

Kasturi & Sons Limited

SAP Implementation Project

HEITS

FICO Business Blueprint

Version 1.0

THE  HINDU



TATA CONSULTANCY SERVICES

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PREFACE

Purpose of this Document

The Business Blueprint is a detailed documentation of the TO BE business process of Kasturi & Sons Limited. This is developed by Functional Consultants from TCS in consultation with the users from KSL. This document has facilitated the consultants in mapping the processes to the SAP system and incorporating modifications and changes that can be implemented effectively and efficiently in SAP.

Related Documents/ References

No.	Title	Version	Author

Abbreviations and Acronyms

The following abbreviations and acronyms have been used in this document.

Abbreviation/Acronym	Description
TCS	Tata Consultancy Services Limited
KSL	Kasturi & Sons Limited

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1 EXECUTIVE SUMMARY

Company Profile

Kasturi & Sons Limited. The Hindu Group

The Hindu, started in 1878 as a weekly, became a daily in 1889 and from then on has been steadily growing to the current circulation of around 11,80,000 copies and a readership of about 4.05 million.

The Hindu's independent editorial stand and its reliable and balanced presentation of the news have over the years, won for it the serious attention and regard of the people who matter in India and abroad.

The Hindu uses state of the art facilities for news gathering, page composition and printing. It is printed in twelve centers including the Main Edition at Chennai (Madras) where the Corporate Office is based. The printing centers at Coimbatore, Bangalore, Madurai, Hyderabad, New Delhi, Vizag, Thiruvananthapuram, Kochi, Vijayawada, Mangalore and Tiruchirapalli are connected with high speed data lines for news transmission across the country.

The Hindu also has the unique distinction of providing supplements on all days of the week.

On *Mondays*

- ☐ Metro Plus
- ☐ Business Review
- ☐ Education Plus

On *Tuesdays*

- ☐ Metro Plus
- ☐ Education
- ☐ Book Review

On *Wednesdays*

- ☐ Metro Plus
- ☐ Job Opportunities

On *Thursdays*

- ☐ Metro Plus
- ☐ Science, Engineering, Technology & Agriculture

On *Fridays*

- ☐ Friday Features covering cinema, arts, music and entertainment
- ☐ Young World, an exclusive children's supplement.
- ☐ Quest, a supplement by children for children, appears once a month.

On *Saturdays*

- ☐ Metro Plus

On *Sundays*

- ☐ Weekly Magazine covering social issues, art, literature, gardening, travel, health, Cuisine, hobbies etc.
- ☐ Open Page

Literary Review, every first Sunday.

2 SAP IMPLEMENTATION

Objectives

In order to ensure that the Company's growing capabilities are leveraged to its full strengths it is felt that the Company should migrate to SAP system to ensure that systems are in place to meet the dynamic requirements of its Customers.

Approach

SAP has a proprietary implementation methodology called Accelerated SAP (ASAP), which will be used as the base approach for the implementation. ASAP is a solution from SAP to streamline customer implementations and deliver faster business results.

ASAP incorporates step-by-step approach and avoids non-value added tasks. ASAP provides a baseline for business process requirements, configurations, testing and end user procedure/training.

3 ORGANISATION STRUCTURE

3.1 COMPANY CODE

Definition and Meaning

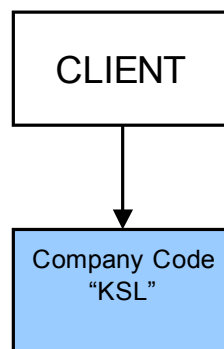
The company code represents an organizational unit to structure the business organization from a financial accounting perspective. It is the smallest organizational unit for which a complete self-contained set of

accounts can be drawn up for purposes of external reporting. Generally, a company code is defined to represent a legal entity.

The process of external reporting involves recording all relevant transactions and generating all supporting documents required for financial statements (balance sheets, profit and loss statements and cash flow statements). All transactions in the financial application are recorded with reference to a company code.

It is a four character alphanumeric key and is entered while posting business transactions or creating company code-specific master data like GL Master Record, Vendor Master Record, for example.

Definitions at KSL



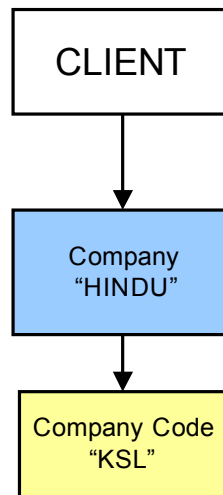
The naming convention for company codes will be 3 digit alphabetic key.

The company code currency will be INR (Indian Rupees).

3.2 COMPANY

Definition and Meaning

The Company is used in SAP to aggregate/ consolidate the financial statements for several operating companies into a consolidated statement for the group, suitable for statutory reporting. Companies can be grouped together according to legal entity structures. A group company represents a consolidated legal entity in which Inter-company transactions have been eliminated.

Definitions at KSL

The naming convention for Company will be 6 digit alphabetic key.

The company code "KSL" will be attached to the Company "HINDU".

3.3 FUNCTIONAL AREA**Definition and Meaning**

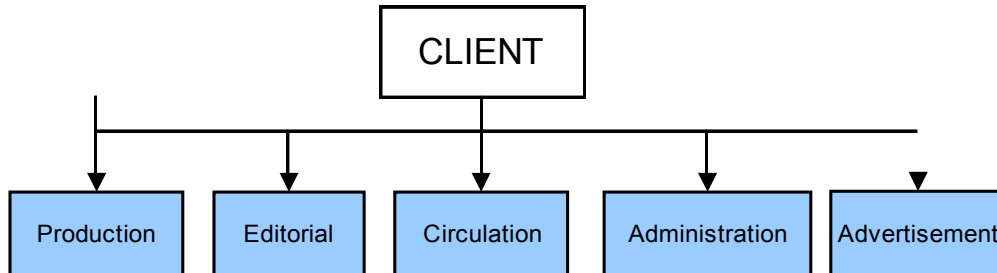
A functional area is an account assignment characteristic that sorts operating expenses according to functions. For E.g., Sales, Finance, Production, Administration.

Functional areas can be assigned to the master data of various objects like

- ③ G/L Accounts
- ③ Cost Elements
- ③ Cost Centers

Functional areas are defined at client level to be used for cost of sales accounting

- ☐ Cost of sales accounting is used to create a profit & loss statement for a company by comparing the revenue to the costs or expenses incurred to obtain these revenues.
- ☐ It is mainly used to identify the cost line items in the income statement on profit centre level by assigning cost centers to an operative profit centre.

Definitions at KSL

The following functional areas will be maintained at the client level;

- ③ Production
- ③ Editorial
- ③ Circulation
- ③ Administration
- ③ Advertisement

The company code "KSL" will use these functional areas.

3.4 BUSINESS AREA**Definition and Meaning**

A Business Area is an internal organizational unit in FI for which internal Balance Sheet and Profit and Loss statements are produced. Business areas may be used to facilitate external segment reporting covering the company's main areas of operation (product lines, subsidiaries) where legally required.

Definitions at KSL

KSL will not use Business Areas. Profit Centers will be used instead of Business Areas to generate Profit & Loss statements and Balance Sheets for each location. Profit Centers has the following advantages over Business Areas;

- It is very flexible in nature and can be created / activated any time as it is Master Data.
- Profit Centers does not need adjustments/activities in the month-end due to Document Splitting functionality.
- Profit Center has its own Ledger/ SAP Tables in the background
- It can be grouped at higher level and one group can have any number of Profit Centers in it

- Assessment and Distribution of Costs between Profit Centers can be done.

4 MASTER DATA

4.1 GENERAL LEDGER

4.1.1 Fiscal Year Variant

Definition and Meaning

A fiscal year is the period for which financial statements are prepared. It generally consists of 12 months. A fiscal year can contain special periods that can be posted to for any year-end transactions such as provisions, adjustments, etc.

In SAP, fiscal year variant sets up the fiscal year. Each company code is assigned a fiscal year variant. Several company codes can use the same fiscal year variant.

Definitions at KSL

KSL follows the Financial Year from April through March as the fiscal year. Each fiscal period consists of the 12 calendar months commencing from April and ending in March. The fiscal Year Variant "K1" consisting of 12 Normal periods (from April to March) with 4 Special periods to manage year-end entries, will be defined and assigned to the company code "KSL".

4.1.2 Posting Period Variant

Definition and Meaning

A posting period is a period (either a month or a special posting period) into which financial documents are posted. Multiple company codes can use the same posting period variant.

Through a Posting Period Variant, posting periods are opened and closed without referring specifically to any company code. This gives the option of opening and closing posting periods for multiple company codes, if multiple company codes are assigned to the same posting period variant.

Account types, range of accounts, authorization groups can be specified to control document postings in a particular posting period.

Definitions at KSL

Posting period Variant "KSL" will be defined and assigned to company code "KSL".

Corporate Finance shall close a period after it is ensured that all period end transactions have been posted in Financial Accounting, Controlling, Materials Management, etc.

4.1.3 Currency**Definition and Meaning**

A currency is the legal means of payment in a country.

In Financial Accounting, a currency has to be specified for each company code. This is the local currency. All other currencies are considered as foreign currency.

Definitions at KSL

At KSL, the financial books shall be maintained in Indian Rupees (INR).

Though SAP supports maintenance of each GL account in different currencies, all accounts shall be configured for domestic currency. This, however, does not deter the users from posting in foreign currency. Reports can be drawn on document currency, which shall give details of transactions in various currencies.

4.1.4 Chart of Accounts**Definition and Meaning**

Chart of Accounts is a classification scheme consisting of a group of General Ledger accounts. Chart of Accounts provide the framework for an orderly rendering of accounting data. For each G/L account, the chart of accounts contains the account number, account name, and the information that controls how an account functions and how a G/L account is created in a company code.

A chart of accounts must be assigned to each company code. The chart of accounts is used in both financial accounting and cost accounting. Multiple company codes can have a common chart of accounts.

Definitions at KSL

The Company specific requirements will be met by creating the general ledger accounts centrally and extending it to the respective company code.

The key “KSL” will be used to define the chart of Accounts for KSL. It has been agreed upon that, details of functions, locations, etc shall be taken care of by controlling component in SAP. These Organizational units will be represented by other objects in Controlling such as cost centers.

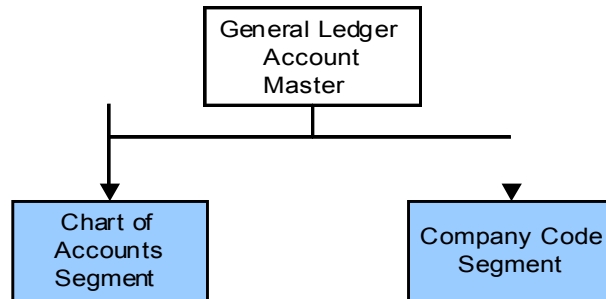
The Chart of Accounts shall, as far as possible, contain natural heads of accounts. GL accounts shall be objective and shall accommodate all types of transactions at a general level. The structure is intended to be created in a manner, which will alleviate the requirement to create new accounts for any change in regulations or processes, unless they are sweeping changes.

Chart of accounts shall be created to make manageability less cumbersome. Furthermore, manageability of information in other modules shall also be considered. A balance shall be struck between Financials and Controlling in such a fashion that there is an equitable distribution of objects and master data to draw the required information with minimum complexities.

Chart of Accounts shall be open ended to accommodate the future needs of the organization. The Chart of Accounts shall be maintained in English Language.

4.1.5 G/L Master Record**Definition and Meaning**

G/L account master records contain the data that is always needed by the General Ledger to determine the account's function. The G/L account master records control the posting of accounting transactions to G/L accounts and the processing of the posting data.



The G/L account master records are divided into two areas

- **Chart of accounts area**
The chart of accounts area contains the data that is valid for all company codes, such as the account number.
- **Company code specific area**
The company code specific area contains data that may vary from one company code to another, such as the currency, field status group, open item management, line item display etc.

Definitions at KSL

G/L accounts will be extended to company code based on requirement. Any G/L accounts which are company specific will be created centrally.

During creation of G/L account, primary cost elements can also be simultaneously created wherever applicable.

The G/L account should also be assigned to the financial statement version after the creation of master record.

The following processing options are available in management of General Ledger master record:

- Create
- Change
- Display
- Block - Blocking of GL account refers to obstruction of the account from posting. Blocking shall be done only after confirming that all locations have stopped using the account or after being satisfied that the account is unnecessary or keeping it open would allow data input inconsistencies.
- Mark for Deletion

4.1.6 General Ledger Account Group

Definition and Meaning

The account group is a summary of characteristics that control the creation of master records. It is used to:

- Determine which specifications must or can be filled when creating the master record in the company code area. Accounts that require the same master record fields shall fall within the same account group.
- Predefine a number interval for classification of master records.

Definitions at KSL

The following Account Groups shall be defined at "KSL" Chart of Accounts:

Si.No	Account Group	Description	From	To
1.	FIAS	Fixed Assets	110000	129999
2.	CUAS	Current Assets	130000	209999
3.	SHFU	Share Holders Funds	210000	219999
4.	LOFU	Loan Funds	220000	229999
5.	CULI	Current Liabilities	230000	299999
6.	INCO	Other Income	300000	309999
7.	ADIN	Advertisement Income	310000	319999
8.	CIIN	Circulation Income	320000	329999
9.	OPEX	Other production related expenses.	330000	409999
10.	PURC	Purchases Account	410000	414999
11.	PEEX	Personnel and administration Expenses	415000	419999
12.	STBE	Staff Benefits – Operated By Accounts Dept	420000	424999
13.	COMM	Commission Rebate	425000	429999
14.	NGEX	Newsgathering Expenses	430000	439999
15.	DIEX	Distribution Expenses	440000	449999
16.	INTP	Interest Payments	450000	459999
17.	REAR	Repairs And Renewals	460000	467999
18.	OTEX	Other Expenses	470000	479999
19.	DEPN	Depreciation	480000	489999
20.	CONT	Contra Account	495000	499999

4.1.7 Field Status Variant

Definition and Meaning

Several field status groups are grouped together in one field status variant. The field status variant is assigned to a company code. The field status variant can be attached to more than one company code.

This allows us to work with the same field status groups in any number of company codes.

We can also define and process field status groups. We must define a field status group in the company code-specific area of each G/L account. The field status group determines which fields are ready for input, which are required entry fields, and which are hidden during document entry.

Definitions at KSL

The standard SAP Field Status Variant will be used by KSL.

4.1.8 Posting Keys

Definition and Meaning

The posting key describes the type of transaction which is entered in a line item. The most important properties which are derived from the posting key are:

- ③ The account type i.e. Customer, Vendor, G/L account, Asset, Material.
- ③ The allocation to the debit or credit side.
- ③ The possible or necessary specifications which are to be entered in the line item.

Definitions at KSL

The standard SAP posting keys will be used by KSL.

4.1.9 Financial Statement Versions (FSV)

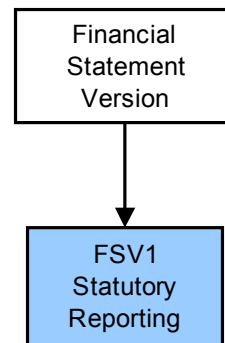
Definition and Meaning

Financial Statement Version

- Allows a clear and structured view of the general ledger
- Can be created to meet a company's external reporting requirements as well as some internal reporting needs

Different financial statement versions can be created for the same chart of accounts at the client level. While executing the balance sheet and profit & Loss reports, the financial statement version should be specified

Definitions at KSL



Three financial statement versions will be configured as follows

- FSV1 – for Statutory reporting requirements

4.1.10 House Banks

Definition and Meaning

A house bank is a bank that the company has an account with. Each house bank of a company code is represented by a House Bank ID in the SAP system. Accounts in the house bank are defined by account ID. While creating the house-bank, the bank country, the bank name and the bank number (bank key) need to be specified.

There may be one or more bank accounts in a house bank. These are defined under an account IDs which are unique per company code and house bank.

An account ID can incorporate attributes of the bank account. This ID will be used to refer to the bank account both when entering specifications for the payment program, and in G/L account master records.

4.1.11 Cash Journal

Definition and Meaning

This business process procedure is used to manage petty cash transactions. Each physical cash float is represented by a cash journal account which is created per currency. The intended purpose of the cash journal is to record physical cash movements in/out of the float keeping track of the closing balance which should always equal to the

physical cash on hand. A single company code may have several cash journals. The petty cash GL account is assigned to the Cash journal.

There may be some transactions that are regularly and frequently used for cash accounting. E.g. settlement of conveyance, staff welfare, small repairs, withdrawals from bank, cash deposit into bank etc. These business transactions can be created and saved and used as and when required to avoid entering the GL accounts each time. As a rule, petty cash is only for small payments that cannot be settled by a banking transaction.

The cash journal shows the balance available as on a date as well as a summary of receipts and payments for the week, month. When payments are made or when cash is received and entry may be posted with the help of the business transactions. The cash journal gives the daily balance of cash. The petty cashier needs to verify that the cash available with him is in agreement with the cash journal.

Definitions at KSL

The following cash journals will be configured for KSL

Cash Journal	Description
CA01	CASHIER AT HO
CH01	STORES
CH02	TIME OFFICE
CH03	MM NAGAR
CH04	THE HINDU HEALTH & WELFARE CENTRE
CH05	TAMBARAM OFFICE
CB01	COIMBATORE
CB02	BANGALORE
CB03	HYDERABAD
CB04	MADURAI
CB05	NEW DELHI
CB06	VISAKHAPATNAM
CB07	VIJAYAWADA
CB08	TIRUVANANTHAPURAM
CB09	KOCHI
CB10	MANGALORE
CB11	MUMBAI
CB12	KOLKATTA
CB13	TIRUCHIRAPALLI
CB14	KOZHIKODE
CB15	PONDICHERRY
CB16	VELLORE
CB17	AHMEDABAD

CB18	PUNE
CB19	BHUBANESHWAR
CB20	TIRUPATHI
CB21	NAGPUR
CB22	MYSORE
CB23	SALEM
CB24	ERODE
CB25	TIRUPUR
CB26	HUBLI
CB27	TIRUNELVELI
CF01	LONDON 1
CF02	LONDON 2
CF03	LONDON 3
CF04	MOSCOW
CF05	PARIS
CF06	SINGAPORE
CF07	DUABI
CF08	ISLAMABAD
CF09	COLOMBO
CF10	BEIJING

4.2 ACCOUNTS PAYABLE

4.2.1 Vendor Master Record

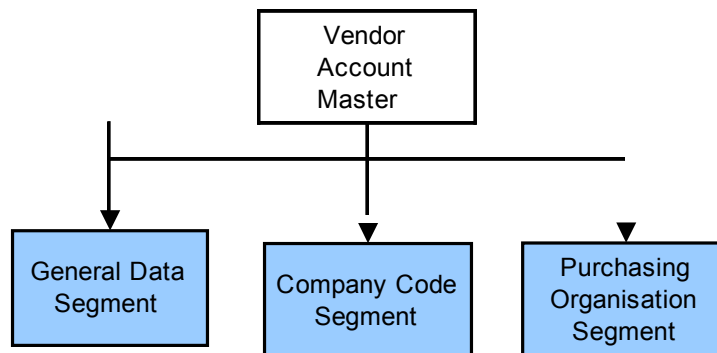
Definition and Meaning:

Vendor Master Records contain the data that controls how business transaction are recorded and processed by the system. Details such as Address, Bank details, Payment related details, Correspondence, TDS details, Customer details [if netting is activated] and other accounting details are stored for each vendor.

Each vendor master record is assigned to a GL (Reconciliation) account, which is updated as and when transactions are posted to the vendor account. Such GL account's purpose will be to collect the transactions posted into vendors that are linked to it. Such GL account will not be open for any direct entry into it.

Similar classes of transactions related to vendors such as advances, can be mapped to different GL (special) accounts. For example, when an invoice is booked against a vendor, the regular Sundry Creditors account will be updated. If an advance is given to the vendor, such advance will update Advance to Sundry Creditors and not the regular Sundry Creditors account.

This facility would result in easier reconciliation/settlement and automatic classification of transactions to meet with the business needs and financial statement disclosure needs.



Vendor Master Records are divided into three segments

- **General Data Segment:** This is at the client level and contains data that is common to all the company codes using the vendor. Example – Vendor Name, Vendor Address
- **Company Code Segment:** This contains accounting information. Example – Sort key, Field Status Group, Currency, Payment methods, Vendor information.
- **Purchasing Organization Segment:** This contains purchase information. Example Purchasing Organization, Purchasing Group.

Definitions at KSL

The following Reconciliation Accounts will be configured for KSL.

Sl. No	Description
1	Related Parties
2	Third Party Domestic – Goods
3	Third Party Import - Goods
4	Third Party Domestic – Services
5	Third Party Import - Services
6	Capex - Creditors
7	Other - Expenses

Following special G/L Indicators be configured for KSL

Sl.No	Description
1	Down Payment – Capex
2	Down Payment – Operational
3	Down Payment Request
4	Guarantee Provided
5	Security Deposit Provided
6	Donations Eligible u/s 80-G
7	Expenses Reimbursement

In addition to the above additional Special G/L indicator will be created based on the requirement during the Realization Phase.

4.2.2 Vendor Account Groups

Definition and Meaning

Vendor account group is an object created to distinguish between different types of vendors and to group vendors of similar nature transaction wise. Specifications that are to be incorporated at the time of creation of a vendor master record are configured in Vendor Account groups. Vendor accounts groups carry the number ranges of vendor master records.

Definitions at KSL

The SAP standard vendor Account Group "KRED" will be used as a base for all the Account Group for vendors created in KSL.

Si.No	Account Group	Description	From	To
1.	CAPE	Capital Creditors	100000	199999
2.	INVE	Investment Parties	200000	209999
3.	EMPL	Employees	210000	299999
4.	NEWG	Creditors for News Gathering	300000	399999
5.	TAX	Creditors for Taxes	400000	499999
6.	PURC	Creditors for Goods	500000	599999
7.	EXPE	Creditors for Expenses	600000	699999
8.	SERV	Creditors for Services	700000	799999
9.	BLCO	BL Contest Winners	800000	899999

4.2.3 Posting Keys

Definition and Meaning

The posting key describes the type of transaction that is entered in a line item. The most important properties that are derived from the posting key are:

- ③ The account type i.e. Customer, Vendor, G/L Account, Assets, Material
- ③ The allocation to the debit or credit side
- ③ The possible or necessary specifications that are to be entered in the line item.

Definitions at KSL

The standard SAP posting keys will be used by KSL

4.2.4 Vendor Tolerance Group

Definition and Meaning:

The tolerances are used for dealing with payment differences and residual items that may arise when payment clearing is carried out. We specify the tolerances in one or more tolerance groups and assign

a tolerance group to each vendor using the master record. For each tolerance group specify the following:

- ③ Tolerances, up to which payment differences arising from open item clearing can be automatically posted to expense or revenue accounts
- ③ The treatment of terms of payment for residual items if they are to be posted during clearing

Definitions at KSL

Only one tolerance group will be created for all the vendors.

4.2.5 Terms of Payment

Definition and Meaning:

The terms of payment key can determine the following:

- ③ The valid cash discount rate for an individual payment and baseline date for the payment, or
- ③ The terms of payment for installment payments.

Terms of payment can be attached to the vendor master record. These payment terms will get default at the time of document posting. The payment terms can be overwritten at the time of document posting for any changed payment terms.

Definitions at KSL

The following terms of payment will be defined for KSL

Terms of Payment	Description
KS07	Due within 7 Days
KS15	Due within 15 Days

KS30	Due within 30 Days
KS45	Due within 45 Days
KS60	Due within 60 Days

Any other Terms of payments required (E.g. with Discounts) will be added in the Realization Phase.

4.2.6 Payment Method

Definition and Meaning:

The payment method determines how payments are to be made, e.g. by check, bank transfer or bill of exchange. Payment methods are entered in the master records of vendors in order to specify how payments are made. If an open item is to be paid using a specific payment method, the same must be entered in the open item. The terms that have been defined for the payment method must be satisfied for the payment.

Definitions at KSL

The method of payment to vendors in KSL is as follows

Payment Method	Description
C	At Par Cheque
L	Local Cheque
T	Electronic Bank Transfer
D	Demand Draft

4.3 ACCOUNTS RECEIVABLE

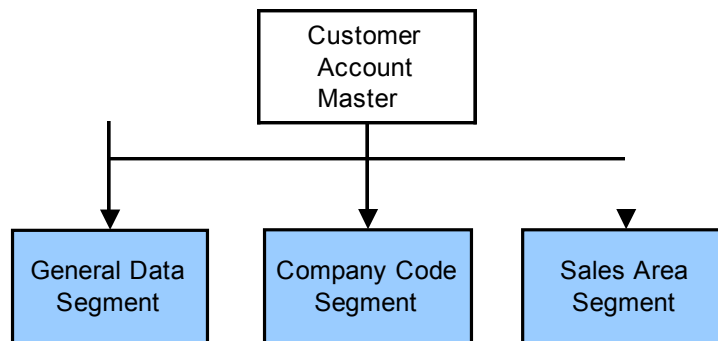
4.3.1 Customer Master Record

Definition and Meaning:

Customer Master Records contain the data that controls how business transaction are recorded and processed by the system. Details such as Address, Bank details, Payment related details, Correspondence, Vendor details [if netting is activated] and other accounting details are stored for each Customer.

Each customer master record is assigned to a GL (Reconciliation) account, which is updated as and when transactions are posted to the customer account. Such GL account's purpose will be to collect the transactions posted into customers that are linked to it. Such GL account will not be open for any direct entry into it.

Similar classes of transactions related to customers such as advances, can be mapped to different GL (special) accounts. For example, when an invoice is booked against a customer, the regular Sundry Debtors account will be updated. If an advance is received from the customer, such advance will update Advance from Sundry Debtors and not the regular Sundry Debtors account. This facility would result in easier reconciliation/settlement and automatic classification of transactions to meet with the business needs and financial statement disclosure needs.



Customer Master Records are divided into three segments

- **General Data Segment:** This is at the client level.
Example – Customer Name, Customer Address



- ☐ **Company Code Segment:** This contains accounting information. Example – Sort key, Field Status Group, Currency, Payment methods, Customer Bank information.
- ☐ **Sales Area Segment:** This contains Sales information. Example: Sales Organization.

Definitions at KSL

The following Reconciliation Accounts will be configured for KSL

Sl.No	Description
1	Advertisement
2	Circulation
3	Other Sales
4	Other Income

One special G/L indicators for Down Payment will be configured for KSL.

4.3.2 Customer Account Groups

Definition and Meaning

Customer account group is an object created to distinguish between different types of customers and to group customers of similar nature transaction wise. Specifications that are to be incorporated at the time

of creation of a customer master record are configured in Customer

Account groups. Customer accounts groups carry the number ranges of customer master records.

Definitions at KSL

The SAP standard customer Account Group "KUNA" will be used as Account Group for customers dealing directly with FI.

Si.No	Account Group	Description	From	To
1.	ROYA	Royalties	100000	109999
2.	PHOT	Sale of Photos	110000	119999
3.	EVEN	Events	120000	129999
4.	RENT	Rent	130000	139999
5.	OTRE	Other Receivables	140000	149999

6.	WASA	Waste Material Sales	150000	199999
7.	ONSA	Online Sales	200000	209999

4.3.3 Posting Keys

Definition and Meaning

The posting key describes the type of transaction that is entered in a line item. The most important properties that are derived from the posting key are:

- ③ The account type i.e. Customer, Vendor, G/L Account, Asset, Material
- ③ The allocation to the debit or credit side
- ③ The possible or necessary specifications that are to be entered in the line item.

Definitions at KSL

The standard SAP posting keys will be used by KSL.

4.3.4 Customer Tolerance Group

Definition and Meaning:

The tolerances are used for dealing with payment differences and residual items that may arise when payment clearing is carried out. We specify the tolerances in one or more tolerance groups and assign

a tolerance group to each customer using the master record. For each tolerance group specify the following:

- ③ Tolerances, up to which payment differences arising from open item clearing can be automatically posted to expense or revenue accounts
- ③ The treatment of terms of payment for residual items if they are to be posted during clearing

Definitions at KSL

Only one tolerance group will be created for all the Customers

4.3.5 Terms of Payment

Definition and Meaning:

The terms of payment key can determine the following:

- ③ The valid cash discount rate for an individual payment and baseline date for the payment, or
- ③ The terms of payment for installment payments.

Terms of payment can be attached to the customer master record. These payment terms will get default at the time of document posting. The payment terms can be overwritten at the time of document posting for any changed payment terms.

Definitions at KSL

The following terms of payment will be defined for KSL

Terms of Payment	Description
KS00	Due Immediate
KS07	Within 7 Days
KS15	Within 15 Days
KS21	Within 21 Days
KS30	Within 30 Days
KS45	Within 45 Days
KS60	Within 60 Days

4.3.6 Payment Method

Definition and Meaning:

The payment method determines how payments are to be received, e.g. by check, bank transfer or bill of exchange. Payment methods are entered in the master records of customers in order to specify how payments are received. The payment method can also be modified at the time of accounting of invoice.

Definitions at KSL

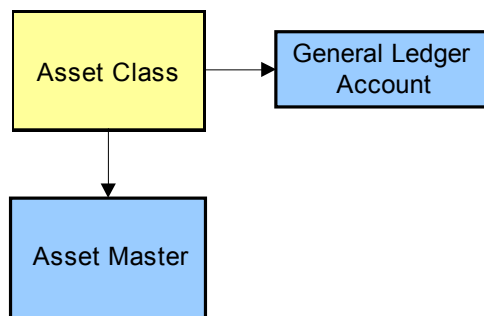
The methods of payment from customers in KSL are as follows;

Payment Method	Description
C	At Par Cheque
L	Local Cheque
T	Electronic Bank Transfer
D	Demand Draft
H	Cash

4.4 ASSET ACCOUNTING

4.4.1 Asset Classes

Definition and Meaning



Asset classes are the most important means of structuring fixed assets. Unlimited number of asset classes may be defined in the system. Asset classes are used to structure the assets according to the requirements of the organization. Examples of Asset classes are Land, Building, Plant and Machinery, etc. Each Asset Class will have a separate number range. Asset Class will link the asset sub ledger to General Ledger Account.

Number Assignment

The asset number uniquely identifies a fixed asset. It always consists of the main asset number and the asset sub-number. Each Asset Class will have a separate number range. There are two ways of carrying out number assignment in the system:

- ③ External number assignment

③ Internal number assignment

In the case of external number assignment, the user explicitly assigns an asset number to the asset. The system issues an error message if a number is already assigned. In case of internal assignment, upon saving the asset the next sequential number in the relevant number range is assigned to the asset.

The field status or screen layout

The asset master record in the asset accounting contains a large number of fields because it is used for many different purposes. To make it easier to maintain master data, screen layout rules are defined and assigned to the asset class.

Definitions at KSL

Asset classes such as Lease Hold Land, Free Hold Land, Building, Plant & Machinery, Electrical Installation, Office Machinery, Furniture, Vehicles, Intangible Assets, Leased Asset(Cars, Computers & Software(intangibles)).

Internal number assignment will be defined for all asset classes i.e., the assets will be managed with numbers assigned by the system.

For Statutory Reporting and Tax Reporting, Individual assets of value less than Rs.5, 000 are considered as low value assets and 100% depreciation is charged to those assets on the date of capitalization.

4.4.2 Asset Master Record

Definition and Meaning

Asset Master Record contains all the existing, relevant information about the fixed asset. The following are some of the important field groups:

- General Data (Description, Quantity, etc.)
- Inventory
- Equipment Number
- Posting information (for example, capitalization date)
- Time-dependent assignments (for example, cost center, personnel no.)
- Allocations (Evaluation Group 1 to 4 e.g. Location Department, Section etc.)

- Origin Data (Information regarding the vendor from whom the asset has been acquired) or the internal order element from where the settlement to the asset has happened.
- Insurance
- Depreciation Areas for managing different asset values under the same asset master record.
- WDV & SL Methods of depreciation are available in addition to the Shift 1, Shift 2, Shift 3 methods of depreciations.

Definitions at KSL

The asset masters will be created by the Accounts Department whenever it is required.

4.4.3 Asset Sub-Number**Definition and Meaning**

Asset Sub- Number is used where an Asset consists of several components. Asset sub-numbering allows the specification of a number within a main asset number. Each sub-number could represent a component of the main asset number or simply be used for grouping purpose

Definitions at KSL

Asset Sub-Number will be used for Equipment and for other assets wherever it is required.

4.4.4 Group Asset**Definition and Meaning**

The group assets group a number of assets for the calculation and posting of depreciation. The Group Assets are assigned to the individual assets in the specific Depreciation Area.

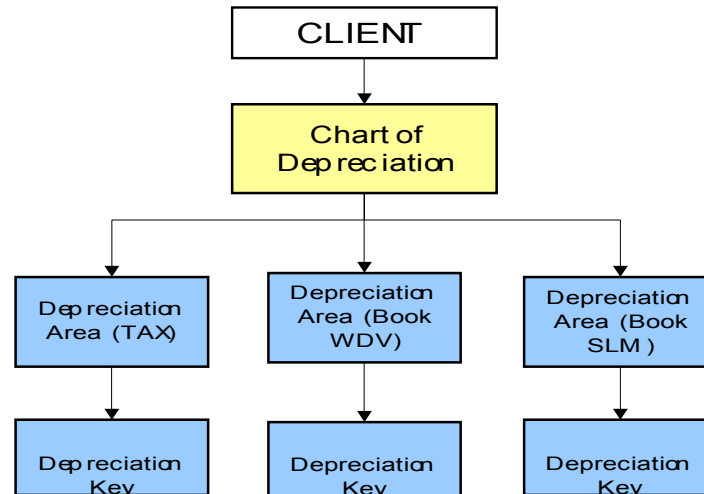
Definitions at KSL

As per the Income Tax Act, it is required to depreciate all assets in blocks. An asset group has its own net book value. Depreciation is not calculated on each individual asset, depreciation is on the block's net book value. The asset block's net book value increases when assets are added to it and falls when assets are sold or retired. The depreciation rate depends on the asset block and is prescribed by the Government. Since an asset block may exist for a very long time, as

assets are added to it, it has an unrestricted useful life. In SAP, Group Assets will be created to meet this requirement.

4.4.5 Chart of Depreciation

Definition and Meaning



The chart of depreciation contains the defined depreciation areas. It is predefined to contain the rules for the evaluation for assets.

The Chart of Depreciation is assigned to the Company Code. One company code can be attached to only one chart of depreciation. The chart of depreciation and the chart of accounts are completely independent of one another.

Definitions at KSL

The key 'KSL' will be defined as the chart of depreciation for KSL

4.4.6 Depreciation Area

Definition and Meaning

Each depreciation area is set up to handle depreciation for a particular purpose (e.g. book depreciation, tax depreciation, group depreciation, etc.)

Every depreciation area belongs to at least one chart of depreciation, and is managed independently from other depreciation areas.

However, we can define depreciation areas so that it is possible to use one area to check the values of another area, or so that one area can take over values from another area.

Definitions at KSL

The following depreciation areas will be configured and assigned to the chart of depreciation "KSL". These depreciation areas will be used by the company code "KSL"

Depreciation Area - Code	Description
01	Book Depreciation- Indian Companies Act, 1956- Depreciation as per Straight Line Method (SLM)& Written Down Value Method based on the Asset Class
10	Book Depreciation - Indian Companies Act, 1956 – This Area is used for information purposes &
15	Depreciation under the Income Tax Act, 1961- Depreciation as per Written Down Value Method (WDV)

4.4.7 Depreciation Key

Definition and Meaning

The depreciation key (valuation key) controls the valuation of the asset in the particular depreciation areas.

The depreciation key consists of the following:

- ③ Calculation method for the automatic calculation of interest, ordinary and special depreciation
- ③ Possibly a cutoff value key
- ③ Various control indicators

Definitions at KSL

The following depreciation keys will be configured and assigned to the depreciation areas

Si.No	Depreciation Key Description
01	Calculation of depreciation in Straight Line Method

02	Calculation of depreciation in Written Down Value Method
03	For Asset Under Construction – 0 Value Depreciation
04	For unit-of-production depreciation

Residual Value:

The residual Value of Leased assets (Cars-5% & computers-1%) remaining assets Rs .1 is maintained for all assets for Depreciation Area – 01.

5 BUSINESS PROCESSES

5.1 PROCESSING OF BILLS FROM VARIOUS DEPARTMENTS

Business Process: This process deals with the posting the incoming invoices directly in AP module and sending the same for the approval up to three levels through SAP & then for next 2 levels manual approval. The invoices are paid after the approval. Types of incoming invoices include Hotel Bills, BL Stock Market contest, Ticketing, Advertising Expenses, Sponsorships, Sales Promoters, Canteen, Taxi Hire Charges.

5.1.1 Integration Points

Preceding Process – Receipt of Bills

Succeeding Process – Outgoing Payment Process.

5.1.2 Performance Measures

Nil

5.1.3 Interfaces

None

5.1.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.1.5 Configuration

- Vendor Master
- GL Master

- Number Ranges
- Workflow

5.1.6 Reporting Requirement

- 1) Party wise payment register
- 2) Form C / Form 17.

5.1.7 Authorization

The Detailed Authorization will be captured in authorization matrix during realization process.

5.1.8 Master Data

GL Master (FS00)
Vendor Master (XK01)

5.1.9 Conversions

5.2 BANK RECONCILIATION PROCESS

Business Process: This process deals with the bank reconciliation. The soft copy of the bank statement received is uploaded into the SAP system through a customized program. The same will throw the errors if any, and the same has to be analyzed and adjustments to be done manually. After the errors are rectified the same will be posted to the GL.

Refer Flow chart.

5.2.1 Integration Points

Preceding Process – Receipt of Soft copy of Bank statement

Succeeding Process – Nil

5.2.2 Performance Measures

The Time taken for the bank reconciliation will be reduced from the current level.

5.2.3 Interfaces

A Customized program will be developed to upload the soft copy of the bank statement.

5.2.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.2.5 Configuration

- House Bank
- Manual Bank Statement

5.2.6 Reporting Requirement

- BRS for a Month

5.2.7 Authorization

The detailed authorization will be captured thru authorization matrix during realization phase.

5.2.8 Master Data

House Bank

5.2.9 Conversions

Nil

5.3 BRANCH IMPREST DOMESTIC

Business Process: This process deals with the reimbursement of imprest for domestic branches & centers. The respective persons at branches / centers will account for the expenses in SAP in Cash Journal & save it. They will send the expense statement on a daily basis to HO. The same will be checked by the main accounts department and note for any abnormal expenses would be forwarded for approval. The Entry will be posted to GL after approval. The amount due will be paid thru Cheque. For the payment due an incoming invoice will be prepared and forwarded for approval. The outgoing payment will be made against that invoice and the Cheque is forwarded to the respective branches. The respective persons at branches / centers will account the Cheque as receipt in the cash journal.

Refer Flow chart.

5.3.1 Integration Points

Preceding Process – Nil

Succeeding Process – Nil

5.3.2 Performance Measures

Nil.

5.3.3 Interfaces

None

5.3.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.3.5 Configuration

- Configuration of Cash Journal
- GL Account for Cash Journal
- Document Type for Cash Journal
- Number Ranges for Cash Journal documents
- Workflow
- Business Transactions for Cash Journal
- Set up the Print Parameters for Cash Journal

5.3.6 Reporting Requirement

- Cash book for each branches / center

5.3.7 Authorization

The detailed authorization will be captured thru authorization matrix during realization phase.

5.3.8 Master Data

GL Master (FS00)
 Vendor Master (XK01)
 Document Types (OBA7)
 Set up the Cash Journal (FBCJC0)
 Number Ranges for Cash Journal Document Types (FBCJC1)
 Business Transactions (FBCJC2)
 Print Parameters for Cash Journal (FBCJC3)

5.3.9 Conversions

Loading of the Closing balances of cash at various branches / center as on 31.03.2007.

5.4 CASH PAYMENT

Business Process: Cash payment for the expenses incurred (Including petty cash payment).

Refer Flow chart.

5.4.1 Integration Points

Preceding Process – Booking of Incoming invoices and getting the approval for the same.

Succeeding Process – Tracking of suspense (Being done manually).

5.4.2 Performance Measures

None

5.4.3 Interfaces

The collection module for Advt & circulation are handled in Non-SAP, hence there will be an interface.

5.4.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.4.5 Configuration

- Configuration of Cash Journal
- GL Account for Cash Journal
- Document Type for Cash Journal
- Number Ranges for Cash Journal documents
- Workflow
- Business Transactions for Cash Journal
- Set up the Print Parameters for Cash Journal

5.4.6 Reporting Requirement

- Cash Book for the Month
- Receipts & payments on daily basis

5.4.7 Authorization

The detailed authorization will be captured thru authorization Matrix during realization phase

5.4.8 Master Data

GL Master (FS00)
Vendor Master (XK01)
Document Types (OBA7)
Set up the Cash Journal (FBCJC0)
Number Ranges for Cash Journal Document Types (FBCJC1)
Business Transactions (FBCJC2)
Print Parameters for Cash Journal (FBCJC3)

5.4.9 Conversions

Loading of the Closing balances of cash at various centers as on 31.03.2007.

5.5 CREDIT CARD PAYMENT FOR DIRECTORS

Business Process: The credit card statement is received from the directors. This is accounted in SAP as incoming invoice and sent for approval. Cash / Cheque is received from the Directors for the personal expenses incurred through the credit card and the same is accounted as incoming payment. Once the incoming invoice is approved the outgoing payment is posted in SAP.

Refer Flow chart.

5.5.1 Integration Points

Preceding Process – Receipt of Credit Card statement from Director along with supporting bills.

Succeeding Process – Payment process

5.5.2 Performance Measures

None

5.5.3 Interfaces

None

5.5.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.5.5 Configuration

- Vendor Master
- GL Master
- Workflow

5.5.6 Reporting Requirement

- Nil

5.5.7 Authorization

The detailed authorization will be captured through Authorization matrix during realization phase.

5.5.8 Master Data

GL Master (FS00)
Vendor Master (XK01)

5.5.9 Conversions

Open invoices if any as on 31.03.2007.

5.6 PAYMENT OF DONATION

Business Process: Processing of payments related to donations to institutions / charitable organizations. Duly approved note is received for the payment of donation. The details are entered into SAP as incoming invoice. The invoice is forwarded for approval. The outgoing payment is posted for the invoice after the approval. The Cheque is then forwarded to the concerned person. Report containing the details of the donation paid is generated.

Refer Flow chart.

5.6.1 Integration Points

Preceding Process – Receipt of donation paper from management. Also directly from companies, who have been given donations since some year back?

Succeeding Process – Payment process

5.6.2 Performance Measures

None

5.6.3 Interfaces

None

5.6.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.6.5 Configuration

- Vendor Master
- GL Master
- Validation Rule
- Creation of Special GL Indicator for the Donation eligible u/s 80 G of the Income Tax Act.
- Workflow

5.6.6 Reporting Requirement

- Donation made for the month

5.6.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.6.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

5.6.9 Conversions

Open invoices if any as on 31.03.2007.

5.7 EXPENSE REIMBURSEMENT PROCESS

Business Process: This Process covers the reimbursement of bills received from various Employees for Reimbursement. Employees send the bills for various types of Reimbursement like, Periodical reimbursement for correspondents at Satellite centers, Petrol reimbursement, Courier, fax, printing & stationery, e-mail charges &

Entertainment expenses. Main accounts receive the bills from employees and process those bills for payment.

5.7.1 Integration Points

Preceding Process – Nil

Succeeding Process – Outgoing Payment Process.

5.7.2 Performance Measures

Nil

5.7.3 Interfaces

None

5.7.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.7.5 Configuration

- Vendor Master
- GL Master
- Number Ranges
- Workflow

5.7.6 Reporting Requirement

- Reimbursement report

5.7.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.7.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

5.7.9 Conversions

Open invoices if any as on 31.03.2007.

5.8 FIXED DEPOSITS WITH BANK AND OTHER INVESTMENTS

A Cash Flow statement is prepared on a periodical basis. The same will be used to arrive at a decision on the availability of cash. Then a decision is taken on the mode of investment (Whether in FDs, Shares, or NSCs). Based on the decision the board approval is obtained . Then a note is prepared & authorized by the signatories. The same is forwarded to bank to debit the account & transfer the amount to FD account. Then based on the bank advice the same is accounted in the books. If the decision is for investment in instruments other than FDs the Cheque will be prepared & send to the concerned authorities & the instrument is received. In case of a situation where sufficient cash is not available the decision is taken on to encash the FDs or other instruments. The Approval to the effect is taken & after the proceeds is received the same is accounted in the books.

Refer Flow chart.

5.8.1 Integration Points

Preceding Process – Nil

Succeeding Process – Outgoing Payment & incoming Payment & processing of the incoming invoices

5.8.2 Performance Measures

The information required to make a decision will be available online. So that there will be reduction in the time taken for the decision making.

5.8.3 Interfaces

None

5.8.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.8.5 Configuration

- GL Master
- Vendor Master
- Customer Master
- Number Ranges
- Workflow

5.8.6 Reporting Requirement

- Details of FDs as on a date

5.8.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.8.8 Master Data

GL Master (FS00)
Vendor Master (XK01)
Customer Master (FD01)

5.8.9 Conversions

FD Details as on 31.03.2007

5.9 IMPREST PAYMENT FOR DEPARTMENTS AT HO & THWC

Business Process: This process deals with the reimbursement of imprest maintained at various departments at HO. The respective persons departments will incur various expenses and the same is maintained manually. On a periodical basis the manual statement along with the respective vouchers will be forwarded to the main accounts department. The vouchers are accounted in SAP through Cash Journal. The documents are saved & forwarded for approval. The entries are posted to GL after approval.

The amount of the reimbursement due is created in SAP as incoming invoice & the same is paid from the Main Cash journal. The corresponding receipt entry is made in the respective department's cash journal after the payment entry is made.

Refer Flow chart.

5.9.1 Integration Points

Preceding Process – The respective departments will incur expenses, record the same manually. In case of the dept requires additional imprest, it will submit the request duly approved.

Succeeding Process – Nil

5.9.2 Performance Measures

Effective utilization of the imprest cash, and ensure that idle cash balance is not maintained.

5.9.3 Interfaces

None

5.9.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.9.5 Configuration

- Configuration of Cash Journal
- GL Account for Cash Journal
- Document Type for Cash Journal
- Number Ranges for Cash Journal documents
- Workflow
- Business Transactions fro Cash Journal
- Set up the Print Parameters for Cash Journal

5.9.6 Reporting Requirement

- Cash Book for the respective departments.

5.9.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.9.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

Document Types (OBA7)

Set up the Cash Journal (FBCJC0)

Number Ranges for Cash Journal Document Types (FBCJC1)

Business Transactions (FBCJC2)

Print Parameters for Cash Journal (FBCJC3)

5.9.9 Conversions

Loading of the Closing balances of cash at various dept as on 31.03.2007.

5.10 PAYMENT PROCESS FOR THE BILLS & ACCOUNTING OF ADJUSTMENT VOUCHERS

Business Process: This process addresses the steps relating to the payment activities. Here the payment vouchers are segregated. The cheques are printed after the approval. The dispatch label is also printed. For differing amounts, the cheque payments are handled differently. This process also involves customized payment processes of Young World Quiz, where HO issues cheques without payee's name, Sales Promoters and Adjustment Vouchers.

Bank Cheque printing is carried out for data transferred from personnel dept, Fixed Deposit, Transport, BL Contest, Sales promoters, Telephones, contribution, fixed payment, Dividend Etc.

Refer Flow chart.

5.10.1 Integration Points

Preceding Process – Nil

Succeeding Process - Out going Payment Process

5.10.2 Performance Measures

Nil

5.10.3 Interfaces

Nil.

5.10.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.10.5 Configuration

- Vendor Master
- GL Master

5.10.6 Reporting Requirement

- Report to VP(F&A)-Bank wise,cheque wise
- Presigned bank wise,Cheque wise report

5.10.7 Authorization

The Detailed Authorization will be captured in an authorization matrix during realization process.

5.10.8 Master Data

- Vendor Master
- GL Master

5.10.9 Conversions

Open Invoices as on 31.03.2007

5.11 PAYMENT OF FBT & FILING OF RETURNS

Business Process: This process covers the payment of FBT & filing of relevant returns. A customized report will be provided based on the statistical internal order. Based on the report the FBT will be paid after adjusting for the FBT from the personnel department.

Refer Flow chart.

5.11.1 Integration Points

Preceding Process – Various transactions & FBT from Personnel department

Succeeding Process – Outgoing Payment Process, Audit & filing of returns

5.11.2 Performance Measures

The time taken for the calculation of FBT is reduced to a large extent & the chances of error is minimized.

5.11.3 Interfaces

None

5.11.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.11.5 Configuration

- Vendor Master
- GL Master
- Workflow
- Statistical Internal Order
- Customized report for FBT calculation

5.11.6 Reporting Requirement

- Monthly FBT liability GL Account head, Tax % Wise.

5.11.7 Authorization

The Detailed Authorization will be captured in an authorization matrix during realization process.

5.11.8 Master Data

GL Master (FS00)
Vendor Master (XK01)
Internal Order (KO01 & KOH1)

5.11.9 Conversions

Nil

5.12 PAYMENT PROCESS FOR FIXED PAYMENT – OTHERS

Business Process: Certain Fixed Payments such as Law Charges, Donation, PC Allowance, Advertisement etc., Collection Agent payment are made on a monthly basis. A recurring entry will be created in SAP system. The same will be accounted every month by running a program. This reduces the work of monitoring whether all the expenses have been accounted for or not and the repeated data entry for all months.

Refer Flow chart.

5.12.1 Integration Points

Preceding Process – Receipt of bills for payment.

Succeeding Process – Outgoing Payment Process.

5.12.2 Performance Measures

NIL

5.12.3 Interfaces

None

5.12.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.12.5 Configuration

- Vendor Master
- GL Master
- Recurring Entries
- Number Ranges
- Workflow

5.12.6 Reporting Requirement

- Monthly control sheet (Party wise)
- Monthly control sheet (Account code wise)

5.12.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.12.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

5.12.9 Conversions

Nil

5.13 PAYMENT PROCESS FOR FIXED PAYMENT – RENT

Business Process: The payment of rent for various offices is covered by the process. A recurring entry will be created in SAP system. The same will be accounted every month by running a program. This reduces the work of monitoring whether all the expenses have been accounted for or not and the repeated data entry for all months.

Refer Flow chart.

5.13.1 Integration Points

Preceding Process – Receipt of letters for payment of rent.

Succeeding Process – Outgoing Payment Process.

5.13.2 Performance Measures

NIL

5.13.3 Interfaces

None

5.13.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.13.5 Configuration

- Vendor Master
- GL Master
- Recurring Entries
- Workflow

5.13.6 Reporting Requirement

- Monthly payment report

5.13.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.13.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

5.13.9 Conversions

Nil

5.14 PAYMENT PROCESS FOR PERIODICALS - DOMESTIC

Business Process: This process deals with the reimbursement for the periodicals to employees. Generally a limit on the number of periodicals is fixed to eligible employees. Based on that the employees will request for the reimbursement. Based on the request the employees will be reimbursed. For each periodical the rate is fixed and reimbursement is limited to the same. After accounting the request in SAP, a report is generated & forwarded for approval to Officer / Dy Editor / Group Head for approval. Based on the approval the payment will be made with the approval of VP (F&A) / MD. Refer Flow chart.

5.14.1 Integration Points

Preceding Process – Nil

Succeeding Process - Out going Payment Process

5.14.2 Performance Measures

Nil

5.14.3 Interfaces

Nil.

5.14.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.14.5 Configuration

- Vendor Master
- GL Master

5.14.6 Reporting Requirement

- Details of the reimbursement made.

5.14.7 Authorization

The Detailed Authorization will be captured in a authorization matrix during realization process.

5.14.8 Master Data

- Vendor Master
- GL Master

5.14.9 Conversions

Open Invoices as on 31.03.2007

5.15 PHYSICAL VERIFICATION & AUDIT INTERNAL CONTROLS

Business Process: This process involves physical verification of Fixed Assets, Cash. Fixed register & cash journal is run. Physical verification is being conducted manually. Report is prepared for the discrepancies and forwarded to VP (F&A) for approval.

For difference in cash & fixed assets rectification entries are passed in SAP.

Refer Flow chart.

5.15.1 Integration Points

Preceding Process – NIL

Succeeding Process – Assessing the internal control for Stat Audit purpose for reporting.

5.15.2 Performance Measures

SAP ensures that the loss if any will be properly accounted and brought to the knowledge of the higher management, thus by ensuring the better internal control on the company's assets.

5.15.3 Interfaces

None

5.15.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.15.5 Configuration

- None

5.15.6 Reporting Requirement

- List of Fixed Assets, Physical cash balance statement.

5.15.7 Authorization

The detailed authorization will be captured through Authorization matrix during realization phase.

5.15.8 Master Data

None

5.15.9 Conversions

None

5.16 PROCESS RELATING TO FOREIGN BRANCHES – IMPREST & REIMBURSEMENT

Business Process: This process deals with the reimbursement of imprest & reimbursement of expense for foreign branches. The foreign correspondents will send the expense statement on a monthly basis. The same will be checked by the main accounts department and accounted in SAP thru Cash Journal. After accounting the same will be saved and forwarded to approval. Once approved the same will be posted to GL.

An incoming invoice is created for the amount due to be paid / reimbursed. The amount due will be paid thru DD or telex transfer. After receiving the bank advice the outgoing payment will be posted for the incoming invoice posted. The receipt entry will be posted in the respective cash journal for the amount transferred.

Once in Half year a return will be filed with RBI. The format for the same will be provided from SAP.Refer Flow chart.

5.16.1 Integration Points

Preceding Process – Receiving expenses statement from Foreign Correspondents

Succeeding Process – Audit & filing of returns with RBI.

5.16.2 Performance Measures

Nil.

5.16.3 Interfaces

None

5.16.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.16.5 Configuration

- Configuration of Cash Journal
- GL Account for Cash Journal
- Document Type for Cash Journal
- Number Ranges for Cash Journal documents
- Workflow
- Business Transactions for Cash Journal
- Set up the Print Parameters for Cash Journal

5.16.6 Reporting Requirement

- Imprest Statement for each foreign correspondent
- Half Yearly return with RBI

5.16.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.16.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

Document Types (OBA7)

Set up the Cash Journal (FBCJC0)

Number Ranges for Cash Journal Document Types (FBCJC1)

Business Transactions (FBCJC2)

Print Parameters for Cash Journal (FBCJC3)

5.16.9 Conversions

Loading of the Closing balances of cash at various branches in foreign currency as on 31.03.2007.

5.17 PROCESS RELATING TO LEASING ACTIVITIES

Business Process: The leasing arrangement is centralized at the Head Office. For Asset purchase the Lessor is identified and the PO is raised by the Admin department. The asset is created by the accounts department. Once the asset is bought the GRN will be made and the posting will be automatically done in the FI-AA module in the corresponding asset. Leasing & insurance details are updated in the asset master. The Depreciation is calculated accordingly on the leased assets.

For the Lease payments the amount of EMI is identified from the agreement & a recurring entry is created for the same. The outgoing payment for the entry is done on a monthly basis.

At the end of the lease period, letter is received from the Lessor to pay the residual value. The residual value is posted to the respective asset thru external acquisition with respect to a vendor.

For the sale of asset the rate is negotiated with the dealer. The same is posted in the FI-AA module with reference to the customer. The Profit/loss will be calculated & posted automatically by the system.

Refer Flow chart.

5.17.1 Integration Points

Preceding Process – Nil

Succeeding Process - Out going Payment Process

5.17.2 Performance Measures

Nil

5.17.3 Interfaces

Nil.

5.17.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.17.5 Configuration

- Vendor Master
- GL Master
- Asset Master
- Recurring Entry

5.17.6 Reporting Requirement

- Depreciation (WDV method), Residual Value, profit on sale of asset.

5.17.7 Authorization

The Detailed Authorization will be captured in an authorization matrix during realization process.

5.17.8 **Master Data**

- Vendor Master
- GL Master
- Asset Master

5.17.9 **Conversions**

Leased Assets details as on 31.03.2007

5.18 **PROCESS RELATING TO PAYMENT & FILING OF SERVICE TAX RETURNS**

Business Process: The Company is liable to pay service tax on the following services. 1. Online Information & Data, 2. Business & exhibition services, 3. Transport of goods by road, 4. Erection, commissioning & installation, 5. Sponsorship & events. In the above cases the credit is taken in case of Business & exhibition services & Online Information & Data. For the above services except the Transport of goods by road bill is raised on rendering the service. In such a case the service tax payable is created as a separate code & the amount is posted to a separate GL. In case of Service tax credit on various services, the same is captured in the PO & when the invoice matching is performed the same is posted to a separate GL Account. This credit is adjusted against the service tax payable and the balance amount is remitted. In case of Transport of goods by road whenever a payment is made to the transport operator an internal order is attached to the PO and at the month end the internal order report is being executed and the amount of liability is ascertained. After this an incoming invoice is posted for the total amount of the payment due. Then the same is remitted to the Govt authorities monthly & return is filed on half yearly basis.

Refer Flow chart.

5.18.1 **Integration Points**

Preceding Process – Raising of invoices for the services rendered & Accounting of the Freight Bill.

Succeeding Process – Outgoing Payment Process.

5.18.2 **Performance Measures**

The total amount of service tax payable is captured during the billing of the service & the credit to be availed is also captured at the PO

level. This reduces the time taken to arrive at the amount of ST to be set off against the ST on the services rendered. In case of transport Operators the same is captured via internal order, hence the time taken to arrive at the figure is reduced to a great extent.

5.18.3 Interfaces

None

5.18.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.18.5 Configuration

- Vendor Master
- GL Master
- Internal Order for freight payment
- Tax Codes (Input & Output)
- Workflow

5.18.6 Reporting Requirement

- Details of Service Tax Paid & credit Utilized

5.18.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.18.8 Master Data

GL Master (FS00)
Vendor Master (XK01)
Internal Order (KO01 & KOH1)

5.18.9 Conversions

Nil

5.19 PROCESS RELATING TO PAYMENT OF TDS & FILING OF RETURNS

Business Process: In the **master data of the vendors** applicable to TDS Deductions, **the withholding Tax details** must be maintained. This is the key step required to initiate the withholding tax accounting in FI

The functions involved in extended withholding tax (EWT) are:

- Deduction of tax at source
- Remittance of tax deducted
- Issuance of TDS certificates
- Generation of quarterly / Annual Return along with necessary annexure for e-filing.
- The tax deducted from the vendors during a month should be remitted within 7 days after the close of the month. Hence the tax deduction for each month should be made available based on corporate / non corporate vendors.

The TDS process in the SAP system can be divided into following steps:

- Down Payment
- Invoice Receipt
- Down payment clearing
- Provisions at period end
- Challan updates
- Bank Challan update
- Certificate print/reprint/cancel
- Quarterly / Annual returns for e-filing

The Income Tax Act, 1961 requires the tax be deducted at source at the time of payment or credit, which ever is earlier. The following data is used to explain the various scenarios:

Down Payment

At the time of down payment the vendor accounts gets debited by the total amount of payment inclusive of TDS payable. A sample accounting entry follows:

Vendor A/c (Advances to Suppliers)	Dr	1000		
TDS Payable			Cr	100
Bank Clearing			Cr	900

Invoice Receipt

At the time of recording the invoice received from the vendor, the expense account is debited to the extent of the entire invoice value. Liability in the vendor account is posted net of TDS liability.

A sample entry follows:

Services	Dr	3000	
Vendor A/c (Sundry Creditors)			Cr 2700
TDS Payable			Cr 300

Down Payment Clearing

At the time of clearing the down payment against the vendor liability, the system takes into account the tax that has already been withheld during down payment and the tax liability adjustment will be made. A sample entry follows:

Vendor (Sundry Creditors)	Dr	900	
TDS Payable			Dr 100
Vendor A/c (Advances to Suppliers)			Cr 1000

Provision at period end

At the time of preparation of financial statements, if there are cases where vendors have provided services but have not invoiced the same, the EWT component on these items can be provided for. These provisions would also consider the impact of tax deducted on down payments, if any. Once the vendor sends an invoice, the provision against the same would be reversed.

These two steps are carried out in SAP by way of executing transactions for the same.

Challan updates

At the time of remittance of TDS to the relevant tax authorities, the following entry would get passed:

TDS Payable	Dr	
Bank Clearing		Cr

Bank challan update

When TDS is remitted to the permitted bank, such bank provides the remitter with a payment reference number or a Challan number, which acts as proof of remittance. SAP provides the

facility of recording this Challan number. This reference is then printed in the TDS certificate issued as well as the TDS Annual Return.

Certificate print/reprint/cancel

The Income Tax Act, 1961 requires that the vendor in respect of whom tax has been deducted and remitted should be provided with a withholding tax certificate within a month from the end of month in which tax was deducted. SAP provides the following facilities with respect to withholding tax certificates:

- Printing TDS certificates (J1INCERT)
- Canceling of TDS certificates (J1INCANC)
- Re-printing of TDS certificates (duplicate copy) (J1INREP)

Refer Flow chart.

5.19.1 Integration Points

Preceding Process – Pay roll, Booking of incoming invoices & outgoing payment for various expenses.

Succeeding Process – Outgoing Payment Process for the TDS & filing of returns.

5.19.2 Performance Measures

Nil

5.19.3 Interfaces

None

5.19.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.19.5 Configuration

- With holding Tax Keys
- Define Business Places
- Define Due Dates
- Define Withholding Tax TYPE & Code
- Define Withholding Tax Amount (Including Min & Max Amount)
- Maintain Surcharge Calculation Methods

- GL Account for the Withholding Tax
- Configuration for certificate numbering
- Maintain Number ranges for Bank Challan

5.19.6 Reporting Requirement

- Form 27 & 27A Enclosures
- Form 16A
- List of Tax Borne By KSL
- A Report on TDS payable for the month

5.19.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.19.8 Master Data

GL Master
Withholding Tax Type & Code

5.19.9 Conversions

Nil

5.20 PROCESS RELATING TO PERSONAL INSURANCE

Business Process: Personal accident insurance & third party insurance cover is taken apart from Non-Life Insurance. Request is received from directors for the personal accident insurance & from maintenance department for the third party insurance for operating lift. These requests are processed & accounted as incoming invoices & posted.

Refer Flow chart.

5.20.1 Integration Points

Preceding Process – Nil

Succeeding Process – Outgoing Payment Process.

5.20.2 Performance Measures

The time taken between the bills received & the payment released by main accounts dept is optimal.

5.20.3 *Interfaces*

None

5.20.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.20.5 *Configuration*

- Vendor Master
- GL Master
- Number Ranges
- Workflow

5.20.6 *Reporting Requirement*

- Nil

5.20.7 *Authorization*

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.20.8 *Master Data*

GL Master (FS00)

Vendor Master (XK01)

5.20.9 *Conversions*

Nil

5.21 **ASSET ACCOUNTING (CREATE & CHANGE OF ASSET)**

Process: This process deals with the creation & changing of an Asset master. Accounts department will create the asset master. The same will be used by the person creating the PO. Certain fields relating to the serial number, leasing & insurance details will be updated by the accounts department after the installation of the asset.

5.21.1 *Integration Points*

Preceding Process – Create Purchase Requisition by the Respective User Department.

Succeeding Process – GRN, Invoice Matching & Outgoing Payment Process

5.21.2 *Performance Measures*

Nil

5.21.3 *Interfaces*

None

5.21.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.21.5 *Configuration*

- Asset Master

5.21.6 *Reporting Requirement*

- 1) Fixed Assets register

5.21.7 *Authorization*

The Detailed Authorization will be captured in an authorization matrix during realization process.

5.21.8 *Master Data*

Asset Master

5.21.9 *Conversions*

Asset Balances on 31.03.2007.

5.22 **ASSET ACCOUNTING (ACQUISITION)**

Business Process: This Process relates to the acquisition of the asset & accounting of the same. Once the GRN is done for a particular PO the respective asset will be accounted in the respective master data automatically. The accounts department will update the particulars regarding the insurance & leasing details in the master data. In case of the posting of residual value of the assets the same is done directly in the FI-AA Module through external acquisition from vendor without raising a PO & GRN.

5.22.1 *Integration Points*

Preceding Process – Create Purchase order

Succeeding Process – GRN & Out going payment process

5.22.2 *Performance Measures*

Nil

5.22.3 *Interfaces*

None

5.22.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.22.5 *Configuration*

- Asset Master
- GL Master record
- Vendor Master record
- Lease & insurance Details
- Depreciation Area & Depreciation Key

5.22.6 *Reporting Requirement*

- 1) Fixed Assets register

5.22.7 *Authorization*

The Detailed Authorization will be captured in a authorization matrix during realization process.

5.22.8 *Master Data*

Asset Master
Vendor Master
GL Master

5.22.9 *Conversions*

Asset Balances on 31.03.2007.

5.23 ASSET ACCOUNTING (ASSETS UNDER CONSTRUCTION)

Business Process: Assets under construction have to be managed using a different object or asset master record during the under- construction phase than for the completed asset. Capital investments can be represented simultaneously as assets under construction (for accounting purposes) and internal orders (for controlling purposes).

Investment Orders is used to monitor investment costs that can be capitalized and settled to fixed assets.

The transfer from the under-construction phase to completed asset is referred to here as "capitalization of the asset under construction." With the capitalization of the asset under construction we transfer the values to a completed asset. This transfer is either done in a lump sum or with line item settlement. When capitalizing the asset under construction, the system automatically separates the transactions from the previous years from the transactions from the current year by using transaction types.

When performing a line item settlement of an asset under construction to one or more completed assets, procedure is as follows:

1. Select all line items which we want to settle in the same proportion to the same receiver.
2. Define the distribution rule for these line items.
3. Post the settlement of line items in the desired manner to the specified receivers.

5.23.1 Integration Points

Preceding Process – Creation of Purchase order & Investment Order.

Succeeding Process – Nil

5.23.2 Performance Measures

Nil

5.23.3 Interfaces

None

5.23.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.23.5 Configuration

- Asset Master
- GL Master record
- Vendor Master record

- Investment Order
- Depreciation Area & Depreciation Key

5.23.6 Reporting Requirement

- 1) Fixed Assets register

5.23.7 Authorization

The Detailed Authorization will be captured in a authorization matrix during realization process.

5.23.8 Master Data

Asset Master

GL Master

Investment Order

5.23.9 Conversions

Asset Balances on 31.03.2007.

5.24 PROCESS RELATING TO ASSETS DISPOSAL

Business Process: Once a decision is taken to dispose the asset, the same is communicated to the finance department. If revenue is generated from the same, the asset will be retired with reference to a customer. If no revenue is generated the asset is scraped and the same is updated in GL. An AR invoice is raised & posted to the customer account. Incoming payment is posted for the invoice raised to the customer. In this process the profit / loss on the disposal of the asset is calculated by the system.

5.24.1 Integration Points

Preceding Process –Negotiation with the customers for the sale of Asset.

Succeeding Process – Incoming Payment

5.24.2 Performance Measures

Nil

5.24.3 Interfaces

None

5.24.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.24.5 Configuration

- Asset Accounting configuration
- Asset Master
- GL Master record
- Customer Master

5.24.6 Reporting Requirement

- 1) Fixed Assets register
- 2) Profit & Loss on sale of Asset

5.24.7 Authorization

The Detailed Authorization will be captured in a authorization matrix during realization process.

5.24.8 Master Data

Asset Master
GL Master
Customer Master

5.24.9 Conversions

Asset Balances on 31.03.2007.

5.25 PROCESS RELATING TO REVALUATION & IMPAIRMENT OF ASSET.

Business Process: This process deals with the Asset Revaluation & impairment. The decision is taken for the revaluation & impairment of assets. Once this is done the Revaluation/Impairment of assets will be posted manually using Balance Sheet Revaluation Transaction

The accounting entry for revaluation is as follows:

Upward Revaluation:

Actual Cost A/c Dr
Revaluation Reserve A/c Cr

Downward Revaluation:

Revaluation Reserve A/c Dr
Actual Cost A/c Cr

The accounting entry for impairment loss is as follows:

Impairment A/c Dr
Actual Cost A/c Cr,

The depreciation on the revalued/impaired amount will be posted during the depreciation run to the corresponding depreciation account. The details Information related to depreciation for impairment and revaluation for each asset class and individual asset can be obtained from the Asset History Sheet.

5.25.1 *Integration Points*

Preceding Process – Decision by the management to revalue the asset.

Succeeding Process – Nil

5.25.2 *Performance Measures*

Nil

5.25.3 *Interfaces*

None

5.25.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.25.5 *Configuration*

- Asset Master
- GL Master record

5.25.6 *Reporting Requirement*

- 1) Fixed Assets register
- 2) Information related to depreciation for impairment and revaluation for each asset class and individual asset can be obtained from the Asset History Sheet.

5.25.7 *Authorization*

The Detailed Authorization will be captured in a authorization matrix during realization process.

5.25.8 *Master Data*

Asset Master
GL Master

5.25.9 *Conversions*

Nil

5.26 **PROCESSING OF BILLS OF NEWS AGENCIES – LOCAL & FOREIGN.**

Business Process: News items, articles etc are regularly supplied by the news agencies. Once a contract is entered into with the news agencies, a contract is created in SAP in MM module. As & when the bills for the services are received from News Agencies. There are both domestic & Foreign News Agencies. The bills are checked with the contract for the rate and other payment terms. After approval, the bills are accounted in the System as incoming invoices & posted.

Refer Flow chart.

5.26.1 *Integration Points*

Preceding Process – Agreement entered with the concerned news agencies.

Succeeding Process – Outgoing Payment Process.

5.26.2 *Performance Measures*

Nil

5.26.3 *Interfaces*

None

5.26.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.26.5 *Configuration*

- Vendor Master
- GL Master
- Number Ranges
- With holding Tax Codes
- Workflow

5.26.6 *Reporting Requirement*

- Monthly payment report News Agent wise

5.26.7 *Authorization*

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.26.8 *Master Data*

GL Master (FS00)

Vendor Master (XK01)

5.26.9 *Conversions*

Open invoices if any as on 31.03.2007.

5.27 PROCESS RELATING TO THE REPAIRS OF THE CAMERA & LENSES.

Business Process: This is the process relating to the repairs for the camera & lenses occurring at both Head Office & Branch Office. Minor repairs are done at the respective the branches after approval from HO. All major repairs the equipments are forwarded to HO. Main accounts receive the bills from the BO&HO & process those bills for payment.

Refer Flow chart.

5.27.1 *Integration Points*

Preceding Process – Receipt of bills

Succeeding Process – Outgoing Payment Process.

5.27.2 *Performance Measures*

The time taken between the bills received & the payment released by main accounts dept is optimal.

5.27.3 *Interfaces*

None

5.27.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.27.5 *Configuration*

- Vendor Master
- GL Master
- Number Ranges
- Workflow

5.27.6 *Reporting Requirement*

1. Equipment list (photographer wise)
2. Branch wise list (with/without values)
3. Quarterly stockupdatation Report

5.27.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.27.8 Master Data

GL Master (FS00)

Vendor Master (XK01)

5.27.9 Conversions

Open invoices if any as on 31.03.2007.

5.28 RAISING BILL, CREDIT, DEBIT MEMO FOR RECEIVABLES.

Business Process: Bills / debit / credit memos are raised for rent for the flat at Mumbai, reprint of article, photos sold through auction, Business line data used by some websites, processing fees for photos, events, etc. This process does not cover the disposal of asset & sale of waste material as the sale of asset is captured in the fixed asset process & the sale of waste material had been covered separately.

After receiving request from the concerned department, invoice / debit / credit memo is raised and forwarded for the approval after parking document. After getting approval the same will be posted to GL. Take a print out of the invoice / debit / credit memo. Then receive the amount from customer and account the same as incoming payment and post to the customer account. After that run the dunning proposal and follow up for payment

Refer Flow chart.

5.28.1 Integration Points

Preceding Process – Reprint of article, photos, business line data used by some other websites, processing fees for photos & events conducted.

Succeeding Process – Follow up with debtors for the payments not received

5.28.2 Performance Measures

The time taken to arrive at the debtor aging & the details of transactions for debtors is reduced.

5.28.3 *Interfaces*

Nil.

5.28.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.28.5 *Configuration*

- Customer Master
- GL Master
- Dunning Parameters
- Tax Codes

5.28.6 *Reporting Requirement*

- Debtors Aging
- Bills receivable summary
- Collection Report

5.28.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.28.8 *Master Data*

- Customer Master
- GL Master
- Tax Master

5.28.9 *Conversions*

- Customer open invoices as on 31.03.2007
- GL Master

5.29 FREIGHT PAYMENTS FOR THE MATERIAL TRANSFER.

Business Process: Here the invoice is received from the NP Purchase section. After invoice verification, the bill is passed to the appropriate authority jurisdiction over the bill. SAP system makes it efficient by reducing paper work, and the respective personnel, in charge can utilize his authorization rights to view the invoice. Damages are calculated, and if they exceed Rs 1000/-, then damage amounts are

withheld. If it is less than Rs 1000/- then that amount is reduced from the bill. Further charges from the bank are calculated from the bill, and the user, then makes the payment through SAP and a payment voucher is printed with the check and is sent to the paying authority.

Refer Flow chart.

5.29.1 Integration Points

Preceding Process – No preceding process.

Succeeding Process – Filing of service tax returns.

5.29.2 Performance Measures

SAP updates accounting information which can be viewed by anyone having access. It reduces paper-work and helps maintain up-to-date data to reflect accurate and truly current information at any point of time.

5.29.3 Interfaces

None

5.29.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.29.5 Configuration

- Vendor Master
- GL Master
- Set up for Withholding Tax
- Number Ranges
- Workflow
- Statistical Internal Orders for Service Tax Payable.

5.29.6 Reporting Requirement

- Statement for the Service Tax Payable

5.29.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.29.8 Master Data

GL Master (FS00)
Vendor Master (XK01)
Internal Order (KO01 & KOH1)

5.29.9 Conversions

Open Invoices if any as on 31.03.2007.

5.30 CREATION & CHANGE OF COST CENTER

Business Process: Cost Center is an organizational unit within a controlling area that represents a separate location of cost incurrence.

The definition can be based on functional requirements, allocation criteria, activities or services provided physical location, and/or area of responsibility.

Cost Center Standard Hierarchy, a tree structure representing all cost centers belonging to a controlling area. Cost center group is a collection of cost centers according to cost center hierarchies. This primarily enables us to use cost centers to find the structure of the organization in the SAP System.

Cost Center Hierarchy at Kasturi & Sons Limited is created as per departments' structure.

Refer Flow Chart – Cost Center Hierarchy.

A formal manual request has to be made for creation of a new Cost Center or change an existing Cost Center. The request is sent to central data management - Finance for approval. If approved, Cost Center is created / amended.

Refer Flow chart – Controlling Object Creation Process.

5.30.1 Integration Points

None.

5.30.2 *Performance Measures*

- Controlling Master data contains centralized information that is always used for posting transaction. Master data that remains unchanged over an extended period of time. Master data of a cost center contains the name, the person responsible, the hierarchy area, and so on.
- In Controlling, Master data can be maintained hierarchy wise.
- Alternate Groups can be used for Reporting purposes.
- Controlling integrates with other modules such as Material Management (MM), Human Resources (HR), Plant Maintenance (PM) and Finance Module (FI).
- Cost Center Accounting captures Overhead costs of various departments from various Modules such as Material Management (MM), Human Resources (HR), Plant Maintenance (PM) and Finance Module(FI)

5.30.3 *Interfaces*

None

5.30.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.30.5 *Configuration*

- Standard Hierarchy.
- Cost Center Groups.
- Cost Center Category.
- Validity Period.

5.30.6 *Reporting Requirement*

- Nil

5.30.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.30.8 **Master Data**

Cost Center Master.

5.30.9 **Conversions**

Nil

5.31 **CREATION AND CHANGE OF COST ELEMENTS.**

Business Process: Cost Elements are carriers of cost in Controlling. They are used for entering all costs within the cost accounting system. Cost Elements are classified into

- Primary Costs/Revenue Elements
- Secondary Cost Elements.

Primary cost or revenue element is a cost or revenue-relevant item in the chart of accounts, for which a corresponding general ledger (G/L) account exists in Financial Accounting (FI).

Secondary cost element can only be created and administrated in cost accounting (CO). They portray internal value flows, such as those found in internal allocation, overhead calculations and settlement transactions.

A formal manual request has to be made for the creation of a new Cost Element or change an existing Cost Element. The request is sent to central data management - Finance for approval. If approved, Cost Element is created / amended.

Refer Flow chart – Controlling Objects Creation Process.

5.31.1 **Integration Points**

-

5.31.2 **Performance Measures**

- Controlling Master data contains centralized information that is always used for posting transaction. Master data that remains unchanged over an extended period of time. Master data of a cost center contains the name, the person responsible, the hierarchy area, and so on.
- Alternate Groups can be used for Reporting purposes.

- Controlling integrates with other modules such as Material Management (MM), Human Resources (HR), Plant Maintenance (PM) and Finance Module (FI).

5.31.3 *Interfaces*

None

5.31.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.31.5 *Configuration*

- Cost Element Category.
- Primary Cost Element.
- Secondary Cost Element.
- Validity Period.

5.31.6 *Reporting Requirement*

- Nil

5.31.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.31.8 *Master Data*

Nil

5.31.9 *Conversions*

Nil

5.32 CREATION AND CHANGE OF STATISTICAL KEY FIGURES

Business Process: They serve as a basis for internal allocations and as references in the key figure analysis framework. Such as – Number of Copies, Head Count, Number of Prints, Units of consumption as Liters, sheets, electricity meter reading, floor area etc.

Statistical Key Figures will be used as the basis to allocate the costs. SKFs will also be used to allocate the expenses from top level to lower

level i.e. from Corporate Office (HO) to locations, locations to functions and from functions to sub-functions and so on.

Statistical Key Figures (SKF) can be used for the following:

Internal allocations

- a) Distribution
- b) Assessment

A formal manual request has to be made for the creation of a new Statistical Key Figure or change an existing Statistical Key Figure. The request is sent to central data management - Finance for approval. If approved, Statistical Key Figure is created / amended.

Refer Flow chart – Controlling Object Creation Process.

5.32.1 Integration Points

None.

5.32.2 Performance Measures

- Controlling Master data contains centralized information that is always used for posting transaction. Master data that remains unchanged over an extended period of time. Master data of a cost center contains the name, the person responsible, the hierarchy area, and so on.
- In Controlling Master data can be maintained hierarchy wise.
- Statistical Key Figures will be used as a basis of allocations from one cost object to other. For example, Overhead costs captured from various departments from various Modules such as Material Management (MM), Human Resources (HR), Plant Maintenance (PM) and Finance Module (FI) can be allocated on the basis of SKFs.

5.32.3 Interfaces

None

5.32.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.32.5 Configuration

- SKF Category.
- Defining Units.
- SKF Group.

5.32.6 Reporting Requirement

- Nil

5.32.7 Authorization

The Detailed authorization will be captured thru Authorization Matrix during realization Phase.

5.32.8 Master Data

Nil

5.32.9 Conversions

Nil

5.33 CREATION AND CHANGE OF PROFIT CENTER

Business Process: A profit center is an organizational unit in accounting that reflects a management-oriented structure of the organization for the purpose of internal control. Profit Center Hierarchy is a tree structure representing all profit centers belonging to a controlling area from a Controlling perspective.

Profit Center Hierarchy at Kasturi & Sons Limited:

Profit center hierarchy is created as per departments' structure.

Refer Flow chart – Profit Center Hierarchy.

A formal manual request has to be made for the creation of a new Profit Center or change an existing Profit Center. The request is sent to central data management - Finance for approval. If approved, Profit Center is created / amended.

Refer Flow chart – Controlling Object Creation Process.

5.33.1 Integration Points

- Nil

5.33.2 *Performance Measures*

- Controlling Master data contains centralized information that is always used for posting transaction. Master data that remains unchanged over an extended period of time. Master data of a cost center contains the name, the person responsible, the hierarchy area, and so on.
- In Controlling Master data can be maintained hierarchy wise.
- Alternate Groups can be used for Reporting purposes.
- Controlling integrates with other modules such as Material Management (MM), Human Resources (HR), Plant Maintenance (PM) and Finance Module (FI).
- Profit Center Accounting (PCA) determines profits and losses by profit center wise. Return on investment can be computed for each Profit Center.

5.33.3 *Interfaces*

None

5.33.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.33.5 *Configuration*

- Profit Center Hierarchy.
- Profit Center Groups.
- Profit Centers.
- Validity Period.

5.33.6 *Reporting Requirement*

- Nil

5.33.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.33.8 Master Data

- Profit Center Master Data.

5.33.9 Conversions

Nil

5.34 CREATION AND CHANGE OF INTERNAL ORDERS

Business Process: Internal order is a cost object to monitor cost of a time restricted job. Internal orders are normally used to plan, collect, and settle the costs of internal jobs and tasks or other cost objects.

A formal manual request has to be made for the creation of a new Internal Order or change an existing Internal Order. The request is sent to central data management - Finance for approval. If approved, Internal Order is created / amended.

Refer Flow chart – Controlling Object Creation Process.

5.34.1 Integration Points

None.

5.34.2 Performance Measures

- Controlling Master data contains centralized information that is always used for posting transaction. Master data that remains unchanged over an extended period of time. Master data of a cost center contains the name, the person responsible, the hierarchy area, and so on.
- In Controlling Master data can be maintained hierarchy wise.
- Alternate Groups can be used for Reporting purposes.
- Internal orders are normally used to plan, collect, and settle the costs of internal jobs and tasks. The SAP system enables to monitor internal orders throughout their entire life-cycle; from initial creation, through the planning and posting of all the actual costs and to the final settlement.

5.34.3 Interfaces

None

5.34.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.34.5 *Configuration*

- Internal Order Type
- Internal Order Category
- Number Ranges

5.34.6 *Reporting Requirement*

- Nil

5.34.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.34.8 *Master Data*

- Internal Order Master Data

5.34.9 *Conversions*

- Nil

5.35 **COST CENTER FORECASTING**

Business Process: Actual costs for the completed periods are copied to Forecast. For the remaining periods Budget costs are copied. The copied data for the remaining periods needs to be reviewed and amended if required. Once the forecast data is frozen, then the version is locked.

Refer Flow chart – Cost Center Forecasting.

5.35.1 *Integration Points*

None.

5.35.2 *Performance Measures*

- SAP provides the option of having various planning scenarios using different versions.
1. SAP provides the functionality to copy data from one version to another version. Simulation.

5.35.3 *Interfaces*

None

5.35.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.35.5 *Configuration*

-

5.35.6 *Reporting Requirement*

- Nil

5.35.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.35.8 *Master Data*

-

5.35.9 *Conversions*

Nil

5.36 **INTERNAL ORDER FORECASTING**

Business Process: Actual costs for the completed periods are copied to Forecast. For the remaining periods original Budget costs are copied to the forecast. Upload data to Business Planning & Simulation. The forecast data from Business Planning & Simulation are transferred to R/3 CO Module. The data transferred has to be validated and approved. The approved data is locked to prevent from unauthorized modification.

Refer Flow chart for Forecasting - Internal Order.

5.36.1 *Integration Points*

None

5.36.2 *Performance Measures*

- SAP provides the option of having various planning scenarios using different versions.

- SAP provides the functionality to copy data from one version to another version.

5.36.3 *Interfaces*

None

5.36.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.36.5 *Configuration*

-

5.36.6 *Reporting Requirement*

- Nil

5.36.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.36.8 *Master Data*

-

5.36.9 *Conversions*

Nil

5.37 PROFIT CENTER FORECASTING

Business Process: Actual costs, revenues and Balance Sheet elements for the completed periods are copied to Forecast. The remaining periods original Budgets are copied to the forecast. Upload data to Business Planning & Simulation. The forecast data from BPS are transferred to R/3 CO Module. The data transferred has to be valued and approved. The approved data is locked to prevent from unauthorized modifications.

Refer Flow chart for Profit Center Forecasting.

5.37.1 *Integration Points*

None.

5.37.2 *Performance Measures*

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.37.3 *Interfaces*

None

5.37.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.37.5 *Configuration*

-

5.37.6 *Reporting Requirement*

- Nil

5.37.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.37.8 *Master Data*

-

5.37.9 *Conversions*

Nil

5.38 PROFITABILITY ANALYSIS FORECASTING

Business Process: Load quantity data into Business Planning & Simulation (BW-BPS). Value using sales prices and Standard Price for current fiscal year. Execute BW reports and check data from Demand Planning (DP) to Business Warehouse (BW). In Business Planning & Simulation (BW-BPS) copy actual data to the forecast period 1 plan version. Forecast available for reporting actuals against. Business Warehouse reports can be generated and reviewed.

Refer Flow chart – COPA Forecasting.

5.38.1 *Integration Points*

None.

5.38.2 *Performance Measures*

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.38.3 *Interfaces*

None

5.38.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.38.5 *Configuration*

-

5.38.6 *Reporting Requirement*

- Nil

5.38.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.38.8 **Master Data**

-

5.38.9 **Conversions**

Nil

5.39 **COST CENTER BUDGETING**

Business Process: The cost center budget from each department is uploaded to Business Planning & Simulation (BW-BPS). The Budget Values in BPS has to be validated and approved by authorized person. Once the budget is approved, the data will be transferred to R/3 CO Module. The transferred Budget has to be validated and locked.

Refer Flow chart - Cost Center Budgeting.

5.39.1 **Integration Points**

None.

5.39.2 **Performance Measures**

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.39.3 **Interfaces**

None.

5.39.4 **Gaps and Solutions**

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.39.5 **Configuration**

5.39.6 **Reporting Requirement**

- Nil

5.39.7 **Authorization**

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.39.8 *Master Data*

•

5.39.9 *Conversions*

Nil

5.40 INTERNAL ORDER BUDGETING

Business Process: Internal Order budget is the approved cost limit for Order. Whereas the project costs need to be estimated as accurately as possible during the planning phase, the funds are predetermined as a budget in the approval phase. The budget is the limit set by management for project costs over a certain period of time.

For Internal order system recognizes the following are the budget types:

- Original budget
- Current Budget
- Budget updates

Original budget is the budget, which is originally allocated. This Budget will be used to post new budget values before the budget execution of a fiscal year.

Current budget includes the original budget and all budget updates.

Budget updates for orders include supplements and returns and are used when unforeseen events and additional requirements force a correction to the original budget.

Original Budget	xxxx
+ Supplements	xxxx
- Returns	xxxx
+/-Transfers	xxxx
	<hr/>
Current Budget	xxxx
	<hr/>

Supplement: This will increase the budget for Internal order.

Return: This will reduce the budget for Internal order

Transfer: This will transfer the budget from one internal order to another internal order.

The Internal Order budget from each department is uploaded to Business Planning & Simulation (BW-BPS). The Budget Values in BPS has to be validated and approved by authorized person. The budget can have supplement, return. Once the budget is approved, the data will be transferred to R/3 CO Module. The transferred Budget has to be validated and locked.

Refer Flow chart – Internal Order (IO) Budgeting.

5.40.1 Integration Points

None.

5.40.2 Performance Measures

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.40.3 Interfaces

None

5.40.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.40.5 Configuration

-

5.40.6 Reporting Requirement

- Nil

5.40.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.40.8 **Master Data**

-

5.40.9 **Conversions**

Nil

5.41 **PROFIT CENTER BUDGETING**

Business Process:

The profit center related budget is uploaded to Business Planning & Simulation (BW-BPS). The Budget Values has to be validated and approved by authorized person. Once the budget is approved, the data will be transferred to Profit Centers in R/3 CO Module. The transferred Budget has to be validated and locked.

Refer Flow chart - Profit Center Budgeting.

5.41.1 **Integration Points**

None.

5.41.2 **Performance Measures**

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.41.3 **Interfaces**

None.

5.41.4 **Gaps and Solutions**

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.41.5 **Configuration**

-

5.41.6 **Reporting Requirement**

- Nil

5.41.7 **Authorization**

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.41.8 **Master Data**

-

5.41.9 **Conversions**

Nil

5.42 **PROFITABILITY ANALYSIS BUDGETING**

Business Process: The profitability Analysis related budget is uploaded to Business Planning & Simulation (BW-BPS). The Budget Values has to be validated and approved by authorized person. Once the budget is approved, the data will be transferred to Profit Centers in R/3 CO Module. The transferred Budget has to be validated and locked.

Refer Flow chart – COPA Budgeting.

5.42.1 **Integration Points**

None.

5.42.2 **Performance Measures**

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.42.3 **Interfaces**

None.

5.42.4 **Gaps and Solutions**

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.42.5 **Configuration**

-

5.42.6 **Reporting Requirement**

- Nil

5.42.7 **Authorization**

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.42.8 *Master Data*

-

5.42.9 *Conversions*

Nil

5.43 COST CENTER BUDGETING - DISTRIBUTION

Business Process: Distribution is used to allocate the actual primary costs. The following information is passed on to the receivers:

- The original cost element (that is, the primary cost element) is retained.
- Sender and receiver information (for example, the identities of the sender and receiver cost center) is documented using line items in the CO document.

The information system can be used to analyze the distribution results according to sender and receiver relationships.

Before we execute periodic allocations, we should specify the following:

- Which object reposts or allocates the costs?
- To which object are the costs to be reposted or allocated?
This means that we must define sender-receiver relationships for these allocation types.
- Which costs or quantities are to be reposted or allocated?
For each sender, we define which costs or quantity is to be further allocated.
- According to which criteria (receiver tracing factors) are costs or activities allocated?
At this point, we need to specify how the costs to be allocated should be subdivided. In Cost Center Accounting, the allocation keys are referred to as tracing factors for the allocation. Statistical Key Figures (SKF) can be the cost drivers for allocation.

Create a Distribution Cycle and attach segments to the cycle specifying the allocation rules. Cycle is executed in the test mode and allocation results are reviewed. If the allocations are not carried out correctly, Make changes to the existing cycle to redefine the allocation rules as required. Allocations will be carried out and controlling documents are posted correctly when executed without test mode. Reports can be generated to view allocation entries posted.

Refer Flow chart – Cost Center Planning - Distribution.

5.43.1 Integration Points

None.

5.43.2 Performance Measures

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.43.3 Interfaces

None.

5.43.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.43.5 Configuration

- Distribution Cycle
- allocation rules

5.43.6 Reporting Requirement

- Nil

5.43.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.43.8 Master Data

-

5.43.9 Conversions

Nil

5.44 COST CENTER BUDGETING - ASSESSMENT

Business Process: Assessment is a method of allocating primary and secondary costs in Cost Center Accounting. The following information is passed on to the receivers:

- The original cost elements are assigned cumulatively, or in groups, to assessment (secondary) cost elements. The original cost elements are not recorded on the receivers.
- Sender and receiver information (sender cost center, receiver cost center) appears in the Controlling (CO) document.

Allocation through assessment is useful when the composition of the costs is unimportant for the receiver. For example, the assessment of cafeteria costs to a cost center need not be broken down further. For allocations using assessment, we can summarize all the cost elements into one assessment cost element. When we carry out the assessment, the system allocates all the costs to be allocated from the sender using this cost element. However, this method does not store any information on the receiver, regarding the composition of the costs.

The information system can be used to analyze the assessment results by assessment cost element according to sender and receiver relationships.

Before we execute periodic allocations, we should specify the following:

- Which object reposts or allocates the costs?
- To which object are the costs to be reposted or allocated?
This means that we must define sender-receiver relationships for these allocation types.
- Which costs or quantities are to be reposted or allocated?
For each sender, we define which costs or quantity is to be further allocated.
- According to which criteria (receiver tracing factors) are costs or activities allocated?

At this point, we need to specify how the costs to be allocated should be subdivided. In Cost Center Accounting, the allocation keys are referred to as tracing factors for the allocation. Statistical Key Figures (SKF) can be the cost drivers for allocation.

Create an Assessment Cycle and attach segments to the cycle specifying the allocation rules. Cycle is executed in the test mode and allocation results are reviewed. Changes can be made to existing cycle to redefine the allocation rules as required. Allocations will be carried out correctly when executed without test mode. Reports can be generated to view allocation entries posted.

Refer Flow chart of Cost Center Planning - Assessment.

5.44.1 Integration Points

None.

5.44.2 Performance Measures

- SAP provides the option of having various planning scenarios using different versions.
- SAP provides the functionality to copy data from one version to another version.

5.44.3 Interfaces

None

5.44.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.44.5 Configuration

-

5.44.6 Reporting Requirement

- Nil

5.44.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.44.8 Master Data

-

5.44.9 *Conversions*

Nil

5.45 **COST CENTERS –ACTUAL POSTINGS**

Business Process: There is real time integration between Cost Center Accounting and other Modules. Documents are posted automatically in Cost Center Accounting when transactions are posted in Material Management (MM), Human Resources (HRD), Finance Module (FI) and Plant Maintenance (PM). Management Reporting for each cost center are prepared from the accounting information posted

in cost center accounting. Manual Adjustments can also be posted using reposting in Cost Center Accounting.

Refer Flow chart of Cost Object - Actual Postings.

5.45.1 *Integration Points*

None

5.45.2 *Performance Measures*

- The Documents from other modules such as Material Management (MM), Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling.
- Actual values enable to monitor costs on an ongoing basis. These postings enable to recognize variances at an early stage, and to take the necessary counter measures.
- SAP provides Standard Reports to analyze the actual postings against the different plan versions.

5.45.3 *Interfaces*

None

5.45.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.45.5 *Configuration*

- Assessment.
- Distribution.
- Reposting.
- Allocation Rules.

5.45.6 Reporting Requirement

- Nil

5.45.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.45.8 Master Data

Nil

5.45.9 Conversions

Nil

5.46 COST CENTER DISTRIBUTION - ACTUAL POSTINGS

Business Process: Distribution is used to allocate the actual primary costs of a cost center. The following information is passed on to the receivers:

- The original cost element (that is, the primary cost element) is retained.
- Sender and receiver information (for example, the identities of the sender and receiver cost center) is documented using line items in the CO document.

The information system can be used to analyze the distribution results according to sender and receiver relationships.

Before we execute periodic allocations, we should specify the following:

- Which object reposts or allocates the costs?
- To which object are the costs to be reposted or allocated?
This means that we must define sender-receiver relationships for these allocation types.
- Which costs, quantities are to be reposted or allocated?
For each sender, we define which costs; quantity is to be further allocated.

- According to which criteria (receiver tracing factors) are costs or activities allocated?

At this point, we need to specify how the costs to be allocated should be subdivided. In Cost Center Accounting, the allocation keys are referred to as tracing factors for the allocation. Statistical Key Figures (SKF) can be the cost drivers for allocation.

A Distribution Cycle is created with segments. Allocation rules are attached to the cycle. Distribution cycle can be executed in test mode to review the results and modify, if required. Distributions will be posted when the cycle is executed in real mode. Reports can be generated to analyze the posting made.

Refer Flow chart Cost Center Allocation - Distribution.

5.46.1 Integration Points

None

5.46.2 Performance Measures

- The Documents from other modules such as Material Management (MM) Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling.
- Actual values enable to monitor costs on an ongoing basis. These postings enable to recognize variances at an early stage, and to take the necessary counter measures.

5.46.3 Interfaces

None

5.46.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.46.5 Configuration

-

5.46.6 Reporting Requirement

- Nil

5.46.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.46.8 Master Data

5.46.9 Conversions

Nil

5.47 COST CENTER ASSESSMENT – ACTUAL POSTINGS

Business Process: Assessment is a method of allocating primary and secondary costs in Cost Center Accounting. The following information is passed on to the receivers:

- The original cost elements are assigned cumulatively, or in groups, to assessment (secondary) cost elements. The original cost elements are not recorded on the receivers.
- Sender and receiver information (sender cost center, receiver cost center) appears in the Controlling (CO) document.

Allocation through assessment is useful when the composition of the costs is unimportant for the receiver. For example, the assessment of cafeteria costs to a cost center need not be broken down further. For allocations using assessment, we can summarize all the cost elements into one assessment cost element. When we carry out the assessment, the system allocates all the costs to be allocated from the sender using this cost element. However, this method does not store any information on the receiver, regarding the composition of the costs.

The information system can be used to analyze the assessment results by assessment cost element according to sender and receiver relationships.

Before we execute periodic allocations, we should specify the following:

- Which object reposts or allocates the costs?
- To which object are the costs to be reposted or allocated?

This means that we must define sender-receiver relationships for these allocation types.

- Which costs or quantities are to be reposted or allocated?
For each sender, we define which costs or quantity is to be further allocated.
- According to which criteria (receiver tracing factors) are costs or activities allocated?
At this point, we need to specify how the costs to be allocated should be subdivided. In Cost Center Accounting, the allocation keys are referred to as tracing factors for the allocation. Statistical Key Figures (SKF) can be the cost drivers for allocation.

An Assessment Cycle is created with segments. Allocation rules are attached to the cycle. Assessment Cycle can be executed in Test Mode to review the results and modify, if required. Allocations will be posted when the Cycle are executed in real mode. Reports can be generated to analyze the posting made.

Refer Flow chart Cost Center Allocation - Assessment.

5.47.1 Integration Points

None

5.47.2 Performance Measures

- The Documents from other modules such as Material Management (MM) Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling.
- Actual values enable to monitor costs on an ongoing basis. These postings enable to recognize variances at an early stage, and to take the necessary counter measures.

5.47.3 Interfaces

None

5.47.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.47.5 Configuration

- Assessment Cycle
- Allocation Rules

5.47.6 Reporting Requirement

- Nil

5.47.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.47.8 Master Data

-

5.47.9 Conversions

Nil

5.48 INTERNAL ORDER - ACTUAL POSTINGS

Business Process: Internal order is a cost object to monitor cost of a time restricted job. Internal orders are normally used to plan, collect, and settle the costs of internal jobs and tasks or other cost objects.

There is real time integration between Internal Order and other Modules. Documents are posted automatically in Internal Orders when a transaction is posted in Material Management (MM), Human Resources (HRD), Finance Module (FI) and Plant Maintenance (PM). Management Reporting for each Internal Order is prepared from the accounting information posted. Manual Adjustments can also be made, if required.

Refer Flow chart, above in 1.1, - Cost Object Actual Postings.

5.48.1 Integration Points

None

5.48.2 Performance Measures

- The Documents from other modules such as Material Management (MM) Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling.

- Actual values enable to monitor costs on an ongoing basis. These postings enable to recognize variances at an early stage, and to take the necessary counter measures.
- Availability control enables to control costs actively by issuing warnings and error messages when costs are incurred.

5.48.3 *Interfaces*

None

5.48.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.48.5 *Configuration*

- Settlement Structure
- Settlement Profile
- Number Ranges.

5.48.6 *Reporting Requirement*

Nil

5.48.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.48.8 *Master Data*

5.48.9 *Conversions*

Nil

5.49 INTERNAL ORDER –AVAILABILITY CONTROL

Business Process: Internal order is a cost object to monitor cost of a time restricted job. Internal orders are normally used to plan, collect, and settle the costs of internal jobs and tasks or other cost objects.

Availability Control checks whether actual exceeds the budget. When the user enters a transaction (example Purchase Order) the system checks whether the available budget is sufficient.

Availability control will be based on the tolerance limit set for each group (Purchase Order, Purchase Requisition etc). At the time of posting, the system checks whether the amount exceeds the tolerance limit set for the group. If the amount exceeds the tolerance limit, appropriate message (warning or error) will be displayed to the user.

Availability control compares actual with the budget. If the budget exceeds then user cannot post the transaction. The user has to send a request to increase the budget or to deactivate the availability control. The authorized person can increase the budget, if required or deactivate the availability control for the specific internal order. The user will be allowed to post the transaction once it is approved.

Refer Flow chart of Internal Order – Availability Control.

5.49.1 Integration Points

None

5.49.2 Performance Measures

- The Documents from other modules such as Material Management (MM) Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling.
- Availability control enables to control costs actively by issuing warnings and error messages when costs are incurred.

5.49.3 Interfaces

None

5.49.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.49.5 Configuration

- Settlement Structure.
- Number Ranges.
- Availability Control.

5.49.6 Reporting Requirement

- Nil

5.49.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.49.8 Master Data

- Inter Order Master Data.

5.49.9 Conversions

Nil

5.50 PROFIT CENTERS –ACTUAL POSTINGS

Business Process: There is real time integration between Profit Center Accounting and other Modules. Documents are posted automatically in Profit Center Accounting when a transaction is posted in Finance Module (FI) and Other Cost Objects Management. Reporting for each cost center are prepared from the accounting information posted in Profit Center Accounting. Manual Adjustments can also be posted using Reposting in Profit Center Accounting.

Refer Flow chart, above in 1.1, Cost Object - Actual Postings.

5.50.1 Integration Points

None

5.50.2 Performance Measures

- The Documents from other modules such as Material Management (MM) Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling
- Actual values enable to monitor costs on an ongoing basis. These postings enable to recognize variances at an early stage, and to take the necessary counter measures.

5.50.3 Interfaces

None

5.50.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.50.5 Configuration

- Control Parameters.
- Document Types.
- Number Ranges
- Assignment.

5.50.6 Reporting Requirement

- Nil

5.50.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.50.8 Master Data

-

5.50.9 Conversions

Nil

5.51 PROFITABILITY ANALYSIS –ACTUAL POSTINGS

Business Process: Profitability Analysis (CO-PA) enables to evaluate market segments, which can be classified according to products, customers, orders or any combination of these, or strategic business units, such as sales organizations, with respect to company's profit or contribution margin.

The aim of the system is to provide sales, marketing, product management and corporate planning departments with information to support internal accounting and decision-making.

There is real time integration between Profitability Analysis (COPA) and other Modules. Values are posted automatically in Profitability Analysis when transactions are posted in Finance Module (FI), other modules and Other Cost Objects. Profitability segment wise reports can be generated through Business Warehouse (BW).

Refer Flow chart of Actual Postings - Profitability Analysis.

5.51.1 Integration Points

None

5.51.2 *Performance Measures*

- The Documents from other modules such as Material Management (MM), Plant Maintenance (PM), Human Resources (HRD) and Finance Module (FI) are seamlessly integrated with Controlling.
- SAP provides the option of having various planning scenarios using different versions.

5.51.3 *Interfaces*

- BW to CO

5.51.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.51.5 *Configuration*

- Profitability Segments.
- Report Line Structure.
- Drill down Reports.

5.51.6 *Reporting Requirement*

- Nil

5.51.7 *Authorization*

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.51.8 *Master Data*

-

5.51.9 *Conversions*

Nil

5.52 MONTH-END PROCESS-ACTUAL POSTINGS - CO

Business Process: For PCA close, any balance sheet items are transferred. For CCA close, reallocate any overhead costs and reallocate any overhead costs to other cost centers and/or into COPA. For ML close, close ML period, Actual Prices will be calculated in Material Ledger. Month-end profit & cost center reports are generated and any CO only related adjustments are processed. Close CO period

accounting period. Open next CO accounting period. Generate final CO month-end reporting analysis.

Refer Flow chart for the Month-end process.

5.52.1 Integration Points

- None

5.52.2 Performance Measures

- Period-end closing activity becomes easy using pre-defined templates.
- Allocation cycles can be simulated using test mode to check the allocation data.

5.52.3 Interfaces

None

5.52.4 Gaps and Solutions

Gaps	Workaround	Enhancements	Solution
Nil	Nil	Nil	Nil

5.52.5 Configuration

- Cycles

5.52.6 Reporting Requirement

- Nil

5.52.7 Authorization

The Detailed authorization will be captured through Authorization Matrix during realization Phase.

5.52.8 Master Data

-

5.52.9 Conversions

Nil

5.53 MONTH & YEAR END PROCESS OF FI

Business Process: This process describes the month end & year end process for all sub modules of FI. At the month end post the periodic Transactions like Recurring entries, accruals, GR/IR Clearing account, Foreign currency revaluation, Interest Calculations, depreciation etc.. After posting all the transactions, close the posting period & open the next posting period.

At the year end regular month-end processes are performed. Close the fiscal year & open the next fiscal year. In addition to that GL, Customer, Vendor & Asset balances transferred to the next financial year .Reports can be generated (like P&L a/c, Balance Sheet)

5.53.1 *Integration Points*

Preceding Process – Regular Transactions

Succeeding Process – Generation of Report

5.53.2 *Performance Measures*

Nil

5.53.3 *Interfaces*

None

5.53.4 *Gaps and Solutions*

Gaps	Workaround	Enhancements	Solution
NIL	NIL	NIL	NIL

5.53.5 *Configuration*

- Financial Statement Version
- Fiscal year Variant
- Posting period variant

5.53.6 *Reporting Requirement*

P&L a/c, Balance Sheet

5.53.7 *Authorization*

The Detailed Authorization will be captured in a authorization matrix during realization process.

5.53.8 *Master Data*

Nil

5.53.9 *Conversions*

Nil