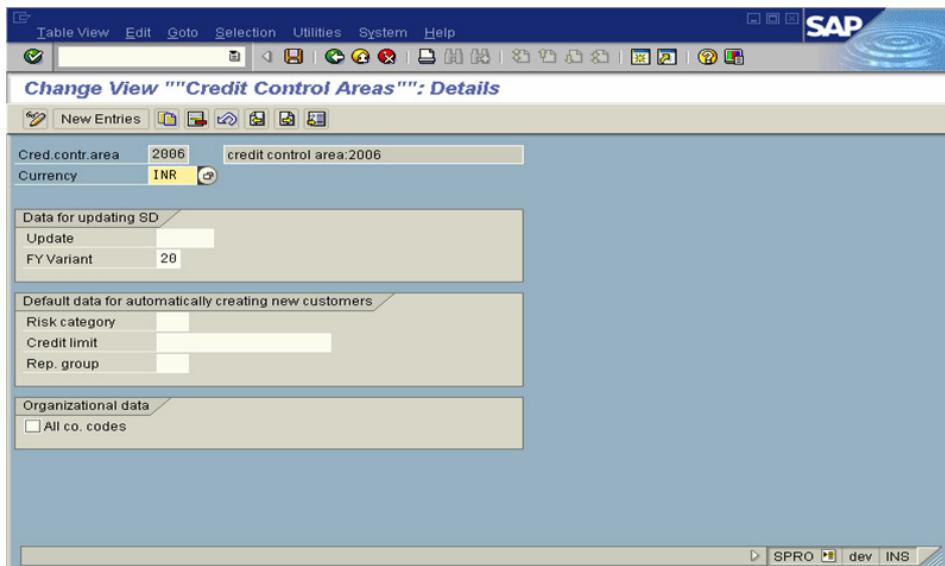
Credit control area configurations are commonly shared by the sales and distribution consultants and fico consultants. Some of the configurations are to be made in SD module. Hence it may be considered as mixed concept of FI and SD consultants.

Click on new entries button;

Give 4 character code: 2006 description: credit control area for: 2006

Update: with this data the system updates the credit limits of customer. For example to update the credit limits at order delivery or billing documents. We can select any option as per the request of the company.

Give the fiscal year variant:20 the screen appear as under:



**Figure 10**

Risk category: we need to define the risk category of different nature and assign them to the credit control area.

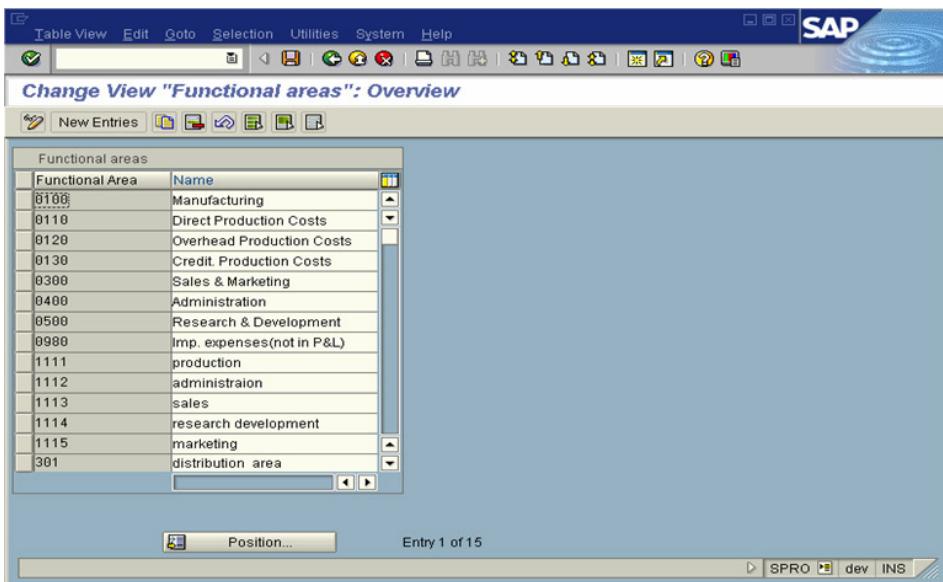
Credit limit: we have to maintain the credit limits for customers individually.

If you select all company code check box the credit control area is applicable for company codes.

And save the data.

### **Define Functional Area: path: enterprise structure-definition-financial accounting-define functional area:**

Functional area is the concept of knowing the organizational expenses incurred basing the activities. The activities may be administration, production, and marketing, like those. This concept is useful to know the profits basing on the cost of sales accounting concept. If the company is following the cost of sales accounting concept we need to define the functional area and assign properly in the various masters.

**Figure 11**

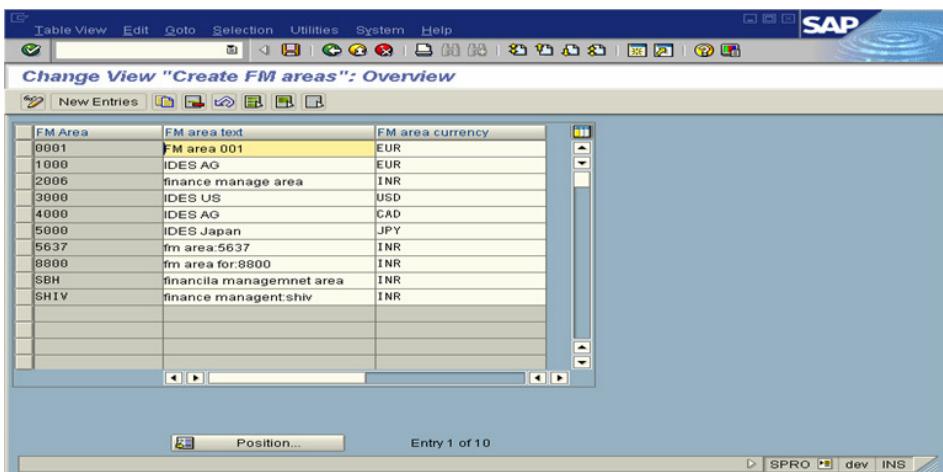
Define the various functions with 4 character ids and save the data.

Define financial management area: path is same as above:

Financial management is useful in funds management and to forecast the cash budgets for the organization. If the organization is following up the treasury module to manage their funds efficiently, we need to define this organizational unit.

Click on new entries button

Give 4 character id for the financial management area; and give the description and save the data.

**Figure 12**

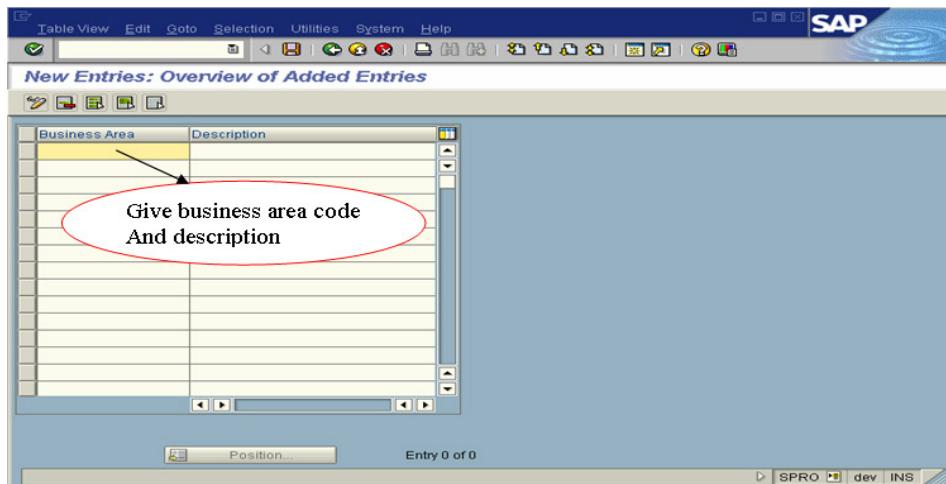
Give the financial management area currency.

Define business area:

Path: same is above: TC: OX: business area is the area of responsibility, within the company code

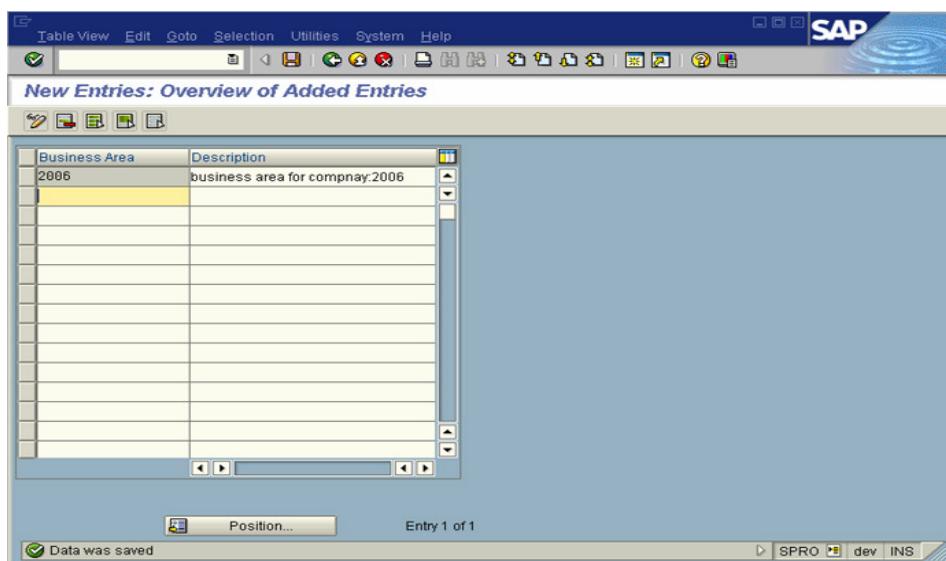
Give the business area code: 4 character code: 2006(alpha numeric you can give)

Give the description of the business area: Business area for the company code: 2006



**Figure 12**

The filled screen will appear as under. Save the data

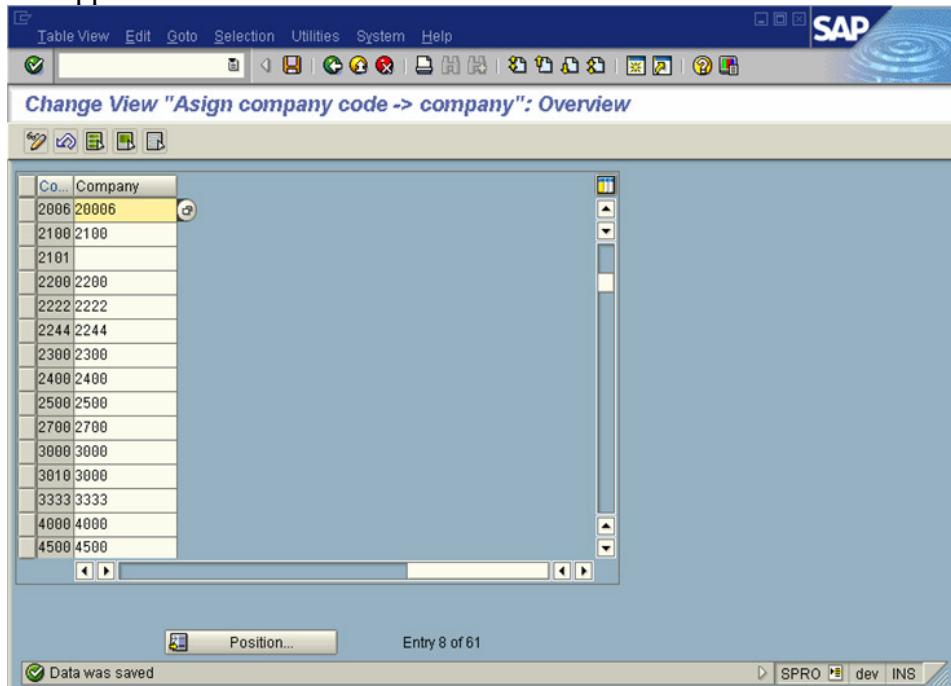


**Figure 13**

The definition of business area is an independent organizational unit which has its own area of responsibility within the organization, which can prepare financial statement for internal purposes. The classification of business area is either geographical or product wise as per the requirement of the company. We can define any number of business areas as per the request of the company for which we are taking up the project. If the organization if following the consolidated business area approach, we have to define the consolidated business area other wise we can skip the option. If you define the consolidated business area we have to assign the business areas to consolidated business areas without fail. Hence consolidated business area functionality is optional for customization. With this simple definition of FI organizational units is completed. Now we can go for assignment of organizational units what we have defined. We can treat this job as internal integration within FI module. The first assignment is company to company code. The Path is as under:

**Enterprise structure>assignment>financial accounting>assign company to company code TC: OX 16.**

1. Click on position button.
2. Give company code:2006
3. Give the company to which you want to assign. Save. The screen will appear as under



**Figure 14**

The assignment of business area is not required because the business areas can be used cut across the company codes. Hence we need not assign the business area to any company code. However, if you define the consolidated business areas, we have to assign the business areas to consolidated business areas. In this project we have not defined the consolidated business areas hence no assignment is required for business areas.

**Assign credit control area to company code: path is same as above:**

Click on position button give the company code

And give the credit control area code and save the data.

**Assign the financial management area to company code: path is same as above:**

Click on position button, give the company code

Give the financial management area code and save the data.

The functional area concept is different concept; we need to activate the functional area by separately, no necessity of assignment task.

**Variant principle:**

The next step in customization is Define Variant Principle. Under variant principle there are 3 variants. They are 1.fiscal year variant 2.posting period variant3.feild status variant. The first customization is fiscal year variant. The variants defined under variant principle are at client level.

**FISCAL YEAR VARIANT:** The fiscal year means a general year in common. No company can maintain the books for indefinite period. They have to close the books for certain period. That depends on the company and the country's policy. Suppose in India all the companies have to close their books on 31st march every year. But other countries may follow the different approach.

The fiscal year is classified as

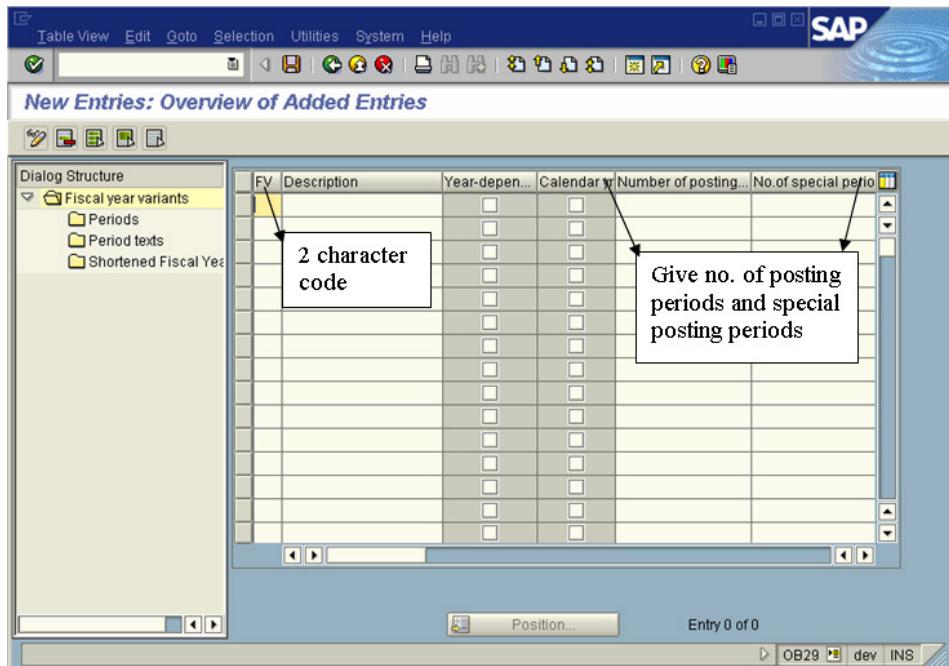
1. Calendar year
2. Non calendar year.

As far as customization is concerned definition of calendar is so simple. We have to select one check box. For non calendar year definition we have to define the open and close the fiscal year and also the end days of the periods.

Period: is generally called a month. The fiscal year variant screen appears as under

Path is as under: spro>rimg>financial accounting>financial accounting global settings>fiscal year>maintain fiscal year variant TC: OB29

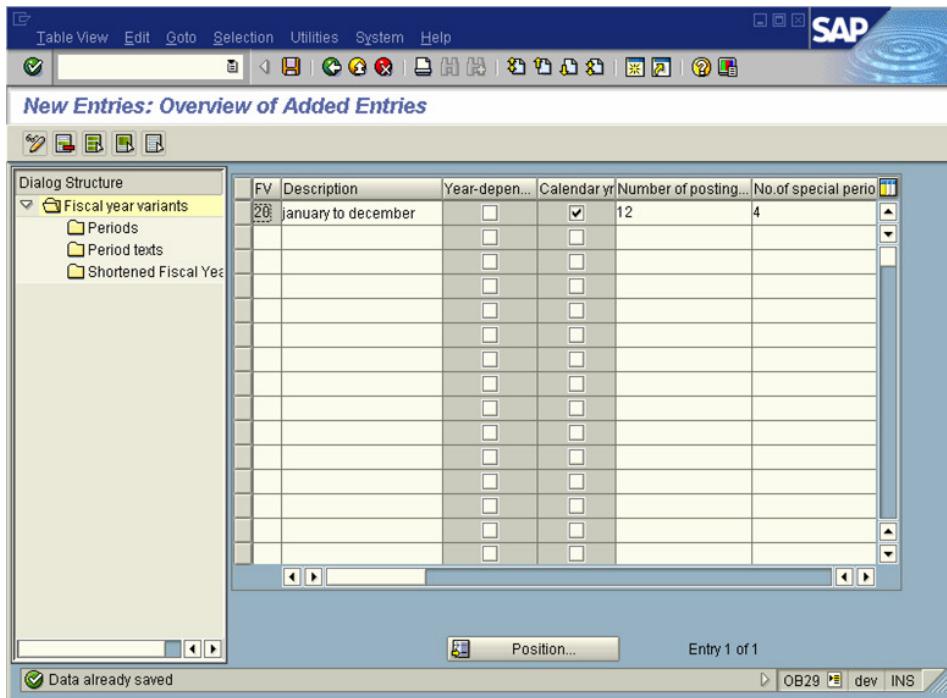
Select new entries button. (If the fiscal year variant is calendar year)



**Figure 15**

1. Give FV (fiscal year variant): 2 character code (alpha numeric)
  2. Give description of the year: January to December calendar year
  3. Select the check box of the calendar year.
  4. Give normal periods: 12 special periods: maximum 4 only i.e. total periods are 16 and save the maximum periods for financial accounting usage are 16. The maximum special periods are 4.

We can define any special periods within the maximum limit. Special periods are used to post any information after the close of normal periods. The special periods are not considered specially but as a part and parcel of last normal period only.

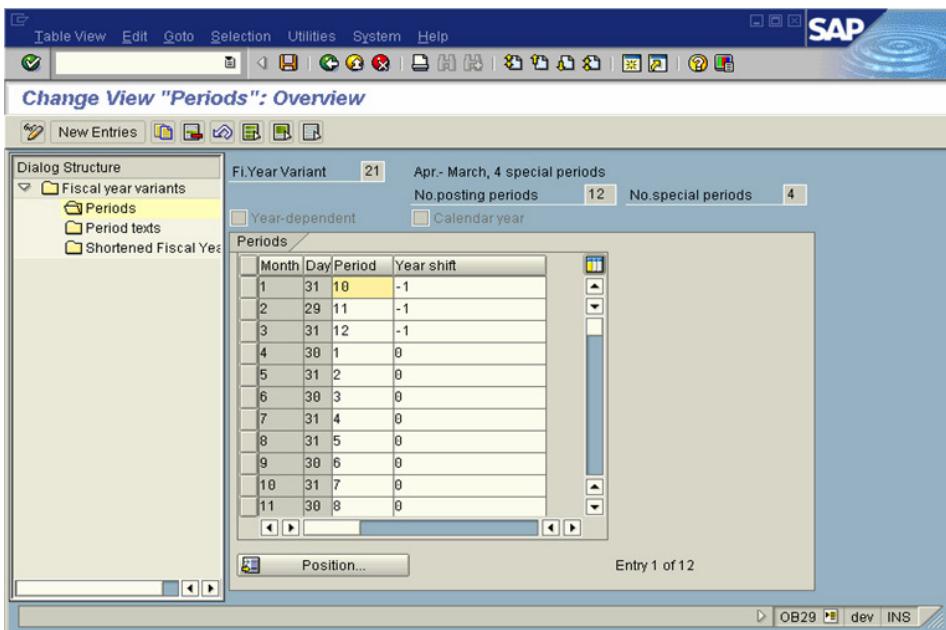


**Figure 16**

**For non calendar year variant:** we have to define the variant first (don't select the calendar year check box) give normal posting periods: 12 Special posting periods: 4 maximum. Save

Double click on the period's button to make customization. Select new entries. The screen appears in suppressed mode again select new entries button and complete the table as under.

1. month: calendar month  
day: end of the calendar month
  2. Period: corresponding period of the non calendar year.
  3. Shift key: -1 for only for the months of January to march. The shift key will adjust the calendar month of the next following year as the 10 month of the present non calendar year. After completing the table save the data, the screen will appear as under.

**Figure 17**

In fiscal year definition we define the no of posting periods in a year only. And also the special periods. The special periods may be used for the purpose of either audit adjustments, tax adjustments, or for declaring the quarterly results. The periods may be some times defined more than 16 periods also. This is in case of Special Purpose ledger only. The fiscal year with more 16 periods is not used in finance module. However, we can use for reporting system in special purpose ledger. Example: in case of weekly reporting of sales; we can create the report as every week is a period. This is exclusively for reporting purpose only.

#### **Year shift key:**

This used to change following or previous year calendar months to non calendar year period as specified. We can define with -1 or +1 also if required. This Key is called as Annual Displacement Key also. In the example in the picture: the first month of the calendar month is changed as the 10th period of the Non Calendar Year with the help of Year shift key.

For defining the shortened fiscal year we need to select the check box only. Shortened fiscal year means the defined periods are less than the normal fiscal year periods.

### Year dependant fiscal year and Year Independent fiscal year:

If the fiscal year and the period start date and end dates does not change with the fiscal years; is called as year independent fiscal years. Calendar year and non calendar may be called as the independent fiscal years. Year Dependant fiscal year changes the start and close dates from year to year.

### ASSIGNMENT OF COMPAY CODE TO FISCAL YEAR VARIANT : ( PATH IS SAME) TC: OB37

Click on position button.

Give company code: 2006

Give fiscal year variant: 20 (we can assign any variant i.e. calendar variant or non calendar variant)

Save the data. The screen will appear like this.

Co...	Company Name	Fiscal Year Variant	Description
2006	satya Infotech services	20	January to December
2100	IDES Portugal	K4	Apr- March, 4 special periods
2101	Hindustan Motors	K4	Apr- March, 4 special periods
2200	IDES France	K4	Apr- March, 4 special periods
2222	all two compnay ltd	22	Apr- March, 4 special periods
2244	excel cereamcis	44	january to december
2300	IDES España	K4	Apr- March, 4 special periods
2400	IDES Italia	K4	Apr- March, 4 special periods
2500	IDES Netherlands	K4	Apr- March, 4 special periods
2700	NATIONAL SOFT	90	Apr- March, 4 special periods
3000	IDES US INC	K4	Apr- March, 4 special periods
3010	Euro Subsidiary - Belgium	K4	Apr- March, 4 special periods

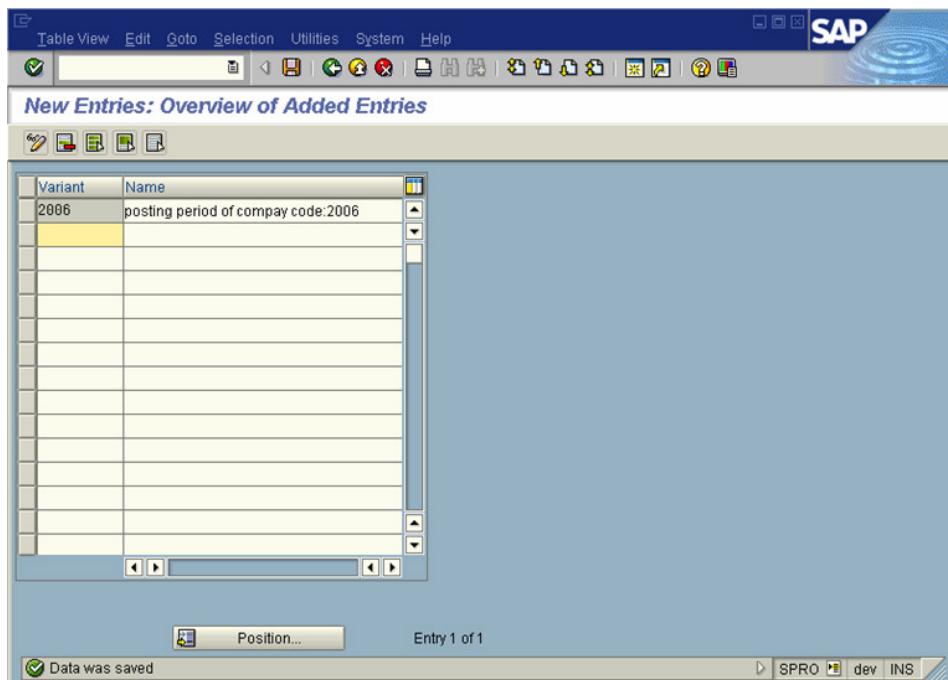
Figure 18

### Posting period variant: Path: spro>rimg>fa>fags>document>define posting period variant TC: OBBO

Select new entries button.

1. Give the posting period variant name: 4 character code
2. Give the description of the posting period variant

3. Save the data the Screen will appear as under. (For this project we are using the same company code as the posting period variant to maintain uniformity and to remember the codes easily)



**Figure 19**

**Define open and close of posting periods:** This is the important job in real time environment. This particular job is entrusted to any authorized persons only. This job is a part of period end closing job. We can make so many restrictions depending on the account type and gl account no wise also in real time. But to facilitate easy functionality I am configuring the most liberal functionality (by selecting the option (+) in account types. It indicates all types of account types are allowed to post in all posting periods. This is the prerequisite step. Hence I am creating this configuration. Basing on this we can make restrictions as per the requirement of the company. This job can be done by the users only, hence made available in easy access screen also. After making the customization the screen appears like this.

**Path: same as above TC: OB52.**

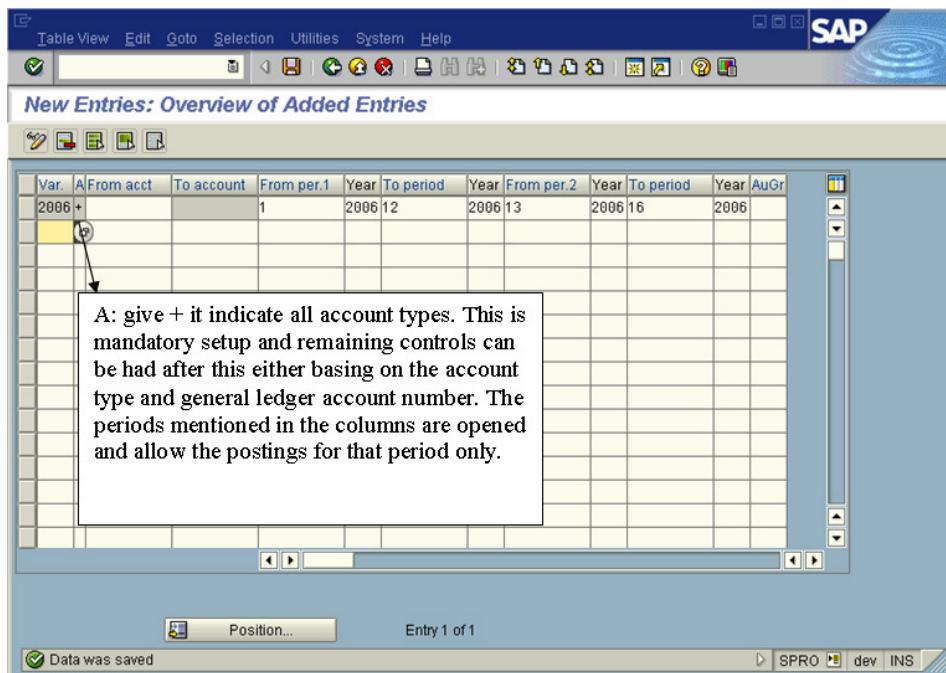
Give posting period variant: 2006

Give+ in account type

Need not give any account numbers

Give the period you want to open (from 1 to 12 and 13 to 16 in 2006 year) this is most flexible configuration to facilitate all types of postings in all periods.

The last column authorization group: is the authorized person to handle this job.



**Figure 20**

## ADDING THE POSTING PERIOD VARIANT TO COMPANY CODE:

**Path: same as above the TC: OBBP.**

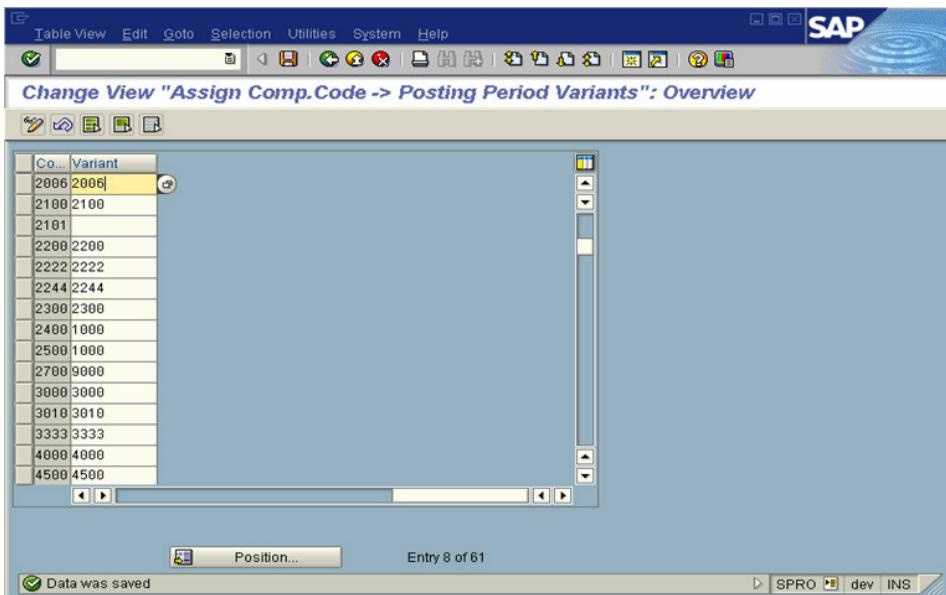
Click on position button

Give company code: 2006

Give the posting period variant: 2006

Save the data

The screen will appear as under

**Figure 21**

**Maintain field status variant:** Path: spro>img>financial accounting>financial accounting global settings>document>line item>control>maintain field status variant: TCOBC4

The main purpose of the field status variant is to defining the screen templates for the users to process the business transactions in real time. The requirement of the input levels is different for different business transactions. Accordingly sap already preconfigured the screen outlays. We can copy them and change the name of variant as we required. Here I request the jr.consultants to go for copy function rather than creation. Select the fstv 0001 select the copy as button and change the code as you require. Here I have changed the variant as 2006. (While copying the variant the system asks to copy all and only entry. I request you to select the button copy all. Then the system prompts one pop up box with the message all dependant entries 41 copied.) the field status variant is defined at client level. We can use any of the field status variant. However, we need to ensure the status of various fields before assigning to our company code.

There are 41 field status groups. In finance module we use 5 or 6 groups only those are as under

1. G001
2. G005
3. G029.
4. G067.

The remaining groups are used in other modules functionalities requirements. Select the variant and double click (on right side) field status groups, system displays all 41 groups.

Double click on the G001 group and there are 10 subs groups and double click on the any of the sub group and see the status of the fields. You can change the status of the fields as per the requirement of the client. The status of the fields is three types.1. Suppressed 2.Optional 3. Required.

**Suppressed:** if any field is suppressed it will not at all appear for end user screen

**Optional:** if the field is optional, it will appear on the screen for the end user but the keying the data is optional

**Required:** if any field is said to be required the system will prompt for keying the related data while processing the transaction by the end user.

You can make filed status settings as per the requirement for the project, but we must doubly ensure while setting any field as required entry. The required entry status stops the end user to input the relevant information while processing the documents. The screen shot of the fstv is as under:

*Note: you are requested to take up all the groups which are mainly used fin module do the same process and ensure no fields are set as required entry. The exception is the G005 the Value date is defaulted as required entry. Keep that as it's only.*

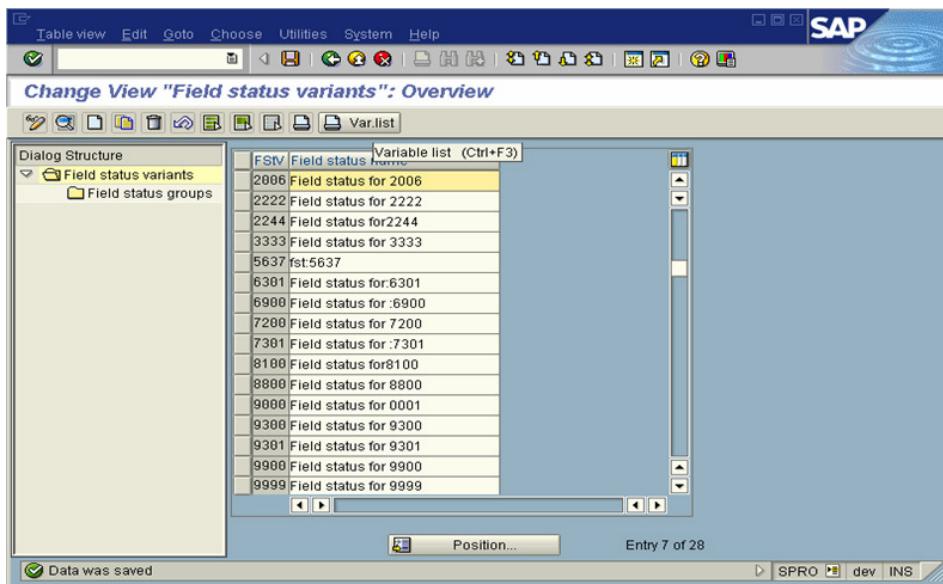


Figure 22

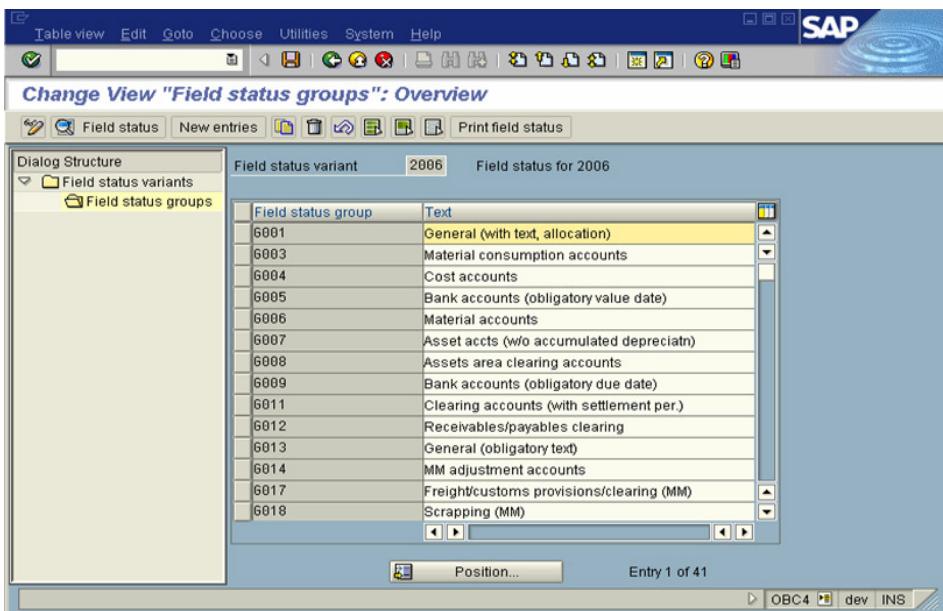


Figure 23

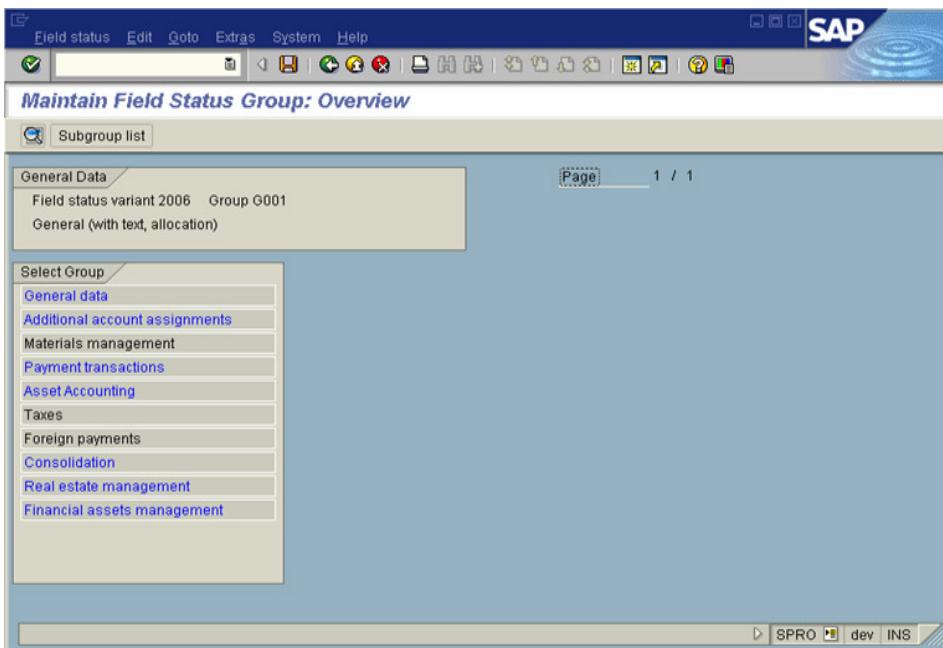


Figure 24

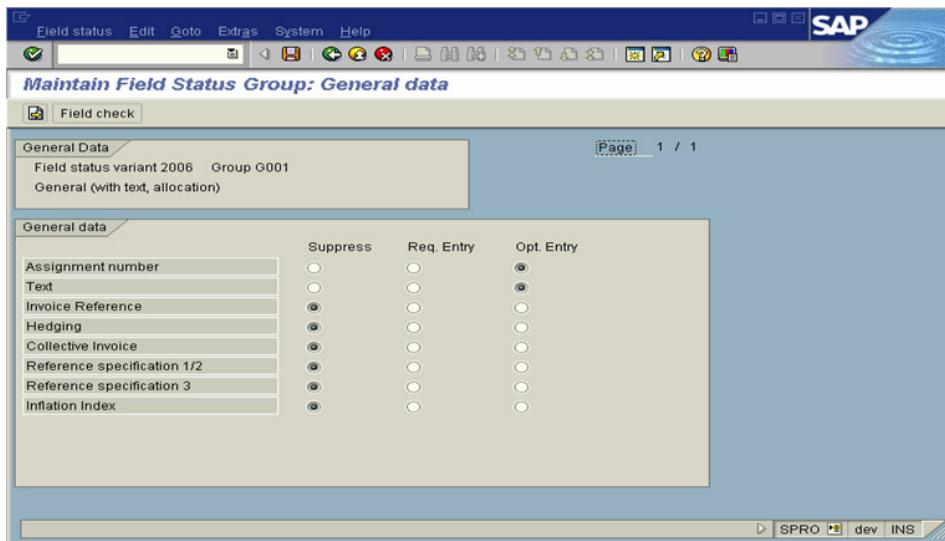


Figure 25

Assign the field status variant to company code: Path is same as above  
TC OBC5

Click on position button.

Give company code: 2006

Give the field status variant: 2006 and save the data

Co...	Company Name	City	Fld statvar.
2006	satya infotech services	vijaywada	2006
2100	IDES Portugal	Lisbon	1000
2181	Hindustan Motors	Vijayawada	
2200	IDES France	Paris	1000
2222	all two compnay ltd		2222
2244	excel cereamcis	cij	2244
2300	IDES España	Barcelona	1000
2400	IDES Italia	Milano	1000
2500	IDES Netherlands	Rotterdam	1000
2700	NATIONAL SOFT	VIJAYAWADA	9000
3000	IDES US INC	New York	1000
3010	Euro Subsidiary - Belgium	Brussels	1000
3333	all three comp ltd	vij	3333
4000	IDES Canada	Toronto	1000
4500	Canadian Company	Toronto	1000

Figure 26

The screen appearance for this company will be prompted as per the filed status of the variant.

## **DOCUMENT TYPES AND NUMBER RANGES:**

Document types are used to identify the business transactions. Sap has already defined the document types for various transactions; we can use those document types. Otherwise we can create the document types as per the request of the client. But, make all possible efforts to make use of the defaulted document types. Every document type should subscribe with the reverse document type.

Account type

**The following are the important document types for finance module. The other document types will be discussed latter.**

Account type	Description	
1.geneal ledger	1.sa	Gl entry
2.vendor	2.kr	Vendor invoice
3.customer	3.ka	Vendor payment
4.asset	4.kg	Credit memo
5 material	5.dr	Customer invoice
6.contract type	6.dz	Customer payment
	7.dg	Credit memo

Every document type should be assigned with a number range (which was defined by sap). For that number range we have to assign the number range interval. With the help of number range interval the system stores the data in serially. The screen appearance of the document type is as under. The number range can be given in the following screen itself by selecting the number range information button or if we want to give separately we can go the transaction code: FBN1.

Select the document type and click on details button. You will be displayed with the attributes of the document type. You have observed the main points as follows.

1. Account types which can be allowed with this type of document
2. Whether it allows the negative posting or not?
3. The foreign exchange rate type applied with the document type
4. The field status of the header data of the document
5. And other control functions can be allowed for this document type.

Document type controls the field status of the document header data. It controls the reference number and document header text. If you select any

check box while creating, the systems prompts those field as ready for input mode while entering the document.

We can restrict the document type for specific purpose by selecting the special usage check boxes. Accordingly system controls the applicability of the document. You can not use the document except for the specified purpose.

Document type controls the exchange rate type to be applied with the document type. Specify the exchange rate type in the provided column.

**PATH: SPRO>IMG>Financial Accounting> Financial accounting global settings> DOCUMENT>DOCUMENT HEADER> DEFINE DOCUMENT TYPE: TC OBA7.**

We can define the document type by clicking the new entries button.

Give two characters ID: document type and description

Give the number object: two character id and always mention the reverse document type also.

Select the account types to be allowed with this document type and select the required control data and save the document type. Generally SAP advised to use the defined document types or create the document types with copy function to keep the defaulted settings in tact. Otherwise ensure all the settings carefully.

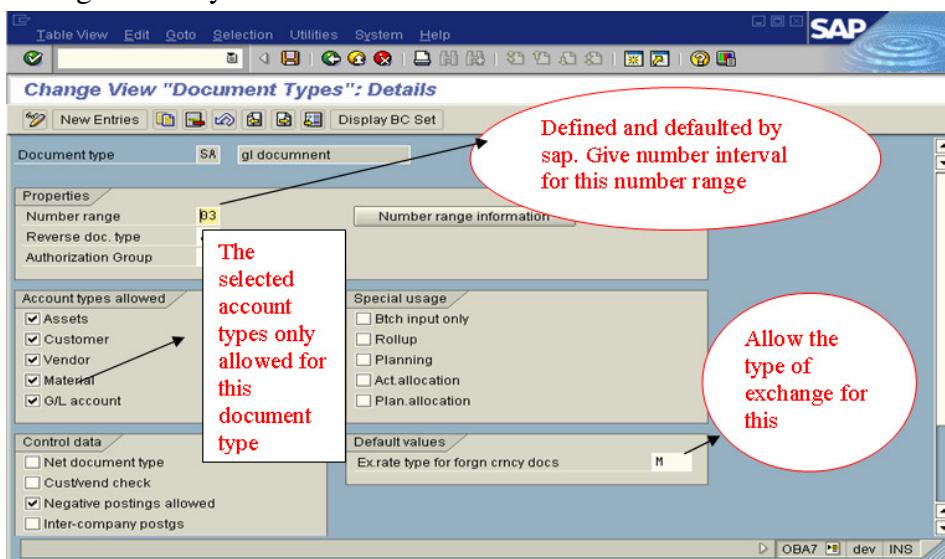


Figure 27

To give the number range interval click on number range information give company code: 2006

Click on change interval button

Click on insert interval button (top left corner)

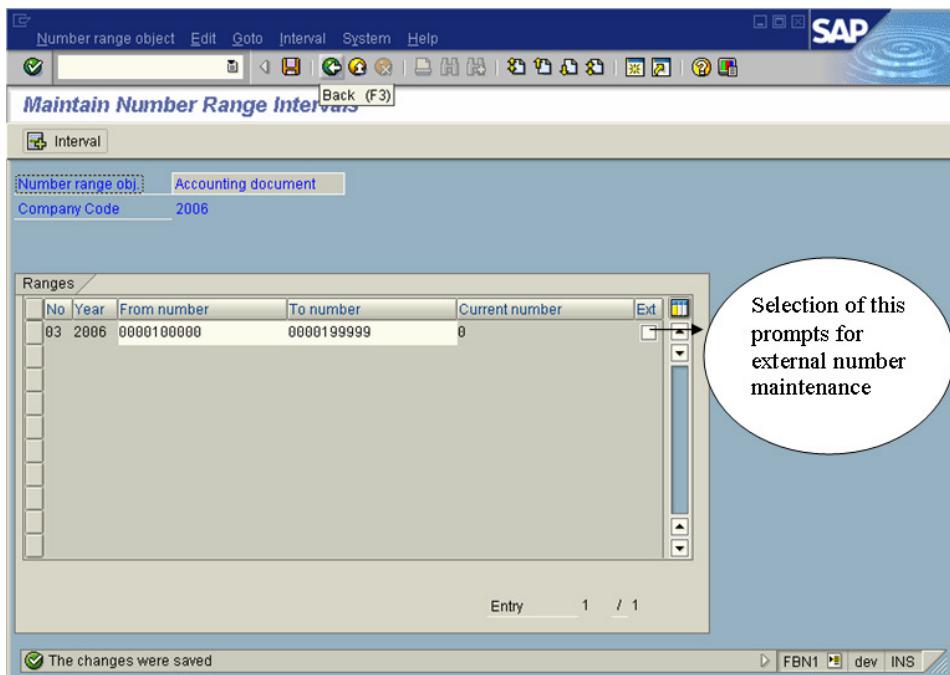
Give no: 03 (which is the number range for sa document type)

Give the year: current year

Give the from number to number

Click on insert button (bottom left) and save the data. A message will be displayed click on continue button and save .The screen appearance will be as under.

Other wise we can give the number ranges through navigation also. The transaction code is FBN1. We can copy these number ranges from year to year sometimes from company code to other company code also. The number ranges are defined to store the business transaction in the system serially. It is useful to identify the documents posted in the system. While configuring the number range intervals we must assign the number object invariably.



**Figure 28**

if you want continuous number rage irrespective of the years give the year up to which you want the number range interval is applicable. Otherwise you want year specific number range give the present year only. If you select the external check box you have to maintain the striatum manually, if you don't select that check box the system maintains the striatum as per the request of the client we have to configure. The current number displays the

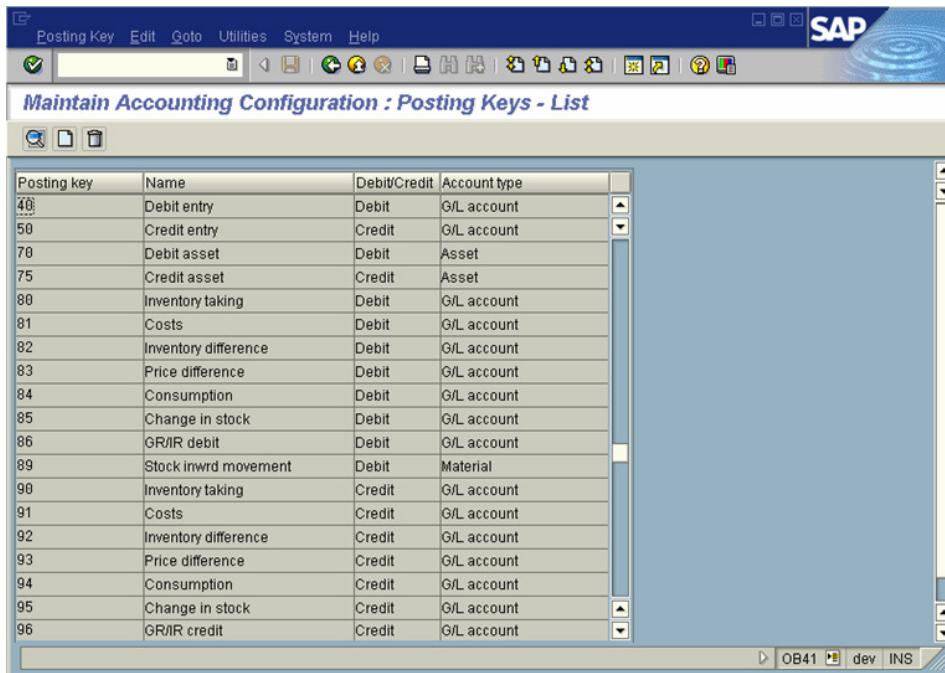
number of documents posted so far.

**Posting Keys:** Posting keys are used either to debit the account or credit account. With definition of posting keys we can also control field status of accounts. Sap has already defined the posting keys we can use those as it is. Otherwise if the client specifically requests you to create defined postings we can define them as per the request. The following are the important posting keys.

Account type	Debit posting Key	Credit posting Key
General ledger	40	50
Vendor	25	31
Customer	01	15
Asset	70	75

I suggest you to verify the attributes and convince the client to use the default posting keys. The screen of the posting keys will appear as under. If you want to know the attributes select any posting key and click on details button or double click on the posting key.

**Path: spro>img>financial accounting>financial accounting global settings>document>control> line items>define posting key: TC OB41**



**Figure 29**

**DEFINE CHART OF ACCOUNTS:** The chart of accounts is nothing but list of gl accounts used by the company. There are three types of chart of accounts.1 Operative chart of accounts 2 country specific chart of accounts3 group chart of accounts. Generally we use the chart of accounts to process the regular business transactions is the Operative chart of accounts. We can post in this chart of accounts only. The remaining chart of accounts is used for different business scenario. As per the request of the client we can define other chart of accounts. The customization path is as under

Spro>img>financial accounting>general ledger accounting>GL accounts>>master records> preparations>edit chart of accounts list: TC OB13

Select new entries button to create new chart of accounts.

Give: chart of accounts code: 2006(4 character)

Give description of chart of accounts.

Give the language in which you want to maintain the chart of accounts.

Give the length of gl account number you want to use in your company code. The maximum length of gl account number in sap is 10 digits. (With in that we can give any number)

By default the integration with controlling: manually only and save the data

*Note: do not select the Blocked check box:*

The appearance of the screen after giving the details will be as under.

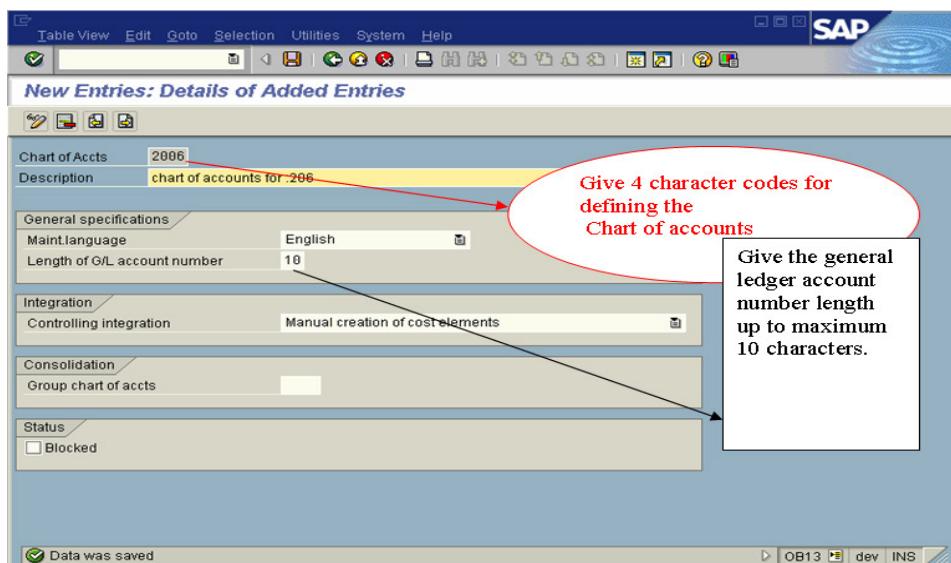


Figure 30

In case of group company concept define one chart of account as group chart of accounts and give the group chart of accounts name while defining the operative chart of accounts.

After definition of the chart of accounts we have to assign this chart of accounts to our company code.

Path: same as above: TC OB62.

Click on position button.

Give company code

Give chart of accounts and save the data

### **DEFINE ACCOUNT GROUP:**

Generally the company is used to maintain number of general ledger accounts to process the business transactions. To make them properly identified we have to segregate the similar accounts into one group. There by it is easy to identify the accounts. For this purpose sap suggests to define the account group: the account group means the similar accounts are made into single group. Sap suggested you to maintain any number of groups but the minimum account groups are two. However, in this project I am defining the account group's requirement as 4 groups. The path is same as above (chart of accounts)

### **TC: OBD4**

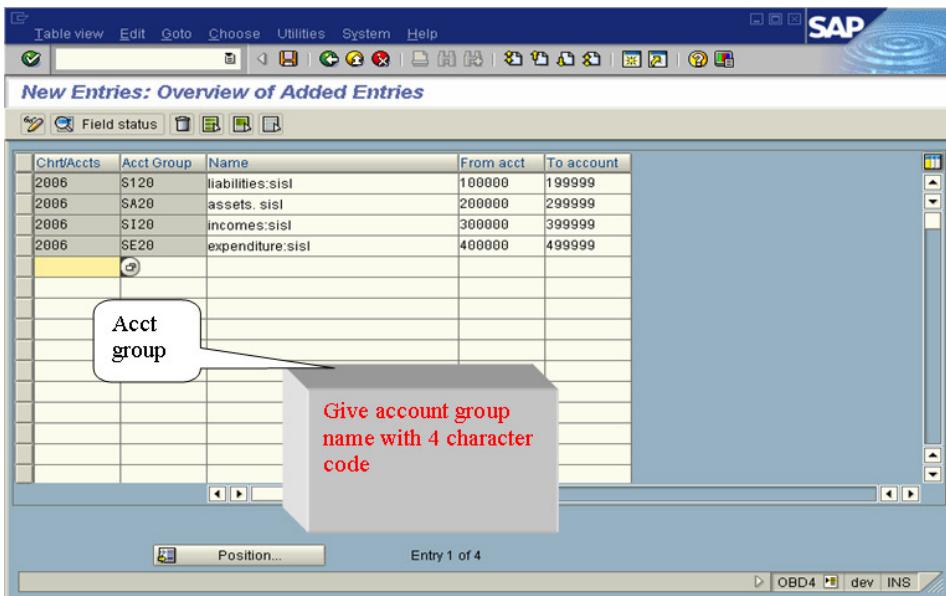
Select new entries button

Give chart of accounts: 2006

Account group code: (any four character code)

Give description the group:

Number range interval: from number and to number (this number interval is in no way related to earlier number range)? The screen appearance of the account groups after giving the data will appear as under.

**Figure 31**

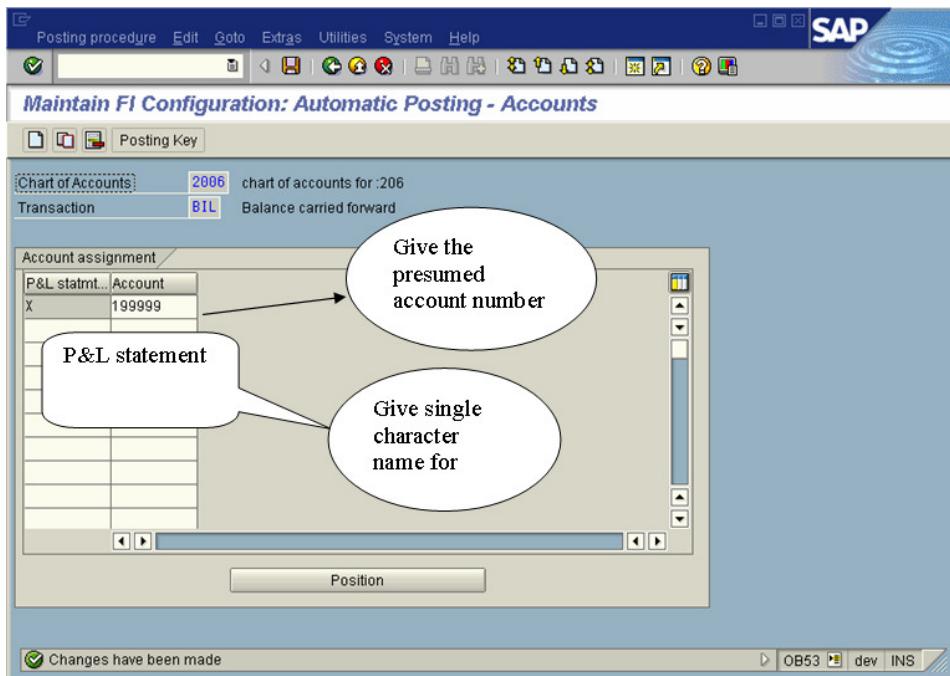
We can give different number interval for different groups; otherwise we can give the same interval to all account groups. The system allows overlapping here. But I advise you to give different internal to different groups. (If the same number is given creation of gl accounts latter stage may be confusing you)The account groups also determine the field status of the gl master record in respect of company code data details. We you want to controls field status of the master click on field status button do the rest of the things as desired by you. The field status need not be common to all account groups. Depending on the nature of the account groups we can set the field status.

**DEFINED RETAINED EARNINGS ACCOUNT:** This step is prerequisite step to open the general ledger accounts latter. If you don't define this step the system will not allow creating the general ledger account.

**Path: same as above: TC: OB53**

Give the p&l statement account type as: X

Give any account number in the liability account group: 199999(herein this step we are presuming that this account is our retained earnings account only. Hence the system gives a warning message: the particular account is not opened in chart of accounts. Ignore the message pressing <enter> button. And save the data. The appearance of the screen will be like this.



**Figure 32**

The above three customization requirements are prerequisites to open a general ledger account in sap system. Now we can open general ledger accounts.

**CREATION OF GENERAL LEDGER ACCOUNTS:** There are different ways to create general ledger accounts. In fact the creation gl account is duty of the core team members rather than consultants. Hence the sap has provided the option of creation of gl accounts in both img screen and easy access screen. We can open the accounts form any of the opting. The creation can be done in following ways in real time.

1. up loading the data from existing legacy system.(with the help of lsmw r bdc, with or without help of technical consultants)
2. Copy the general ledger accounts from any of the template gl accounts used in the country.
3. Creation of general ledger accounts by creating sample accounts.
4. Creation of general ledger accounts manually.

In real time most of time we upload the data form legacy system, which reduces the implementation time of the project. The creation of general ledger accounts depends on the clients accounting system they follow. If

they are following centralized accounting system we can open the account in chart of account level first and set the company code customization requirement latter. If the company is following decentralized system of accounting we can open the general ledger accounts in centrally option. Depending on the requirement of project we can adopt any suitable method of opening the gl accounts.

For the purpose of opening gl account we need bifurcation of all accounts as under and select the minimum configuration requirements made in the following box. For opening the gl account the Path is: spro>img>fa>gla>gl accounts>master data>preparations>gl account creation and processing>edit gl account (individually)>edit gl account centrally.

**TC: FS00 or you can access the screen through easy access screen also.  
General ledger accounts groups for the purpose of creation only (do not compare with account groups)**

1. **All expenses** will be formed into group (because the master data requirements are similar to all expenses accounts hence made expenses. You open one account in expenses; with the help of those expenses we can create any number of accounts as required.)
2. **All incomes**
3. **Clearing accounts (expenses payable and income receivable gr/ir clearing accounts cash clearing accounts)**
4. **Reconciliation accounts :( accounts payable account, accounts receivable account, asset acs)**
5. **Bank accounts (all cash accounts, bank accounts, including loan accounts)**
6. **General liabilities (share capital, misc)**

**1. Opening of expenses accounts: give the company code and give the account number you want to open and select the create button give details as in the second box.**

Purchase of raw material Manufacturing expense And all other expenses	1.give account group i.e. expenses sisl 2.select pl account type or balance sheet type 3.give short description and long description 4.account currency(defaulted by the system as local currency) 5.select balances in local currency(optional) 6.select line item display check box 7.sort key:001(any one as per requirement) 8.give field status group:G001 9.save the data
---	---

**For opening of many expenses accounts you can select with template button and give account number as reference number and company code. System copies all details into the new account and change short description and long description and saves. (Need not change other details)**

## **2. All income accounts**

Sales revenue ac	1.give account group: incomes
Other revenue ac	2.select either p&l group or balance sheet account group 3.give short description and long description 4 account currency(defaulted) 5.select only balance in local currency(optional) 6 select line item display(optional) 7.sor key:001 8.field status group:g029 9.save the data

## **3. Clearing accounts: these accounts have different nature in compared to other accounts.**

Expenses payable ac	1.account group: either liability or asset group
Incomes receivable ac	2.select balance sheet account group 3. short description and long description 4.account currency(defaulted) 5.select open item management check box and line item check box(both) 6. sort key:001 7.give field status group:g001 8.save the data

## **4. Reconciliation accounts: these accounts have distinctive character in definition.**

Accounts payable ac <b>(sundry creditors)</b>	1.give account group: either liability or asset
accounts receivable ac <b>(sundry debtors ac)</b>	2.select balance sheet account group 3.give short description and long description 4.account currency(defaulted) 5 give reconciliation account for account type: a. vendor for account payable account b. customer for account payable account 6.selection of line item check box(is optional) 7.give sort key:012 for vendors and 031 for customers 8. give field status group as :g067

## 5. Bank accounts:

<b>All cash accounts</b>	1.give account group: either liability or assets
<b>All bank accounts</b>	2.select balance sheet account group
<b>All bank loan accounts</b>	3.give short description and long description 4.account currency(defaulted)
	5.select balance in local currency checkbox
	6.select line item check box
	7.give sort key:001
	8 give field status group: g005.
	9.select relevant to cash flow check box is mandatory
	10.save the data

## 6. General liabilities and general assets (other than above and fixed assets)

<b>Share capital accounts</b>	1.give account group: either liability or assets
<b>General reserves</b>	2.select balance sheet accounts group
<b>Any other general assets</b>	3.give short description and long description 4.account currency(defaulted) 5.select balance in local currency 6.select line item check box 7.give sort key:001 8.give field status group:g001 9.save the data

Chart	GL number	comcode
2006	100000	2006 share capital account
2006	140000	2006 accounts payable account
2006	141000	2006 expenses payable account
2006	142000	2006 sbi term loan account
2006	142500	2006 sbi foreign currency loan account
2006	143000	2006 cross company clearing account
2006	144000	2006 bill of exchange payable account
2006	145000	2006 check/bill of exchange account for payables account
2006	146000	2006 down payments received account
2006	147000	2006 bank bill discounting account
2006	150000	2006 excise duty payable account
2006	151000	2006 edu cess payable account
2006	152000	2006 vat payable account

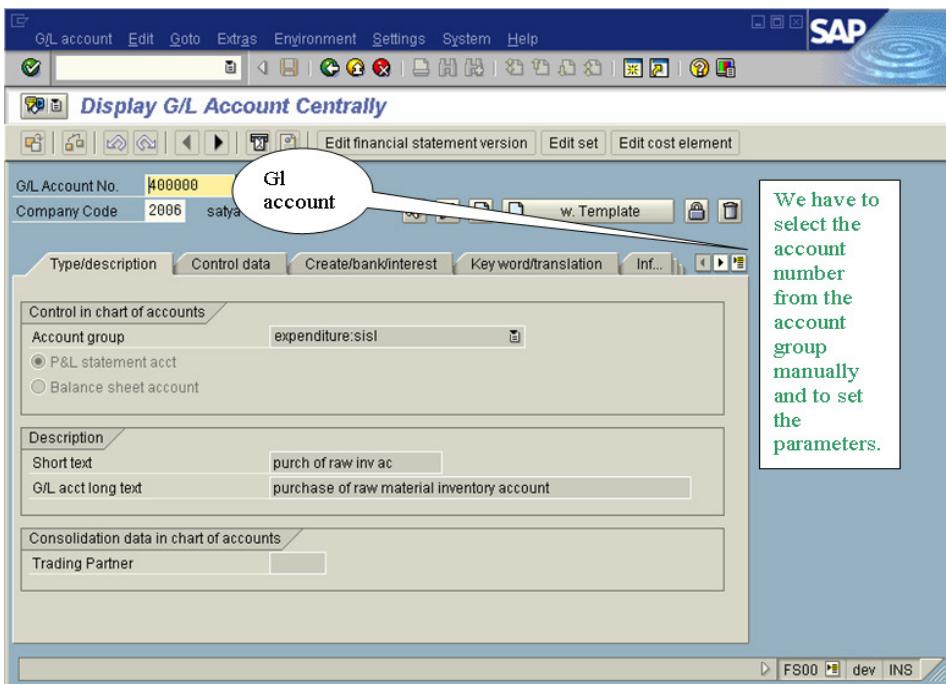
Chart	GL number	comcode
2006	153000	2006 tds payable account
2006	160000	2006 stocks clearing account
2006	170000	2006 GR/IR clearing account
2006	175000	2006 special reserves account
2006	200000	2006 bank account
2006	222000	2006 interest clearing account
2006	226000	2006 transformers account
2006	240000	2006 accounts receivable account
2006	241000	2006 down payments made account
2006	242000	2006 tax on down payment clearing account
2006	243000	2006 cash discount clearing account
2006	245000	2006 check/bill of exchange account for payables clearing
2006	246000	2006 bill of exchange receivable account
2006	250000	2006 vat paid account
2006	251000	2006 educational cess paid account
2006	252000	2006 excise duty paid account
2006	260000	2006 finished goods inventory account
2006	270000	2006 raw material inventory account
2006	275000	2006 interest clearing account
2006	280000	2006 land account
2006	281000	2006 building account
2006	282000	2006 plant and machinery account
2006	283000	2006 assets under construction account
2006	283500	2006 assets under construction (investment purpose)
2006	284000	2006 low value assets
2006	285000	2006 leased assets ac
2006	286000	2006 accumulated depreciation account
2006	300000	2006 sale revenue account
2006	317000	2006 sale of asset account
2006	317100	2006 profit on sale of asset account
2006	400000	2006 purchase of raw material inventory account
2006	401000	2006 manufacturing expenses account
2006	402000	2006 exchange dif account
2006	403000	2006 interest account
2006	404000	2006 administrative expenditure
2006	405000	2006 cash discount ac
2006	406000	2006 payment diff account
2006	407000	2006 bank charges account
2006	410000	2006 raw material inventory changes

Chart GL number	comcode
2006 411000	2006 cost of goods sold account
2006 412000	2006 cost/price differences account
2006 413000	2006 inventory difference account
2006 414000	2006 stock transfer loss/profit account
2006 415000	2006 changes in stock account
2006 416000	2006 raw material consumption account
2006 417000	2006 depreciation account
2006 417100	2006 loss on asset sale account
2006 417200	2006 special depreciation account
2006 418000	2006 asset scrapping account loss
2006 420000	2006 reconciliation account
2006 421000	2006 bonus
2006 422000	2006 telephone expenses ac
2006 423000	2006 welfare expenditures ac
2006 424000	2006 warehouse expenses account
2006 425000	2006 job fair expenses account
2006 426000	2006 repairs to property (capitalization)
2006 427000	2006 sales commission

### General notes:

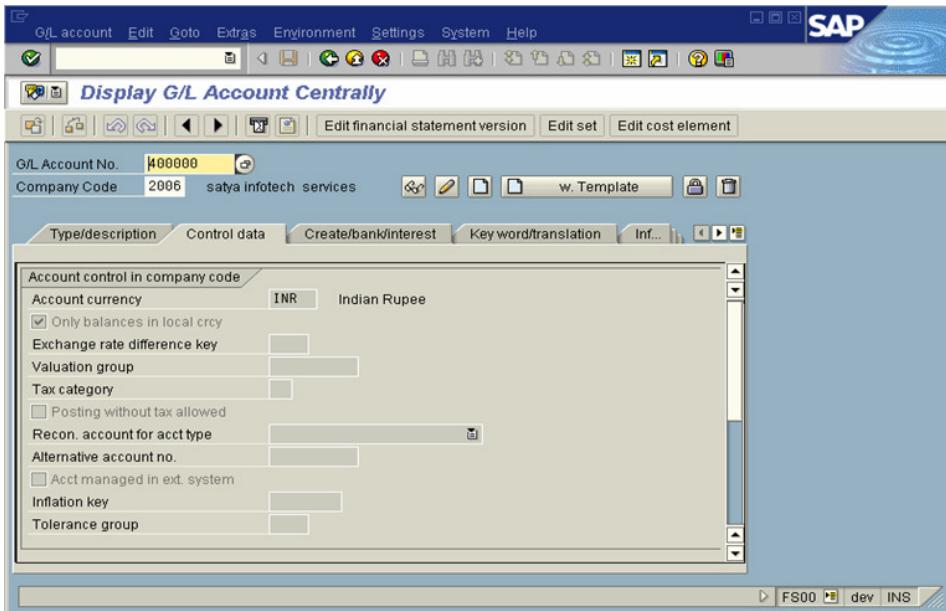
1. System by default the account currency as local currency. If you want to open any account with other than local currency, you can mention the currency. However, the account opened with other than the local currency will allow the transactions in that particular currency in which you have opened the account.
2. If you open the account with local currency, the system allows postings in any currency and converts into local currency also. The screen shot of one account is as under

The above list is the list of chart of accounts created for the requirement of the project.



**Figure 33**

**Click on create button and give the account group (select from the list)  
Select account type and give the short text and long text and press enter  
to go to the company code data.**



**Figure 34**

Account currency: automatically defaulted from company code currency you can change the currency if required. If the account currency is local currency, we can post the transaction in any currency to this account. If you defined other than local currency, we need to post the transactions in the respective currency only.

Only balances in local currency: with a view to maintain the balances only in local currency, select this check box otherwise not required. Only some clearing accounts need this definition.

Exchange rate difference key; is used to value the foreign currencies

Valuation groups are used in parallel valuations

Tax category, and post without tax allowed. This will enable the type of tax to collect with this account. The second selection is used to post the transactions without tax allowed.

Reconciliation account type: determines the account as a reconciliation account\* discussed in latter chapters

Alternative account numbers: is used to define and integrate with the country specific chart of accounts.

Accounts maintained in external system: it is applicable for decentralized accounting systems in the organization.

Inflation key: is used to maintain the index based accounting in the system. We need to define the inflation keys.

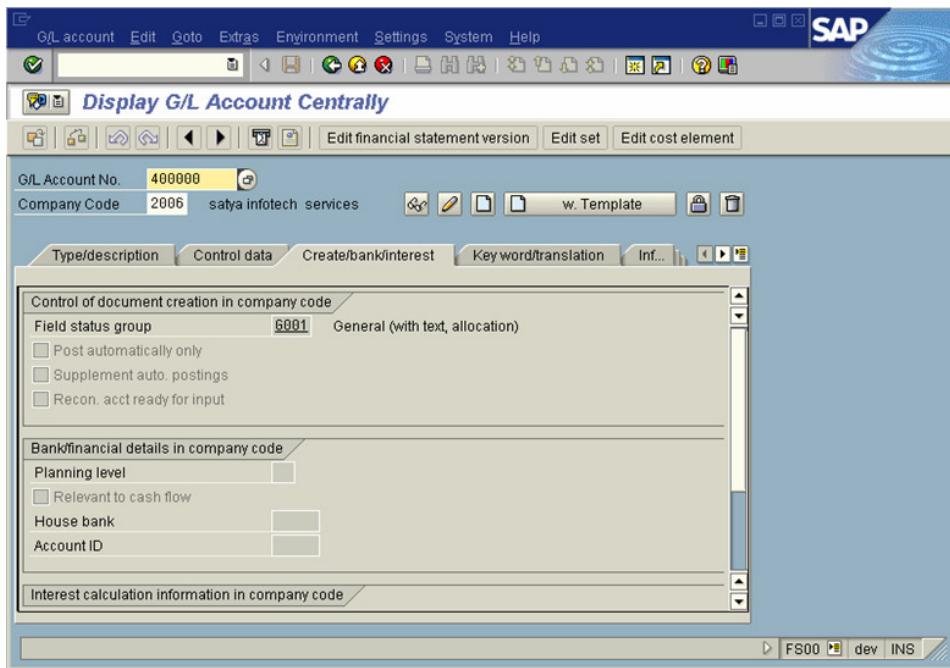
Tolerance group: if you mention the group, allow the differences set in the tolerance amount for general ledger accounts.

Open item and line item: this will indicate the account maintenance as general or as open item (discussed later) line item displays the individual transactions for display

Sort key: will sort the transaction and create the reference or allocation number according to this field.

Authorization group and accounting clerk: it will restrict the account to be used by the authorization group and accounting clerk named in.

Recovery indicator: specifies the sharing pattern of this account balances in joint account business transactions.



**Figure 35**

Field status group: the end user screen will be prompted as per the filed status group assigned to the master record.

If you select the post automatically, no manual postings are allowed in this account

If you select the reconciliation account ready for input: allows the change of reconciliation account during the postings.

Bank financial details are used for treasury module: we can main the account is maintained with the house bank and the account id of the account with house bank

Commitment item shows the commitment details for the account in commitment accounting.

Interest indicator is used to calculate the interest on this account

Key date and other last run date shows the interest calculated up to the period and date of calculation is displayed in the master record.

Key data and translation: is used to translate the particular general ledger account in the other languages

Information details reveals the user name created this account and the other information in company code.

**DEFINE TOLERANCE:** These tolerances are 3 types.

1. Tolerances for gl accounts
2. Tolerances for employees
3. Tolerances for vendors and customers.

In real time the system does not allow the users to process and post transactions beyond these limits set according to the tolerance groups. The screen shot of the gl tolerances after giving the input is as under.

**Note:** *Don't give the tolerance groups in your individual systems. Null group permit all users. If you mention the user group it allows the particular group only. For lab environment. It is advisable to process with null group. Other create the groups and assign the users to groups*

Path: spro>img>financial accounting>general ledger accounting>business transactions>open item clearing>clearing diff> define tolerance for gl accounts.

TC: OBA0

#### Give company code

Give description of the tolerances

Give debit absolute amount credit absolute amount and dr % and cr %.

Save. If you assign this group to particular general ledger master the tolerances mentioned for this group applicable for the GL account.

Co...	Tol.group	Name of tolerance group	Debit	Credit	PerD	PerC	VD
2006		tol	100.00	100.00	1.0	1.0	

For lab purpose we need not give tol group. It is null group only.

**Figure 36**

Tolerances for employees: path: same as above: TC: OBA4.

Select new entries button

Give company code

Give the description of the tolerances

Give the maximum of amount per document: 99999999

Give the maximum amount per line items: 999999999

Give the maximum cash discount as: 5%

Give permitted differences revenue: 500 expenses: 500 and dr% and cr%

Give cash discount adjusted to: 100

Tolerances groups are created basing on the authorizations vested with the employees in the organization. We can create as many as employee tolerance groups and assign them the tolerance limits. Accordingly system will not allow the user beyond their limits. It is exclusively for a security and a sense of discipline while discharging the duties in the organization.

Save the data. The screen would appear as under

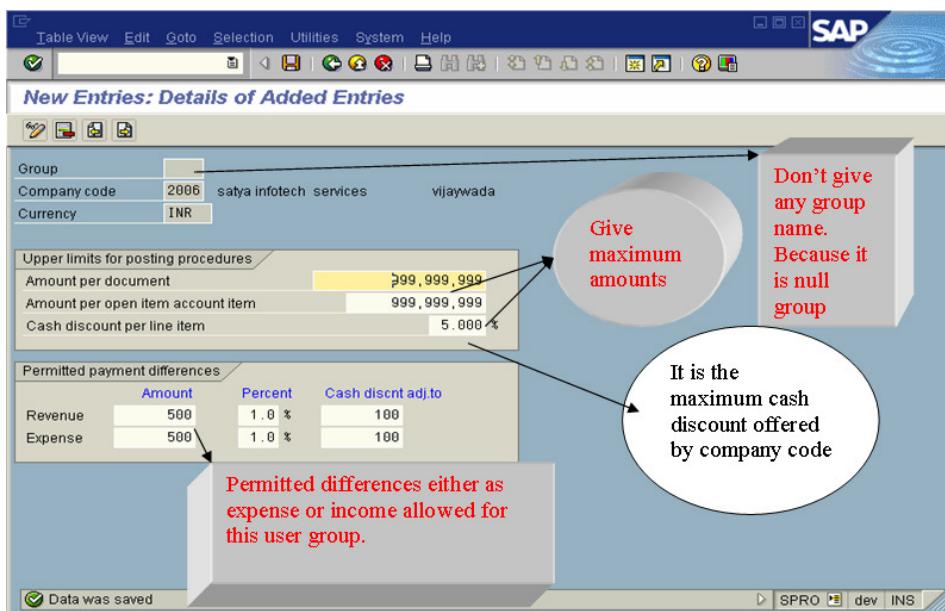


Figure 37

**With the above configurations we have completed the basic settings like as organizational units, general ledger accounting, tolerances, and other Global settings required for posting entries by the user in gl accounting.**

**Amount per document:** this is the maximum amount for the user groups to deal with the document limits.

**Maximum line item or open item:** this is maximum amount to make the payment of line item while doing the clearing function.

**Maximum discount:** the discount allowed by this user group while dealing with the incoming and outgoing payments

**Permitted payment difference either income or revenue in absolute amount or percentage of line item (lower of the two will be considered) as payment difference. The last column amount of difference up to the amount automatically considers as the cash discount.**

#### **Business process: 1:**

The client is used to post similar transactions at frequent intervals. The volume of such transactions is high in nature. The user asked to configure the sap functionality to reduce the work burden to post the same information at frequent intervals in stead of repeated postings.

**SAP FUNCTIONALITY:** To meet such requirement we can configure the reference documents. With the help of such reference documents we can post transactions as and when we require or in some cases at regular intervals also. There are three types of reference documents in sap system.

They are 1.sample documents 2.recurring documents 3.account assignment model documents. These reference documents can also be deleted, modifiable, amount also can be changed.

**Sample documents:** They are model documents. We can use these documents as reference to post the information. The special feature of the sample document is, it will not update the gl balances till it is posted. To create a sample documents the prerequisite condition is

1. Define number range interval for number range: X2(no object) in fbn1 transaction code.

**Creation of sample document: f-01 Path: accounting-financial accounting-general ledger-document entry-reference documents-sample document.f-01**

**Give the header data**

**Give the line one data and amount text and the related information and give the line item two data and save the entry.**

**Note:** system stores the document with special number assigned to number object X2.

**To post the sample document, go general posting screen F-02 and give the header data and go to menu item document>post with reference, and give the sample account number and press enter, and save the data. Now the system updates the document in the general ledger accounts.**

**Change of sample document: FBM2**

**Display of sample document: FBM3**

**Delete sample document: F.57**

***Note: Any Posted document can be treated as a sample document can be posted if desired changes.***

**Recurring document:** These documents are used to post transactions at frequent intervals with certain start date and close date .i.e. payment of interest on borrowed funds, payment monthly rents, or any nature of that type. The prerequisite condition to open the recurring document is as under.

1. Define number range interval for number range: X1(number object) in FBN1 transaction code.
2. Creation of recurring document: without run schedules:

**Path: Accounting-financial accounting-general ledger accounting-document entry-reference documents-recurring documents FBD1**

Give the first run on date: 010406

Last run on date: 010307

Interval: 01 monthly (selection help available)

Run date: 30 actual run dates. Give the document type and select the other options if required. And give the general ledger account line item one and line item two and save the recurring document. We can post the transactions as a part of period end closing operations either manually or through schedule manager.

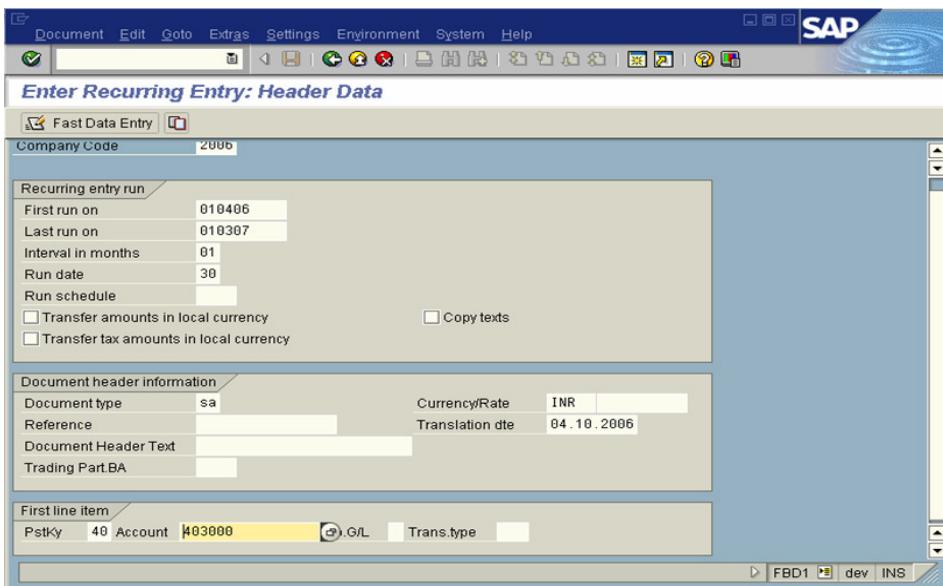


Figure 38

**Posting of recurring entries:** Accounting-financial accounting-periodic processing-recurring entries-F.14 execute.

Give the company code: 2006

Document number:

Fiscal year: 2006: settlement period is mandatory entry give date and select the other general selections from the entry screen.

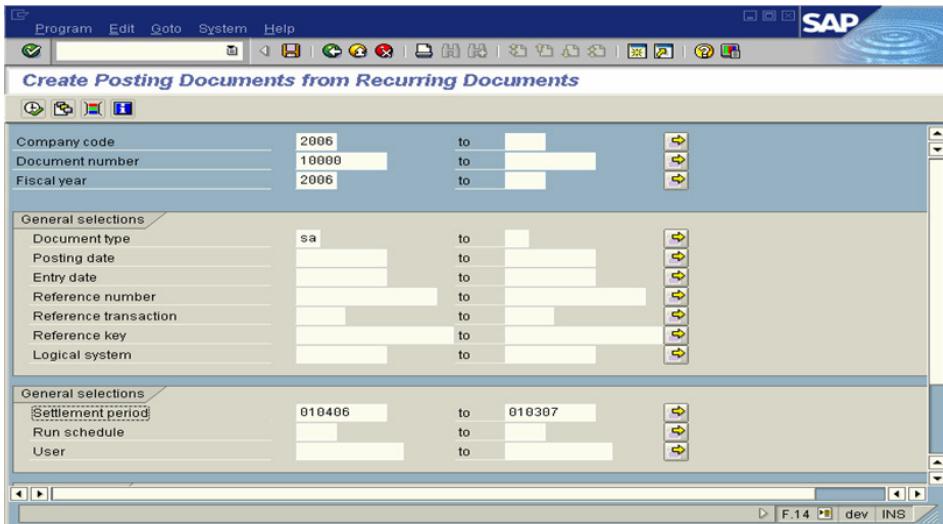


Figure 39

You can select the other parameters to block the session to certain date by giving the block date. up to the date it will lock the session. We can execute after the lock date.

By selecting the hold data option we can retain the faulty processed session without deletion.

And click on execute button. System creates a session with SAPF120; go to menu item system>>batch input>services>sessions. Select the session sapf120 and click on execute process button select display errors only and again enter.

Go and verify the accounts.

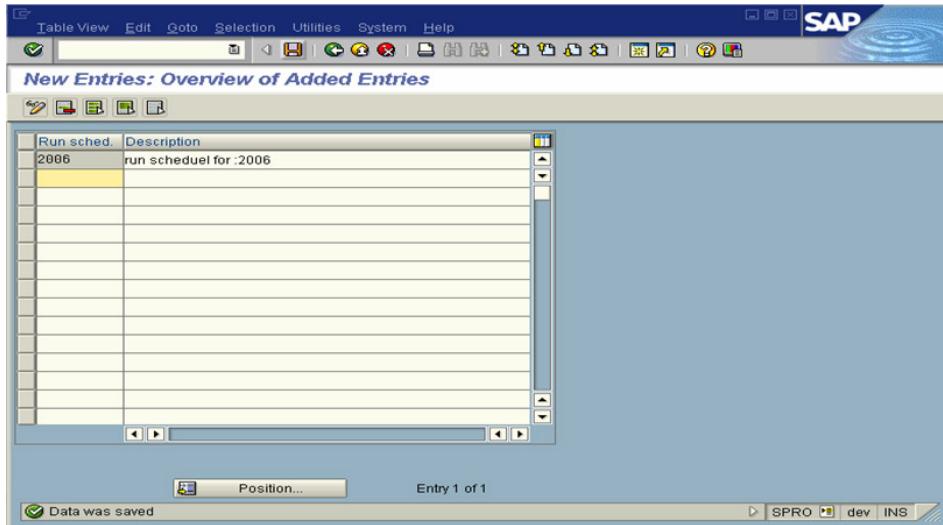
Change of Recurring document: FBD2

Display of Recurring document: FBD3.

Deletion of recurring document: F.56

**The creation of recurring document is two types. With run schedules: path: financial accounting-fags-document-recurring entries-define run schedules:**

Click on new entries button and give the details as appear in the screen.



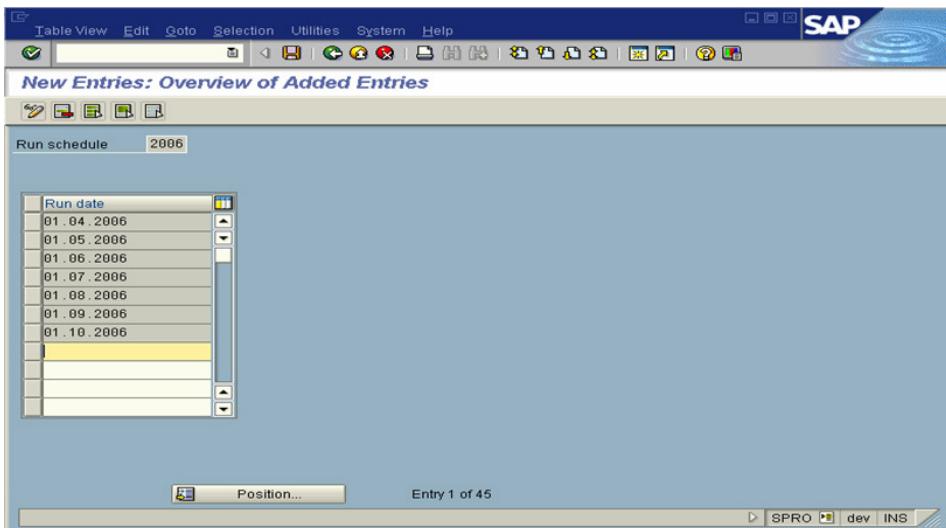
**Figure 40**

Run schedule id was created for the project.

Enter run dates: path: same path: give the run schedule id: and continue

Click on new entries button

Give the run dates

**Figure 41**

Run dates entered as per the requirement and save the data now create the recurring document in FBD1. (As same as the previous process)

Do not give the first run and last run instead give the run schedule in the column provided. Remaining processes are similar to the previous one.

Recurring document also cannot update the balances till they posted.

To know the recurring entry data, go display of recurring document i.e. FBD3. Give recurring document number<press enter>

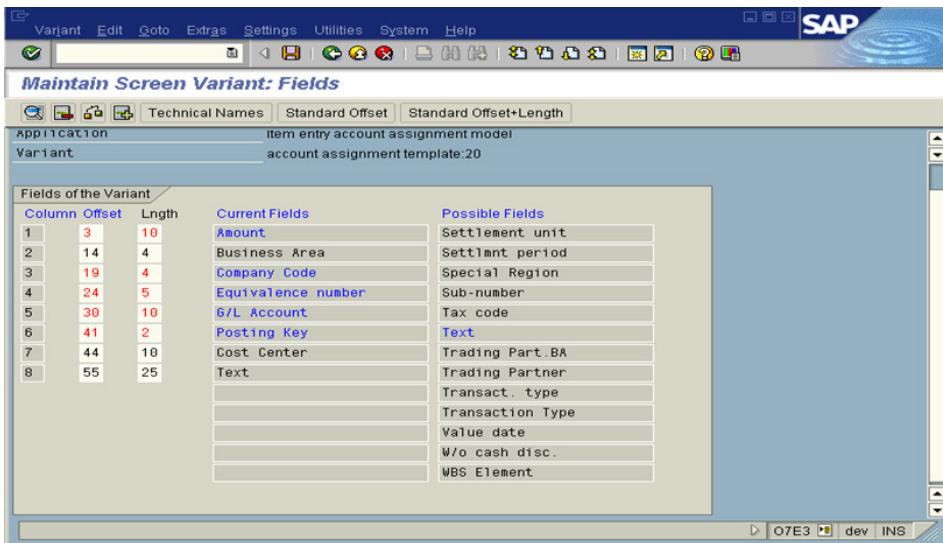
Go to menu item <Go to> select recurring entry data. The system displays the data.

### **Another reference document: Account Assignment Model template document:**

This is another type of reference document. It is generally used to post the amount with different business areas and among various general ledgers with % share. It useful to distribute some expenses among various general ledgers. The creation of Account Assignment Model template is two types;

1. With equilance numbers and without equilance numbers.

Note: we can create our own template the account assignment model or we can use the default template and create the document.(creation of template is in IMG screen>fa>fags>document>account assignment template)



**Figure 42**

From the possible fields select the field and double click (it will go to current field box)

Like the way select the template fields and save the template for your purposes. (The maximum length if 85 fields only (within the limit we can select any fields for template) save it

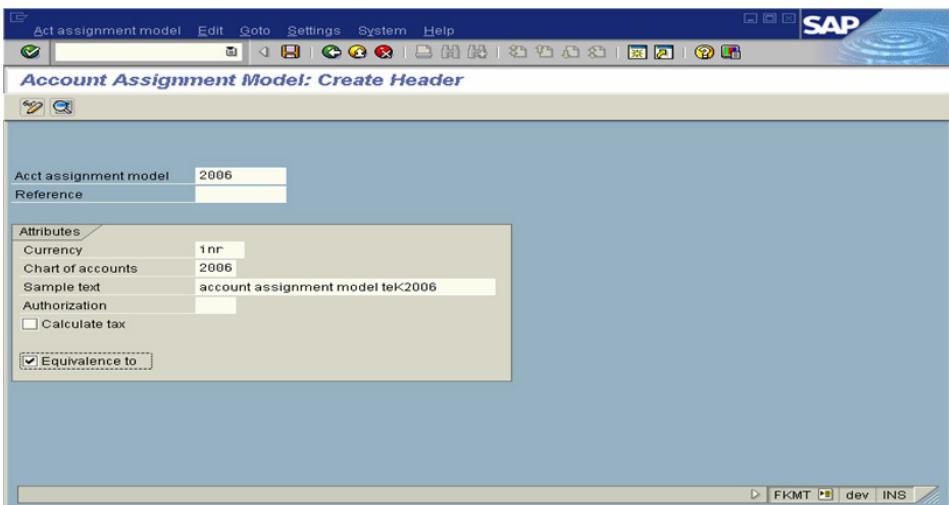
Keep the cursor on the template and click on activate button to activate for the template.

Creation account assignment model document: with equilance.

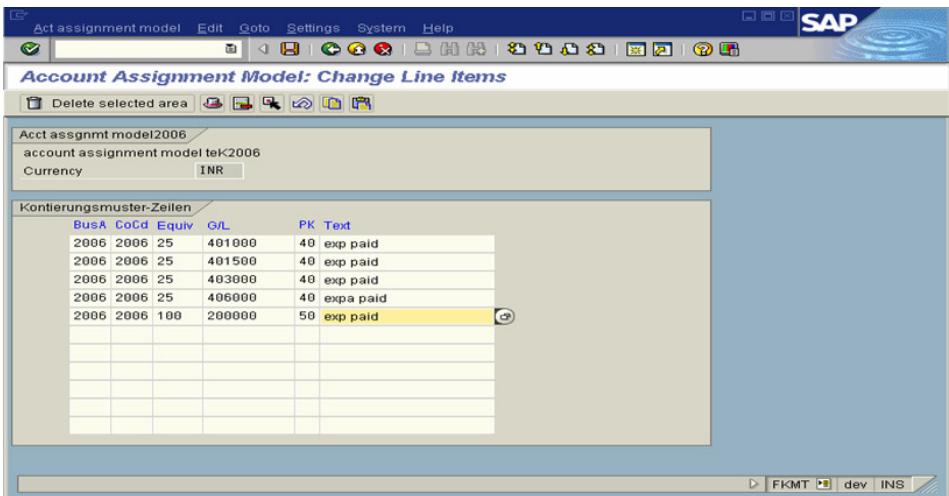
**Path: accounting-financial accounting-general ledger-document entry-reference document-account assignment document: FKMT**

Give the account assignment template number: 2006

Click on create option

**Figure 43**

Give the currency and chart of accounts if you want calculate the tax on the items processed through this template select the tax check box and give the details as under

**Figure 44**

And save the template

Post the account assignment model template: F-02 give the header data:

Click on account Model button system

Give the debit distribution amount and credit distribution amount in the template

And post amount

You can create another template in the fkmt screen also

### SAP enjoy screen for General Ledger posting: TC: FB50

In this screen first we need to change the company code to post the transaction by clicking on the 1.change company code:

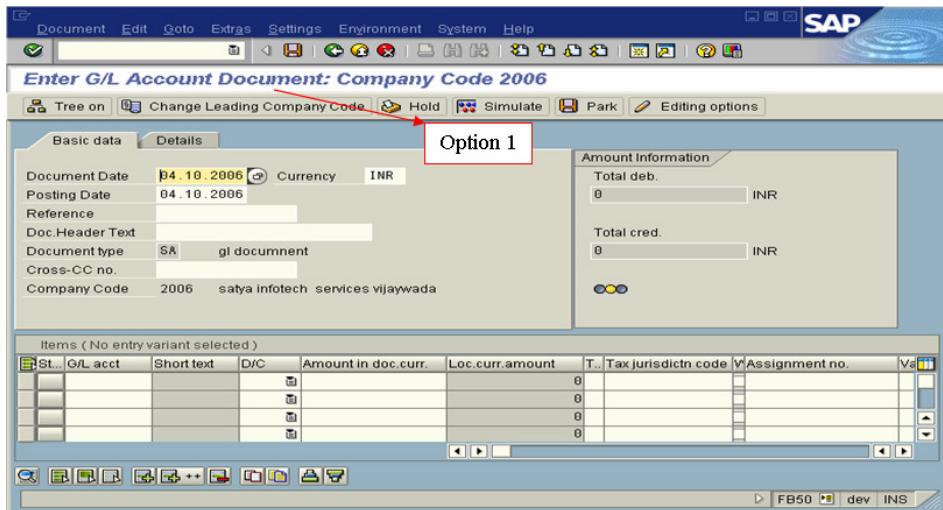


Figure 45

Give the general ledger number and dr/cr indicators amount and give the required information in the screen variant. No posting keys are required in this screen. We can post multiple debits and multiple credits as per the requirement. We can observe the whether the dr/cr balance is equal while posting itself. This is easy for posting in day to day processing.

#### Business scenario: 2

The client requested to advise the easy processing of documents to their end users while doing the day to day transactions.

**SAP Solution:** to make the end user job easy, and avoid the delay and inconvenience sap suggests opting for **HOLD AND PARK DOCUMENT** process.

**HOLD DOCUMENT:** This is one of the required and regular functionality; while processing the day to day operations. It will help to temporarily suspend the work without losing the data which already entered. The requisite condition is assigning the temporary number to hold the document.

**How to hold document:** Post the transaction as usually in F-02 general posting, go menu item Document>simulate>Hold or Document>hold

How to post the hold document: Go to F-02 general posting, Give header data, click on held document button or go to menu item document>get held document. System asks for the temporary number and give the number and press<enter> and post the transaction.

**PARK DOCUMENT:** This is one of the other functionality used in daily transactions. It will not also update the general ledger balances till final posting is completed. It can be used when there are no proper authorizations to the user and has to send the document to other user for confirmation of the document.

1. Park document can also be deleted, modifiable, and can be rejected by the user.
- 2 . The main differences between the hold document and park document are park document is parked with the regular document number where as the hold document held with temporary number.
3. The main feature of the Park Document is, we can change the header data details including the posting date and document type. This is the only area we can change the posting date, and document type in SAP environment.

How to park the document: go to normal posting i.e. f-02 and give the header data and line item data as usual. Go to menu item document click on <park>. Document will be parked with original number. Or we can park the general ledger document in separate posting screen. Transaction code: F-65. Usual posting screen but exclusively for parking of document.

**Posting of Parked document:** Accounting>fin. Accounting>general ledger>document entry>parked document> FBV0 post/delete park document. Give the company code: 2006.give the parked document number

Give the fiscal year: 2006

Press enter and to post save the document. Document will be posted.

We can change the details of parked document, reject, modify, and delete the parked document.

*Note! We can change the posting date of the parked document and other header details also. This is the only area we can change the header data details.*

**BUSINESS SCENARIO:** In Satya InfoTech the end-users are not trained enough in sap environment. If they posted the entries wrongly, what is recourse available for rectification of that posted entries. Please guide the users in this regard.

**REVERSAL OF DOCUMENT:** To meet the above scenario, sap suggests only reversal of document we can not change the certain parameters of the original document, like posting date amount and account numbers. The reversal functions are two types in sap environment. The first one is standard reversal and the second one is negative reversal.

**Pre requisites: The prerequisite to reverse any entry (a) define the reason code for reversal**

Path: spro>img>financial accounting>general ledger accounting>business transactions>adjustment posting/reversal:

Give the reversal reason: two character code

Give the description: standard reversal and negative reversal

Select the Alternative posting date for the both the codes

Select Negative posting check box for negative reason code.

If you want to do the negative reversal the following conditions should be met.

1. Reason code must be selected with negative posting check box
2. The company should also permitted with negative posting
3. The document type should also permit with negative posting. The reversals are four types.
  1. Individual reversal
  2. Mass reversal
  3. Reversal of clearing document
  4. Reversal of reversal document

The reason code screen will appear as under Satya info Tech Company has created two reversal reasons as appearing in the screen

Reason	Text	Neg.postng	Alt.pos.dt
07	incorrect document date	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11	standard posting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12	negative posting	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18	negative posting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
19	standard reversal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20	<b>standard reversal</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21	<b>negative reversal</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
69	standard reversal:6900	<input type="checkbox"/>	<input checked="" type="checkbox"/>
70	negative posting:6900	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
73	standard reversal:7301	<input type="checkbox"/>	<input checked="" type="checkbox"/>
74	negative reversal:7301	<input checked="" type="checkbox"/>	<input type="checkbox"/>
90	NORMAL REVERSAL OF DOC	<input type="checkbox"/>	<input checked="" type="checkbox"/>
91	NEGATIVE REVERSAL OF DOC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
98	standard reversal:9999	<input type="checkbox"/>	<input checked="" type="checkbox"/>
99	negative reversal :9999	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Figure 46****Individual reversal of an entry:**

The path: accounting> financial accounting> general ledger> document> reveres> FB08 individual reversal **FB08**

**For Mass reversal the Transaction code: F.80**

Give the document no: you want to reverse(if you do not know the number select document list button and give selection parameters and select the number to reverse) Give reason code: 20 or 21 (We have created

Give posting date: xxxxxxx

Save the data

Entry will be reversed

To do the mass reversal  
Click on this icon.

Give the document number or select from document list

**Figure 47a**

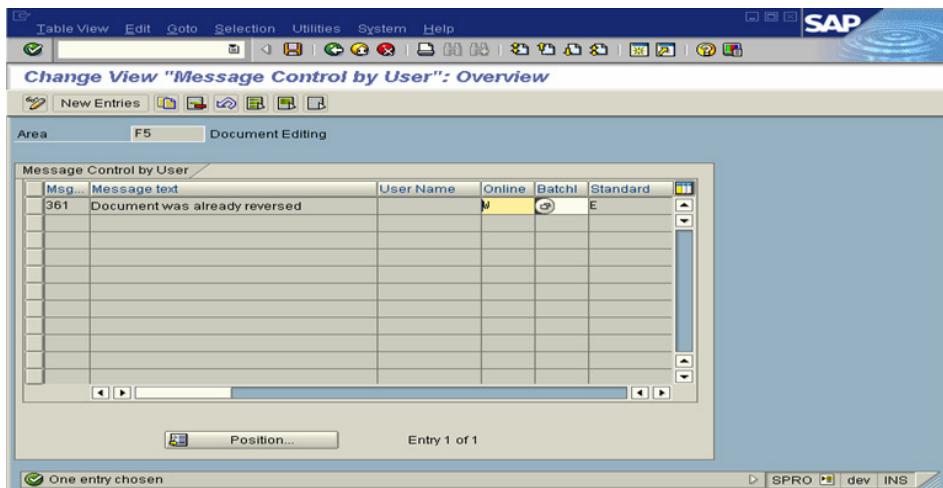
Mass reversal functionality will be done to reverse the multiple entries.

To reverse the clearing entries, we have to reset the clearing document in TC FBRA

We can reset and reverse the clearing document in the same screen it self.

To reverse the reversed document we have to change the message control as warning. Then the system will allow the reversal of reversed document.

**(Pre requisite for reversal of reversal document)Change message control: path: financial accounting-document-default values for document processing-change message control for document processing:**  
Give application area: f5 (document editing)



**Figure 47b**

Click on new entries button; select the message number change the online and batch input option fields as warning: there by the system give the warning message. We have to define it once for a client.

#### **Accrual/Deferral documents:**

In real time accrual nature of either income or expenditure is common. Every organization has to consider this type of income and expenditure accurately for period it belongs. Then only the balance sheet or profit and loss account reflects as correctly in the financial statements. Hence this of activities is as important as a mater of practical in real time. Hence as a consultant we have to guide the end user properly in this regard.

### **Accrual/Deferral:**

Expenses or Revenues posted in one period may sometimes pertain to either previous periods or future period also. In this scenario, we have to consider this income or expenditure, relating to this period only. The remaining amount has to be considered as accrual/deferral. ACCRUAL means adjusting the amount relating to the past period received/paid in present period is called as accruals. DEFERRAL means adjusting of the future period amount received/paid in the present period is called deferral. In the both instances, we have to adjust and post the correct amount in the present period accurately. For this purpose we need to define the accrual/deferral document.

### **Pre requisite: define reversal reason code:**

Financial accounting-general ledger accounting-business transactions-adjustment posting/reversal-define reasons for reversal.

Click on new entries button

Give two character codes: and description.

Select the alternative posting date check box and negative posting check box and save. The screen is as under

Reason	Text	Neg.posting	Alt.pos.dt
01	Reversal in current period	<input checked="" type="checkbox"/>	<input type="checkbox"/>
02	Reversal in closed period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
03	Actual reversal in current period	<input checked="" type="checkbox"/>	<input type="checkbox"/>
04	Actual reversal in closed period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
05	Accrual	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
06	Asset transaction reversal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
07	Incorrect document date	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11	standard posting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12	negative posting	<input checked="" type="checkbox"/>	<input type="checkbox"/>
18	negative posting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
19	standard reversal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20	standard reversal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21	negative reversal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
69	standard reversal:6900	<input type="checkbox"/>	<input checked="" type="checkbox"/>
70	negative posting:6900	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Figure 48**

05 is the code defined by SAP. We can use it for the project requirement.

Accounts required: expense and revenue accounts.

Accrued income and pre paid expenses account as clearing account or we can use

Expenses payable or income receivable accounts also.

## BUSINESS SCENARIO:

Post the expenditure in F-02(insurance for the quarter).15000/- per month 5000/- each. However, actual expenses for this month are 5000/-only the remaining 10000/- expenses paid in advnces. We need the bifurcation of insurance expenses as above. Other wise the total 15000 amount reflects in profit and loss account

Define Accrual/Deferral Document: accounting-financial accounting-general ledger-periodic processing-closing-valuate-FBS1 accrual/deferral document.

Give the document date: 31.10.2006

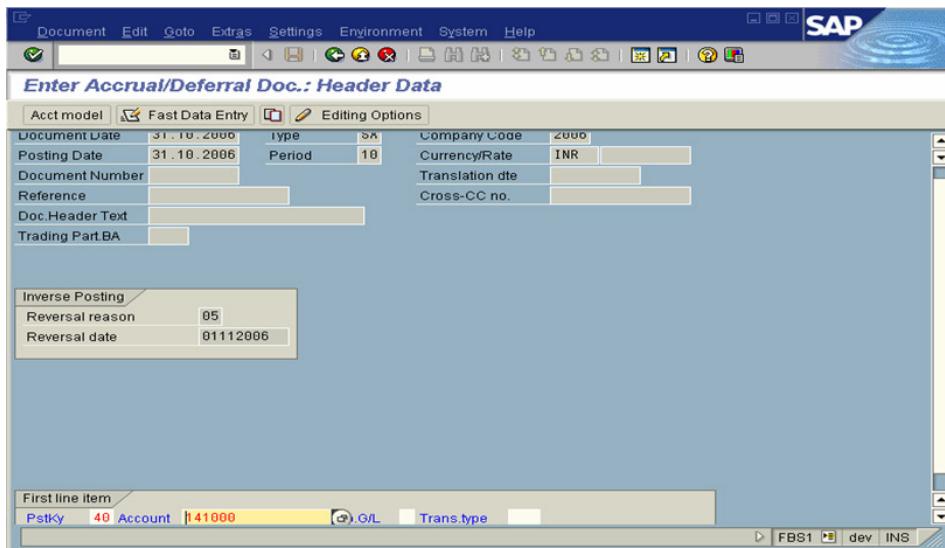
Posting date: 31.10.2006: document types. SA

Give the reversal reason: 05 accrual

Give the reversal Date: 01.11.2006 (next month on which it has to be reversed)

Posting key: 40 General ledger accounts: pre paid insurance account

Give the amount and text second posting key 50 general ledger account: insurance exp account simulate and save the transaction



**Figure 49**

Reverse the accrual document on 01.11.2006.

Path is same the transaction code: F.81 reversal of accrual document.

Give the company code: 2006 document number: 100052

Period: and posting date and document type details and deselect the test run button and

Execute the reversal.

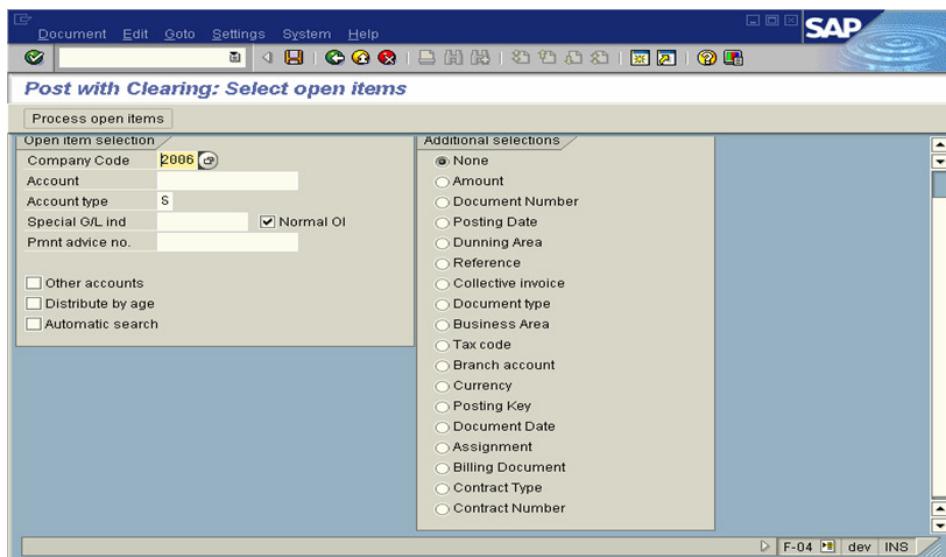
Accrual document can be posted with the help of recurring document also.

### **CLEARING FUNCTION:**

This function is used to clear the outstanding entries in the general ledger accounts. Example: outstanding amounts in expenses payable and income receivable accounts. To clear the amounts we can do three types of clearing functions.

1. Standard clearing
2. Partial clearing
3. Residual clearing.

To do the residual clearing we have to define reason codes and accounts for clearing difference account



**Figure 50**

While doing the clearing function we can select the additional selections to make the payments.

If you want to make the payment document number we can select this option and give the Document from number and to number to clear the items. Otherwise if you want to make the Payment basing on the option of dunning area wise we can make the payment like that.

We can see the other accounts of the same customer/or vendor by selecting the particular option.

Can see the items with special GL heads also can be viewed from this screen. The clearing function is one of the excellent functionality in SAP environment.

The main difference between the partial clearing and the residual clearing is the former one display the original open item amount and partial payments as open items until the account is settled in full.

The final settlement will convert all the entries as cleared item. In case of the latter one, the it clears the original open item as cleared item and creates a new open item with the residual amount. If you mention the reason code in residual clearing function the residual amount automatically posted to Payment diff ac (automatic determination should have been done in the chart of account level). If no Reason code is assigned it will credit/debit to the same account.

### Automatic Clearing:

This is one of the functionality used to clear the accounts with open and clear items. And further used group the open items basing on some criteria and clears them according to the criteria.

**Prepare Automatic clearing: path: financial accounting-general ledger accounting-business transactions-open item clearing-prepare automatic clearing: TC: OB74.**

The screenshot shows the SAP OB74 interface. The title bar reads "Change View 'Additional Rules For Automatic Clearing': Overview". The menu bar includes "Table View", "Edit", "Goto", "Selection", "Utilities", "System", and "Help". The toolbar contains various icons for navigation and data entry. The main area displays a grid of rules for automatic clearing. The columns are labeled: ChA., AccTy, From acct, To account, Criterion 1, Criterion 2, Criterion 3, Criterion 4, and Criterion 5. The grid contains several rows of data, such as:

ChA.	AccTy	From acct	To account	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5
D	A	Z	ZUONR	GSPER	VBUND			
K	A	Z	ZUONR	GSPER	VBUND			
S	B	99999	ZUONR	GSPER	VBUND			
1111	S	400000	499999	ZUONR	GSPER	VBUND		
2006	K	661006						
2006	S	141000	142000					
7201	S	400000	499999	ZUONR	GSPER	VBUND		

At the bottom, there are buttons for "Position...", "Entry 1 of 7", and "SPRO dev INS".

Click on new entries button

Give chart of accounts :2006

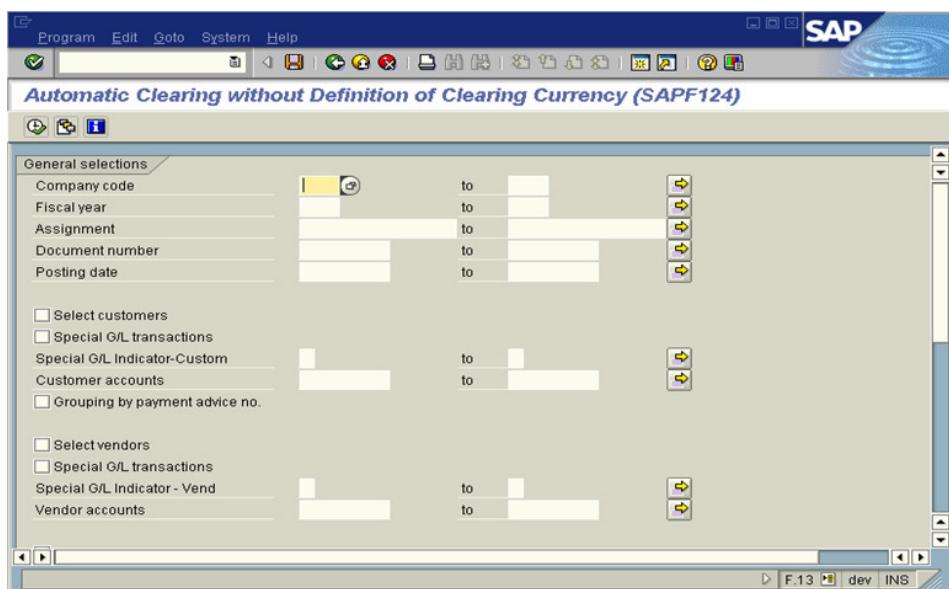
Give account type:K,D,S

Give the account numbers from number and to number

Give the clearing criterion or group criterion and save the data.

Post the transaction in open item accounts. And clear it with partial clearing option. There by both the items appear as open items. Now execute the Automatic clearing Programme as under:

Accounting-financial accounting-general ledger-automatic clearing- F-13 automatic clearing with or without specifying the currency



Give the details and select the accounts for executing the programme:

It automatically clears the open items. This programme is useful for clearing the open items with automatic posting transactions.i.e. GR/IR clearing account.

This programme is used to clear the account with huge volume of accounts with numerous line items either on line or as background processing as batch input. And further it is useful clear the gl accounts with post automatically option is set. The individual accounts will be cleared by manual clearing of an account in F-03 clear functionality.

The automatic clearing functionality is quite different from the automatic payment programme used in accounts receivable and accounts payable component. The Automatic payment programme is defined to clear the open items in customer and vendor accounts, and post the entries in bank accounting and issues the cheques for paid amounts simultaneously. Automatic clearing function is simply to clear the open items based on the grouping criterion.

### **FOREIGN EXCHANGE TRANSACTIONS: BUSINESS SCENARIO:**

Satya Info Tech engaged in extending the services foreign customers and avails service from foreign consultants at frequent. The transactions have to be made in foreign currency also. Hence requested the consultants to customize the foreign exchange transactions in US dollars separately. For this purpose they want to maintain separate foreign currency i.e. US dollar account and evaluate the outstanding amount in foreign currency at regular intervals. Hence the company is requesting to customize the same in SAP environment.

### **SAP ENVIRONMENT FOR FOREIGN EXCHANGE TRANSACTIONS:**

To meet the above scenario SAP provided the functionality as under. We can customize the requirement in the following process and steps.

1. Set the foreign exchange quotations in the sap system:  
**Path: financial accounting>general settings>currencies>set quotations for foreign exchange transactions TC: ONOT**
2. Check exchange rate types in the system: SAP has already provided the different exchange rate types with the software. We can use those rate types. The main important rate types are as under
  1. B: bank selling rate
  2. G: bank buying rate
  3. M: average rate.
  4. Historical rate.

If the company accepts we can use those rate types or we can define new rate types as per the request of the company.

Give the 4 character key for the exchange rate type and give the description of the rate type.

**TC: OB07**

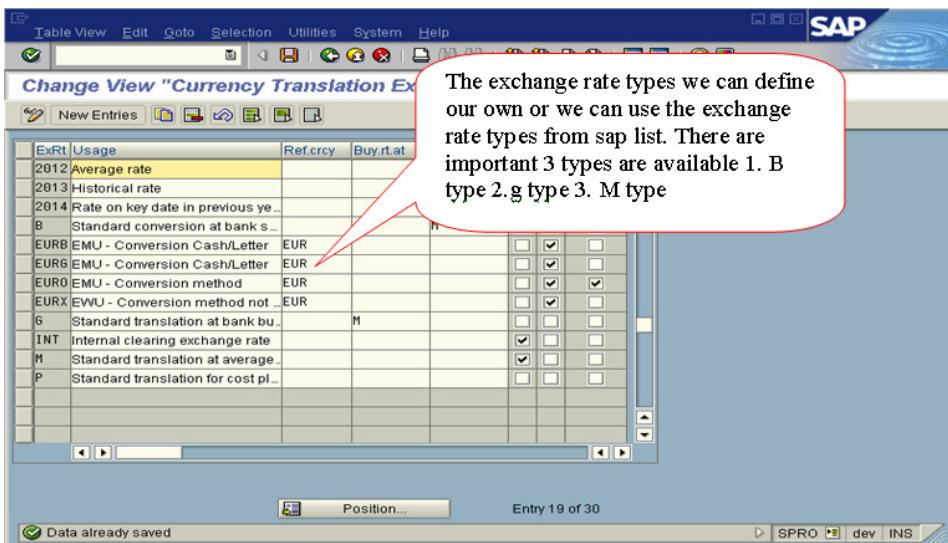


Figure 51

### 3. DEFINE TRANSLATION RATIOS FOR CURRENCY TRANSLATION:

In this step we have to define the translation ratio for each currency pair for which we want to take up the foreign exchange transactions. In the present case it is US dollars against Indian Rupee.

**The Path: same as above the TC: OBBS.** The screen will appear as under.

Change View "Currencies: Translation Ratios": Overview						
ExRt	From	To	Valid from	Ratio(from)	Ratio (to)	Alt. ERT
B	USD	DEM	01.01.1999	1	1	EURB
B	USD	DEM	01.01.1890	1	1	
B	USD	ECU	01.01.1890	1	1	
B	USD	ESP	01.01.1890	1	1	
B	USD	EUR	01.01.1890	1	1	EURB
B	USD	FIM	01.01.1890	1	1	
B	USD	FRF	01.01.1890	1	1	
B	USD	GBP	01.01.1890	1	1	
B	USD	INR	02.04.2006	1	1	
B	USD	INR	01.04.2006	1	1	
B	USD	INR	01.01.2006	1	1	
B	USD	INR	01.01.2004	1	1	
B	USD	ITL	01.01.1890	1	1,000	
B	USD	JPY	01.01.1890	1	1	
B	USD	PTE	01.01.1890	1	1	
B	USD	RUB	01.01.1890	1	1	

Figure 52

Select new entries button

Give exchange rate type B

Give from Currency: usd

Give to currency: INR

Give valid date: 010406

Give ratio from (1) to (1) @if you want to use alternate currency give alt currency

Save the data

### **ENTER EXCHANGE RATES: FOR EXCHANGE RATE TYPES:**

We have to enter the exchange rates to all exchange rate types if necessary or if you are following one type of rate, we can maintain the rates for that type only. Give the details as under

ExRt	ValidFrom	Indir.quot.	Ratio(from)	From	Dir.quot.	Ratio (to)	To
B	01.04.2006	X		1 USD	= 50.00000	X	1 INR
B	31.03.2006	X		1 USD	= 50.00000	X	1 INR
B	31.01.2006	X		1 USD	= 48.00000	X	1 INR
B	01.01.2006	X		1 USD	= 47.00000	X	1 INR
B	01.10.2005	X		1 USD	= 40.00000	X	1 INR
B	01.01.2004	X		1 USD	= 46.00000	X	1 INR
B	01.10.2000	X		1 USD	= 108.53000	X	1 JPY
B	26.09.2000	X		1 USD	= 107.26000	X	1 JPY
B	17.02.2000	X		1 USD	= 110.37000	X	1 JPY
B	01.01.1999	X		1 USD	= 102.37000	X	1 JPY
B	01.01.1993	X		1 ZAR	= 0.30000	X	1 USD
EURB	01.01.1800	1.95583	X	1 DEM	=	X	1 EUR
EURB	26.09.2000		X	1 EUR	= 0.87850	X	1 USD
EURB	01.01.1800	6.55957	X	1 FRF	=	X	1 EUR
EURB	17.02.1999	108.94110	X	1 JPY	=	X	1 EUR
EURB	01.01.1999	138.94110	X	1 JPY	=	X	1 EUR

**Figure 53**

Give exchange rate type :B

Give valid from date:010406

Give ratio from:1

Give currency: usd

Give rate: applicable

Give ratio 1

Give to currency: inr

Save

We can maintain different rates for different exchange rate types with different validity periods. Generally these rates will be downloaded from everyday from RBI. These data will be maintained in currency table.

While posting the foreign exchange transactions, the system by default considers the Average Rate Type i.e. M rate type and assigns the rate on the particular date on which the transactions are posted. Otherwise we can assign any exchange rate type; accordingly the system considers the rate and rate type as well. The posting will be made in F-02 General posting only (for gl accounts) or otherwise respective screens.

With a view to consider the exchange rate fluctuations we have to define the accounts for exchange rate differences accounts. And make the automatic determinations accounts for exchange rate differences.

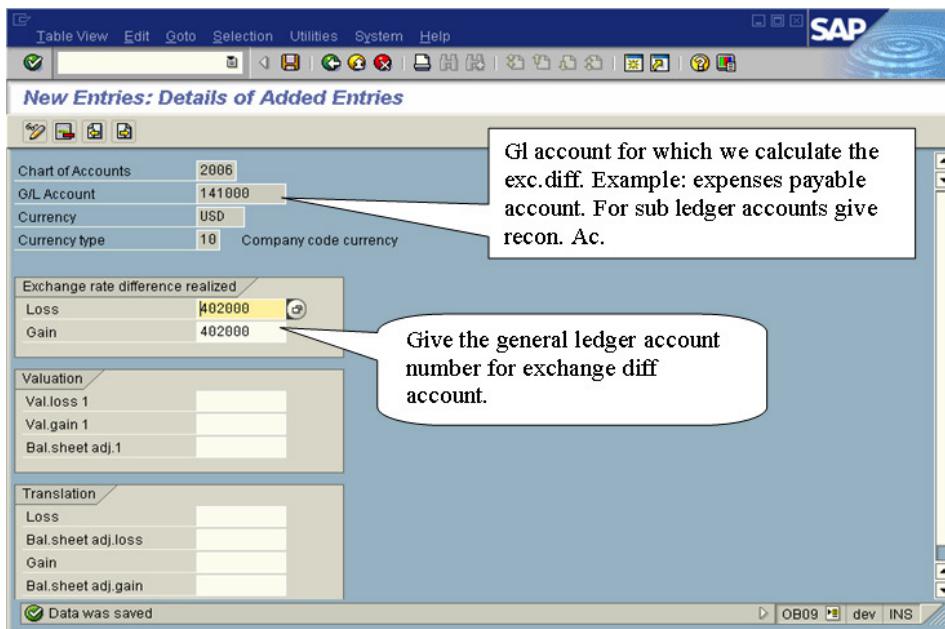
Path: financial accounting>general ledger accounting>business transactions>open item clearing> define accounts for exchange differences:  
**TC OB90**

Give chart of accounts: 2006

Select new entries button:

Give the account number: Gl account (the ac for which considers exchange diff)

Give the ex. rate diff realized accounts: ex. diff account (either single or two diff A/Cs)



**Figure 54**

We can maintain the number of accounts basing the currency type, gl account type separately or single account for all types of currencies and currency types also.

#### **Valuation of foreign exchange balances on key date:**

**Path: financial accounting>general ledger accounting>business transactions>closing>valuating>foreign currency valuation>define valuation method**

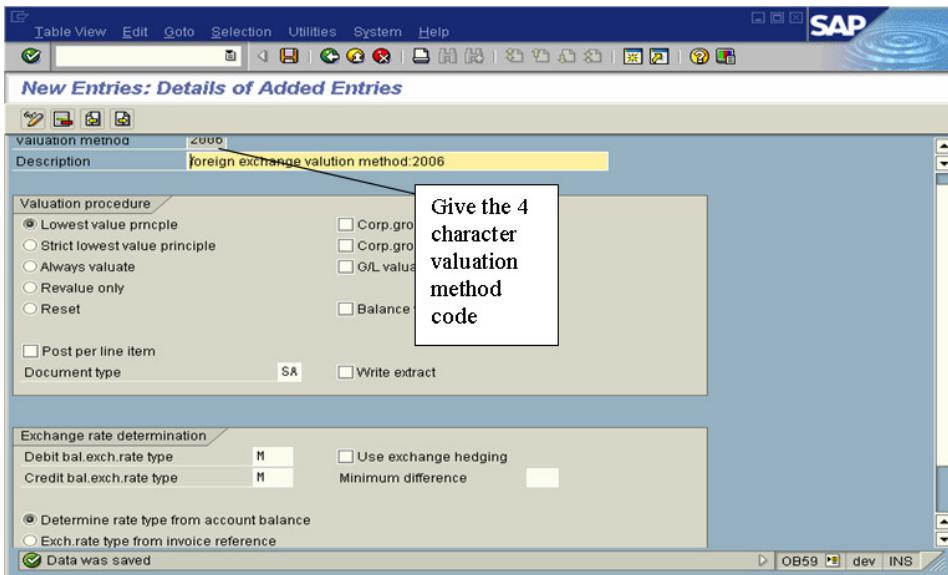
#### **TC OB59**

Select new entries button

Give valuation method code: 2006

Give description: fe valuation for: 2006

And the remaining things as under in the screen

**Figure 55**

**Valuation group:** It is used to group the all customer, vendor, and general ledger accounts into group and apply the same exchange rate type as a group as a whole.

**Valuation area:** It is applicable legal reporting the financial statement as per the different accounting principles.i.e. Indian accounting standards, and GAAP, in such cases we have to create valuation areas, to valuate the foreign currency and customer and vendor balances

**Lowest value principle:** if you select this check box the system calculates the exchange rate difference valuation basing the lowest rate of the two.

If you select revalue check box only revaluation as income will only be considered for revaluation and devaluation will not be considered for the purpose of valuation.

If you set any minimum difference amount in the column provided the system will not reevaluate the currencies up to this amount of difference.

If you want to select whether the exchange rate to be considered for revaluation either from account balance or form the invoice reference.

**Execute the foreign exchange valuation method n transaction code:  
F.05**

While executing the foreign exchange valuation if you want posts the entries for balance sheet purpose don't select the Reverse Posting check box. For regular monthly valuation purpose select reverse posting check box.

**Business process:** Satya info tech uses every month ie 01.01.06 to 30.06.06 as per the average rate type M. The value for the entire month is RS.40 per dollar. However, on 28.10.06 the company decided to valuate the foreign currencies at the average rate 45.(this 45 is only exclusively for foreign currency valuation purpose only) for the regular transactions, the old rate is applicable for their regular business transactions. How can you configure this business process in SAP environment?

**SAP Business Process:** We can configure the above scenario in sap. We have to define one average rate type and rate for regular business transactions. To take up the foreign currency valuations, we need to define another rate type and rate @45. And accordingly do the foreign currency valuations without disturbing the applicable rate for regular business transactions.

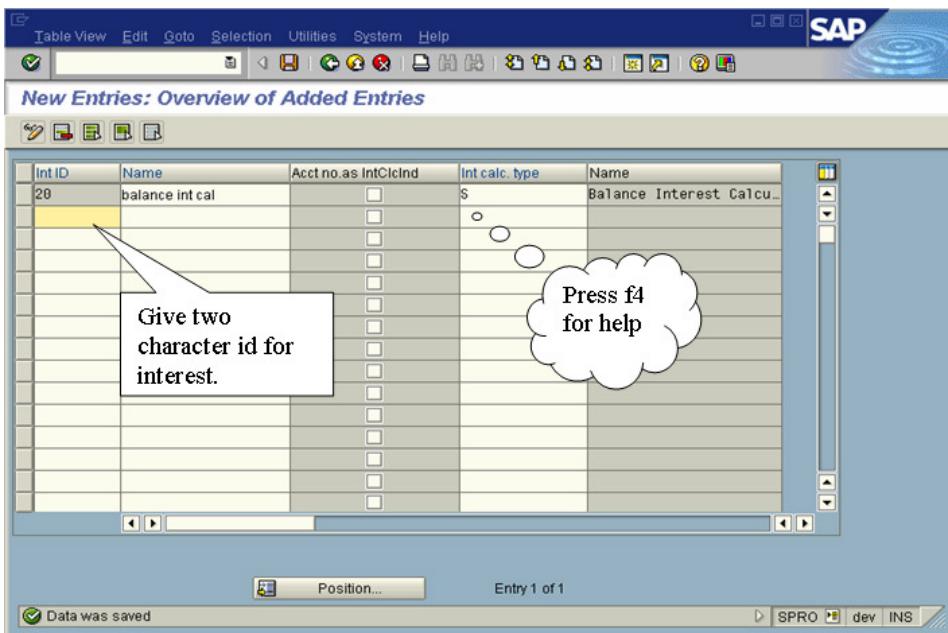
**BUSINESS SCENARIO:** Satya info tech has availed a Bank term loan from State Bank of India, pimpi Branch. Bank is charging every month interest on the term loan. Like the way satya InfoTech has availed different other loans and given loans to some of its employees@ 10%. How to calculate the interest on the term loans? Bank is charging 12%on the outstanding. Make the customization in SAP environment.

### **SAP ENVIRONMENT FOR CALCULATING INTEREST:**

SAP has provided with the interest calculation methods. There are two types of methods are available. One is Balance Interest calculation and another one is Item interest calculation. Balance method is applicable to interest calculation on gl balances and item interest will applicable to vendor and customer balances. The customization process is under:

1. Define interest indicator: spro>img>fa>gl accounting>business transactions>bank account interest calculations>define interest indicator: **TCOB46**

Select new entries Button:

**Figure 56**

Give indicator: two character (alphanumeric):20

Give description: Balance into calculation

Interest calculation type: "S"Balance into cal type

Save. The screen shot is above.

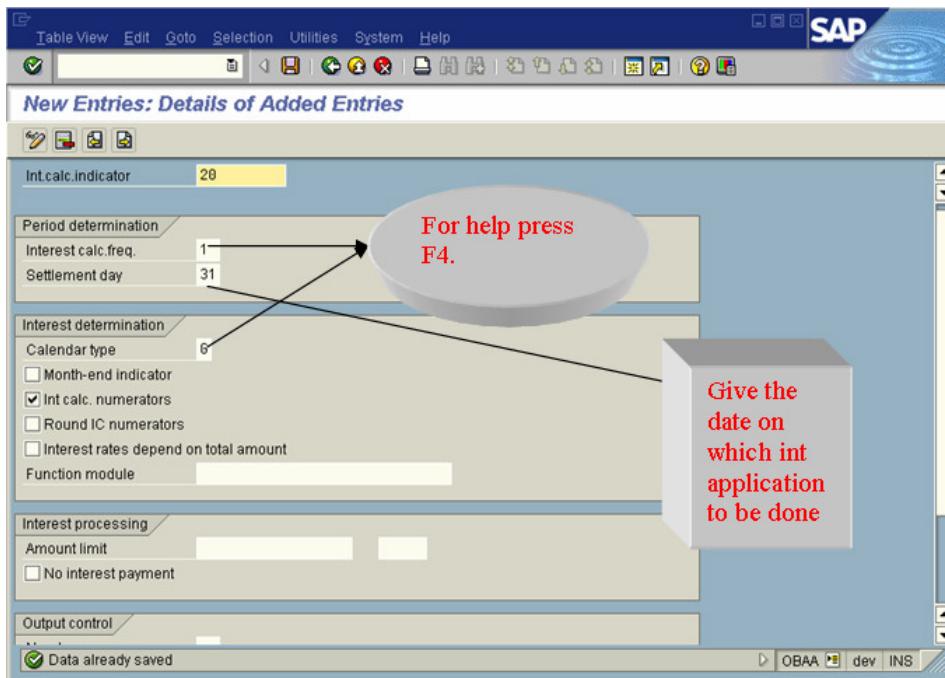
If you want to consider the account number itself is the indicator for calculation of interest select the relevant check box and proceed further.

### **PREPARE ACCOUNT BALANCE INT CALCULATION (GENERAL SETTINGS) TC OBAA**

**Path is same:**

Select new entries

Give interest indicator



**Figure 57**

Interest cal frequency: 1 monthly (help press f4)

Settlement day: 31 (the day on which interest is applied by the bank)

Calendar type: G (German calendar) press f4 for help

Select the Balance plus interest check box

Save the data the screen is as above

Month end indicatory specifies the number of days for the February is 30 days not 28 it is applicable in case of certain calendar types only.

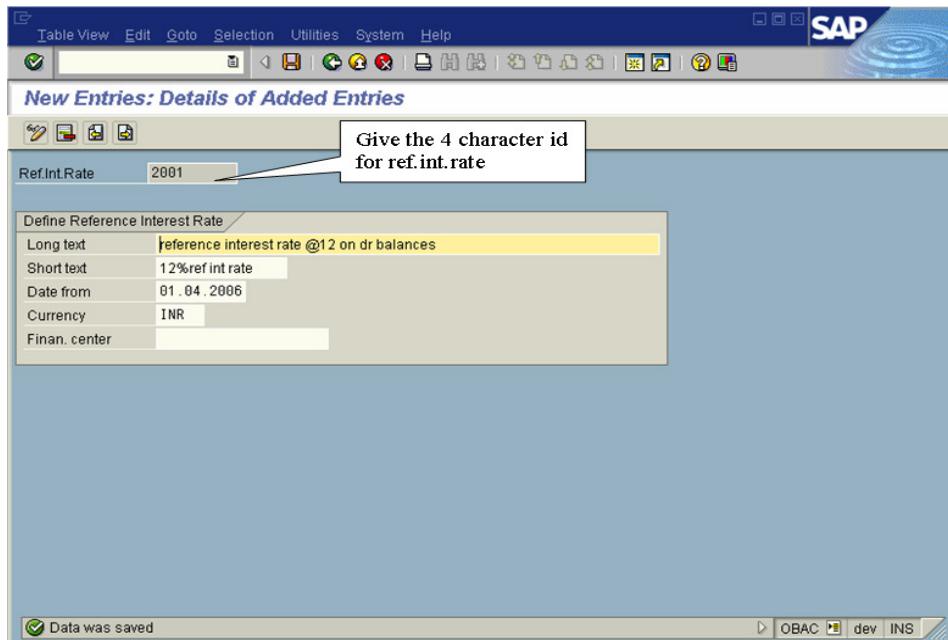
If you select the Round IC numerators, system displays the Product (amount\*no days) on which the interest is calculated.

If we select the option interest rates depend on the amount: system calculates interest on the total amount instead of graduate interest scale is there also.

If the amount mentioned in amount limit column the interest amount is restricted to this amount only

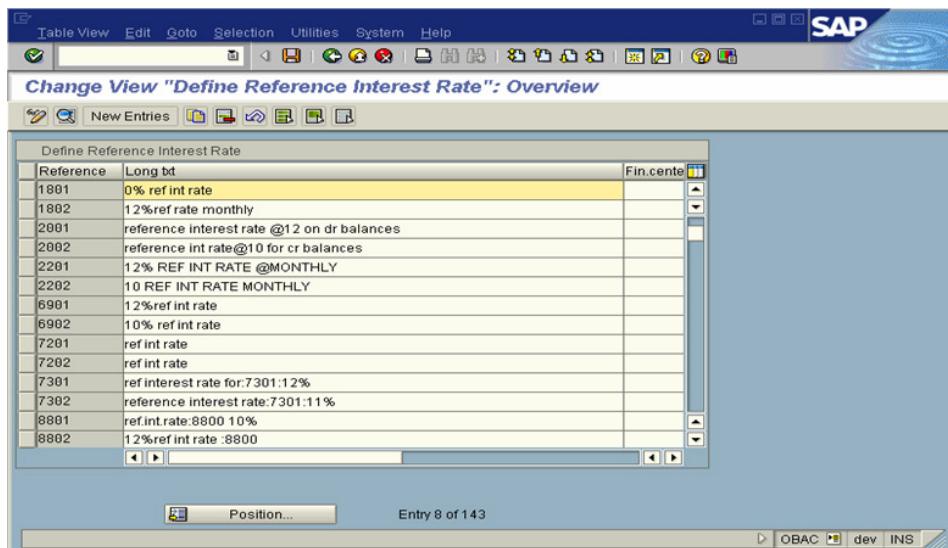
If you select the no interest payment check box the system will not calculate the interest for the accounts carrying the indicator.

## Define reference interest rates :( separately for debit into and credit into)



**Figure 58a**

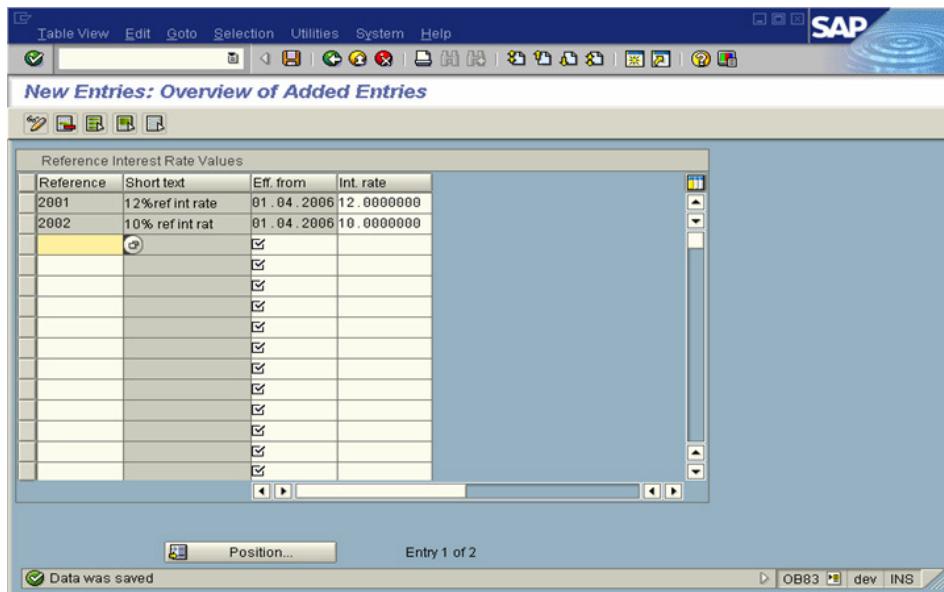
Give the above details and select next entry button. Give the ref into rate for cr balances. Save the data the screen will appear as above



**Figure 58b**

Enter interest values: TC OB83(path is same)

Select new entries button:



**Figure 59a**

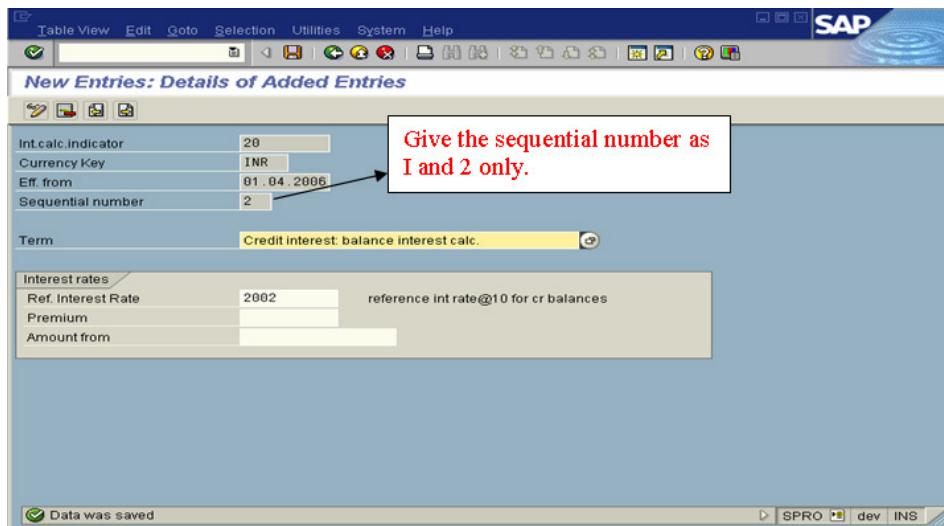
Give ref into rate: 2001

With effect from: 010406

Interest Rate: 12

And do the same process for rest of the reference interest rate also. The screen will appear as inthe figure.

Enter Time Dependant terms (path is same) TC: OB81



**Figure 59b**

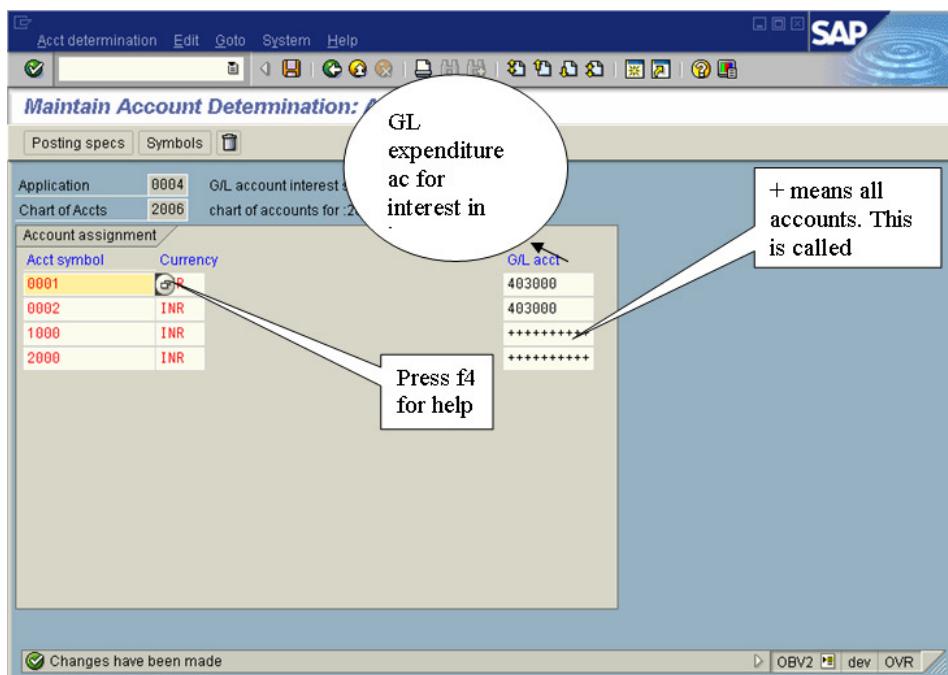
Give the into indicator: 20 currency key: inr eff from: 01.0406 sequential no:2 term:cr. Bal. int. cal

Ref into rate: 2002 like the way create for dr balances, ref into rate 2001 also. The screen is above.

If you mention any percentage in the premium column, system considers this rate as additional rate specified in reference rate. The effective would be reference rate plus premium rate if any.

In the amount from column, if you specify any amount the system considers the over and above amount at this rate. This configuration is required for any graduated interest rates applicable for the different amount scales.

For automatic posting of interest we have to make automatic determination of accounts in transaction code: OBV2.



**Figure 60**

Give chart of accounts: 2006

Select accounts button

Give account symbol: 0001 currency inr general ledger no: 403000 (interest expenses ac)

Give account symbol: 0002 currency inr general ledger no. 403000 (interest income ac)

Give account symbol: 1000 currency inr give Masking with symbol (+)(as above)

Give account symbol: 2000 currency inr give masking with symbol (+) as above)

**Note: masking is done to take care of all general ledger accounts for the purpose of calculation of interest rather than mentioning any single account(single ac no. will apply the interest on that ac only)**

2. Account symbols are defined by sap do not change it.
3. Open the loan account with (bank account conditions) and give the interest indicator in loan account master
4. Post the loan transactions and go for executing of interest application in F.52 balances(under periodic processing in general ledger folder).
5. For posting of interest select post interest settlement check box and update the interest details select the update master record check box. A programme is created with name RFSZIS00 Now go menu item system>services>batch input>sessions> select the above session and click on process button select display errors only click on process button. System will apply the interest to loan ac go and verify the document in FB03.

### **OTHER IMPORTANT BUSINESS SCENARIO CUSTOMISATION:**

Deletion of General ledger account: in this connection I would like to advise deletion is not possible once the data was posted into the accounts. Then the option only to block the particular account .Before posting the transactional data we can delete the accounts by selecting deletion flag for the accounts to be deleted. The deletion of gl account in IMG screen only.

Path: a>gla>master records>deletion>deletion of gl account TC: OBR2.

Give required details

Delete the test run button

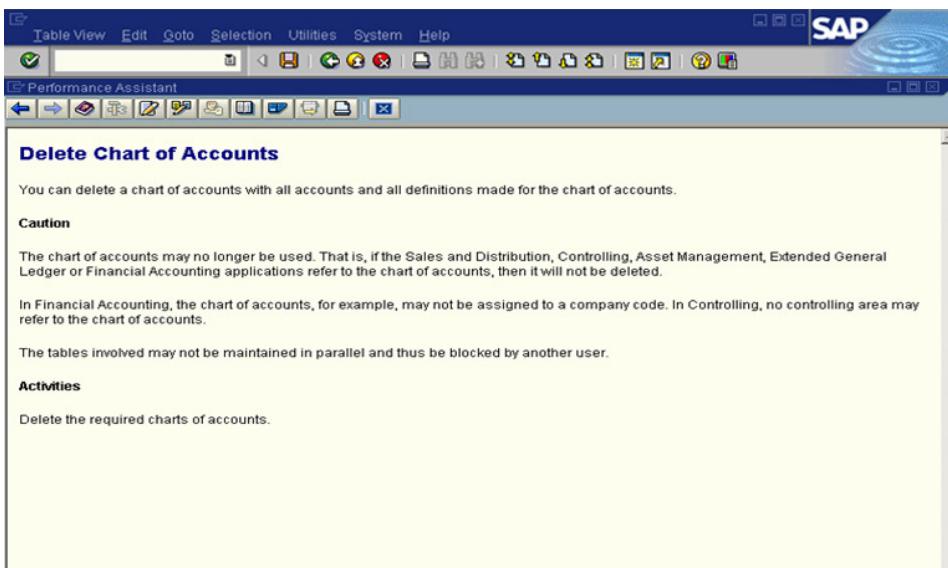
Execute.

**The programme name for executing the gl account is SAPF019**

### **DELETION OF CHART OF ACCOUNTS: TC: OBY8**

Programme name to delete the chart of accounts: SAPMFKM8.

We can check the deletion capability of the chart of accounts in advances.

**Figure 61**

Transport the chart of accounts from one client to another client or another system. For this purpose we have create the correction request, and with the help of this correction request we can transport the chart or accounts from one client to another client. (We have to select the areas to copy to transport) the transaction code: OBY8 the Programme name: SAPMFKM

### **COPY OF GL ACCOUNTS:**

Copy of gl accounts can be done either for chart of accounts level or company code level:

**Path: financial accounting>general ledger accounting>master records>general ledger account creation and processing>alternative methods>copy gl accounts>copy chart of accounts TC: OBY7 and copy company code accounts: TC: OBY2**

Give the chart of accounts in which you want to copy:

Give the reference chart of accounts from which you want to copy the gl chart of account level

Click on copying capability, once it is completed save. Programme name: SAPMFKM8

## **CREATION OF GL ACCOUNTS WITH REFERENCE :( GL account creation and processing)**

Select creation of gl account with reference:

Give the chart of accounts to which the accounts to be copied down

Give the chart of accounts from which you want to copy the gl accounts

Click on details button

Click on account reference button; give from gl account and to gl account (range to be copied)

Select all the gl accounts to be copied

Check the check button (for consistency of the data to be copied down)

Create gl accounts button and account determination button also

System copies all accounts and automatic determinations also

Finally check the Check button for verification.

## **THE PROGRAMM NAME FOR COPY OF GL ACCOUNTS WITH REFERENCE IS SAPLGL\_ACCOUNT\_MASTER\_REFERENCE.**

### **CHANGE OF GL ACCOUNTS MASS MAINTAINENCE:**

Path is same:

We can change the general ledger data collectively in 3 levels. The first one is chart of account level and company code level and account name level also

The programme name for change gl account collectively is:  
**SAPLMASSINTERFACE**

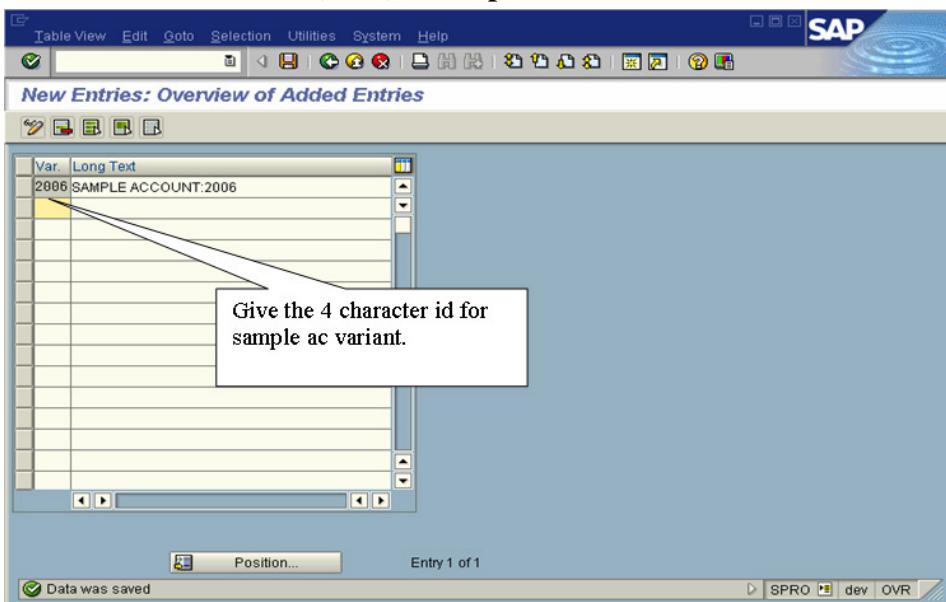
### **Creation sample account: TRANSACTION CODE: OB15**

**Path:** financial accounting>general ledger accounting>general ledger accounts>master records>preparations>additional activities> sample accounts

Maintain sample account rules;

Select new entries.

**Give: 4character code (2006) description. Save. The screen as under**



**Figure 62**

**Define data transfer rules: same path TC: FSk2**

**Give the sample variant code: 2006**

Select the master data company code level fields which can be transferred from sample account while opening the account (we can select the cannot be changed check box if required)

Save the data with the selected rules.

**Assign the company code to sample account rules:**

Click on position button,

Give the company code and give the sample account rule code: save

**CREATE SAMPLE ACCOUNT: path is same and the TC: FSM1**

Give the account number (outside range of OBD4 for identification):500000<press enter>

Give the description: sample account: 2006

Select the fields you want to copied to the accounts with ref to sample account

Save it. While opening accounts the system asks for sample account from which you want to create the company code data and copies the fields what

we set in sample account. Accordingly we can create any number of sample accounts and keep as reference further creation of accounts.

**TEXT IDs CREATION:** These are helpful to quicken the process of creation of gl master records and the ids can be stored in the system for further processing.

**Path: Fa>gla>gl accounts>master records>preparations>additional activities>creation of text ids for chart of accounts and company code master data. TC: OBT6and OBT7**

**We can also define the text ids for documents also in transaction code: OBT8.**

Select create button

Give text ID no: and give description save

**INDIVIDUAL LAYOUT PROCESSING:** These are helpful for setting up the page tab buttons for the creation of individual general master record. We can create the page tab buttons and their fields according to our requirement.

**Path: spro>img>financial accounting>general ledger accounting> general ledger accounts>master records>preparations>individual layout processing Define layout TC: OB\_GLACC21.**

Select new entries button:

Give 4 character name of the lay out: z006

Give description and save

Select the tab page titles: we can set as per our requirement

Page groups: we can set page groups also as per the lay out requirement.

Assign the layout to the chart of accounts and account groups if you are to use for user master record.

**Define screen lay out for each transaction:**

**Path: spro> reference img> financial accounting> general ledger accounting> general ledger accounts> master records> preparations> additional activities> define screen layout for each transaction TC: OB26**

We can set the required screen lay out for activity wise or general ledger account wise. We can take the print out of the field status of the activity by clicking print field status

## **DEVELOPMENT OF ENHANCEMENTS FOR CREATION OF GL ACCOUNTS:**

These enhancements are useful for creation additional actions to be used for the specific request of the client or the project requirements. For this purpose we have to create the project name create the enhancements with the help of user exists.

### **DEFINE SORT KEYS:**

We can define the sort keys as the requirement of the project. Path: spro>ref.img>financial accounting>general ledger accounting>general ledger accounts>master records>line items>line item display>define sort variant TC: **OB16**

Select new entries button

Give 3 character sort key variant name and description

Give 3 fields which are to be used as allocation fields

Save

**CREATION OF WORK LISTS:** These are helpful for view the reports as a whole instead of individual. Example, if we want to see all the bank accounts balances we can see the balances of all bank accounts by creating work lists. We can create as many as work lists, and used for user master record. TC: **OB55**

**Path: spro>ref.img>financial accounting>general ledger accounting General accounts>master records>balances>creation of work list**

Select the required option or double click

Click on create option

Give the work list name and description

Give the account numbers you want to group them in the work list and save the data.

## **AUTOMATIC CLEARING OF GL ACCOUNT: TC: OB74 (img, gla, bus.tr, open item clearing, prepare automatic clearing)**

*In this activity you enter the criteria for grouping an account's open items for automatic clearing. The clearing program clears the open items that are grouped together if their total balance equals zero in local and foreign currency.*

*You must enter the following standard criteria:*

### **Account type**

### **Account number or a number interval**

You can also enter a further five criteria.

### **EXECUTION OF AUTO CLEARING:**

**ACCOUNTING> FINANCIAL ACCOUNTING> GENERAL LEDGER> PERIODIC PROCESSING> AUTOMATIC CLEARING> F.13 WITH OUT SPECIFYING THE CURRENCY OR F13E**

### **SAP QUERIES:**

These queries are used by the functional people to prepare the reports basing the cross information embedded in the tables. BY using these queries we will create a report basing on the information available in different tables, and combine them for the purposes of reporting. For this purpose we have to first set info set queries, and assign them to user groups and create sap queries. These reports are called sap list viewer reports. These can be prepared by the users even without the help of technical support.

### **CROSS COMPANY CODE TRANSACTIONS:**

In real time, sometimes one company will make the payments on behalf of other group company and settle their internal accounts at defined intervals. Such scenario can be customized in sap environment as Cross company code transactions. For this purpose we have to open clearing accounts in the companies in between the cross company code transactions are going to be happening.

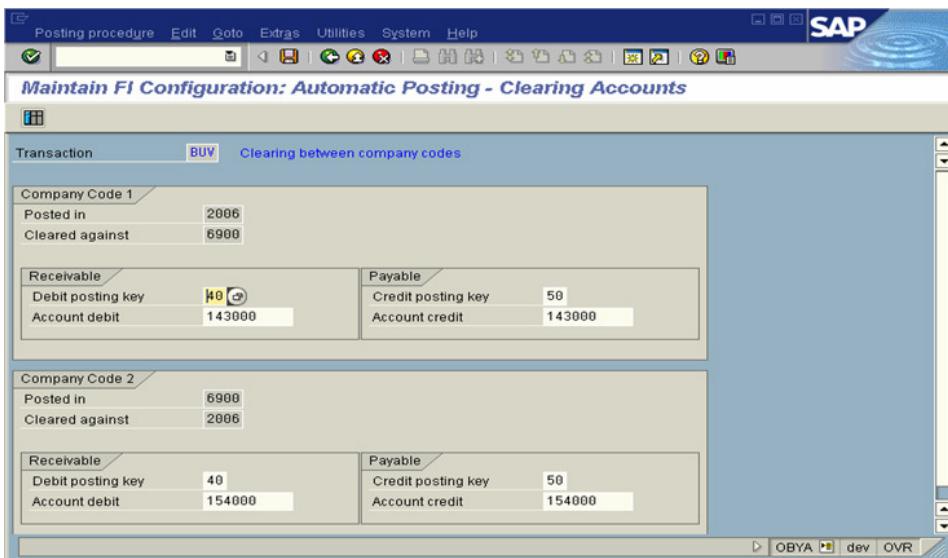
The path for defining the cross company code transactions is **Path: spro>rimg>financial accounting>general ledger accounting>business transactions>prepare cross company code transactions: TC NO: OBYA.**

Give company code one: 2006

Give company code two: 6900

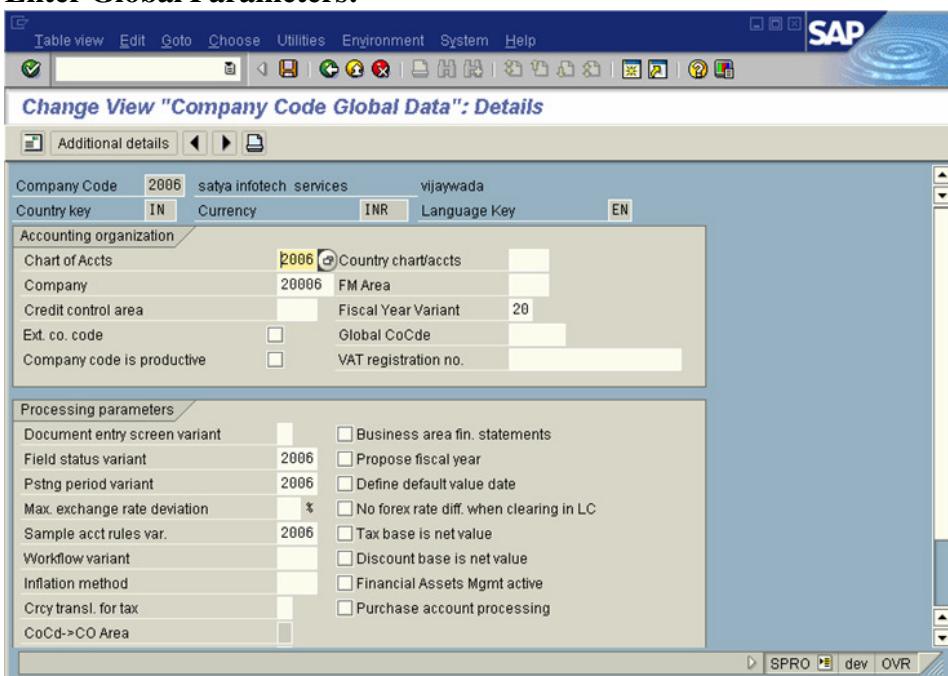
Give the posting keys of debit and credit and clearing of the company code one and the same way give the account number of the other company code and save the data.

Post the Transaction in general posting screen by selecting the expenditure of the one company is paid by debiting to the other company bank account. Go and verify the accounts, the system generates two documents for the both companies as per the number range assigned to the document types what you have posted.

**Figure 63**

System stores the same number in the header data of the document also. We can change the cross company code documents also reverse the documents also. Transaction code for reversal of cross company code is FBU8.

### Enter Global Parameters:

**Figure 64**

**Enter Global parameters: spro> rimg> financial accounting> financial accounting global settings> company code> enter global parameters.**

**TC:OBY6**

Click on position button

Give company code

Select company code

Click on details button

See the parameter check boxes; select the check boxes you require: example:

1. If you want business area financial statement select that check box
2. If fiscal is to be defaulted to you select
3. If value date is posting date to be defaulted select
4. Maximum ex rate deviation set any percentage you require as per the client requirement
5. Select the negative posting allowed check box

*Note: if you want to know the field information keeps the cursor on the field and press F1.*

Maximum exchange rate deviation: if you set any percentage here the system gives a warning message while posting a document with deviation beyond the percentage.

Tax base is net value: If you want to consider that the tax is to be collected on the net off discount value select this check. Otherwise the system calculates the taxes on the total invoice value.

Discount base is net value: if you want to collect the cash discount after deducting the tax select this check box. Other wise the system calculates the discount on the invoice value i.e. inclusive of tax.

**No exchange diff when clearing in Lc:**

If you select this check box the system will not consider the exchange diff while clearing the amounts.

The Global settings, can be configured here, otherwise while doing the respective component we can do the customization individually also.

If you select the company code is productive; means the customization changes can not be done. Generally this check box is selected for the production clients only. It ensures that no changes can be made by the users.

External company code: the company has external company code and data processing is taking place from the external source to sap environment, we can define the external company code.

Global company code: if the company maintaining the separate company code for reporting on various parameters, example: global shoes division reporting produced by different company codes with in a group. This will be useful when a company dealing with multiple products globally by different company codes.

### **PARALLEL VALUATION METHODS:**

If the company is obliged to prepare the financial statements as the requirement of the two accounting principles i.e. as per the company code (India) requirement(IAS) and as per the requirement of Global company code requirement i.e. US GAAP. To meet such requirement SAP provided the functionality of Parallel Valuations methods. Parallel valuation methods can be defined even with more than two or three valuation methods also. The parallel valuation can be done in 3 ways.

1. By depicting additional accounts
2. By depicting additional ledgers
3. By depicting additional company code:

Under first method, posting are made into either single additional account or joint account (defined for this purpose) for all valuation methods, evaluation will be done at the time year end closing process

As per the second method different ledgers will be defined for different valuation methods, and the data will be stored in the respective ledger. The definition of ledgers will be generally done in Special purpose Ledgers. The data in respect of one Ledger will be used for the purposes of controlling; the particular ledger data is called **LEADING ACCOUNTING PRINCIPLE DATA**. The additional ledger data cannot be used for the purpose of controlling.

In the Third method we have to define separate company code and store the data relating to additional valuation data in the company code. This scenario will support by only financial accounting application component and asset accounting component only. No other component will support this functionality.

When we have adopted the parallel valuation methods the following areas will be affected by the method of valuation.

1. Regrouping of receivable and payables
2. Value adjustments
3. Foreign exchange valuations
4. Accruals.

### MULTIPLE CURRENCIES:

Like the way of, maintaining additional valuation methods for meeting various reporting requirement, we can define multiple currencies in SAP system. We can maintain additional two currencies in sap. The system will update the balances in all the currencies in real time. The selection of other additional currencies will depend on the company requirements. We can define any currency type as our additional currencies.

Path: spro>ref.img>financial accounting>financial accounting global settings>multiple currencies TC: OB22.

Give company code: 2006

1<sup>st</sup> local currency is defaulted from company code currency: INR

2<sup>nd</sup> local currency is: we can select from any currency type

3<sup>rd</sup> local currency is also can be selected from any currency type

: Save the data.

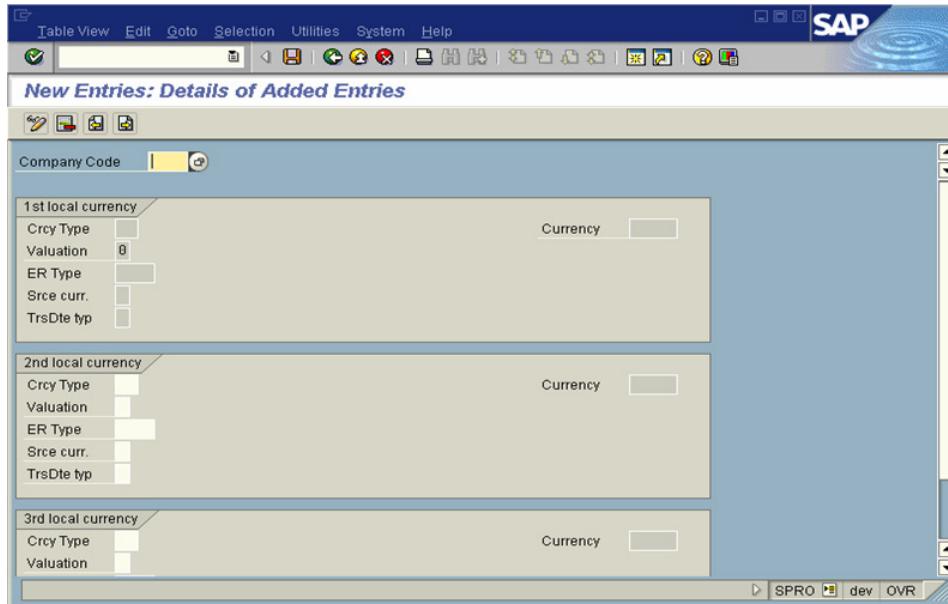


Figure 65

## **DOCUMENT ARCHIVING:**

This is the methods adopted to keep the data aside from the data base. When the data base is in high volume and some data relating to old fiscal years, we can keep the old data separately. For that purpose we have to define the archiving rules. Once the archiving rules were defined, the system checks data base and archive it. We can delete the archiving data for this purpose we have to set deletion flag in Master records.

Path: financial accounting>financial accounting global settings>document>document archiving:

## **TAX ON SALES AND PURCHASES:**

Every country has its own tax calculation procedure. It is the main revenue source for the Government. Government can levy the taxes and changes the procedure from time to time as per the tax plan for the nation. There are two tiers in tax jurisdiction.

1. Country level
2. State level.

Or some times at both levels also. Generally tax procedure not in sap system it is a separate soft wear and made generic interface with the soft wear. SAP supplies country version tax system. Accordingly we will follow. As far as customizing is concerned, major part of the customization will be done by the material management people and sales and distribution people. However, we as a finance consultant we should know about the outline configuration of the taxes.(for India we have Country India Version,5.0 to meet the country requirements)

There are two types of taxes:1. Input tax and 2. Out put tax.

Input tax is defined with code: V

Out put tax is defined with code: A

**Business Scenario:** Satya InfoTech is supposed to pay the input tax i.e. excise tax on purchases @ 16%, educational cess 2% and supposed to make the payment of VAT 12%. like the way supposed to collect the output tax i.e. excise duty 16% educational cess 2% and 12% VAT.

In the process of customization of taxes we have to begin definition of condition types: The condition types defines base values on which the different taxes are to be collected. There are different values for calculation of different taxes.

Path: fa>fags>tax on sales and purchases>check calculation procedure>define condition types: **TC: OBYZ**

Click on position button: give input tax key: MWVS

Select the input tax key and copy the same, change the condition type: 4 characters

**(We are changing for this project as I200: excise duty paid)**

**Again select the I200 copy function change the name as I201: educational cess paid.**

**Again select the I201 and copy function change the name as I202: vat paid and save.**

We have created three input tax keys. Like the way select output tax key: MWAS

Copy the same and change the name as O200: excise duty payable

Select the O200 and change the name as O 201 educational cess payable and save

Select the O201 and change the name as O 202 vat payable and save

CTyp	Condition type	Condition class	Calculation type
I1ED	edu.ess paid:1111	Taxes	Percentage
I1EX	excise duty paid:111	Taxes	Percentage
I1VA	vat paid:1111	Taxes	Percentage
I200	<b>excise duty paid</b>	Taxes	Percentage
I201	edu cess paid	Taxes	Percentage
I202	vat paid	Taxes	Percentage
I222	excise duty paid	Taxes	Percentage
I223	edu cess paid	Taxes	Percentage
I224	vat	Taxes	Percentage
I225	cst	Taxes	Percentage
I690	excise duty paid	Taxes	Percentage
I691	edu cess paid	Taxes	Percentage
I692	vat paid	Taxes	Percentage
I693	cst paid	Taxes	Percentage
I730	excise duty paid	Taxes	Percentage

**Figure 66**

## **CHECK AND CHANGE SETTINGS FOR TAX PROCESSING:**

In this step we have to define the process keys or account keys. These account keys or process keys are used to determine general ledger accounts and posting keys for tax line items. SAP advice not to change the keys and use the defaulted keys only. If you want to change the account keys copy down the defaulted keys and change the name of the account keys and used for your project.

For this project we are using the processing keys or account keys as under:

**I10: excise duty paid                    O10: excise duty payable**

**I11: edu.cess paid                    O11: edu.cess payable**

**I12: vat paid                            O12: vat payable**

With the help of the above keys the system will credit the respective amounts in determined accounts either as debit or credit.

Define the calculation procedure for the country:

Path: spro>ref.img>financial accounting>financial accounting global settings>tax on sales and purchases>check calculation procedure>define procedure.

Select new procedure,

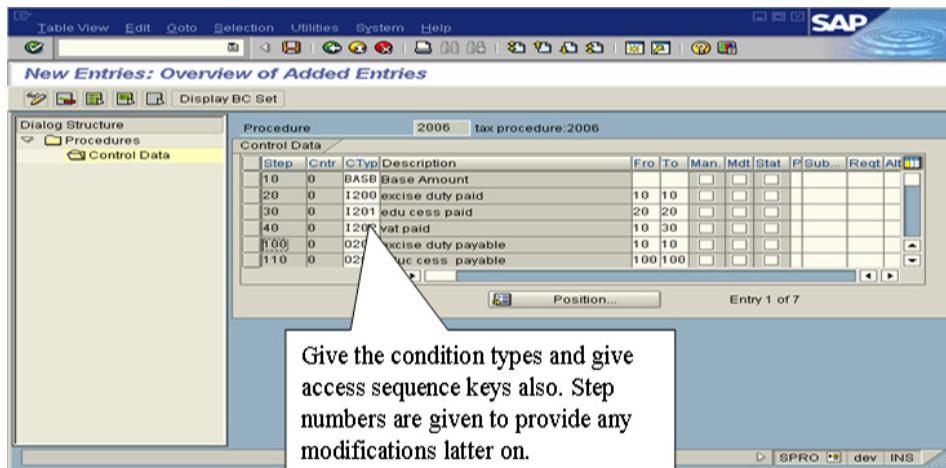
Define 4character procedure and description and keep the cursor on the procedure double click on control data button (in the left side of the dialogue structure box)

Select new entries button. Give the table contents with the condition types and respective process keys.

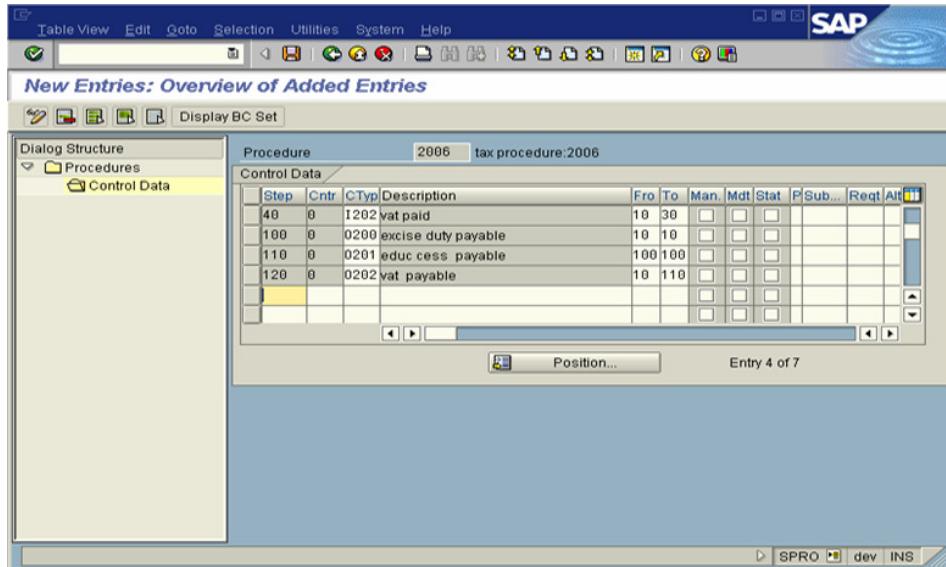
Define the input tax conditions step 10 base amounts. This is the base amount to calculate the excise duty

2. Educational cess is to be collected on excise duty hence in step 20: condition key I201 base value for calculating the edu cess is excise duty, hence made as from 20 to 20 in the column

Like the way we have to define for all types of taxes and also the account keys in the extreme right of the screen (not visible in the screen).



**Figure 67a**



**Figure 67b**

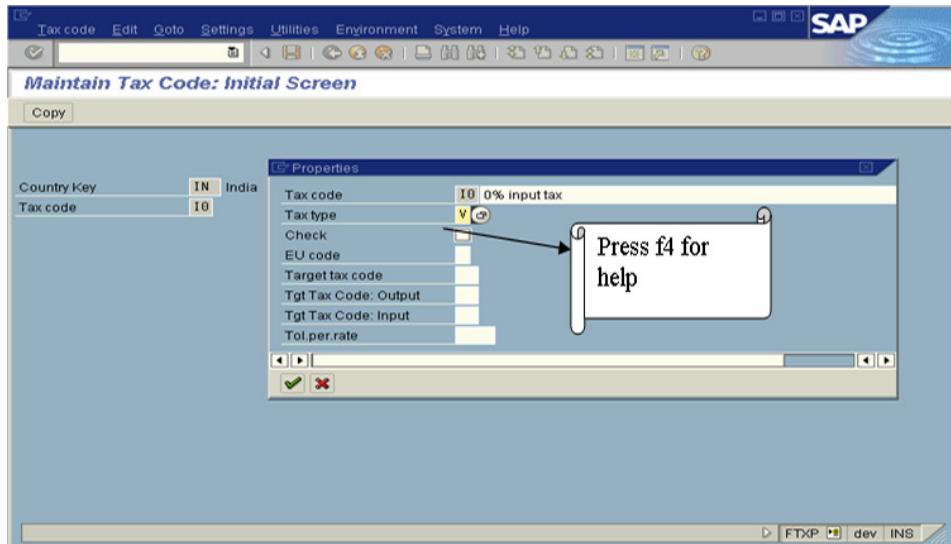
Now the calculation procedure for your country is ready for use. To make account for the same to our customization we have to assign the same to country. TC: OBBG

The next important step in the configuration of taxes is defining tax codes: path: spro>rimg>financial accounting>financial accounting global settings,>tax on sales and purchases>calculation>define tax codes: **TC: FTXP**

Give country name

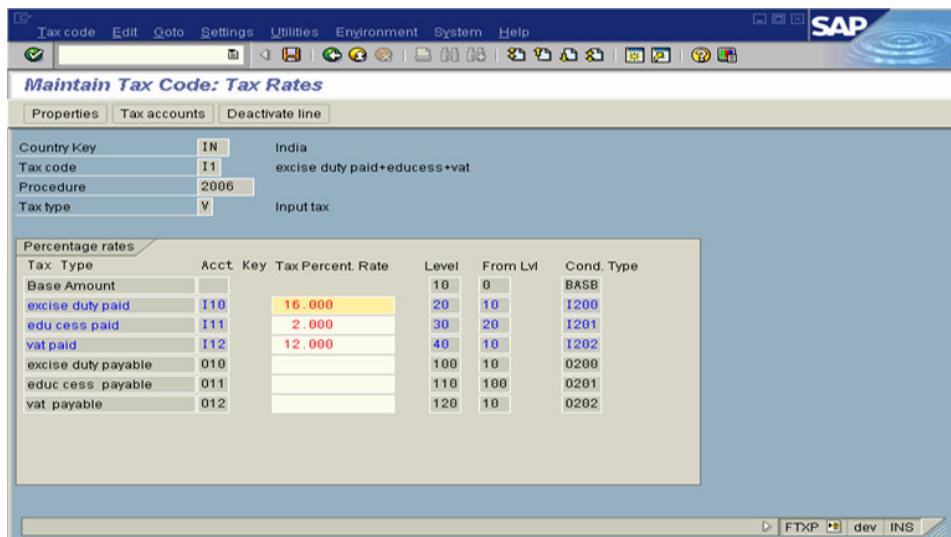
Give tax code: 2 character name:I0 (input tax with 0%)

Description.:0% tax for input tax and continue



**Figure 68a**

In the next screen give all input tax as all zero and keep the cursor on output column and click on deactivate line button and save. The system creates the I0 tax.



**Figure 68b**

Repeat the same process for all output tax codes also

Output tax code: o0 (o zero)

Output tax code o1 (excise duty payable educes payable+vat)

While creating out tax codes give tax rates in output tax column and keep the cursor on input column and select the deactivate line and save . Accordingly now for this project we have created 4 tax codes as per the requirement

### **Tax procedure: requirement of general ledger accounts:**

To take of about the automatic determination of tax amounts we need to define accounts for tax.

#### **In put tax accounts:**

- 1. Excise duty paid**
- 2. Educational cess paid .**
- 3. Vat paid account**

As asset group and allowed only input tax

#### **Out put tax accounts:**

- 1. Excise duty payable**
- 2. Educational cess paid**
- 3. Vat paid account**

As liability group and allowed only output tax

Change the tax options in the tax relevant accounts: **means that these accounts are subject to levy of taxes.**

Purchases account and accounts payable ac : allowed only input tax  
Sales revenue account and accounts receivable : allowed only output tax

**We need not to define any adjustments in respect of no tax accounts.  
These accounts do not attract any taxes at any time. Hence these accounts are called as no tax accounts.**

To post the interest the prerequisites:

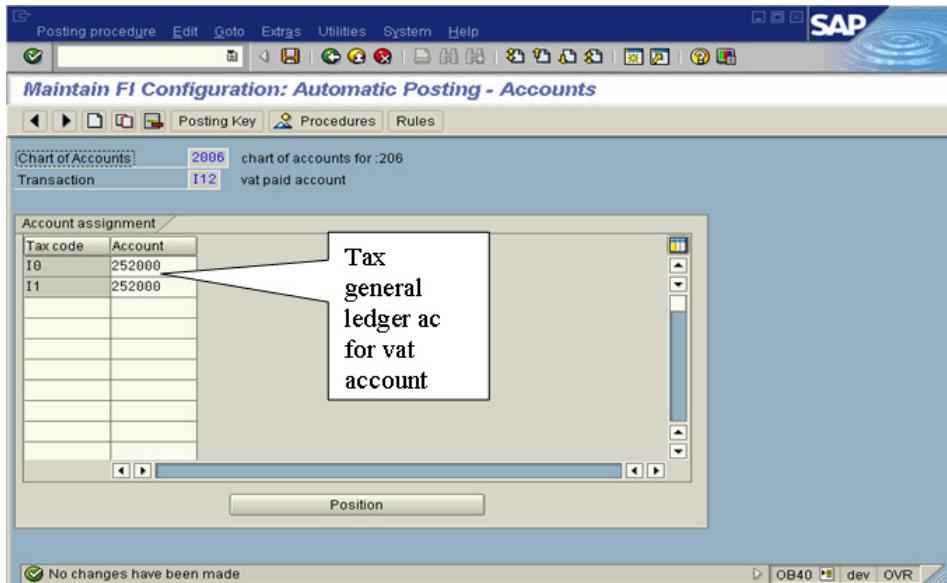
1. Post the loan transaction in old date (with value date also old data)
2. Automatic determination of accounts for interest. Path: spro>rimg>fa>fags>tax on sales and purchases posting TC: OB40.

Select the process key what we have defined

Select the tax code check box and save

Give the tax and gl accounts as mentioned in the figure and save.

**NOTE:** for input tax only vat paid account will be displayed because we have given the posting indicator as 2(separate line item for that only) rest of the input tax account keys having indicator as 3(distribute to respective expenses/revenues)



**Figure 69**

Like the way we have to give accounts for all output tax codes also.

### Execution of Interest: F.24

To post the interest select post interest settlement of transactions and update the master record. Execute. System creates batch input session RFIDUZI00. Execute the programme in sm 35.

**Business scenario: satya info tech is having branches in USA and Germany also. The company is following group company code currency is \$usd. And all the branches are using the same chart of accounts. How you will configure the Business process for USA and Germany and India. And also Group Company results in us dollars.**

### Solution:

1. Since the satya info tech is following group concept. We have to define the Group chart of accounts maintaining language is English. While defining the chart of accounts for individual company we will assign

the group chart of accounts. And assign the each general ledger account to group account.( we can assign any number of accounts to one group account)

2. We will define one of the additional local currency is group currency i.e. Us dollars.
3. We will define country specific chart of accounts to meet the requirement of countries and assign it company code along with the operative chart of accounts. Then the system prompts the account number while creating the accounts in operative chart of accounts.
4. Give the account number in alternative account no field of the gl master record. However, we have to assign the account numbers in 1:1 ratio only.
5. If you do this functionality, the rest of reporting can be taken by the system.

### **GENERAL LEDGER PLANNING:**

Planning can be done for general ledger wise in financial accounting exclusively. For that purpose we have to define the plan periods for the variant.

**Path: spro> ref.img> financial accounting> general ledger accounting> general ledger accounts> business transactions> planning> define planning period:**

Give the posting period variant

Give posting periods and save

### **Define plan versions for general ledger planning:**

Give the general ledger: 0 version 0 select manual planning and integrated planning check boxes.

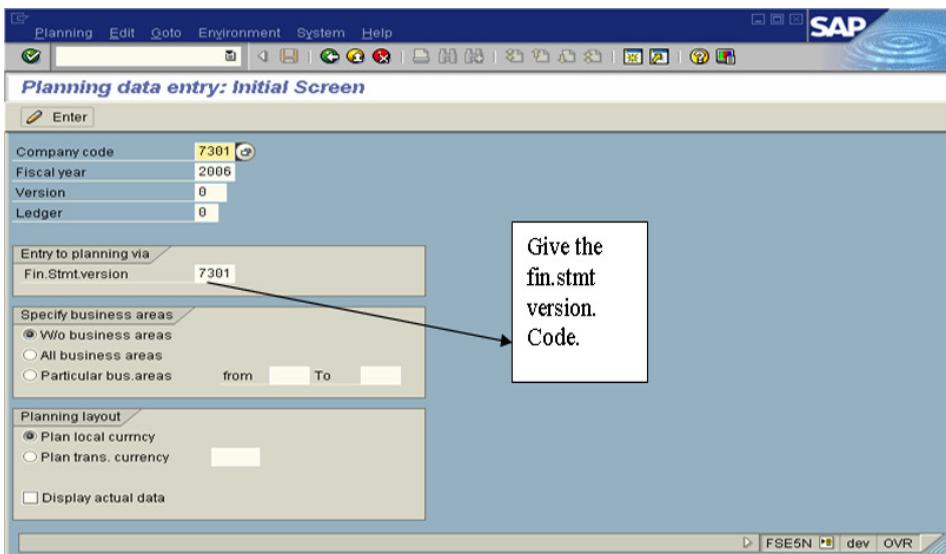
Manual planning allow the planning manual and integrated planning allow the planning figures captured from CO-PA and other application components.

Define the distribution keys. Or otherwise select the defaulted keys.

### **ENTER THE PLAN DATA FOR GENERAL LEDGER:**

**PATH: Accounting>financial accounting>general ledger>periodic processing>planning>enter plan data TC: FSE5N.**

Give particulars as under:

**Figure 70a**

Give the details and click on enter button system displays the financial statement version of the company code keep the cursor on the assets column and click on enter button. The system displays all the accounts under that group. Give the plan figures for general ledger ac wise and save the data .

Plan Data Edit Goto Settings Planning System Help

Plan data Change Cumulative Vals

Company Code: 7301      To: 12      Tata consultancy ser

Posting Period: 1      G/L Acct Transaction

Ledger: 0      Record Type: 1      Plan

Version: 0      FI planning version

Fiscal Year: 2006

Tran...	Account num...	Company code curr...	Unit	Dis...	Trans.currency	Unit
INR	270000	land account	INR	2	0	INR
	271000	building ac	INR	2	0	INR
	201001	cash account	INR	2	0	INR
	200000	sbi account:003	INR	2	0	INR
	201000	andhra bank ac	INR	2	0	INR
*Tran	Total			0		

Position... FSE5N dev OVR

**Figure 70b**

## **PERIOD END CLOSING IN FINANCIAL ACCOUNTING:**

As part of period end closing job we have to perform the following functions.

**Day end closing:** Ensure all the posting are made properly

Ensure the cash balance is tallied.

Ensure the bill of exchanges payment or list of bill of exchange

**Month end closing:** Open and close of posting period.

List of open items and bill of exchange items

Monthly reconciliation of Gr/IR clearing account

Monthly valuation of foreign exchange balances

Allocation of costs to respective cost centers.

**Year end closing:** Posting of accrual documents

Foreign currency valuations,

Define accounts for gr/ir clearing accounts for regrouping

Regrouping of receivables and payables.

Generating audit trail

Carry forward of balances of outstanding entries in general ledger accounts.

Opening of new fiscal year and transferring of balance sheet items to New Year.

## **General Ledger reports :**

Each application component in SAP, exclusively mentioned the reports required for end user in separate folder as Information system. General ledger reports>general ledger information system>master data reports:

1. **S\_alr\_87012326:** Give the general ledger numbers or account groups and execute list of chart of accounts will be displayed. We can get the print>menu item>list>print.
2. **S\_alr\_87012328:** In this option we have general ledger master fields as criteria for selection and reporting purpose; it is more comprehensive report than the previous report.
3. **S\_alr\_87012333:** This is also general ledger report with various selection parameters with save in word files option.

**Document Reports: document>document journal:**

1. **S\_alr\_87012287:** Give the company code:2006 fiscal year:2006 and other selection parameters and execute.

2. **S\_alr\_87012289:** To see the list of all document types with balances;
3. **S\_alr\_87012291:** To see the document type wise line items;
4. **S\_alr\_87012293:** To see the display of changes to documents;
5. **S\_alr\_87012341:** To see the invoice numbers allotted twice;
6. **S\_alr\_87012344:** To see the posting totals with document type and debit and credit and no.line items.
7. **S\_alr\_87012347:** To see the period wise line items account type wise.
8. **S\_alr\_87012282:** to see the general ledger accounts with open items accounts or parked item selection.
9. **S\_alr\_87012332:** to print the account statements with selection parameters.
10. **S\_alr\_87012277:** to verify the general ledger balances with period wise and currency wise and balance wise also.
11. **S\_alr\_87012301:** to verify the month wise, account wise, debit and credit totals with balances;
12. **S\_alr\_87012279:** structured balances sheet report;
13. **S\_alr\_87012336:** to verify the assets and liabilities with local currency and transaction currency report.  
**FSIB:** to execute the balance sheet reports in back ground environment  
**S\_alr\_87012249** to compare actual/actual comparison of balance sheet items.

### **INTEGRATION of general ledger accounting component:**

In this concept we can know the areas of integration of financial component with (general ledger accounting concept) with other components of R3 system. The general ledger accounts have the integration with the following components.

#### **1. Asset Accounting:**

1. General Ledger accounting has direct integration with the asset accounting component. This can be done by defining the general ledger accounts to asset transactions in transaction code: **A090**.

2. Defining the posting keys for auto posting of asset transaction

**2. Over head cost controlling:**

**Defining accounts for overhead cost controlling in preparation of Reconciliation ledger.**

**3. Material Management:**

**Define accounts for material management transactions TC: OBYC**

**4. Sales and Distribution:**

**Prepare Revenue accounts determination. In TC: VKOA**

**5. Pay roll accounting:**

Definition of general ledger accounts for symbolic accounts:

**TC: OBYE AND OBYG.**

**6. General ledger accounting: 1.definition of accounts for automatic determination of accounts of**

**General ledger accounts TC: OBL1 AND OBL2.**

**End user important reports in general ledger accounting:**

**Chart of accounts list:**

**Path: information systems-accounting-financial accounting-general ledger-information system-f.10 chart of accounts.**

Give the chart of accounts: 2006.

And other selection parameters and execute.

Balance sheet: F.01 path is same

Give company code

Chart of accounts and financial statement version and execute.

Account balances with debit and credit items: F.08

Give the chart of accounts, company code and execute.

To know the account balances as structured format: F.54

Give the company code; chart of accounts and financial statement version and execute.

Display of individual line items: F.51 line items.

The screenshot shows a SAP ERP interface titled "G/L line items". The header includes "List Edit Goto System Help" and the SAP logo. The title bar says "G/L line items". The top right shows "Time 09:57: RFSOP000/SA". The main area displays a table of transaction data:

CC	G/L acct	BuAr	Name	Pstbte DT	Doc. no.	Doc. dt	PK Assignment.....	CtgDte	CtgDoc. no.	Curr.	D/C	amount in FC	D
2006	0000140000		accounts payable account	210706	KN 3000	31	20060721	090806	1002		INR		
			purchased made										
090806	KZ 1002			090806	25	20060809		090806	1002		INR		
110806	KA 101			110806	26	20060811		110806	1001		INR		
			dfgs										
110806	KR 2000			110806	31	20060811		110806	1001		INR		
			purchased made										
110806	KZ 1001			110806	25	20060811		110806	1001		INR		
120806	KR 2001			120806	31	20060812		120806	1003		INR		
			invocie made										
120806	KR 2002			120806	31	20060812		120806	1004		INR		
			gsts										
120806	KR 1003			120806	31	20060812		120806	1005		INR		
			invocie purchases										
120806	KZ 1003			120806	25	20060912		120806	1003		INR		
120806	KZ 1004			120806	25	20060912		120806	1004		INR		
120806	KZ 1005			120806	25	20060912		120806	1005		INR		
				140806	31	20060814							

**Figure 71**

Display of balance sheet and profit and loss account reports in different views: path: unto- Information system is same >balance sheet and profit and loss statements>general:



# **CHAPTER 2**

## Accounts Payables



# ACCOUNTS PAYABLE

The application component in financial accounting is accounts payable and accounts receivables. The longevity of an organization more or less will depend on their abilities to manage the accounts payable and receivables of the organization. There is no organization without these words. Hence these components have significant role in finance module. Similarly even in sap also the same was dealt accurately. While taking up the project we must understand the various business processes involved in this area. Further more we have to discuss with the company people regarding their terms and conditions while coming into a contract for either supply of goods or sale of goods. We must have thorough knowledge in dealing with these functionalities. Generally the sundry creditors are called accounts payables in sap environment and sundry debtors are called accounts receivables.

In that process first we understand the functionalities involved in accounts payables. The accounts payable accounting is called as **SUB LEDGER ACCOUNTING**. Because the business transactions are carried out in the individual accounts of the **VENDOR ACCOUNTS**. However the updating will be taken in both the individual vendor accounts and balance sheet accounts. The real time updating will be done through the settings made in general ledger master while creation of account. Hence these accounts payable account is called as Reconciliation account. The reconciliation will be done in real time automatically only. No manual intervention is required. To take the customization of various activities we have to understand how the purchase of raw material will be done in the organization.

In the process of configuration we first segregate the all vendors into different groups. Because we have to identify them easily. There may be vendors in respect of supply of raw materials and extending services. We make them as different, to identify them correctly. Hence the first configuration of accounts payable concept is

### ***Define Vendor Groups with Screen Layout (Vendors):***

Path: spro-rimg-fa-accounts receivable and accounts payable –vendor accounts-master data-preparations for creating vendor master data-define account groups with screen layout (vendors) TC: OBD3

Click on new entries Button

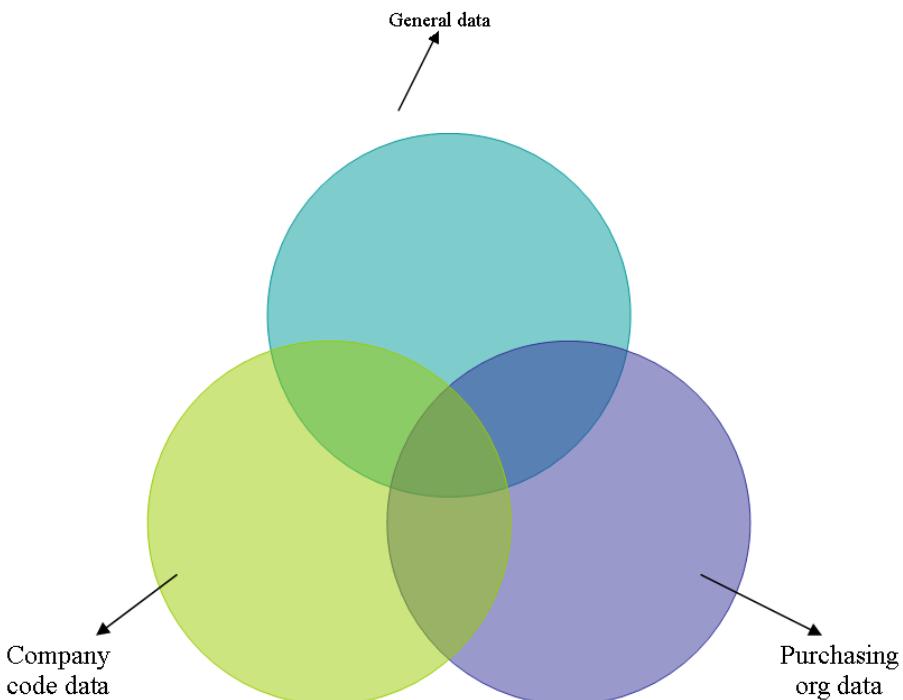
Give 4 character code numbers for the account group: **200M**

Give the description: material vendor group: 2006

Save it.

To set the field status for vendor master record double clicks on general data. Ensure all the fields are optional

Again double click on company code data ensure all the fields are optional only.



**fig 72**

The general data is common for all organization units and all company codes dealing with the vendor. The company code data is specifically has to be maintained within the company code. In the same manner the purchasing organization details are also independent purchasing organisation. We have to set separately with the vendor. However, these are all inter linked and treated as master data maintenance at centrally. If any vendor is not connected with the purchasing organization, we need not define purchasing organization data. However vice versa is not possible.

### **Create Number Range for Vendor Groups : TC: XKN1**

#### **PATH: SAME AS ABOVE**

Click on change interval button

Click on insert interval button

Give the continuation number from the list and give number range interval

Click on insert button and save the data the screen will appear as under.

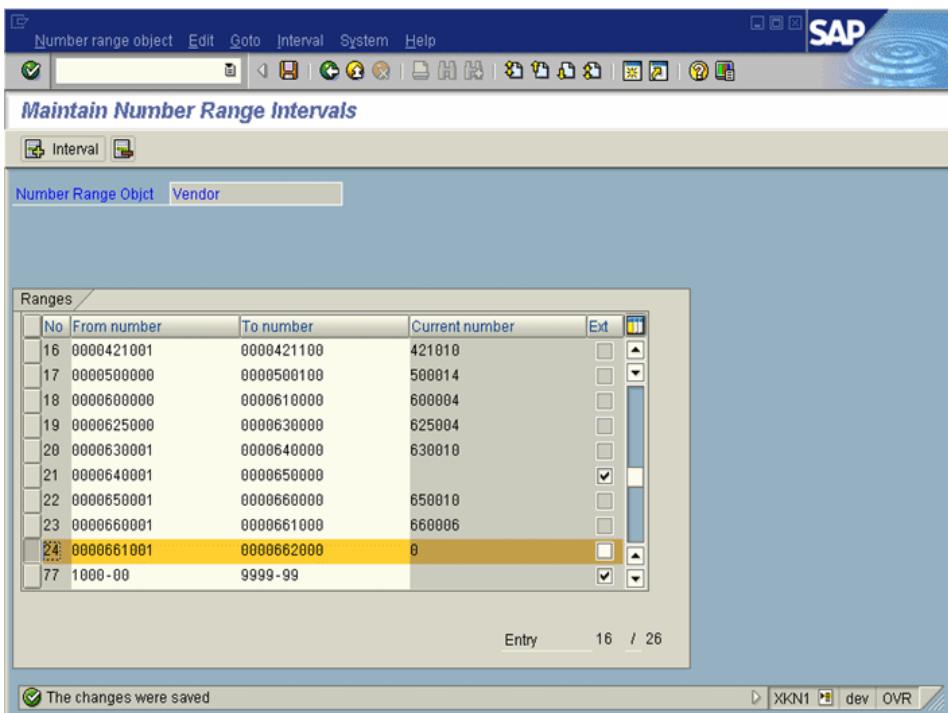


fig 73a

### Assign the Number Range for Vendor Account Group

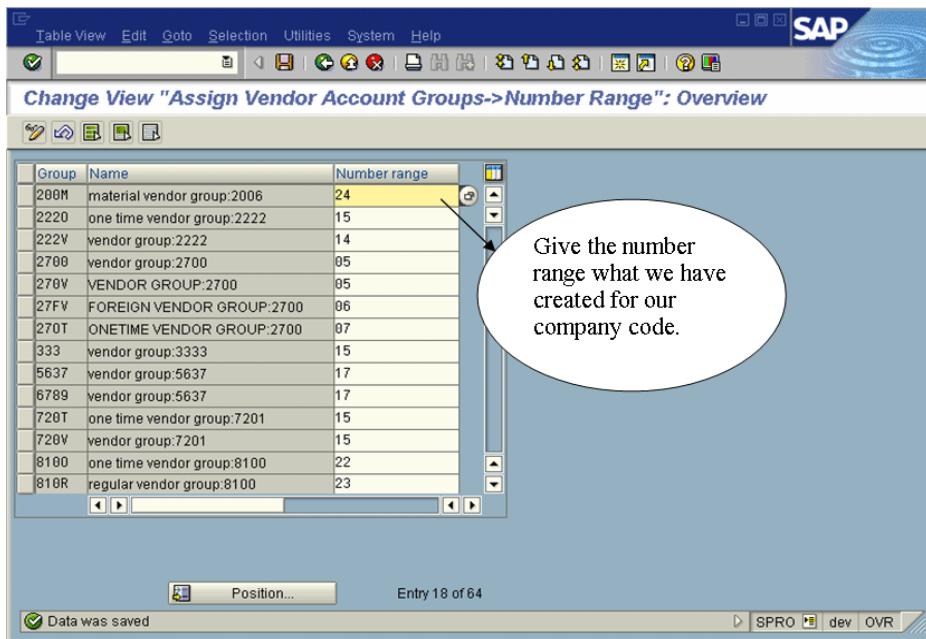


fig 73b

## Path is same as above: Transaction Code: OBAS

We have assigned the number range to our account group

**Creation of vendor master record:** we can create the vendor master record in easy access screen. In real time environment the creation may be uploading the data, copy data, or in rare instances, manual creation of vendor master data will takes place. For uploading the data we can use data migration tools, like LSMW OR BDC concepts.

While creating master records, we have to segregate the details in two steps. The first one is general data details and company code details. (If you are opening the vendor in financial accounting ) Otherwise if the sales and distribution module is also implementing we have to give the sales area details as third step.

1. General data contains the address and other communication details, along with the control functions, payment transaction details at client level. We have to set the field status of the master records in respect of general data is applicable for all vendors as whole in the particular group.
2. **Company code data:** contains the data relating to the terms and conditions which are applicable to the vendor and the company code. These details are applicable for company code level only.

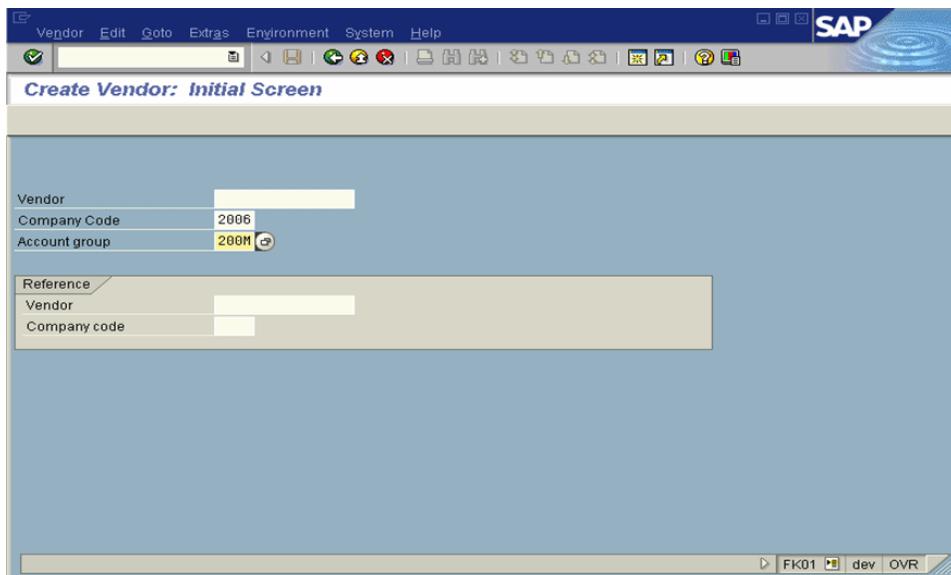


Fig 74

**Path: accounting-financial accounting-accounts payable-master records- fk01 create:**

This is to create vendor in accounting area. We can create the vendors in two areas one is accounting and the other one is sales area.

Give company code:2006

Give account group:200m

Press enter Give the address details and select next entry button (twice)

Give the reconciliation account number: 140000(accounts payable)

Give Sort key: 012

**Cash management group:** a1 and select the next entry button till save opting displayed and save the data. Vendor is created with account number.

*Note: if at all you want create the vendor master along with the sales area details we can go to the option “maintain centrally” opting select XK01 create.*

***Copy the Vendor Master Data from One Company Code to Another:***

**PATH: accounting-financial accounting-accounts payable-master records-company codesFK15 send. And FK16**

Give the vendor number from number and to number

Give company code from which you want to copy: 2006

Select the check boxes as per the requirement

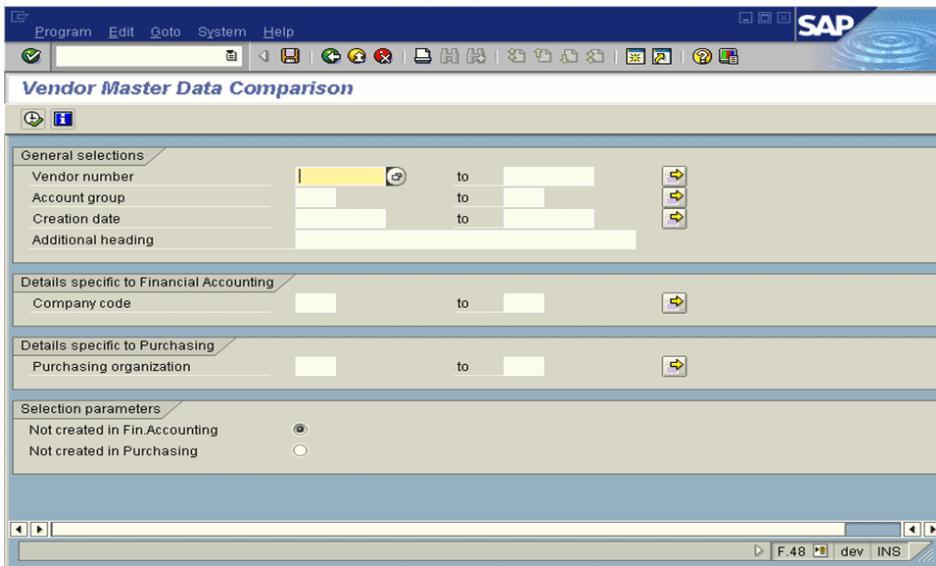
Give the target company code: 2006

PROGRAMME NAME FOR JOB: RFBIKR00 &RFBIKR20

Change of vendor: FK02 DISPLAY: FK03: FK04 DISPLAY CHANGES.  
BLOCKOR UNBLOCK: FK05.

***Verify the vendor master record either opened in financial accounting- purchasing organization:***

This functionality is used in real time to know whether the particulars of the vendor master was created in financial accounting area or in purchasing organization area (m m) we know the lacunae of details to be opened in either of the areas. And can complete the rest of the details.



**Fig 75**

**Path: accounting-financial accounting-accounts payable-master records-compare-F-48 (purchasing –accounting);**

Give the either vendor number or account group

Give the company code: 2006

Select the selection parameters: either not created in Financial Accounting or Not created in Purchasing. And execute the button.

System gives the details of the vendors respectively.

### ***Define Screen Layout for Company Code (Vendors):***

The field status of the account group is applicable to the particular group as whole. If you want to change the field status of the vendor master creation in relating to company code we can define in transaction code: OB24  
**(Path is same as above)**

**Define accounting clerks:** path is same transaction code: OB05K. In this configuration we can create the accounting clerks responsible for handling the activities of vendors. And we can assign these clerks to vendor master records also. This can be used for evaluation purpose and correspondence only and also for authorizations in the organization

Table View Edit Goto Selection Utilities System Help

Change View "Accounting Clerks": Overview

New Entries

Co...	Clerk	Name of Accounting Clerk	Office user
0001 WE	Jürgen Weiss	WEISSJ	
1000 AC	Accountant2	ACCOUNTANT2	
1000 D1	Claudia Förster	FORSTER	
1000 K1	Olaf Paulsen	WF-FI-1	
1000 K2	Hanno Gutjahr	WF-FI-2	
1000 K3	Janine Auermann	WF-FI-3	
1000 PK	Philipp Kehler	KEHRERP	
1000 WE	Jürgen Weiss		
2006	satya nn	SATYA NN	
3000 D1	Claudia Förster	FORSTER	
3000 K1	Olaf Paulsen	WF-FI-1	
3000 K2	Hanno Gutjahr	WF-FI-2	
3000 K3	Janine Auermann	WF-FI-3	
3010 D1	Claudia Förster	FORSTER	
3010 K1	Olaf Paulsen	WF-FI-1	

Position... Entry 1 of 63 SPRO dev OVR

fig 75

**Define industries (OB44K):** This configuration is made to identify the vendors with a special industry key. We maintain vendor record industry wise for the purpose of evaluation. This Industry key is to be assigned to vendor master record.

Table View Edit Goto Selection Utilities System Help

Change View "Industry Keys": Overview

New Entries

Indus.	Description
0001	Industry 0001
0002	Industry 0002
0003	Industry 0003
1234	Commercial
2006	softwear solutions:2
AGRI	Agriculture
AGR1	Agricuilt. Livestocks
AGRS	Agricuilt. Service
AIR	Airlines
AMUS	Amusement
ANTH	Anthracite
AUTO	Automotive
BLD	Building
BLDE	Building Electric
BLDG	Building General Con

Position... Entry 1 of 85 SPRO dev OVR

Fig 76

**Define sensitive fields for dual controls: path is same:  
Transaction Code:**

This is one of the important configurations in respect of vendor master records. If you said any field sensitive, the system blocks payment for this account till authorizations made by another authorized person.

**Example:** if alternative payee is said as sensitive, if any changes made to alternative payee will block the payments to alternative payee till the accounting clerk authorizes the changes. In the below screen postal code is said as sensitive field. Any changes made to postal code attract authorization.

**CONFIRMATION OF CHANGES:** accounting-financial accounting-accounts payable-master records- confirm FK-08.

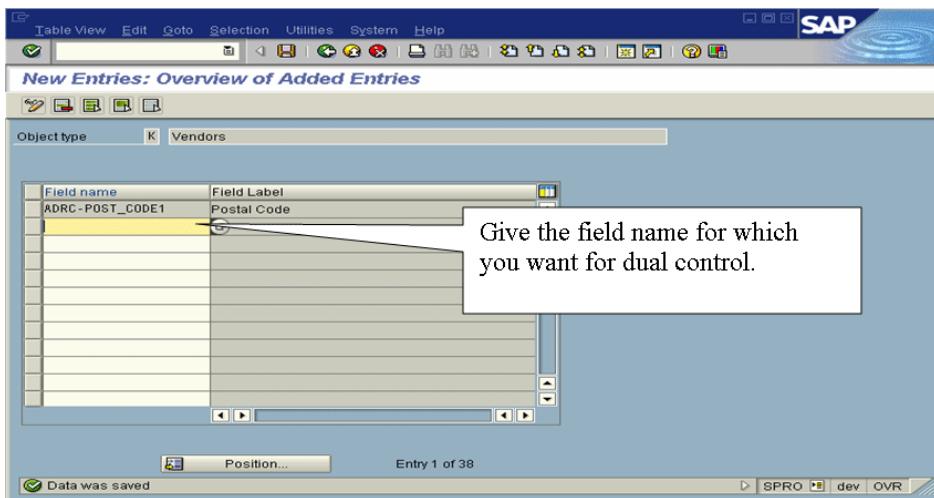


fig 77

### **Change Message for Vendor Master Data**

*Note: if you want to change the messages controls for vendor master record we can change them if necessitated in the project implementation. These messages for changes can be restricted by user name individually or for all users also. By specifying the user name the messages are restricted to the user named in. Otherwise applicable to all users.*

**DELETION OF MASTER DATA:** financial accounting-ar and ap-vendor accounts-master records-deletion of vendor master data: TCOBR 2.

Deletion of master data is possible when there is transactional data. And the vendor who is also not used by other application components of financial accounting

**Programme name: SAPF019.**

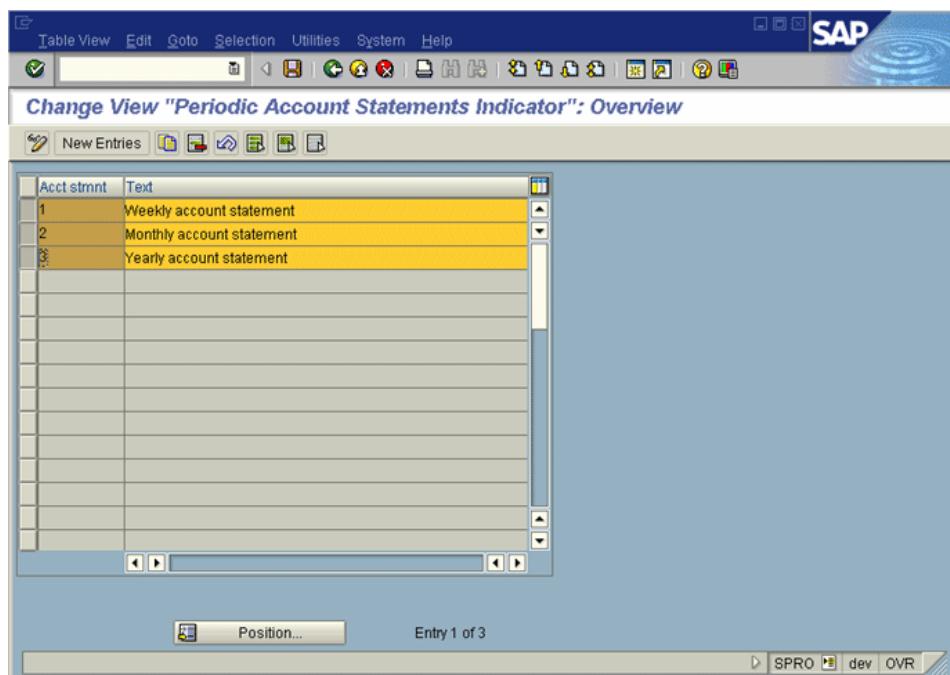
### **Preparations for changing Master Data:**

As per the request of the company we can make the fields of the vendor master records, are not subject to changes by all users. In this case the changes are to be carried out by the authorized user only. Other users can view fields only. (Path is same) Transaction Code: OBAT and OBAU

**CONFIGURATIN OF LINE ITEMS:** in this area we can define the sort keys and lay for display of open items and additional fields required for layouts other requirements for the line item management.

**Define period types for vendors: path:** financial accounting-accounts receivable and accounts payable- vendor accounts –line items and correspondence-define period type for vendors: **TC: obaf**.

The purpose of this configuration to define the account statement periodicity for the vendor.



**fig 78**

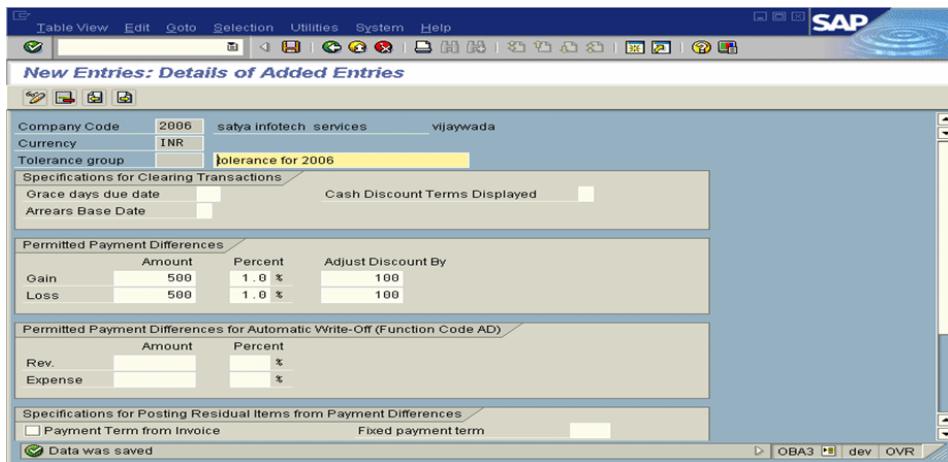
Assign the key in the master record of the vendor /customer.

### **Define tolerance for vendors/customers:**

**Path:** financial accounting-accounts receivables and accounts payables-business transactions-open item clearing-clearing differences-define tolerances for customers and vendors.

Transaction code: OBA3.

Click new entries



**fig 79**

Give company code: 2006

**Tolerance group:** don't give the group name: give description:

1. Give the permitted difference gain: 500 percentage 1% adjustment discount by 100

It means that the user group mentioned above can transact the business transactions with a difference of RS.500 (either gain or loss or 1% whichever will be lower) only. If the difference is above the figure they have no authority to post the transactions and have referred to higher authorities.
2. We can set the payment terms applicability to the vendor residual clearing function.
3. Grace days allowed for the vendors and customers, by this user group.

**Incorporate the CIN details to the vendor master record:**

**Go to change vendor master record: xk02 or fk02**

**Give the vendor number: 661501**

**Give company code: 2006<enter>**

**Click on CIN details option available on application tool bar**

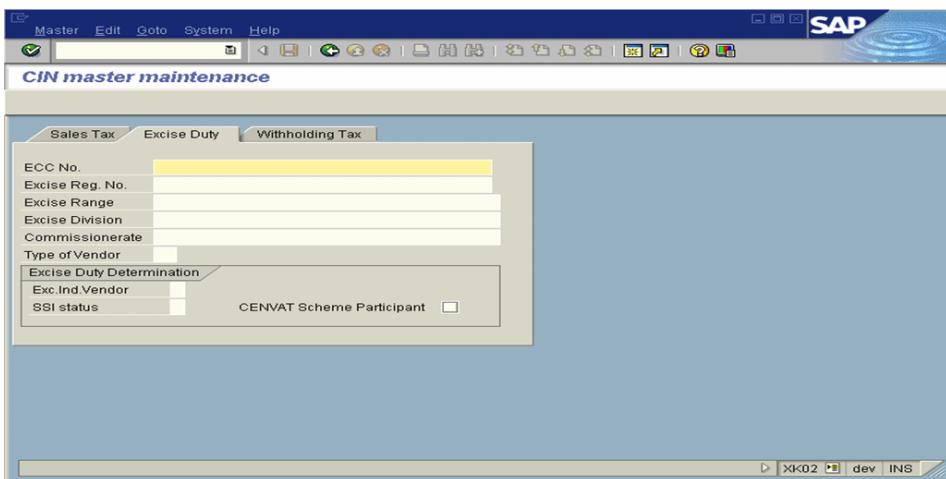


fig 80

Give the ecc number and other details in respect of the vendor.

Select sales tax tab page and give the CST and GST numbers of the vendor  
We can specify whether the vendor has small scale industry status in the defined column

We can set the pan number of the vendor by selecting the with holding tax tab page and save the data.

If the vendor is cenvat participant select the check box. And save the data.

***Can we make the payment to head office account; however, the invoice is posted to branch?***

Yes, we can make the payment to head office; however, the invoice was posted to branch account.

**Configurations:** we have to open two master records one is head office, account another one is branch account. While creating the master record for branch office, account we need to mention the head office, account and select the decentralized processing check box in the branch master record. In the head office, mater record again selects the localized processing check box

***Can we allow the alternative payee who has not at all created in R/3 environment?***

Yes, we can name the any individual as payee by selecting the individual specification check box in the vendor master record. And while making the automatic payment we can mention the individual vendor as alternative payee. The payee is called as payee allowed in document.

### **Change the vendor master record: xk02 or fk02**

Select the individual payment check box

While entering the invoice in F-43 select the individual payment check box  
Give the individual payee details (similar to one time vendor) and save the data and post invoice.

While making the automatic payment system considers the alternative payee mentioned in document as payee and makes the payment

### ***Define Document Type and Number Range :***

Document types are used to identify the business transactions. These document types further determine the account types which can be allowed for this document type. We can set the document types which can allow specific exchange rate type also. We specify the document types for special purpose only. However, here we are using the document types defaulted by SAP only we are defining the number ranges for the documents defaulted by SAP(we have dealt this in general ledger accounting)

(Transaction code: (OBA7)

Select the document type: kr

Click on details button

Click on the number range information button

Give company code

Click on change interval button

Click on insert interval button

Give no: 17 (defaulted with document type)

Year: 2006

From number xxxx to xxxx

If you want external number select ext

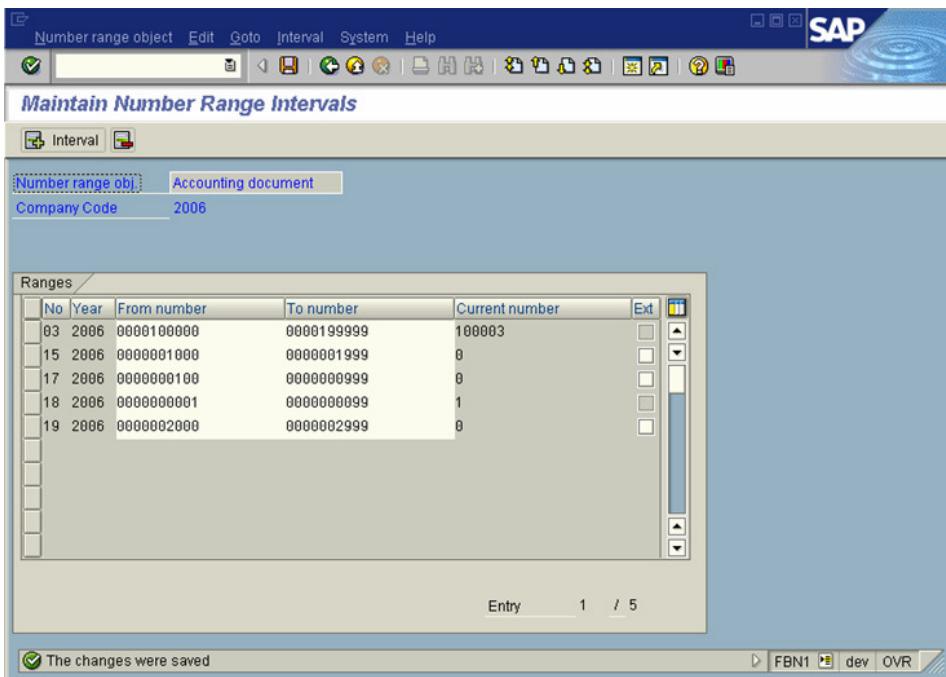
Click the check box other wise leave blank.

Do the same activity for all document types i.e. kz and kg and ka also.

Current number shows the number of documents posted so far in this document type.

### **Posting keys:**

Posting keys are used either debit or credit the amount to an account. Besides that we can determine the field status definition for vendors and customers as per the posting key definition. The posting keys are used in accounts payable are **25: vendor debit and 31 vendor credit**.

**Figure 81**

## DOWN PAYMENTS:

Down payments are treated as special general ledger transactions in sap. The down payment transactions will be stored in the vendor account with special general ledger indicator. The corresponding entry will be posted in alternative reconciliation account number. For this purpose sap defined special general ledger indicators for various transactions. Ex: down payments for current accounts: special gl indicator: A Bill of exchange transactions.

Prerequisites to process the down payments: 1. Down payment made account: as asset group. And as reconciliation account.

### Define the alternative accounts for down payments made: path:

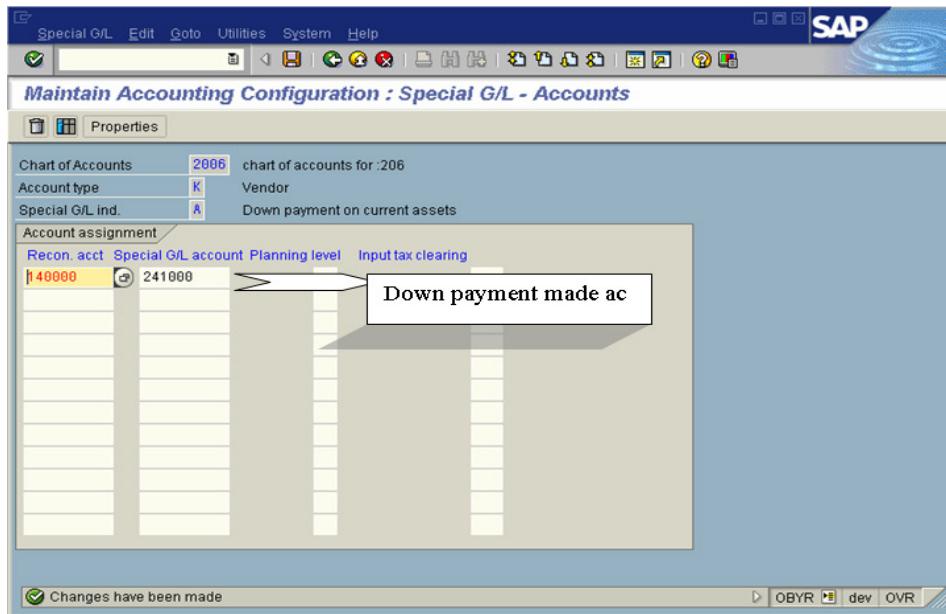
Financial accounting-accounts receivables& accounts payables-business transactions-down payments made-define alternative accounts for down payment made

### Transaction code: OBYR

Double click on (k, a) combination of down payments made on current assets  
Give chart of accounts: 2006

Give reconciliation account: accounts payable account

Give spl.gl account: down payments made account. Save it



**Figure 82**

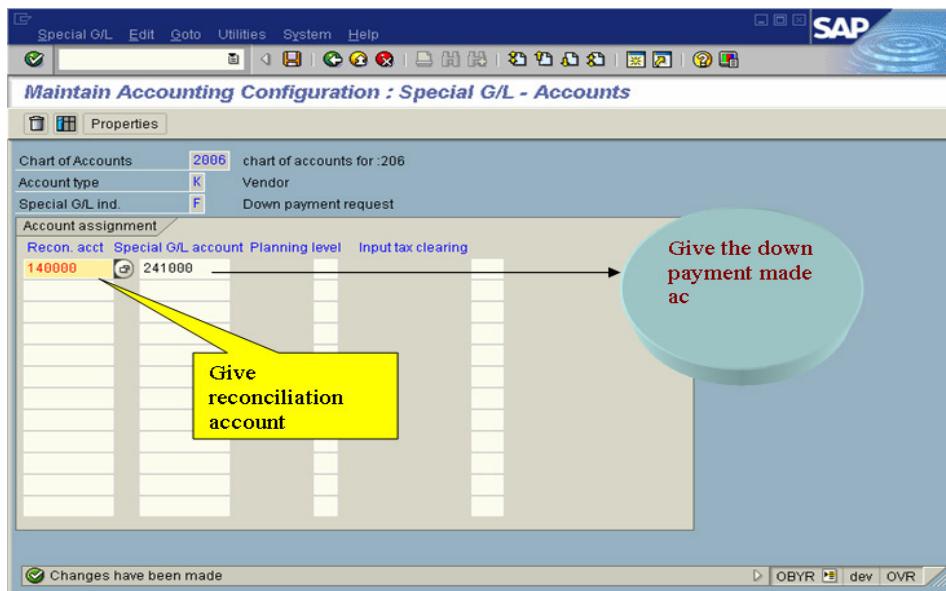
Down payment request configuration: transaction code:OBYR

Double click on k and f down payment request option

Give reconciliation account number: accounts payable account

Give spl.gl. Account number: down payments made account

Save it. The screen is as under



**Figure 83**

**PAYMENT TERMS CONFIGURATION:** payment terms means the terms and conditions between the business partners to settle the business transactions.

**PATH:** financial accounting-accounts receivables and payables-business transactions-incoming invoices/credimemos-maintain terms of payment  
**TC: OBB8.**

Give the payment term code: 2006 give description

Give the payments terms and periods

Select the baseline date

Save

Baseline date: the date from which the payment terms come applicable

Day limit: up to which date the terms are applicable.

Account types allowed with this payment terms. Give the payment method allowed for this payment terms. If you give the payment method here in payments it will automatically prompted for vendor line items. If you want block the payment term we can give the block key. Fixed day indicates that the due date is a fixed date. As per the requirement of the project we can set it. You can select the base line as per the client requirement.

**Installment payment term also can be defined as under (path same)**

Give payment term indicator 2001 give description: installment payment terms

Select the installment payment term check box and save.

Go to the option installment payment terms and select new entries button give the payment term and select the serial number for installment and give the % of installment and also the payment term applicable for that installment.

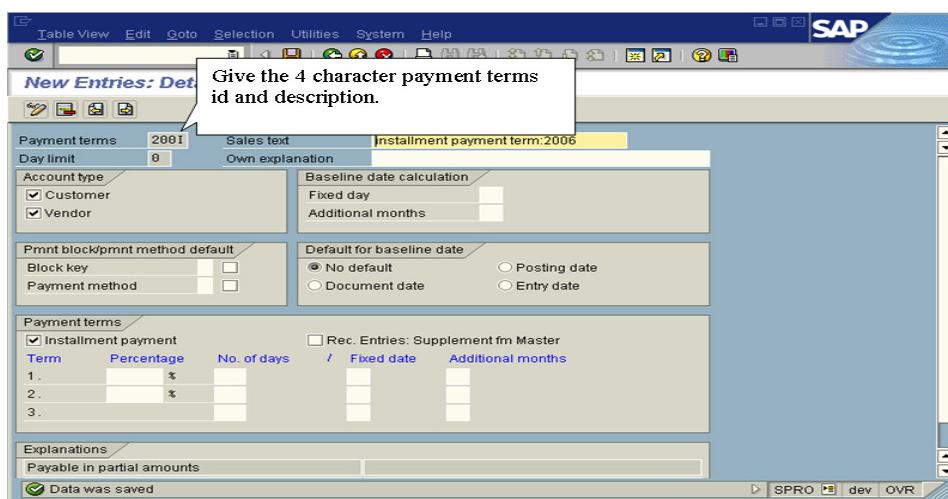
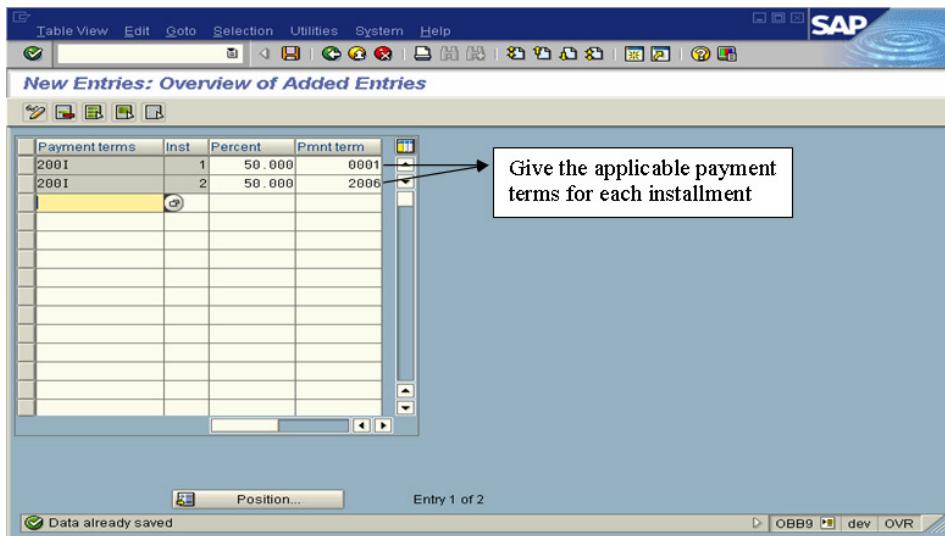


Figure 84



**Figure 85**

### **Define net procedure for cash discounts:**

This is one of the best methods available in sap environment. This shows the notional loss/gain on account of the availment of cash discounts offered by the business partners.

- Prerequisites: 1. cash discount account as clearing account
- 2. Document type for net procedure is Doc. Type: KN

Path: financial accounting-ar ap-business transactions-incoming invoices/ credit memo – define account net procedure TC: obxa

### **Give chart of accounts: 2006**

Give cash discount clearing account number:

#### ***Next step: define the accounts for discount lost account:***

Path: financial accounting-ar and ap- business transactions-outgoing payments-outgoing payment global settings-define accounts for lost discount TC: OBXV

Give chart of accounts give cash discount account (expenses ac) and save the data

### **DEFINE ACCOUNTS FOR CASH DISOUNT TAKEN:**

Financial accounting- ar and AP –business transactions-outgoing payments- outgoing payments global settings-define accounts for cash discount taken. TC: OBXU

Give chart of accounts: 2006

Give discount taken and save the data.

## DEFINE ACCOUNTS FOR OVERPAYMENT / UNDER PAYEMNT:

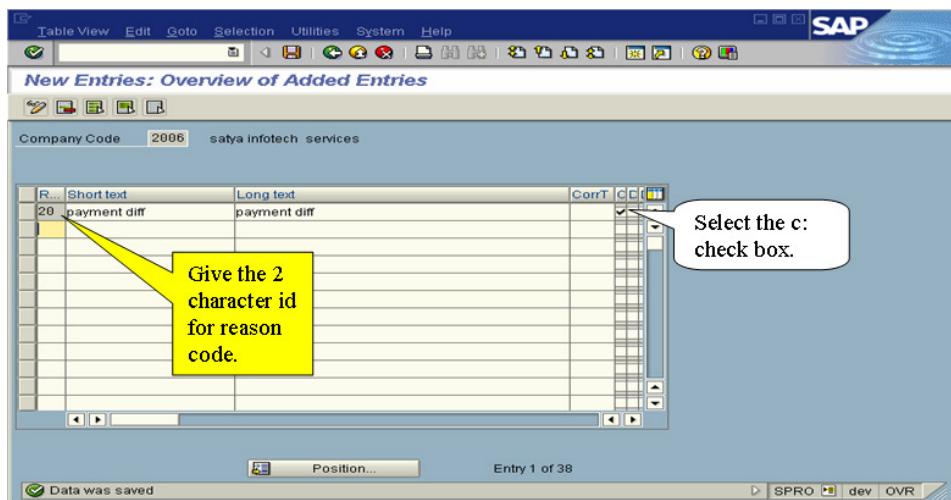
While doing the settlement of business transactions, it is quite often to receive the over payments or some times under payments. The small amount of over/under payments has to properly account for in the system. Other wise, clearing function is not possible. To do this we require an account called overpayment/under payment account as expense or income. After that we have to determine the accounts for over/under payments.

We have to define the reason code for over payment or under payment.

### Define reason code for payment diff: path:

Financial accounting-accounts receivables and accounts payables- business transactions-out going payments-manual outgoing payments-overpayment/ under payment-define reason code for payment diff.

Give two character reason code; short text long text, select C check box (compulsorily)



**Figure 86**

### Define accounts for over payment/under payment

Path: financial accounting-ar and AP –business transactions-outgoing payments- outgoing payments global settings-define accounts for over payment and under payment. TC: OBXL

Give chart of account: 2006

Select dr/cr check box and reason code check box

Save

Give the reason code: 20

Give debit account number and credit account number.

Save

### Define accounts for exchange differences (OB09)

The concept was dealt in the general ledger accounting. Refer foreign exchange transactions, in general ledger accounting.

**Define accounts for bank charges (vendors): TC: OBXK Path is same as above.**

Double click on BSP transaction

Give chart of accounts: 2006.

Give bank charges account:

Save.

*Note: while making the outgoing payment you have to give the original amount of invoice in amount column and bank charges in the column provided.*

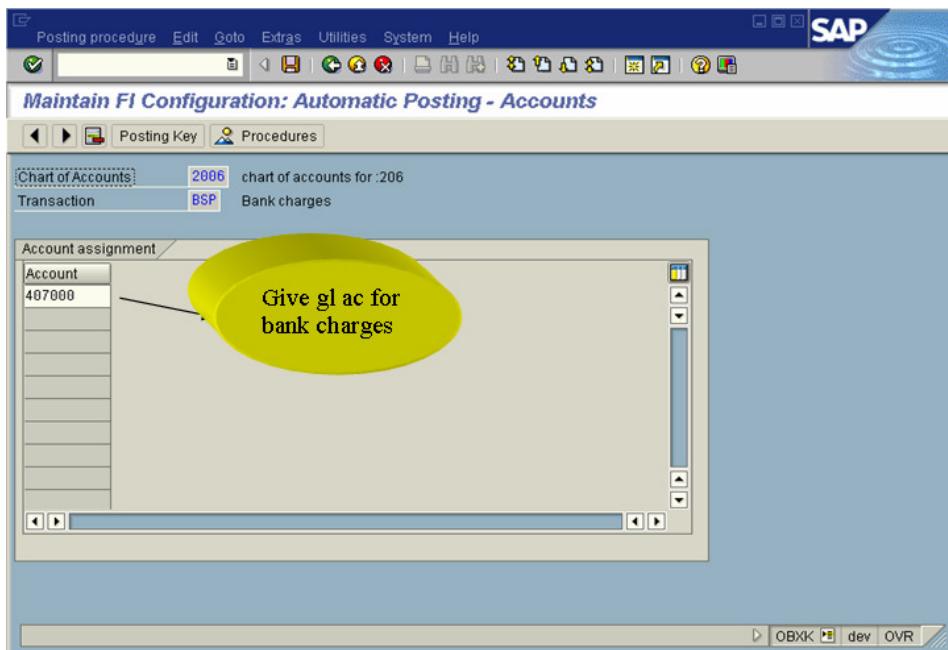


Figure 87

### END USER ACTIVITIES:

The general activities of the end users in connection with the incoming invoices are as under

1. Recording of down payment request:f-47
2. payment of down payment (or conversion or request into down payment:F-48
3. Posting of incoming inovices:F-43
4. clearing of down payment to invoices:f-54
5. posting of credit memos:f-41

6. Posting of transactions in enjoy screen also F-60and credit memos: F-65
7. manual clearing of account F-44
8. display of account balances:fk11
9. display /change line items:fbl3n
10. **print the correspondence: path : accounting-financial accounting-accounts payable- account-correspondence- FB12 request:**  
give the company code :2006 and enter

Double click on the correspondence ID and give the customer/vendor number and <press enter>

A message will be displayed having requested the correspondence is requested.

F.64 Maintain: give the details and execute the programme. And give the printer name and see the print view of the correspondence id you have selected.

Note: correspondence types can be defined in the IMG screen and can be assigned to company code. We have to define the correspondence form which required for the project.

**Recording of down payment request: path: in easy access screen : accounting-financial accounting-accounts payable-document entry-down payment- down payment request.F-47**

Give the header data

Give the vendor account no:

Give target spl.gl indicator A press <enter> give the amount and due date of the request and text and save the data.

*Note: down payment request is a noted item hence select the noted item in fbl1n noted items and execute the report. A request will appear as open item.*

**Payment of down payment (conversion of request into down payment): f-48(path is same)**

Give the header data

Vendor account number: special gl indicator A

Bank account details

Click on request column

Select the check box of request line item (partially we can not convert into down payment)

Click on create down payments button

Post the transaction.

***Note: noted item will be cleared and spl.gl item shows as open item.***

**Post the incoming invoice in F-43 and post credit memo if any in F-41 and to clear the down payment to invoice:F-44**

Give the header data

Vendor data and click on process down payments button

To apply total down payment double click on the transfer posting column

Simulate and save

We can make the residual amount in f-53 payment by selecting either standard clearing, partially clearing or residual clearing functions.

We can post vendor transactions in Enjoy screen also: TC: FB 60 for invoice posting.

For posting of credit memos in Enjoy screen: FB65

The other functionality to post the multiple invoice transactions or credit memo in single screen is FB10 Fast entry screen.

**Reference Documents:**

We can prepare the reference documents in accounts payable and accounts receivable components, same as the general ledger accounting component. After making the payment we supposed to arrange a check or bill of exchange to the vendor. For the purpose we must configure the Bank accounts in Bank master record.

# **CHAPTER 3**

## **Bank Accounting**



# BANK ACCOUNTING

In the processing configuration of bank accounting we, firstly have to create Bank master record at country level. We can use this bank master record for maintaining the account and do the necessary business transactions for the company. The bank which is used for transactions for the company is called as House Bank. In the process of customization, definition of house bank is the beginning. We can create the Bank Master record separately and use it as the House Bank as per the requirement of the project.

**Define house bank: path: fa-bank accounting-bank accounts-house banks. TC: FI12**

**Give company code: 2006**

Click on new entries button:

Give the 4 character ID for the house bank

Give the bank country

Bank key number (optional in India) (mandatory in us)

Click on create Button

Give the address other details continue

Double click on bank accounts column box

Give bank account ID and description.

Give the bank account number

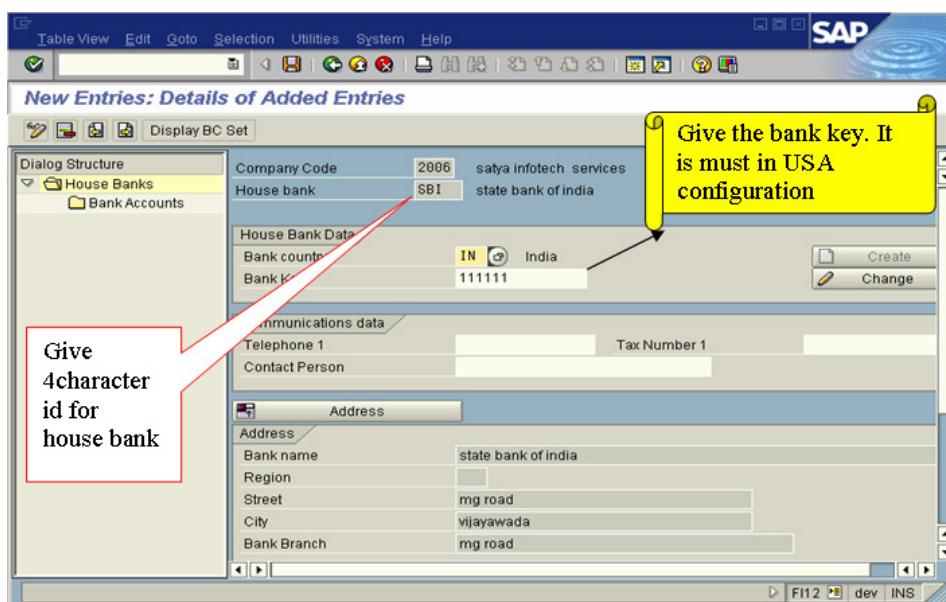
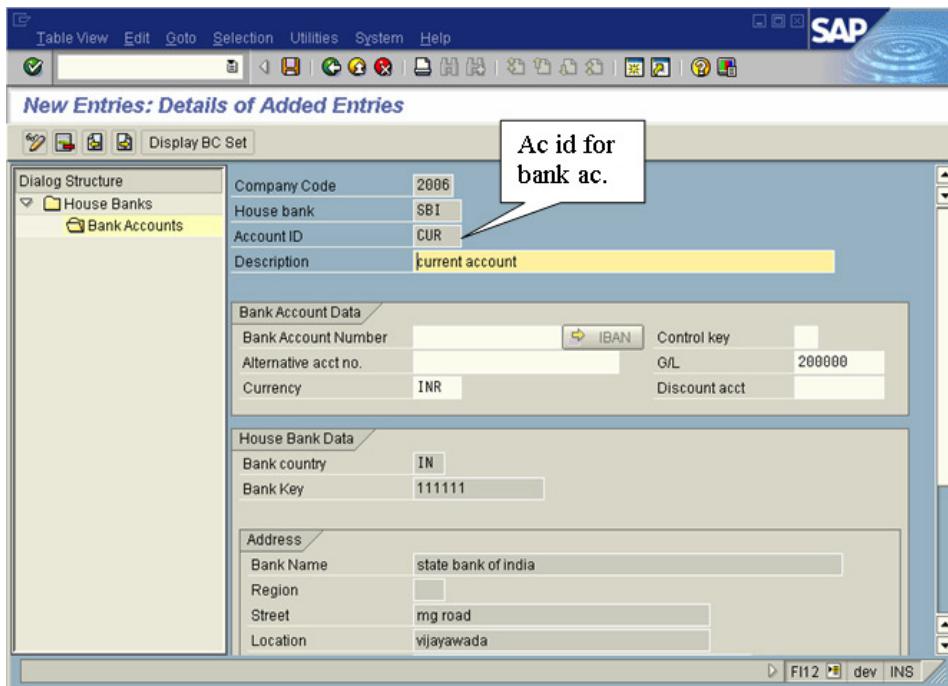


Figure88

Give the general ledger account number of the bank account (for which we want to maintain the cheque lot)

Give the currency INR (bank account currency and GL account currency must be the same). The screen will appear as under



**Figure 89**

### Maintenance of cheque: path:

Fa-accounts payable and accounts receivable-business transactions- outgoing payments-automatic outgoing payment-payment media-check management-define number ranges for checks: TC: FCHI

### Give house bank ID

Give house bank account ID select change button select create button

Give lot number

Check from number and to number

Selection of non sequential check box is optional. However, to run the automatic payment programme sequential check lot is required.

Save the data.

## ISSUE OF MANUAL CHECKS:

Accounting-fa-accounts payable-environment-check information-create-fch5 create

Give the payment document number:

House bank id and account id and cheque number:

Save

**DISPLAY CHECK REGISTER: (path is same) TC: FCHN**

Give paying company code, house bank and account ID

Execute

**Issue of duplicate cheque: path is same TC: FCH4**

**Give the check numbers (already issued) to be postponed from number and to number**

Give the reason code:

Give the new check number to be issued:

Click on renumber button.

System issues a new cheque for the old check which was voided by the reason.

**Reprinting of the check: path is same TC: FCH7**

Give the check number to be voided

Void reason code

Give the new check number to be printed

Give the alternative form number

Give the printer name

Select print immediately check box and press<enter>

Details button and give check number.

And save.

**RECORDING THE ENCASHMENT DATE: PATH SAME: TC: FCH6.**

Give the cheque number and enter

Give the encashment date

Save the data.

**VOID CHECK:**

Void of checks are two types; one is unused checks and issued checks.

Path: is same as above TC: FCH3

Give the check numbers to be voided

Give reason code

And click on void button.

**Void of issued checks: path is same: TC FCH8:**

Give the check number

Give void reason code

Click on void button.

Note: in this case we have to separately reverse the payment document  
Otherwise **select FCH9** we can void the checks and reverse the payment document also in one step.

*Notes: we can delete the voided cheques from the check register*

### We can delete the check information from payment run

We can delete the manually issued check information from the register  
We can reset the encashment data in TC: FCHG and change the encashment date.

### RENUMBER THE CHECK: same path: TC: FCH4

We can void the issued check and give a new check without cancel the payment in this option.

Without canceling the payment we can issue new check and print the new check for the same document also in transaction code: TC FCH7

We can delete the voided checks, manual checks, and payment run also.  
And reset the void checks.

AUTOMATIC PAYMENT PROGRAMME: This is one of the best functionalities of sap. This can be used either to issue checks automatically or sometimes receive the incoming payments also. For which we have to take configuration of automatic payment programme carefully.

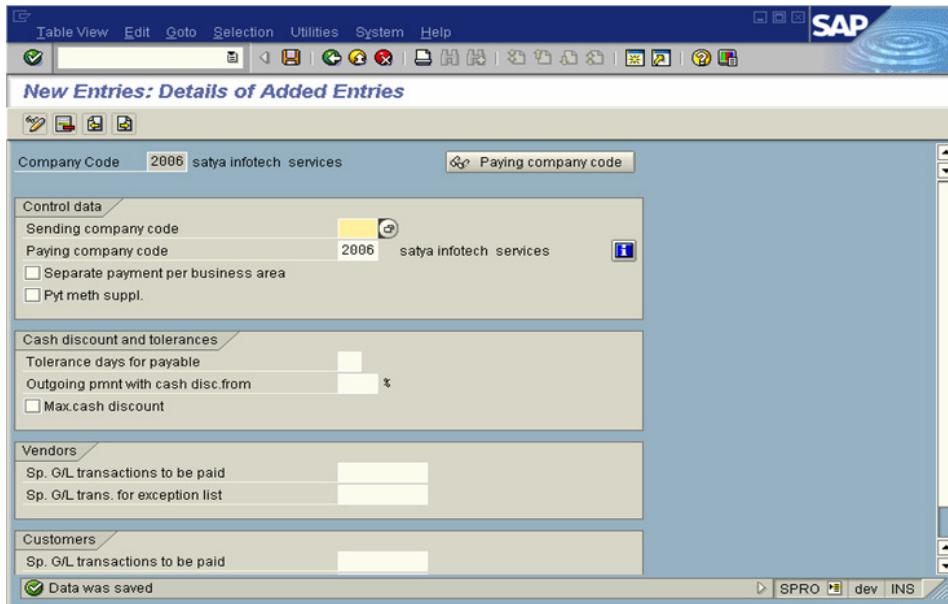


Figure 90

**Path: financial accounting-accounts receivable and payable-business transactions-outgoing payment-automatic outgoing payments-payment method/ bank selection-set up all company codes for payment programme. TC: FBZP.**

Give company code: 2006

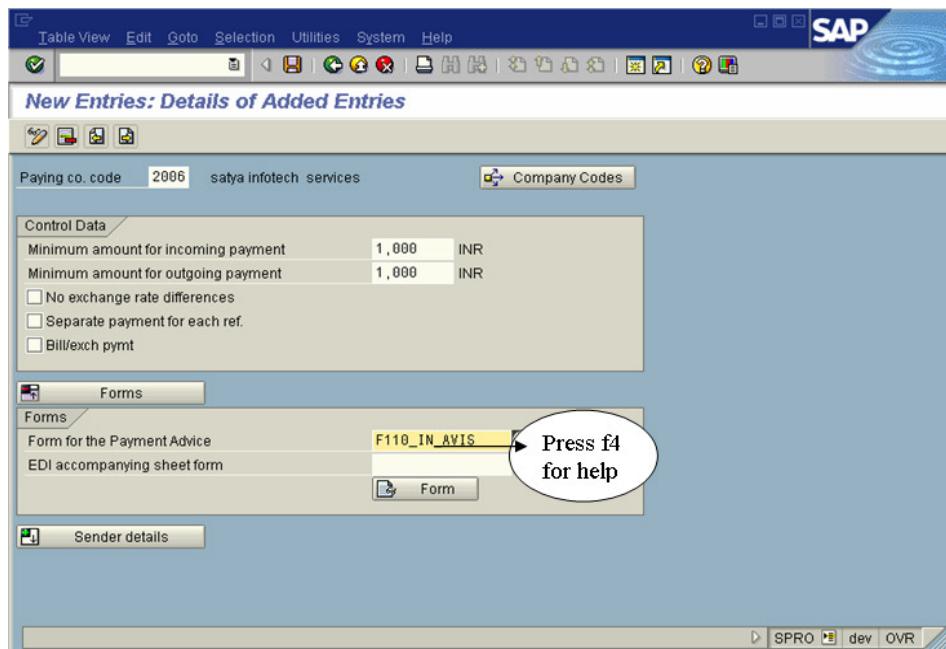
give sending company code (optional):This is the company which known to the vendor as sending the payments to them.

Give the paying company code: 2006 this is the company which known to the vendor as paying company to them.

1. If you want separate check for business areas select the check box
2. Are allowing any tolerance days for payment select the check box
3. If you want always take maximum cash discount irrespective the payment terms select the check box
4. If you want make the payment for special gl transactions like down payments etc, give the indicator.
5. If you want to avail the cash discounts or go for opportunity costs give the % of discount in the column provided out going payment with cash discount form.

### **SETUP PAYING COMPANY CODE FOR ALL PAYEMNT TRANSACTIONS:**

Click on new entries button.



**Figure 91**

Give paying company code: 2006

Give minimum amount for incoming payment: 1000

Give maximum amount for outgoing payment: 1000

If you do not want to consider the exchange diff while making the payment select check box

You want to issue a check separately invoice wise select the check box If payment is made through bill of exchange selects the check box.

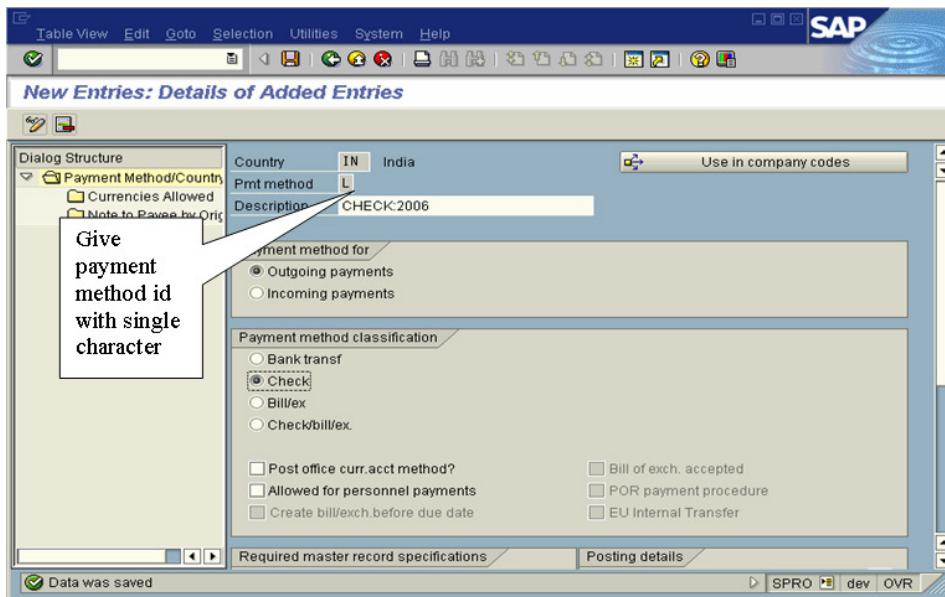
The payment advice note which will send with the check, give the form of advice as above in the figure.

If you want to give the sender details give the text ID: ADRS.

Details as: adrs\_header; adrs\_footer; adrs\_signature; adrs\_sender in the columns provided well below the text ID column.

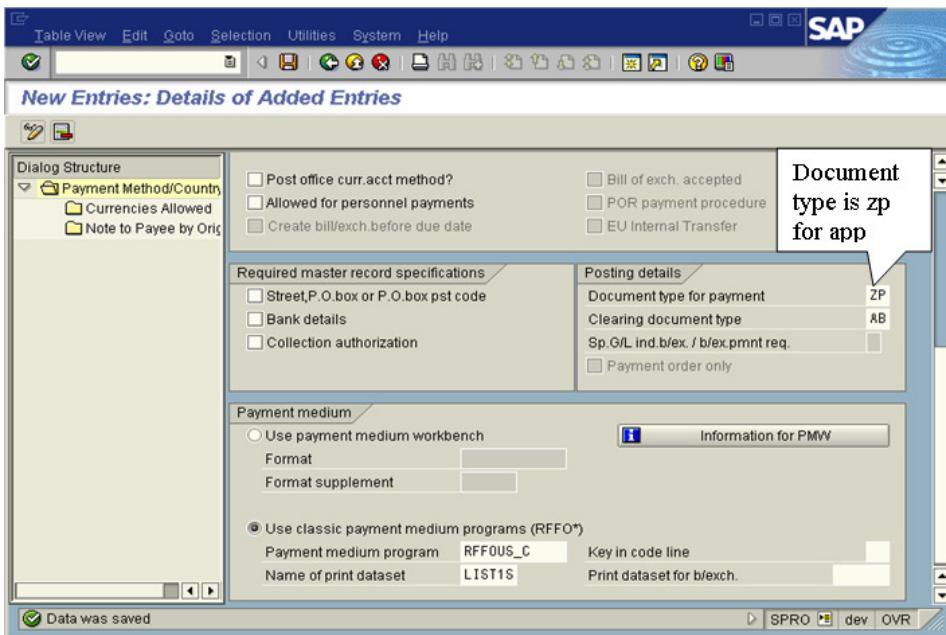
Save the data

## SETUP PAYMENT METHOD PER COUNTRY FOR ALL PAYMENT TRANSACTIONS:



**Figure 92**

select the payment method classification as per the requirement. If the company wanted to use this payment method for paying personal payments select the check box of allowed for personnel payments.

**Figure 92.1**

give country name: in

give payment method : L (any single character)

give description: check

select the outgoing method or incoming payment method (radio button)  
any one only select

select the payment method classification in this case it is Check;

give the document type for automatic payment payments ZP

give the clearing document type:AB: Give the payment medium programme as:RFFOUS\_C

give the name of the print data set: list1s

save the data: screen is as above.

**Note:** if you want control the master data details by selecting any one check box provide.

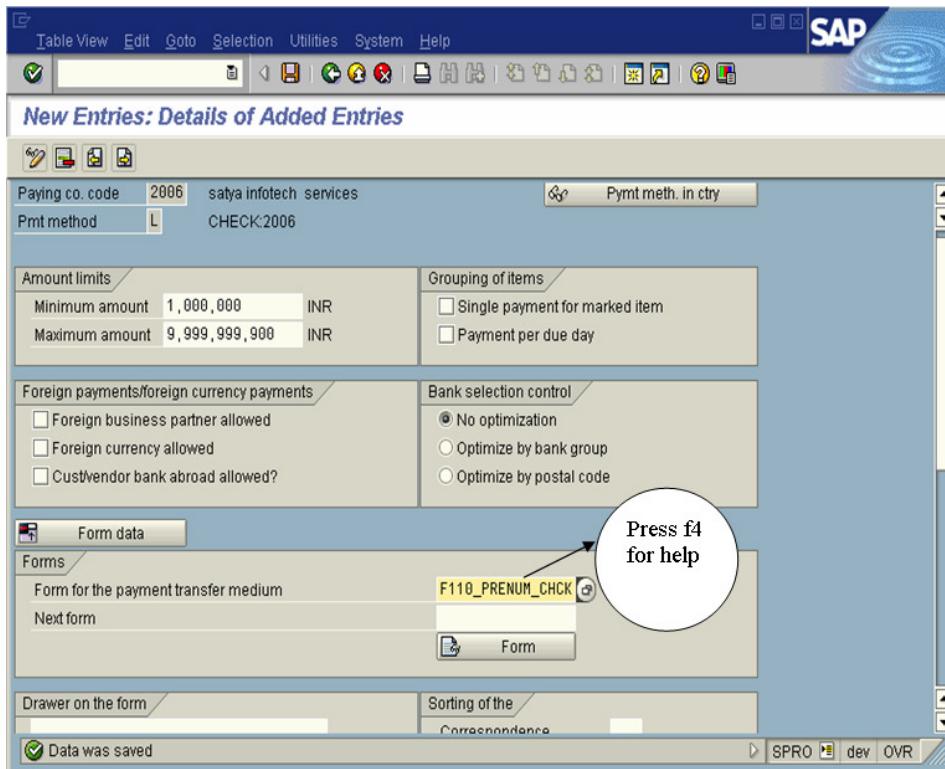
We can restrict the payment method to any specific currency by mentioning the currency in the currency allowed option.

Payment order: if you select this check the system will not post the payment document. However the items will be blocked for further payment runs. The particular items will not be cleared until the payment run is made in respect of the payment orders.

Records specification in master record: This will enable to give the selected details should incorporate in the master record. If the details are not mentioned, the payment programme will not run properly.,

Note: we can restrict the payment method as per the currency wise also. This can be done by selecting the currency allowed option and give the currency in which the payment method is used. The null value indicates that this particular method is used to make the payments in all currencies.

## **SETUP PAYMENT METHOD PER COMPANY CODE FOR ALL PAYMENT TRANSACTIONS:**



**Figure 93**

Give paying company code: 2006

Payment method: L

Give minimum amount: 1000

Give maximum amount: 9999999999

If your client wanted to make the payment as per due date select the check box  
If the client wanted to allow all types of foreign currencies in the programme and foreign banks select the related check boxes. If the company is following

any optimization method select or making the payments through postal banks select the concerned check boxes.

If the company intends to make the payment as per the due date select the due date check box in grouping column, other wise to make the payment individual item wise select the relevant check box.

Give the form name of the payment medium: F110\_pnum\_chck

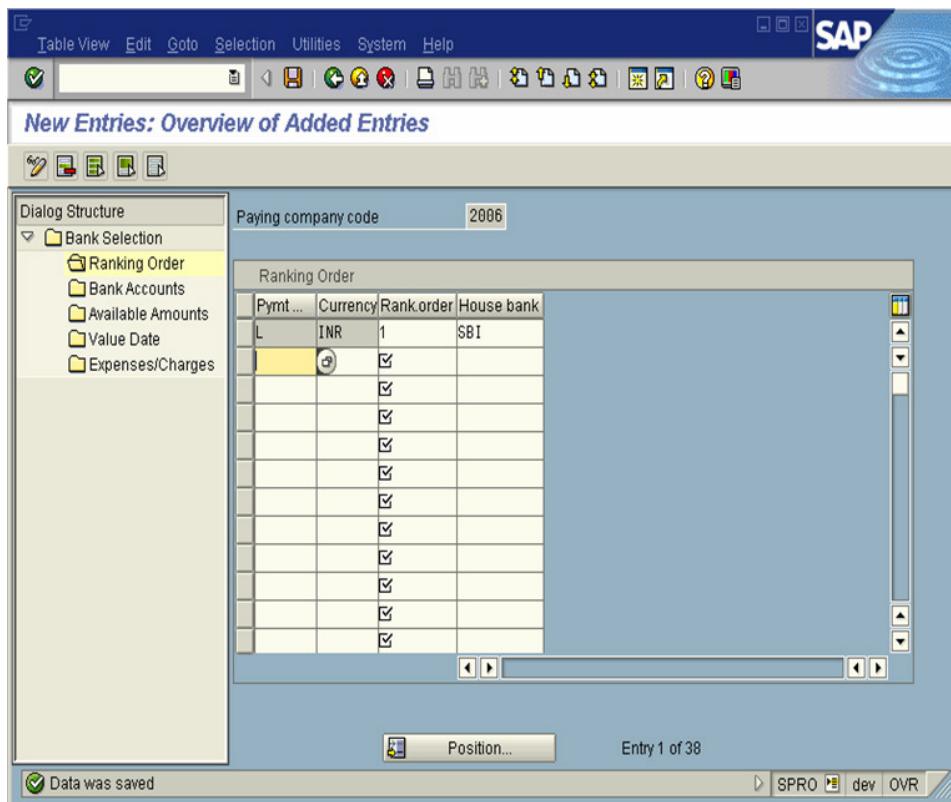
Give the drawer details to be printed on the check and save the data.

## **SETUP FOR BANK DETERMINATION FOR PAYMENT TRANSACTIONS:**

Select the company code: 2006

Double click on ranking order

Select new entries button



**Figure 94**

Give the payment method of the company: L

Give the currency of the payment method: inr

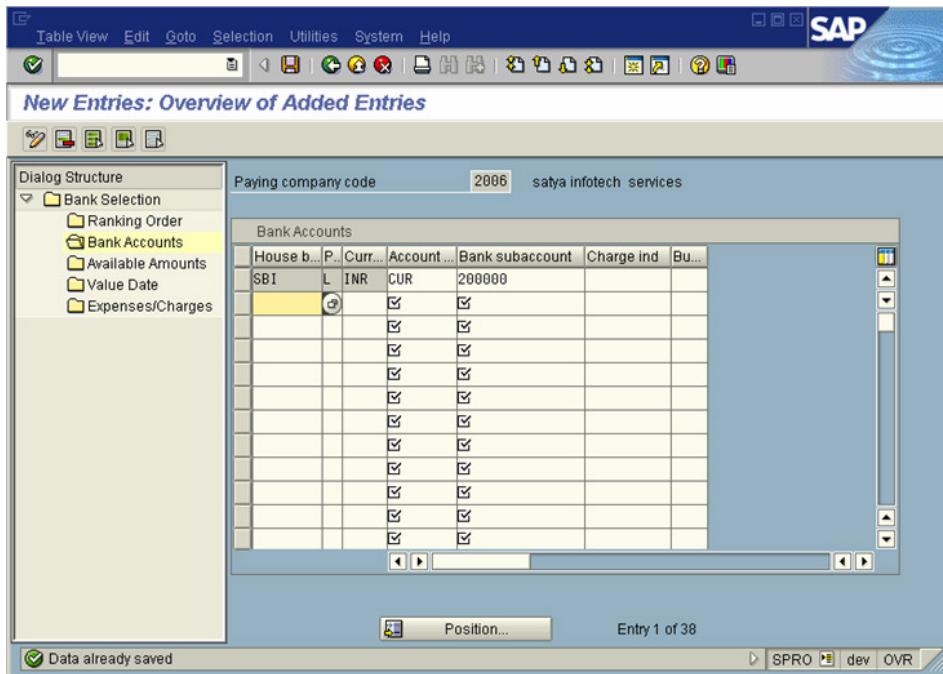
Give the ranking order for making the payments bank wise: 1

Give the house bank name for the ranking order: sbi

The details of the screen as above:

Double click on bank accounts column; select new entries button.

Give the details made in the screen



**Figure 95**

Give the House Bank name: sbi

Payment method: L

Currency: INR

Account ID: CUR

Bank account (general ledger account):200000(we have to give the bank account for which we have assigned the check lots.

Give the bank charges indicator in the column.(indicator must be defined in advance, and the bank account for bank charges might have been created with relevant cash flow option.

### **Double click on available amounts column**

Select new entries button give the details of the house bank and account id and available outgoing amount for the account and available incoming payment amount in the columns. This is only for the purpose of evaluation purpose only.

Configure the value date is (optional) we suggest you to go for other all configurations after familiarizing yourself in the app programme.

With this basic automatic payment programme configuration is completed. Now we can go for execution of automatic payment programme in the easy access screen.

If you want run the automatic payment programme we must have open items in the vendor account with due or over due position. Then only the system considers the automatic payment programme.

### **APP run: Accounting-financial accounting-accounts payable-periodic processing-F110 payments.**

Give the run date: run date may be any date: 13.08.06

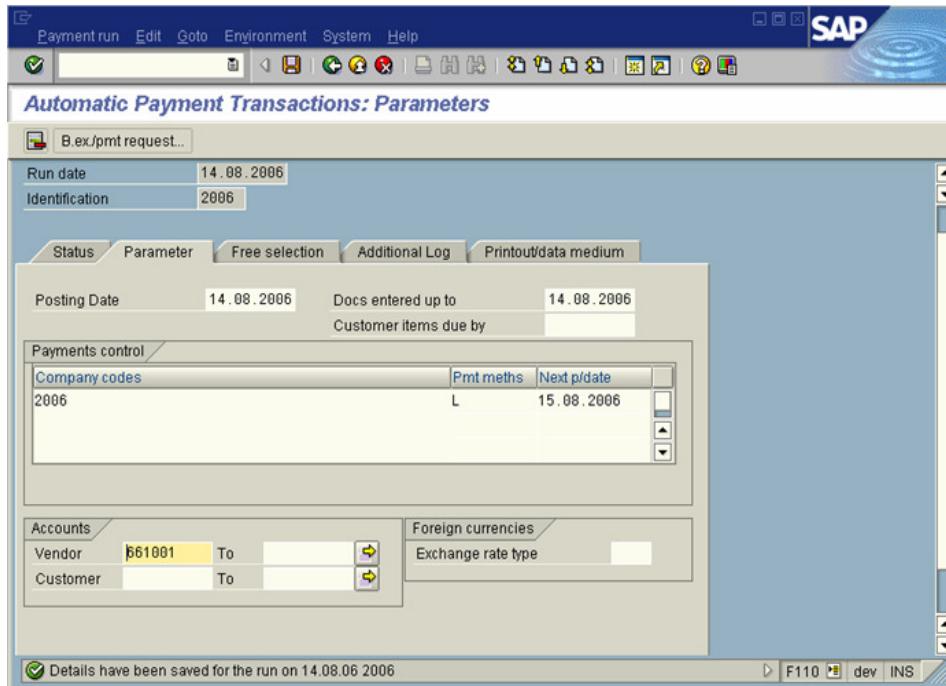
Identification Number: give any number to identify the programme

Click on parameters tab button

Give the posting date: this is the date on which the entries are posted by the system.(this date is defaulted from the run date in the previous screen given.

Documents entered date is the date: this is the date of the documents included in the app run.

Customer items due by: if you want to consider the items not due in the present APP we have to make the date on which the items due for payment. Then the system considers the APP.



**Figure 96**

Give the company code: single or multiple: 2006

Give the payment method: L

Give the next payment date: always following date to the run date.

Give the vendor number: 661001 if required customer number also

Save the data the screen will appear as under;

after saving the parameters, click on status button, system displays parameters entered,

the click on payment proposal button the following screen will appear and give the details as appearing in the screen

once proposal button is clicked, you will get small pop up screen in that please select start immediately check box. And continue.

Please press <enter> button twice: you will get the message: payment proposal has been created

Select the edit proposal button; a small pop up screen will be displayed and continue button the system displays two types possibilities mentioned as under;

1. With Exceptions: it means that there are lacunae in the creation of master records of the vendor/customer or some probable errors in bank accounting. In this context we have to do the edit proposal by double clicking on the exceptions; and again double clicking on the amount second time;
2. the other option is that if there are no mistakes the system displays amounts which are picked for payment programme, then editing is not required in this aspect.

In case of Edit proposal: after two double clicking a popup screen of change line items will be displayed. Click on reallocate button .another change payment popup screen will be displayed.

Give the payment method: L

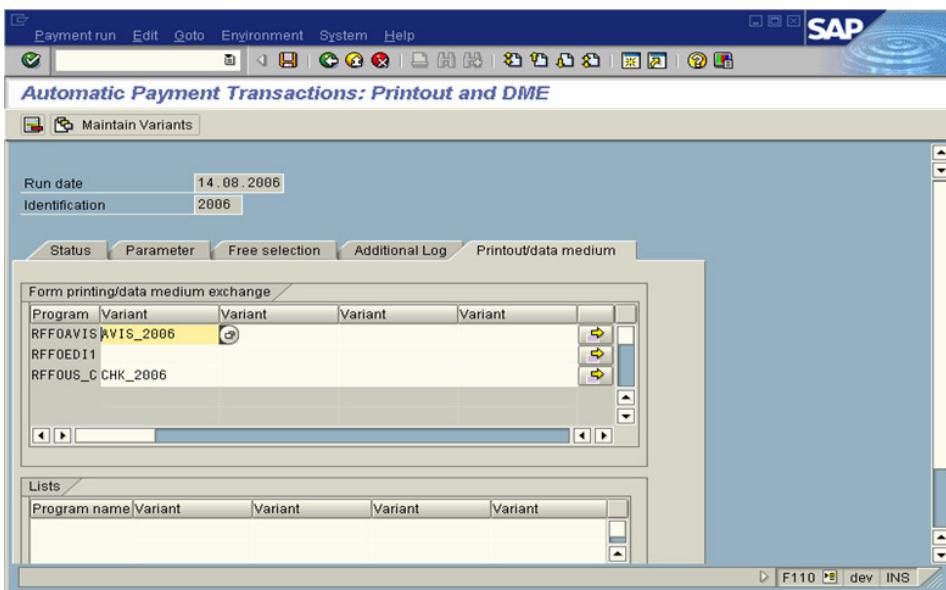
Give house bank: sbi

Give account ID: cur

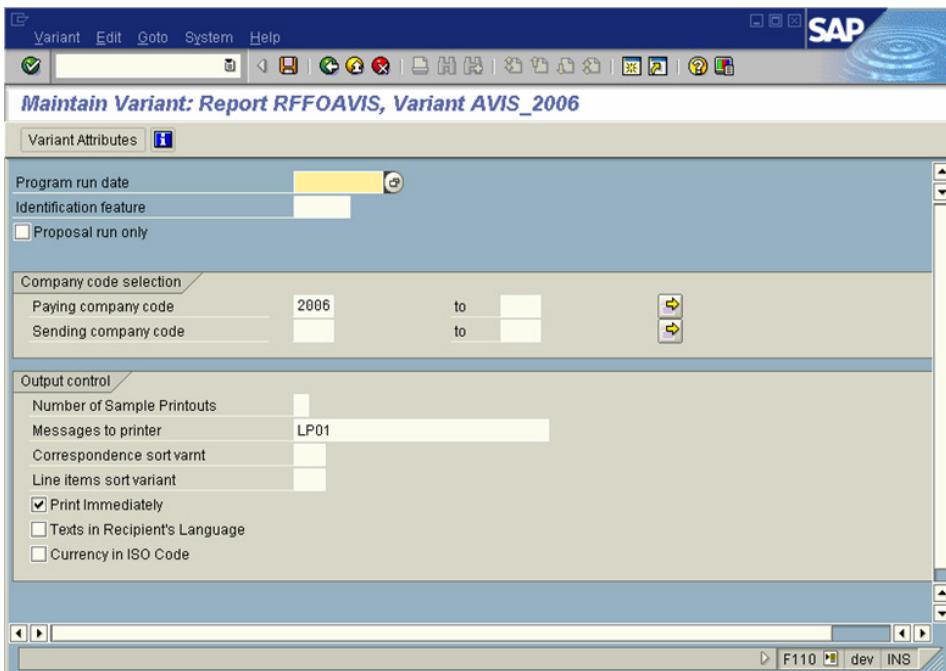
Continue then the amount will be highlighted with blue color and save the screen and go back twice;(message: payment proposal has been edited)

Before going for the payment run if we want to see the check preview, set the print parameters by selecting the printout /medium tab button.

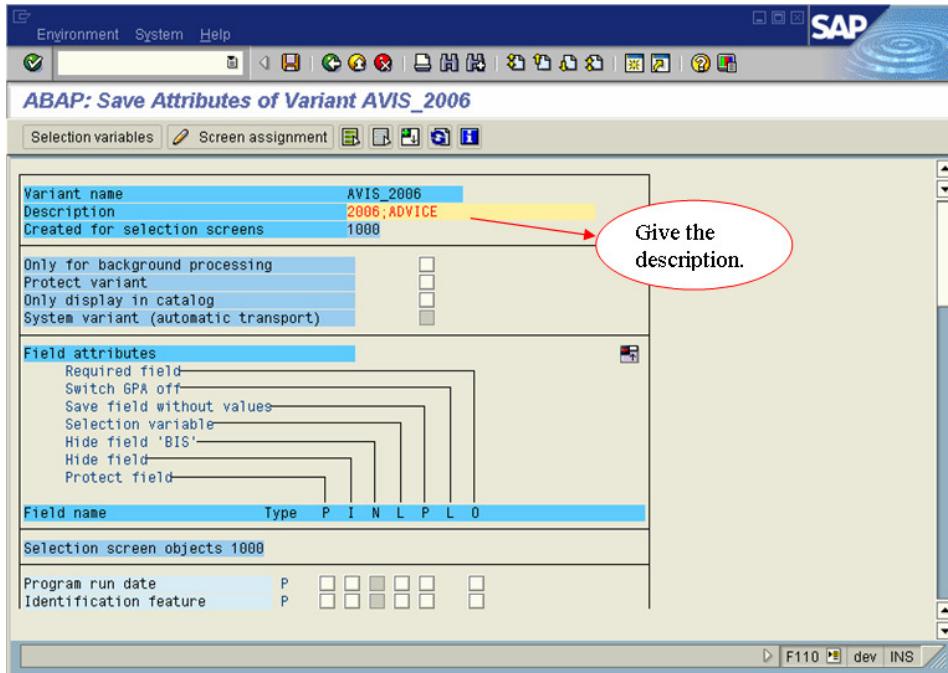
**Give the variant name and keep the cursor on the variant click on maintain variants**

**Figure 97**

give the details as under in the next screen  
click on payment run

**Figure 98**

select start immediately; select create payment medium; continue go to menu item>system >services>output control>execute spool requests will be created select any one request and click on details button we can see the check preview and payment advice preview also. Go and verify the vendor ac and check register. after giving the details click on variant attributes button the screen will come as under and give the description column as mentioned in the screen



**Figure 99**

After giving the description save the variant. Go back twice again save. Repeat the same process for another variant i.e.

Click on payment run select checkbox start immediately; select create payment medium; continue

Go to menu item>system >services>output control>execute

Spool requests will be created select any one request and click on details button we can see the check preview and payment advice preview also. Go and verify the vendor ac and check registerChk\_2006 also

**Bill of exchange payable configuration: Business process:** The Company is used to make the payment to vendors by way of accepting bill of exchange. And make the payment on due date. Make the configuration of bill of exchange payable account in sap environment.

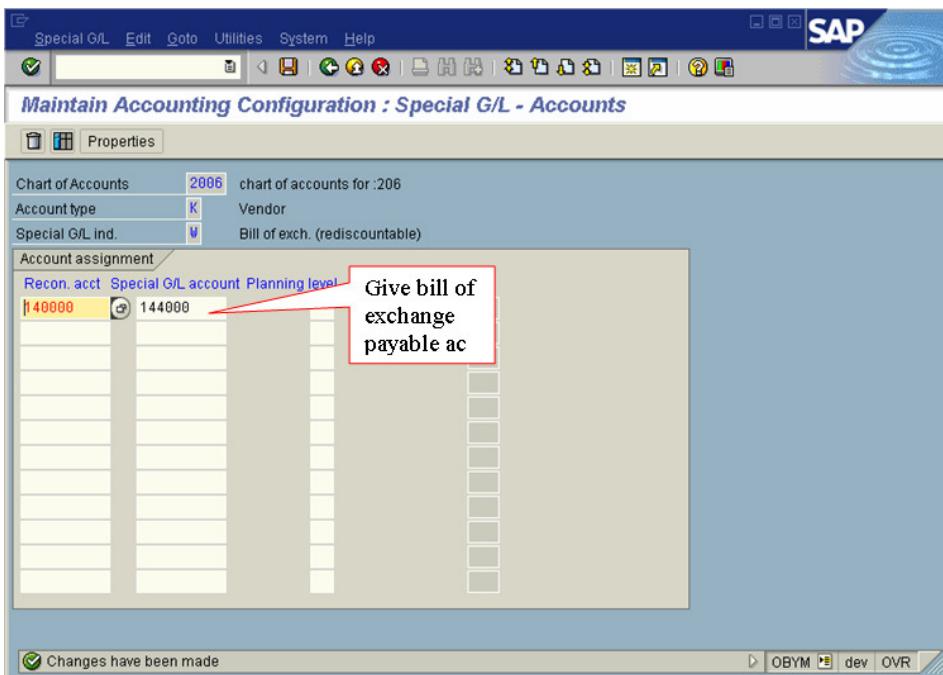
**Pre requisite:1. we have to open one account bill of exchange payable account as Reconciliation account.**

Process: define the alternative reconciliation account of bill of exchange payable account:

Path: spro-rimg-financial accounting-bank accounting-business transactions-bill of exchange transactions-bill of exchange payable- create bill of exchange payable account-define alternative reconciliation ac for bill of exchange account payables TC:OBYM

**double click on K and W bill of exchange (redisountble)**

**givechartofaccounts:2006**



**Figure 100**

**give reconciliation account: accounts payable account**

**give special general ledger account: bill of exchange payable account**

**Save the data the screen will appear as above mentioned in the figure.**

**Posting of business transactions:**

**posting of incoming invoice in f-43**

Post the bill of exchange in: accounting-financial accounting-accounts payable- document entry- bill of exchange-f-40 payment

**give the header data and select the outgoing payment radio button**

**give the vendor account number :661001**

**give the amount and text**

**give the due date and issue date and click on process open items button  
again click on open items button do the standard clearing function,  
and verify the account balances**

**Honoring the bill of exchange on due date: by making the payment:  
accounting-financial accounting-accounts payable-document entry-others-f-51 transfer with clearing;**

**give the header data**

**select transfer posting with clearing option**

**give the posting key50 and bank account number give the amount and  
text click on process open items button ; give the vendor account number  
and click on again process open items button do the clearing function.**

**And post.**

**Dishonoring the bill of exchange payable on due date:**

1. Define the exception types: reason for dishonor
2. Define the bank account for dishonor.

## **ACCOMODATION BILL OF EXCHANGE:**

**Business process:**

Satya InfoTech occasionally lends the vendor by accepting the bill of exchange payables in lieu of that the company takes a check from the vendor. Vendor will rediscount the bill of exchange with their banker. And the company used to make the payment on due date by en cashing the cheque on that day. There the liability of the company will be cleared.

**Sap process:**

To meet the above business process sap provided with the functionality of check/bill of exchange process. To configure the above process we require the following accounts. This type of transactions is also called as special general ledger transactions. The spl gl indicator is S.

**Accounts required:**

1. **Alternative special gl account as reconciliation account**
2. Automatic clearing account for spl.gl. Account as clearing account.( we have to select the automatic posting check box mandatory for this account.

**Steps to be followed:**

1. **Financial accounting- bank accounting-business transactions-bill of exchange transactions-check/bill of exchange-define alternative reconciliation account for reverse bill of exchanges.**

**Double click on D and S check/bill of exchange**

**Give chart of accounts 2006**

**Give the reconciliation account: accounts payable account**

**Give the spl gl account: check/bill of exchange payable account**

**Save the data**

2. Define automatic account for Offset entry: Path is same: TC: OBXS.

**Give chart of accounts: 2006**

Give the account type as K and S and give the account number and save the data

Posting of cheek/bill of exchange: path: accounting-financial accounting-accounts payable –document entry-bill of exchange-**fbw6 check/bill of exchange**

Give the header data

Give the vendor details

Give the bill of exchange details and post and verify the account balances

Make the payment on due date by posting in F-51 transfer with clearing and reverse the posting of automatic offsetting account in transaction code F-55.

**End user reports: information systems-financial accounting-accounts payable- and various reports options. (Other than the reports available in accounts payable component also).**

**Vendor Balances: S-alr\_87012082: to verify the balances, and various selection parameters in dynamic selections.**

**Vendor transaction figures: s\_alr\_87012081: dynamic selection option is available.**

**Due date analysis of vendor open items:s\_alr\_87012078**

**List of down payments open items: s\_alr\_87012105**

**List of vendors: s\_alr\_87012086 dynamic selection criteria are available.**

**User specific control:** we can make user specific controls and user defined requirements in TC: FB00: we can restrict or allow the particulars to the options available. EX: if you want to restrict a particular user to be allowed the data in Local currency only. Select the allow local currency check box. The particular screen will not be defaulted with the currency filed.

**Assign the screen templates of your own:** if you have created the screen templates for various purposes, assign the screen templates for the user master record in the above transaction code:

**Some of the img configurations can be done by the users for their routine business transactions. Those are as under;**

Path: accounting-financial accounting-accounts payable-environment – current settings:

1. Open and close posting periods:s\_alr\_87003642
2. Enter exchange rates: s\_alr\_68000174
3. Enter interest rates: s\_alr\_87001320 time dependant terms also: s\_alr\_87002510
4. Selection bank for payment programme: s\_alr\_870014

### **Automatic payment programme and Automatic clearing:**

The above two terms are appearing as same. However, there is a difference in the functionality. The automatic payment programme is used to clear the open items, and issue the check automatically by the system. It used to mainly to make the out going payments.

Automatic clearing is the method of making the out going payments/incoming payments. In the configuration we set the conditions or criteria for grouping of payments outstanding as the defined criteria. Whenever we run the payment programme the system will check the criteria for automatic clearing and make the payment accordingly. It is a predefined methodology for grouping of payments.

### **SAP ENJOY SCREEN (FB 70)**

Features of enjoy screen:

1. We need not specify the posting keys;
2. We can see the open items of the particular vendor by clicking open items button
3. The address details also will be displayed
4. The screen variant can be changeable as per the requirement. The appearance of the enjoy screen is as under;

**We have to ensure the company code by clicking the change leading company code option. We can post credit memos also in enjoy screen. We can post the multiple transactions in fb10 fast entry screen. We can select the alternative payment currency if required.**

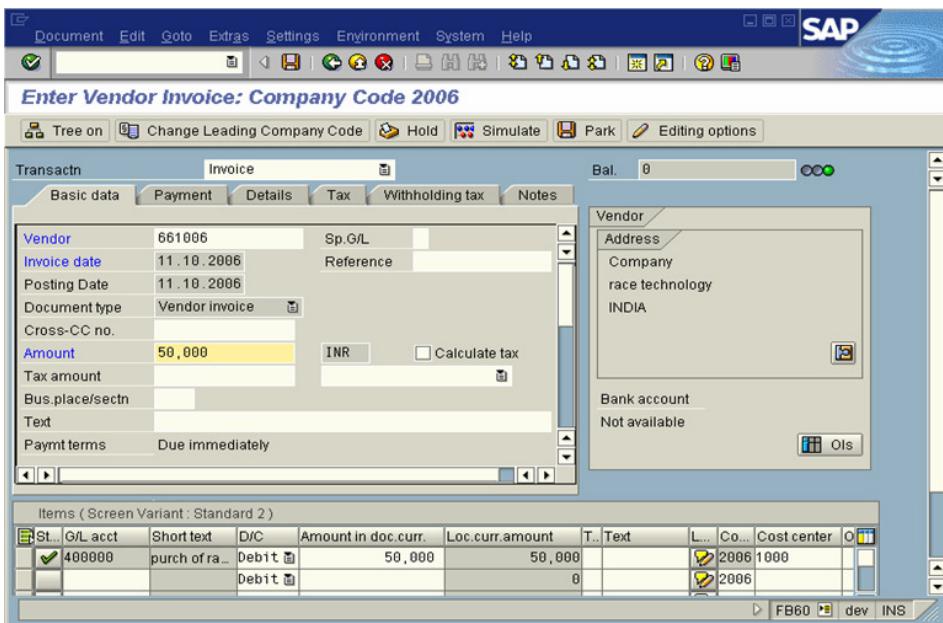
**Control totals: we can set the control totals in the option Environment>user parameters>FB07 control totals:**

**Click on maintain control totals option**

**Give the account type and the account numbers**

**And save the data.**

**System automatically updates total summations immediately with the postings.**



### Bank statement processing:

We generally call it as Bank reconciliation with the cash book or processing of bank statement. This is one of the priority tasks for the accounts department of the organization. It has lot of impact on the treasury management. If you are able to reconcile with the bank balances with the cash book, accordingly plan for the cash management. Hence it plays a vital role in liquidity forecasting in treasure module.

The organization, generally maintain accounts with several banks. The bank balances should be reconciled on day to day basis. For this purposes SAP contemplated two types of statement processing. The first one is manual statement processing and another one electronic statement processing. Electronic statement processing is most accepted method of reconciliation in today's environment. First, we configure the manual statement processing. In this text I mentioned some of the activities, required for the electronic statement processing.

In order to take up the bank statement processing in SAP environment, suggested a different GL account structure for the Bank accounts. SAP suggests a maximum of 10 general ledger accounts for each Bank account. (An organization may have more than 10 bank accounts also in real time). The Main Account with the Bank is called Confirmed Bank Balance Account. In addition to this we need to maintain different Bank accounts for different

purposes in the books of the organization. These accounts are to be maintained as clearing accounts. Example: cheque deposit account. Cheque issue account, telegraphic transfer account etc., we need to reconcile all these clearing accounts with the main account which corresponds with the Bank account in the house bank. However, to determine the clearing accounts, we keep the future requirement of the organization also. The General pattern of bank accounts structure is the main account ends with the zero and the subsequent clearing accounts ends with 1 to 9. The remaining digits should be similar.

**Business process:** the organization issues cheques for different purposes. All the issued cheques may not present for payment on a particular date. Hence there will be discrepancy in the cash book balance and the bank account balance. Like the way the cheques deposited for collection may not be collected on the date of reconciliation. Similarly some expenses, interests, and dishonor of bills may also cause for the discrepancies.

#### **SAP Process:**

In SAP environment, we maintain different clearing accounts besides to main account. We issue cheque through separate clearing account (cheque issue clearing ac) instead of regular main account. Once the cheque is paid by the bank, the cheque issue clearing account will be debited and credited to main Bank account.(through manual statement processing or electronic statement processing). The clearing accounts balance shows the total incoming/outgoing liabilities and the bank statement shows the exact amount held for usage. Hence we can plan the liquidity management accordingly.

To take up the above sap processes we need to define the following configuration steps.

Pre requisites: open general ledger accounts as per the requirement. In this project I defined 3 accounts

1. Bank main account
2. Bank cheque deposit clearing account (clearing account)
3. Cheque issue clearing account. (Clearing account)

we can maintain 9 clearing accounts for different purposes.

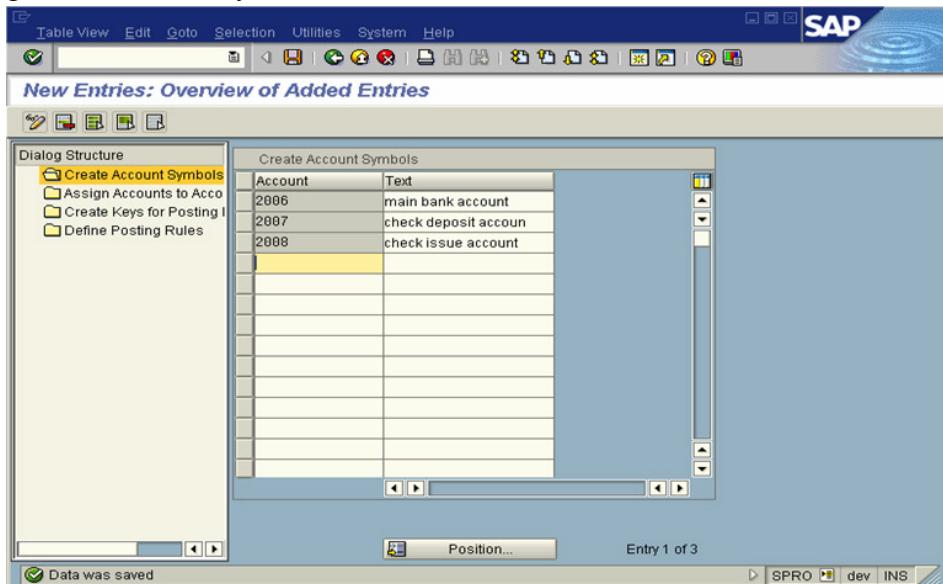
#### **Define posting key and posting rule for manual Bank Statement:**

Posting keys are useful to identify the posting area of transaction i.e. general ledger accounting or sub ledger accounting. Posting rules are defined to process the various types of transactions in the bank accounting. As a measure of configurations we need to define the account symbols for various transactions in the bank accounting.

**Path: financial accounting-bank accounting-business transactions-payment transactions-manual bank statement-define posting keys and posting rule for manual bank statement:**

Give chart of accounts: 2006

- a) Define account symbols: SAP has already defined the account symbols we can use the symbols or we can create our own account symbols for the project if required. Click on new entries button  
give the account symbol Id:



And give the text of the account symbols. We need to define account symbols for each clearing account maintained in the house bank. The screen will appear as above.

**Assign accounts to Account Symbols: double click on the option and click on new entries button**

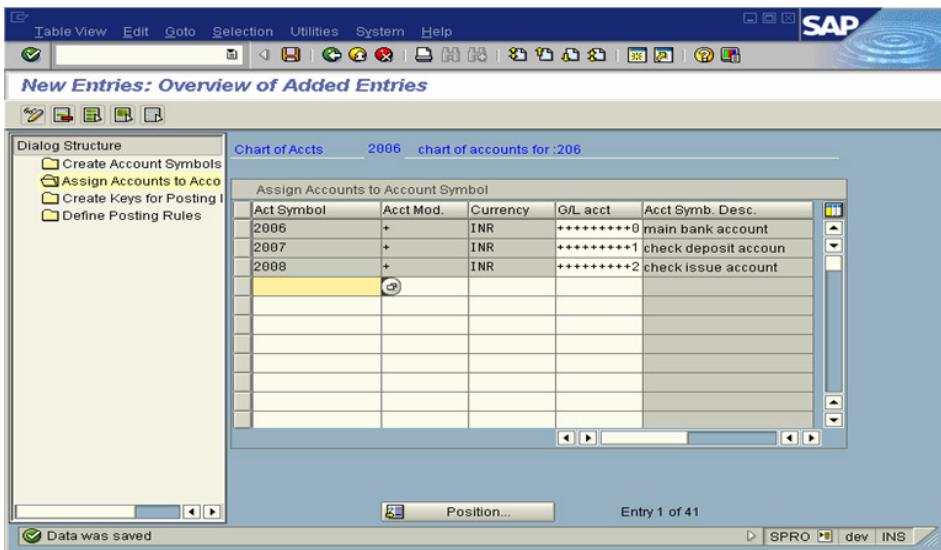
**Give the account symbols created in the previous step:**

Give the currency in which the accounts are being maintained and the respective general ledger account numbers as in the form of masking type (as appear in the screen)

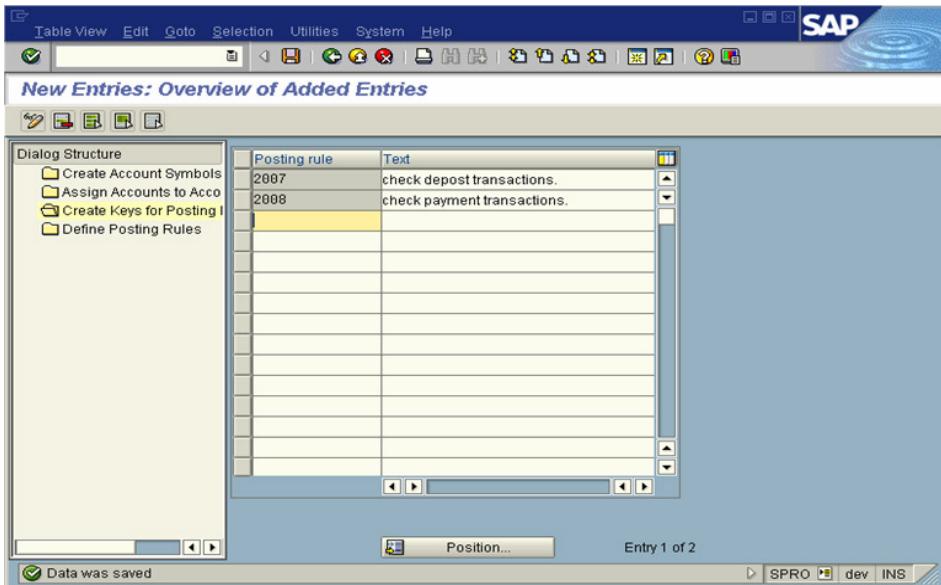
**Double click on create posting keys for posting rules:**

**Click on new entries button**

Posting rule key is used to identify the rule for posting into general ledger or sub ledger accounting.



**Double click on define posting rule and click on new entries button**



Give the posting rule: 2007: check deposit

Posting area: 1 (select from the options either 1 or 2) press f4 for possible entries: we have to select depending on the posting rule.

Under debit option: debit posting key 40

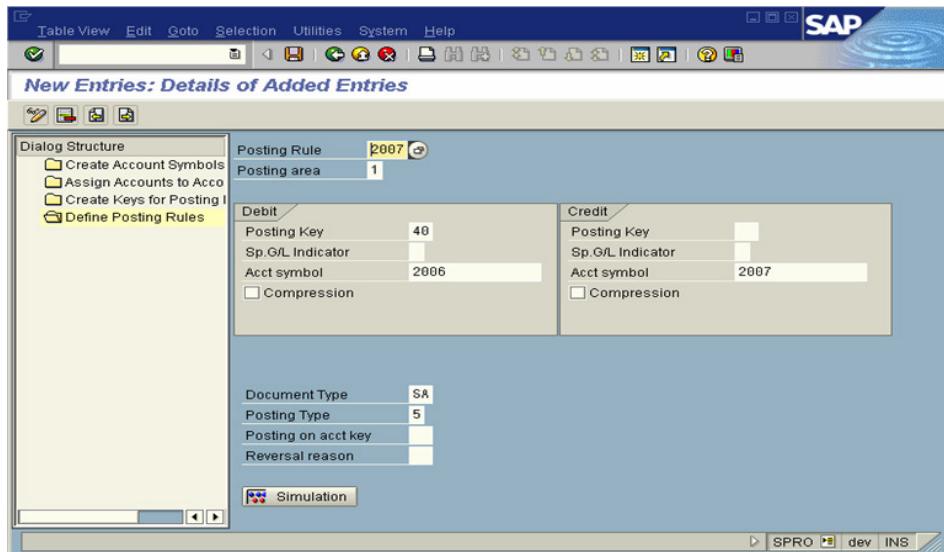
Account symbol: 2006 (main bank account symbol)

Give only the credit account symbol: 2007

Give the document type as SA and the posting type are: 5: clear credit GL account:

**Note: while processing the bank statement the check deposit account will be credited with the amount and debit to the Main bank account. This will be done through the account symbols. Save the data.**

Give the reverse way for check issue transactions (as appear in the screen)

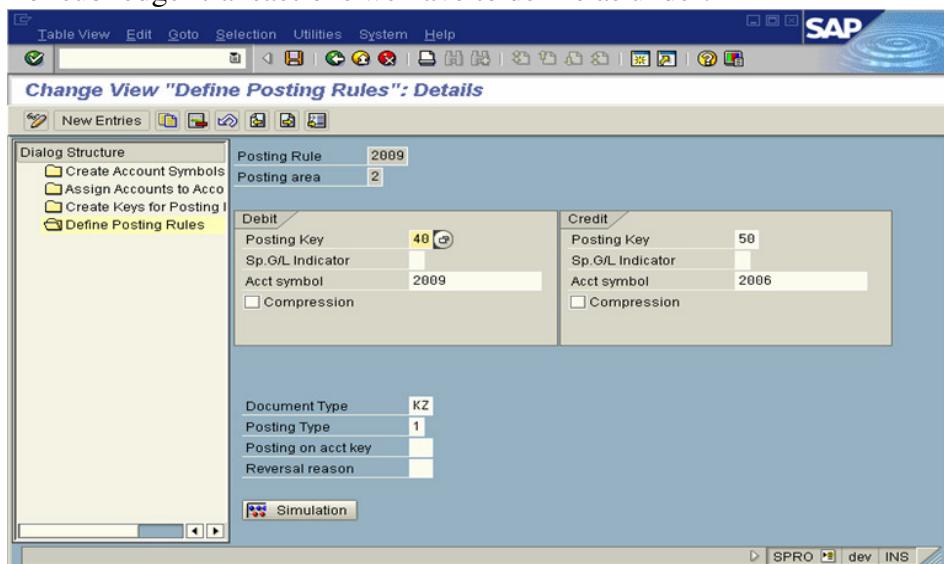


For payment transactions: give the credit posting key: 50 and account symbol: 2006 (main bank account)

For debit side give the account symbol: 2008 (check payment transaction symbol)

Document type: SA and posting type: 4 (clear debit gl account)

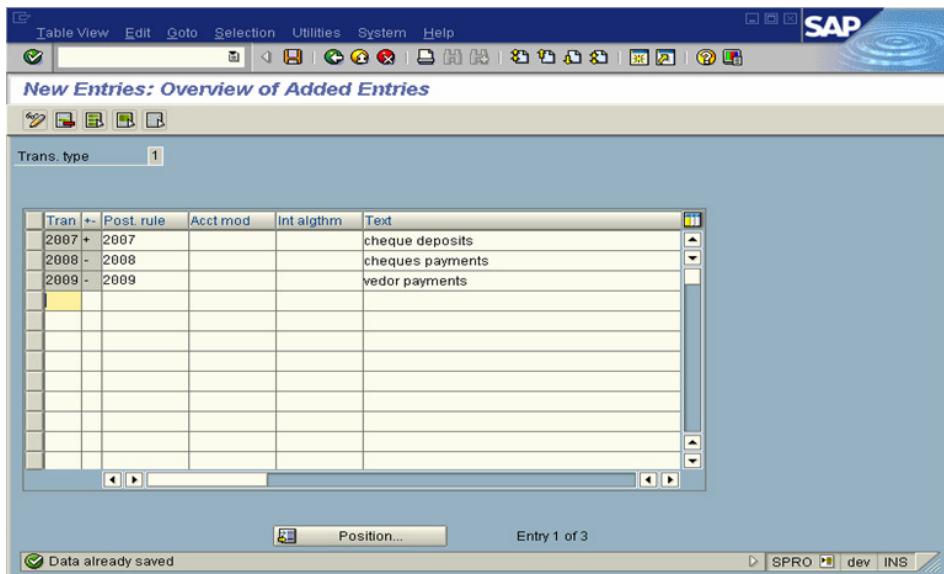
For sub ledger transactions we have to define as under:



We need not define the account symbol for sub ledger postings; like the way we can create as many as symbols, posting keys and posting rules. For bank charges also we need to define separate symbol and do the rest of the things same as mentioned.

**Note:** if you select the posting type as 1. We can define the debit and credit posting keys. While creating the posting rules the posting type should be 1 and give the debit and credit posting keys and symbols.

**Create and assign the business transactions:** path is same as above: This is the important configuration requirement for manual bank statement processing. In SAP the Bank Statement processing is done through the account symbols and posting rules and keys. We need to specify whether the balance is increase or decrease with the posting rules. For that purposes, we have to define the business transactions.



The screenshot shows the SAP Fiori interface with the title 'New Entries: Overview of Added Entries'. At the top, there is a toolbar with various icons. Below the toolbar, a message bar says 'Trans. type 1'. The main area contains a table with columns: Tran, Post\_rule, Acct\_mod, Int alghm, and Text. The table has four rows of data:

Tran	Post_rule	Acct_mod	Int alghm	Text
2007	+ 2007			cheque deposits
2008	- 2008			cheques payments
2009	- 2009			vedor payments

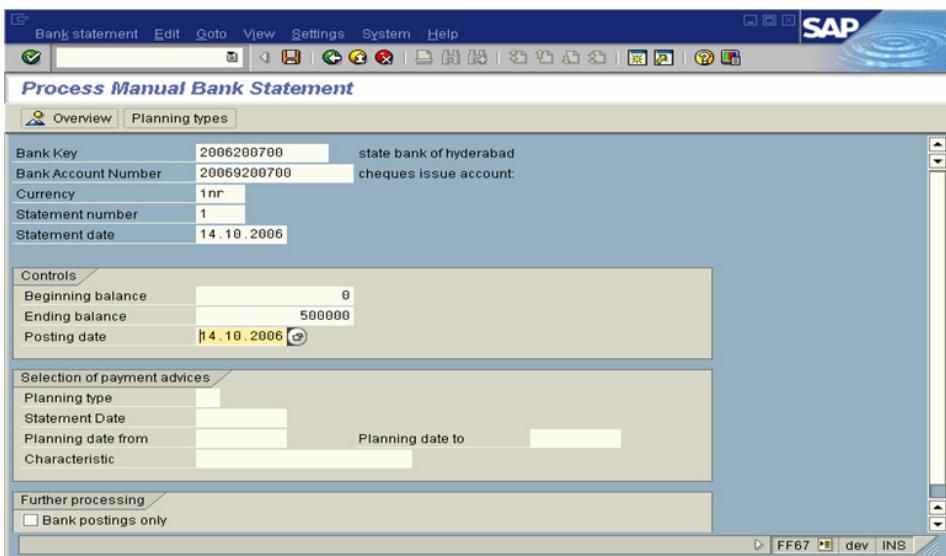
At the bottom of the screen, there are buttons for 'Position...', 'Data already saved', and navigation icons for SPRO, dev, and INS.

Main Bank account: there is no opening Balance:

Post the incoming payment in check deposit account: Rs.500000/-

Make the out going payment (GL payment) check issue account Rs.300000/

**Processing of Manual Bank Statement:** As soon as you receive the statement from the Bank, we have to process in respect of all the incoming payments and outgoing payment recorded in the statement. This is the End user activity:  
**Manual Entry of Bank Statement:** path: accounting-financial accounting-banks-incomings-bank statement-FF67 manual entry.



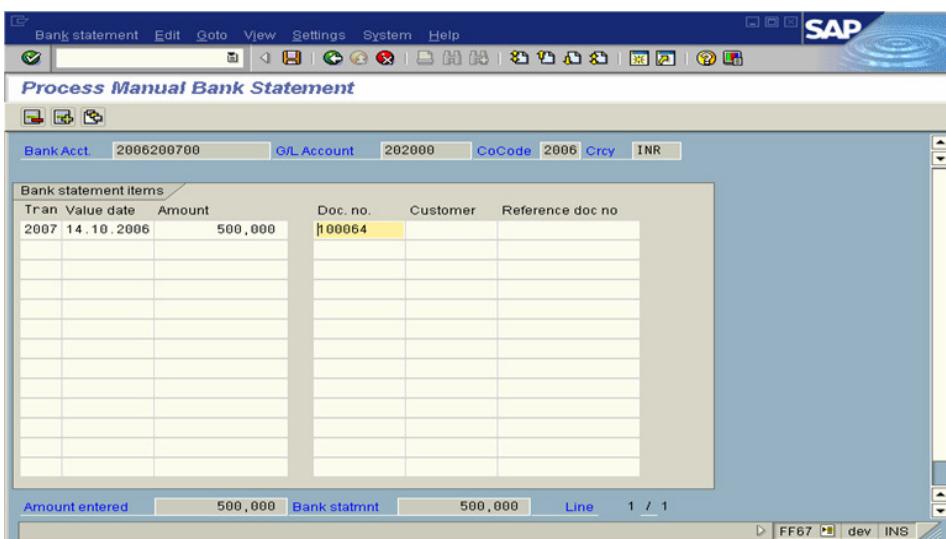
Give the bank key: and the Bank account number with the house bank (not the General ledger account)

Currency, statement number and the statement date

Give the statement opening balance and end balance (in our statement no opening balance closing balance is 500000).

Press enter

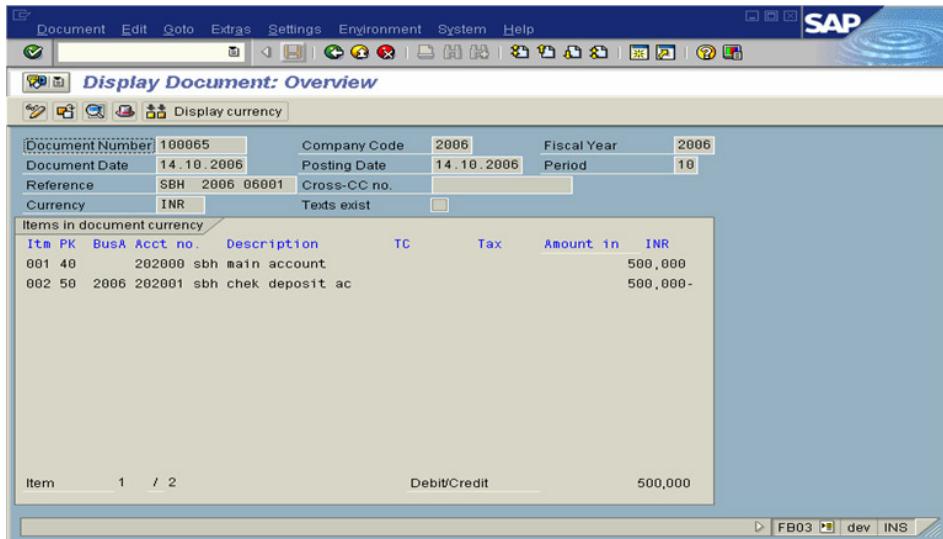
Give the details as under:



The transaction number:2007 validate date and amount. Give the document number and save the data. System saves the list. To post the list go to menu

item bank statement>post>individual statement

Systems give the report with no errors and post the amount to main account. Go and verify the balances in transaction code FS10N.



The entry will appear like as in the screen. We can process the bank statement any number of times during the day. Similarly process the outgoing checks also.

**Electronic Bank statement:** The other way of processing bank statement is electronically. This is the most prevalent method of bank reconciliation. Every organization is following this method only. In this method the electronic statement received from the Bank is to be processed with in the SAP environment. SAP supports the file formats used by the banks. Generally most of the banks maintain the electronic format of BAI and BAI2 for their statement purposes. BAI2 format is more elaborate statement inclusive of deductions made in the invoices and other full details. BAI format is abridged format statement. The format used by the banks may vary from bank to bank. However, these are the main formats used in the banking industry.

The configuration steps are more or less similar to manual bank statement processing. In addition to the configurations made in the manual bank statement processing, we need to define the following activities to process the electronic statement processing:

**Define transaction types:** financial accounting-bank accounting-business transactions-payment transactions-electronic bank statement-make global settings for electronic statement:

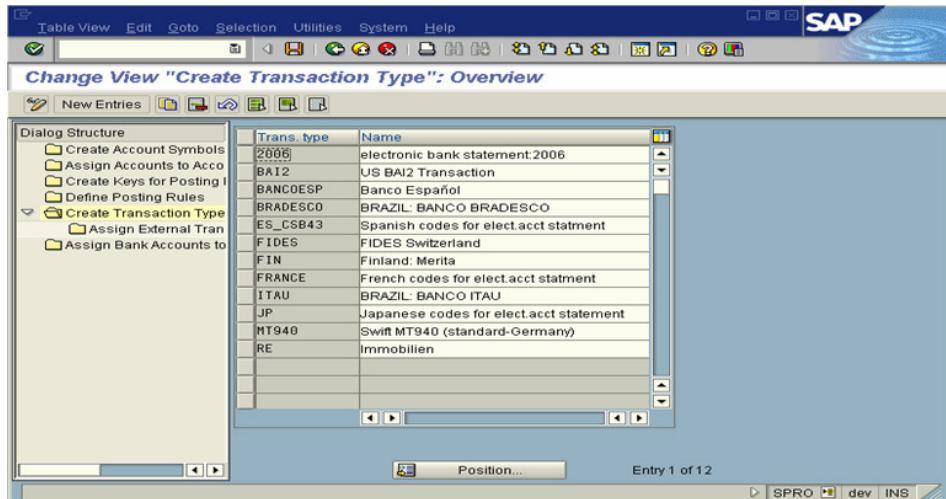
Give chart of accounts: 2006

Double click on create transaction types

(All the above activities were performed during the configuration of manual bank statement processing)

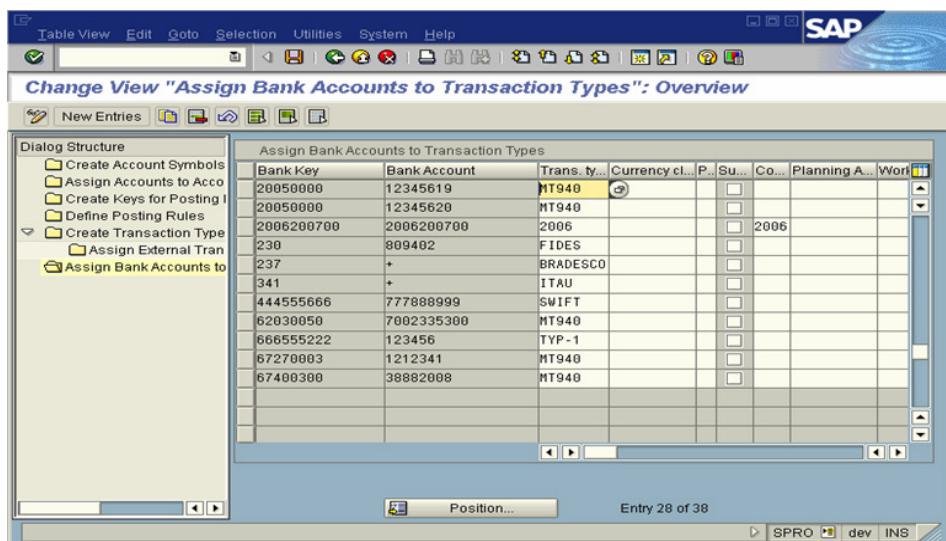
Click on new entries button

Give the transaction type: 2006: the transaction type consolidates all external transaction types used by the house banks while formatting the electronic statement by the banks



Double click on the option Assign the transaction types to House bank accounts:

Click on new entries button



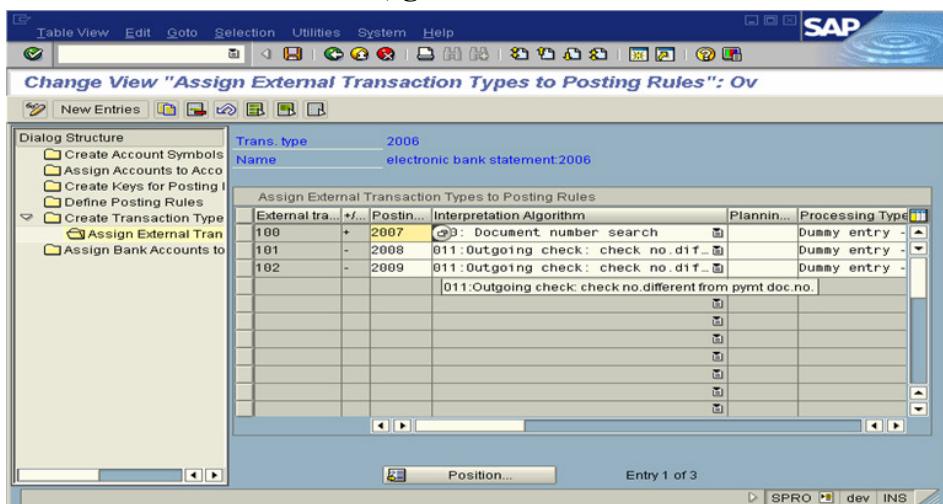
Give the house bank key and the house bank account main account number maintained with the house bank.

Give the transaction type and save the data.

Assign the external transaction types to posting rules: Before doing this configuration, ensure the above all configurations were completed. Then we can assign the external transaction types used by the bank, has to be assigned to the posting rules in SAP system. These external transaction types list will be supplied by the bank. (On request only).

### Give the transaction type: 2006

Click on new entries button; give the details as under:



**External** transactions are supplied in the bank file format: give the transaction codes are used by the bank.

+/- sign: indicates whether the particular transaction increases the bank account balance or reduce the bank balances example: 100 external transaction increases the balance of the account.

Posting rule: posting rules were already defined for the purpose of statement processing. We need to map the posting rules to the similar external transactions. example; the posting rule 2007 is defined as to increase the bank balance for cash or check deposits with the 100 external transaction type (which is used by the bankers to increase the bank balance of the account). The transaction mapping is most important in activity in the electronic statement processing.

Interpretation algorithm is used to identify or search the particular transactions. SAP has already defined so many algorithms we can use them

as per the requirement of the project. If the mapping of external transaction is completed, the configuration of electronic statement processing is completed. We can do the end user activities.

### **Import the external file:**

#### **Accounting-treasury- cash management-incomings-electronic bank statement-FF.5 import.**

We need to import the file received from the bank in to our local file.

Verify the details and confirm statement details.

Display of import file: FF.6

Post the transactions: the path is same: Transaction Code: FEBP.

### **Lock Box configuration: Business Process:**

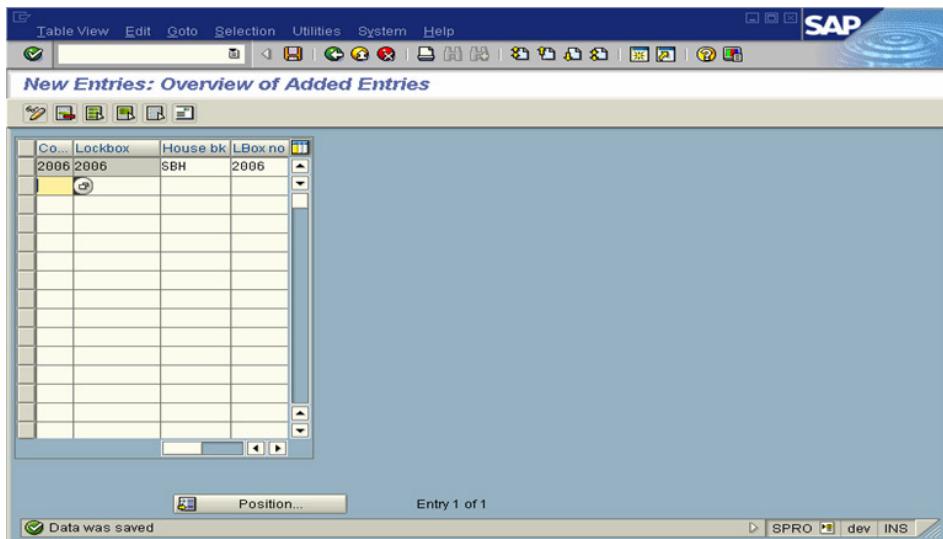
It is a pre agreed arrangement between the bank and its clientele. It is an additional service provided by the banks to speed up the collections of their customer. The company informs their customers about the lock box facilities with the house banks. The customers need not send their amounts directly to the company. They can drop their checks along with the payment advices in the lock boxes. **I can say lock box is an extended mode of drop box facility used in India. In India the drop box facilities are used to collect the credit card bills. New generation Banks in India are using the drop box facilities for their customers. After implementation of ERP in our Bank, we used to maintain these drop box facilities to speed up the collections. This facility is gaining momentum in Indian environment also. The full pledge functionality of the lock box is not following in India. The main difference between the drop box and the lockbox is the information to the clientele is mandatory in case of lock box, where as it is optional in former case. The lock boxes are maintained by the bank on behalf of the clientele. Where as the drop boxes are maintained on its own behalf of the bank.** The House Bank who maintains this lock box collects the checks and sends the daily statement along with the payment advices presented by the customers. The house bank may send the statement of details in any of their own format. Then company can upload the data for auto update customer accounts and cash balance of the company. Basing on the data received from the bank the organization updates the information in their books.

The lock box system is familiar in USA only. The implementation in US prompts for configuration of lock boxes without fail. A company can maintain one or more lock boxes depending on their requirement. Lock

Box file formats are BAI or BAI2. The bank file format and SAP file format must be compatible with each other. Otherwise with the help of technical consultant we can change formats so as to make compatible to each other. Lock Box processing is the major integration between the accounts receivable and treasury module. In the lock box processing the system collects checks; post to respective general ledger accounts and clears the open items of the customer. The configuration of the lock box processing is as under.

### Define Lock Boxes for House Banks:

**Path: financial accounting-bank accounting- bank accounts-define lock boxes for house banks: OB10.**



Give the company code: 2006 give the lock box code: 2006 this code is to be assigned to the customer master records. Give the house Bank: sbh and the number maintained by the house bank for the lock box.

And save the data. System prompts for another screen for address details. Give the address of the company on behalf the lock box is being maintained. These address details is to be informed to the customers for their remittances;

**Define control parameters: path: financial accounting-bank accounting-business transactions-payment transactions-lock box-define control parameters. TC: OBAY**

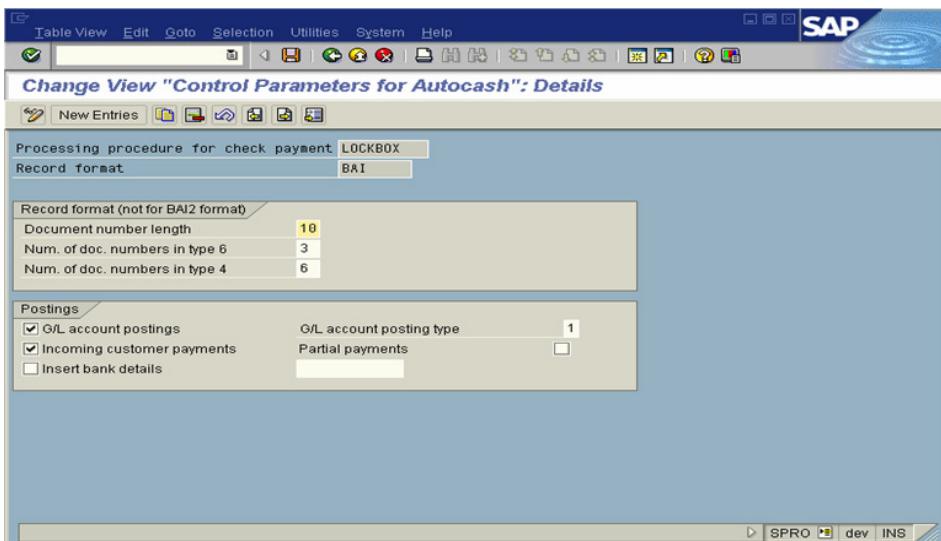
Sap has already defined the control parameters used for the different formats i.e. BAI and BAI2. You can use those parameters or click on new entry button to create the new parameters for the project.

1. The processing procedure for lock box cash payment is : LOCKBOX it is defaulted by sap.

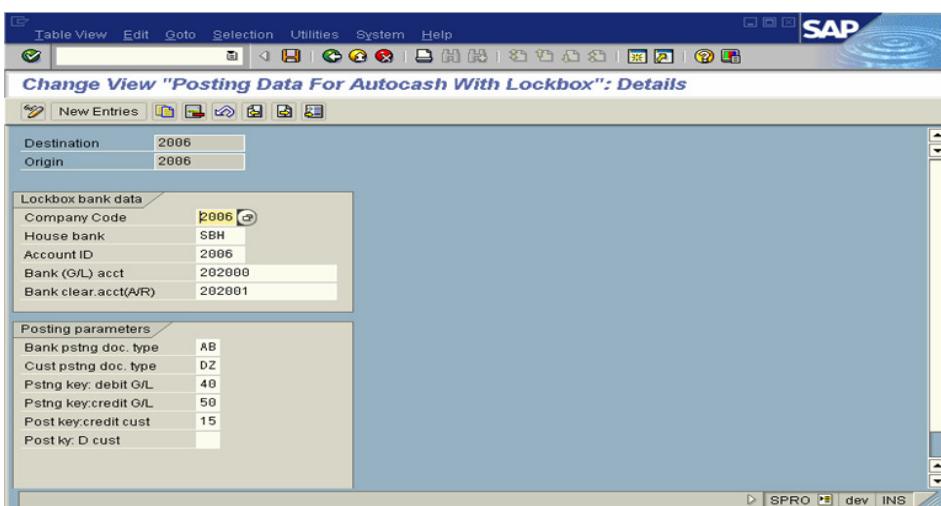
2. Record format: the present formats are BAI and BAI2 we can use any of the two.
3. Document length is to be defined for the format BAI only. Incase of BAI2 document length is not required.

Select the posting control check boxes as per the requirement. If any partial payments are there in the customer payments select the partial payment check box. And save the data.

The GL account type posting indicates how to post in the general ledger i.e. one line item per check or one line item for lock box(total amount)or one line item per batch. The screen appears as under.



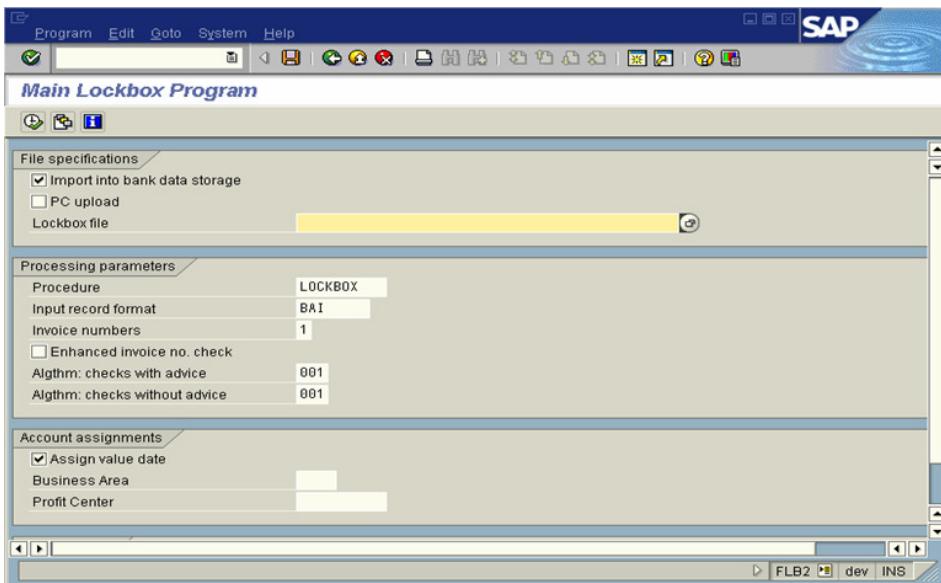
**Define posting data:** path is same as above: TC: OBAX.



Give the destination code given by the house bank for the lock box.  
The origin code is the lock box number maintained at the house bank.  
Give the account Id for the main bank account: 2006  
Give the general ledger account number for main account: 202000  
Give the check deposit clearing account number: 202001  
Give the document types used in the processing of Lock box transactions.  
And save the data.

**Import the file sent by the bank: accounting-treasury-cash management-incomings-lock box-FLB2 import:**

Give the file name to be imported



And execute the programme.(the programme name is: RFEBLB00)

After import verify the details and post the lock box transactions to update the accounts with in the company code.

Incorporate the lock box code in the customer master record: xd02

**Company code data>payment transactions: lock box: 2006 and save the data.**

**To Post the LOCK BOX: path is same TC: FLBP**

Give the details and execute the programme.

# **CHAPTER 4**

## Accounts Receivables



# ACCOUNTS RECEIVABLES:

Define account group for customers with screen lay out (customers)  
**Path: financial accounting-accounts receivable and payable-customer accounts-master data-preparations for creating master data-define account groups with screen layout: TC: OBD2.**

**Click on new entries button**

**Give 4 character code number account group: 200D**

**Give the description of the account group: customer account group:200D**

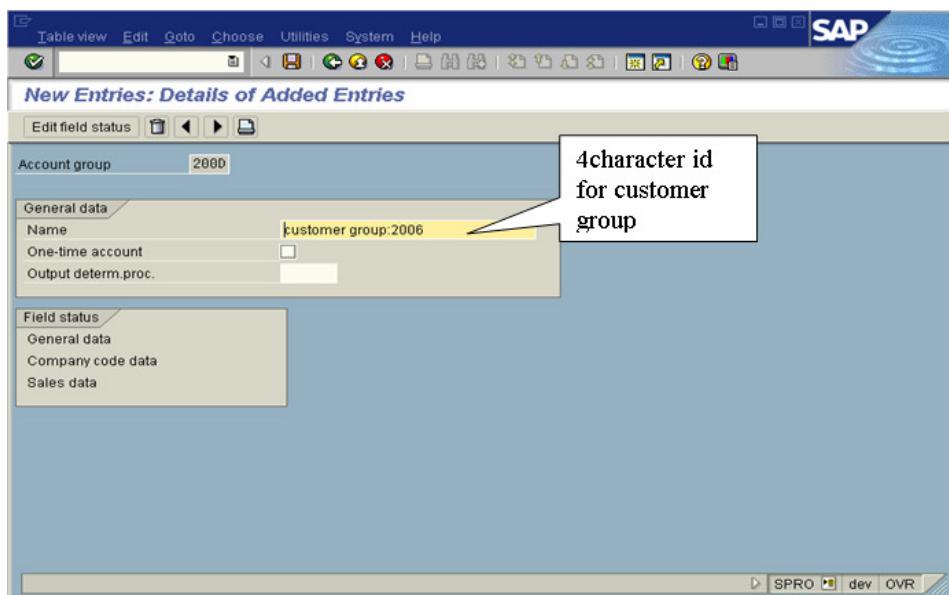
Save the data

Double click on the general data

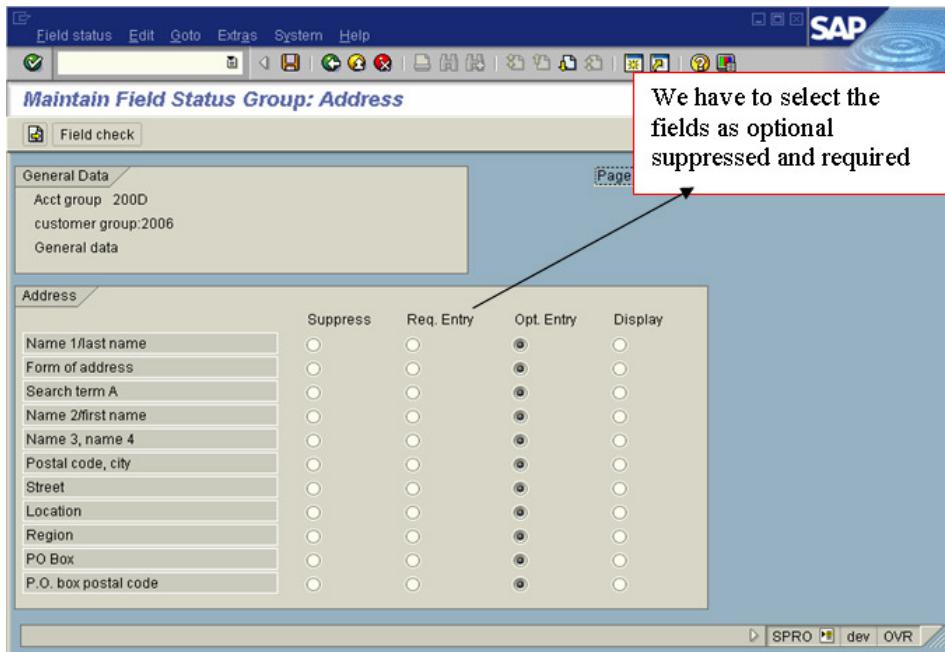
Double click on the sub group and set the field status of the fields as optional suppressed, required and as display. The general data is relating to the common information of the customer and also static information.

Double click on the company code data and again double click on the sub group set the field status of the fields you require for creating the master record. The company code data is differing from company code to company code.

- o Basing on the selection of fields only the system prompts the fields while creating customer master record



**Figure 101**



**Figure 101a**

Define screen lay out for company code: path is same:

This is the specific screen layout for the company code requirement. We can set this also if requested by the company for which we have taken up the configuration. In this step we can define or control the company code data of the master record only. We cannot set general data of the customer.

#### **Define the screen lay out for activity wise also:**

This is step where we can set field status of the customers basing on their activity i.e. if the customer belongs to accounting department exclusively we can define the general data as well as company code data relating to accounting department. Other wise if the customer opened at sales (modules) accordingly we can set the general data and company code data. If we define the field status of the customer the priority of the field status will be as under

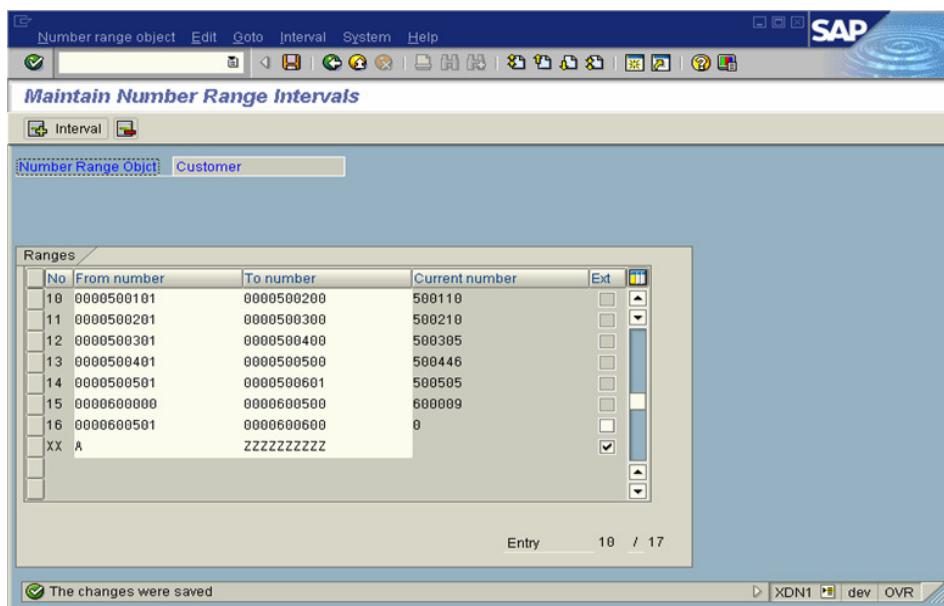
- the suppressed fields will have the first priority**
- required fields have the next priority**
- Optional fields have the last priority.**

#### **Define the number range for customer account groups:**

**Path: is same as above TC: xdn1**

Click on insert interval button,

**Click on insert button, give the serial no. and number interval and insert and save the data**

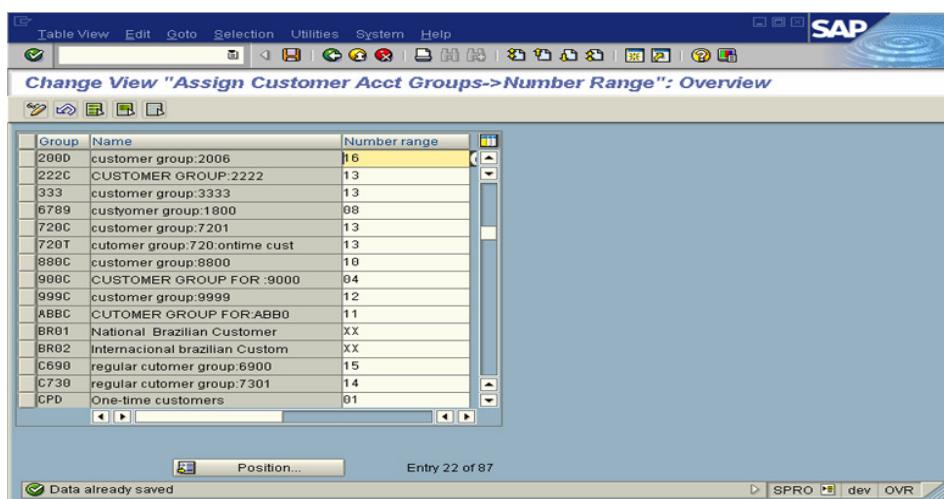


**Figure 102**

If you want the number assignment external select the external check box. Otherwise the system considers internal number assignment for the customer master record. This is also optional for the company for which you have taken up the configuration.

Our number range is 16 and interval is 600501 to 600600.

**Assign number ranges for customer account groups: TC: OBAR.**



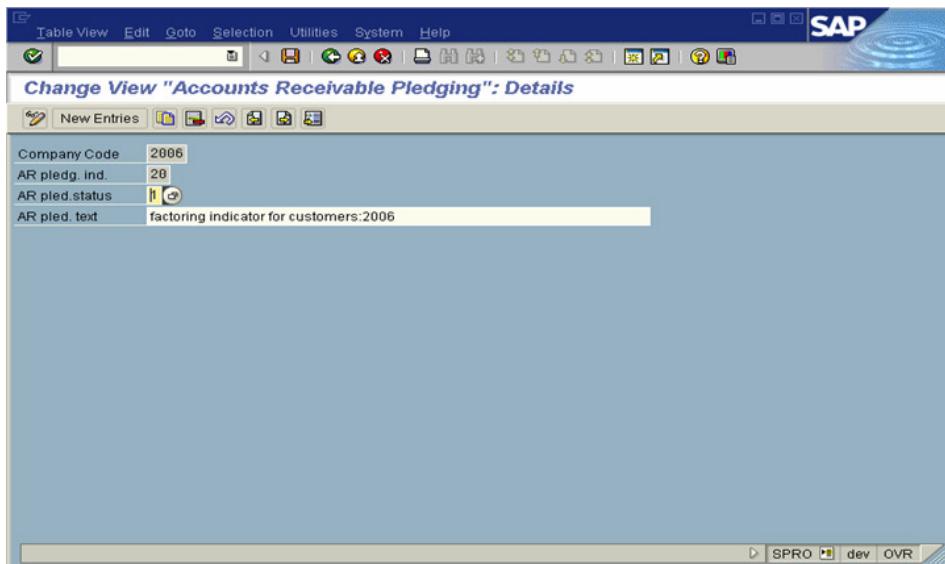
**Figure 103**

We have to assign the number range to customer account groups. The customer groups and number ranges are defined at client level. We can use the customer account groups for our requirement and assign the existing number range for the account groups also. Save the data.

#### **Define industries: path is same as above: OB44**

With a view to evaluate the customer accounts we can define the industry groups for which the customer belongs. The main purpose of this is for evaluation only.

#### **Define the accounts receivable pledging indicator: path is same: TC**



**Figure 104**

#### **Delete the customer master data:**

We can delete the customer master data if there is no transactional data in the account. If the transactional data is there the system does not permit to delete the data. Hence we have to delete the transactional data first and delete the master data latter on.

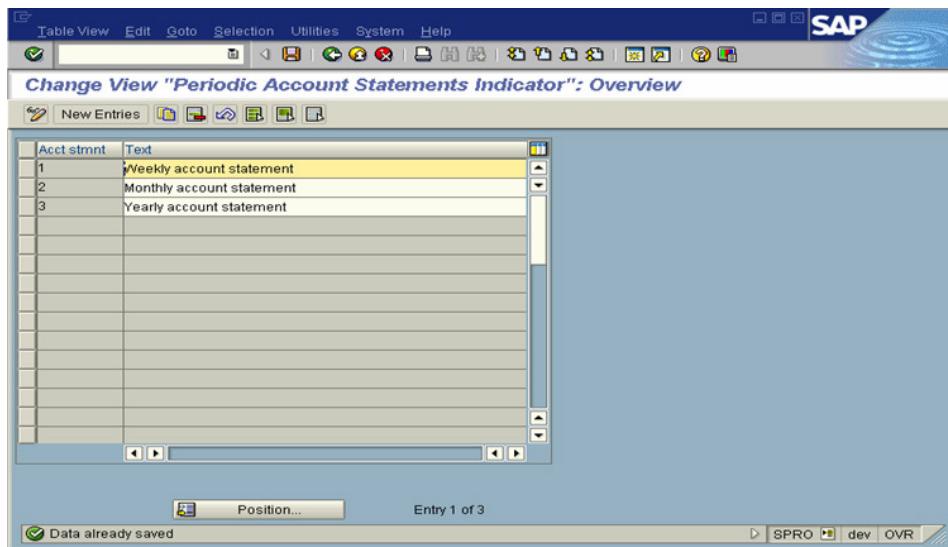
#### **Path: financial accounting-accounts receivables and accounts payable-customer accounts-master data- delete master data TC: OBR2**

Give the required details and deselect the test run check box and execute. Automatically the accounts will be deleted.

#### **Define the period type for the customers: path:upto master data-is same as above and click on line items- correspondence-define the period type for the customers:**

If you want to submit the account statement for the customer at predetermined time intervals we can set the periodicity of the account statement and the same to be added in the master record of the customer master

Give the periodicity of the account statement



**Figure 105**

and description of the statement and save the data. the system automatically prints account statement as per the interval what we have set in the master data.

#### **Define the work list for display of balances:**

This functionality is useful for display of balances of all the customers with single format. In real time it is more important functionality for the company end users.

#### **Define customer master record: accounting-financial accounting-accounts receivable-master records-fd01-create:**

**Give the customer account group: description: customer group:2006**

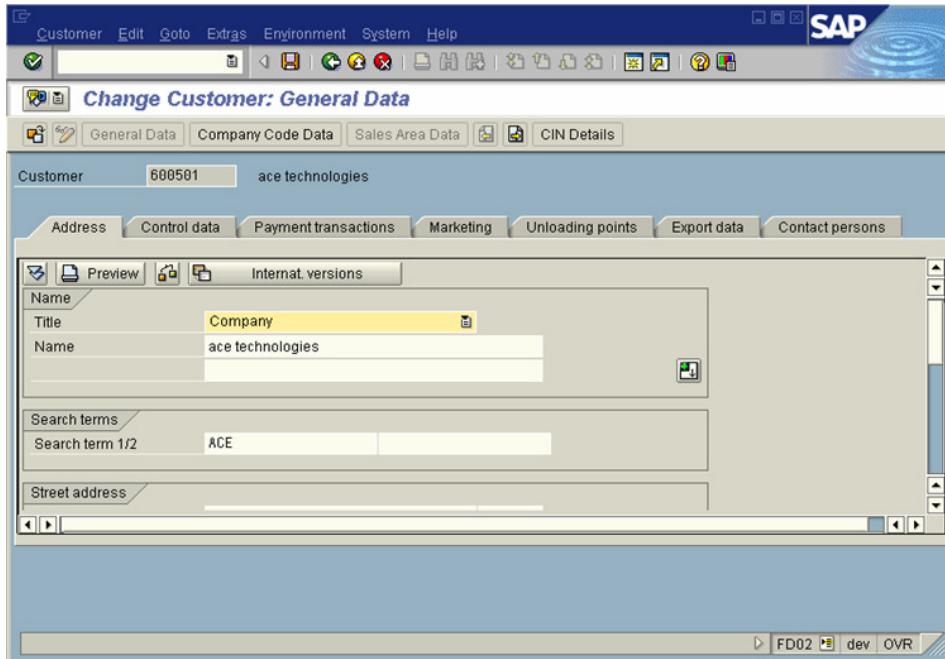
**give company code:2006 and continue**

**give the title of the company: company or Mr and Mrs.**

**Give the name of the company: wipro technologies**

**Give the name of the country: IN**

Click on company code data button on the application tool bar  
Give the reconciliation account number: accounts receivable account  
Give the sort key: 012  
**Give the cash management**

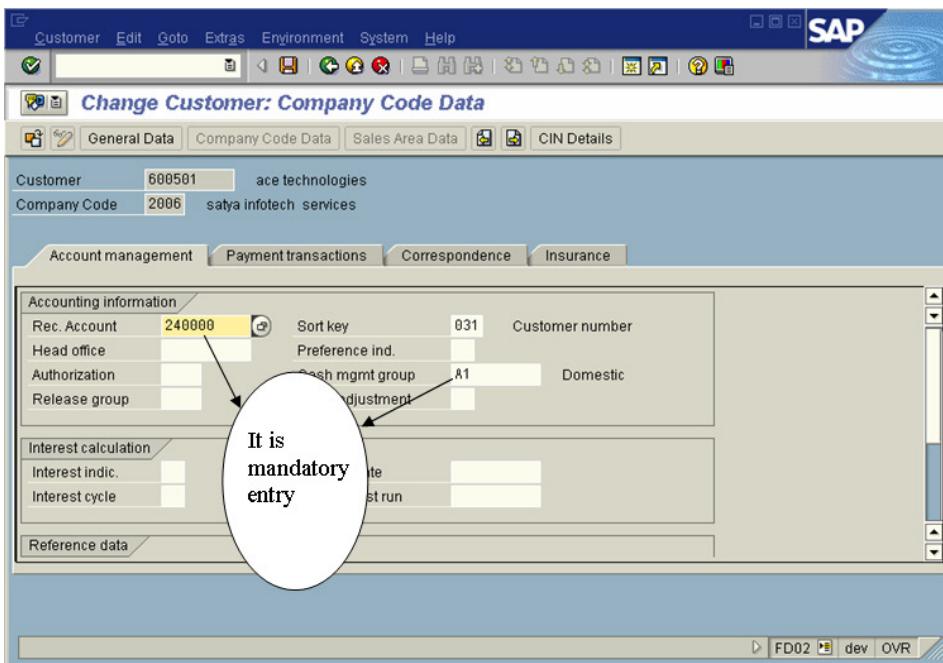


**Figure 106**

group: A1.and other details if required. The screens will appear as above. If you want to make any changes to the master record the transaction code : FD02: display master record transaction code :FD03 block or unblock the customer master record:FD05 display changes made to customer master record:FD04

*Note: in the master record: we can give important details under the Marketing tab page:*

1. *Industry wise report*
2. *Customer volume wise report or customer class wise.*
3. *We can maintain the key figures like sales of the previous figures for comparison purposes.*

**Figure 107****Business process:**

Satya info tech making sales to ace technologies. The customer wanted to make the payment individually for each invoice. Satya info tech wanted you configure the same for this customer exclusively (to receive the payments individually).

**Sap process:**

While creating the customer master records, we can set this condition by selecting the check box ?single payment. Accordingly while running the automatic payment programmes for incoming payment the system makes the incoming payment individually for each open item.

(if you don't set this in the master record, while customizing app we can set it. But it will applicable to all customers uniformly without specific customer. Hence it is better to configure in the master record.

**Business process:**

Satya info tech wanted to maintain the classification of customers as per the volume of sales. How it possible in sap? And further the company wanted to maintain the last year turn over of customer as readily available. How you will customize this process request?

### Sap process:

Yes, it is possible in sap soft wear to customize the above business process. While defining the master record for a customer we can give the last year figures (key figures) like volume, currency, fiscal year. Besides the above we can give fiscal year variant also in the master record. However, these details are useful for the purpose of evaluation only. Apart from that, we can classify the customer basing on the volume of the sales made to him by defining the Customer class in the Master Record.

**2. We can customize the customer master records, basing on their business and type of industries also by defining the same in the master records. These are useful for internal evaluations only.**

**Define the number range for document types for customers:**

**Path:fa-fags-document-document header-define document types: OBA7.**

Select the document type DR click on number range information click on insert interval button, give the number object (in the document type) and give the number range interval for the number object. (If you want to maintain the number ranges for externally select the external check box otherwise leave blank for internal number ranges.) save the data. Repeat the same process for all document types like DA DZ DG also.

*Note: Tolerances for vendors/customers were already set while dealing with the accounts payable concept. Hence it is not at all required again to set up here.*

### SALE PROCESS FLOW:

ENQUIRY>PURCHASE ORDER>DOWN PAYMENT  
REQUEST>DOWN PAYMENT>SALES ORDER CUM INVOICE  
(OUTGOING INVOICE)> GOODS DELIVERY>BILLING OF DOCUMENT> ACCOUNTS RECEIVABLE>INCOMING PAYMENT.

**END USER ACTIVITIES:** posting of outgoing invoice: accounting-financial accounting-accounts receivable- document entry- f-22 incoming invoice.

**Give the header data**

**Give the customer account number:XXXXXX**

**Give the line items details. Simulate and post the transaction.**

**Posting of invoice in enjoy screen: FB70**

**Posting of credit memos: FB75 or F-27**

Receipt of incoming payment: F-28

Posting of multiple incoming payments in one screen: F-26

Display of document: FB03.

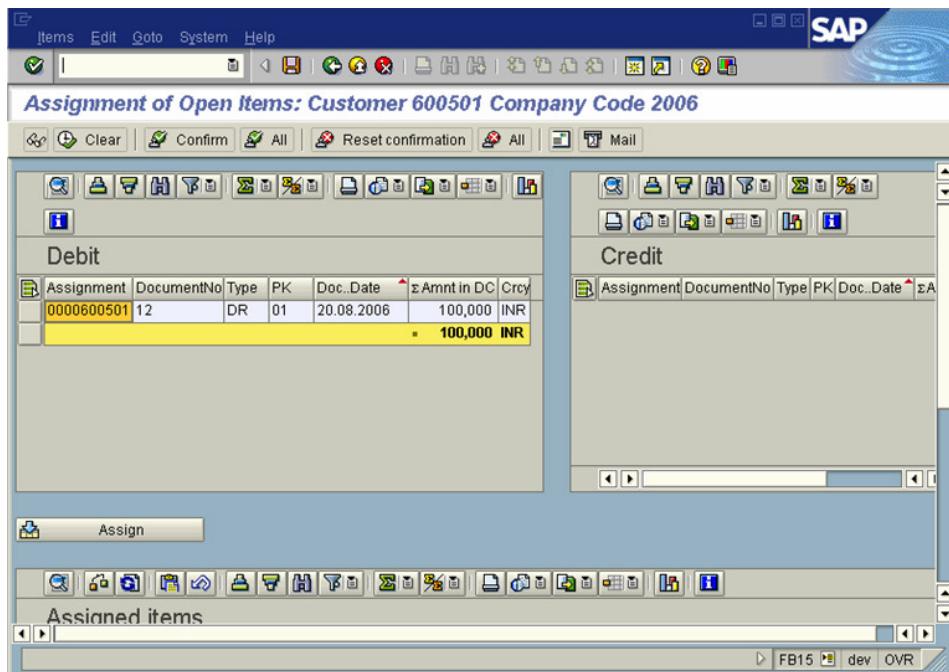
Change of document: FB02  
 Display of customer balances: Fd10n  
 Display of customer line items: FBL5N  
 Customer analysis: FD11.

### **Receipt of incoming payment through assignment mode:**

Accounting-financial accounting-accounts receivables-account-assignment-FB15 assign/clear opens items.

### **Give the customer number**

Give the company code and execute



**Figure 108**

System shows all open items in debit column;

Select the invoice to make the payment and click on assign button; then the entry will be placed in assigned items(below); select the assigned item and confirm the assignment by selecting the confirm button; after that select the confirmed assigned item and click on clear item it will takes the new screen of clearing function. Click on charge off button give the posting key 40 and bank account number<enter> give the \* button in amount column and text to document <simulate> and post. The system clears the open items.

## DOWN PAYMENTS RECEIVED:

Down payments are called as special general ledger transactions in sap environment. To customize these down payments, we need to use the special general ledger indicators. Sap has already defined the spl.gl.indicators. We can use them.

Pre requisites to configure: 1. Down payments received account (as liability and Reconciliation ac)

Path: financial accounting-accounts receivables and accounts payable and business transactions-down payments received-define alternative reconciliation account for down payments received. TC: OBXR

Double click on D and Z combination of down payments

Give chart of accounts: 2006

Give reconciliation account: accounts receivable account

Give spl.gl. Account: down payments received account

Save the screen appears as under:

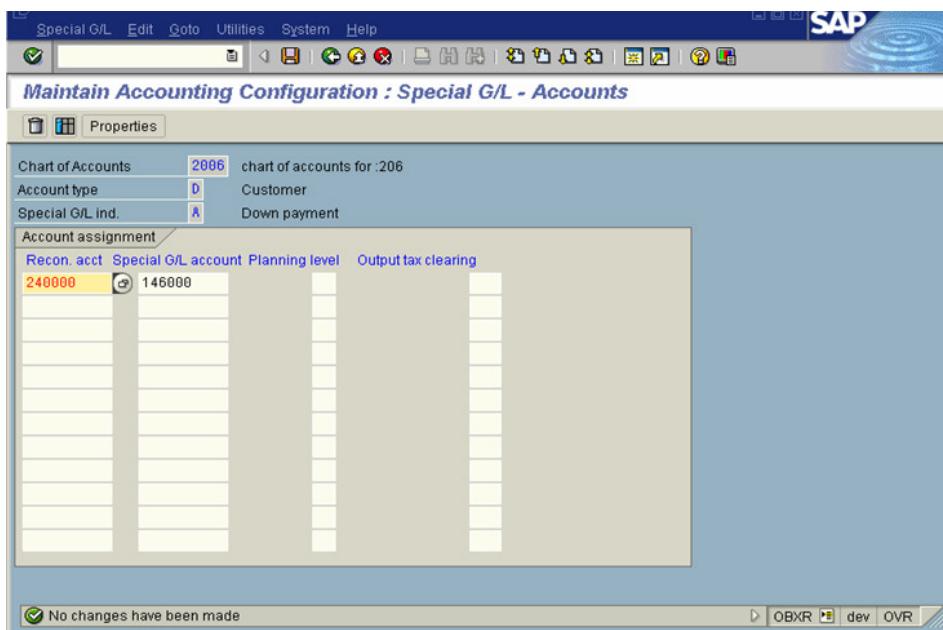


Figure 109

### Configuration of down payment request: same path:

Double click on D and F combination down payment request

Give the reconciliation account: accounts receivable account

Give the special GL account: down payment received account

Save the data

## **End User Activities: down payment request: accounting-financial accounting-accounts receivable-document entry-down payments-down payment request.**

Posting of down payment request in F-37 request

Give the header data and customer account no: 600501

Give the target spl.gl. Indicator: A<press enter>

Give the amount and due date and post the entry. It will post with the original document.

**Note :**

1. *Down payment request is called in sap as noted items.*
2. *Down payment request is posted as single side entry in customer account only with special GL indicator*
3. *The down payment request can be converted into actual down payment or else we can reverse the entry by reversal option.*

**DOWN PAYMENTS:** 1. we can convert the down payment requests into actual down payments or otherwise also we can directly create the down payments received.

**Path:** is same as above. **TC: F-29.**

### **Give the header data**

Give customer account number: 600501 give special gl indicator: A

Give bank account number and amount and text<press enter>

Save. If you want to convert the down payment request into down payments (absolute) give the header data and customer details and bank details click on Request button select the down payment request line item check box and click on create down payments and save the data

*Note: noted item will be cleared and spl gl. Item will be shown as open item.*

Post the incoming invoice in transaction code: f-22

Clear the down payment to the invoice posted: path: same as above: TC: f-39

Give the header data

Customer account details

Click on process down payments button

Double click on transfer posting column (for total down payment will be adjusted) otherwise give the amount of down payment to be adjusted to this particular invoice:<simulate> and post.

*Note: open item invoices can be cleared by posting of down payment and also credit memos.*

**Receipt of incoming payment: path: same as above: TC: f-28.**

**Automatic payment programme can also be run for incoming payments. For which we have to define the payment method for country as well as payment method for company code level for incoming payments. Besides that we have to define the ranking order for the house bank and account and for incoming payment method. The payment method has to be assigned in the customer master record.**

**We can select the additional selection criteria from the free selections, accordingly the system run the automatic payment programme.**

### **BILL OF EXCHANGE TRANSACTIONS:**

This is one of the familiar modes of payment method in business transactions. In these transactions generally two persons are involved. One is drawer. Who draws the bill of exchange or who affect the sales and other one is the person who accepts bill is called drawee, who makes the purchases.

Bill of exchanges is two types. 1.demand bill of exchanges and 2.usance bill of exchanges. Demand bill of exchanges means payable on demand where as the usance of bill of exchange means payable after some due date in future.

Process of bill of exchanges:

**Sales>prepare bill of exchange>acceptance of bill of exchange> retaining the bill of exchange till due date or discount with bank to improve the liquidity> honor or dishonor the bill of exchange on due date.**

Prerequisite to configure the bill of exchange transactions:

1. Bill of exchanges receivable account (asset and reconciliation account)
  2. Bank bill discounting account (as liability and clearing account)
  3. Bank account.
  4. Bank charges account
- Process of configuration of bill of exchange transaction:

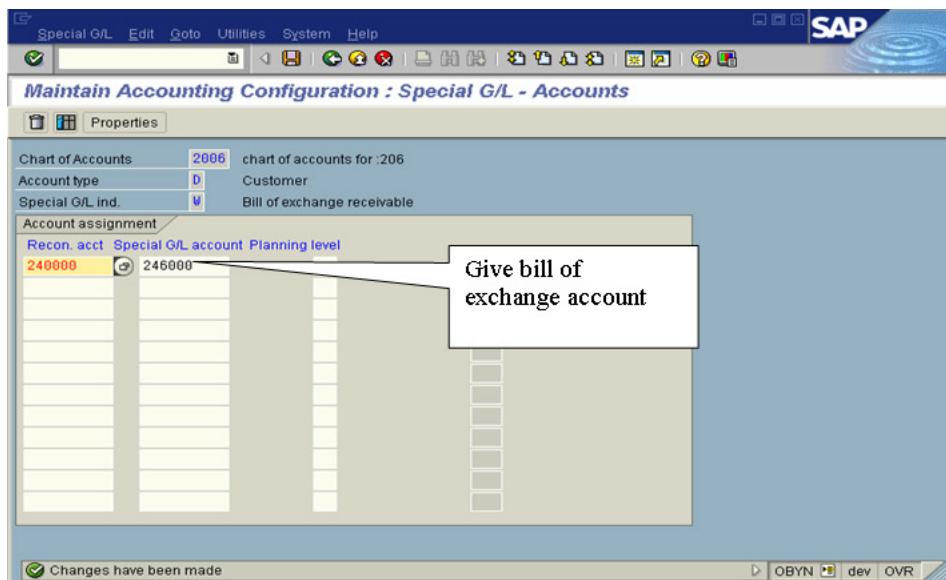
Define alternative reconciliation account for bill of exchange transactions.  
Path:

Financial accounting>bank accounting>business transactions>bill of exchange transactions>bill of exchange receivable> define alternative reconciliation account for bill of exchange transactions: TC: OBYN

Double click on D and W combination of bill of exchange receivable

Give chart of accounts: 2006

Give the reconciliation account: accounts payable and special gl account: bill of exchange receivable account.



**Figure 110**

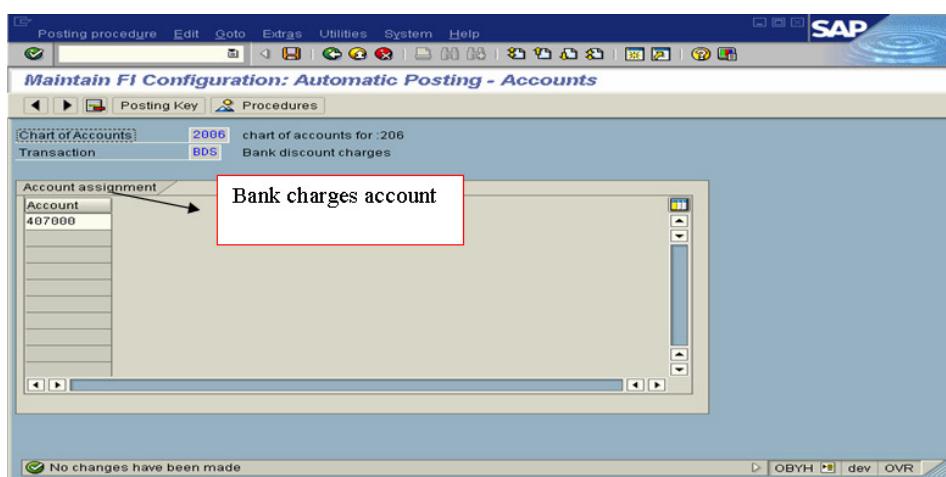
Automatic determination of bank charges for discounting bill of exchange:

Path: determine accounts for bill of exchange transactions: TC: OBYH

Double click on transaction key BDS

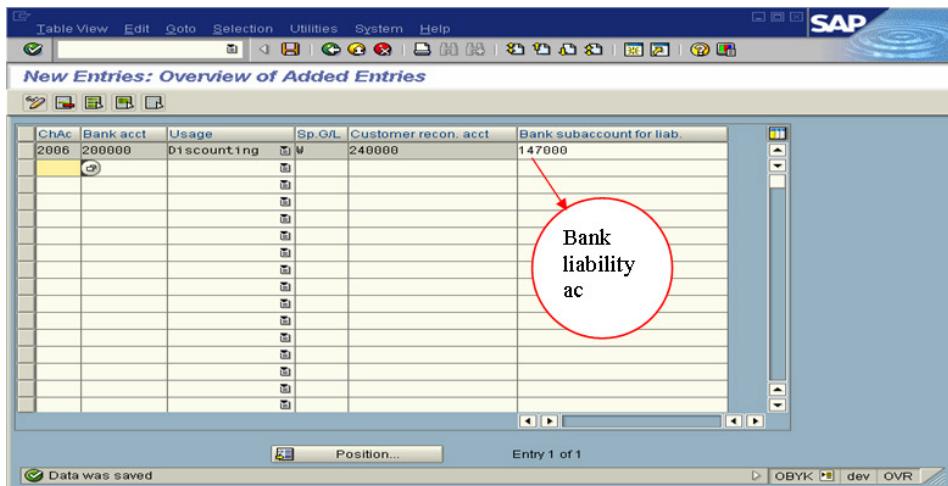
Give chart of accounts: 2006

Give bank charges account: 407000 save.



**Figure 111**

## Define bank sub accounts (discounting of bill with bank) TC: OBYK



**Figure 112**

Select new entries button

Give chart of accounts

Give bank account specify the usage as: discounting: sp.gl W customer recon. Ac: recon. Ac and bank sub account for liab: bank bill discounting account. The details appear as in the screen.

### End user activities:

1. Post the outgoing invoice in f-22
2. Receipt of bill of exchange: path: accounting-financial accounting-accounts receivable-document entry-bill of exchange-f-36 payment:  
Give the header data  
Select incoming payment  
Give customer account number  
Ensure special gl indicator: W <enter>  
Give bill of exchange amount and text  
Give other details as due date issue date planned usage as discounting  
Click on open items button  
Give account number and again click on process open items button  
Select the invoice and simulate and post.

### Discounting of bill of exchange with the house bank:

**Path: accounting-financial accounting-accounts receivable-document entry- bill of exchange-f-33 discount of bill of exchange**

**Give the header data**

**Give the bank account number and value date**

**Give the amount to be credited into bank ac**

**Give the charges if any**

**Select bill of exchange button and give the bill of exchange document number**

**Again select bill of exchange button**

**A message will be displayed on status bar and save the transaction**

**Go and verify the accounts**

**On due date if the customer makes the payment reverse the contingent liability in transaction code F-20**

For collection of bill of exchange also follow the procedure:

1. Define accounts for bank charges account for collections the transaction key: BIK
2. Rest of the things is same as the discount procedure and post the collection of bill of exchanges in F-34
3. Once the bill is collected from reverse the contingent liability f-20.

#### **BILL OF EXCHANGE REQUEST CONFIGURATION:**

Define the accounts for bill of exchange request: path: financial accounting-bank accounting-business transactions-bill of exchange transactions-bill of exchange receivables- defines accounts for bill of exchange transactions.  
TC: OBYN

Double click on D and R combination of Bill of Exchange request

Give chart of accounts:2006

Give customer reconciliation account: accounts receivables ac

Give special general ledger account: bill of exchange receivables account

Save the transactions.

**Enter the bill of exchange request in easy access screen: TC: FBW1.**

Give the header data

Give Bill of Exchange amount and due date and other details.

**Post the invoice transaction in F-22**

**Convert the bill of exchange payment request into bill of exchange payment**

Give the header data details

Give the bill of exchange special gl indicator

Give the bill of exchange request document number

Press enter and give the amount and verify the other details

Click on process open item button and give the customer account number and click on again process open item button simulate and save it

Verify the accounts

### **Interest calculation on open items: business process:**

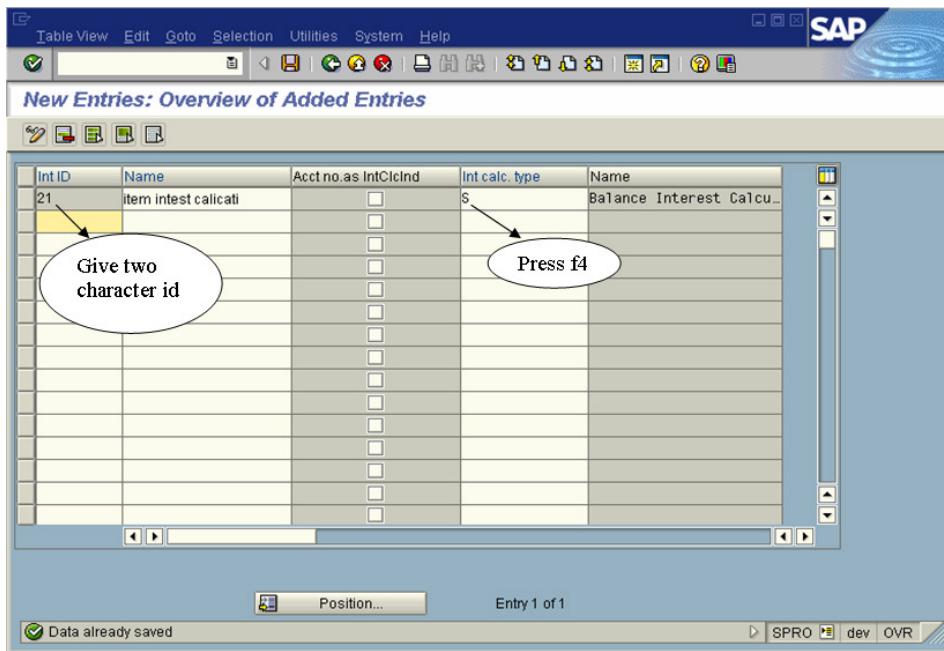
The company used to charge the customers 12%int on the open items with over due and payments made after over due. Please configure the requirement in sap environment.

Sap configuration of interest calculation: refer earlier chapter of interest on gl balances:

1. Define interest calculation types:

Path: financial accounting-accounts receivable and payables-business transactions-interest calculations-interest calculation global settings-defines interest calculation types.

#### **Click on new entries button**



**Figure 112**

**Give two character id for interest indicator give description and interest calculation type S**

Define the number ranges for interest forms: same path:

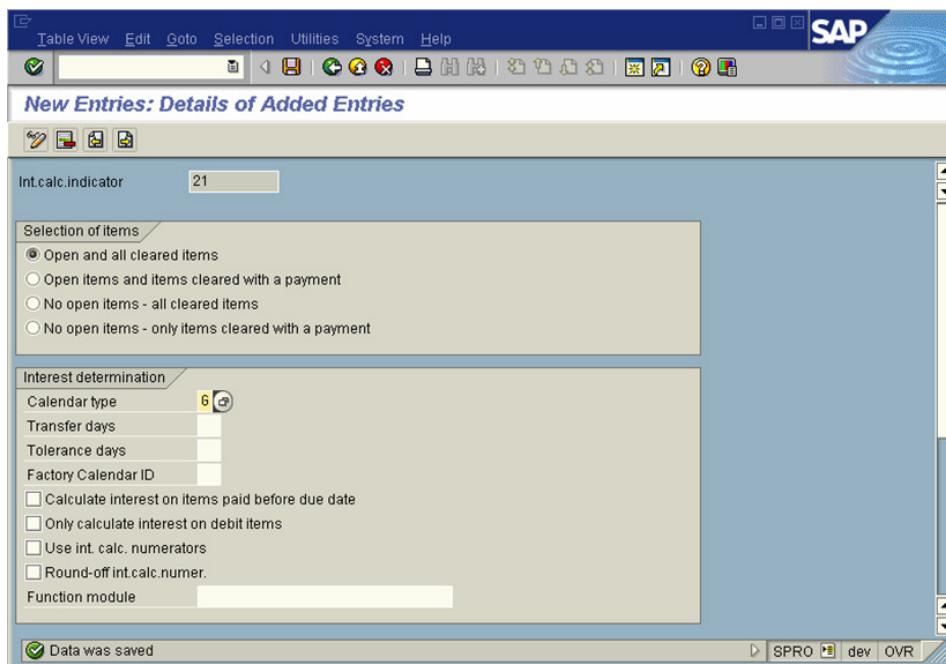
Give company code: 2006 click on change interval button click on insert interval button give number range and interval and click on insert button and save the activity

Prepare interest calculation on arrears :( general settings for interest calculation)

Path is same: transaction code: OB82

Click on new entries button

Give interest indicator



**Figure 113**

Select the items as required:

Open items and cleared items: all open items and cleared items after due date including credit memos and down payment offsetting entries and other related items also.

Open items and items cleared with payment: the system calculates the interest on open items and the cleared items with payment only (not by any credit memos and down payments)

No open items with all cleared items: system calculates interest on cleared items (all types) only

No open items with all cleared with payment items only (only payment)

Give the calendar type

Give transfer days and tolerance days also if required,

### Calculate interest on items paid before due date:

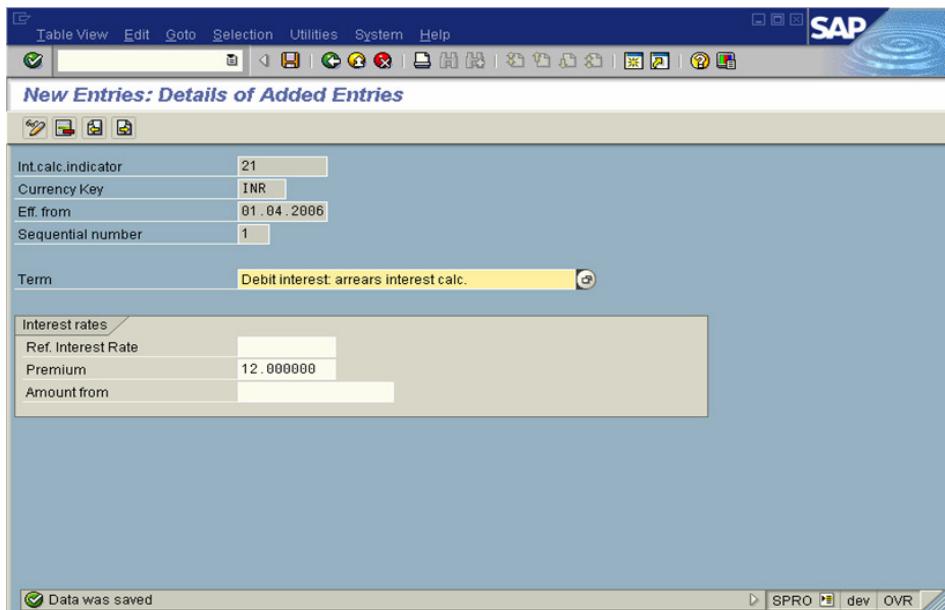
Means any payments made before due date; the system calculates the interest on such items if you select this check box.

You can give the payment terms also for calculation of interest if required

Give the number range (what you have created for this purpose) i.e.I2

Save the data

Define Time based Terms: path: up to interest calculation is same >interest calculation>define time based terms: TC:OB81



**Figure 114**

Give the interest indicator: 21

Give the currency: inr

Give the wef: 010406

Give the sequential number: 01

Give the terms: debit interest: arrears interest

Give the interest directly in premium column:

Save

Like the way create for credit interest: arrears interest cal also

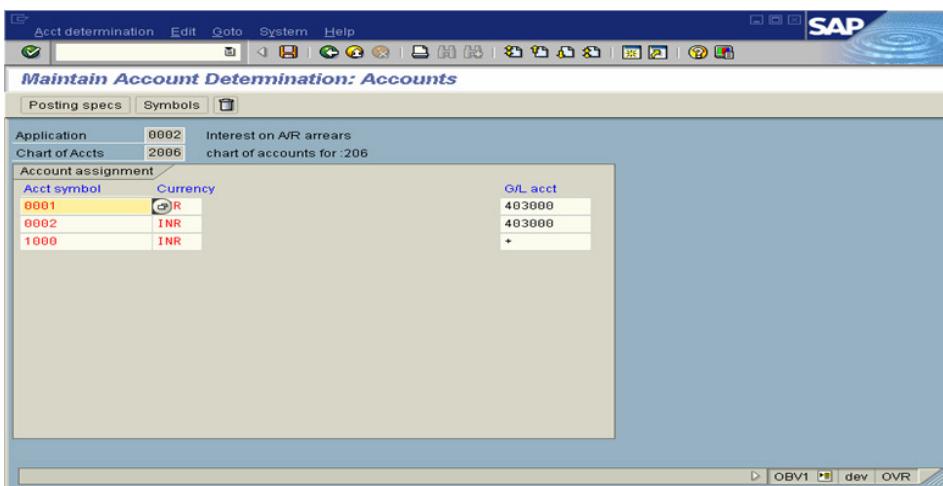
Give sequential number :02

Interest Posting: path: up to interest calculation is same >interest posting>AR calculation of interest on arrears

TC:OBV1

Click on accounts button

Give chart of accounts

**Figure 115**

give account symbol :0001 currency inn Gl account no:403000

give account symbol:0002 currency inn GL account no:403000

give account symbol 1000 currency inn Gl account no:+(masking)

go to men item go to>posting specs>

click on create button give business transaction 1000 company code+ interest indicator:21 business area+ and continue

give postingkey:01 (customer debit)

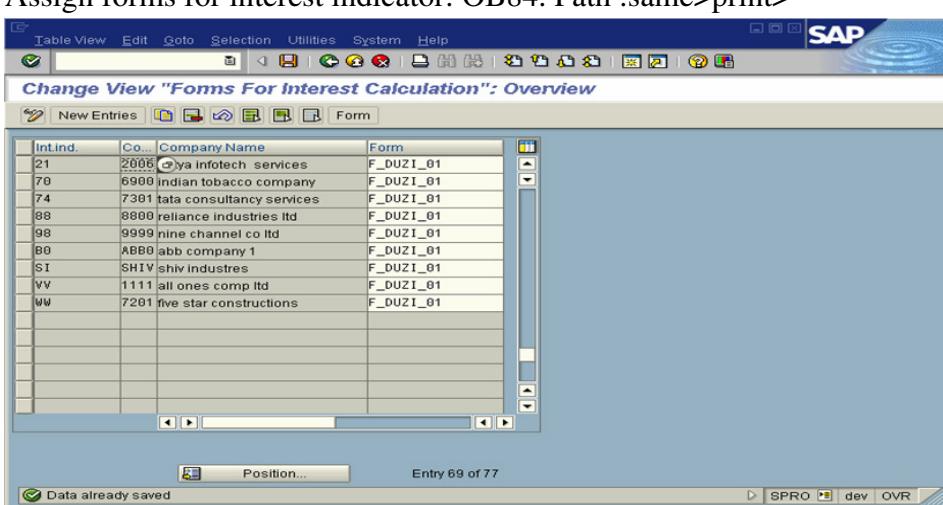
give account symbol:1000(customer)

give posting key:50(gl credit)

give account symbol:0001(interest received)

save

Assign forms for interest indicator: OB84. Path :same>print>

**Figure 116**

Select any one select copy as function

Give interest indicator and company code and save.

Form name for the interest indicator is: as above.

Note: incorporate the interest indicator in customer master record: FD02

### **EXECUTION OF INTEREST ON CUSTOMER BALANCES:**

PATH: accounting-financial accounting-accounts receivables-periodic processing-interest calculations-arrears interest-free selections-F-24 free selections

Give the customer number

Give the company code

Give the settlement period

Give the form name

Select the print form check box

Give the printer name

Select print account overview check box

Give the printer name

Execute

To post the interest to the customer account:

Select post interest settlement check box and

Update the master record check box and execute.

A session will be created as RFDUZI00 and execute the session in SM35

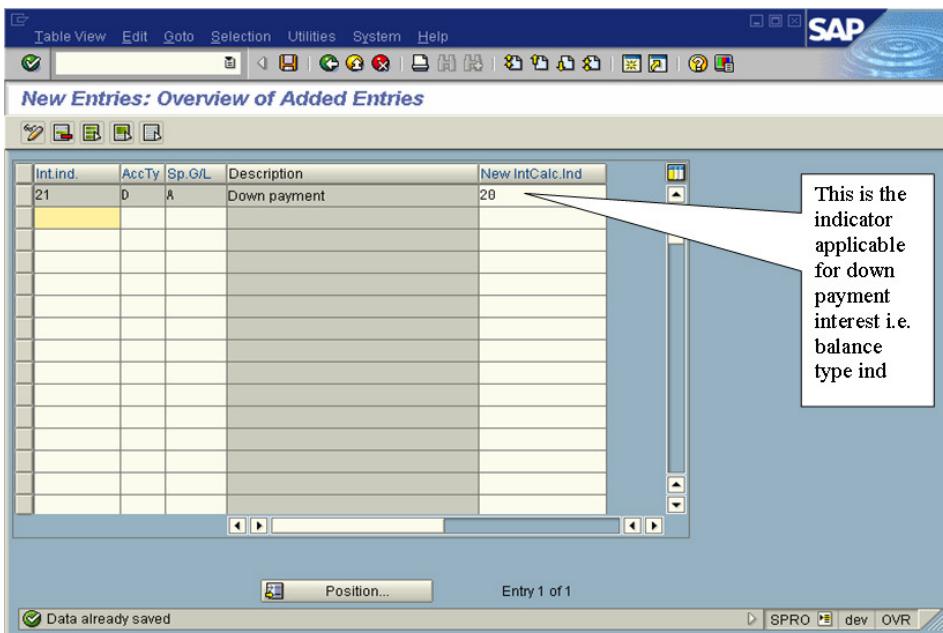
Or menu item system>services>batch input sessions> select the session click on process button select display errors only button again click on process button; you will get session overview button and verify the document of interest posting.

*Note: if the interest is not posted go and verify the customizations.*

### **Calculate the interest on down payments and other special gl transactions:**

Generally in real time we used to calculate the interest on down payments and sometimes delay in payment of bill of exchange transactions also. For this purpose we have to configure the alternative interest indicator. Because these transactions are to be considered as Balances in General Ledger account; accordingly the system applies balances interest calculation.

Path: Prepare interest calculation on special general ledger accounts: financial accounting-accounts receivable and accounts payable>business transactions>interest calculations>interest indicator global settings>prepare interest calculation on special genera ledger accounts: **TC: OBAB**

**Figure 117**

Give the interest indicator

Give the account type

Give the special GL indicator

Give the alternative interest indicator you want to apply the interest on spl GL accounts.

Save the entries.

#### **Maintain withholding tax code for interest payments: path: same as above**

Give country code

Give the withholding tax type

Give valid date

Give tax code for interest

Save the transaction.

## **DUNNING:**

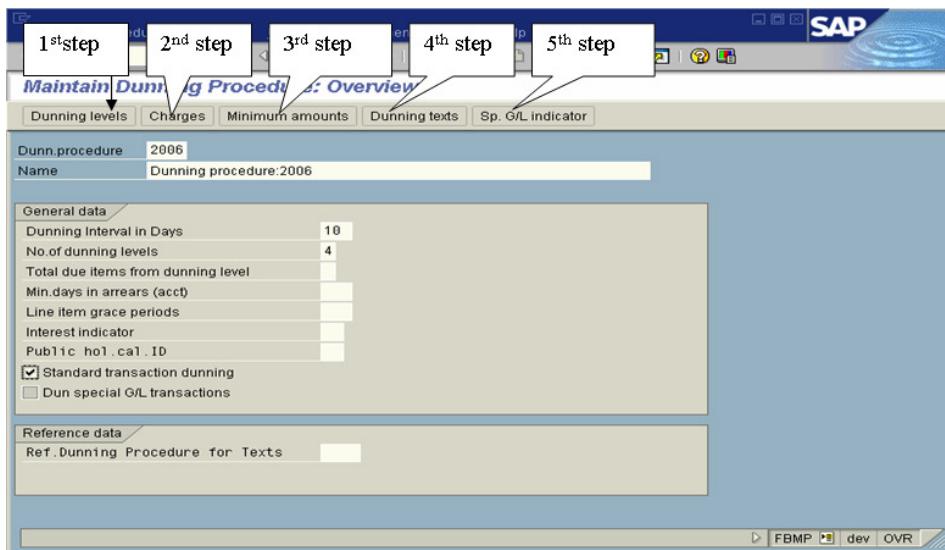
Dunning is the functionality in sap to serve the notice to the customers, vendors, and special general ledger transactions also, which are overdue for the payment. Dunning means to remind or to give notice for payment of due items. It is regular activities to serve the notice to customers for their overdue amount. To customize we have to follow the following procedure.

## DEFINE DUNNING PROCEDURE

Path: financial accounting>accounts receivables and accounts payables>business transactions>dunning>define dunning procedure: TC: FBMP

### Click on new procedure

Give the 4 character name of the dunning procedure: and description of the dunning procedure:



**Figure 118**

Dunning interval in days: this is time interval between two notices

No. of dunning levels: it specifies the number of notices to be served on to the customer

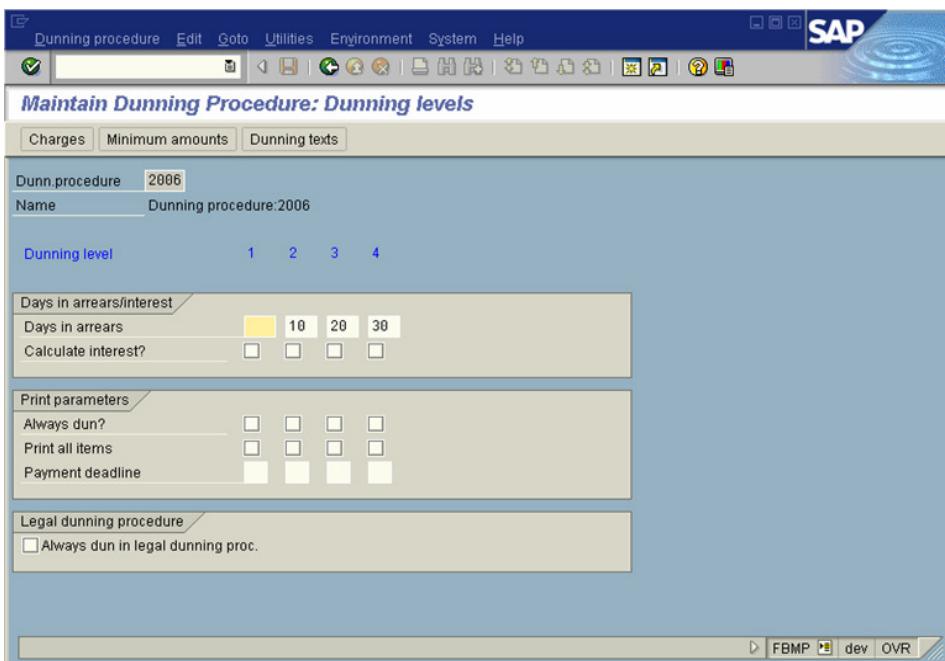
Total due items from dunning level: this is the level from which all the due items will be totaled and specify the total amount

Minimum days in arrears (acct): if you specify any days here in this column the system will dun this account if any one of due item due by the days mentioned in this column. Otherwise the system will not issue notice though the due items are there in the account.

We can allow the grace period for the line items column

We can set the interest indicator for the account

Click on dunning level button

**Figure 119**

Days in arrears: it means that the items are due for dunning from one level to 2nd level.

Calculate interest shows the interest will be calculated from the selected level of the dunning

Always dun means the system issue the same notice from here onwards.

Print all items: it indicates form which level you want to send the list of all over due items to the customer. It generally set to the account form highest dunning level only.

If you want set payment deadline for the customer specifically we can select the level on which we want to set the payment deadline.

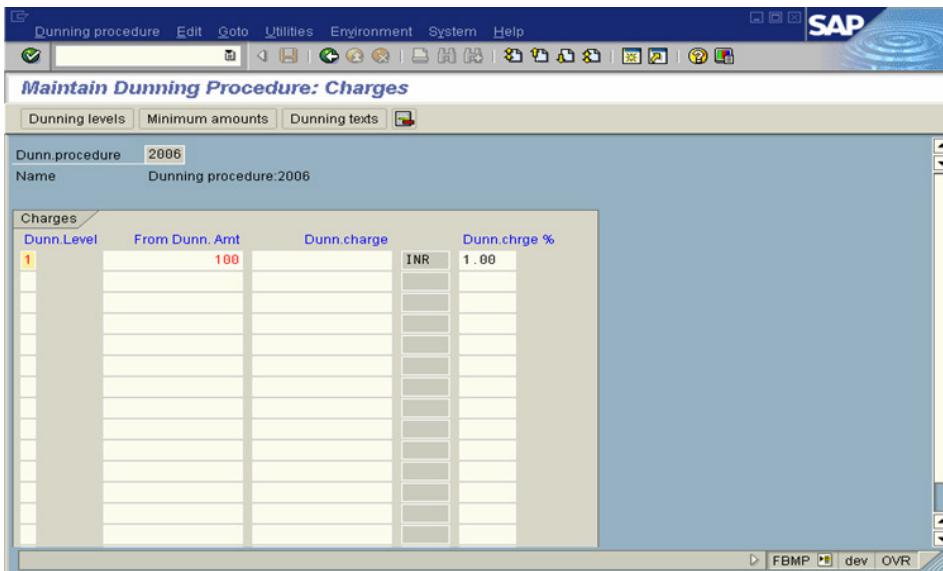
### **Click on charges button**

Give currency and continue

Give the dunning level

Give the amount from which you want charge the notice charges

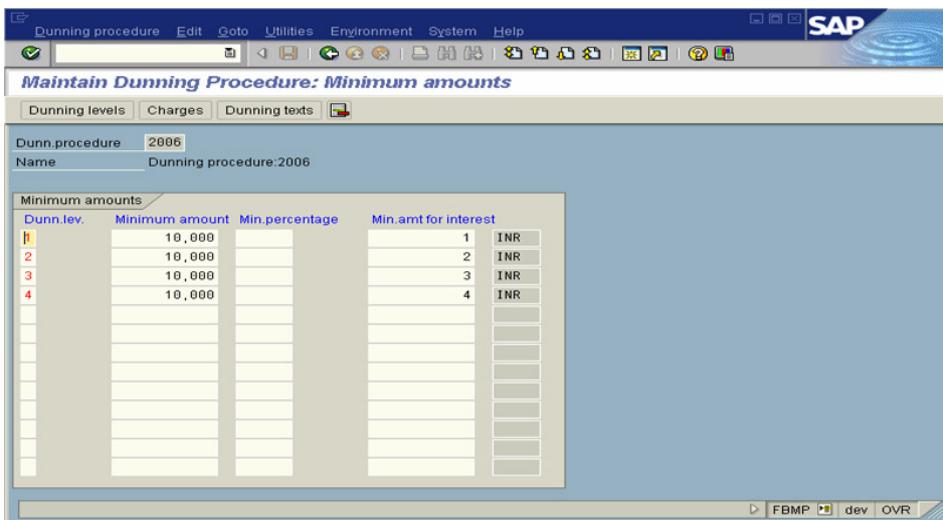
Give either the absolute amount or % of charge and save the transaction



**Figure 120**

**Click on minimum amounts button:**

Give the currency and continue



**Figure 121**

Give the dunning level

Give the minimum level: this is amount of the account should be equal or more than this amount to generate the dunning notice for the account

Give minimum percentage: this is the percentage of the over due items to be selected for dunning when compared to all the open items of the account.

The system will check the account in the previous column and the percentage should be equal or more the amount specified in the amount column.

Give the minimum amount for interest: this is the amount on which the system can calculate the interest.

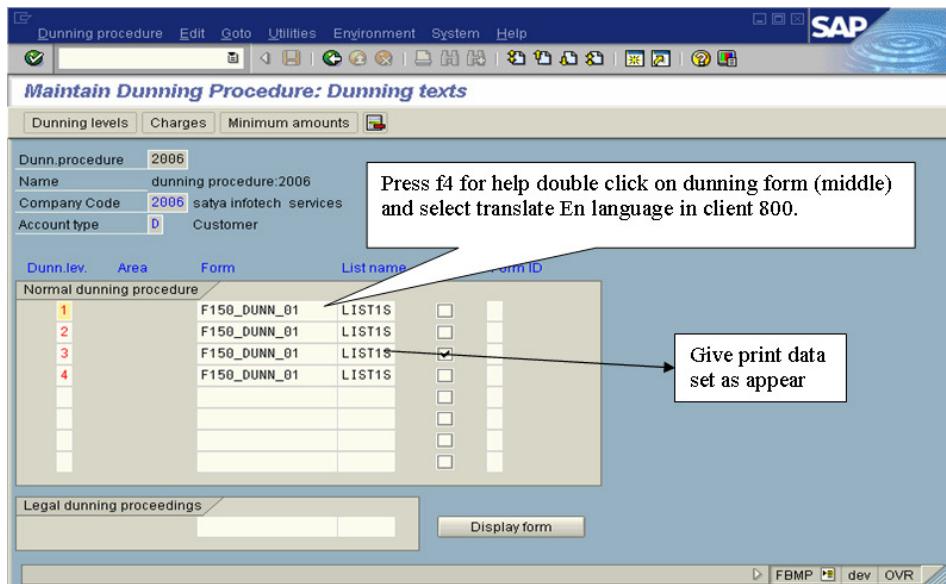
Save the transactions. Click on dunning texts button.

Give company code

Select either customer or vendor and continue

Click on new procedure code and give company code and continue and save the transaction

Keep the cursor on the new procedure; again click on new procedure and again select the dunning texts button and save .



**Figure 122**

Incorporate the dunning procedure in the customer master record: fd-02

Give the dunning procedure in the customer master and save

**Define the interest rates: path: is same**

Give the indicator and currency and debit interest and credit interest and save the transaction.

**Check the dunning programme configured by the junior consultant:**

Path: financial accounting-accounts receivable and accounts payable-business transactions-dunning-generate list for dunning programme configuration: TC: OBL6

Give the dunning procedure

Give the company code

And execute

We can find the configuration settings and anything we can recommend for changes.

### **Define dunning areas: TC: OB61**

We can define the dunning areas accordingly we can issue dunning notices within the company code. i.e. business area, profit centre, .The dunning areas can be used the same dunning procedure or different procedure. These dunning areas have to be incorporate in the customer master record or we can assign in the line item also.

Select new entries button

Give company code

Give dunning area

Give the text of the dunning area and save the transaction.

### **Define dunning keys: TC: OB17**

These dunning keys are used to limit the dunning levels in the procedure. If you specify the dunning key accordingly the system generate the notice though the higher levels are created in the procedure.

Attach payment media:

This functionality is useful incase you use the automatic payment programme for incoming payments and send the list of such payments along with the print media to the customer. This enables the customer to know the balance of account and payment made him.

## **TAX ON SALES AND PURCHASES:**

Every country levies taxes on the goods and services produced by companies and the raw material used for the purposes of producing goods and services. Generally the tax calculation procedure is differs from country to country. According to the government policy and the revenue resources, it levies the tax on goods. For this purposes each country develop its own structure of taxation independently. According to the country's policies the tax levying authorities are different. The tax levying authorities are may be at central level (uniform tax structure) at state level (decentralized tax structure) or some times it may be at both levels (mixed tax structure).

While implementing the project, we must understand the tax structure of the country and has to apply the same to our project as per the requirement.

SAP is a standard soft wear, hence has not at all developed any country's requirement specially. However, it developed a separate soft wear and made a generic interface with the SAP and supplying to the companies for which they belongs a country. As far as India is concerned the tax structure was embedded in CIN i.e. Country India Version.4. the version is changes from year to year basing the changes made to the tax calculation system in the country.

With the help of the CIN we can meet the country requirement in Toto. We can generate the required challans and maintain the tax registers in the system. We need not maintain any manual books. It meets the requirement of paperless corporate management.

### **Configuration of taxes in sap system.**

In SAP the jurisdiction authorities who can levy the taxes are:

1. At federal level (country level)
2. At state level (state level)

**The taxes are also two types:** one is input tax and other one is output tax: Input tax means the taxes on purchases and Out put taxes means taxes on sales. To calculate the taxes SAP system uses some condition types and process keys. With the help of the condition types and process keys SAP creates tax calculation procedure for the country. We processing the sales and purchases we have to use the tax calculation procedure to apply the relevant taxes. These condition types are defined by SAP we can use them or else we can create the new condition types by using copy as function.

1. Define condition types: Path: financial accounting-financial accounting global settings-tax on sales and purchases-basic settings-check calculation procedure

Double click on define condition type

Click on position button give condition type: MWVS (input tax key defined by SAP)

Click on copy as function; change the condition type IT20 (4charater) description: excise duty paid

Again select the it20 copy as function change the condition type: IT21 description: educes paid

Again select the it21 copy as function change the condition type: IT22 description: vat paid

Out put tax condition type: click on position button: give MWAS; select MWAS copy as function

Change the code OT20 (4character) excise duty payable. <Enter>and save

Select the OT20 click on copy as function change the cod OT21 and description: educes paid. Save

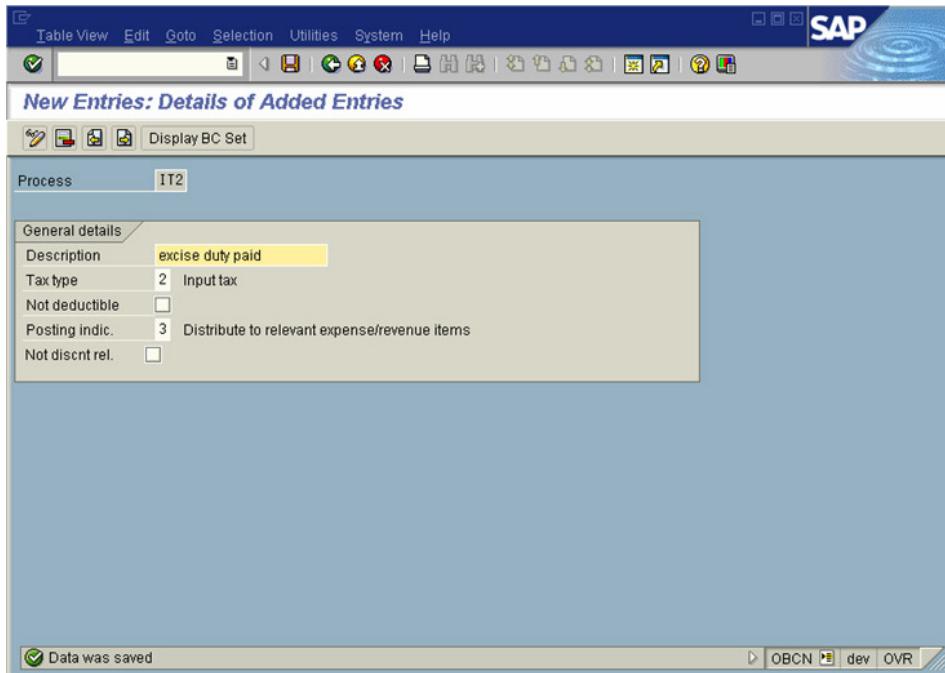
Select the OT21 click on copy as function change the code OT22 and description: vat paid and save

We have created 6 condition types used for calculation of input tax and output tax.

**Define access key (check and change settings for tax processing):**  
Financial accounting-financial accounting global settings-tax on sales and purchases-basic settings- check and change settings for tax processing: TC:OBCN

Access keys are useful process the collected tax amounts to general ledger accounts. The conditions mentioned within the definition of this access key system either credit the amount to separate general ledger account or credit back to the respective general ledger accounts only.

Click on new entries button



**Figure 123**

Give 3 character process key: it2

Give description: excise duty paid

Give tax type: 2 (input tax)

Give posting indicator: 3 (distribute to relevant expenses/\*revenue items).

However for vat paid account give the posting indicator as 2 (separate line item)

Like the way create output tax processing keys. While creating the output tax keys give the posting indicator is always as 2(separate line item only)

Posting indicator: basing the posting indicator the system will credit the collected taxes either separate general ledger account or adding to the basic cost. Hence as per the requirement we can give the posting indicator in the processing keys or account keys.

### **Define tax calculation procedure: path same above**

Double click on define procedure

Click on new entries button

Give the procedure code: 2006 (4 character) give the description: tax calculation procedure:2006

Select the procedure and double click on control data

Select new entries button furnish the details in the table format.

The screenshot shows the SAP ERP interface with the title 'Change View "Control Data": Overview'. The 'Procedure' field is set to '2006 tax.procedure:2006'. The 'Control Data' table lists the following steps:

Step	Cntr	CTyp	Description	Fro	To	Mdt	Stat	PSub...	Reqt	All
10	0	BASB	Base Amount							
20	0	I200	excise duty paid	10	10					
30	0	I201	edu cess paid	20	20					
40	0	I202	vat paid	10	30					
100	0	0200	excise duty payable	10	10					
110	0	0201	edu cess payable	100	100					

A callout box points to the 'Control Data' table with the text: 'Determine the tax base amount from step to step'.

**Figure 124**

Step: in this column give the serial number of the step; however keep the serial number in such a way to incorporate the changes in future in this step. Hence selected 10 instead of 1. Future changes in definition of base amount can easily incorporate without changing the table format.

Give the condition type: Basb for base amount (defined by SAP)

Step 20 condition type: I200 educes paid (defined by user for the country purpose)

Give the from and to (10 to 10) to determine the base amount for calculating the excise duty paid

Give the account key (process key):i10 in the extreme left ack key column (defined by user for country purpose) the tax calculation procedure will appear as above mentioned in the screen.

**Assign the procedure to the country: Path: same as above: TC: OBBG:**

Click on position button; give the country code continue

Give the procedure name for the country and save the transaction.

If the tax procedure is below the federal level, we have to define the tax jurisdiction structure code with in the federal level. It shows the hierarchy level of tax jurisdiction authorities in the country. Each authority has its own code in SAP system.

**Specify the tax jurisdiction structure codes: path is same as above:**

**TC: OBCO**

Click on new entries button,

Give reference code: 6 character code

Give the description of the structure and give the number in lg column. And save

Define the tax jurisdiction codes: path is same as above: TC:

Give country reference code (created in the earlier step) continue

Select new entries button

Give the tax jurisdiction code: 15 characters (maximum)

Give the description of the code and select the relevant column in the extreme right.

Save the transaction.

**Activate the country India version for specific fiscal years:**

Up to basic settings path is same select <India>activate country India version for specific fiscal years.

Click on new entries button,

Give code number: IND

Give the year up to which it is applicable: 2999

Select the activate check box  
Save the transaction.

### **Definition of plants abroad:**

This is one of the best applications available in the sap system to calculate the tax separately for the plants situated abroad instead of defining as a separate company code for tax purpose. If a company had a plant in other than the home country, we have to define that plant as Plants abroad. Accordingly we have to define the tax procedure for that country separately, and tax codes individually. Plants abroad necessarily mean that they are situated in foreign countries.

Path: is same as above: activate the plant abroad: select the check box: activate plants abroad; save it.

### **External tax calculation:**

We can calculate the taxes separately in the external system and make an interface with the sap application in this system.

### **Define tax codes for sales and purchases:**

These are the code we have to assign to line items to collect the taxes on sales and purchases. We can define any number of tax codes for the requirement of country tax procedure. It differs from company to company also some times.

Path: up to tax on sales and purchases is same <calculations> TC: FTXP  
Define tax codes for sales and purchases,

Give country IN

Give tax code (2 characters) (i0) ;< enter>

Give description of the code: 0% tax for input tax

Tax type: V and continue

Give all input taxes are 0% and keep the cursor on output column and click on deactivate line button and save

Create another code: i1 continue

Give the description: excise duty paid+ educes paid+ vat paid

(With this code we can collect the excise duty educes paid and vat paid also from the purchases)

### **Give the tax type: V and continue**

Give the tax rates as per the statute: and keep the cursor on the output column and click on deactivate line button and save.

Like the way we can create any number of input tax codes as per the requirement.

Out put tax codes:

Give the out put tax code: o0 (o zero) <enter>

Give the description: 0% output tax on sales

Tax type: A continues and gives 0% in all output tax conditions and place the cursor on the input tax columns and select deactivate line button and save the transaction. Like the way we can create any number of tax codes for output taxes also.

Input tax codes	Out put tax codes
I0:input tax with 0%	O0:output tax with 0%
I1:excise dutypaid+educesspaid+vatpaid	O1:excise duty payable+educesspayable+vat payable
I2: excise dutypaid+educesspaid+cst paid	O2:excise duty payable+ educes payable+ vat payable

**General ledger accounts:** we can segregate the all general ledger accounts 3 categories as far as taxes are concerned. They are

### 1. Tax accounts:

These accounts are exclusively used as tax accounts. The collected tax will be credited into these accounts. While determining these accounts we have to specify the Tax type allowed. Accordingly only the system allows the relative tax type transactions into this account. Example: excise duty paid and excise duty payable accounts.

### 2. Tax relevant accounts:

These accounts are subject to tax codes.i.e. System will calculate the taxes from these accounts Example: 1.raw material inventory account. Accounts payable account. Sales account and accounts receivable account. For tax relevant accounts we have to modify the tax type allowed and select the check box post without tax allowed also.

### 3. No tax accounts:

**These accounts are normal accounts in no way connected to taxes.example:rent, etc. :**

Tax accounts	Tax type	Account group	parameters
Excise duty paid	Input	Asset	As general asset and select tax category: <(input tax)
Educes paid	Input	Asset	Same as above
Vat paid	Input	Asset	Same as above

Inversely we have to create accounts for excise duty payable as out put tax , account group liability and tax category a >(output tax) for all tax accounts as under.

Tax accounts	Tax type	Account group	parameters
excise duty payable	output	Liability	Tax category:>(output tax)
educes payable	Output	Liability	Same as above
Vat payable	Output	Liability	Same as above

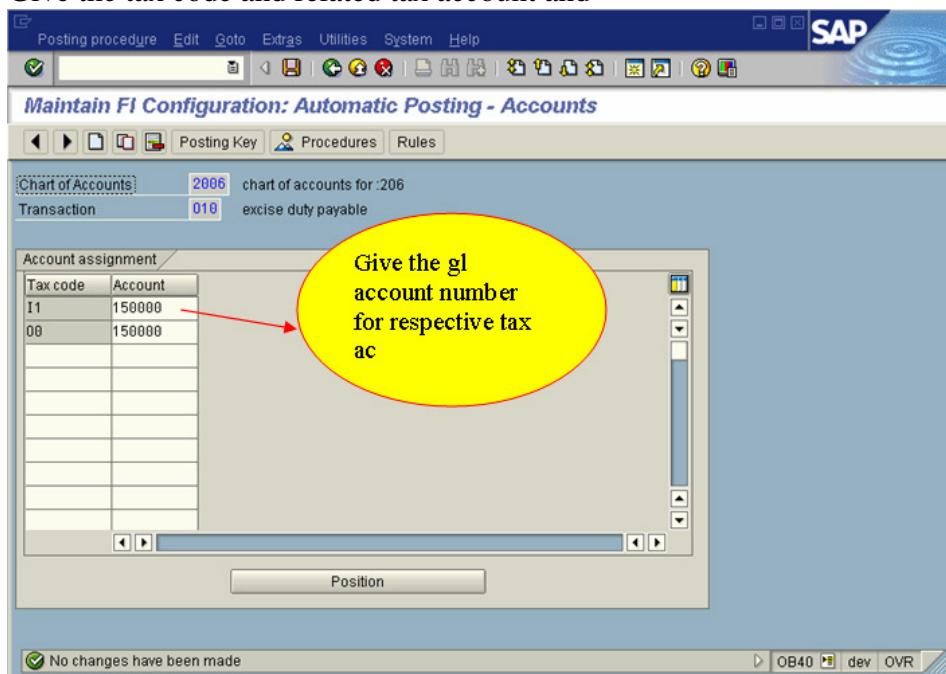
**Assign General Ledger accounts for taxes:** path: same as up to tax on sales and purchases<posting>define tax accounts **TC: OB40**

Select the account key (i12 defined for vat paid) as posting indicator as 2(separate line item)

Give chart of accounts continue

Select the tax code check box and save

Give the tax code and related tax account and



**Figure125**

And save transaction the screen will appear as above figure. Like the select out put tax keys also and give the general ledger accounts for automatic credit of taxes while processing the information.

Post the incoming invoice transaction in F-43

Select the calculate tax check box

And in the second line item give the tax code, the system calculates taxes and credit to separate line item or as per the posting indicator of the access key.

Post the outgoing invoice transaction in F-22. And verify the respective GL accounts.

### **Withholding tax calculation procedure:**

The tax deducted at source is coined as withholding tax in SAP environment. There are two types of withholding taxes available in the r3 architecture. The first one is the classic withholding tax and the second one extended withholding tax. There is no much difference in between these two. The main differences are as under.

1. Under classic withholding tax we cannot define multiple tax codes where as it is possible in extended withholding tax
2. In extended withholding tax we can apply the tax codes to partial payments also, that provision is not available in classic withholding taxes.

Except the above there is no difference in configuration functionalities. The configuration steps are defined as under.

### **Check withholding tax countries:**

Path: financial accounting-financial accounting global settings- withholding tax-extended withholding tax-basic settings- check withholding tax countries:

Click on new entries button

Give country code: IN

Give with holding country: IN

Give country name:

Save

### **Define Official withholding tax codes:**

Path is same Give country: In

Click on new entries button

Give official withholding tax code: 4 character (section under which withhold the tax)(194c)

Give description of the code:

Save

**Define reason code for exemption:**

Path is same:

Give country name:

Click on new entries button,

Give 2character code

Give description of the code

**Check recipient types?tax receiving authority code: example ITO Vijay Wada.**

Path is same

Give country name

Give withholding tax type:

Give recipient code: 2characeter code

Give the description.

Check income types:

**Give country key**

Click on new entries button

Give the code for income type: 3 characters

Give the description of the income:

Save.

**Define Business Place: up to basic settings same <India>define business place:**

Give the company code

Give the business place code: 4character code: and description of the business place: ito vijaywada

Save and give the address details of the tax receiving authority details in full.

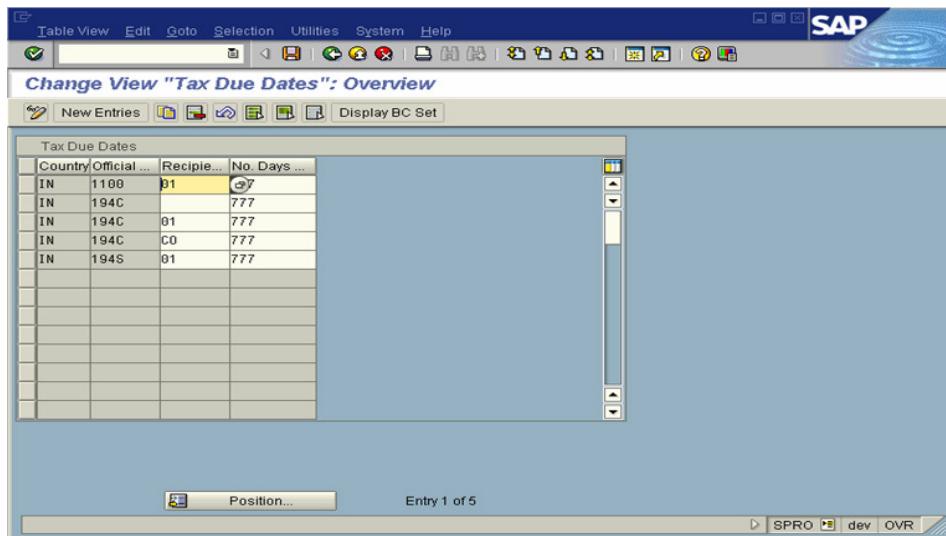
Maintain the tax due dates: path is same as above: Click on new entries

Give country code

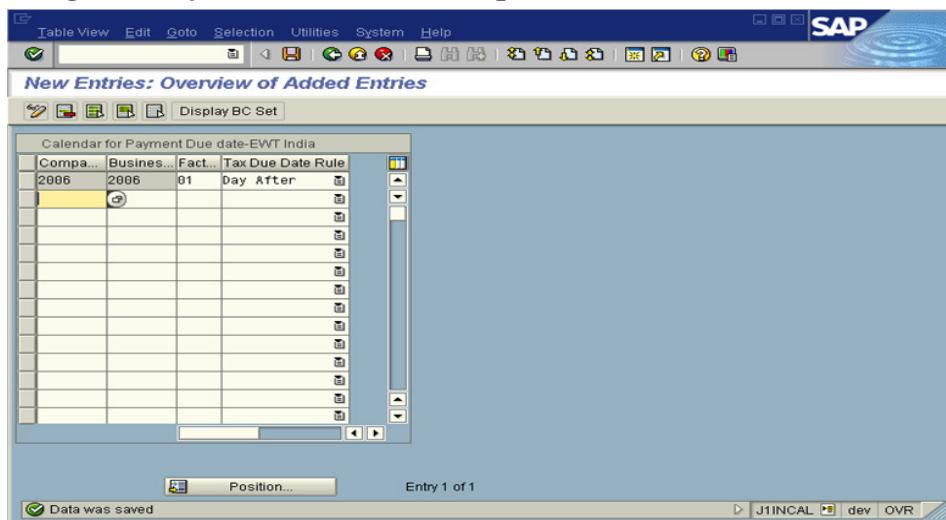
Give official withholding tax code

Give recipient code

Give the due date for remittance of tax always: 777 i.e. seventh day of the next month.



**Figure 126**  
Assign factory calendar to business place:



**Figure 127**

We can define our own calendar for the project in general settings:  
We have to define the holidays and create the holiday calendar and define the factory calendar by incorporating the holiday calendar id. And save.

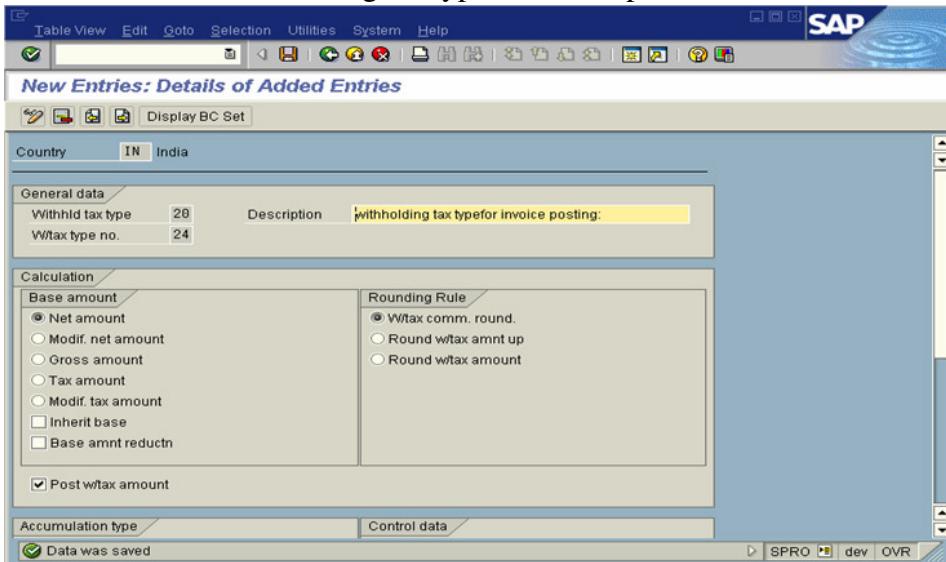
#### Define withholding tax type for invoice posting:

Path is same up to extended withholding tax<calculation> define withholding tax type for invoice posting:

Give country key: IN.

Click on new entries button

Give 2 character withholding tax type and description:



**Figure 128**

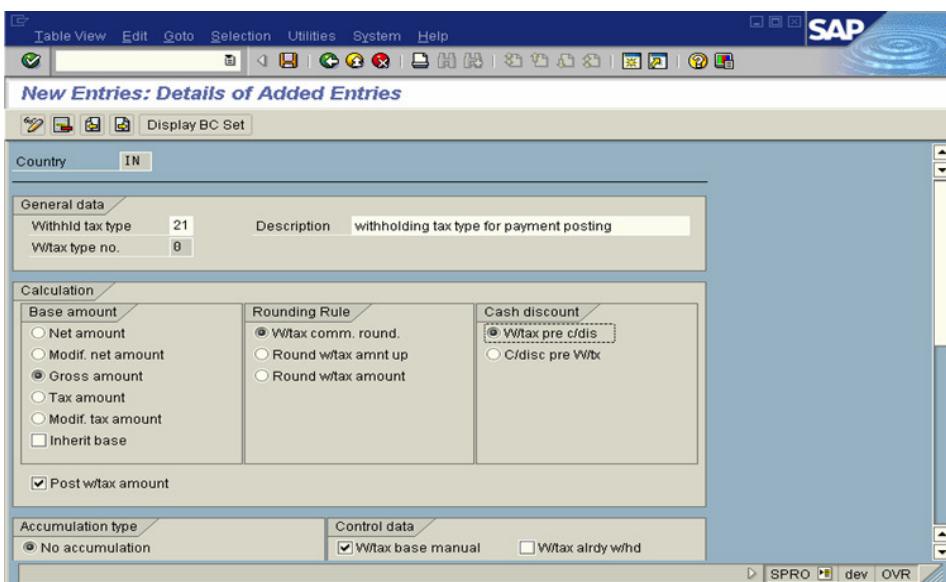
Select gross amount select post w.tax amount check box. And save  
Define withholding tax type for payment posting: path is same:

Give country key

Select new entries button

Give withholding tax type

: 21 and description of the tax type: payment posting2006



**Figure 129**

Give the base amount is gross amount select post w.tax amount. And save the data.

In this case we have defined 2I: surcharge on invoice posting code and 2P surcharge on payment posting code to collect the surcharges along with the withholding tax.

**Define exchange rate type for withholding tax type:** incase the withholding tax is collected in foreign currencies; we have to define the exchange rate type for conversion of withholding taxes.

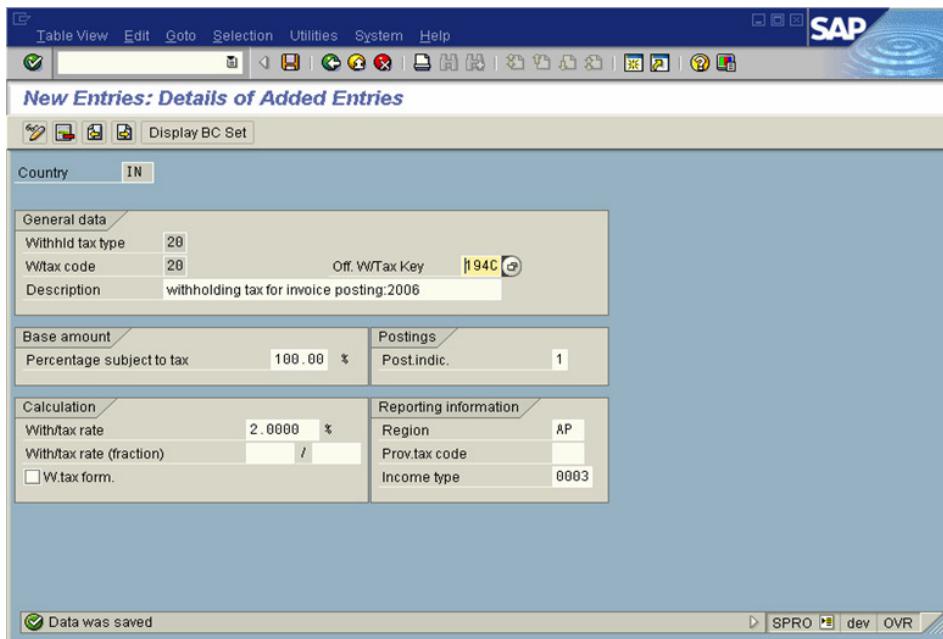
**We can define the rounding rules for withholding taxes** also there by the system rounded the amount to nearest amount automatically,

**Assign the withholding tax condition type for withholding tax type:** in this activity, we assigned the withholding tax condition type to withholding tax types. It is useful when we are implementing the SD and FI parallel. The withholding condition type will used to collect the withholding tax type from the sale orders.

Define withholding tax codes: up to calculation is same<define withholding tax code>

Give country code: IN

Click on new entries button,



**Figure 130**

Give the withholding tax type: 20  
 Give the withholding tax code: 20  
 Give the off withholding tax key: 194c  
 Give the description: withholding tax for invoice posting:  
 Base amount: 100% posting indicator: 1  
 Calculation: tax rate: 2%  
 Save like the way defines for payment posting also.

### Define maximum and minimum amount for withholding tax code:

We can define the maximum amount of with holding tax amount and minimum of withholding tax amount and validity period of the tax amounts also.

### Define accounts for withholding tax:

Up to extended withholding tax is same<posting> assign accounts for withholding tax-define accounts for withholding tax to be paid over;

Give chart of accounts: 2006

Select all check boxes: save

Give the details as under:

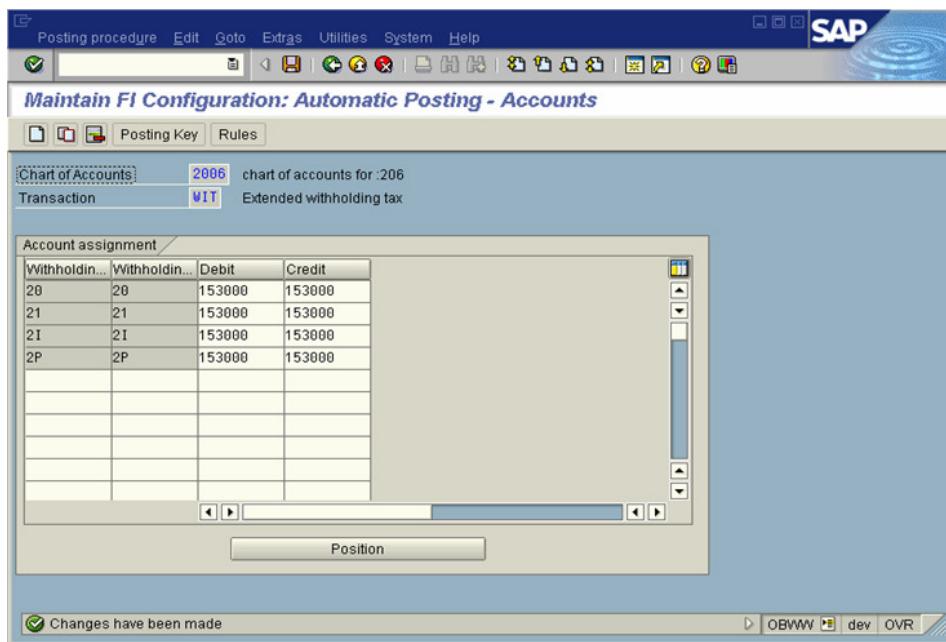


Figure 131

### Change the vendor master record with the withholding tax codes: fk02

Assign the withholding tax in company code:

Activate the withholding taxes.

*Note: once if you activate the withholding tax codes in company code the system*

***does not permit to make the outgoing payments to the open items before activation of with holding tax codes. If at all we want to make the open items to be cleared deactivate the withholding tax codes and make the payment***

Maintain company code settings: logistics-general-tax on goods movement- India-basic settings-maintain company code settings; Give the start of the year and save

## **Financial Statement versions:**

Financial statement creation has flexibility in sap environment. We can define the grouping of accounts, and adjustment to meet the requirements of various purposes we can a financial statement version. For that first we have to define one version in which you want to publicize the financial statements.

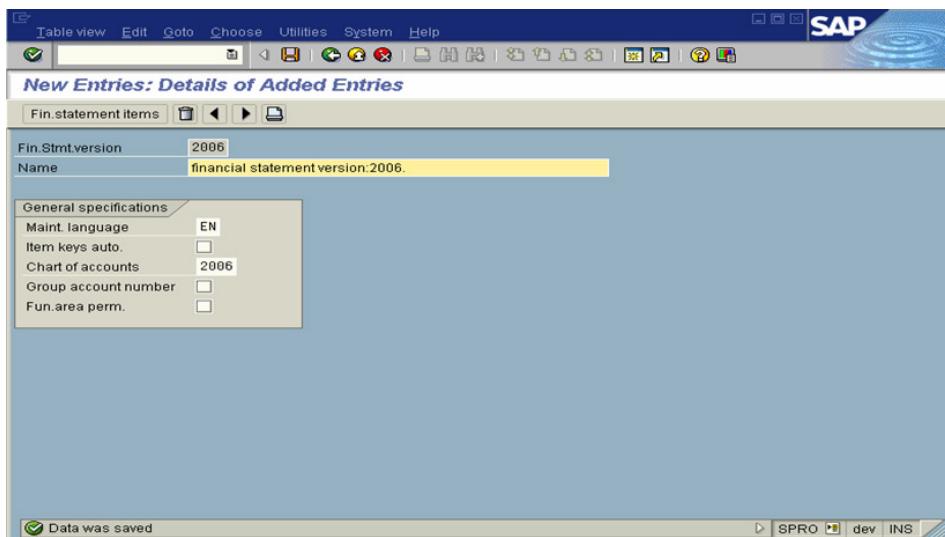
### **Define financial statement version:**

**Path: spro-img-financial accounting-general ledger accounting-business transactions-closing-documenting-define financial statement versions.**

**TC: OB58**

Click on new entries button for creation of new version or use the copy as function to copy down the defaulted versions. And change the name of the version as you like.

Give 4character id for the financial statement version:



**Figure 133**

Give the name of the financial statement version

Select the language: en

Give the chart of accounts: 2006

Select the group number check box if you want to assign this version to group version.

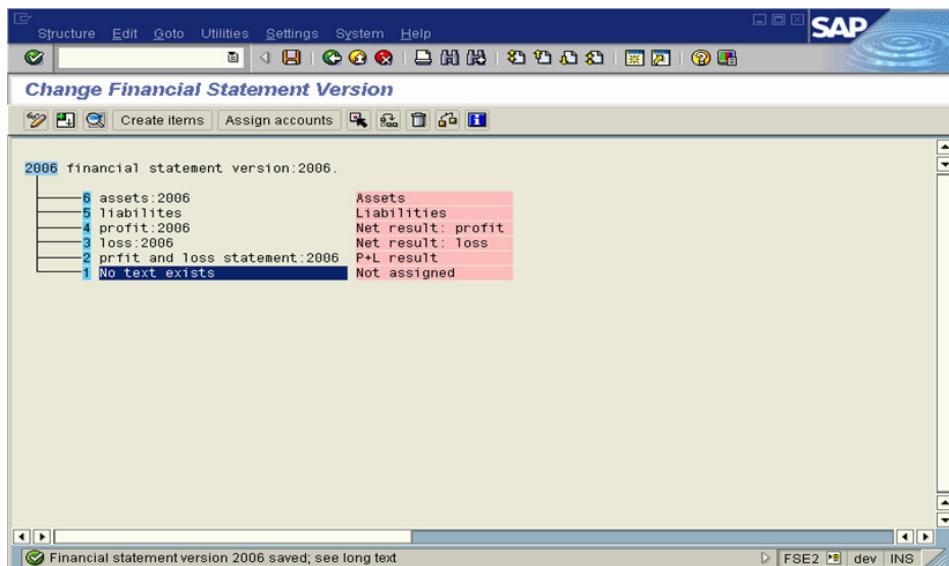
If you select the functional area check box individual items of the balance sheet are assigned to functional area. We can reset as and when required.

Click on financial statement version button

Keep the cursor on the no text items and click on create items or (double click on no text items column)

Give the main head of the balance sheet i.e.. Assets

Again repeat the process and give liabilities and create for profit and loss and profit &loss statement acs.



**Figure 134**

The appearance of the statement as above.

Double click on the asset column

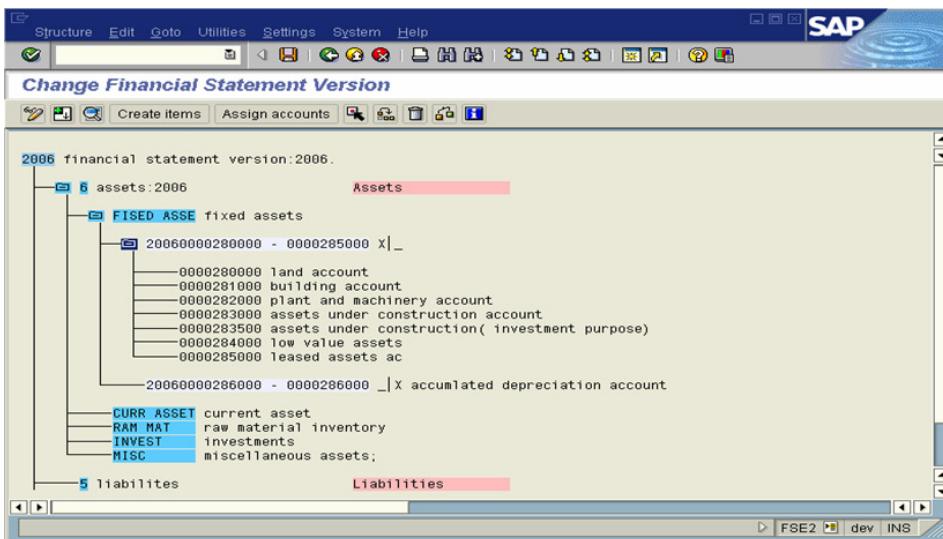
And create the sub assets like fixed assets, current assets, inventory like that and continue (these assets will placed under the main asset column)

Keep the cursor on the fixed assets column and click on assign accounts button

Give the general ledger accounts from number and to number with relevant (sign) and continue

All the related to fixed asset accounts placed under the fixed asset column save the tree.

Like the way we can build the tree as per the requirement of the project. The same we have to develop the liabilities and as well as the profit and loss statements also



**Figure 135**

We can re arrange the settings or account number from one to another area by selecting (f9 and f5) reassign.

Execution of Financial Statement version:

Accounting-financial accounting-general ledger-information system-GL reports-balance sheet /profit and loss statement-general actual and actual comparision:s\_alr\_87012249

#### **Integration with material management and sales and distribution:**

This is the complex activity of the implementation project. All the functional application components are too integrated to get the desired results. This is the best feature of the standard soft wear. Integration within the module will be done automatically and the intra module integration is an uphill task for the implementation team. In the process of integration we the fico module consultant has a greater role to play. The finance module is linked up with most of the other modules. In this chapter we learn how to integrate the fico module with material management and sales and distribution. In the project implementation the activities relating to the respective modules will taken care by respective module consultants. Here we will try to deal with the main activities to take up integration.

## The flow of material management activities (purchasing activities)

### Request for material (from production department)



Verification of stock (availability check)



Enquiry and Request for quotations (from the suppliers)



Scrutiny and placing Purchase orders( with the suppliers)



With scheduling agreements  
goods receipt (warehouse



management & quality  
management )



(clearing ac updation)

Invoice verification and confirmation( the purchase)



Accounts payable (up dation in accounting for payment)



Payment of accounts payable



Manual payments  
Automatic payments

The purchasing activities of an organisation dealt by a specialized departments or separate purchasing organisations as per the requirement of the project. The main organisational units involved in the above process are as under. We have to define those organisational units and assign them to a company code.

We have to define the following Organisation units in material management.

Before defining the organisational units in material management we must define the valuation level. It is precondition to take further configurations in the mm module. It determines the valuation of materials. It can be either a plant level or a company code level. Once we determine the valuation level or area it is very difficult change the valuation area. It needs a data conversion and requires the help of consultants.

### **Define Plant:**

**Spro-rimg-enterprise structure-definition-logistics general-define copy  
delete check plant: TC: OX10**

Double click on plant

Click on new entries button

Give plant code: 2006(4character code)

Save it and give the full address details of the plant (where it is located) and continue

### **Define location: Path is same**

Click on new entries button

Give plant code: 2006

Give the location code: 2006(4characters)

Give the description and save and give the full address details of the location.

Define copy check division: path is same: TC: OVSB

Double click on define division

Click on new entries

Give two character codes: 20 and description of the division (product)

### **Define storage location:**

**Spro-rimg-enterprise structure-definition-material management-maintain  
storage location: OX09**

Give plant: 2006

Click on new entries button

Give storage location code: 2006(4character)

Description of the location and address details and save

Maintain purchasing organization: path: same as above TC: OX08

Click on new entries button

Give 4 character codes: 2006 and description of the purchasing organization and save.

**Define shipping point: path :< logistic execution> define shipping point's: OVXD**

Double click on shipping point:

**Select define shipping point: 0001 use copy as function**

Change the code: 2006 and description of the shipping point and give the address details and save the data

**Assignment of Organizational units in Material Management:**

**Assign plant to company code:**

Path: spro-rimg-enterprise structure-assignment-logistics general-assignment of plant to company code: OX18

Click on find out button

Give company code: 2006 and continue

Double click on company code: 2006

Again double click on company code: 2006

Select the plant check box and continue and save the transaction.

**Assign business area to plant/valuation area/and division: Path is same:**

**TC: OMJ7**

Click on plant /valuation area/division

Click on new entries button

Give plant: 2006

Division: 20

Business area: 2006

Save the data

**Assign purchasing organization to company code:** path up to logistics general same<material management> assign purchasing organization to company code TC: OX01

Click on find button

Give company code

Click on find button again

Double click on company code

Again double click on company code

Select purchasing organization check box and continue

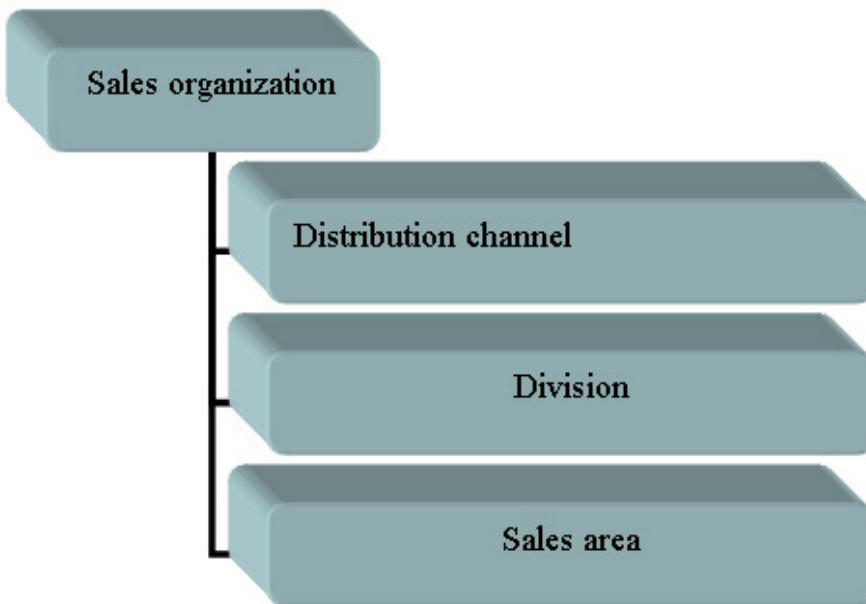
Save the transaction.

**Assign purchasing organization to plant: path is same TC: OX17**

Do the same process mentioned in the above and assign the plant to purchasing organization,

## **ORGANISATIONAL UNITS IN SALES AND DISTRIBUTION:**

The organizational structure of sales and distribution is quiet different from the existing finance and material management structure. The Organizational structure of the sad module is as under



**Figure 136**

We have to define the organization units and make the necessary assignments to various other organization units to make the structure complete.

### **Define sales organization: path:**

**Spro-rimg-enterprise structure-definition-sales and distribution-define, copy, check sales organization.**

Double click on define sales organization

Select the 0001 sales organization use copy as function

Change the sale organization code: 2006

Change the description of the sales organization

Save it

Select the sales organization click on details button and change the currency: INR save the data.

### **Define Distribution Channel: Path is same as above: TC: OVXI**

Double click on define distribution channel

Click on new entries button

Give 2 character codes for distributional channel and description of the dc and save

Division was already defined while defining the material management organizational units. Hence need not required again at this point.

### **Assignment of organizational units of Sales and Distribution:**

#### **Assign sales organization to company code:**

Path: spro-rimg-enterprise structure-assignment-sales and distribution-assign sales organization to company code. TC: ox03

Click on find button

Give company code and click on again find button

Double click on company code

Again double click on company code

Select the sales organization check box and continue and save the data

#### **Assign distribution channel to sales organization: path is same: TC: OVXK**

Do the same process mentioned in the above.

#### **Assign division to sales organization path is same: TC: OVXA**

Same process as mentioned in the above.

Set up sales area: sales area means the combination of sales organization and distribution channel and division put together is called sales area. We have to link up all these organizational units to create a sales area. TC: OVXG

Repeat the same process to set up the sales area properly.

#### **Assign the sales organization-distribution channel and plant: path is same: TC: OVX6**

Repeat the same process to assign the above organizational units to plant. And save the data.

#### **Assign shipping point to plant: path:**

spro-rimg-enterprise structure. assignment-logistics execution-assign shipping point to plant-OVXC

Make the assignment as mentioned in the previous steps.

#### **Define rules by sales area: path; spro-rimg-e.s.-assignment-sales and distribution-business area account assignment-define rules by sales area: OVF2**

Click on position button  
Give sales organization and continue  
Give rule 001 and save the data.

**Specify value updating and quantity updating to the material types of the plant:**

Spro –rimg-logistics general-material master-basic settings-material types-define material

Click on position button  
Give material type: roh: raw material  
Select the roh material type  
Double click on quantity/value updating  
Click on position button  
Give valuation area: 2006  
Select value updating check box and quantity updating check box.  
Save the data

**Repeat the same process for material type: FERT finished goods also.**

**Maintain company code for Material Management (path is same as above): TC: OMSY**

Click on position button  
Give company code  
Give the fiscal year and period for which you want allow the posting  
Select the ABP check box for allowing the transactions in back dated posting (in preceding month only)

*Note: the transaction code MMPV and MMPI are useful to open and close the posting period for material postings.*

**Set tolerance limits:**

**Spro-rimg-material management purchasing-purchase order-set tolerance limits for price variance: TC: OMEU**

Select the tolerance key PE: key price variance and SE: maximum cash deduction

Choose copy as function

Change company code and <press enter> if required make changes for price variances

Do the same process for the both tolerance keys.

Save the data

**Specify plant parameters: path: spro-rimg-material management-inventory management and fiscal inventory-plant parameters.**

Select the plant code: 0001

Choose copy as function

Change the plant code: 2006 <press enter> and save the data.

**Set tolerance limits for goods receipt: same path :< goods receipt> set tolerance limits: TC: OMC0**

**Select the tolerance keys: VP: moving average price variance**

B1 and B2: order price variance:

Choose copy as function change the name of the company and save.

**Maintain default values for tax codes:**

**Spro-rimg-material management-logistics invoice verification-incoming invoice-maintain default values for tax codes: TC: OMR2**

Select new entries button

Give company code: 2006

Give tax code: i1 and save the data

**Configure vendor specific tolerances: TC: OMRX: same path**

Click on new entries button,

Give the company code:2006

Give the tolerance group: VS01 and save the data. (if you want set any tolerance for vendor we can set or leave blank for tolerances)

**Define automatic status change: path: spro-rimg-material management-logistics invoice verification-invoice verification in background-define automatic status change: TC: OMRV**

Select new entries button

Give company code

Select the set correct check box and save the data.

## Valuation and account assignment: material management flow:

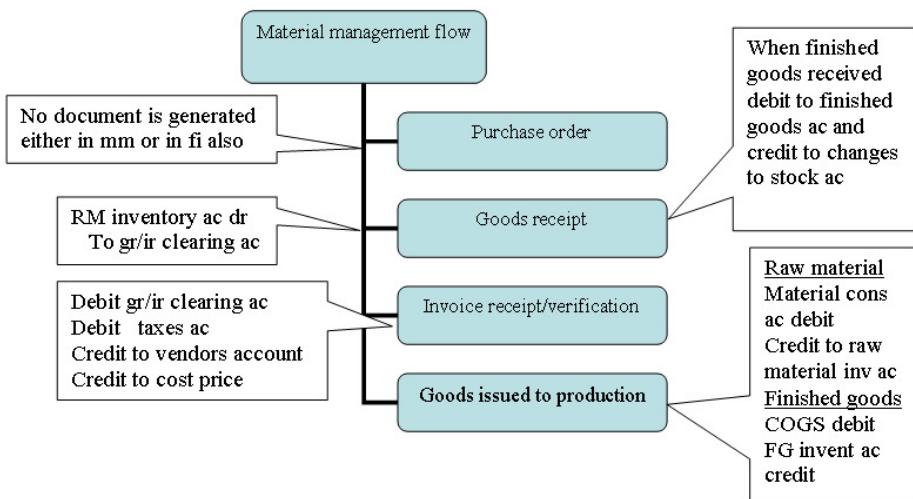


Figure 137

Requirement general ledger accounts to integrate the fi and mm transactions with the parameters required

<b>1.finished goods inventory ac</b>	1. Assets group 2. balance in local currency 3. line item display 4. sortkey.001 and fstvg:001 and select post automatically check box
<b>2.raw material inventory ac</b>	Same as above in addition those give tax category (-) and select posting without tax allowed.
<b>3.stock clearing account</b>	Account group: liability select open item and line item display and remaining are as general liability clearing account.
<b>4.GR/IR clearing account</b>	Account group: liability open item display and line item display fstvg G045 and select posting without tax allowed check box ;bal in loc cur Give all tax category and select post without tax allowed check box
<b>5.all expenses accounts inventory changes account</b>	Account group: expenses: p&l account: line item display sort key:001 Fstvg:g001
<b>6.Cost of goods sold account</b>	Same as above
<b>7.cost price difference account</b>	Same as above parameters
<b>8.inventory difference account</b>	Same as above parameters
<b>9.stock transfer loss or profit ac</b>	same as above parameters
<b>10.changes in stock ac</b>	Same as above parameters

### **Material management transaction keys:**

In SAP the processing of information regarding material transaction will be done through the material management transaction keys. These keys defined by Sap. We have to use these keys and assign the general ledger accounts to these keys. The transaction key is a 3 character code. The following are the main important transaction keys.

Transaction keys:

BSX: inventory postings

AUM: stock transfer expenses/revenue ac

GBB: offsetting for inventory postings

PRD: cost price differences

WRX: Gr/Ir clearing ac

BSV: changes in stock ac

KON: consignment transactions

The transaction keys GBB and PRD further subdivided into grouping codes, to assign the various general ledger accounts. These account groupings are called general modifications, account modifications. The sub groupings are as under:

### **GBB: it is further divided as under**

Ava	For order settlement transactions
AUF	For goods receipt for orders
Avi	Sub segment adjustment of actual price from cost centre to matter
Bsa	For initial entry of stock balances
Inv	For exp/incomes for inventory differences
Vay	For goods issue for sale orders with assignment of cost element
Vax	For goods issue for sale orders without assignment of cost element
Vbo	For consumption of stock of material provided to vendor
Vbr	For internal goods issue( cost centre)
Zob	For goods receipt without purchase order
Zof	For goods receipt without production orders m.type:531&501

## PRD : Subdivided into further as under :

None	For goods and invoice receipt against purchase orders
Prf	For goods receipt against production order/order settlement
Pra	For goods issues and other movements
Pru	For transfer of postings.

**Valuation grouping code:** is a combination of valuation area, company code, and chart of accounts. To specify the general ledger accounts for all valuation areas, we can use the valuation grouping code.

**Valuation class:** is used to group the materials under one class. Same class of materials is grouped as valuation class. We have to assign the general ledger accounts for this valuation class. This valuation class has to be assigned to the material master record mandatory. There by the system can easily segregate the particular material to the valuation class. This valuation class, we can define or else we can use the sap delivered. The main valuation classes are as under:

3000 raw material 1

7920 finished goods

7900 semi finished goods

### Maintain valuation group:

path: spro-rimg-material management-valuation account assignment-account determination-account determination without wizard-group together valuation areas: TC OMWD

click on position button.

Give company code

Give the grouping code: 0001

Save

Define valuation class Path: same as above: TC:OMSK

Ensure valuation class: 3000 for reference raw material and 7920 for reference finished goods are available.

### Create automatic postings: assignment of general ledger accounts for material transactions TC: OBYC (path is same as above)

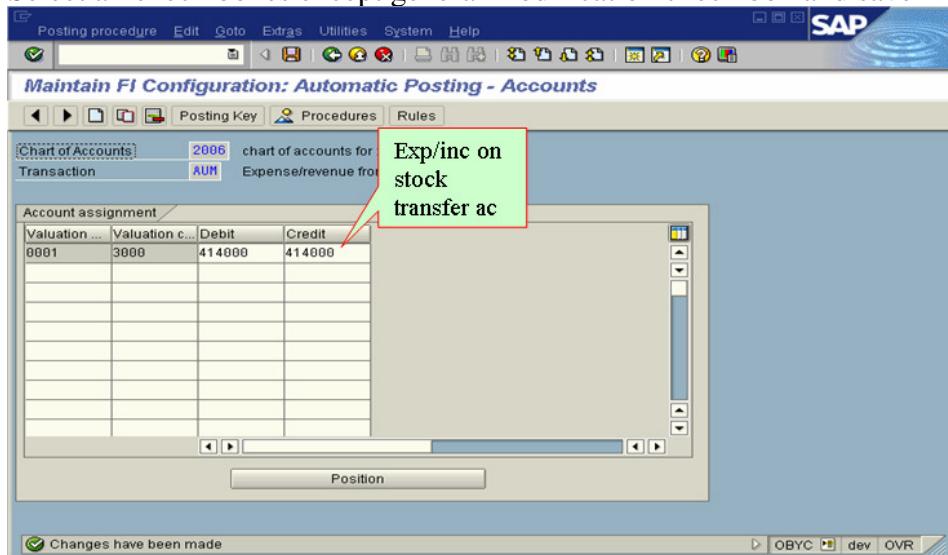
Click on cancel button.

Click on account assignment button,

Double click on transaction key AUM(expenses/revenue on stock transfer)

## Give chart of accounts: 2006

Select all check boxes except general modification check box and save



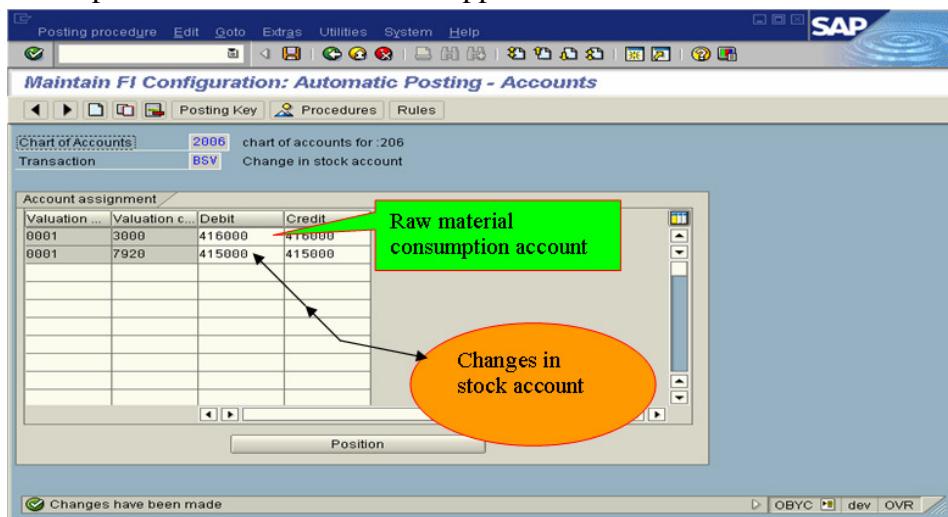
**Figure 138**

Give valuation modification as 0001 grouping code

Give valuation class 3000: raw material class and the gl account: loss/profit on stock transfer ac

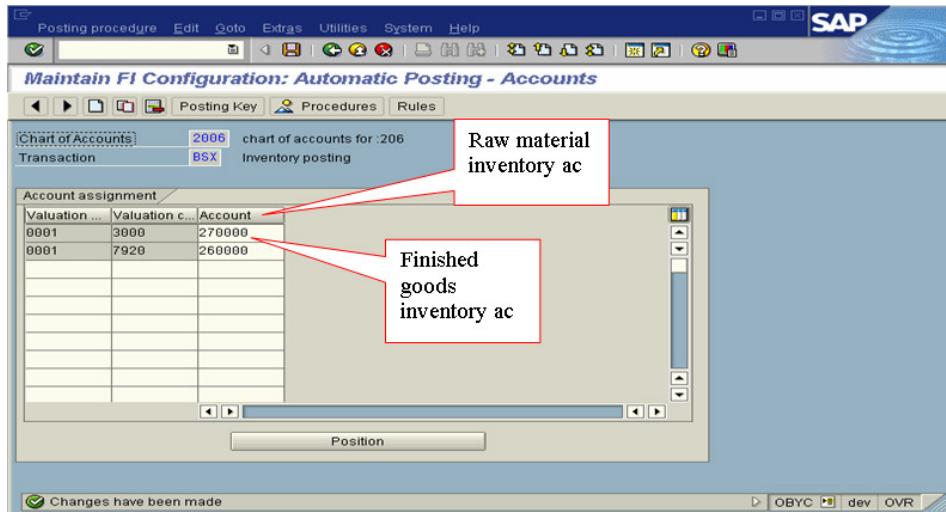
And save the data

Double click on transaction key BSV: changes in stock account. Select all check boxes and give the valuation modification and valuation class and the respective accounts the screen appearance as under



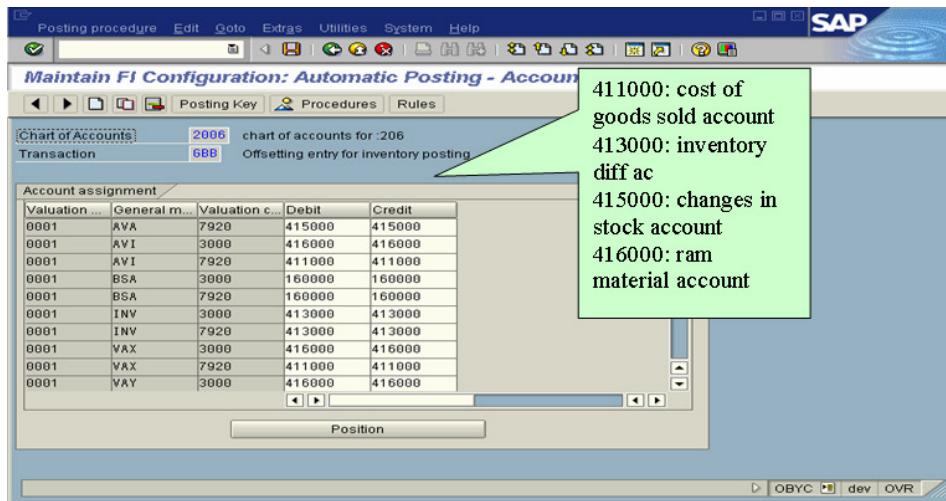
**Figure 139**

Double click on BSX transaction key: inventory posting. Select all check boxes and save. Give the data and save the screen appearance is as under.

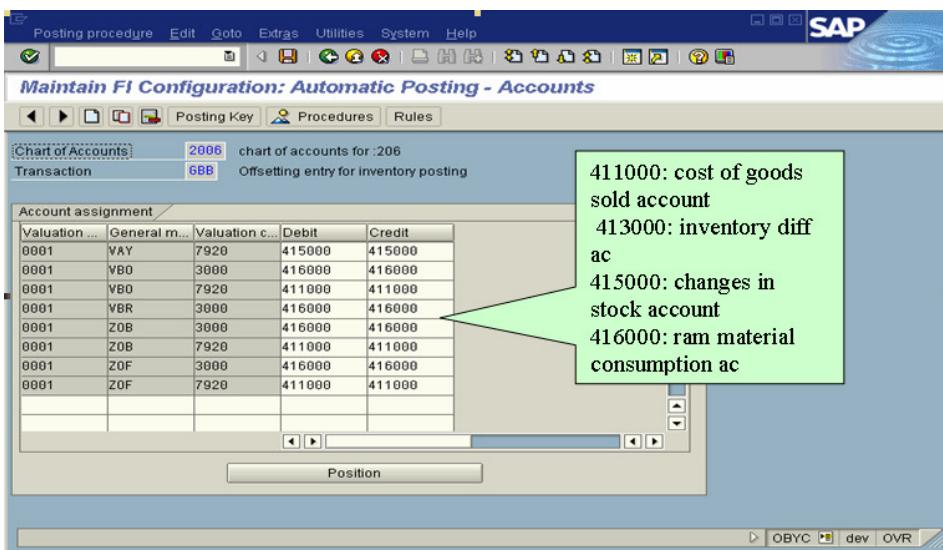


**Figure 140**

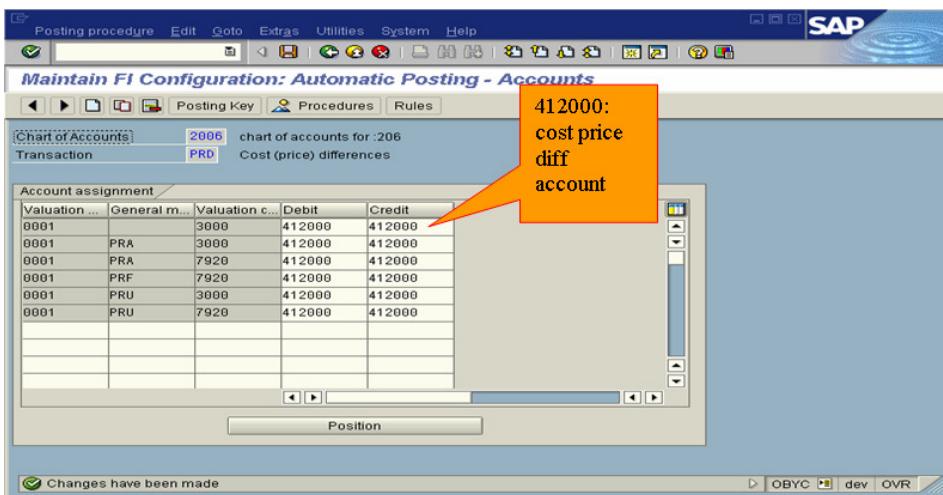
Double click on GBB transaction key select all check boxes and save. Give the details as under;



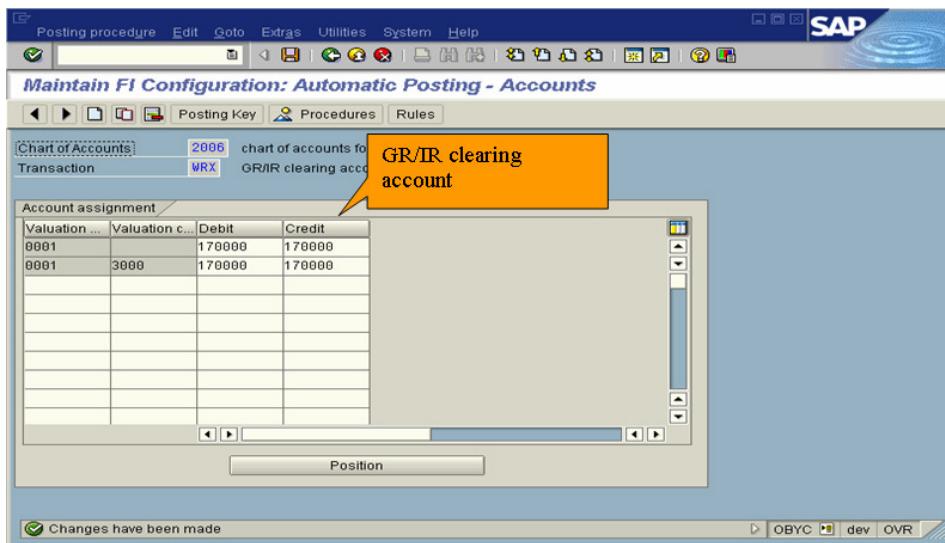
**Figure 141**

**Figure 142**

Double click on prd key: select all check boxes; give the data

**Figure 143**

double click on transaction key: wrx:select all check boxes (except general modifications) give the accounts numbers and save the data



**Figure 144**

if you want make any changes to the automatic determination of accounts come to OBYC and make necessary changes.

**Creation of Material Master Record: Path: Logistics-Material management-material master-material-create general-mm01 immediately**

Give industry sector: (help available)

Give material type: raw material(help available)

Click on views button

Select basic data 1; purchasing ; general plant data/storage1; accounting1; and costing1

Click on organizational levels,

Give plant:2006 and storage location:2006

Continue system displays the master record layout for the material with material number:857

Give the basic data 1 details: basic unit of measurement: ea

Material group:1104

Division:01 press<enter> in purchasing data

Give purchasing group:000(

In accounting 1 data give valuation class:3000(raw materials) price control:V  
Price:5000/- each

Save it. The system will give the material no.857 saved message. We can create any number of materials like this or by using the copy of the reference

material also we can create the material master. The rate we mentioning in the master is the raw material cost of the unit of measurement what we have mentioned in the master record.

Create/change the vendor master record either in xk01 or xk02 (if it is opened in fk01) Change the field status variant group where the mm fields are there Give the number ranges for the document types used in material transactions:

**Document type: RE: gross invoice receipt**

**WE: Goods receipt**

**WI: inventory document.**

**Creation of purchase order:**

**Path: logistics-material management-purchasing-purchase order-create-me21vendor/supply plant known.**

Select standard purchasing order

Give vendor number: 661006

Click on header data button(left corner)

Give purchasing organization:2006 purchasing group:000; company code:2006

Under item column give material number :857 purchasing quantity:10; delivery date and plant:2006 and storage location 2006

Give the net price :5000/-

And save the purchase order

**Standard purchase order under the number 4500014514(no entry either in material management or accounting department will be created at this point of time)**

**Goods Receipt:** path: logistics-material management-inventory management-goods movement –**migo goods movement**

Give purchase order : 4500014514

Give delivery note number: any number

Press<enter>(system displays the raw material type and number along with the quantity ordered

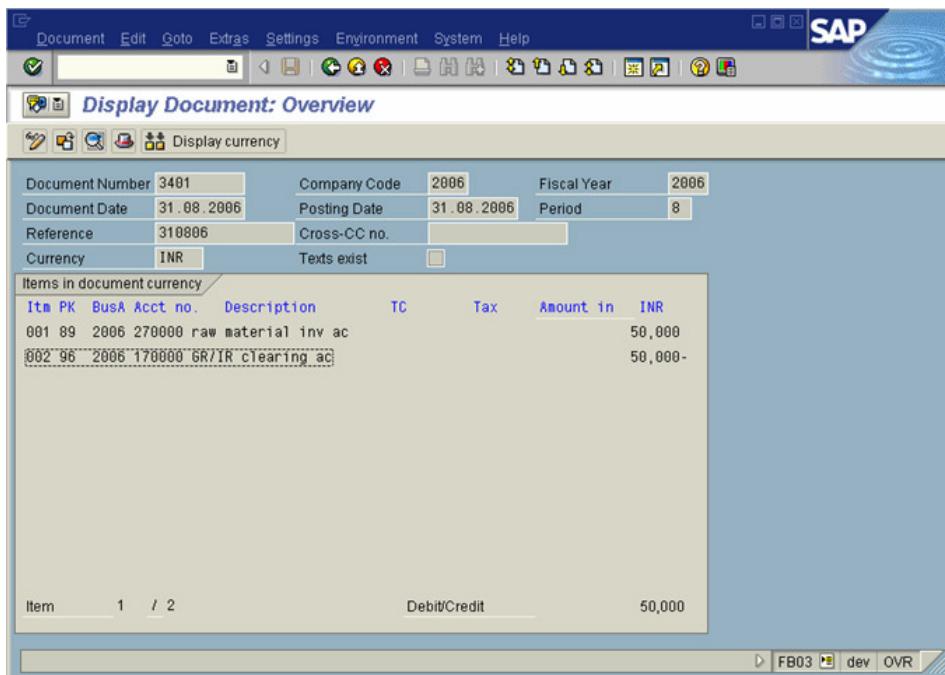
Select the check box: **item OK**

To check any mistakes click on check option otherwise select post button to post the goods receipt

(if there is no mistakes the system show document OK with green signal)  
other error message.

**The system gives the message material document was posted with number:5000006981**

Verify the material document in the menu mb02 change  
Material document shows material details and quantity details  
Select the accounting document option. The accounting entry is generated as under



**Figure 145**

**Invoice verification:** path: logistics-material management-logistics invoice verification-document entry- MIRO enter

enter invoice date:

give purchase order number

specify the tax code:i1 and select the calculate tax check box

click on payment button and give base line date and go back to basic data

give the amount total( tax amount + basic cost of raw material) <enter>

the extreme right corner top balance column will be zero and give green signal click on simulate button

the system shows the entries to post again.

**Figure 146**

The first line item is crediting to the vendor account :65139  
(50000cost+15139taxes)

The second line item crediting to GR/IR account with :50000(basic cost debited in the previous step)

Third line item I have selected the excise duty paid posting indicator as (3) while defining the access key hence the excise duty is added back to the raw material inventory account. If you select the posting indicator as (2) separate line item it would be debited that particular as the case like educes and vat paid

And post transactions. Document was created with number: 5105606362  
go and verify the document and accounts

## Display invoice document in tc: MIR4

Click on follow on document to verify the accounting document

Verify the accounts whether properly updated or not.

## INTEGRATION WITH SALES AND DISTRIBUTION:

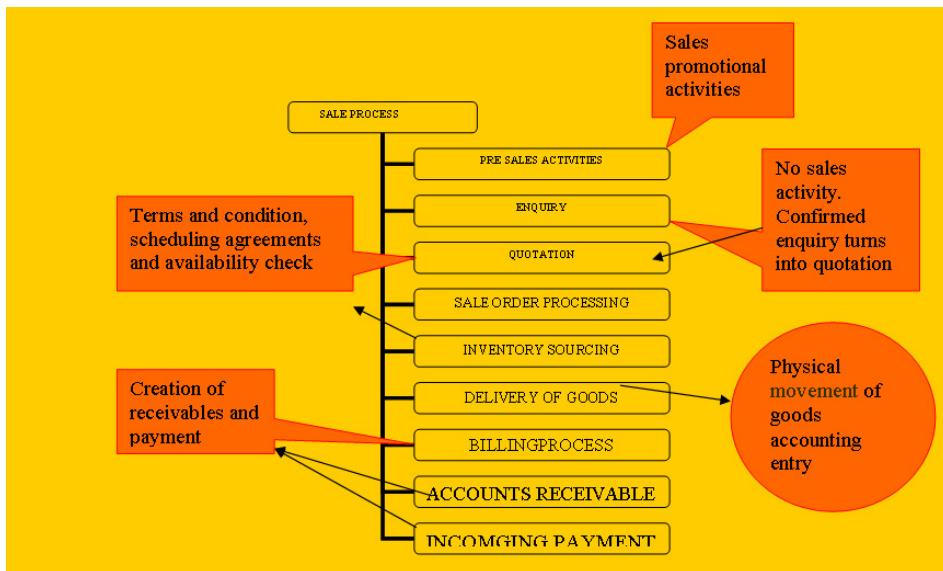


Figure 147

**Assigning pricing procedure: path: spro-rimg sales and distribution-basic functions-pricing-pricing control-define and assign pricing procedure: TC: OVKK**

Double click on pricing procedure determination.

Click on new entries give the details and save the data

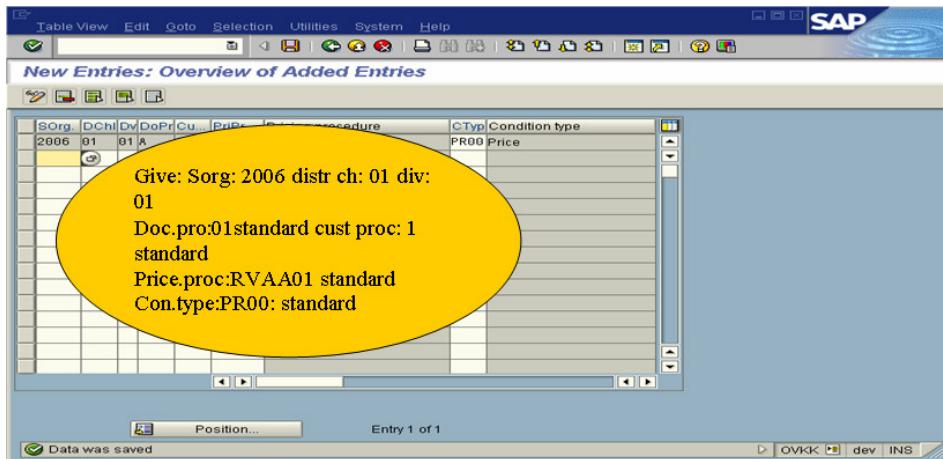


Figure 148

**To check the pricing procedure, go back to pop up menu:**

Click on maintain pricing procedure

Click on position button give pricing procedure: RVAA01

Select the pricing procedure and double click on control data  
 Deselect the mandatory check box against the condition type: PR00 and MWST save

**Define tax determination rules: path: up to basic functions same**

Select taxes-define tax determine rules;

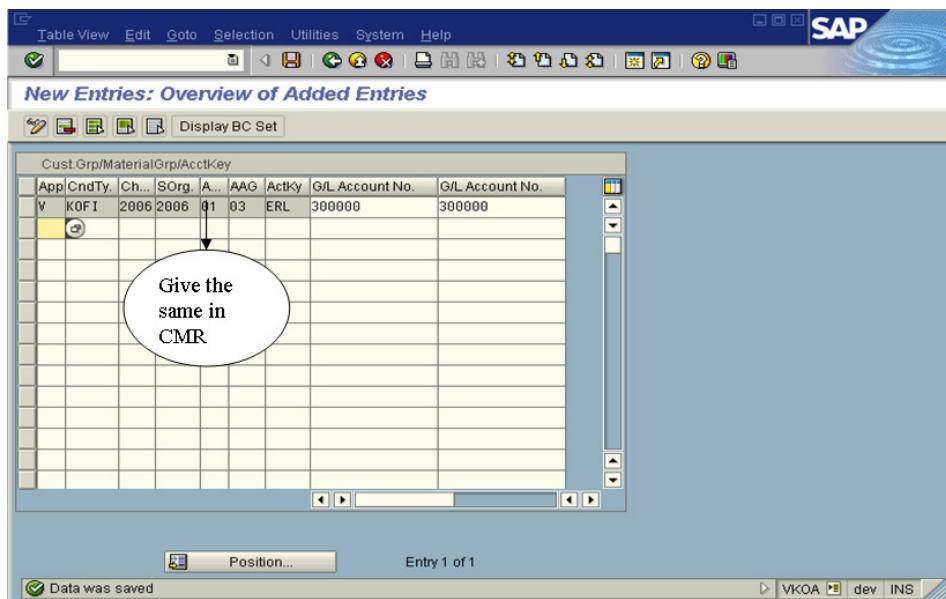
Click on new entries

Give country code: IN sequence number: 1 and tax code: mwst.enter and save.

**Assign GL accounts: path: up to basic functions same<account assignment/costing>revenue account determination-assign GL accounts (vok15) TC: VKOA.**

**Double click on custgrp/material grp/ack key**

Click on new entries button



**Figure 149**

Give the details as mentioned in the figure and save the data

Partner functions/determinations: We have to define the partner functions in sales and distribution module and accordingly make the sale process activities mentioned in the partner determinations. The partner functions are as under

**SP: Sold to Party:** The person actually makes the sales is called as sold to party. In many case he will be

Person to make the payment, receive the goods, bill to be made in his name the payment is also received from him only

**SH: Ship to Party:** In same instances, the sold to party is one, and at the instructions of the sold to party

We make the shipment of goods to some other party; the different party is called ship to party. Generally ship to party only receives the shipment on behalf of sold to party.

**BP: Bill to party:** The sale transaction done by sold to party, and the goods received by the ship to party, and the actual invoice is to be raised in the name of another party i.e. Bill to party.

**PY: Payer:** The person who makes payment to the company is known as payer, he may be the different person from the above three or one among the above three parties.

These partner functions were already defined by the SAP we can use them according to our requirement.

#### **Assign the partner functions to customer account groups:**

Spro-rimg-sales and distribution-basic settings-partner determinations-setup partner determinations-set up partner determinations for customer master record:

Double click on partner functions (in the dialog structure box in the left side)

Click on position button give partner function: sp, sh, bp, py (individually)

#### **Double click on account group-customer**

Give the partner functions and the customer account group and save the data

Go back sub menu(determine the partner procedure)

Click new entries

Give the procedure name :2006(4 character code and description of the procedure)

And save the data

Select the procedure:2006

Double click on partner functions in procedure

Click on new entries button

Give all the partner functions and give the details as under and save the data

Partner dert.procedure	partner functions	non modifiable	mandatory
2006	sp	X	X
2006	sh		X
2006	bp		X
2006	py		X

Assignment of partner function procedure to account group:  
 Double click on partner function procedure assignment  
 Click on position button and give customer account group  
 And give the partner procedure function and save the data.

### **Create the customer master in sales area i.e. (xd01 or change existing customer Xd01with sales area details)**

Give the customer account group:2006  
 Company code:2006  
 Sales organization:2006  
 Distribution channel:01  
 Division:01 and continue  
 Give the general details and company code details and click on sales area under that in sales tab button  
 Give customer pricing procedure:1 and click on shipping tab button  
 Delivery priority:02 normal  
 Shipping priority:01 as soon as possible  
 Delivery plant:2006 and click on billing tab button  
 Select price determination check box  
 Incoterms: cif vijayawada  
 Give terms of payment:2006  
 Account assignment group:01(domestic revenues)  
 Give tax classification as 1 i.e. liable. (Tax category MWST default comes)

### **Create Material Master Record for finished Goods:**

#### **Logistics-sales and distribution-master data-products-material-other material-MM01**

Give industry type:  
 Give the material type: finished product.  
 Click on select views button  
 Select the views basic data 1and 2; sales and gen.plant data; mrp1; general plant data and storage1; accounting 1 ;costing 1 and costing 2  
 Select organizational levels,  
 Give plant , storage location sales organization and distribution channel continue

In basic data column give : unit of measurement: a material group:1104 mechanics

Division:01 gross weight and net weight>press enter>

Click on sales organization data1 and give the delivery plant:2006

Under tax data give 1 full tax

And click on sales org. data 2 and give the account assignment group:03 finished goods

Click on sales and general plant data

Give availability check:kp no check

Transportation group:0001 and loading group:0003

Click on purchasing data and give purchasing group:000

Press enter

Give mrp type: nd : no planning

In accounting 1 column give valuation class:7920 price control:s standard price:8000

Save the data material:867

Create another material with ref to this material

**Assign shipping point: spro-rimg –logistics execution-shipping-basic shipping functions-shipping point and goods receiving point determination-assign shipping points**

Give shipping cond: 01 loading group: 003 plant: 2006 and pro

Posed shipping point: 2006 save the data.

Maintain the condition records and condition types ?(proo, mwst): path: vk11

Give condition type: PROO and press<enter>

Select material with release status and continue

Give sales organization and distribution channel and give the material number :867 <press enter>

Change the valid on period: previous date010406

Give the price: 8000 and save and go back

Give the condition type: MWST<enter>

Select domestic taxes and continue

Give country name: in change the validity period of the condition

Give tax for customer: 1(liable) and tax for material: 01(full tax) tax code o1 and save

Specify general ledger account for account key: (MWS): OB40

Select the account key: MWS

Give chart of accounts: 2006

Give the tax code: o1 and give the vat payable account save

**CREATE SALES ORDER: PATH: Logistics-sales and distribution-sales-order-VA01**

Give order type: OR standard order

Give sales organization and distribution channel and division and press enter

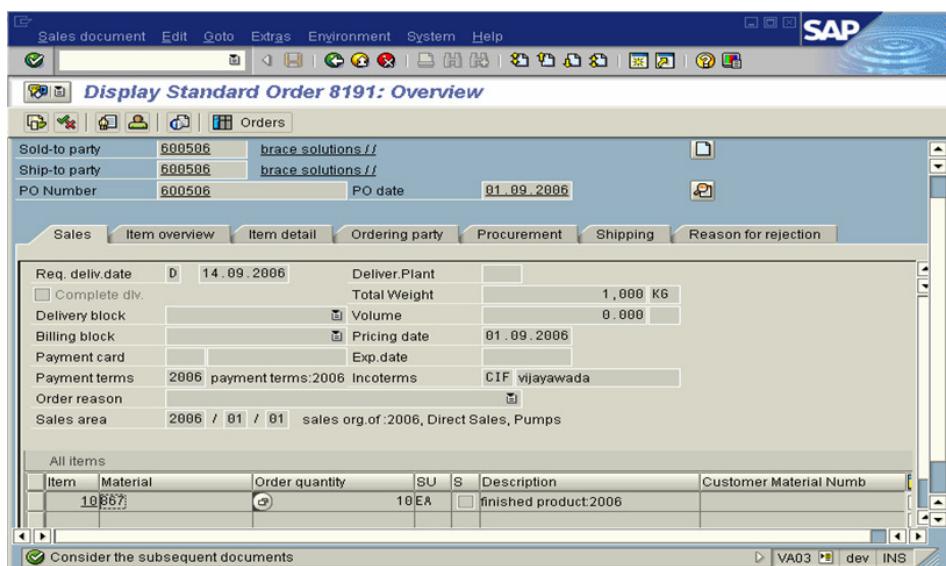
Give the sold to party: customer number: 600506 and date

Give material number:867 and order quantity:10 and verify the delivery date click on shipping button the date would 14 days after the sale order by default. Mat .ava. Date: 14.09.06

To verify the incomplete details go to menu item edit<incomplete log> system show the incomplete details to be furnished if any,

Save the data if the document is complete in all aspects

Sales order 8191 was created



**Figure 150**

**Goods receipt for sale orders: (from plant or storage location to sales point)**

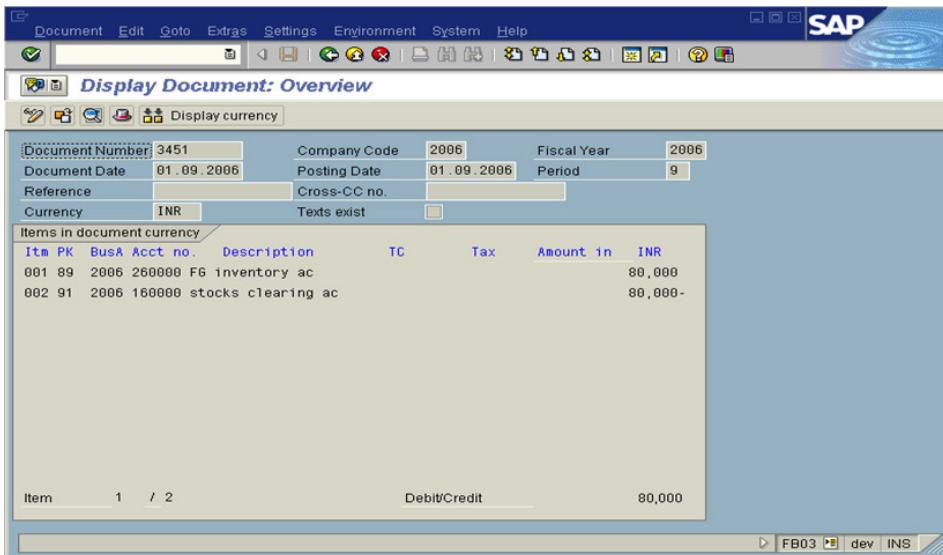
**Path: logistics-material management-inventory management-goods movement-goods receipt-MBIC others:**

**Give movement type: 561: entry of initial stock for UN restricted use**  
**Give plant: 2006**

**Storage location: 2006 and <press enter>**

**Give material number and quantity<enter>and save**

**Goods receipt document 4900028651 was posted**



**Figure 151**

since the finished good stock is increased and crediting to stock clearing account. This is the accounting entry and the material document created and updates the physical goods with quantity.

#### **Out bound delivery of goods: path:**

#### **Logistics-sales and distribution-shipping and transportation-outbound delivery-create –single document**

Give shipping point: 2006

Selection date: change to the material available date: i.e.14.09.06

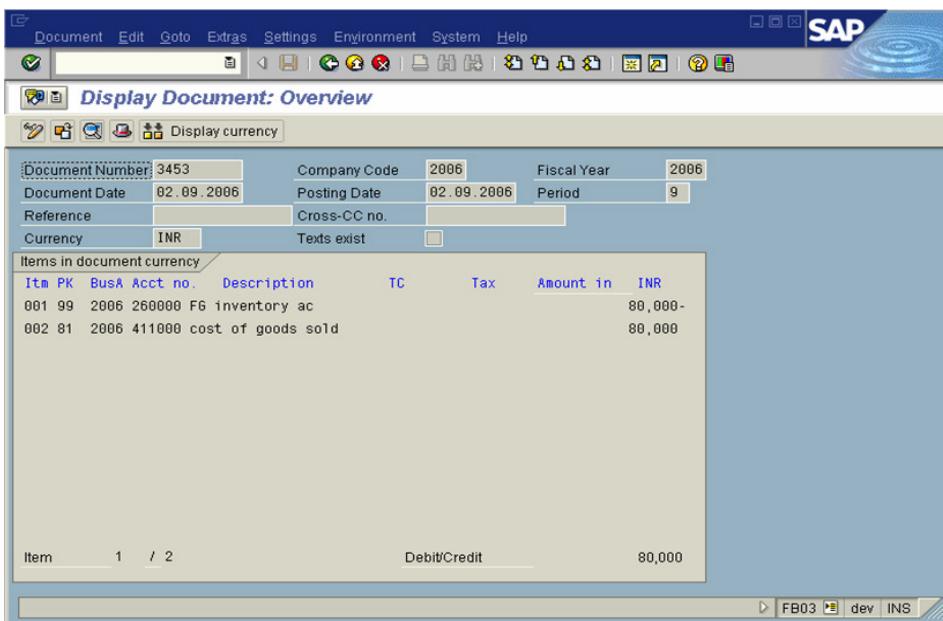
Give the order: 8191

Press enter

Give the pick quantity

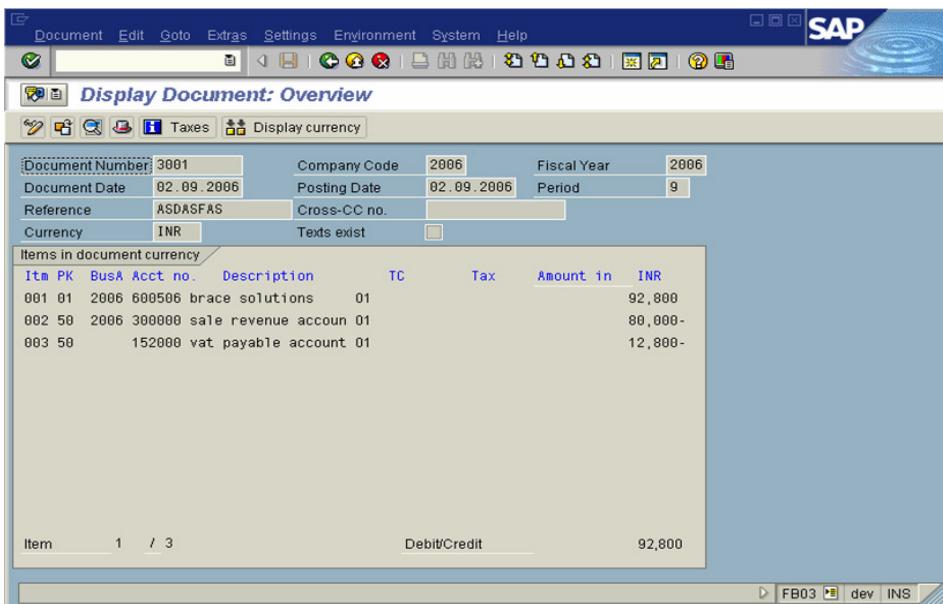
Click on post goods issue button the system creates the delivery document and

Verify the document in FB03 and go for the billing of the document.

**Figure 152**

When we sold the goods, the finished goods account is credited with and the cost of goods sold is debited with the amount. The material document will reduce the physical stock.

### Billing of document

**Figure 153**

While making the billing document the system raises the accounting entry in accounts receivable accounts or customer account. The entry is appearing as above. We can follow up for the incoming payment as per the payment terms.

# **CHAPTER 5**

## Cash Journal



## **Cash journal account:**

Cash journal is a new tool used to post th237237e cash receipts and payments. With this new tool we can post the general day to day expenses, vendor cash payments, customer cash receipts for small invoices, and post them either regularly or periodically. Some times it can be considered as petty cash book to make the petty expenses during the business transactions. To maintain the cash book we need to follow the under mentioned procedure. We can define any number of cash journal accounts currency wise, different cash journal accounts per company code wise. Otherwise we can maintain the cash journals account type wise also if the project definitions required.

1. Define the Cash Journal Account: in FS00: the parameters are same as bank account. Additionally we need to select the Post automatically check box.
2. Define select the account types for posting the cash journal transactions: path: TC:OBA7 we have to select the document types. Generally following document types are used in cash journal.  
SA: general ledger transactions  
KZ: vendor payment transactions  
DZ: customer payment transactions,
3. **Define the number ranges for permitted document types:**  
We have to define the separate number ranges for the document types used for cash journal transactions if required. Otherwise the same number ranges can be used for the same document types selected.

### **Set up cash journal account:**

**Path: financial accounting-Bank accounting-business transactions-cash journal-setup cash journal-FBCJC0:**

Click on new entries button and give the details as under:

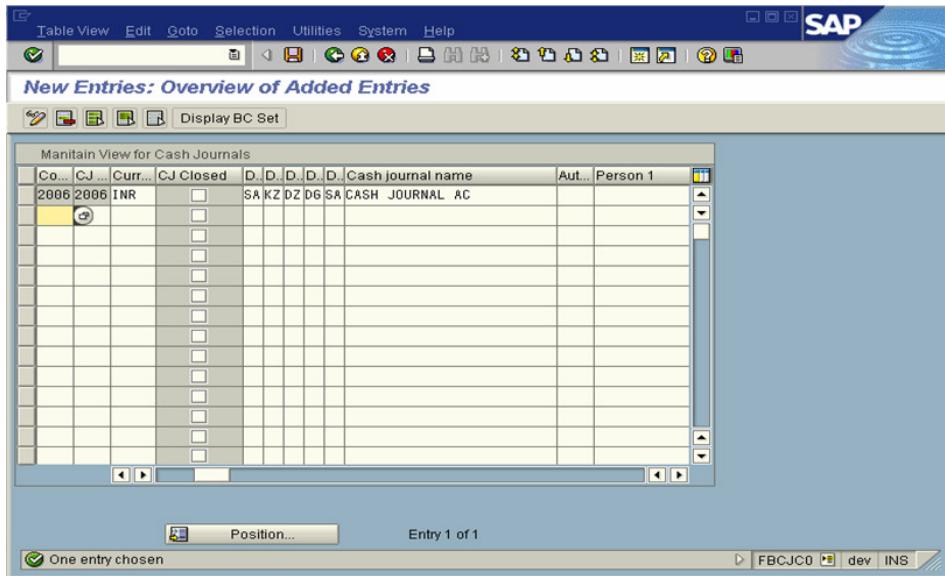
Give the company code: 2006

Give the cash Journal code: 2006(4character code)

Give the currency code: INR

If you select the Cash Journal closed check box the particular cash journal can not be used to for postings and same is treated as closed cash journal account.

Give the document types which can be processed through the cash journal account



**Figure 154**

Give the description of the cash journal account and authorized person names And save the data.

### Create, change, and delete business transactions: path is same above and the TC: FBCJC2

We have to define specify the business transactions to post the information through the cash journal account. These business transaction types are the important to process the records in cash journal account. With in the cash journal account we can set the business transactions types to deal with. Different cash journal may contain different business transactions. The business transactions are defined by SAP. We can use them for the project requirement.

Business transaction categories:

E: expenses

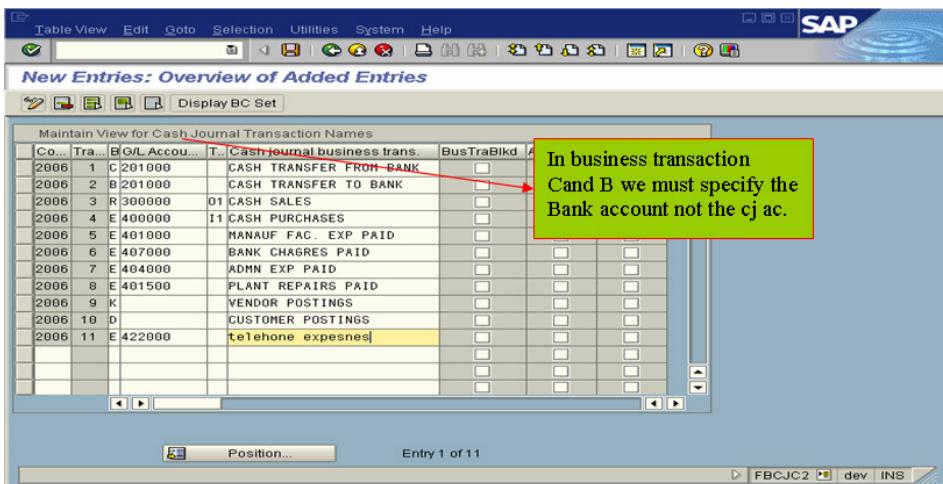
R: revenues

B: from cash journal to bank or cash transfer from cash journal to bank

C: from bank to cash journal or cash transfer from bank to cash journal

K: accounts payable\* we need not mention individual master records in the cash journal account.

D: receivables;\* we need not mention individual master records in the cash journal account

**Figure 155**

Give the company code: 2006

Transaction serial number displays automatically,

Give the business transaction Id as mentioned and the respective control general ledger account number:

Give the description of the business transaction or general ledger name;

While processing the transactions, if you want levy the tax give the tax code in the column provided.

If you select the Business transaction blocked check box. The cash journal does not permit the further postings through these transactions.

If you select the account modification check box, system permits to change the general ledger account number during the posting of transactions.

If you select the tax modifications check box it permits to change the tax code during the posting of transactions. As per the requirement of the project we can select these check boxes.

The business transaction type K and D vendor transactions and customer transactions, we need not define any account numbers specifically.

**Set up the print parameters for cash journal account: path: is same:  
TC: FBCJC3**

Select the company code: 1000

Click on copy as function;

Change the company code: 2006 and press enter

And save the data.

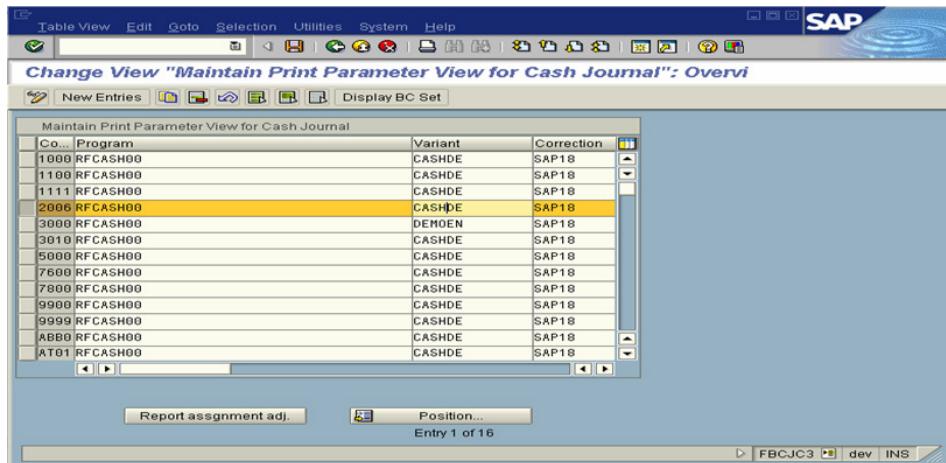


Figure 156

The print programme : RFCASH00 and the variant is CASHDE

Post the transactions in cash journal accounts: path; accounting-financial accounting-general ledger-document entry-fbcj cash journal

Click on change cash journal option (to select the cash journal to post the transactions)

Select the date: by clicking today button: or can change manually,

Click on cash receipt option: give the cash receipt id and post the amount And give the Bank account number and select the transaction and post the amount by clicking on the post selected entry option button(till the red signal indicator changed to green and system shows the received balance the cash journal balance with the amount posted as under.

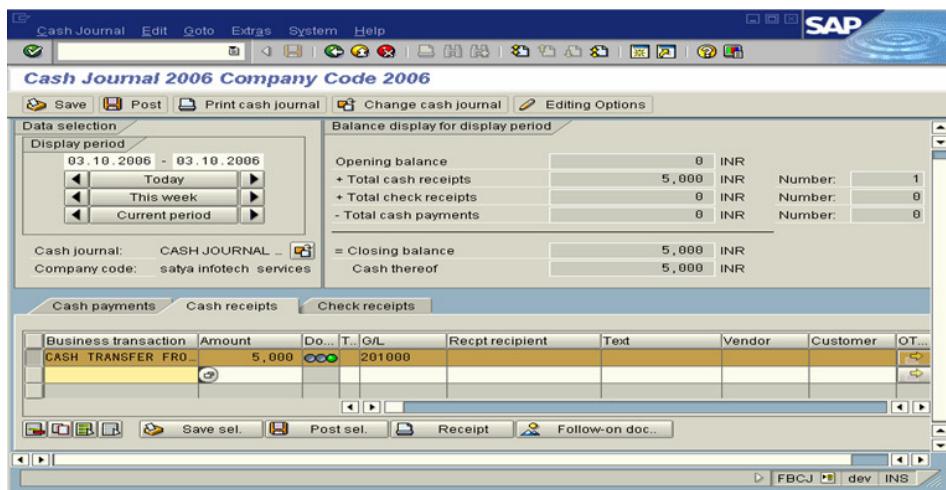


Figure 157