FI Closing and Reporting

HELP.FIGLCR

Release 4.6B

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Icons

Icon	Meaning
	Caution
	Example
	Note
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FI Closing and Reporting

FI Closing and Reporting

Day-end Closing

No accounting closing is necessary for carrying out day-end closing in the R/3 System. You will find more information on database back-up in the system administration documentation (found in the R/3 library under *Basis components*) and in the documentation from the database vendor.

The following daily operations are optional:

- Printing correspondence with business partners
- Printing a document journal

To monitor the updating of data in the database, you should generate a list of all the terminated updates each day. For more information, see Documenting posting data [Page 111].

Month-End Closing

Definition

Month-end closing comprises all activities involved in closing a posting period.

Use

You can carry out the following activities as part of month-end closing:

- Open and close posting periods

  You close one or more posting periods in the past for posting, and permit posting to be made to one or more current or future posting periods. For more information, see Posting Periods and Fiscal Years [Page 16].

- Create external reports [Page 128]

  You can use report programs to create the following reports, for example:

  – Financial statement

  – Advance return for tax on sales and purchases

  – Report required by German Foreign Trade Regulations

- Document the posting data [Page 111]

  This includes the following reports:

  – Compact journal

  – Balance audit trail

  – Accounting reconciliation

  – Balance lists

  – Open item list

- Carry out internal evaluations, such as extracts for downstream applications

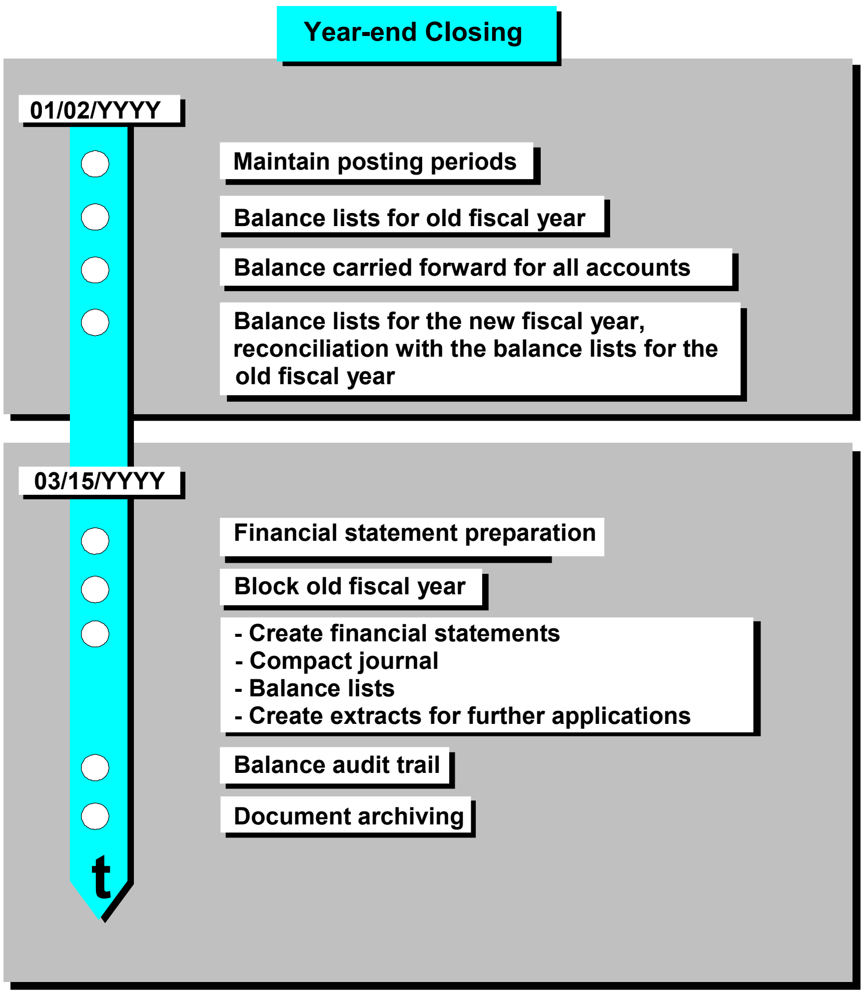
- Reorganize and archive documents

  Periodically, you will want to archive documents no longer needed in the online system. How often you do this (i.e. every month or less frequently) will depend on the volume of data in your system. For more information, see Archiving FI Documents (FI-GL, FI-AR, FI-AP) [Ext.].

Year-end Closing

Year-end closing is split into two phases:

- At the beginning of the new fiscal year, you open the new posting periods and carry forward the balances from the previous year.
- You then prepare and create the financial statements, document the business transactions using the balance audit trail, and archive those documents you no longer need online.



The first posting in the new fiscal year automatically opens that fiscal year. You must however have opened the relevant posting period first.

The R/3 System offers a range of reports with which you can carry forward balances into the new fiscal year. During this process the profit and loss accounts are carried forward to one or more retained earnings accounts. The balances on the balance sheet accounts are simply carried forward into the new fiscal year. You do not have to create a special opening financial statement.

Any postings you make in the old fiscal year automatically adjust the relevant carry-forward balance. You **do not** have to close the old fiscal year and make the closing postings before opening the new fiscal year. For more information, see Posting Periods and Fiscal Years [Page 16].

As with month-end closing, you can create all the external reports required, document the posting data and carry out the internal evaluations.

Notes on Programs

Most programs require no preparation, particularly where the program serves only to document the posting data.

You can, however, create variants for the programs. Variants summarize selection criteria frequently used in programs. By using the variants, you do not have to reenter the criteria individually each time.

You do have to make special preparations, however, if the programs are to carry out postings or create reports which go beyond a basic list. In this case, you must store the information required by these programs in the system. This might include the numbers of the accounts to be posted to, or the forms and addresses required for the balance confirmations.

You make these preparations for the program from the Financial Accounting Implementation Guide (General Ledger Accounting, Accounts Receivable and Accounts Payable). To do this, select the work area *Closing*.

Starting a Program

You can find the relevant programs for closing and reporting in the *General Ledger, Accounts Receivable and Accounts Payable* menus under *Periodic processing → Closing* and *Periodic processing → Info system*.

By selecting *Periodic processing → Info system* you display the so called reporting or program tree. Here you find programs such as country-specific programs for tax on sales and purchases. If you need information on working in the reporting tree, select *Utilities → Documentation*.

You can run the programs in the background, usually online. Background processing allows you to start the programs by themselves, or even on separate computers, to avoid affecting online performance. Once you have started a background session, you cannot interrupt it until it is finished. Background processing is always useful when you are evaluating large volumes of data. For example, to create the document journal or the advance return for tax on sales and purchases, since these programs evaluate the document position.

When processing data in the background, you should note the following:

- To be able to start the program in the background, you need a selection variant.
- When you select a program, the system displays the initial screen. You then select a variant. To do so, select *Edit → Assign variant.* You start the program by selecting *Program → Execute in background*.
- You can start a background session immediately, or set a date and time for it to start automatically. Processing the background session while you are still working on the data online will have a negative effect on performance. It therefore makes more sense to plan the start of the background session to avoid a clash with online processing. To do this, select the report via one of the Financial Accounting menus. Then select *System → Services → Reporting*. You can schedule the start of the program by selecting *Program → Background jobs*.
- Sensible choice of selection criteria allows you to target more exactly the data to be analyzed and helps improve the performance of your system.

You will find more information on starting programs in *Getting Started with R/3* . This is in the R/3 library under *Working with R/3*.

Printing Lists

You can print lists that you generate for several company codes on separate printers, using list separation. You define the various printers for the individual company codes within the Financial Accounting configuration menu.

To set list separation, select the activity *Make list separation settings* in the Basis Implementation Guide.

Calling Up Program Documentation

The following sections describe the individual programs only very briefly. You can find more information in the program documentation. This is available online. You can access it as follows:

1. Select the program you require from the appropriate financial accounting menu.

   The system displays the initial screen.

2. On the initial screen, select *Help* → *Extended help*.

   The system displays the program documentation.

The program documentation lists any conditions to be fulfilled before you can run the program. From here, you can branch directly to the Financial Accounting Implementation Guide to check or fulfil the necessary prerequisites.

Posting Periods and Fiscal Years

A fiscal year is divided into posting periods. Each posting period is defined by a start and a finish date. Before you can post documents, you must define posting periods, which in turn define the fiscal year.

In addition to the posting periods, you can also define special periods for year-end closing.

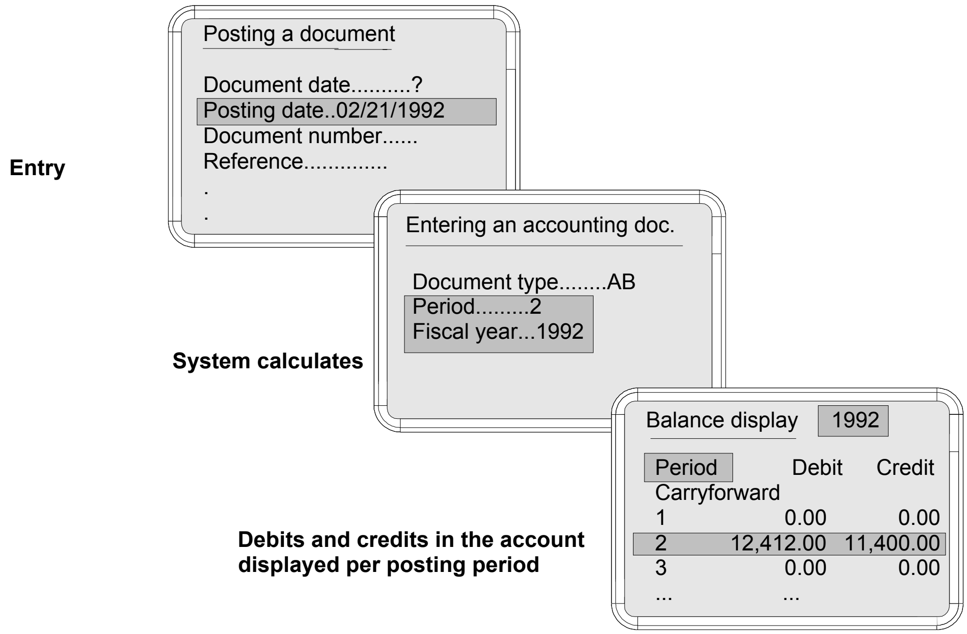
In the general ledger, the system saves the transaction figures for all accounts for each posting period and each special period separately according to debits and credits. In the *Special Purpose Ledger* component (FI-SL), you can save the transaction figures as a balance.

This section describes how you define your posting periods and special periods and, as a result, the fiscal year. You can find further information on the options provided by the *Special Purpose Ledger* in the documentation for this component. This is located in the R/3 Library under *Financial Accounting*.

The following topics describe how you define posting periods and how you open and close posting periods. They also explain how you open a fiscal year and carry forward balances in the R/3 system.

General Information on Fiscal Year and Posting Periods

When you record a document, enter the posting date. When you post the document, the system uses the posting date specified to automatically determine the posting period. The posting period consists of a month and a fiscal year. These are both displayed in the document overview. The posting period determined is placed in the document and the transaction figures for this period are updated. If you want to see the balance of an account, the transaction figures are displayed separately according to posting period. This process is illustrated below:



If you use the *Special Purpose Ledger*, you can determine different posting periods for each ledger. Only the posting period defined for the general ledger is stored in the document.

In order for the system to determine posting periods, you must define your fiscal year. To do this, specify:

- The number of posting periods to be used
- How the posting periods are to be calculated

You can specify the posting periods that you can post to in the system. You can authorize posting for:

- The current period
- Previous periods (can also be from the previous year).
- Future periods (can be in the next year).

You can specify posting periods for groups of accounts or for individual accounts.

When posting to a previous fiscal year, the system adjusts the balance carried forward to the balance sheet accounts in the current fiscal year. With profit and loss statement accounts, profit or loss carried forward to the retained earnings account is adjusted.

Defining a Fiscal Year and Posting Periods

Usage

You have the following options available when defining your fiscal year and posting periods:

- The fiscal year is the same as the calendar year.
- Your fiscal year is different than the calendar year. The posting periods can also be different than the calendar months.
- You can use special periods to complete closing procedures. You can define up to 16 periods. Periods that are not used as posting periods can be used as special periods.

In the Special Purpose Ledger, you can define up to 366 periods.

Features

You make specifications at client level. First, you define all the fiscal year variants that you require in your company. In a second step, you must assign a variant to each company code. You therefore require at least one fiscal year variant, even if you do not want to use a different fiscal year or any special periods.

Fiscal year variants are already defined in the standard system. You can use these standard variants in your company or you can define your own, using the standard variants as a guide.

Your definition of which periods can be posted to does not depend on the definition of a fiscal year variant. See also Permitted Posting Periods [Page 27].

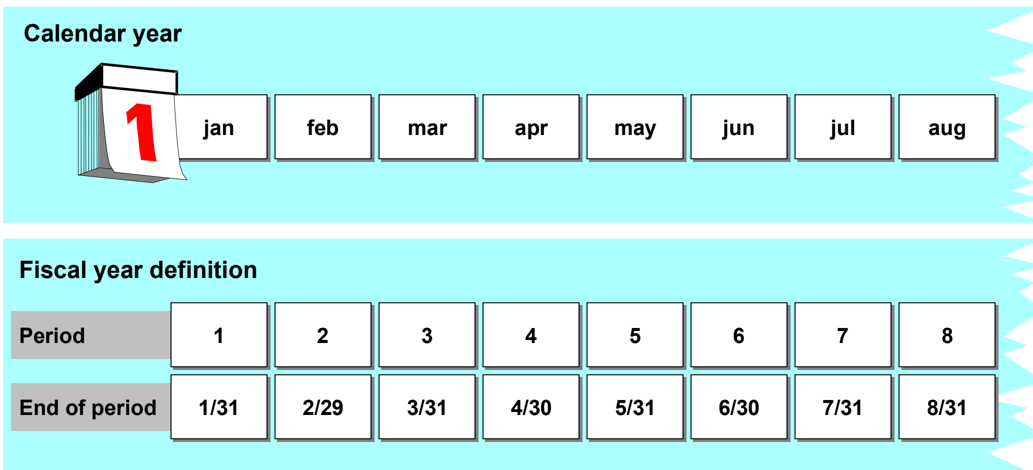
You can find information on the shortened fiscal year in the Implementation Guide for Financial Accounting Global Settings under *Fiscal Year*.

Fiscal Year Same as Calendar Year

If your fiscal year is a calendar year, you need only specify one variant key and one name for your variant.

You indicate that your fiscal year is based on the calendar year by selecting the field *Calendar year*. By doing this, you make the following settings:

- The fiscal year begins on January 1.
- Twelve posting periods are available.
- The periods correspond to calendar months. You do not have to define the individual periods. The system automatically uses the calendar months.



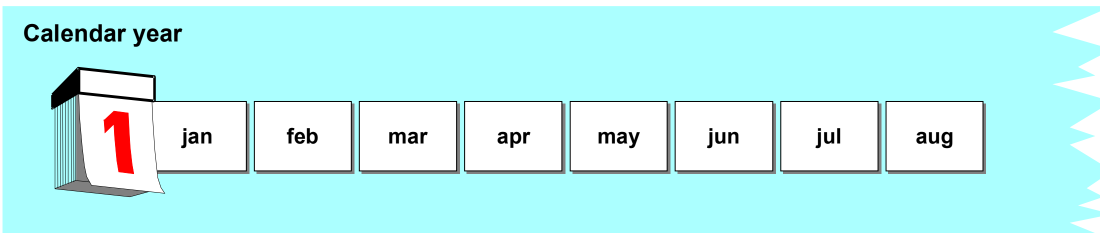
Fiscal Year Differs from Calendar Year

If your fiscal year differs from the calendar year, you must specify:

- The number of posting periods you want to use
- How the system is to determine posting periods when posting

You define your posting periods by specifying month and day limits for the end of each period.

In the illustration that follows, your fiscal year begins on April 1 and ends on March 31. The period limits correspond to the beginning and end of the calendar months. In this case, you must define your periods specifically.



Fiscal year definition

Fiscal year begins on April 1

Period	10	11	12	1	2	3	4	5
End of period	31.1.	29.2.	31.3.	30.4.	31.5.	30.6.	31.7.	31.8.
Year shift	- 1	- 1	- 1	0	0	0	0	0

Since your fiscal year does not coincide with the calendar year, you must also specify how the fiscal year is to be determined from the posting date. To do this, you specify the displacement for each period compared to the year of the posting date. Possible entry values are -1, 0 and +1. Using this indicator, the system determines the fiscal year. The system applies your entry to the year of the posting date.

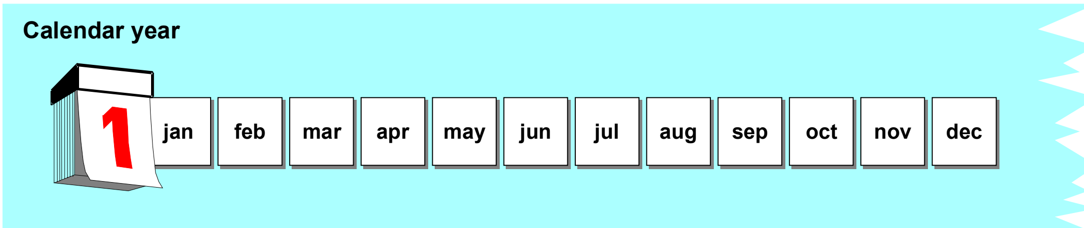
In the illustration that follows, your fiscal year begins on April 1 and ends on March 31. The period limits correspond to the beginning and end of the calendar months. Since the fiscal year does not correspond to the calendar year, you specify how the fiscal year is to be determined by entering the annual displacement. If you post with a posting date of 03.02.99, the system uses your definition of the fiscal year variant to determine that posting period 11 is in fiscal year 1998.

Posting Periods Do Not Correspond To Calendar Months

The start and end of your posting periods may not correspond to calendar months. You can specify the difference in days.

Fiscal Year Differs from Calendar Year

Your fiscal year begins on April 16 and ends on April 15. The start and end of your posting periods do not correspond to the start and end of a calendar month, as shown below:



Fiscal year definition

Fiscal year begins on April 16

Period	9	10	11	12	1	2	3	4	5	6	7	8	9
End of period	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	9/15	10/15	11/15	12/15	12/31
Year shift	- 1	- 1	- 1	- 1	0	0	0	0	0	0	0	0	0

As above, you determine the fiscal year by specifying the annual displacement. You must divide the period 12/16 to 01/15 into two parts, since you require different specifications for the year shift.

When you post between 16.12.98 and 15.01.99, the transaction figures must be updated in the same period in fiscal year 1998. (See the table below). You define this period once for the period 12/16 to 12/31 with a displacement of **0** and once for the period 01/01 to 01/15 with a displacement of **-1**. Period 9 is defined this way in the above figure.

Calculating the Posting Periods

Posting Date	Year of posting date	Year shift	Period	Fiscal Year
12/20/1998	1998	0	9	1998
01/13/1999	1999	-1	9	1998

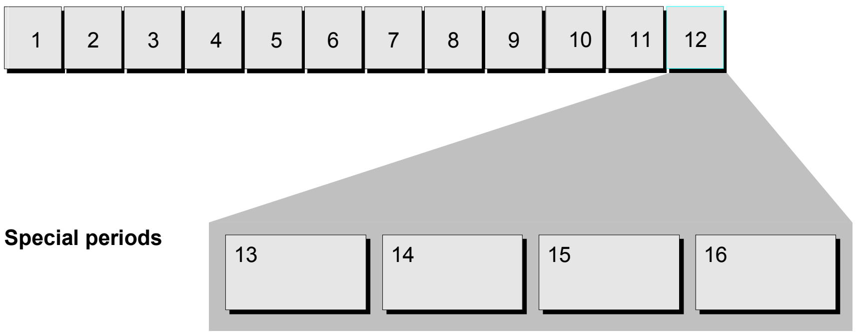
Year-Dependent Fiscal Year Variants

Generally, you define your posting periods as **non year-dependent**. If you want to define your posting periods as **year-dependent**, you must click on the field *Year dependent* when you define the fiscal year variant. You must then maintain the period ends, defined by month and day limits, for each calendar year.

In this case, the year shift specifications refer to the calendar year for which you have defined posting periods. The year is displayed when you maintain the period ends.

Special Periods

Irrespective of how you have defined your fiscal year, you can also use special periods. Special periods expand the year-end closing periods. Special periods therefore merely divide the last posting period into several closing periods, as shown below. This enables you to create several supplementary balance sheets.



A fiscal year usually has 12 posting periods. In the general ledger, you can define up to 16 periods. Periods you do not require as regular posting periods can be used for year-end closing. If you use these additional closing periods, you must specify the number you require in the field *No. special periods*. when defining the fiscal year variants.

You cannot exceed a maximum of 16 periods.

When posting to special periods, you must take the following into consideration:

- The posting date must fall within the last regular posting period.
- The system cannot determine the required closing period automatically. Therefore, you must specify the closing period you require in the field *Period* in the document header.

Special Features for Leap Years

In order for postings to be made in the correct period even in a leap year, you should take the following points into consideration:

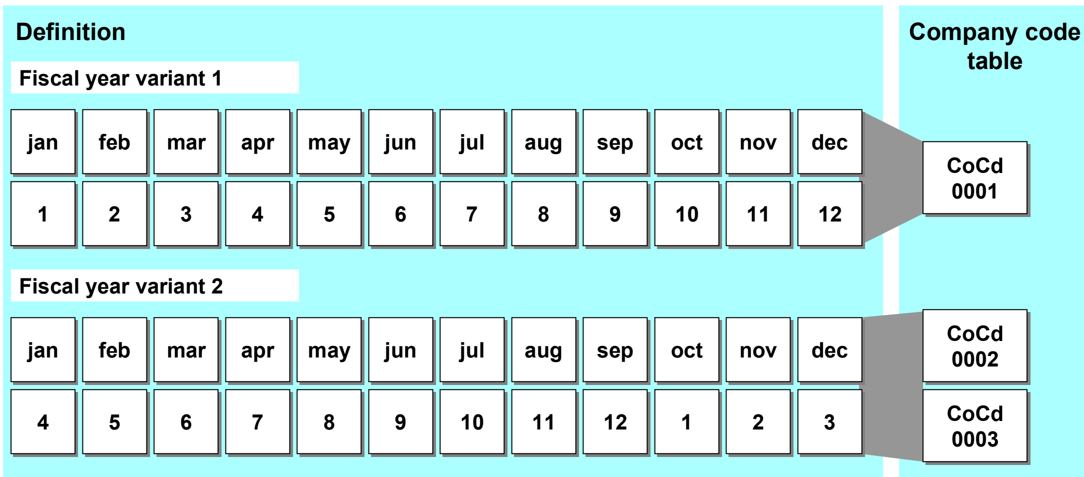
You only need to take special precautions for leap years if your fiscal year differs from the calendar year.

If your fiscal year differs from the calendar year, but your posting periods correspond to calendar months, you must enter the day limit for February as **29**. If you have entered **28** as the day limit, the system enters the transaction figures posted on February 29 in the next posting period, if this is open for posting. Otherwise, the system displays an error message.

Assigning Fiscal Year Variants to a Company Code

Use

In order for you to use the fiscal year you have defined, you must assign one of the defined fiscal year variants to each of your company codes. You must therefore enter a fiscal year variant for each company code. The names of the variants are displayed for your information, as shown below.



Permitted Posting Periods

When you post a document, the system checks whether the periods determined can be posted to. You can specify which posting periods are open for posting in the system. You can have as many periods simultaneously open for posting as you like.

You can specify which company codes are open for posting **independent of the company code**. To do this, you use cross-company code variants for periods open for posting. You make specifications per posting period variant. You assign these variants to a company code.

This procedure is useful if you maintain a large number of company codes. Since you specify permitted posting periods only by variant, you define only one variant. You then allocate to this variant all company codes which are equally managed with respect to the permitted posting periods. See also Opening and Closing Posting Periods [Page 33].

By specifying the account number, you can open posting periods for particular accounts.

You can define which periods are open by specifying one of two intervals.

VAR	A	From acct	To acct	From per.	To per.	From per.	To per.
0001	+	—	—	0121998	0121998	0021999	0041999
0001	D	—	9999999999			0031999	0041999
0001	K	—	9999999999			0031999	0041999
0001	S	—	9999999999	0121998	0121998	0021999	0041999

As upper and lower limit, specify both a posting period and fiscal year. You close a period by selecting the period specifications so that the period to be closed does not fall within them.

In the current fiscal year, you want to be able to post data to your G/L accounts in the previous period, the current period, and the following period. You also want to be able to post data to a closing period in the previous fiscal year. The above graphic shows the entries you would make in the system assuming the current period to be 03/1992.

If you want to open posting periods for particular accounts, specify the periods for these accounts. You should always enter G/L account numbers in the system. For sub-ledger accounts, you define the permitted posting periods by entering the relevant G/L reconciliation accounts. Enter the appropriate account type.

You want to create the financial statements. You therefore want to limit the posting of data to the customer and vendor accounts to the current period and the following period. To do this, you enter the reconciliation accounts for the customers under account type **D**, and the reconciliation accounts for the vendors under account type **K**, along with the required periods. The current period is assumed to be 03/1999.

Permitted Posting Periods

You also have to explicitly open the current period and any special periods for posting. You should maintain the permitted posting periods regularly at the end of each month closing those periods no longer needed and opening the new ones required.

It is also possible to control the permitted posting periods individually for each user by entering an authorization group at document header level (account type “+” = valid for all account types). This authorization group is effective only in time period 1 and affects users who do not have the appropriate authorization for the authorization object F_BKPF_BUP (accounting document: authorization for posting periods) by not allowing them to post in the periods that are open only for time period 1. Therefore, you can, for example, open certain periods for certain users only within the year-end closing.

For more information on user authorization, refer to the Implementation Guide for *Authorization Management* under Financial Accounting Global Settings.

Required Minimum Entries for Posting Periods

For technical reasons, you need to make an entry in each posting period variant that is valid for all account types. In the column for the account type, enter a **+**. Do not fill in the columns for the account number interval. In the columns for the posting periods, enter the periods you want to always be open in this posting period variant. On the basis of these entries, the system checks the posting date in the header of any document being posted to ensure that it falls within one of the periods which are open for posting in that posting period variant. As soon as you have entered an account number when entering the document, the system carries out a check. It checks whether the posting period is permitted for the account you have entered.

You have data which you want to post to a previous period and have accidentally entered an incorrect posting date, e.g. one which lies in the fiscal year before last. You have already closed this year for your posting period variants. When you select *Enter*, the system asks you to correct the posting date. This means that any input errors you make when entering documents are caught directly on the initial screen.

Permitted Posting Periods for Specific Accounts

By making entries over and above the required minimum entry, you can open or close an individual G/L account or all G/L accounts in a specified number range. You can open and close the sub-ledger accounts using the reconciliation accounts. You should always regard these entries as a further refinement of the required minimum entry.

During the closing operations, you can, for example, use the reconciliation accounts to close customer and vendor accounts **before** G/L accounts. This allows you to prevent further postings to these accounts after you have confirmed the balances with your customers and vendors. Balance confirmation is one of the prerequisites for continuing the closing operations. You will probably have to keep the following G/L accounts open over a longer period of time:

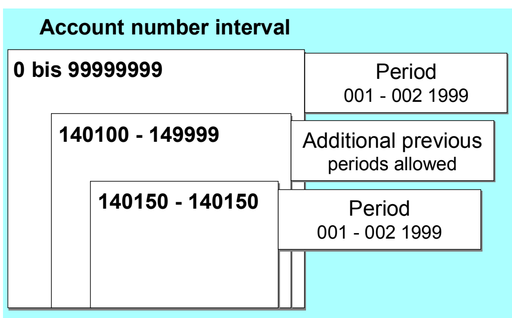
- Adjustment accounts for payables and receivables
- Accounts that record profits and losses from exchange rate differences
- Accounts containing payables and receivables sorted according to their remaining life

Using Account Number Intervals

You can use account number intervals to differentiate between the permitted posting periods according to each account. The following example illustrates how you can use this function.

You want to limit posting to G/L accounts (with a few exceptions) to the current and subsequent period only. The same applies to your customer and vendor accounts. Certain G/L accounts (140100 to 149999), which you need for preparing the balance sheet, are to be permitted for the previous period also. Account number 140150, however, is to be excluded from this last interval (i.e. 140100 to 149999). The current period is 01/1999.

You can define the posting periods for these accounts by specifying account number intervals. First open all your G/L accounts for posting in the current period and the subsequent period only. You then define your exceptions by opening accounts 140100 to 149999 for posting in the previous period as well. Enter accounts to be excluded from the interval separately.



You can do this by making the entries shown below.

VAR	A	From acct	To acct	From per.	To per.	From per.	To per.	
0001	+	—	—	0121998	0121998	0011999	0021999	1
0001	D	—	9999999999			0011999	0021999	5
0001	K	—	9999999999			0011999	0021999	
0001	S	140150	00140150			0011999	0021999	4
0001	S	140100	00149999	0121998	0121998	0011999	0021999	3
0001	S	—	99999999			0011999	0021999	2

1. Specify the minimum entry to open the periods you need for **all** your accounts.
2. Open the current period and the following period for all your G/L accounts by entering an interval containing all G/L account numbers.
3. For the interval 140100 to 149999, specify the current, the following **and** the previous period.
4. For account 140150, specify only the current and the following period.

Using Account Number Intervals

5. For your customer and vendor accounts, use the reconciliation accounts to specify the permitted posting periods. To do this, enter the account type in the column headed A. Then specify the permitted posting periods for the desired account number interval.

   For account types **D** and **K**, you specify the numbers of the reconciliation accounts rather than those of the customer and vendor accounts themselves. This entry determines the posting periods permitted for the sub-ledger accounts.

Opening and Closing Posting Periods

You have to specify the posting periods open for posting in the system. Posting periods specified in a period interval can be posted to. If you want to close a period, you simply change the relevant interval so that it no longer includes that particular period.

You define posting periods per posting period variant. To do this, carry out the following steps:

1. Define your posting period variants.
2. Specify the permitted posting periods.
3. Allocate a variant to your company codes.

Defining Variants [Page 34]

Specifying Time Periods [Page 35]

Assigning Company Codes to a Variant [Page 36]

Defining Variants

You define posting period variants using the Implementation Guide for *Financial Accounting Global Settings*.

To do this, carry out the following steps:

1. Select the activity *Define variants for open posting periods* in your Customizing project.
2. Enter a variant and an corresponding name.
3. Save your entries.

Specifying Time Periods

You specify time periods, that is the periods open for posting, in the Implementation Guide for *Financial Accounting Global Settings*.

To do this, proceed as follows:

1. Select the activity *Open and close posting periods* within your Customizing project.

   This calls up the screen for defining permitted posting periods.

2. Select *Edit* → *New entries.*
3. Enter the permitted posting periods for each posting period variant.

   Make sure that a general entry is made for each company code. You must enter a **+** in the “Account type” column (A) for the company codes requiring an entry.

   In addition, enter an authorization group for each time period 1 in order to limit user access.

4. Save your entries.

You can also specify time periods from the General Ledger, Accounts Receivable or Accounts Payable menus by selecting the menu path *Environment* → *Current settings*. You then carry out the activity *Open and close posting periods*.

Assigning Company Codes to a Variant

A variant must be assigned to each company code. You enter the same variant for company codes that are equally managed with respect to the permitted posting periods. You make this setting in *Financial Accounting Global Settings* in the Implementation Guide.

To do this, proceed as follows:

1. Select *Assign company code to variant* in your Customizing project under *Bus. transactions → Base parameters → Posting periods.*

   A list of all company codes is displayed.

2. Enter the variant created for each company code.
3. Save your entries.

Opening a New Fiscal Year

Use

The new fiscal year is automatically opened when you make your first posting in the new fiscal year or once the balance carried forward program [Page 38] has been run. You do **not** have to close the old fiscal year before you can post data in the new one. You therefore do not need to create closing or opening balance sheets.

Prerequisites

The prerequisites are as follows:

- If you are using a fiscal year variant which is year-specific, you first have to create a variant for this fiscal year and assign it to the relevant company code. To do this, read Defining a Fiscal Year and Posting Periods [Page 19].
- If you have also defined year-specific document number assignment, you must have already set up the document number ranges for the new fiscal year. You will find more information about this in *Document Number Assignment in the R/3 System* in the *FI - Document Posting* documentation.
- The posting periods for the new fiscal year **must** be open in order to be able to post to them. For more information, see Permitted Posting Periods for Specific Accounts [Page 30].

Carrying Forward Balances

This process involves carrying forward account balances into the new fiscal year. The balance to be carried forward is shown in the account balance display. There are three programs in the system for carrying forward balances. You start any one of these programs at the required date. The carry-forward is **not** performed automatically by the system, even if you have already posted data in the new fiscal year.

The customer, vendor, and balance sheet accounts are simply carried forward into the next fiscal year. The P&L statement accounts are carried forward into one or more retained earnings accounts.

Prerequisites for Carrying Forward Balances

There are no prerequisites for carrying forward customer and vendor accounts.

For G/L accounts you must make sure that the balances on the P&L statement accounts are carried forward into the retained earnings accounts. To do so, you must have fulfilled the following prerequisites:

- Specify a P&L statement account type in the master record of every P&L statement account. This is a key, under which you define a retained earnings account for each chart of accounts.
- Create the retained earnings accounts and define them in Customizing for *General Ledger Accounting.* To do so, select the activity *Define retained earnings account.* You can find this in the Implementation Guide under *Business Transactions → Closing → Carrying Forward*.

  Most companies use only one retained earnings account. However, using the retained earnings key, you can define several such accounts. This might be useful for example, for international corporations that have to meet various different requirements when producing the profit and loss statement. You will find more information on this topic in the *FI General Ledger Accounting* documentation under *G/L Account Master Data.*

Adjusting Balances Carried Forward

When you carry forward the balances for G/L accounts at the end of a fiscal year, the system automatically adjusts the balances when you post values to the previous year. The system uses an indicator to determine whether the balances have been carried forward. Once this has been done, the balance is automatically carried forward whenever a posting is made, even when a posting is made to the previous year.

If you start the program near the end of the current fiscal year, the balance is carried forward into the new year when additional postings are made.

This means that you do not need to rerun the program if you have to post to the current fiscal year or to a prior period after the program has run.

Carrying Balances Forward

You can carry forward account balances as often as you require. If the program has not yet been run, you can still make postings to the new fiscal year. When the first posting is made, the accounts are opened with a carry forward balance of 0. Postings made to the previous year do increase the balance carried forward, but the total of the items posted in the prior year remain in that year.

To carry forward balances, proceed as follows from the *General Ledger* screen:

1. Select *Periodic processing* → *Closing* → *Carry forward* → *Balances*.
2. Enter your selection criteria and mark whether you only want to carry out a test run.

   If you are carrying forward the balances contained on the open item accounts, you can enter account number intervals . This is not possible for the G/L accounts, thereby guaranteeing that **all** the balances of G/L accounts are carried forward.
3. Select *Program* → *Execute*.

You use program SAPFGVTR to carrying forward balances in the standard ledger 00.

By carrying forward G/L account balances (program SAPF011) in company codes with parallel currencies, you also carry forward the balances in the group currency.

If the second or third currency is the group currency, balances in this group currency are managed in the standard ledger 00 and are carried forward by running the normal program. If you manage parallel currencies in additional ledgers to the standard ledger 00, the corresponding balances are not carried forward by program SAPF011. The balances in these ledgers must be carried forward with the program SAPFGVTR used for carrying balances forward.

If, in the new year, you find that a G/L account was mistakenly set up as a P&L account in the prior year instead of as a balance sheet account (or vice versa), you will have to rerun the balance carry forward program after adjusting the G/L account master record so that the balance carried forward can be adjusted.

Financial Statement Versions

Special Purpose Ledger [Ext.]

Definition

Hierarchical ordering of G/L accounts.

The order can be based on legal requirements for financial statements but can also be freely defined.

Use

You need a financial statement version for the following functions:

- To create and print a balance sheet and profit and loss statement
- To make certain valuations, such as structures trial balances
- To plan at the G/L account level

You can define multiple financial statement versions. This is the case if you want to create financial statements using various structures.

The standard system contains pre-defined financial statement versions. You can use them as provided or as a reference to make your own versions.

If you want to create a financial statement for ledgers of the Special Purpose Ledger you defined, define the version using the set method. You can use the Report Writer for printing. For more information, see the Special Purpose Ledger documentation.

Special Balance Sheet Items

In a financial statement version there are certain items that are of extra significance in the financial statement program and the general ledger information system.

If you are creating a new version, the system automatically creates a separate item for the following special items in the structure:

- Assets
- Liabilities
- Net result: Profit

  The figure calculated for the balance sheet result is displayed here if it is positive.
- Net result: Loss

  The figure calculated for the balance sheet result is displayed here if it is negative.
- P&L result

  Here the system displays the balance of all accounts that can be assigned to an item but which are not found under assets or liabilities.
- Not assigned

  Here the system displays all accounts which cannot be assigned to a particular item.

The balance sheet net result and the P&L statement result are calculated by the program that creates the financial statements. This program also lists, under the item “Not assigned”, those accounts that could not be assigned to an item.

The balance sheet profit or loss is determined from the assets and liabilities accounts as well as the accounts which are “Not assigned”. The balance of all the other accounts produces the P&L statement result.

The program that creates the financial statement does not make any postings. It is restricted to calculating the balance sheet and P&L statement profit or loss and displaying this in the balance sheet and P&L statement.

Displaying the Accounts Irrespective of the Balance

Use

When specifying the accounts to be displayed in a balance sheet item, you can choose whether the account is to be displayed regardless of its balance.

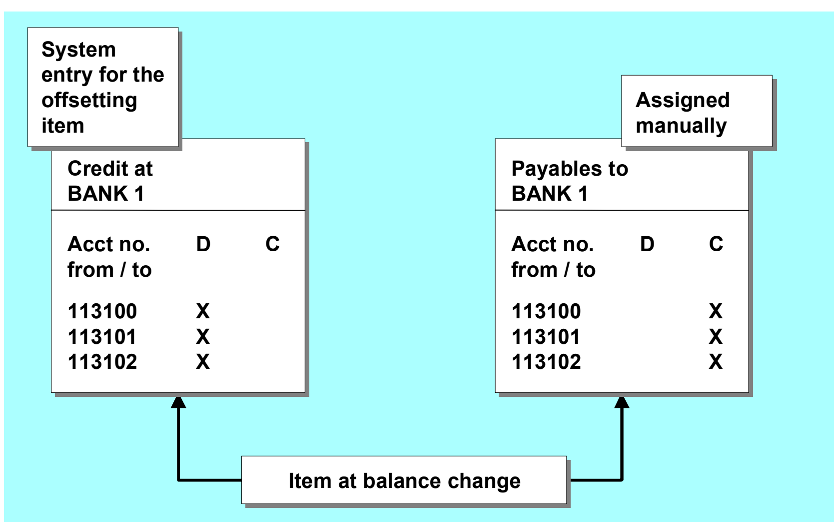
- If you always want to display a particular account under the same item **regardless of the balance** on that account, enter an **X** in **both** the columns marked *D* (debit) and *C* (credit).

  You would use this technique for the fixed asset accounts, which are always displayed under the same item in the balance sheet, irrespective of the balance on the account.

- If you want to have the account displayed under different balance sheet items **depending on whether the balance is in credit or in debit**, enter an **X** in only one of the columns for the relevant item.

- If, as a result of a change in the **total group balance**, you want to display all the accounts assigned to one particular item under a **different** item, you can assign a debit/credit shift [Page 45] to this item. This means that the display for the group of accounts summarized in these financial statement items is dependent on whether the total balance of the accounts is in credit or in debit.

  If your bank accounts show a debit balance (i.e. you have money at the bank), they are to be displayed as assets under the item "Cash at bank". However, if the accounts show a credit balance (i.e. you are overdrawn at the bank), you want them displayed as liabilities under the item "Payables to bank".



Defining the Debit/Credit Shift

Use

You can assign an item in a financial statement version to another items as a debit/credit shift. This makes the position of the group of accounts that make up this item in the financial statement version dependent on the total balance of these accounts, that is, whether the balance is positive of negative.

The item marked automatically receives a reference to the output item: The system enters the same accounts there and marks the other column for the balance.

If individual bank accounts should not be included in the group balance, you need to create a separate financial statement item for these accounts.

> The bank account of the federal bank can only show a debit balance. This account is thus listed on the asset side of the balance sheet. The balance of this account should not be included in the total balance for other bank accounts. For this reason, you would create an item for your account at the federal bank and a second item for all other bank accounts.

Prerequisites

The item to which you refer must already exist, but no accounts by be assigned to it.

Procedure

To define a debit/credit shift between to items, proceed as follows:

You can link two items in the financial statement version as contra items. This makes the assignment of the account balances dependent on whether the sum total for all accounts under that item is negative or positive.

To define a debit/credit shift, proceed as follows:

1. Select one of the two items.
2. Place the cursor on the other item.
4. Choose *Edit* → *Debit/credit shift* → *Define.*

    The system displays a dialog box in which you can specify which of the two items is the debit item and which is the credit item.

Result

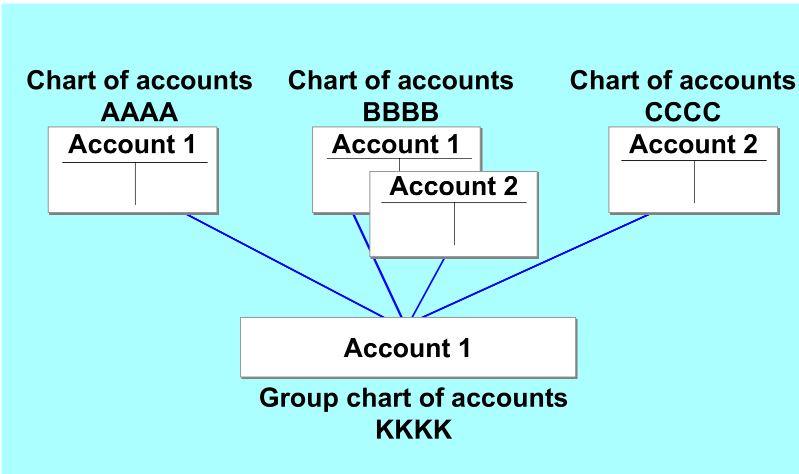
You have defined the debit/credit shift.

To delete a debit/credit shift, select one of the two items and choose *Edit* → *Debit/credit shift* → *Delete.*

Group Account Number

Use

The group account number allows you to group together all the accounts from different charts of accounts which are to be displayed under a certain financial statement item. Using the group account number, a group of accounts is assigned to the same item.



Prerequisites

The following prerequisites must be fulfilled in order for you to be able to use group account numbers:

- You must define a group chart of accounts containing the required group accounts. These accounts must be created in the chart of accounts area, but not in a company code-specific area.
- In the chart of accounts index, you must enter the required group chart of accounts for each of the individual charts of accounts for which you want to use a common financial statement version.
- You enter the group account number you have selected in the master records of the relevant G/L accounts. By using the same group account number, you group together the accounts you want to display under one particular item.

Features

When assigning the group account number, please note the following:

- Accounts of the same type may be stored under different numbers in different charts of accounts. You can group these accounts together under a single group account number.
- Accounts with the same account number may actually be different types of account in different charts of accounts. You can assign these accounts to different group account numbers.

In the balance sheet, the system displays the group account number.

Defining a Financial Statement Version

Use

You need a financial statement version for the following functions:

- To create and print financial statements
- To run various reports, such as a structure list of account balances
- To plan at the G/L account level

You can define several financial statement versions. This may be necessary if you want to generate the financial statements using different formats.

Features

The following options are available for defining financial statement versions:

- You can create them for different organizational units, such as the corporate group, a company code, or a business area.
- You can create the financial statements in different languages, for example, in the language of the country in which the company code is based or in the group language.
- You can create the balance sheet in any currency you like or according to a specific currency type. This may be necessary if you want to create a consolidated balance sheet for a group of company codes with different local currencies or if you record transactions in other additional currencies in addition to the company code currency.
- You can choose between different types of balance sheets, for example, an opening balance sheet or a closing balance sheet.
- You can vary the level of detail of your financial statements. For your accounting department, for example, you want to list the individual accounts with their respective balances. For senior management, you might want to summarize this information to create a single balance sheet for the whole group.

Activities

You can define your financial statement versions in Customizing under Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Documenting → Define Financial Statement Versions [Ext.].

You can find detailed information of creating financial statement versions in the documentation Creating Financial Statement Versions [Page 52].

Functions for Editing Financial Statement Versions

Use

The editing of a financial statement version is completed in a tree structure. Various functions are available in the tree structure.

Features

- **Expand or collapse nodes**

  You can expand a node, that is, you make the sub-nodes visible. To do so, select the plus sign to the left of the node using a double-click. You can recollapse the node by selecting the minus sign to the left of the node using a double-click.

- **Expand a subtree**

  You can exapand **all** sub-nodes of a node. Place the cursor on the node and select *Expand subtree*.

  The more nodes you expand in the tree, the longer the system requires to display the list. We recommend that you set a section or collapse the node before expanding another one.

- **Set focus**

  You can set a focus. By doing so, only the nodes of the section selected are displayed.

  Select the node you want to edit using the cursor and choose *Edit* → *Set focus*.

- **Select nodes**

  You can select nodes. Select the nodes desired and choose *Select*+/-. To select of block of nodes, select the first node of the block and then the last node. Choose *Edit* → *Select block*.

- **Reassigning Nodes**

  You can reassign nodes. Select the node you want to reassign, position the cursor on the target node, and choose *Reassign*. You can either assign the node as a subnode or at the same level as the target node.

- **Check structure**

  You can check your financial statement version to see if all requirments for creating financial statements are met or if the use of the version is necessary in the G/L account information system. To do so, choose *Check*.

  You can make the following checks:

  – You can check whether all acounts are assigned to both sides. There should not be any accounts assigned exclusively to debits or credits.

  – You can check whether all acounts in a chart of accounts are assigned. At the very least, all the accounts posted to during the period in question must be assigned.

– You can check whether the accounts are correctly assigned, that is, if only balance sheet accounts are assigned to the balance sheet section and only P&L accounts elsewhere.

Accounts that have only been assigned as credit (or debit) accounts or which have not been assigned at all are displayed under the special item “Not assigned” when the financial statement report is run.

- **Find**

  You can search the tree structure for any type of character string, for example, item names, account intervals and G/L account names. To do so, choose *Edit → Find*.

  The system only searches in the expanded section of the tree structure. If you want to search through the entire tree structure, you must first expand it completely by placing the cursor on the uppermost node and selecting the function *Expand sub-tree*.

- **Displaying G/L accounts of functional area names**

  You can display the G/L account names or functional areas from each assigned account interval in the tree structure. To do so, choose *Settings → Change*. A dialog box appears, in which you select *With account/functional area texts.*

Creating Financial Statement Versions

Procedure

To create a financial statement version:

1. In Customizing, choose Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Documenting → Define Financial Statement Versions [Ext.].
2. Choose *Edit → New entries.*

   The SAP Standard System includes predefined financial statement versions. You can copy a predefined version and modify it for use as your own version. Select the version you want to copy and choose *Copy as...*

   The screen appears in which you enter the general data for your financial statement version.
3. Enter the general data.
   - Enter a key and name for your version.
   - Enter the language in which your structure is to be maintained and displayed.
   - You can specify that the keys of the financial statement items are to be assigned automatically by the system. If you do not select this option, you can assign the keys for the items yourself.
   - You can only define your version for one chart of accounts. You can thus only assign accounts from this chart of accounts to your financial statement items. If you want to use accounts from multiple charts of accounts, leave this field blank.
   - You can specify that the group account numbers are to be used in your version.
   - You can specify that you use functional areas instead of accounts in your financial statement items.
4. Save your entries.
5. Choose *Financial statement items.*

   The screen appears in which you create your financial statement items and assign accounts to them.

   Various functions are available for navigation in the structure of the financial statement version. See Functions for Editing Financial Statement Versions [Page 50].

   If you create a new version, the following basic structure is automatically generated:
   - Assets
   - Liabilities
   - Net result: Profit
   - Net result: Loss
   - P&L result

– Not assigned

You can move these items to any position within the financial statement version. For more information, see: Special Balance Sheet Items [Page 42]

6. To create financial statement items, choose *Create items*.

   See Creating Items [Page 54].

7. To assign accounts to a financial statement item, choose *Assign accounts*.

   See Assigning Accounts [Page 56].

8. Save your financial statement version.

Creating Items

Use

You can create items for your financial statement version. You enter a text for each item and determine which totals are output.

The texts and totals are necessary for displays in the financial statement, the G/L account information system, and for structured balance lists. The table below indicates which text is displayed in each evaluation:

Texts and totals	Financial statement	G/L account information system	Structured balance list
Short text		X	X
Start of group text	X		
End of group text	X		
End of group total (optional)	X		X
Graduated total text	X		
Graduated total (optional)	X		

Procedure

To create an item, proceed as follows:

1. Select an item or create a new item.
2. Enter the required texts and/or select the totals to be output:
   - **Short text**

     The short text for your item is displayed when you edit the financial statement version. It is also used in the G/L account information system and for the structured balance list.
   - **Start of group text**

     The start of group text is displayed before the selected item's sub-items. It is only displayed if G/L accounts are assigned under this item that show postings for the selected period.
   - **End of group text** and the *Display total* indicator

     The end of group text and total (total balance for all sub-items or assigned accounts) are displayed after the sub-items. They are only displayed if the indicator is set and G/L accounts are assigned to the item that show postings for the selected period.
   - **Graduated total text** and *Display total* indicator

     The graduated total text and total are displayed after any existing end of group total if the *Display total* indicator is selected. The graduated total is the total of all account balances which occur up to this item in the structure and which do not belong to assets, liabilities, or accounts that are not assigned.

3. Choose *Continue*. Continue editing your financial statement version.
4. Save your entries.

Assigning Accounts

Use

The accounts that you want to display under each item can be specified at the end of each hierarchy level in the financial statement version.

Prerequisites

The item under which the accounts are to appear must already have been created. See Creating Items [Page 54].

Procedure

To assign accounts to an item:

3. Position the cursor on the desired item and choose *Assign accounts*.
4. Enter the account number or account range.

   If you did not enter a chart of accounts in the general specifications section, you must enter the chart of accounts from which the accounts of the account range were taken.

   Usually a financial statement version will contain only accounts from **one** chart of accounts. In this case, you should enter a chart of accounts in the general specifications for the financial statement version. If a chart of accounts has already been defined there, the default entry is shown in the chart of accounts field and you cannot enter anything.

   – Account intervals

     You can enter an account interval by making entries in the from and to account fields. If you enter the same account number in both fields, only this account is assigned.

     In order to avoid the chance that newly created G/L accounts are not assigned to an item, you should always enter account intervals.

   – Debit/credit indicators

     With the debit/credit indicator you specify whether the account is to be listed depending on its balance. If you select both indicators, the account is always shown under this item. Balance Dependent Display of Accounts [Page 43].

     You can assign an account to two items. Depending on the balance, the account is listed under the item for which the debit or credit indicator is selected. For further information, see Defining Debit/Credit Shift [Page 45].

     Accounts 113100, 113110; and 113120 are bank accounts. You want to assign them to the asset item “Cash in bank” if they have a debit balance, and to the liability item

"Payable to banks" if they have a credit balance. Thus, if accounts 113100 and 113120 have a debit balance but account 113110 has a credit balance when the financial statement is created, 113100 and 113120 are assigned to "Cash in bank" and 113110 to "Payable to banks". The deciding factor in each case is the balance of the **individual** account.

3. Choose *Continue*. Continue editing your financial statement version.
4. Save your entries.

Changing a Financial Statement Version

Use

You can change all entries except for the key of the financial statement version.

You can only change the explicitly entered chart of accounts to the use of a group chart of accounts if the following condition is met: No accounts may be assigned to the financial statement items.

Procedure

To change a financial statement version, in Customizing choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → Define Financial Statement Versions [Ext.].

1. Select the desired financial statement version and choose *Details*.
2. You can change individual values in a financial statement version. Select the desired financial statement version and choose *Edit* → *Change field contents*.
3. Change the data as needed.
4. Save your changes.

Deleting a Financial Statement Version

Use

Financial statement versions consist of general specifications and the items you have defined.

If you want to delete a financial statement version, you can:

- Delete the entire structure with all its items in a single step
- Delete some of the items from the structure

Procedure

Deleting the Entire Financial Statement Version

To delete an entire financial statement version, in Customizing choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → Define Financial Statement Versions [Ext.].

1. Select the version you want to delete and choose *Edit* → *Delete.* If the version contains items, the system will issue a warning.
2. Choose *Table view* → *Save* to save the changes to the table. The version is not deleted until you save the changes.

Deleting Items from the Financial Statement Version

To delete individual items from a version, place the cursor on the item to be deleted and choose *Edit* → *Delete*.

All items below this item in the hierarchy are also deleted. If you want to delete an item that has been defined as a contra item (to be displayed under a different item in the case of a debit/credit shift), you must first delete this assignment. For further information, see Defining Debit/Credit Shift [Page 45].

After making the necessary changes, save the modified version.

Creating Financial Statement Forms Automatically

Use

It is possible to generate a form from the financial statement version and print the financial statements on a SAPscript form. To do this, you must generate a target form from the source forms provided with the standard system. You can modify this target form according to your requirements. Once the modified form is activated, you can use it to print the financial statements.

Procedure

To create these forms, proceed as follows:

4. In Customizing, choose Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Documenting → Define Financial Statement Versions [Ext.].
5. Select the appropriate financial statement version and choose *Goto* → *Generate form* → *One-column form* or *Two-column form*.

   If you select the two-column form, the asset and liabilities are displayed next to each other. If you select the one-column form, the assets are displayed before the liabilities and owner's equity.
3. Enter the following information:
   – The name of the source form.

     Three source forms are provided with the standard system. The format entries (for example paragraphs, pages, etc.) already set up in these forms are copied to the target form.

   – The name of the target form.

   – Specifications for creating the form.

     You can specify whether the texts contained in the financial statements are to be printed. Choose *Text rows*. In this case, the form will contain the symbols from the group start text, the group end text, and the group totals level text. Furthermore, you can specify whether the absolute difference, the relative difference or each totals level is also printed.
4. Choose *Proceed*.

   The screen for changing the target form is displayed.
5. Choose *Form* → *Create/Change.*
6. Once you have modified the form according to your requirements, you must save and activate it. To do this, choose *Form* → *Activate*.

Result

You have created the financial statement form.

Run program RFBILA to create the financial statements. To run this program, choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* →

Balance sheet/profit and loss statement/cash flow → General → Actual/actual comparisons → Balance sheet/P+L statement.

Enter the name of the target form in the *Print on form* field on the selection screen.

Preparing Financial Statements

Before preparing the financial statements in Financial Accounting, you must first perform some preparatory work in other applications such as Asset Accounting and Materials Management.

In **Asset Accounting**, you need to post the relevant depreciation values for the fiscal year concerned. The asset history sheet is also created in this application. You may be legally required to include this in your financial statements.

In **Materials Management**, you need to complete the physical inventory and material valuation.

In **Sales and Distribution**, you need to post the goods issues and the invoices for all the appropriate delivery notes. You also need to create the required rebate settlements and their corresponding credit notes. All preliminary invoices should be excluded.

In **Human Resources**, you must post all salaries and wages for the last accounting period. You should then transfer this data to Financial Accounting.

The program for creating the financial statements determines the values for the annual net profit or loss as well as the net profit or loss carried forward. No **closing postings** are therefore needed for these items. You can find additional information in Notes on Closing Postings [Page 131].

The following topics describe what tasks you need to carry out prior to creating the financial statements, and how these tasks are supported in the system by programs or special procedures.

The list is by no means exhaustive. Some of the procedures described are optional (for example, balance confirmations) and others depend on the types of accounting transactions involved (for example, foreign currency valuation).

The preparations in the other applications are all described in detail in the documentation for those applications.

Balance Confirmation

You can check the accuracy of your accounts payable to vendors and your accounts receivable from customers using balance confirmations. These enable you to detect and correct any discrepancies which may exist between your records and those of your business partners and to make any necessary individual value adjustments.

In the R/3 System, there are several different methods of confirming balances, depending on the purpose of the confirmation. These are:

- Balance confirmation

  Here you notify the business partner of the individual amounts for which you require confirmation. You ask for a reply, irrespective of whether the amounts correspond or not.

- Balance notification

  Here, as above, you notify the business partner of the individual amounts to be confirmed. However, the partner sends a reply only if he or she **does not agree** with the balance stated.

- Balance request

  Here, you ask the customer or vendor to notify you of the amount on your account according to his records.

Letter and Reply Slip

For each of these procedures, the system prints a letter and a reply slip. Depending on the procedure used, the reply slip will contain a list of open items, or simply a number of fields for the business partner to fill out (balance inquiry).

You may want the business partner to send the reply slip to different addresses, depending on the purpose of the balance confirmation: If your internal auditing department reconciles the balances, you would ask that the reply be sent directly to your firm. If an external auditor has requested the balance confirmation, you would request that the business partner send the reply to the external auditor. You can specify the address individually for each report. You must define a reply address, even if this is the company code address and you do not use an alternative.

Selecting Customers/Vendors

Generally, you do not send a balance confirmation to every single customer or vendor. The system allows you to select, which business partners you want to write to before running the report. To do this, you specify the following criteria:

- You specify whether head office accounts and branch accounts, one-time accounts, and/or all other accounts are to be included.
- You can make the selection dependent on the overall balance on an account, or on the sales achieved in connection with the account.
- You can specify that only every *n*th customer or vendor out of those which you have selected is to be included.
- Using the other selection fields, such as *Name 1*, you can create further selection criteria. If you have already created a selection variant for the program, you should adjust it accordingly.

Balance Confirmation

By combining these selection criteria you can limit still further the customers and vendors to be included in the balance confirmation.

At the end of each report, the system produces a check list. You can also choose to create a results table and an error list. These lists remain with your accounting department (or with the external auditor) where they are used in evaluating the replies. These lists are described briefly in the sections below:

- **Check list**

  The check list contains data on the report, such as the date the letter was issued and the reply date. For each customer/vendor, the list contains the individual address data from the master record, as well as the amount to be confirmed. The list provides a useful overview of all the customers/vendors you have written to, allowing you to keep a record of who has replied to balance confirmations and requests. Otherwise, you may need to send them a reminder note.

- **Results table**

  The results table contains general specifications on the report, such as the reconciliation date. It also allows you to summarize the replies in three different categories: No reply received, reply with balance not confirmed, and reply with confirmation. You can further categorize these last two.

  You use this table as an aid in evaluating the replies and uncovering weaknesses in your own book-keeping. For example, if a lot of letters are returned without having reached their destination because the customer/vendor's address has changed, you should check whether your master records are being properly maintained.

- **Error list**

  If the program discovers errors while running the report, it creates an error list. This list is therefore not always output.

- **Selection cover sheet**

  You can choose whether or not a selection cover sheet is issued.

Balance Confirmations: Prerequisites

You must define standard **forms** in the system for the letter and reply slip, as well as for the various lists. These forms must be allocated to a particular report. Additional forms are also required for the lists and the results table. They determine the content and the layout of the letters and lists. Standard forms are delivered with the R/3 System. You can either use these, or copy them and alter them to suit your requirements. The standard forms are described in detail in the program documentation.

The following additional functions are also available:

- You can define standard texts for the letterhead, sender details, page footer, and the signature line. This is useful if these details are not already contained on your company's letter paper.
- The reply address must be defined in the system. It is printed automatically on the reply form.
- You can also choose additional selection criteria from a list. The system then offers these criteria in the selection screen of the program.
- You can also create selection variants for the two programs. If you expand the selection criteria of the program, do not forget to adjust the variant accordingly.

You can configure the balance confirmations using the Accounts Receivable and Accounts Payable Implementation Guide. Select the necessary activities for the work area “Balance Confirmation Correspondence”.

Printing Balance Confirmations

The FI System includes one program for customer balance confirmations and one for vendor balance confirmations. You can print balance confirmations either from the *Accounts Receivable* menu or from the *Accounts Payable* menu as follows:

1. Select *Periodic processing* → *Print correspondence*. → *Balance confirmation* → *Print letters*.

   The system displays the screen for entering the selection criteria and parameters. If you want to run the program in the background, call up the appropriate variant or enter your data and create a new variant by saving these entries.

2. Select *Program* → *Execute* or *Execute and print*.

The most important fields on the screen are described below:

- *Customer* and *Company code*: These fields limit the scope of the report.
- *Reconciliation key date*: This field is used to specify up to which date open items are to be included in the report.
- *Date of issue*: This field contains the date on which the balance confirmation was issued.
- *Date for reply*: Here, you enter the date by which you would like the reply.
- *Confirmation procedure*: Here, you specify whether the system is to print a balance request, a balance inquiry, or a balance confirmation.
- *Form set*: Here, you specify the forms to be used for the letter and reply.
- *Sender details*: In this field, you specify which standard texts are to be used for the letterhead, footer, sender details, and signature line.
- *Reply to*: Here, you specify the reply address by entering the address ID.
- Then you select the types of accounting transactions and the customers and vendors to be included in the report. You have the following selection options:

– *Special G/L indicator*: You can specify any special G/L transactions to be included.

– You can include or exclude any accounts which contain only open items from the previous fiscal year. To do this, make the appropriate entries in the fields *Accounts without postings* and *Only accounts posted to since*. The system will then include only those customer accounts which have received posting data since the fiscal year entered.

– You may want to make the selection of customers dependent on the balance of the account. For example, to send a positive inquiry only for accounts where the balance is considerable, and a negative inquiry where the balance is comparatively low. You enter the balance in the field *Total balance*.

– *Sales/Sales period*: Alternatively, you can make the selection according to sales. To do so, enter a sales amount and, if required, a period and fiscal year.

– *Every nth customer selected*: Here you can make a further selection for the balance confirmations.

– You can also select whether head office and branch accounts, one-time accounts, and/or all other vendor and/or customer accounts are to be processed.

- *Sample size*: Here you can generate a random sample. To do so, you enter a number in this field. This system then extracts exactly this number of customers from all the customers selected by the program on the basis of the other specifications. This random sample is determined using the random number method. A random sample is useful, for example, for customers with a low balance.
- If you defined any additional criteria in *Customizing*, they will be displayed in the lower half of the screen. For example, if you had defined the field *Name 1*, you could select objects at random using initial letters.
- You also have to specify the printers to be used for the letter and the reply, as well as for the various lists.

The following functions are also available for balance confirmations:

Grouping Customers and Vendors [Page 68]

Creating a Head Office and Branch Index [Page 69]

Grouping Customers and Vendors

If you have a large number of customers or vendors, you can use the function *Group customers* or *Group vendors* when creating the balance confirmation.

You can find this function in the Accounts Receivable or Accounts Payable screen under *Periodic processing → Print correspondence → Balance confirmation → Group customers or vendors.*

This program enables you to group your customer and vendor accounts in intervals of a specific size or in a specific number of intervals. The grouping can only ever be applied to one company code.

You could, for example, divide your customers into five equal-sized intervals. The system creates this grouping and then gives you a list of the interval divisions together with the number of customer accounts contained in each division. You can then create five different variants for balance confirmation program by simply entering in the *Customer* field the interval divisions created by the system. You can then let these balance confirmation programs run parallel in the background.

Creating a Head Office and Branch Index

An index of head offices and their branches is compiled as part of the balance confirmation procedure.

The program uses the index to create balance confirmations.

Creating an index is beneficial in cases where several program runs are necessary for creating balance confirmations (e.g. customer/vendor intervals are scheduled parallel in the background), because the balance confirmation programs do not then need to generate the index for each separate run and the runtime is therefore reduced.

When creating the index, the reconciliation key date must be the same as the reconciliation key date in the balance confirmation program.

The period between creating the index and creating the balance confirmations should be as short as possible to avoid problems with head office/branch relationships created in that time period.

You can find the function for creating an index in the Accounts Receivable or Accounts Payable screen under *Periodic processing → Print correspondence → Balance confirmation → Create index.*

Evaluating Replies

You store the reply status of your balance confirmations in the check list and the results table. For example, in the check list, you can mark those customers or vendors who have not yet replied and can then send them a reminder (see below).

Using the results table, you can evaluate the differences between your records and those of your customers and vendors. This can help you decide on appropriate measures required in your accounting department.

Printing a Reminder

If the customer (or vendor) does not reply to your balance confirmation or balance request, you can send them a reminder. The system prints a letter along with another copy of the reply slip. The letter reminds the customer (or vendor) that you would like a reply.

To create the reminder, proceed as described in Printing Balance Confirmations [Page 66]. Please note the following when printing reminders:

- Enter the name of the customer (or vendor) who is to receive the reminder in the field provided. You can take the names of those needing a reminder from the check list.
- Take care that the reconciliation key date agrees with that of the original balance confirmation.
- Enter a date either in the field *Previous date of issue* or *Previous date for reply*.
- Enter a new *Date for reply*. This is the date you want to receive an answer by. The date is transferred to the reminder.

GR/IR Clearing Account

Definition

An account which is posted to in the following cases:

- Goods received which have not yet been invoiced
- Invoices for goods which have not yet been received

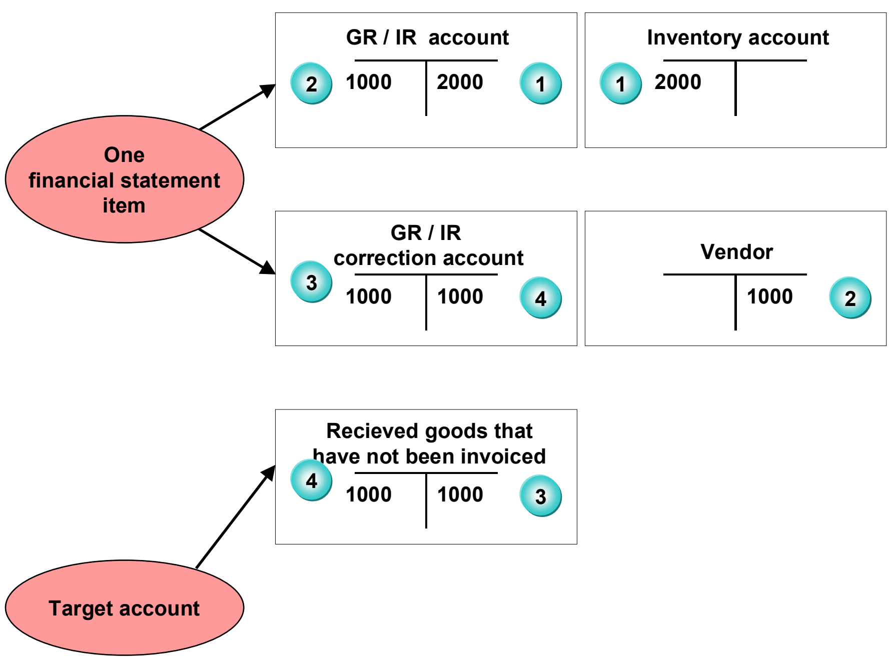
When you receive the goods (or invoice), the system makes an offsetting posting to the GR/IR clearing account. The respective items are not cleared.

Use

Before creating the financial statements, you need to analyze the GR/IR clearing account so that the transactions posted to it are properly displayed.

The program used for this analysis determines an item balance for each reconciliation account and each assignment number. If the account has a credit balance, goods have been received but not invoiced; if the account has a debit balance, goods have been invoiced but not yet received. The program places any necessary adjustment postings in a batch input session. These postings are made separately per company code, GR/IR clearing account, reconciliation account, and business area. They are then reversed on the day you specify in the program run.

You have received goods from one of your vendors. The vendor has invoiced only part of the delivery.



In this example, you would make the following postings:

1. You post $2000 of goods received to the inventory account. The system automatically posts the transaction to the GR/IR clearing account.
2. You have been invoiced $1000 for part of the delivery. You post this amount to the vendor account and to the GR/IR clearing account.

In this example, the program would create the following postings:

1. On the balance sheet key date, transfer postings are required to identify the portion of goods delivered but not yet invoiced. To adjust the GR/IR clearing account, the program used in analyzing the GR/IR clearing account posts $1000 to the relevant adjustment account. The offsetting entry is posted to the account used for presenting goods delivered but not invoiced (target account).
2. These postings are reversed after the financial statements have been created.

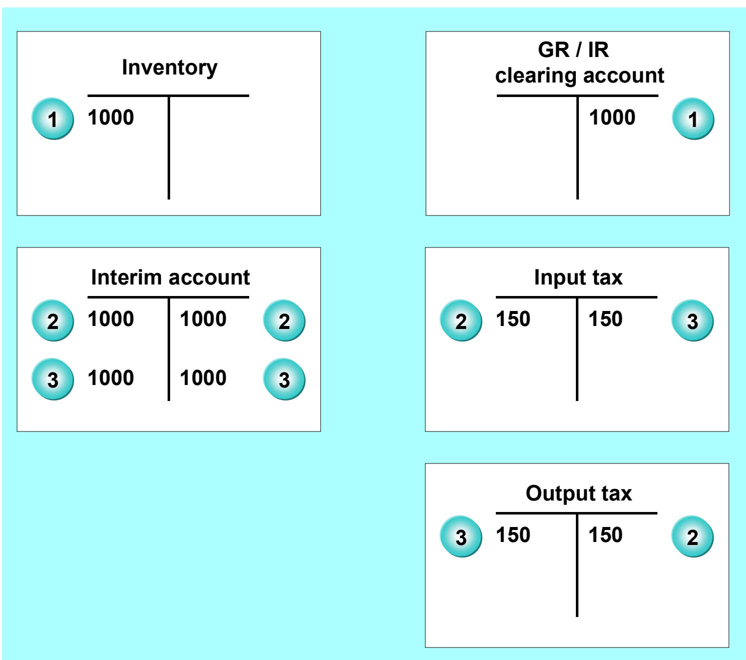
Posting Acquisition Tax

Use

You have to post acquisition tax for deliveries which originated in another EU country. You usually do this when you post the invoice. However, if you have posted a goods receipt without an invoice receipt, you can post the acquisition tax based on the goods receipt. This is done using the program which analyzes the GR/IR clearing account.

Features

The data is posted to an interim account which you specify before you start the program. This G/L account must be tax-relevant. When you post data to this account, it automatically triggers the posting of acquisition tax and input tax. When you post the acquisition tax, the program uses the tax code from the goods receipt posting. For the input tax posting, you should enter a tax code with a zero percent tax rate before the program run.



The following example illustrates the procedure. To accurately display acquisition tax on the delivery of goods for which no invoice has been received, you have to make the following postings:

1. You have posted $1000 of goods received to the inventory account. The system automatically posts the transaction to the GR/IR clearing account.
2. In analyzing the GR/IR clearing account, the program makes a debit posting to an interim account for the tax base amount. This line item contains the acquisition tax code from the inventory posting.

   The posting is reversed with an offsetting entry for the same amount. This posting must be made using a tax code which represents a tax rate of zero percent.

The tax posting is triggered when the interim account is posted to.

3. The postings are then reversed on the date specified.

Prerequisites

For postings, the program requires the entry of the following accounts:

- A correction account for the GR/IR clearing account. This account is listed in the balance sheet along with the GR/IR clearing account. The combined balance of the accounts is zero.
- offsetting accounts for the good received but not invoiced and the invoiced but not received goods. These accounts are used to correctly list these transactions in the balance sheet.

The numbers of these accounts need to be entered in the system. To enter the account number, in General Ledger Customizing, choose the activity *Define Correction Accounts for GR/IR clearing*.

For automatic posting from Material Management, you also need to specify accounts. To do so, in General Ledger Customizing, choose the activity *Define Accounts for Materials Management*.

For the posting of acquisition tax, you need an interim account and a tax indicator using a zero percent tax record.

Regrouping the GR/IR Clearing Account

To analyze the GR/IR clearing account and carry out the necessary adjustment postings, proceed as follows from the *General Ledger* menu.

1. Choose *Periodic processing* → *Closing* → *Regroup* → *GR/IR clearing.*

   The system displays the screen for entering the selection criteria and parameters for the report.

2. Fill in the necessary fields.

   Note that when posting acquisition tax, you must specify an interim account and an input tax code. On this screen, you can specify the document type for the postings, as well as general specifications for the output.

3. Under *Program*, select the appropriate execution method.

Value Adjustment

If a particular receivable is doubtful or if it is unlikely you will ever recover it, you can create a bad debt reserve, or write the debt off.

For more information see Individual Value Adjustment [Page 78].

On the balance sheet key date, you can also post a flat-rate value adjustment for the general risk of not recovering receivables.

For more information see Flat-Rate Value Adjustment [Page 84].

Individual Value Adjustment

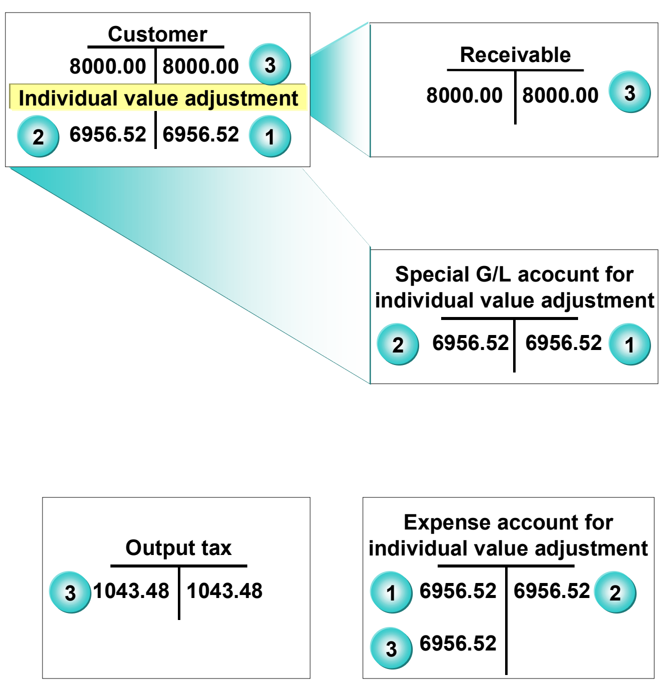
Using a special G/L transaction, you can post an individual value adjustment for doubtful receivables. In doing so, you post the doubtful receivable to the customer account and to an expense account.

Using a special G/L transaction has the following advantages:

- The receivable remains on the customer account and on the receivables account. You manage the individual value adjustment separately from the receivables themselves on the customer account. This means that you can identify the individual value adjustments posted to any customer account whenever you like.
- In the general ledger, the doubtful receivable is also posted to a separate reconciliation account. You do not have to transfer the doubtful receivable when creating the financial statements.

The following example describes how you use the special general ledger transaction to post doubtful receivables. For more information on special general ledger transactions, see the *FI Accounts Receivable and Accounts Payable* documentation.

You have posted receivables of $8000. The sales tax portion is $1043.48. You want to display this as a doubtful receivable at the balance sheet key date. In this example, we will assume that both doubtful and uncollectable receivables are to be displayed in the same account.



You need to make the following postings when creating individual value adjustments and when writing off doubtful receivables:

1. You post the individual value adjustment of $6956.52 (the value of the doubtful receivable) to the relevant expenses account for valuation adjustments, and make the offsetting entry on the customer account. The system automatically posts the same amount to the special G/L account for individual value adjustments. When making this posting, you should use a tax code which represents a tax rate of zero percent.
2. If you decide to write off the receivables, or if they are paid, you can reverse the individual value adjustment.
3. If the receivables are uncollectable, post the amount to the receivables write-off account and clear the receivable on the customer account. For this posting, you should use a tax code which has the same tax rate as the one used when you posted the receivable. This means that the sales tax is automatically adjusted.

Prerequisites

To be able to post individual value adjustments as a special G/L transaction, you must fulfill the following conditions:

- The transaction must have the special G/L indicator. You enter the indicator when posting the individual value adjustment. Using this indicator, the system determines the alternative reconciliation account. The special G/L indicator **E** is defined in the standard system. If you want to define your own special G/L indicator, select the activity *Define alternative reconciliation account for customers* and *Define alternative reconciliation account for vendors* under *Other special G/L transactions* in the Accounts Receivable and Accounts Payable Implementation Guide.
- To be able to post the individual value adjustment to an alternative reconciliation account, you must first create this account and the account number in the system. To define the account number, select the activities *Define alternative reconciliation account for customers* and *Define alternative reconciliation account for vendors* under *Other special G/L transactions* in the Accounts Receivable and Accounts Payable Implementation Guide.

You will also need an account to which you can post the expenses from the individual value adjustment. This account must be tax-relevant if you want to post the expense and revenue for the individual value adjustment as well as sales tax to this account.

Making Individual Value Adjustments

The following sections describe the individual postings you have to make:

- To post an individual value adjustment
- To reverse or utilize an individual value adjustment
- To write off a receivable

Posting Individual Value Adjustments [Page 81]
Reversing or Utilizing an Individual Value Adjustment [Page 82]
Writing Off Doubtful Receivables [Page 83]

Posting An Individual Value Adjustment

To post an individual value adjustment, proceed as follows from the *Accounts Receivable* menu:

1. Select *Document entry* → *Other* → *Intern.transf.psting* → *Without clearing*.
2. Enter the G/L account item on the expenses account from valuation adjustments.

   Since you do not want to post any tax in this case, you should enter a *Tax code* representing zero percent.
3. Enter the accounts receivable item for the individual value adjustment.

   To ensure that the individual value adjustment is posted as a special G/L transaction, you have to enter the relevant special G/L indicator in the field provided (*Sp. G/L.*). In the standard system, this indicator is **E**.

Reversing or Utilizing an Individual Value Adjustment

The following options are available for reversing or utilizing an individual value adjustment:

- Partial reversal or utilization of an individual value adjustment

  Proceed as described in Posting Individual Value Adjustment [Page 81]. The Credit/Debit posting keys and the Expenditure/Income accounts must be varied accordingly.

- Complete reversal or utilization of an individual value adjustment

  This is an internal transfer posting with clearing. See Writing Off Doubtful Receivables [Page 83].

Writing Off Doubtful Receivables

Once you are sure that the receivables in question are not recoverable, write them off. To do so, proceed as follows from the *Accounts Receivable* screen:

1. Select *Document entry* → *Other* → *Intern. transf. posting* → *With clearing.*
2. Enter the G/L account item on the expenses account from valuation adjustments.

   If you want the tax to be corrected automatically, you should enter the tax indicator you used when you originally posted the receivable in the appropriate field.

Select the receivable you want to write off from the list of open items, and post the document. You will find more information on clearing open items in the *FI Accounts Receivable and Accounts Payable* documentation.

Flat-Rate Value Adjustment

You carry out flat-rate value adjustments using a straightforward G/L account posting. To do this, post the amount to an appropriate expense account and to a balance sheet account. You display the balance sheet account under the same balance sheet item as your normal accounts receivable.

You can carry out this posting from the *General Ledger* screen: Select *Document entry* → *G/L account posting*.

Flat-Rate Individual Value Adjustments and Discounts

Purpose

During financial statement preparation, open customer items are valuated. In addition to the foreign currency valuation, you can also calculate a discount for long-term receivables and a flat-rate individual value adjustment for unsecured or overdue receivables.

You can then use the adjusted receivables at a later time as the basis for the sorted list and regrouping of outstanding receivables.

Implementation considerations

Customizing for the flat-rate individual value adjustments and discounts is found in the Implementation Guide under *Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Valuate.* You also find a detailed description of Customizing here.

Integration

The postings that arise from the discounts and flat-rate individual value adjustments are transferred to general ledger accounting.

Features

The process flow of the valuation is provided in a main program. Valuations are created in a proposal run and you can then change these values manually.

After processing, you can either reject these values or transfer them to G/L accounting. During the transfer, the system creates the posting in G/L accounting and saves the valuations for each line item. You can therefore also display the valuation in the document display.

Constraints

Valuations are only possible for customer items. Vendor and G/L accounts cannot be valuated.

Process of Individual Value Adjustments and Discounts

Purpose

Run the program for valuating the open customer items as part of the financial statement preparation.

For open items that are first due much later (such as in one year), you calculate a discount.

For open items that are overdue, you calculate a flat-rate individual value adjustment (for example, the receivables of all customers in a certain country are reduced by ten percent).

Prerequisites

You have made the Customizing settings under *Accounts Receivable and Accounts Payable* in the Implementation Guide for individual value adjustments and discounts.

Process Flow

The process flow of an individual value adjustment or discount is defined in a main program. The following describes the process of valuation as predefined in the SAP standard system. You can change the type and the algorithm for the valuation using function modules (business transaction events) that you develop. See Defining Customer Valuations [Page 91].

The process flow of a discount and a flat-rate individual value adjustment in the SAP standard system is as follows:

1. Enter the selection parameters for the valuation process flow.
2. Start the valuation adjustment.

   Calculation of the Discount

   The system carries out a discount, that is, the value of long-term receivables at the balance sheet key date is calculated. The discounted value is displayed as a cash value.

   The value from the foreign currency valuation is the basis for the discount calculation in the SAP standard process. If you are not using a foreign currency valuation, the local currency amount is used for the calculation.

   All non-interest bearing receivables or those with too low an interest calculation are discounted if they do not fall due before the balance sheet key date. The percentage values per currency that you enter in Customizing are used for discounting. To enter these values, select the activity *Define interest rates* in the Implementation Guide (IMG) under Accounts Receivable and Accounts Payable.

   The result of the calculation is the cash value. This is saved per item.

   Calculation of the flat-rate individual value adjustment

   The R/3 system carries out a flat rate valuation adjustment, that is, certain customer items are valuated using a flat rate provided by an SAP standard algorithm.

   The cash value of the discount is the basis for the calculation of the individual value adjustment in the SAP standard process. If you are not using a discount, the value from the foreign currency valuation is used. If no foreign currency valuation is available, the local currency amount is used for the calculation.

For the program run, the customer accounts can be summarized using the group number. The balance per account group is calculated. No calculation is made for a credit balance. Calculations are only made for debit balances. The open items are discounted using the valuation adjustment key in Customizing and the percentage rate entered there.

With a flat-rate individual value adjustment, the net value (not including taxes) is assumed for the calculation.

3. You correct the valuation adjustment or change it manually.

   The valuation adjustment generates a value that you can correct or change manually.

   If you generally want to manually discount unsecured receivables, in Customizing select the “Valuate manually” indicator for the definition of the valuation adjustment key. In this case, the open items are selected during the valuation process, but no calculation is made. To do this, select the activity *Define valuation adjustment key* in the Implementation Guide (IMG) under Accounts Receivable and Accounts Payable.

4. Print the valuation adjustment.

5. Create postings and transfer them to general ledger accounting.

Result

The valuation adjustment displays a list that shows the following values per item:

- Document number
- Customer group
- Valuation adjustment key
- Original local currency amount
- Basis value for the calculation (possibly the discounted amount)
- Valuated gross amount
- Valuation difference (gross)
- Valuation difference (net)

Calculating Individual Value Adjustments and Discounts

Use

The following describes how you can calculate a discount or a flat-rate individual value adjustment when preparing the financial statements.

Procedure

If you want to calculate a discount or a flat-rate individual value adjustment, proceed as follows:

1. From the Accounts Receivable menu, select *Periodic processing* → *Closing* → *Valuate* → *Further Valuations.*
2. Enter the execution data and an identification for the valuation run. Select *Maintain*.
3. Enter a key date. All documents that have not been cleared by this due date are not valuated.
4. Enter valuation method **02** for a discount and **03** for an individual value adjustment. If you have developed you own function module for the calculation, you can enter it here. See also Defining Customer Valuations [Page 91].
5. Enter a currency type and if needed, an alternative valuation area.
6. You can also enter a target company code and select the “Use group definition” indicator if you want to make the valuation using a customer group rather than individual customer accounts. In this case, the group balance is used for the valuation.
7. Select the “Postings” indicator if you want to update the valuation differences in general ledger accounting. If you do not select this indicator, the valuation differences are calculated by the system, but they are not posted to general ledger accounting.

   Also enter a posting date, a posting period, and a document type for the postings.
8. Enter an interest indicator for the discount.
9. Enter the name of a batch input session. Postings containing errors are placed in this session folder. You can correct them there.
10. Enter the selections you require. For example, the affected company codes and/or the affected customer accounts or group number for the customer group.
11. Save your entries and schedule the valuation run.
12. After completion of the valuation run, you can process the data in various ways:

- You can change or correct the valuation. To do this, select *Edit* → *Valuation run* → *Change valuations.* If you do not want an automatic calculation of the valuation difference, you can enter a flat-rate amount here.
- You can print the valuations. Select *print*.
- You can display the valuations. To do this, select *Display* or go to the list display via *Edit* → *Valuation run* → *Valuation list*. Various functions such as summation and sorting are available in the valuation list for your use.
- You can display the valuation run log. To do this, select *Edit* → *Valuation run* → *Display log.*

- You can discard the valuation by deleting the valuation run. To do this, select *Edit → Valuation run → Delete.*
- You can transfer the valuation differences to general ledger accounting. Here, the amount is posted to the account you have set up for this purpose in Customizing.

Once the valuation differences have been transferred to general ledger accounting, the valuated customer accounts are locked for further valuations or postings.

You can use your own function modules in various parts of the valuation run. See Defining Customer Valuations [Page 91].

Valuation Differences in the Line Item Display

Use

In the customer line item display, you can display the fields with the valuation difference from discounting or from the flat-rate individual value adjustment.

Prerequisites

You create a line layout variant for the special fields in order to display the valuation difference. To do this, select *Customer Accounts → Line Items → Customer Line Item Display →Define line layout* under Accounts Receivable and Accounts Payable in the Implementation Guide.

Activities

To display the customer line items, select *Account → Display line items* in the Accounts Receivable menu. Select the “Open items” indicator and enter a line layout variant for displaying the valuation difference.

Defining Customer Valuations

Use

You can change the SAP standard process flow for various callup points of the valuation run by using your own function modules. To do this, use the business transaction events method. You can find information about this method in the Implementation Guide under Financial Accounting Global Settings. Select the activity *Use business transaction events*.

Features

You can use your own function modules for the following callup points in the valuation run:

- Selecting open items
- Deselecting open items
- Algorithm for calculating the discounted amount
- Transferring the data, saving the valuation per item, and creating postings
- Group formation of open items

Activities

How you use the business transaction events method is described in *Use business transaction events* in the Implementation Guide under Financial Accounting Global Settings.

Foreign Currency Valuation

Use

To create financial statements, you must first valuate your foreign currency balance sheet accounts and the open items posted in foreign currency. Foreign currency valuation can be carried out in other parallel currencies (index-based currency; hard currency) in addition to the company code local currency.

There are two reports you can use for the valuation and these reports carry out the necessary adjustment postings.

For more information on preparing foreign currency valuation, refer to the *FI General Topics* documentation.

The following topics describe how to carry out foreign currency valuation using the reports, and how to post valuation differences. You can also make this posting manually. You can enter the amounts in either the local currency or the parallel currencies in the document entry screen. To do this, select *Document entry* → *Valuate foreign currency.* from the G/L menu. For more information, refer to the *FI General Ledger* documentation.

Valuating the Foreign Currency Balance Sheet Accounts

To perform the foreign currency valuation, proceed as follows from the *General Ledger* screen:

1. Select *Periodic processing* → *Closing* → *Valuate* → *Balances in foreign currency*.

   This takes you to the initial screen for entering the selection criteria and the specifications required for the valuation.

2. Enter the data required.

   The system defaults the current date as the balance sheet key date. If you don't want to create a batch input session, you should delete the **X** defaulted in the field *Create batch input session*.

   You must always specify a **Valuation method**. This defines which method (e.g. lowest value method) the system is to use to carry out the valuation. You can process several different currency types at the same time in a valuation run. Since valuation methods can differ according to the currency type, you can enter a valuation method for each of the following: Local currency, group currency, hard currency, index currency, and global company currency

3. Under *Program*, select the appropriate execution method.

Valuating Open Items in Foreign Currency

To carry out a foreign currency valuation, proceed as follows from the *General Ledger* screen:

1. Select *Periodic processing* → *Closing* → *Valuate* → *Open items in foreign currency*.

   This takes you to the initial screen for entering the selection criteria and the specifications required for the valuation.

2. Enter the data required.

   You can further limit the accounts to be evaluated by entering account numbers.

   You must always specify a **Valuation method**. This specifies exactly which type of valuation is carried out (for example, lowest value principle) and how detailed the resulting list for the valuation is to be. If you are performing the valuation as part of the preparations for the financial statements, you should mark the field *Bal. sheet preparation valuatn.* If you are performing the valuation in the middle of the year, you should leave this field blank.

   You can process several different currency types at the same time in a valuation run. Since valuation methods can differ according to the currency type, you can enter a valuation method for each of the following: Local currency, group currency, hard currency, index currency, and global company currency

3. Under *Program*, select the appropriate execution method.

Exchange Rate Differences and Foreign Currency Valuation

Exchange rate differences resulting from the valuation of open items and foreign currency balance sheet accounts are automatically posted to specific accounts that you configure in Customizing for *Financial Accounting*. To do this, select the activity *Prepare automatic postings for foreign currency valuation* in General Ledger Accounting as well as in the Accounts Receivable and Accounts Payable Implementation Guides.

When carrying out a valuation of open items, you can configure account determination according to the currency type so that, for example, currency gains in the local currency and in the group currency are posted to separate accounts.

When valuating open items, the system posts to a balance sheet adjustment account and an account for currency exchange differences resulting from the valuation. This could be either a gain or a loss. For the valuation of foreign currency balances therefore, to post the exchange rate differences arising on valuation, you define revenue and expense accounts under a key.

Transferring and Sorting Payables and Receivables

Use

Before creating your financial statements, you have to order your receivables and payables according to their remaining term so that they can be displayed correctly.

Adjustment postings are necessary in the following circumstances:

- If you have customer accounts that are in credit. You cannot display this balance as a receivable; it must go into the balance sheet as a payable.
- If you have vendor accounts that are in debit. You cannot display this balance as a payable; it must go into the balance sheet as a receivable.
- If you have changed the reconciliation account for a customer or vendor, and the payables and receivables posted to the old reconciliation account are to be assigned to the new account before they are displayed in the financial statements.
- In certain countries (France, for example), investments must be displayed separately.

Features

The program for regrouping receivables and payables (SAPF101) performs the following functions:

- Receivables and payables are sorted according to remaining term and the necessary transfer postings are made
- The necessary adjustment postings are made

The program analyzes all the accounts managed on an open item basis. Foreign currency items are always included in this analysis, local currency items only if they contain a due date.

You can also send the adjusted amounts from the discount and/or flat-rate individual value adjustment to the sorted list. In this case, the values that were previously calculated by the discount or flat-rate individual value adjustment are used for the sorted list and not the foreign currency items. For more information, see Flat-rate Individual Value Adjustment and Discount [Page 85].

The system first performs all the transfer postings necessary due to the change of reconciliation account. It then sorts the payables and receivables and, depending on the results, determines the adjustments required. These postings are then made for each G/L account, business area, and currency.

Sorting by Remaining Term

Use

Report program SAPF101 sorts the receivables and payables according to remaining term. The remaining terms are defined in a sort method.

You can define your own sort methods.

The standard SAP system provides the remaining terms of the fourth EU directive in sort method *EG93*. This directive defines the following method of sorting:

Sorted list of receivables and payables according to EG93

Receivables/Payables	Remaining Life
Receivables	Less than 1 year
	More than 1 year
Payables	Less than 1 year
	1 – 5 years
	More than 5 years

Prerequisites

You must make the following Customizing settings so that the system can regroup, or sort, your receivables and payables according to their remaining term.

- You have to define a sort method in which you specify the remaining terms for receivables and payables
- You have to define adjustment accounts and target accounts

  You have to define the account numbers in the system, since the program makes the postings automatically. The required posting keys are already defined in the system.

  For the sort method *EG93* that is provided in the standard system, you need an adjustment account for each receivables account, and an account for displaying receivables with a remaining term of more than one year. You also need an adjustment account for each payables account, together with separate accounts for payables with a remaining term of between one and five years, and for payables with a remaining term of more than five years.

You make the settings in Customizing under *Financial Accounting* → *Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Regroup*.

Features

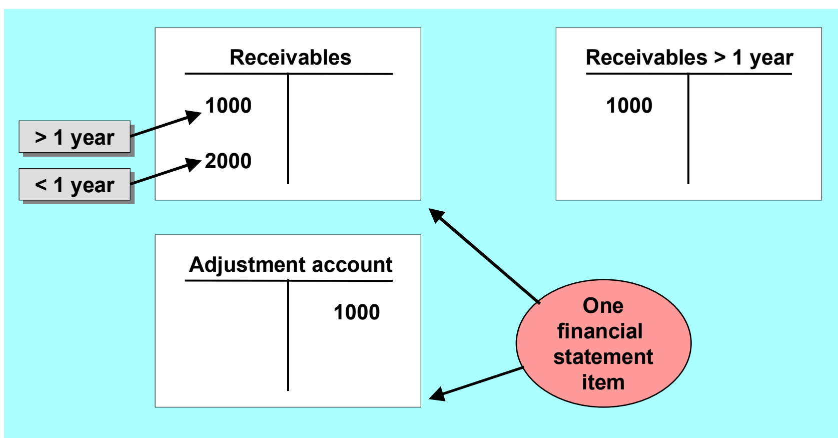
The system sorts the open items according to account type. For each account type, the system displays the payables and receivables for the individual accounts according to the amounts in the respective reconciliation accounts.

Transfer postings

You have to make some transfer postings to be able to display the payables and receivables correctly by remaining term in the financial statements. The receivables and payables with the smallest remaining term are left in the previous reconciliation account, and the receivables and payables with a longer remaining term are transferred to separate G/L accounts.

When a transfer posting is made to a separate G/L account, the offsetting entry is made to an adjustment account for the previous receivables/payables account. The receivables/payables account is shown in the financial statements together with the adjustment account.

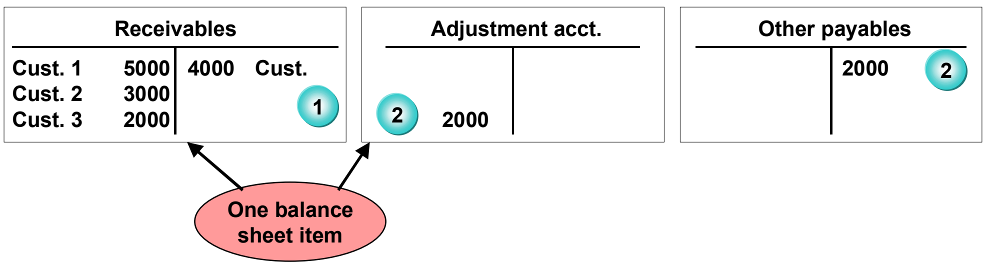
The receivables account contains receivables with a remaining term of more than one year in the amount of $1000. This amount is transferred to the appropriate G/L account, which displays the receivables with a remaining term of more than a year. The offsetting entry is made to an adjustment account. The adjustment account and the receivables account are displayed together under a single financial statement item. The following figure illustrates this example:



Customers in Credit and Vendors in Debit

A credit balance on a customer account should be displayed as a payable; conversely, a debit balance on a vendor account should be displayed as a receivable. If such a situation arises, the program makes the appropriate adjustment postings automatically.

To do this, the system determines the total for each account and reconciliation account. This guarantees that special G/L transactions, for example down payments and bills of exchange are displayed separately from the payables and receivables. Accounts with the same consolidation company ID are considered together.



The receivables account in the figure above identifies a credit balance of $2000 for Customer 3. This payable is to be displayed in the balance sheet under the item "Miscellaneous payables". You therefore transfer the amount to the account of that name. The receivables account is adjusted by a posting to the adjustment account.

Prerequisites

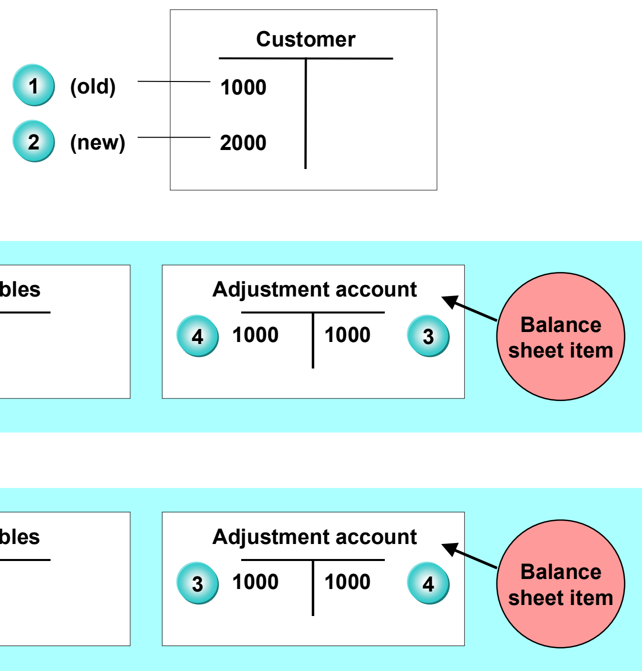
Since you cannot post to the reconciliation accounts directly, the system makes adjustment postings for you. You should display the reconciliation account and the adjustment account under the same balance sheet item. The system posts the offsetting entry to a G/L account, under which the payable (or receivable) is now displayed in the balance sheet. You must have defined the account numbers for the adjustment accounts and the accounts for the offsetting entries in the system already. The posting keys are already defined in the standard system.

To define the account numbers, select the activity *Define adjustment acts for reclassifying payabl./receivables* in the Accounts Receivable and Accounts Payable Implementation Guide.

Changes to the Reconciliation Account

Use

This program performs any adjustment postings required due to changes to the reconciliation accounts or G/L accounts. The items from the old reconciliation accounts are assigned to the new accounts. Since you cannot post to the reconciliation accounts directly, the postings are made to temporary adjustment accounts (see the following figure,**(3)**). These adjustment accounts should be displayed in the balance sheet with the relevant reconciliation account. The postings are then reversed after the financial statements have been created (see the following figure, (**4**)).



Prerequisites

To enable the program to make the adjustment postings for the regrouping of receivables and payables, you have to set up the adjustment accounts and posting keys for these postings in the system. To do so, in Customizing choose *Financial Accounting* → *Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Regrouping* → Define Adjustment Accts for Changed Reconciliation Accts [Ext.].

If you purchase and install the FI-LC Consolidation application and have bought up a previous customer or vendor (thus also taking on their payables and receivables), please refer to the note in the report documentation on changed reconciliation accounts.

Transfer Postings and Sorting

Procedure

To transfer and sort receivables and payables by remaining term, proceed as follows:

1. Choose *Accounting* → *Financial accounting* → *Accounts receivable* or *payable* → *Periodic processing* → *Closing* → *Regroup* → *Receivables/payables.*
2. Enter the company code and the sort method.
3. Restrict the data on the tab pages.
4. Choose *Execute*.

Planning

Purpose

The planning function in the General Ledger enables you to enter plan data based on your financial statement versions. You can use a budgeted financial statement to compare plan data with actual data.

Implementation Considerations

Before you can create plan data and use it for various reports, you have to set up planning. For more information, see Setting Up Planning [Page 105].

Integration

You can use plan data from the following application components in the SAP system for your planning in the General Ledger:

- Overhead Cost Controlling (CO-OM)
- Profitability Analysis (CO-PA)

For more information, see Copying Plan Data [Page 106].

Features

- You enter the plan data per company code. Within a company code, you can plan for accounts and/or a combination of both accounts and business areas.

  You can plan as follows for each company code:

  – Accounts only, without business areas

  – Accounts and business areas

  – Accounts and selected business areas

- In the planning function, you navigate within one of the financial statement versions that you have already created. You use a financial statement version to define the format of the financial statements.

  You can enter plan data for:

  – The entire financial statement version

  – Particular sections of the version

- You can define different plan versions. You can use these for entering plan data for different financial statement versions, for example.
- Planning is always made for a year, which means you cannot plan for more than one fiscal year.
- You enter your plan data by entering plan totals and distributing them to the individual plan periods by means of a distribution key. You can also enter plan data for the individual plan periods, and have the system total these amounts.
- You can enter the plan data either in local currency or in transaction currency.

Planning

- When entering the plan data, you can also display the actual data of the previous year.
- You can use report program RFBILA00 to create a budgeted financial statement. The budgeted financial statement contains the actual data from the financial statements and also the plan data, for comparison purposes. For more information, see Creating Budgeted Financial Statements [Page 110].

For information on how to enter plan data, see Entering Plan Data [Page 108].

Setting Up Planning

Use

Before you can create plan data and use it for various reports, you have to set up planning.

Activities

Make the following settings in **Customizing** if not already made:

- You must define the financial statement version for which the planning is to be carried out. For more information, see Financial Statement Version [Page 41] You can find the setting in Customizing under Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Documenting → Define Financial Statement Versions [Ext.].
- The periods to be planned for must be open for posting. See Closing and Opening Posting Periods [Page 33]. You can make the setting in Customizing under *Financial Accounting → General Ledger Accounting → Business Transactions → Planning →* Define Plan Periods [Ext.].
- Define your plan versions. Using the plan version, the plan data for planning is kept separate in several versions in the system. You have the option of posting plan data to an unlimited number of versions for each fiscal year. You can make the setting in Customizing under *Financial Accounting → General Ledger Accounting → Business Transactions → Planning →* Define Plan Versions [Ext.].
- You usually specify the plan data for accounts and/or for the combination of business area/account. These values are then distributed among the individual plan periods using distribution keys [Ext.]. Distribution keys are included in the standard system. You can also define your own distribution keys. You can make the setting in Customizing under *Financial Accounting → General Ledger Accounting → Business Transactions → Planning →* Define Distribution Keys [Ext.].

Copying Plan Data

Use

You can copy plan data to the General Ledger from the following application components in the SAP system:

- Overhead Cost Controlling (CO-OM)
- Profitability Analysis (CO-PA)

You copy the plan data from a plan version in the original component to a plan version of the same name in the General Ledger.

Prerequisites

The following prerequisites must be met before you can copy plan data:

- The plan versions in the General Ledger and in the original component must have the same name
- Integrated planning must be activated in the plan version in the General Ledger into which you wish to copy the plan data
- Integrated planning must be activated in the plan version in the original component from which you wish to copy the plan data

You can check which ledger in the General Ledger plan data was copied to from Overhead Cost Controlling (CO-OM). To do so, in Customizing choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Planning* → *Integrated Planning* → Review Integrated Planning [Ext.].

Features

- Overhead Cost Controlling (CO-OM)

  All data records containing primary costs are copied.

  The system copies the existing plan data, and then continues to copy any plan data posted at a later date. This happens as soon as you activate integrated planning in the plan version in Overhead Cost Controlling.

  Make sure you have activated integrated planning in the General Ledger plan version and have set up the plan data transfer before you activate integrated planning in the Overhead Cost Controlling plan version.

- Profitability Analysis (CO-PA)

  The system only copies the existing plan data. The plan data is **not** updated on a continual basis. If you require current plan data after the first plan data transfer has taken place, you have to delete the plan data you have already copied, and run the plan data transfer again.

Activities

The activities for copying plan data are in Customizing under

Financial Accounting → General Ledger Accounting → Business Transactions → Planning → Integrated Planning.

Entering Plan Data

Use

You can enter plan data in the following ways:

- By entering plan totals and distributing them to the individual plan periods by means of a distribution key [Ext.]
- By entering plan data for the individual plan periods and having the system total these amounts
- By entering plan totals and plan periods

Prerequisites

You must have set up planning before you enter plan data. For more information, see Setting Up Planning [Page 105].

If you wish to carry out planning at **business area level**, you must also make the following settings in Customizing:

- Ensure that your business areas have been defined. You do this in Customizing under *Enterprise Structure → Definition → Financial Accounting →* Define Business Area [Ext.].
- Ensure that a business area financial statement has been defined for your company code. You do this in Customizing under *Financial Accounting → Financial Accounting Global Settings → Company Code →* Enter Global Parameters [Ext.].

Procedure

To enter your plan data, choose *Accounting → Financial accounting → General ledger → Periodic processing → Planning → Enter.*

1. On the initial screen, enter the required data:
   - Company code, fiscal year, version key, and the ledger for which you want to carry out planning
   - Financial statement version
   - Whether planning is to be carried out at business area level. You can specify whether planning should be carried out for all business areas, or only for selected business areas.
   - Whether you wish to enter the plan data in local or in transaction currency

     If you select local currency, you enter the plan data in the currency that you have defined as the local currency for your company code. If you select transaction currency, you plan in the currency of the relevant G/L account. This currency is defined in the master data of the G/L account.

     If, in addition to the local currency and the group currency, you use a third currency type [Ext.], you must enter the ledger for which you are to carry out planning. The third currency type is determined by your Customizing settings. These settings are found under *Financial Accounting → Financial Accounting Global Settings →*

Company Code → Parallel Currencies → Define Additional Local Currencies for Ledgers.

- Whether you wish to display actual data. If you select this indicator, the actual data of the previous year is displayed, as well as the input fields for the plan data.

2. Choose *Enter.*

   Your financial statement version appears.

3. Select the part of the structure for which you want to enter plan data.

   You can plan the entire structure or particular sections. Place the cursor on the top node of the required section, and choose *Planning*.

   The plan data entry screen appears.

4. Enter your plan data.

   You enter the plan data either in local currency or in transaction currency. The values entered are translated into the other currency and displayed.

   The following functions are available on the entry screen:

   - A number of functions are provided for entering and editing plan data. These are described in Planning Functions [Ext.].
   - If you are planning at business area level, the nodes of the selected area are displayed for the first business area. You can scroll between the separate business areas using ▼ and ▲.
   - You can change the default distribution key. You use the distribution key to specify how the planned values are distributed to the individual plan periods.
   - You can display how a planned value is distributed by placing the cursor on a planned value and choosing .

     On the period screen, you can scroll between the period screens of the separate planned values using ▼ and ▲.

     You can overwrite the displayed period values if necessary. When you save, the system saves the new distribution under the manual distribution key 0, and calculates the new plan total, if necessary.

5. Save your plan data.

Result

You have entered your plan data.

You can use a budgeted financial statement to compare plan data with actual data. For more information, see Creating Budgeted Financial Statements [Page 110].

Creating Budgeted Financial Statements

Use

You can use report program RFBILA00 to create a budgeted financial statement in which your plan data is compared with the actual data.

You can restrict the report to a certain period if, for example, you report on a quarterly basis.

Procedure

There are two ways of creating a budgeted financial statement:

- Choose *Accounting* → *Financial accounting* → *General ledger* → *Periodic processing* → *Planning* → *Enter.*

  Enter your selection criteria and choose *Environment* → *Budg.bal.sheet/P+L*.

- Choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* → *General* → *Actual/actual comparisons* → *Balance sheet/P+L statement*.

  Enter your selection criteria and choose *Execute*.

  Make sure you have entered your plan version on the *Further selections* tab page. In doing so, you specify that it is a budgeted financial statement.

Result

In the displayed financial statement, you can view the actual data and the plan data for each account or business area. The absolute and the relative difference between the values are also displayed.

Documenting the Posting Data

One of the main tasks in accounting is to record all business transactions according to when they took place and what was involved. The tax authorities and the external auditor can require companies to substantiate the figures they report in their financial statements. In order to be able to meet these requirements, it is important to document **all** posting data. The R/3 System provides programs which allow you to evaluate the following:

- Documents not posted
- Compact journal
- Balance audit trail, which you use to create the general ledger and sub-ledgers
- Bill of exchange list

This section describes these functions in detail. See Additional Reports [Page 117] for more information on other important programs used in Financial Accounting.

Please note that any other evaluations you run in the background may adversely affect the result of these online evaluations.

You post a document online to accounts 000001 and 999999, at the same time as you generate a G/L account balance list. The report has already checked the balances of some accounts before you post the document, and this means that the line item posted to account 000001 is not included in that account balance. The second item (in account 999999) is, however included in the evaluation, as it had already been posted at the time the report checked the balance of 999999. This example would lead to the evaluation showing different total debit and credit postings in the accounts evaluated.

Outstanding Posting Data

You should ensure that all documents have actually been posted by running the program RFVBER00 either daily or once a week. This program evaluates all the documents which have not been posted and displays the most important information on them, such as date, company code, user, and document number. You can then post these documents. To do this, select *Monitor* → *Posting* from the *Administration* menu. The system posts the document under the number already specified for it. Please note that the list of documents created by RFVBER00 is deleted after a predefined period of time. You set this period using the profile parameters.

Compact Journal

The compact journal summarizes all business transactions (documents) in chronological order.

To create the compact journal, select *Periodic processing* → *Closing* → *Document* → *Report selection* from the *General Ledger* menu. You can find the relevant program in the reporting tree under *Adequacy and documentation* → *Document* → *Shared* → *Compact document journal*.

Balance Audit Trail

When you archive a document, it is deleted from the SAP System database. You therefore have to record all postings to an account before archiving the documents, so that you can substantiate the balance of that account at a later date on the basis of the corresponding line items from the archived documents. In the SAP System, this report is called the balance audit trail.

There are several programs available in the system to help you create this report. These programs evaluate the documents and the master data, and list the postings made to each account, the balance carried forward, and the account balance based on each period. The line items are sorted automatically during this process. In addition, the system adds together all the line items from a particular account and compares these to the total account balance. If the totals are not the same, the system issues an appropriate message.

Types of Balance Audit Trail

The tables below list the programs used in producing the balance audit trail.

Balance Audit Trail Programs

Sorting method	Only from the online system	Accumulated audit trail
chronological	RFHABU00	RFKLET00 (extract)
		RFKLBU10 (print)
based on open items	RFKKBU00	RFKLET00 (extract)
		RFKLBU10 (print)

The programs can be differentiated in two ways:

- Sorting method

  The SAP System differentiates between chronological sorting and sorting by open item.

– Chronological: The line items are sorted chronologically according to posting date and document number.

– Open item basis: This is used for accounts which are managed on an open item basis. The line items are sorted as follows: First the cleared items, sorted by clearing date; then all the open items, sorted by posting date.

- Data origin:

– Online: You can produce the balance audit trail solely from the online system. The system prints a list of the current state of data. You can create a data set which you can then use for microfilming. The disadvantage of this procedure is that the system can only ever document the **current** data available. It can, however, be useful for producing interim (e.g. monthly) balance audit trails during the fiscal year.

– Extract: You can transfer the extract to a file and then update this file whenever new data becomes available online. This method enables you to keep an up-to-date record of all the online data. This can be useful when you want to save all the data for the fiscal year at the year end.

The programs for producing the balance audit trail always evaluate **all accounts**. You can, however, only create an online chronological balance audit trail for G/L accounts; you then use it to create the general ledger.

You must always create the accumulated balance audit trail **before** you archive the documents.

Accumulated Balance Audit Trail

When producing the accumulated balance audit trail, you first create a file which contains all the accounts with current items. In each subsequent balance audit trail, the system adds the items available online to those recorded on the file. This ensures that the cleared items on the file and all the items in the online system are included in the report. The system sorts the items automatically when merging the data.

The data is saved in compressed form and you convert the existing balance audit trail data using the program RFKXETUM. Before doing this, you must define the accumulated workfiles in the G/L Accounting Implementation Guide.

Creating the Balance Audit Trail

To start the balance audit trail program, select *Periodic processing* → *Closing* → *Document* → *Report selection* from the General Ledger menu. Then select the appropriate program for the balance audit trail in the reporting tree under *Adequacy and documentation.*

Bill of Exchange List

In some countries, you are required to create a bill of exchange list for all bill of exchange receivables. The bill of exchange list is a subledger containing all the important data on incoming bills of exchange receivable, (for example the bill expiration date, the debtor's name and address, and so on).

To create the bill of exchange list, select *Periodic processing* → *Closing* → *Document* → *Report selection* from the *General Ledger* screen. Then select the relevant program for bill of exchange accounting in the reporting tree under *Adequacy and documentation.*(“Bill of exchange list”).

There is another report in the system which you can use to monitor bill of exchange deadlines. Whilst in the line item display, you can choose various sort sequences and then branch to the document display screen. To start this report, select the same menu path as described above. You can then select the “Extended bill of exchange information” report from the list.

Additional Reports

There are a variety of additional programs available for internal reconciliation and controlling tasks. You can find a list of all available reports under *System → Services → Reporting* . In the field for program name enter **RF*,** then select the F4 or Possible Entries key. On the next screen, select: *Program → Execute*.

Carry Out a Comparative Analysis

The system executes the following consistency checks as part of the monthly closing procedure for the general ledger:

1. Debit and credit transaction figures for customer, vendor and general ledger accounts within a time period are checked against the debit and credit balances of the documents posted in that same period. If the totals of the accounts and the documents match, this confirms that the account balances are documented by the existing documents for that period of time.
2. Debit and credit transaction figures for customer, vendor and general ledger accounts are checked against the debit and credit balances from the secondary indices. Certain types of document data critical to the management of open items are stored redundantly in these indices. If the account balances match those of the secondary indices, this confirms that account balances are documented by the information stored in the indices.

You can carry out the comparison in the company code currency and in the other parallel currencies managed for that company (index currency, group currency, and so on).

You also have access to a report history function, meaning that you can obtain information describing the timing and accuracy of the comparisons carried out in the system.

You start the program from the G/L menu by selecting *Periodic processing* → *Closing* → *Check/count* → *Comparison.*

Account Balance Lists

You can create lists of account balances for each account type (general ledger, customer, or vendor accounts).

You call up the programs from the *General Ledger*, *Accounts Payable* or *Accounts Receivable* menu as follows: *Periodic processing* → *Information system* → *Report selection.* You then select the relevant program ("list of account balances") under *Adequacy and documentation* → *Account* in the reporting tree.

Open Item Lists

You can create a list of all open items contained in your customer and vendor accounts.

You call up the programs from the *General Ledger*, *Accounts Payable* or *Accounts Receivable* menu as follows: *Periodic processing* → *Information system* → *Report selection* You then select the relevant program ("open items") under *Adequacy and documentation* → *Account* in the reporting tree.

Output Posting Totals

You start the program from the G/L menu by selecting *Periodic processing* → *Information system* → *Report selection.* You then select the relevant program (“posting totals”) under *Adequacy and documentation* → *Document* in the reporting tree.

Creating Lists Using the Dunning and Payment Programs

You can also create some important accounting lists using the dunning and payment programs.

Lists created by the dunning program include:

- Dunning proposal
- Customers blocked for dunning
- Items blocked for dunning
- Dunning statistics

Lists created by the payment program include:

- Payment proposal list and payment list
- Cash discounts lost
- Accounts blocked for payment
- Items blocked for payment

Creating Extracts for Further Applications

This program creates extracts for further applications by taking all the data from each document header and each line item. This means that the extract usually contains more data than you need. You do not usually need all of the data produced by the report. You should therefore use the standard report as a guide for writing your own report. Potentially, you may need to write your own report for each application to which you want to transfer data. This way, you ensure that each application receives exactly the data required.

You start the program from the G/L menu as follows *Periodic processing* → *Information system* → *Report selection.* You then select the relevant report ("line items extract") under *Adequacy and documentation* → *Document* in the reporting tree.

Summary Data

Definition

Summarized form of posted amounts or quantities used for analysis purposes.

Use

When you post accounting transactions, the postings are saved as documents. For all reports and analyses made in accounting, you can access the information of these documents. The disadvantage of this is the amount of time required to read a large number of documents, especially if documents have already be archived.

For this reason, amounts and quantities entered in the SAP System are also saved in summarized from for evaluation purposes. This summarized data is immediately available for online reports. For many standard reports, the documents do not have to be read, since the needed information is already available in the summary data.

Examples of reports that use summary data are:

- Account balance display
- Trial balance
- Balance sheet and profit and loss statement in G/L account area

Structure

See Structure of the Summary Data [Page 125].

Structure of Summary Data

In the standard system, summary data has a predefined structure for each G/L, customer, and vendor account. The structure is the same for all account types and is made up of client, account number, and company code.

The following totals are saved under this structure:

- The opening balance for balance sheet accounts (balance carried forward from the previous year) and subledger accounts (customer and vendor accounts)
- The sum of all transactions for each posting period, divided into debits and credits (transaction figures)

The following totals are then derived from this data for the account balance display:

- The balance per posting period
- The accumulated account balance

Customer and Vendor Accounts

For each **customer and vendor account**, you can also display gross sales per period. The balances from special G/L transactions are also included, such as bills of exchange and down payments.

G/L Accounts

G/L account summary data is managed in the document currencies and, if necessary, in up to three local currencies for each company code. For foreign currency balance sheet accounts, the summary data is also kept in the foreign currency.

When creating G/L accounts, you can determine whether postings to a G/L account are to be updated only in the local currency (or currencies) or in the different document currencies. For further information, see *Data in the Company Code* in the *FI General Ledger Accounting* documentation.

If you post to an account separately by business areas, you can either display the balances by business area or as a sum of all business areas. The business area then forms part of the structure that affects how summary data is generated.

Summary data from G/L accounts is managed in ledgers which determine how the amounts are to be summarized for reports. Each ledger contains summary data with the same structure. In the standard system, a ledger (the general ledger) is already defined with the structure: Client, G/L account number, company code, and business area. If you post to a G/L account, the corresponding summary record is updated in the general ledger. The system ensures that amounts from all the relevant business transactions in Financial Accounting are updated correctly in this ledger. The programs delivered analyze this ledger.

You can use ledgers other than the general ledger to manage summary data for reporting. You can define the structure of these ledgers yourself. For example, you may want to define additional ledgers if you need to fulfill the following requirements:

- You want to manage summary data under an additional, **more detailed structure** for the combination of G/L account and cost center or G/L account and plant, for example.
- You want to manage summary data not only for the 16 posting periods permitted in the general ledger, but in **smaller time units**, such as once a week.

- You want to update additional ledgers in **certain circumstances** only, such as when you post to profit and loss accounts or when you assign a line item to a project.
- You want to manage the amounts in up to three **parallel local currencies**, such as the group currency, in addition to the possible currencies of the general ledger.

If you want to manage other ledgers in your company, in addition to the general ledger, you define them using the *Special Purpose Ledger* component. For further information on defining and analyzing additional ledgers, see the *Special Purpose Ledger (FI-SL)* documentation. This is located in the R/3 Library under *Financial Accounting*.

You can define as many plan variants as you require for each ledger. This also applies to the general ledger already defined in the standard system.

Evaluation of Summary Data

You analyze summary data from **customer, vendor, and G/L accounts** to display account balances and balance lists. The account balance display offers you a quick overview of the account balance and any account balance changes made. The balances that are displayed are described in Structure of Summary data [Page 125].

If you want to analyze data from another viewpoint, you can write ABAP/4 reports to do this. When analyzing summary data, you are tied to the structure of client, account number, company code and, with G/L accounts, business area that is predefined. For evaluations requiring a different level of detail, you must evaluate the actual documents.

In the **G/L account area**, you evaluate the summary data in the general ledger for financial statements as well as for account balance display purposes. In addition, with the *Special Purpose Ledger* component, you can define additional ledgers and therefore summary records under another structure for evaluation purposes. This is useful if you constantly require these reports, if you want to retrieve them online immediately, or if you want to refer to the summary data for comparison purposes.

Since you define the structures for the additional ledgers yourself, you cannot evaluate this summary data with the standard functions or programs. You have access to special functions and the *Report Painter* for the evaluation of these ledgers. Using *Report Painter*, you can define how the saved summary data is edited. To evaluate the data, you can assign the key fields of a ledger to the lines and columns of the report as you wish.

For further information on evaluations, see the *Special Purpose Ledger (FI-SL)* documentation. This is located in the R/3 Library under *Financial Accounting*.

External Reports

External reports include:

- The financial statements
- Advance return for tax on sales and purchases
- The EC sales list (relevant only for firms based within the European Union)
- The withholding tax return to the tax authorities and to your customers and vendors
- The payables and receivables report required by German Foreign Trade Regulations (Germany only)

The following topics describe how you create external reports for tax agencies and other authorities and how you print the financial statements. You create these reports using the functions described in the following section.

Financial statements

In the General Ledger Accounting (FI-GL) component, you can structure your financial statements to meet your specific demands:

- You can create financial statements for different organizational units, for example, for the whole group, or for an individual company code, business area, and so on.
- You can create the financial statements in different languages, for example, in the language of the country in which the company code is based or in the group language.
- You can create the financial statements in any currency you choose. This might be necessary if you want to create consolidated financial statements for companies with different local currencies. You can also create financial statements for different currency types you are using as company code currencies (for example; group currency, index-based currency, hard currency).
- You can choose between different types of balance sheet, for example, an opening balance sheet or a closing balance sheet.
- You can vary the level of detail of your financial statements. For your accounting department, you want to list the individual accounts with their respective balances. For senior management, you might want to summarize this information to create a single balance sheet for the whole group.

You can choose between these different types by entering the appropriate selection criteria and parameters in the initial screen for each report run.

Prerequisites for Creating the Financial Statements [Page 130]

Making Closing Postings [Page 131]

Creating the Financial Statements [Page 133]

Prerequisites for Creating the Financial Statements

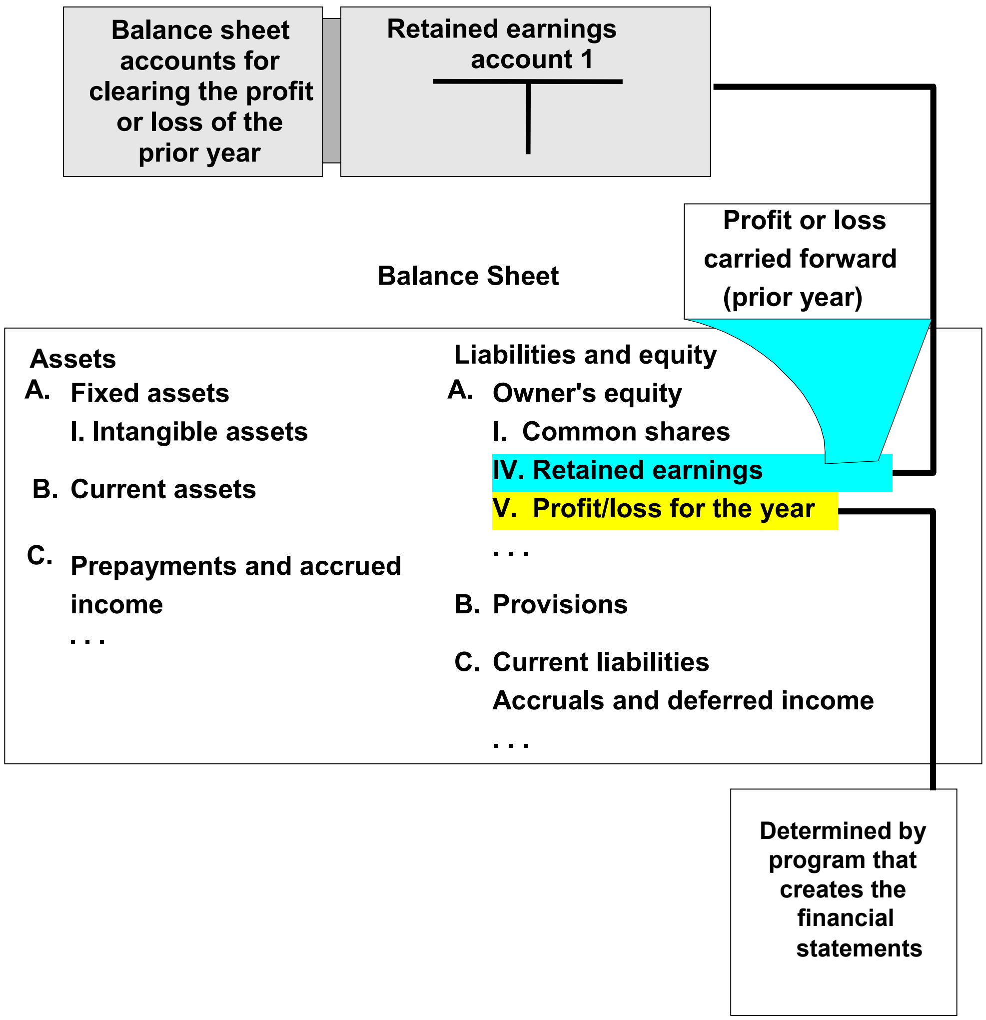
To be able to create the financial statements, you must fulfill the following conditions:

- You have defined a financial statement version. This defines the layout of the financial statements. For further information, see Financial Statement Versions [Page 41].
- You must have completed the preparatory postings for the financial statements. These include, for example, the valuation of foreign currency balances and open items in foreign currency. See also Preparing the Financial Statements [Page 62].
- You can find out about the preparations required in creating consolidated financial statements in the documentation for the *Consolidation* component (FI-LC). This is located in the R/3 Library under *Financial Accounting*.

Notes on Closing Postings

You do not have to make any manual postings since the system automatically calculates the following two financial statement items:

- The profit (or loss) for the year
- The profit (or loss) carried forward (retained earnings)



Features

- **Profit or loss for the year**

The profit (or loss) for the year is calculated automatically when you create the balance sheet and P&L statement. You do not have to make the traditional postings of debiting profit account and crediting the equity account (or crediting the loss account and debiting the equity account). In the financial statement version, you define the items that represent asset accounts, liability accounts, owner's equity accounts, and profit and loss statement accounts. Accounts that are not assigned are listed as unassigned items and displayed at the end of the financial statement report. The combined balance of the accounts assigned to balance sheet items (asset, liabilities, and owner's equity) equals the profit/loss for the year. The system also determines the profit and displays it in the appropriate line of the profit and loss statement and equals the profit shown in the balance sheet if all relevant accounts are assigned. You do not have to close out the profit and loss statement accounts using a profit account.

- **Profit or loss from previous years**

The profit (or loss) carried forward from previous years is taken from the retained earnings account (see the diagram above), provided you have assigned the account to this item in the financial statement version. The balance from the profit and loss statement accounts is carried forward to this account by the balance carry forward program. No document is created. The retained earnings account is debited in the new year if the company uses the retained earnings.

You can use more than one retained earnings account. You can find further information in the SAP Library under *Accounting → Financial accounting → G/L Accounting → G/L account master data*.

Creating the Financial Statements

To run the program, proceed as follows from the *General Ledger* screen:

Periodic processing → *Closing* → *Document* → *Report selection* or *Report* → *Report selection*.

You can find the report “Balance sheet/P&L stmt (list)” within the reporting tree under *Information system*.

Advance Return for Tax on Sales and Purchases

You can create the advance tax return and the annual tax return in list form using programs directly from the *General Ledger* screen. You can then transfer the necessary data to the official forms for the tax authorities. The evaluation is carried out using these documents.

There are programs in the *General Ledger* menu that print the data on the form for the advance return for tax on sales and purchases automatically for a number of countries.

To run these programs, select *Periodic processing* → *Closing* → *Report* → *Report selection.* You can find the relevant programs in the reporting tree under *Reporting*.

Posting the Tax Payable [Page 135]

Creating the Advance Tax Return [Page 136]

Advance Tax Return for China [Page 137]

Posting the Tax Payable

Normally, you cannot post directly to the output tax account meaning that the balance from this account cannot be transferred directly to the tax payable account. You can transfer these amounts in the following ways:

- You generate a batch input session for the transfer posting by using the program for advance return for tax on sales/purchases.
- You post the tax amounts to a tax payable account manually, using the "Post tax payable" function. The amounts transferred are not included in the advance report for the next month, since the document generated does not contain any tax information. To carry out this step, select, from the General Ledger menu, *Periodic processing* → *Closing* → *Report* → *Post tax payable*.

Before you can use the program to post the tax payable, you must fulfill the following prerequisite:

- You must create the tax payable account in the system. The tax payable account itself must not be tax-relevant.

The posting keys for G/L account postings, used to automatically post the tax payable, are already defined in the system. If you have to change them, you can do this from the entry screen for the tax payable account. Select *Define accounts for automatic tax payable transfer posting* in the General Ledger Accounting Implementation Guide.

You can also specify a different account for the tax payable transfer instead of the account created in the system.

Creating the Advance Tax Return

To run the program for creating the advance tax return, select the following from the General Ledger menu:

Periodic processing → *Closing* → *Report* → *Report selection.*

You can find the relevant program in the reporting tree under *Reporting*.

You can then specify on the selection screen of the program whether tax line items in the system are indicated with the date and the time of the tax return. When rerunning this program, you can limit this date and time in order to generate the same tax return again. This option is mostly used in countries such as France where documents are selected using the document date, not the posting date.

Country-specific Programs

In some countries, you cannot use the general program for tax returns to create the annual tax return because of specific national reporting requirements. For these countries, SAP delivers additional country-specific programs to meet these reporting requirements.

You can find the country-specific programs in the *General Ledger* menu via *Periodic processing* → *Closing* → *Report* → *Report selection*. Expand the *Reporting* node in the reporting tree.

The program RFUSVX10 performs the data medium exchange, allowing you to transfer the DME file to a hard drive or diskette. You can find more information on this topic in the program documentation.

Advance Tax Return for China

The program generates the legally required list of VAT receipts or tax documents.

You should use sort version 4 (sorted by receipt number) for China. The receipt number, receipt type and issue date are saved in the field *Doc. header text* when you post the document.

You should have already fulfilled the following prerequisites:

1. Enter the tax number of the operation for which the list is relevant in table T001I (field *Tax code China).*
2. You must have entered the relevant tax number in the field "*Tax code 1*" in the master data of every customer and vendor.
3. You must enter the receipt number, receipt type and the issue date of the tax receipt in the field *Doc. header text* when you post the accounting document.

   Example: 10023232 1233 1996/02/14

   The entries must be separated by a blank otherwise they will not be accepted. If you do not enter an issue date for the tax document, the document date automatically appears in the list.

EC Sales List

The EC sales list forms the basis of the information passed on by the tax authorities to the other member states of the European Union.

Every company is obliged to send an EC sales list to the relevant tax authority. This list must contain information on all tax-free goods deliveries and goods movements to registered companies within the European Union in the specified time period.

Triangular deals can also be documented in the EC sales list if the relevant indicator is set when you enter the document.

You create the EC sales list using the program RFASLM00. You can find the program in the *General Ledger* menu via *Periodic processing* → *Closing* → *Report* → *Report selection*. Expand the *Reporting* node in the reporting tree.

Withholding Tax Return

In some countries, the invoice recipient is obliged to withhold a certain proportion of the payment for different groups of vendors. This proportion is then paid to the tax authorities as withholding tax. This is a requirement in the United Kingdom, for example. Other countries, like France, stipulate that the withholding tax for certain vendors (for example, self-employed workers) only has to be declared to the tax authority. In these countries, the withholding tax is not posted. This is a requirement in France, for example.

You should report the amounts involved periodically to the tax authorities and to the vendor concerned.

Reporting to the Tax Authority [Page 140]

Reporting to the Vendor [Page 141]

Reporting to the Tax Authority

You have to create a tax return for the tax authorities on a regular basis. In this tax return, you identify: Sales subject to withholding tax, sales partially subject to withholding tax, and sales exempt from withholding tax.

You can find the programs for creating withholding tax in the *Accounts Payable* menu via *Periodic processing* → *Closing* → *Document* → *Report selection*. Select the *Withholding tax* node in the reporting tree.

The reports are created according to the specific procedures of the country in question. The "Country variant" parameter in the selection screen for the withholding tax return controls the way in which withholding tax data is created.

You can find additional information in the program documentation.

Reporting to the Vendor

You should send the vendor a statement of the tax you have withheld on his behalf either monthly or annually. The frequency with which you do this depends on the relevant national legal requirements.

There are country-specific forms defined in the system for this program. The names of these forms are stored in the system. If you do not want to use the standard forms, you can copy them and use them as a reference when creating your own. You then simply define the name of your new form in the system. To do this, select the activity *Define forms for tax on sales/purchases return* in the General Ledger Accounting Implementation Guide.

You can find the programs for creating the tax return to the vendor in the *Accounts Payable* menu via *Periodic processing* → *Closing* → *Document* → *Report selection*. Select the *Withholding tax* node in the reporting tree.

You can find additional information in the program documentation.

Reporting as Required by German Foreign Trade Regulations

In Germany, Belgium and Luxembourg, companies have to declare payables to and receivables from foreign customers/vendors to the relevant state central bank. This information is reported separately for companies which are members of a consolidation group and those which are not. The amounts involved are displayed according to country and currency. Vendor and customer items still open at the key date are broken down further.

You can print the forms you need for this using a program. As a prerequisite, you must have defined the state central bank indicators in the system. To do this, select *Define SCB indicator for foreign trade regulations* in the Accounts Payable/Receivable Implementation Guide.

To run the programs, proceed as follows from the General Ledger screen:

Periodic processing → *Closing* → *Report* → *Report selection*.

You can find the relevant programs under *Reporting* in the reporting tree.

Valuations

Use

The year-end closing operations can be implemented for different legislative accounting standards, such as US GAAP or the German Commercial Code, which are based on different valuation approaches.

Integration

Prerequisites

Features

Activities

Additional Valuation Areas in Financial Accounting

The year-end closing operations can be implemented for different legislative accounting standards, such as US GAAP or the German Commercial Code, which are based on different valuation approaches.

The different valuation approach is calculated and posted in the following programs:

- Foreign currency valuation (SAPF100, RFSBEW00)
- Sorting payables and receivables (SAPF101)

The programs can be run using an alternative valuation area. When the valuation of open items is made which affects the balance sheet, the differences are stored in a table (BSBW). These differences are later used for the sorting of payables and receivables.

The additional valuation area must be created in Customizing for Financial Accounting. To do so, select the activity *Define valuation areas* in the Implementation Guide (IMG) for General Ledger Accounting.

You must then define the account determination for the alternative valuation areas in Customizing. To do so, define the account numbers for the expense or income from the valuation in the system. You do this under the activity *Prepare automatic postings for foreign currency valuation* in the IMG for General Ledger Accounting.

Transfer Prices in Financial Accounting

In Financial Accounting (FI), you can manage up to three parallel valuation methods to support transfer prices. The valuation bases are stored using the additional currency and the ledger facilities.

You can use the following valuation methods:

Valuation category	Meaning
0	Legal valuation
1	Group valuation
2	Profit center valuation

You can use the following currencies:

Currency	Meaning
10	Company code currency
30	Group currency
40	Hard currency
50	Index-based currency
60	Global company currency

The meanings of the currency and the valuation remain technically separate at ledger level in Financial Accounting.

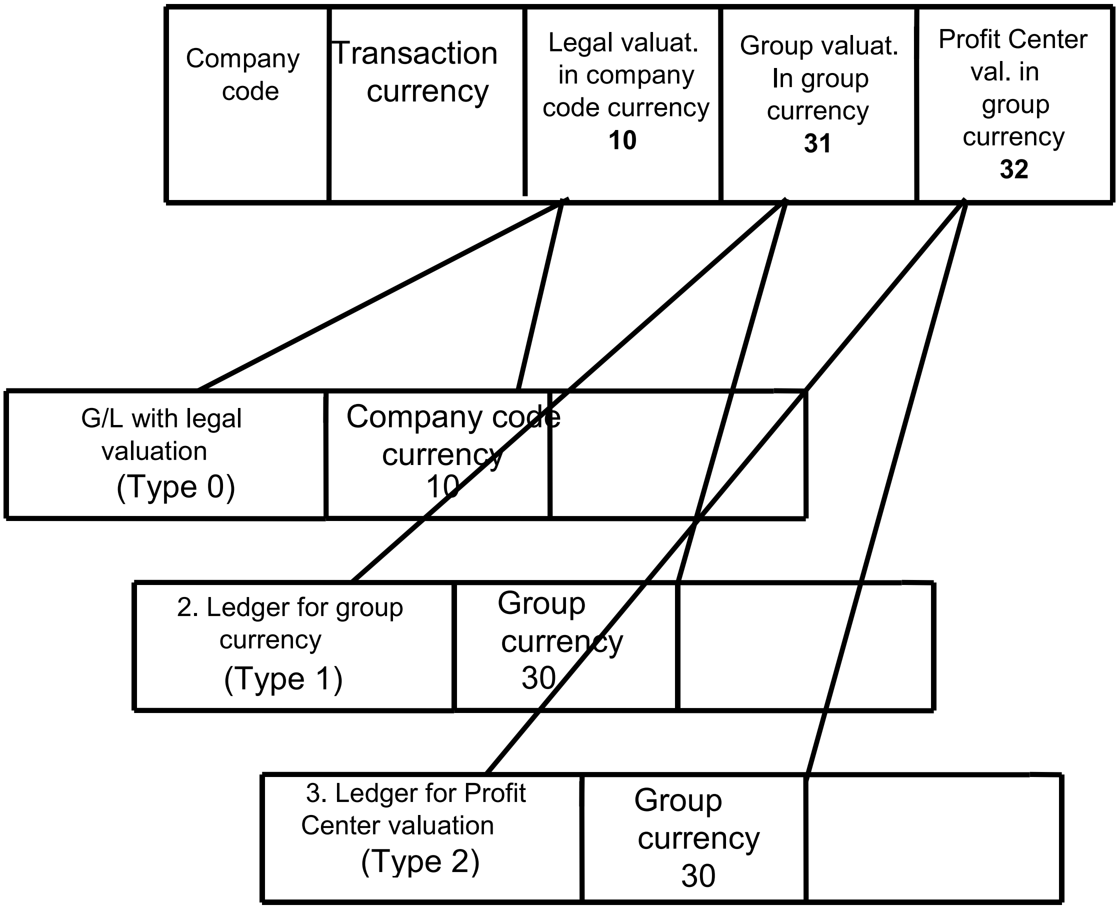
The currency and the valuation method are combined in the financial accounting document to form the currency and valuation type. For example, if you want to make a group valuation in the group currency, you enter currency and valuation type **31** in the company code.

The following example shows a group that wishes to make a group valuation in group currency and a profit center valuation in group currency, as well as the legal valuation in company code currency.

Objective	Currency and valuation type
Legal valuation in company code currency	10
Group valuation in group currency	31
Profit center valuation in group currency	32

The following settings are made in the company code:

Transfer Prices in Financial Accounting



The corporate valuation and the profit center valuation are managed in the second and third ledgers, which you have to create yourself. The valuation category used is stored in the ledger master data. You need to enter the relevant currencies in the ledger master record.

You post complete values to each ledger, not delta values. This presentation has the advantage that the parallel valuation methods can be managed in logically and physically separate ledgers. This enables a simple authorization control when accessing the datasets of the parallel valuation methods.

Different valuations can also be stored in the Special Purpose ledgers, just as in the general ledger.

In each ledger master record, you can define whether the ledger manages a legal valuation, a group valuation, or a profit center valuation.