SAP General Ledger Configuration

SAP R/3 ENTERPRISE ECC6

Published by Team of SAP Consultants at SAPTOPJOBS

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Hello Everyone,

A Ware Welcome To You All! We are really excited to offer the complete SAP FICO Configuration pack to the SAP community. This was a much-awaited pack and we are happy to present that to you... As you are aware that our SAP SD, PP/QM, MM/WM, PS, and HR packages have already achieved the best selling status and have received lots of accolades and really helped the consultants take their SAP knowledge and career to the next level ...I am very confident that FICO configuration package will go a step forward and do much more than that...........

For those who have been on our list and who have bought from us earlier you all know that we have over-delivered on each of our configuration packs and we want to do the same thing with SAP FICO config pack too... For those who have visited our site for the first time I would like to welcome you to our site and promise you that we would do our best to ensure that your life at the clients place would be very comfortable...

What I have done here is given you a brief of around 172+ pages of content in FICO pack so that you can have a feel of what it would be like in terms of structure. The whole pack is extremely voluminous, step by step guide this is just a feeler... So I hope you enjoy this.... So lets dive right in....

One more thing this configuration pack is compatible with version 4.7, version 5.0 and 6.0 So you really do have to worry about the version at all.. We have taken care of that... Also all future version changes will be provided as free updates to you. So you can sit back relax and play the music .... The main changes in 5.0 and 6.0 has been New Ledger Configuration and Consolidation and we have covered that in detail in our complete FICO Configuration packs. So you don’t need to worry.

The entire FICO configuration pack comes in 11 voluminous power packed CDS full of meaty content and each sub module in SAP FICO is broken into Configuration, End user and Power point. There are tons of bonuses which you get along with this pack including Integration, Cheat sheets, FICO Interview Questions and a boatload of step by step guides. You can take advantage of the special offer by visiting the site below

All our packs are shipped thru FedEx and reaches you in three days time.

What I want from you now is to do yourself a favour by bringing the brains and wisdom of SAP FICO Experts with more than 12+yrs of implementation experience to your drawing room today. Do it right now my dear friend and take your SAP career to the next level.... You will love it I promise you....

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1. INTRODUCTION

Let’s get started. First we will go through a bit of introduction about the SAP Finance Module before we grind in further:

SAP FI (Financial Accounting) is the basic module and very important module in SAP. SAP FI module receives postings from various other modules such as MM (Materials Management), SD (Sales and Distribution) and HR (Human Resource) through various integration points. All the posting from the aforesaid modules are posted real-time to FI module. FI module feeds in data to CO modules such as Cost Center Accounting, profit center accounting and the Profitability Analysis Module. SAP FI module is geared for external reporting ie legal reporting, tax reporting.

Let’s also touch base on some other organizational structures, which are important

a) The plants created in the logistics (General) module must be assigned to the company code. That means all transactions taking place in the plants are posted to the attached company code in SAP FI.

b) The purchasing organization created in the MM module is attached to the Company code.

c) The sales organization created in the SD module is attached to the company code.

d) A company code created is assigned to the Controlling area.

To help you understand the SAP terminologies we will go through a relevant example which will help you configure the system more effectively.
In this SAP training, we will configure a company code 1100 (ABC Ltd) located in USA. The currency in USA is USD; therefore the currency of the company code will be USD. We consider the reporting period in that country as Jan to December. We will also in this document cover briefly the FI - MM integration, FI- SD integration.

The parent company of ABC Ltd is located in Germany. Therefore ABC Ltd is required to report figures in EURO. We would therefore need to configure parallel currencies to have such reporting possible.
2. COMPANY CODE CONFIGURATION

Let us discuss the company code configuration in the below steps.

2.1 Define Company

**Menu Path**

IMG → Enterprise Structure → Definition → Financial Accounting → Define Company

In the SAP scenario, functions involved in consolidation of financial accounting are based on companies. A company can comprise of one or more company codes.

We will create a company 1100 to which we will assign our company code.

Click on [New Entries] and update the following: -
New Entries: Details of Added Entries

Company: ABC LTD
Company name: ABC LTD

Detailed information
Street: 
PO Box: 
Postal code: 
City: 
Country: US
Language Key: EN
Currency: USD

Click ☐ to save entry.
2.2 Creating a Company Code in SAP

A balance sheet and profit & loss account can be extracted for a Company code which is the basic organizational unit in SAP FI (Financial accounting)

Company code is the bare minimum structure required for a SAP system. We will create company code 1100 (XYZ Ltd.) which is located in country USA.

For configuring Company code we will use the following path on the SAP application screen:-

**Menu Path**

SAP Menu → Tools → Customizing → IMG → SPRO - Edit Project

**Transaction Code**

(SPRO)

Configuration for all the modules will be done here. The above path will not be referred henceforth; we will directly refer to the IMG node.

IMG → Enterprise Structure → Definition → Financial Accounting → Define, copy, delete, check company code

Double click on Edit Company Code
Whenever you select the second option Edit Company Code data you have to configure all the subsequent assignments manually.

When the first option is selected all the configuration and tables get copied automatically along with assignments. In the cases of rollouts this option can be selected.

In the Copy option you need to click on ⬇️ to copy a company code from an existing company code. You can copy from existing company code delivered by SAP.

A four-character alpha-numeric key as the company code key can be selected. This key identifies the company code and must be entered when posting business transactions or creating company code-specific master data, for example.

With the help of following SAP tutorial material we will cover the Financial Accounting configuration from its roots and rather than copying it from a prevailing SAP company code.
Click on and Update the following required fields:
Ideally, in a SAP system the company code should be always kept numeric.

**Country:**

This field is for the purpose that where the concerned company code is located and the balance sheet and income statement which will be prepared according to that particular country’s law. In our present case the company is located in USA, so we have selected the country id US (USA).

**Currency:**

This field represents the local reporting currency of the country. In this case it is USA (US Dollars) since the company is located in USA.
Click on **Address** and update the following fields

- **Name**
  - *Title*: 
  - *Name*: ABC LTD

- **Search Terms**
  - **Search term 1/2**: ABC

- **Street Address**
  - **Street/House number**: Lincon Road
  - **Postal Code/City**: 400057 NY - Central
  - **Country**: US United States Region

- **PO Box Address**
  - **PO Box**: 123456
  - **Postal Code**: 
  - **Company postal code**: 

- **Communication**
  - **Language**: English
  - **Telephone**: 11-22-12345678
  - **Mobile Phone**: 
  - **Fax**: 
  - **E-Mail**: 
  - **Standard Comm.Method**: 

- **Comments**: 

Click **✓**

Click **✚** to save entry.

In this way company code 1100 is created in SAP
2.3 Assign Company Code to company

**Menu Path**

IMG → Enterprise Structure → Assignment → Financial Accounting → Assign Company code to company

Assign company code 1100 to company 1100 in SAP.
## Change View "Assign Company Code -> Company"

<table>
<thead>
<tr>
<th>Co.</th>
<th>City</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>Corona</td>
<td>FF</td>
</tr>
<tr>
<td>1029</td>
<td>Frankfurt</td>
<td>1629</td>
</tr>
<tr>
<td>1100</td>
<td>NEW YORK</td>
<td>1100</td>
</tr>
<tr>
<td>1112</td>
<td>SAN FRANCISCO</td>
<td>SATYAM</td>
</tr>
<tr>
<td>1127</td>
<td>Frankfurt</td>
<td></td>
</tr>
<tr>
<td>1216</td>
<td>TORONT</td>
<td></td>
</tr>
<tr>
<td>1499</td>
<td>Windsor</td>
<td></td>
</tr>
<tr>
<td>1698</td>
<td>New York</td>
<td>1698</td>
</tr>
<tr>
<td>1699</td>
<td>Elyria</td>
<td>1699</td>
</tr>
<tr>
<td>1900</td>
<td>Columbus</td>
<td>P1900</td>
</tr>
<tr>
<td>1970</td>
<td>New York</td>
<td>FCC</td>
</tr>
<tr>
<td>1982</td>
<td>Farmington</td>
<td>BELL</td>
</tr>
<tr>
<td>1984</td>
<td>Frankfurt</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>atlanta</td>
<td>1991</td>
</tr>
<tr>
<td>1993</td>
<td>warangal</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>Pleasanton</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>LOS ANGELES</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>London</td>
<td>2000</td>
</tr>
<tr>
<td>2100</td>
<td>Lisbon</td>
<td>2100</td>
</tr>
<tr>
<td>2200</td>
<td>Paris</td>
<td>2200</td>
</tr>
<tr>
<td>2201</td>
<td>Paris</td>
<td>2201</td>
</tr>
<tr>
<td>2300</td>
<td>Barcelona</td>
<td>2300</td>
</tr>
<tr>
<td>2400</td>
<td></td>
<td>2400</td>
</tr>
</tbody>
</table>

Click on Save 📋
2.4 Create Chart of Accounts in SAP

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Preparations → Edit Chart of Accounts List

**Transaction Code**

*(OB13)*

*The Chart of Accounts is a variant which contains the structure and basic information about the general ledger accounts.*

We have to create one chart of accounts for each company code in SAP. This chart of accounts is assigned to the company code. One chart of accounts can be used by more than one company codes. These imply that the general ledgers of these company codes can have similar GL structure.

Under here we will define just a chart of accounts code in SAP. The GL codes are not defined here.
Click on and update the following fields

<table>
<thead>
<tr>
<th>Chart of Accts</th>
<th>Chart of accounts description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0020</td>
<td>Chart of Accounts for KOKE</td>
</tr>
<tr>
<td>1600</td>
<td>SAFA Inc Chart of Account</td>
</tr>
<tr>
<td>111</td>
<td>satyam group chart of accounts</td>
</tr>
<tr>
<td>1112</td>
<td>satyam chart of accounts</td>
</tr>
<tr>
<td>1216</td>
<td>COMMON CHART OF ACCOUNT A GROUP COS</td>
</tr>
<tr>
<td>1991</td>
<td>chart of accounts for 1991</td>
</tr>
<tr>
<td>1994</td>
<td>chart of account for 1994</td>
</tr>
<tr>
<td>1SAP</td>
<td>SAP Chart of Accounts</td>
</tr>
<tr>
<td>4325</td>
<td>Sap India COA</td>
</tr>
<tr>
<td>4326</td>
<td>Sap India COA</td>
</tr>
<tr>
<td>4327</td>
<td>SAP Consulting</td>
</tr>
<tr>
<td>666</td>
<td>CHART OF ACCOUNTS FOR ITL</td>
</tr>
<tr>
<td>7300</td>
<td>for chart of accounts</td>
</tr>
<tr>
<td>7301</td>
<td>7301 chart of accounts</td>
</tr>
<tr>
<td>9999</td>
<td>CHART OF ACCOUNTS FOR 9999</td>
</tr>
<tr>
<td>A200</td>
<td>CHART OF ACCOUNTS FOR CC CODE RMI</td>
</tr>
<tr>
<td>A300</td>
<td></td>
</tr>
</tbody>
</table>
We can have controlling integration i.e. 
   a) Manual creation of cost elements or 
   b) Automatic creation of cost elements.

It is preferable to have manual creation of cost elements in SAP Financial Accounting.

We have to keep in mind that whenever we create a GL code (expense or revenue account) in Financial Accounting, at the same time we have to create the cost element (type 1 or 11) in the Controlling module of SAP system. This allows cost to be flown from FI to CO on a cost object in realtime.

Click ☐ to save entry.

This way USCA chart of accounts is created in SAP.
2.5 Assign Company code to Chart of accounts

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Preparations → Assign Company Code to Chart of Accounts

**Transaction Code**

*(OB62)*

---

### Table View "Assign Company Code -> Chart Of Accounts"

<table>
<thead>
<tr>
<th>Co.</th>
<th>Company Name</th>
<th>City</th>
<th>Chrt/Accts</th>
<th>City ch/act</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>ABC LTD</td>
<td>NEW YORK</td>
<td>INT</td>
<td>1100</td>
</tr>
<tr>
<td>1112</td>
<td>SATYAM COMPUTERS LTD</td>
<td>SAN FRANCISCO</td>
<td>INT</td>
<td>1112</td>
</tr>
<tr>
<td>1127</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>INT</td>
<td>1127</td>
</tr>
<tr>
<td>1216</td>
<td>ABC</td>
<td>TORONT</td>
<td>INT</td>
<td>1216</td>
</tr>
<tr>
<td>1499</td>
<td>AssesSahib</td>
<td>Windsor</td>
<td>AS</td>
<td>1499</td>
</tr>
<tr>
<td>1898</td>
<td>Elyria Company</td>
<td>New York</td>
<td>CAUS</td>
<td>1898</td>
</tr>
<tr>
<td>1899</td>
<td>Lowes Company</td>
<td>Elyria</td>
<td>CAUS</td>
<td>1899</td>
</tr>
<tr>
<td>1900</td>
<td>Ohio HITEK Computers Inc.</td>
<td>Columbus</td>
<td>OCIO</td>
<td>1900</td>
</tr>
<tr>
<td>1970</td>
<td>Fock Software Ltd</td>
<td>New York</td>
<td>CAUS</td>
<td>1970</td>
</tr>
<tr>
<td>1982</td>
<td>Bell Soft</td>
<td>Farmington</td>
<td>INT</td>
<td>1982</td>
</tr>
<tr>
<td>1984</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>INT</td>
<td>1984</td>
</tr>
<tr>
<td>1991</td>
<td>shree &amp; co pvt ltd</td>
<td>Atlanta</td>
<td>INT</td>
<td>1991</td>
</tr>
<tr>
<td>1993</td>
<td>roopa</td>
<td>Warangal</td>
<td>INT</td>
<td>1993</td>
</tr>
<tr>
<td>1994</td>
<td>SOWMIT</td>
<td>Pleasanton</td>
<td>CAUS</td>
<td>1994</td>
</tr>
<tr>
<td>1999</td>
<td>bofors ltd</td>
<td>LOS ANGELES</td>
<td>80FR</td>
<td>1999</td>
</tr>
<tr>
<td>2000</td>
<td>IDES UK</td>
<td>London</td>
<td>INT</td>
<td>2000</td>
</tr>
<tr>
<td>2100</td>
<td>IDES Portugal</td>
<td>Lisbon</td>
<td>INT</td>
<td>2100</td>
</tr>
</tbody>
</table>
Assign USCA in the Chrt/accts field to company code 1100.

Click to save entry.

Thus Company code 1100 is assigned to USCA chart of accounts in SAP.
2.6 Define Business Area

**Menu Path**

IMG ➔ Enterprise Structure ➔ Definition ➔ Financial Accounting ➔ Define Business Area.

In order to organize and manage different divisions or segments, e.g. geographically or product wise etc. in better way in SAP, they can be defined and maintained as Business Areas which helps to serve the internal as well as external reporting.

(For example this can help you to serve a report as required by the Segmental Reporting as required by the International Accounting Standards – 14)
Click on New Entries and update the following fields.
Click ✅ to save entry.
2.7 Define Account Group

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Preparations → Define Account Group

**Transaction Code**

(OBD4)

Since a chart of accounts contains many types of accounts, all these accounts can be bundled into different account groups.

Those accounts which have got similar kinds of business functions can be clubbed together under one account group. For example, one can have an account group for cash accounts, one for expense accounts, one for revenue accounts, and one for other balance sheet accounts, etc.

Moreover we can control the number range and the creation of the GL codes within the specified number range.

We can copy from the account group delivered by SAP for INT chart of accounts or we can create new account group required as per customer requirement.

To copy from other account group we need to mark the chart of accounts in the following manner: -
Thereafter click on the copy icon and change the Chart of accounts description to USCA.

If you want to create from scratch in SAP you need to click on and update the following fields.
Click to save entry.

This way Account groups are created for chart of accounts USCA in SAP.
2.8 Define Retained Earnings Account in SAP

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Preparations → Define Retained Earnings Account

**Transaction Code**

*(OB53)*

We have to assign a retained earnings account to each P&L account by specifying a P&L statement account type in the chart of accounts area of each P&L account in SAP.

We must have minimum one retained earnings account.

The system carries forward the balance of the P&L account to the retained earnings account in SAP at the end of a fiscal year. We can define one or more P&L statement account types per chart of accounts and assign them to retained earnings accounts.

We have to update chart of accounts USCA in the given field
Update the following fields

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

Enter X in P&L statmt

Enter the account code for Retained earnings account.

Click ✅

We will get a message “Account not created in chart of accounts USCA”, ignore it by pressing enter.

Click 🎨 to save entry.

In this way Retained-earning account is created for chart of accounts USCA in SAP. We need to create this GL code later on at the GL code creation stage.
We can create multiple retained earnings accounts in SAP, where in 
we need to enter different key such as Y or Z and different GL 
codes.

We also create another retained earnings account with a key Y and 
GL code 315095 – Retained earnings account (Local – Parent)

This retained earnings account is required to carry on the difference 
between the local reporting and parent reporting. For example:- As 
per the local law the depreciation is calculated at 10% Straight line 
method (works out to 20000 USD) whereas as per the parent 
companies reporting the depreciation rate is 15% SLM (works out to 
22000 USD). Thus the depreciation calculated will be different for 
local and parent. Thus the profit reported will be different and the 
profit carried forward to the balance sheet will be different.

In a SAP system we can take care of this difference which has 
occurred due to the different methods of calculating depreciation by 
creating different GL codes.

Example:
The local depreciation is posted to GL code 460001 Depreciation 
Local 2000 USD

The depreciation for the parent is posted as a difference between 
local and parent (22000 USD – 20000 USD = 2000 USD) to GL code 
460002 Depreciation local – parent 2,000 USD

The GL code 460001 is mapped to retained earnings account X and 
the GL code 460002 is mapped to retained earnings account Y in 
SAP.
2.9 Maintain Fiscal Year Variant

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Fiscal Year → Maintain Fiscal Year Variant (Maintain Shortened Fiscal Year)

**Transaction Code**

*(OB29)*

We can define the following characteristics for a fiscal year variant in SAP.

**To separate business transactions into different periods, a fiscal year with posting periods has to be defined.**

The fiscal year variant defines the number of posting periods a fiscal year can have, along with the special periods we need, this helps the system is to determine the posting periods when postings are done.

When defining the fiscal year, we can choose out of the following options:

- The fiscal year is the calendar year
  In this case, we must only select the *Calendar year* field.

- the fiscal year is not the same as the calendar year and is not year dependent
  In this case, we first enter the number of the posting periods in the *Number posting per.* field. To define the posting periods, select our fiscal year variant and select *Periods* on the navigation screen. On this screen, enter the month and the day of the period end and the period in each case.
The fiscal year is not the same as the calendar year and is year-dependent.

We can enter the number of posting periods in the field *Number posting periods* and select the field *Year-dependent*. To define Our posting periods, select Our fiscal year variant and select *Periods* on the navigation screen. The system asks for which calendar year Our year-dependent fiscal year variant is valid. We then enter the month and day of the period end for each of Our periods, and the periods themselves.

We can use the standard fiscal year variant **K4** in SAP where the financial accounting year corresponds to January to December.

In case the financial accounting year is April to March, We can use the standard fiscal year variant **V3** in SAP.

**We can copy and create new variants, but we should keep in mind that it should start with Z as the starting character.**

In our example we will use the standard fiscal year variant **K4**.
2.10  Assign Company Code to a Fiscal Year Variant

**Menu Path**

IMG  ➔  Financial Accounting  ➔  Financial Accounting Global Settings  ➔  Fiscal Year  ➔  Assign Company Code to a Fiscal Year Variant

**Transaction Code**

*(OB37)*

The company code 1100 needs to be assigned to a Fiscal Year variant. This controls which periods the company code will post data.
Assign company code 1100 to K4 fiscal year variant in SAP.

<table>
<thead>
<tr>
<th>Co.</th>
<th>Company Name</th>
<th>Fiscal Year Variant</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1029</td>
<td>IDES AG</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1100</td>
<td>ABC LTD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1112</td>
<td>SATYAM COMPUTERS LTD</td>
<td>SD</td>
<td>SATYAM FISCAL</td>
</tr>
<tr>
<td>1127</td>
<td>IDES AG</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1216</td>
<td>ABC</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1499</td>
<td>AseesSahib</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1698</td>
<td>Elnria Company</td>
<td>EY</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1699</td>
<td>Lowes Company</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1900</td>
<td>Ohio HITEK Computers Inc.</td>
<td>ZC</td>
<td>FV for 1900</td>
</tr>
<tr>
<td>1978</td>
<td>Fock Software ltd</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1982</td>
<td>Bell Soft</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1984</td>
<td>IDES AG</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
<tr>
<td>1991</td>
<td>shree &amp; co pvt ltd</td>
<td>V3</td>
<td>Apr.- March, 4 special periods</td>
</tr>
<tr>
<td>1993</td>
<td>roopa</td>
<td>K4</td>
<td>Calendar year, 4 spec. periods</td>
</tr>
</tbody>
</table>
Thus Company code 1100 is assigned to fiscal year variant K4 in SAP.
2.11 Define Posting period Variant

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Posting Periods → Define Variants for Open Posting Periods

To separate business transactions into different periods, a posting period variant has to be defined so that transactions entered or posted are reflected in specific periods only.

For this firstly we need to define opening posting period.

Here, we can define variants for open posting periods.

In the standard setting, a separate variant for posting periods is defined for every company code. The name of this variant is identical to the company Code name. Every company code is allocated to this variant with the same name.

In our example we will have posting period variant which is identical to the company code i.e. 1100

Click on New entries and update the following fields.
Thus posting period variant 1100 is created.

Click ✅ to save entry.
2.12 Open and Close Posting Periods

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Posting Periods → Open and Close Posting Periods

**Transaction Code**

OB52

Here we specify for each variant which posting periods are open for posting in SAP. Two intervals are available for doing this (period 1 and period 2). For every interval, enter a lower period limit, an upper period limit and the fiscal year.

We close periods by selecting the period specifications so that the periods to be closed are no longer contained.

We can copy the settings from existing company codes delivered by SAP as follows:-

Select the area
Click the **Copy** button.
Thus posting periods time intervals for various account types are created for variant 1100 in SAP.

Standard Account Types in SAP are as follows:
(We can have more number of Account Types depending upon the nature of the activities)

A – Assets
D – Debtors
K – Creditors
M – Material
S – GL
2.13 Assign Posting period Variant to Company code

**Menu Path**


The posting period variant 1100 needs to be assigned to company code 1100

Assign 1100 to company code 1100
Thus posting period variant 1100 is assigned to company code 1100 in SAP.
Create document number ranges for company code

**Menu Path**


**Transaction Code**

*(FBN1)*

We have to create the number ranges for each and every document type.

For each number range created for the document type we can specify the following,

a) a number interval from which document numbers are selected
b) the type of number assignment (internal or external)

One or more document types can be assigned to each number range. The number range becomes effective via the document type specified in document entry and posting.

Number ranges for documents are company code-dependent. We must therefore create the number ranges for each company code in which the document type is used, namely with the same number range key.

The number intervals must not overlap. If we use year-dependent number ranges, we can specify the same interval with the same key several times for different "to- fiscal years" (the limit up to which a number range is still valid). If we want to define number ranges,
which are independent of the to-fiscal year, enter 9999 in the to-
fiscal year field.

For sample documents, use a number range with key X2, for recurring entry documents with key X1. These keys may not be used for other number ranges.

To copy from another company code:-
Click on copy and update the company to be copied from 0001 and company to be copied to 1100.

Click

We get the following message:-
The number ranges are not transported automatically. It is advisable that we manually maintain number ranges in each system (quality, production).

To manually create number range proceeds as follows:-

Click on

Click on and update the following fields:-
Then click on the button

Similarly enter number key 01 to 99, X1 and X2 with no overlaps in the number range. Number range, which is used for depreciation posting, should be defined with tick on.

Click to save entry.

These way Document number ranges are created for company code 1100. These number ranges are year dependent. For company codes posting the number ranges should be defined as year dependent.

We have to keep in mind that the number intervals are not included in the customizing request they need to be transported manually. Click on Interval → Transport
2.15 Copy document number ranges to fiscal year

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Document→ Document Number Ranges → Copy to Fiscal Year

**Transaction Code**

*(OBH2)*

Every year we need to maintain the number ranges in Financial Accounting for our company code. This can be done by copying number ranges from earlier fiscal year.

**Update the following:-**
### Document Number Ranges: Copy to Fiscal Year

#### General selections
- **Company code**: 1100
- **Number range number**: 01 to X3

#### Source fiscal year details
- **To fiscal year**: 1992

#### Target fiscal year details
- **To fiscal year**: 2008

Click ![Copy Document Number Ranges](copy-icon.png)

You are changing your settings. Confirm

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Cancel</th>
</tr>
</thead>
</table>

Click ![Yes](yes-icon.png)
Document Number Ranges: Copy to Fiscal Year

IDES-ALE: Central FI Syst
Frankfurt - Deutschland
Copy document number ranges to fiscal year
Source FY: 1992    Target FY: 2006

<table>
<thead>
<tr>
<th>Company code</th>
<th>Result</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>02 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>12 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>13 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>14 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>15 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>16 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>17 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>18 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>19 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>48 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>49 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>50 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>51 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>61 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>x1 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>x2 2006</td>
<td>Interval added</td>
<td></td>
</tr>
<tr>
<td>x3 2006</td>
<td>Interval added</td>
<td></td>
</tr>
</tbody>
</table>
2.16 Define document type and assign document number range

Menu Path


Transaction Code

(OBA7)

Standard document types can be used which is already existing in the SAP system. We have to make sure that the number ranges are correctly assigned to the document types.


We specify a number range for each document type. Document numbers are chosen from this number range. We can use one number range for several document types.

Document types are valid for all clients. We specify a number range key for each document type. We create the desired number range intervals for each number range key based on the company code. This means that we can specify intervals of different sizes for the same number range.
2.17 Enable Fiscal Year Default

**Menu Path**


Here we determine that a fiscal year is proposed during document display and for document change functions in SAP. The system uses the year which was last used by the user in the work session. This option is only useful for company codes working with year-dependent document number ranges.

Click the checkbox to save entry.

<table>
<thead>
<tr>
<th>Company Code</th>
<th>Location</th>
<th>Check Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>1029 DES AG</td>
<td>Frankfurt</td>
<td>☑</td>
</tr>
<tr>
<td>1108 ABC LTD</td>
<td>NEW YORK</td>
<td>☐</td>
</tr>
<tr>
<td>1112 SATYAM COMPUTERS LTD</td>
<td>SAN FRANCISCO</td>
<td>☐</td>
</tr>
</tbody>
</table>
2.18 Enable Default Value date

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Document→ Default Values for Document Processing→ Default Value Date

When entering line items in SAP, we may need to enter a value date. In this activity, we can determine, per company code, whether the CPU date is defaulted as the value date.

Click on Propose value date check box

<table>
<thead>
<tr>
<th>Company Code</th>
<th>Company Name</th>
<th>City</th>
<th>Default Value Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1029</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>✓</td>
</tr>
<tr>
<td>1100</td>
<td>ABC LTD</td>
<td>NEW YORK</td>
<td></td>
</tr>
<tr>
<td>1112</td>
<td>SATYAM COMPUTERS LTD</td>
<td>SAN FRANCISCO</td>
<td></td>
</tr>
</tbody>
</table>

Click ✉️ to save entry.
2.19 Maintain Field Status Variants

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Document→ Line Item → Controls → Maintain Field Status Variants

Field Status determines the appearance of each screen along with the fields inside that screen.

We can control the status of a field in the following order and manner,

- **S** → Suppress (We can’t view or operate the field)
- **D** → Display (We can only view the field)
- **R** → Required (The field must be present)
- **O** → Optional (The field is open for display and operation)

We can define and edit field status variants and groups. We group several field status groups together in one field status variant. We assign the field status variants to a company code in the activity Assign Company Code to Field Status Variants. This allows us to work with the same field status groups in any number of company codes.

We can also define and process field status groups. We must define a field status group in the company code-specific area of each G/L account. The field status group determines which fields are ready for input, which are required entry fields, and which are hidden during document entry. Bear in mind that additional account assignments (i.e. cost centers or orders) are only possible if data can be entered in the corresponding fields.
Field status variant 0001 is entered for company code 0001 in the standard SAP software. Field status groups are already defined for this variant.

The field status group entered in the reconciliation accounts affects postings to the related customer or vendor accounts. We cannot enter a field status group in the customer or vendor accounts. Field status groups are determined for customer and vendor accounts from their respective reconciliation accounts, via the G/L account number in their master records.

There are other factors, besides the field status group itself, which have an influence on the field status. Among these are:

- The field status defined for the posting key.

The status "optional entry field" was assigned to posting keys 40 and 50 in the standard system. These are the standard posting keys for G/L account postings. The "optional entry field" status has no effect on the field status.

Copy the Standard Field status variant 0001 to create new field status variant 1100. The field status variant 1100 can be attached to all the group company codes of XYZ Ltd.

Select the SAP standard variant

Click on Copy

And change the field status variant from 0001 to 1100
**Change View "Field status variants": Overview of Selected Entries**

<table>
<thead>
<tr>
<th>Field status variant</th>
<th>Field status name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field status groups</td>
<td>Field status for 110d</td>
</tr>
</tbody>
</table>

Click on Copy all

**Specify object to be copied**

Entry 1 of the entries to be copied has dependent entries.

You can copy the entry with all dependent entries, or just the entry itself.
Click ☑️ to save entry.

**Thus field status variant 1100 is created.**
## 2.20 Assign Company Code to Field Status Variants

### Menu Path

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Line Item → Controls → Assign Company Code to Field Status Variants

Here, we assign the company codes in which we want to use identical field status groups, to the same field status variant.

Assign company code 1100 to field status variant 1100.

Enter field status variant 1100

<table>
<thead>
<tr>
<th>Co.</th>
<th>Company Name</th>
<th>City</th>
<th>Fld stat var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0115</td>
<td>SHAN CONSULTING</td>
<td>PARIS</td>
<td></td>
</tr>
<tr>
<td>032</td>
<td>AM Equity Prop Mgmt</td>
<td>Los Angeles</td>
<td></td>
</tr>
<tr>
<td>0571</td>
<td>SHV ENERGY PVT LTD</td>
<td>Hyderabad</td>
<td></td>
</tr>
<tr>
<td>0770</td>
<td>SHV Energy LP Infra</td>
<td>Hyderabad</td>
<td></td>
</tr>
<tr>
<td>180</td>
<td>A Ltd</td>
<td>Mumbai</td>
<td></td>
</tr>
<tr>
<td>1600</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>1090</td>
</tr>
<tr>
<td>1601</td>
<td>R Ltd</td>
<td>Bangalore</td>
<td></td>
</tr>
<tr>
<td>1602</td>
<td>Singapore Company</td>
<td>Singapore</td>
<td></td>
</tr>
<tr>
<td>1099</td>
<td>PLtd</td>
<td>Mumbai</td>
<td>1099</td>
</tr>
<tr>
<td>181</td>
<td>Fawad Poonawala</td>
<td>Corona</td>
<td></td>
</tr>
<tr>
<td>1629</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>1090</td>
</tr>
<tr>
<td>1100</td>
<td>ABC LTD</td>
<td>NEW YORK</td>
<td>1190</td>
</tr>
<tr>
<td>1112</td>
<td>SATYAM COMPUTERS LTD</td>
<td>SAN FRANCISCO</td>
<td></td>
</tr>
<tr>
<td>1127</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>1090</td>
</tr>
</tbody>
</table>

Click ⌘ to save entry.
2.21 Screen variants for document entry

Menu Path


We determine the screen variant dependent on the company code.

The screen variant, which we specify for each company code, addresses special screen appearance for documents for several specific functions in SAP.

For Example: In an USA company code, for example, a screen with fields for withholding tax is required when entering a vendor item. We therefore have to select a special screen variant for US company codes.

Select the option, which is required.

In our example we will select the standard version only

<table>
<thead>
<tr>
<th>Var.</th>
<th>Short text</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>For Austria and Switzerland</td>
</tr>
<tr>
<td>2</td>
<td>For France and countries with withholding tax</td>
</tr>
<tr>
<td>3</td>
<td>For countries with classic withholding tax</td>
</tr>
<tr>
<td>Co</td>
<td>City</td>
</tr>
<tr>
<td>-----</td>
<td>----------</td>
</tr>
<tr>
<td>0115</td>
<td>PARIS</td>
</tr>
<tr>
<td>032</td>
<td>Los Angeles</td>
</tr>
<tr>
<td>0571</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>0770</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>100</td>
<td>Mumbai</td>
</tr>
<tr>
<td>1000</td>
<td>Frankfurt</td>
</tr>
<tr>
<td>1001</td>
<td>Bangalore</td>
</tr>
<tr>
<td>1002</td>
<td>Singapore</td>
</tr>
<tr>
<td>1009</td>
<td>mumbai</td>
</tr>
<tr>
<td>101</td>
<td>Corona</td>
</tr>
<tr>
<td>1029</td>
<td>Frankfurt</td>
</tr>
<tr>
<td>1100</td>
<td>NEW YORK</td>
</tr>
<tr>
<td>1112</td>
<td>SAN FRANCISCO</td>
</tr>
<tr>
<td>1127</td>
<td>Frankfurt</td>
</tr>
<tr>
<td>1216</td>
<td>TORONT</td>
</tr>
<tr>
<td>1499</td>
<td>Windsor</td>
</tr>
<tr>
<td>1998</td>
<td>New York</td>
</tr>
</tbody>
</table>

The screen variant field is already blank, so no need of saving entry.
2.22 Define Tolerance Groups for Employees in SAP

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Line Item → Define Tolerance Groups for Employees

The tolerance groups can be defined as predefined limits in amounts or percentages by which receivables may be underpaid or overpaid.

In the SAP system we can specify in advance various monetary limits for our employees with which we determine:

a) the maximum document amount the employee is authorized to post
b) the maximum amount the employee can enter as a line item in a customer or vendor account
c) the maximum cash discount percentage the employee can grant in a line item
d) the maximum acceptable tolerance for payment differences for the employee.

Payment differences are posted automatically within certain tolerance groups. This way the system can post the difference by correcting the cash discount or by posting to a separate expense or revenue account.

In this respect we define:

- the amounts or percentage rates up to which the system is to automatically post to a separate expense or revenue account if it is not possible to correct the cash discount or
• up to which difference amounts the system is to correct the cash discount. In this case the cash discount is automatically increased or decreased by the difference. Using tolerance groups.

We can also additionally differentiate these settings by company code. Since the same rules usually apply to a group of employees, enter the values for employee groups. We can then enter amount limits and tolerances per employee group and company code.

We can also define tolerances without specifying a tolerance group. Leave the field Grp empty in this case. The stored tolerances are then valid for all employees who are not allocated to a group. There must be at least one entry for every company code.

We can also specify tolerances for clearing procedures depending on Wer customers or vendors. The lower limits from the customer/vendor specifications and employee group are taken in each case during clearing.

In our example we will define a blank tolerance group for company code 1100.

We can use existing tolerance group from the sample company code.

Select company code
and click on Copy

![Image](image.png)

**Change View "FI Tolerance Groups For Users"

<table>
<thead>
<tr>
<th>Group</th>
<th>Company code</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0001</td>
<td>EUR</td>
</tr>
</tbody>
</table>

**Upper limits for posting procedures**

<table>
<thead>
<tr>
<th>Amount per document</th>
<th>511,291,881,196.22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount per open item account item</td>
<td>511,291,381.20</td>
</tr>
<tr>
<td>Cash discount per line item</td>
<td>5,000</td>
</tr>
</tbody>
</table>

**Permitted payment differences**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percent</th>
<th>Cash discnt adj.to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>511.29</td>
<td>10.0 %</td>
<td>5.11</td>
</tr>
<tr>
<td>Expense</td>
<td>511.29</td>
<td>10.0 %</td>
<td>5.11</td>
</tr>
</tbody>
</table>

and replace company code 0001 with 1100.
Change View "FI Tolerance Groups For Users"

Group

Company code 1100 CHAP A.G. Walldorf
Currency EUR

Upper limits for posting procedures

Amount per document 511,291,881,196.22
Amount per open item account item 511,291,881.23
Cash discount per line item 5.000 %

Permitted payment differences

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percent</th>
<th>Cash discnt adj.to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>511.29</td>
<td>10.0 %</td>
<td>5.11</td>
</tr>
<tr>
<td>Expense</td>
<td>511.29</td>
<td>10.0 %</td>
<td>5.11</td>
</tr>
</tbody>
</table>

Click to save entry.

Double click on 1100 line item
The cash discount per line item for a user is 5% and he can post amount per document to the above limits. Further the user can per open item to the above given limit.

The permitted payment difference for revenue and expense is 511.29 USD or 10% whichever is lower.

Thus this is a blank tolerance and applicable to all user ids. If the company wants to control posting per user id in a company code, then a tolerance group needs to be defined e.g. ZMGR, ZEXE, ZSUP, ZCL and each groups will have different limits.

The user ids in the next step have to be assigned to the tolerance group.
2.23 Assign User/Tolerance Groups

**Menu Path**


The users have to be assigned to the tolerance group.

Click on **New entries**

And update the user id and the tolerance group

![Image of New Entries: Overview of Added Entries]

Click 🔄 to save entry.
In our example we have created a blank tolerance group therefore there is no need to assign user to tolerance group.
2.24 Maximum Exchange Rate Difference

**Menu Path**


Exchange rate difference can be defined as the amount arising where a foreign currency amount is translated at different exchange rates.

Here, we can define for each company code, a maximum difference between exchange rates for postings in foreign currency.

For this, we mention that how much the exchange rate entered manually in the document header may differ in terms of percentage (%) from the one stored in the system.

If an exchange rate or the local and the foreign currency amount were entered manually during document entry, then a comparison is made with the exchange rates stored in the system. If any deviation occurs and it exceeds the percentage rate specified here, then a warning appears.
When we are done with this basic configurable settings required for Financial Accounting we can see all this settings and assignments as shown below,

**Update 10% in Max. exch rate dev**

<table>
<thead>
<tr>
<th>Code</th>
<th>Company Name</th>
<th>City</th>
<th>Max Exch Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Fawad Poonawala</td>
<td>Corona</td>
<td></td>
</tr>
<tr>
<td>1029</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>10%</td>
</tr>
<tr>
<td>1108</td>
<td>ABC LTD</td>
<td>NEW YORK</td>
<td></td>
</tr>
<tr>
<td>1112</td>
<td>SATYAM COMPUTERS LTD</td>
<td>SAN FRANCISCO</td>
<td></td>
</tr>
<tr>
<td>1127</td>
<td>IDES AG</td>
<td>Frankfurt</td>
<td>10%</td>
</tr>
<tr>
<td>1216</td>
<td>ABC</td>
<td>TORONTO</td>
<td></td>
</tr>
<tr>
<td>1499</td>
<td>Assees Sahib</td>
<td>Windsor</td>
<td></td>
</tr>
<tr>
<td>1898</td>
<td>Elyria Company</td>
<td>New York</td>
<td>10%</td>
</tr>
<tr>
<td>1899</td>
<td>Lowes Company</td>
<td>Elyria</td>
<td></td>
</tr>
<tr>
<td>1908</td>
<td>Ohio HITEK Computers Inc.</td>
<td>Columbus</td>
<td>10%</td>
</tr>
<tr>
<td>1970</td>
<td>Fork Software Ltd</td>
<td>New York</td>
<td>10%</td>
</tr>
</tbody>
</table>

Click to save entry.
2.25 Check Company Code settings in Global parameters

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Company Code → Enter Global Parameters

**Transaction Code**

*(OBY6)*

Here we can see overall view of all the configurable settings and assignment done previously above.

We can also configure the earlier assignments done through this menu.
Double click on 1100 company code.
Click on the check box if We want the following:

- When items in foreign currency are cleared in local currency, the local currency amount stored in the document is used as the amount to be cleared.

Click on the check box if We want the following:

- The cash discount amount is deducted from the base amount used for calculating taxes on sales/purchases.
Click on the check box [ ] if we want the following:
- Tax on sales/purchases is not included in the base amount used for calculating cash discount.

Click  ✅ to save entry.

The Company Code 1100 is now configured for General Ledger (GL) posting in SAP.
2.26 Define Additional Local currencies (Optional)

In total we can have 3 currencies for a company code.

We can have 2 more parallel currencies for a company code in addition to one defined above.

To configure parallel currencies for a company code the path is:-

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Company Code → Multiple Currencies → Define Additional Local Currencies

In this case, we can choose between:

- **Group currency**
  Group currency is the currency which is specified in the client table or which is to be entered there.

- **Hard currency**
  Hard currency is a country-specific second currency which is used in countries with high inflation.

- **Index based currency**
  Index-based currency is a country-specific fictitious currency which is required in some countries with high inflation for external reporting (for example, tax returns).

- **Global company currency**
  Global company currency is the currency which is used for an internal trading partner.
  For the additional currencies, define the following data:
- Currency type
  The currency type specifies the role of the additional currency. An example of this would be the group currency.

- Exchange rate type for translation
  The exchange rate type determines which exchange rate stored in the system is used for calculating the additional amount fields. As with the local currency, we can use the exchange rate type M (average exchange rate) or any other exchange rate type.

- Base currency for translation
  The amounts in the additional currencies can be calculated based on the document currency or the local currency.

- Date for translation
  For translating amounts, the exchange rate can be determined according to the translation date, the document date or the posting date.

Additional activities:

The group currency must be stored in the client definition which can be seen using transaction code SCC4.
Click on **New entries**

Update the following: -

Enter the second and third currency
Here we can select valuation 1 & 2 only if the following conditions are met:

1) Controlling area has been assigned to the company code
2) A currency and valuation profile is defined in the controlling area
3) The currency and valuation profile is active which has the group and profit center valuation view

Selecting 1 and 2 leads to a greater volume of data, which will require 2 additional ledgers to store the data.
We can instead of 1 and 2 select 0 legal valuation.

Click on Save
2.27 Define Additional Local currencies for Ledgers (Optional)

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Company Code → Multiple Currencies → Define Additional Local Currencies

Here, we can choose between:

Since we have selected valuation 1 and valuation 2 in step 22 we have to configure 2 additional ledgers

Double click ledger 0

Click on Ledger → Create
Update the following

Create Ledger: Initial Screen
Change from legal valuation to group valuation

Create Ledger: Master Data

<table>
<thead>
<tr>
<th>Ledgers</th>
<th>G/L Accnt Transaction Figures</th>
</tr>
</thead>
</table>

**Basic Settings**

- **Totals Table**: GLT0
- **Application**: FI
- **Subapplication**: OL
- **Valuation**: Legal Valuation

**Stored Currencies**

- **Company code currency**: 2nd Currency
- **Group currency**: 3rd Currency
Click on 

System automatically created a ledger for profit center valuation L3.

Maintain the text for the same

Double click
Click on
2.28 Check Calculation Procedure

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Basic Settings → Check Calculation Procedure

Calculation procedure for tax on sales and purchases defines the rules that how to calculate tax on sales and purchases.

Tax procedures are available in SAP for most of the countries.

Here since country for our Company Code is USA and Tax procedures are already available in SAP for USA we will see the following,

In case a tax procedure is not defined for any country proceed as follows:-
### Choose Activity

<table>
<thead>
<tr>
<th>Perf</th>
<th>Name of Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Access Sequences:</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Define Condition Types</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Define Procedures</strong></td>
</tr>
</tbody>
</table>

**Perform the activities in the specified sequence**

- Double click **Define Procedures**
Select "TAXGB" - Sales Tax - Great Britain

Click

Change the existing description
Change View "Procedures": Overview of Selected Set

Click

Specify object to be copied

Entry 1 of the entries to be copied has dependent entries.

You can copy the entry with all dependent entries, or just the entry itself.

Click

Information

Number of dependent entries copied:

7

Click
Click on 📚

Select 🎨TAXINJU: Sales Tax - INDIA

Double click ☑️Control Data
2.29 Assign Country to Calculation Procedure

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Basic Settings → Assign Country to Calculation Procedure

Here we assign the calculation procedure created in the earlier step to the country. The country is the country of the company code.

In our case the country of the company code is **India**.
Update the following:-

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Proc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>Tuvalu</td>
<td></td>
</tr>
<tr>
<td>TW</td>
<td>Taiwan</td>
<td></td>
</tr>
<tr>
<td>TZ</td>
<td>Tanzania</td>
<td></td>
</tr>
<tr>
<td>UA</td>
<td>Ukraine</td>
<td></td>
</tr>
<tr>
<td>UG</td>
<td>Uganda</td>
<td></td>
</tr>
<tr>
<td>UM</td>
<td>Minor Outl. Ins.</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
<td>TAXUDB</td>
</tr>
<tr>
<td>UY</td>
<td>Uruguay</td>
<td></td>
</tr>
<tr>
<td>UZ</td>
<td>Uzbekistan</td>
<td></td>
</tr>
<tr>
<td>VA</td>
<td>Vatikanstadt</td>
<td></td>
</tr>
<tr>
<td>VC</td>
<td>St. Vincent</td>
<td></td>
</tr>
<tr>
<td>VE</td>
<td>Venzuela</td>
<td>TAXVE</td>
</tr>
<tr>
<td>VG</td>
<td>Brit. Virgin Is.</td>
<td></td>
</tr>
<tr>
<td>VI</td>
<td>US Virgin Is.</td>
<td></td>
</tr>
<tr>
<td>VN</td>
<td>Vietnam</td>
<td></td>
</tr>
</tbody>
</table>

Click on

[Image]
2.30 Define Tax Codes for Sales and Purchases

**Menu Path**

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Calculation → Define Tax Codes for Sales and Purchases

**Transaction Code**

(FTXP)

**Update the following:**

![Country](image)

Country: US

Click ✅

**Update the following:**
Click

**Update the following:**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Code</td>
<td>V8</td>
<td>Exempt from input VAT</td>
</tr>
<tr>
<td>Tax Type</td>
<td>V</td>
<td></td>
</tr>
<tr>
<td>CheckID</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU Code</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target Tax Code</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tgt Tax Code: Output</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tgt Tax Code: Input</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tol err rate</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
Follow the menu path as shown below and click on Automatic posting.
Double click

Input tax

Enter Chart of Accounts

Chart of Accounts  USCA
Display FI Configuration: Automatic Posting - Rules

- Chart of Accounts: ABC LTD Chart of Account
- Transaction: VST

Accounts are determined based on:
- Debit/Credit: Not changeable
- Taxcode: Not changeable
Automatic Posting - Rules

Accounts are determined based on

- Debit/Credit
  - Not changeable
- Tax code
Display FI Configuration: Automatic Posting - Rules

Chart of Accounts: USCA
Transaction: ESE

Accounts are determined based on:
- Debit/Credit: Not changeable
- Tax code: Not changeable

Click on Update the following:-
Now we can see that for transaction ESE GL Account 119905 has been assigned.
3. Creating GL account codes in the Chart of accounts

3.1 Create GL account in Chart accounts and company code

GL – General Ledger

Menu Path

SAP menu → Accounting → Financial Accounting → General Ledger → Master Records → Individual Processing

Transaction Code

FS00 – Centrally (6 Tabs)
OR
FSP0 - In Chart of Accounts (3Tabs)
FSS0 - In Company Code (3Tabs)

The GL Code in SAP has two segments:

1) The Chart of accounts segment – The chart of account segment is at client level. Any company code wishing to use the GL code can extend it and create a company code view
2) The Company code segment – A company intending to use the GL code from chart of accounts has to create the company code view so that it can post to the GL code.

This way there are 2 methods of creating GL codes in SAP:

1) One step creation – Here We create both the chart of accounts view as well as the company code view in one step
2) Two-step creation – We first create the chart of accounts view in the first step. In the second step we create the company code view.

We will see the GL code creation using the one step creation:

Click on and enter the following
Click [ ] to save GL Code

Below screen shows creation of RM consumption GL a/c.
**Create G/L Account Centrally**

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>G/L Account</td>
<td>400001</td>
</tr>
<tr>
<td>Company Code</td>
<td>1100 ABC LTD</td>
</tr>
</tbody>
</table>

**Control Data**

- **Account Group**: Materials management accounts
- **Short Text**: Raw Material consume
- **G/L Acct Long Text**: Raw Material Consumed (Others)
- **Trading Partner**: (Blank)
Create G/L Account Centrally

Account control in company code
- Account currency: USD American Dollar
- Only balances in local currency
- Tax category
- Posting without tax allowed
- Recon. account for acct type
- Alternative account no.
- Acct managed in ext. system

Account management in company code
- Open item management
- Line item display
- Sort key: 082, Doc. no., fiscal year
- Authorization Group
- Accounting clerk

Joint venture data in company code
- Recovery Indicator

Click to save GL Code
4. Configuration for GL Automatic clearing: -

4.1 Automatic Clearing

Menu Path

IMG → Financial Accounting → General Ledger Accounting→ Business Transactions→ Open Item Clearing → Prepare Automatic Clearing

The program for clearing clears the open items that are grouped together if their total balance assigned equals to zero in local and foreign currency.

We can enter the criteria for grouping an ledger account's open items for automatic clearing.

The following standard criteria has to entered properly,

a) Account type
b) account number or a number interval

We can also enter a further five criteria.

We select these five additional criteria from the fields in table BSEG or BKPF. If possible, We should choose fields that are also contained in table BSIS (G/L accounts), BSID (customers), or BSIK (vendors).

Automatic clearing is required for GR/IR clearing accounts and Bank accounts; further automatic clearing is also required for Vendors and customers.

Select the existing entries in SAP
Click on enter the chart of accounts USCA

Update the following:-

Click on enter the chart of accounts USCA
The account type is D for debtors K for creditors and S for General Ledger.

The first criterion specified is the assignment field for account types.

These criteria’s can be selected based on the individual company requirements. The GRIR account can be cleared using the criteria purchasing document and line item therefore also select EBELN (purchasing document)

Click 🖼
4.2 Define Tolerance Groups for G/L Accounts

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Open Item Clearing → Clearing Differences → Define Tolerance Groups for G/L Accounts

Tolerance groups define the limits for each ledger account clearing within which differences are accepted and automatically posted to predefined accounts.

These predefined groups can be assigned in the general ledger account master record.
Click on New Entries

Update the following:-

New Entries: Details of Added Entries

Company Code 1100
Tolerance group 1100 ABC LTD

Tolerances for Groups of G/L Accounts in Local Curr

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit posting</td>
<td>10.00</td>
<td>1 %</td>
</tr>
<tr>
<td>Credit posting</td>
<td>10.00</td>
<td>1 %</td>
</tr>
</tbody>
</table>

Click on
4.3 Assigning accounts for GL Clearing Differences

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting→ Business Transactions→ Open Item Clearing → Clearing Differences → Create Accounts for Clearing Differences

**Here we define the accounts to which these differences should be posted.**

We can define the limits within which differences are accepted for G/L account clearing.

Enter chart of accounts **USCA**

Click on to save the rules

Click on to update the posting keys
Maintain FI Configuration: Automatic Posting - Rules

- Chart of Accounts: USA
- Transaction: DSA
- Account: ABC LTD Chart of Account
- Transaction Type: Differences arising on G/L acct clearing

Accounts are determined based on
- Debit/Credit
- Tax code

Update the following:

Maintain FI Configuration: Automatic Posting - Posting

- Transaction: DSA
- Transaction Type: Differences arising on G/L acct clearing

Posting Key
- Debit: 40
- Credit: 50

Note: Posting keys are independent of chart of accounts

Click 🗄️
And update GL code 470706, which is clearing difference account (G/L). It is an expense account.

Click
5. Configuration for Foreign currency Valuation

Here, we define the specifications required for the valuation of foreign currency balances e.g. Bank accounts holding foreign exchange and Open items in foreign currency e.g. Customers and Vendors
5.1 Define Valuation methods

MENU PATH

IMG → Financial Accounting → General Ledger Accounting →
Business Transactions → Closing → Valuating → Foreign Currency
Valuation → Define valuation methods

TRANSACTION CODE

(BO59)

Foreign Currency Valuation can be defined as a procedure for
determining at a key date the value of the current assets and
liabilities posted in foreign currency.

Assets and liabilities are valuated using the unit account method of
valuation which means that the individual open items are valued.

If this is not possible (because the account is not managed on an
open item basis) the balance of the account is valuated instead.

Here, for unrealized gains or losses we define the valuation methods
for the open items. With the valuation method, we group
specifications together, which we need for the balance and
individual valuation. Before every valuation run, we mention the
required valuation method.

M is the average rate of any foreign currency.
SAP uses exchange rate type M to value all foreign currency items.

Various valuation methods are provided by the SAP.

We can create our own key starting with Z.
SAP provides following valuation methods:

- 7301 valuation method
- AML1 FC valuation bank selling for AML
- BANK
- BSK CZ/SK valuation method
- CAM Balance Sheet Revaluation (M Rate)
- DENO Valuation w/ Exchange Rate Type M
- DRL1 FC valuation bank selling for drl
- EVR ALWAYS VALUATE
- IAS1 Valuation w/ Exchange Rate Type M

Let us create our own valuation methods.

Click on New Entries

Update the following:
Exchange rate type B is Bank selling and Exchange rate G is bank buying rate.

In the valuation procedure various configuration options are available.

The valuation is only displayed if the valuation difference between the local currency amount and the valued
amount is negative that is an exchange loss has taken place. The valuation is carried out per item total.

**Strict lowest value principle** The valuation is only displayed if, as a consequence, the new valuation has a greater devaluation and/or a greater revaluation for credit entries than the previous valuation. The valuation is calculated per item total.

**Always valuate** If We select this procedure, revaluations are also taken into consideration.

**Revalue only** If We select this method system only does a revaluation if applicable but does not do devaluation where there is exchange loss.

**Reset** If We select this parameter then the open items are valuated at the acquisition price. This way the valuation difference is set to zero. The old valuation method is reset. The account determination is reversed: The revenue that arises is posted to the expense account.

Exchange rates are types are attached to the valuation method.

**Determine rate type from account balance** If We select this field, the account balance/group balance in the relevant foreign currency is used to determine the exchange rate type. This is relevant for account balance revaluation

A document type SA is attached to the valuation method.

**Let us configure another valuation method for Bank Balance:**

Click on **New Entries**
5.2 Assign GL accounts for Foreign Currency valuation

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Valuating → Foreign Currency Valuation → Prepare Automatic Postings for Foreign Currency Valuation

**Transaction Code**

*(OBA1)*

Exchange rate difference in foreign currency balances e.g. bank accounts held in foreign currency

Double click on KDB Line
Enter Chart of accounts USCA

Here we will enter the following

**Exchange rate difference key**: Can be kept blank or we can enter a key with 4 digit e.g. 0001. In case we create this exchange rate key then the same has to be updated in the GL code of the foreign currency account i.e. control data tab which has the field exchange
rate difference key. Only when it is attached the system will revalue the foreign currency account.

**Expense account:** We need to enter the expense GL code for unrealized foreign exchange loss. The loss on revaluation is unrealized and will be automatically reversed in the next month e.g. 472002 Unrealized Exchange Gain/Loss – Trade

**E/R gains:** We need to enter the revenue GL coded for Unrealized Foreign exchange gain. The loss on revaluation is unrealized and will be automatically reversed in the next month e.g. 472002 Unrealized Exchange Gain/Loss – Trade. We can have a separate account or the same account.

**Exchange rate difference in open items e.g. Accounts Receivable and Accounts Payable**
Here we will enter the GL code for Accounts receivable or Accounts Payable (the reconciliation account). We can enter different GL codes for each currency code and currency type. Alternatively if we do not want different GL codes for each currency we can keep them blank.

Enter chart of accounts USCA in the pop up

Click on and update the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction</th>
<th>Account detem.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document Split for Currency Exchange</td>
<td>CEX</td>
<td>✔️</td>
</tr>
<tr>
<td>Exch. Rate Diff using Exch. Rate Key</td>
<td>KDF</td>
<td>✔️</td>
</tr>
<tr>
<td>Exchange Rate Diff.: Open Items/GL Acct</td>
<td>KDF</td>
<td>✔️</td>
</tr>
<tr>
<td>Payment difference for altern. currency</td>
<td>KDW</td>
<td>✔️</td>
</tr>
<tr>
<td>Payment diff for altern. curr. (offset)</td>
<td>KDZ</td>
<td>✔️</td>
</tr>
<tr>
<td>Internal currencies rounding differences</td>
<td>RDF</td>
<td>✔️</td>
</tr>
</tbody>
</table>
119020 is the GL code for Account Receivables trade 3rd parties

**Loss:** Here We enter the GL code for exchange loss, which is realized.

**Gain:** Here We enter the GL code for exchange gain, which is realized.

Val. loss 1: Here We enter the GL code for unrealized exchange Loss on revaluation of open items i.e. accounts receivable and accounts payable
Val. gain 1: Here we enter the GL code for unrealized exchange gain on revaluation of open items i.e. accounts receivable and accounts payable.

Bal. sheet adj. 1: Here we enter the GL code to which the receivable and payables adjustment is posted during foreign currency valuation of open items.

The SAP System supports two valuation areas in parallel. This account is used during valuation of the first valuation area.

The first valuation area reflects the local view of the Company code, the second valuation area takes the corporate policy for the valuation into consideration.
6. Configuration for regrouping postings

6.1 Define Adjustment Accounts for GR/IR clearing

Menu Path

IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Regrouping → Define Adjustment Accounts for GR/IR Clearing

Transaction Code

(OBYP)

Whenever we receive goods that have not been invoiced yet or whenever we receive invoices for goods that have not been delivered yet, it is posted to the goods receipt/invoice receipt (GR/IR) clearing account.

The goods receipt/invoice receipt (GR/IR) clearing account is a **provision account**.

Here we define the numbers of the adjustment and target accounts for the automatic postings for the GR/IR clearing account.

Transfer postings have to be made at the balance sheet date to reflect the goods invoiced but not delivered and the goods delivered but not invoiced. Transaction code **F.19** analyzes the GR/IR clearing account and posts adjustments entries for outstanding amounts to adjustment accounts. It makes the offsetting entry to the account for goods delivered but not invoiced or to the account for goods invoiced but not delivered (target account).
Double click BNG

Maintain FI Configuration: Automatic Posting - Procedures

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction</th>
<th>Account determ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoiced but not yet delivered</td>
<td>BNG</td>
<td></td>
</tr>
<tr>
<td>Delivered but not yet invoiced</td>
<td>GNB</td>
<td></td>
</tr>
</tbody>
</table>

Update the following:

Chart of Accounts: JSCA
Update the following:

Reconciliation account: Enter the GL code 219914 i.e. GR/IR clearing account (Goods Receipt/Invoice receipt)

Adjustment account: Enter the GL code 219915 i.e. GR/IR correction account

Targ. Acct: Enter the GL code 119522 GR/IR Invoiced but goods not yet received

Click Save
Double click GNB

Maintain FI Configuration: Automatic Posting - Procedures

Group: WRV  Goods/invoices receipt clearing

<table>
<thead>
<tr>
<th>Description</th>
<th>Transaction</th>
<th>Account determ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoiced but not yet delivered</td>
<td>GNB</td>
<td></td>
</tr>
<tr>
<td>Delivered but not yet invoiced</td>
<td>GNB</td>
<td></td>
</tr>
</tbody>
</table>

Enter chart of accounts USCA if the pop up comes
Update the following:

Reconciliation account: Enter the GL code 219914 i.e. GR/IR clearing account (Goods Receipt/Invoice receipt)

Adjustment account: Enter the GL code 219915 i.e. GR/IR correction account

Targ. Acct: Enter the GL code 219916 GR/IR Shipped not invoiced

Click Save
7. Creating Balance sheet and Profit and Loss account

7.1 Define Financial Statement Version (FSV)

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting →
Business Transactions → Closing → Documenting → Define
Financial Statement Versions

Financial Statement Versions means a hierarchical positioning of
G/L accounts and this positioning can be based on specific legal
requirements for creating financial statements.

We can create number of financial statement versions for the chart
of accounts, one for the local reporting, and one for parent
reporting. In each version we can group the GL codes differently as
required for the reporting purpose. We define FSV because we need
to represent our balance sheet and profit and loss account in a
particular manner.

We can define versions for a specific chart of accounts, for a group
chart of accounts, or without any specific assignment.

We then determine the financial statement items for the version
which we have created for our company code.

We assign groups of accounts to the items at the lowest levels of the
hierarchy. We can select the criteria that determine which items the
accounts are displayed in. For example, accounts or groups of
accounts can be assigned to particular items based on their
balance.
Other way, we can also assign functional area intervals at the lowest level of the structure, instead of account intervals. Either account intervals or functional area intervals can be assigned to a financial statement item. We must explicitly define financial statement versions to which functional areas are assigned as such. We do this by setting the "Fun. area allowed" indicator. This financial statement version can then also be used by the notes to financial statement in the G/L account information system.

Click on **New entries** or to start creating FSV from scratch. In case we want to copy from existing FSV we need to position the cursor on the FSV as source FSV e.g.

![Change View "Financial Statement Versions": Details of Selected FSV](image)

<table>
<thead>
<tr>
<th>Fin. Stmt. version</th>
<th>BAGB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Commercial balance sheet (Great Britain)</td>
</tr>
</tbody>
</table>

**General specifications**

- Maint. language: **EN**
- Item keys auto: **false**
- Chart of Accounts: **CA5B**
- Group Account Number: **false**
- Fun. area perm: **false**
And then click on [ blank ].

We will cover here Creating FSV from scratch.

Click on [ New entries ].

Give the code for the FSV e.g. USCA and name for the version.

Give the maintenance language code e.g. EN (for English)

If the item keys are required automatically then We need to select, else deselect it.

Enter the chart of accounts USCA
The above nodes are created automatically:

**P+L Result gives** profit and loss in income statement

**Net result: profit** profit carried forward to balance sheet
**Net result: loss** Loss carried forward to balance sheet

Position the cursor on the node USCA and then
Click on Create items

Update the following information and click the continue button
Thereafter click and click on and then click on and click on Reassign
Select subordinate
Similarly assign the various nodes to the respective elements which should finally look like this.
Double click on "Unassigned Accounts" and update the following:...
Thereafter change the description of item by double clicking and updating the following information.
Rename everything to look like this
To create further nodes below Assets proceed as follows:

Position the cursor on **Assets** and click on **Create Items** and update the following information
After updating Wer FSV will look like this
Create further nodes as follow under Current assets
Under Cash & Cash Equivalents create further nodes 11000 Petty cash and 11100 Bank – Current accounts.

After creating all the above nodes the FSV configuration will appear like this
Now we will see how to assign GL accounts to the node Bank – current accounts

Place the cursor on the node 117500 Citibank Ltd and click on Assign accounts and update the bank GL codes.
D and C are debit and credit balance of the account.

After assigning the accounts FSV will look as follows:-
Here assuming that if this bank account is an overdraft account i.e. Bank balance can become a debit or credit balance. In case bank balance becomes credit i.e. negative then it should be regrouped to the liabilities side of balance sheet under current liabilities.
We will similarly create the various nodes under liabilities which appear as shown below:

Now to regroup the balance from Bank – Current assets node to the current liabilities node we proceed as follows:

Position the cursor on item in Bank -Current accounts on Current asset side and click on Select , the bank accounts get highlighted as follows:

Thereafter position the cursor on the in bank overdraft under current liabilities and then click on Edit → Debit/credit shift → Define
Click ✓ since 114500 should be debit and 2114500 node should be credit.

The display will appear as follows:

![Change Financial Statement Version](Image)

The item should be placed under Shareholder's Equity. To do so proceed as follows:-

- Retained earnings - profit
- Retained earnings - Loss

Net result: profit
Net result: loss
Position the cursor on 01 Retained earnings - profit  and click on Select  and position the cursor on 02 Retained earnings - Loss  and click on Select . Thereafter click on the item 30 Shareholders Equity  and click on Reassign  and select subordinate.

Similarly, We need to create various node under Income statement and assign GL account codes to each of the lowest level node.

Finally after assigning GL code to each node, we need check the non assignment of GL codes to our company code.

Proceed as follows:-

Click on

And update company code 1100
This step will give us a list of accounts not assigned to the various nodes.

After assigning the non-assigned GL codes to various nodes, the FSV is ready to be used by company code 1100.
8. FI Integration with other modules

8.1 Integration with Overhead Cost Controlling

When a reconciliation ledger is implemented in the CO, we need to define this account. Postings will happen from the controlling module to the FI in order to balance FI.

Scenario:-

Let’s assume controlling allocations has happened between 2 company codes. Since allocation has taken place in the controlling module, there will be no corresponding posting in FI in both the company codes.

In order that posting happens in both the company codes in FI, we need to configure this setting.

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Integration → Overhead Cost Controlling → Define Accounts for Overhead Cost Controlling

**Transaction Code**

*(OBYB)*

Enter chart of accounts USCA and Click on Save. Enter GL code 450020 Reconciliation Ledger Adjustment Account
Maintain FI Configuration: Automatic Posting - Accounts

Account assignment

Click
8.2 Integration with Materials Management

In this topic we will learn how the integration within FI MM, and SD takes place . We will also learn how accounting entries are posted automatically and how do we configure them?

There are certain simple things we need to understand to know how this integration happens.

First all Materials in SAP should have a material master.

This material master has various views right from Basic views to Purchasing views, production, sales and distribution and accounting and controlling views. We will not get into the detail of Material master at this stage but it would suffice for us to understand that Material Master is the heart of all integration.

In the accounting view of Material master amongst other values we have a **Valuation Class field**. This Valuation class is the vital link which ensures that Accounting documents are posted automatically. Every material will have a valuation class field.

We can go to transaction code mm03 put any material no and click on Accounting 1 view on which we will find the Valuation Class field.

Examples of Valuation Class could be Finished Goods, Semi Finished goods, Raw Material etc

**The combination of this Valuation Class+ the Movement Type** (which I have defined below) helps in determining the Gl accounts. Read this statement twice to understand how Gl accounts are automatically updated

**What is a Movement Type?**
All Material movements in MM happen with respect to a Movement Type.

For eg Goods receipt is defined with movement type 101
  Goods issue to production order is defined with movement type 261
  Scrapping of goods is defined with movement type 551
  Goods delivered to the customer with movement type 601
  Initial upload of stock is defined with movement type 561

SAP helps us to have different gl accounts for the various movements for the same material by linking this movement type to a transaction key. So where do we do we go and fit in all the different Gl accounts which we require?

Before we get into that let us take an example of a movement type and see how Gl accounts are automatically updated. If We are with me till now lets move ahead. If not I suggest We read the above page once again. All right lets get going dear friends.

**Quick recap.**

Material Master->Valuation Class->Movement Type-Transaction key.
Stick in all the gl accounts at this place. How we do this will see very shortly.

Let us now understand a few MM transactions and its accounting integration:-

1) **Goods Receipt of Raw Material against a purchase order:-**

Movement type for **goods receipt against purchase order is 101.**
The accounting entry posted is as follows:

**Inventory of Raw Material Debit**

GR/IR (Goods Receipt/Invoice Receipt) **Credit**

The GR/IR is a provision account in SAP.

The configuration to be done for this entry is as follows:-

<table>
<thead>
<tr>
<th>Menu Path</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMG → Materials Management → Valuation and Account Assignment → Account Determination → Account Determination Without Wizard → Configure Automatic Postings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transaction Code</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(OMWB)</strong></td>
</tr>
</tbody>
</table>

Or

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>(OBYC)</strong></td>
</tr>
</tbody>
</table>
As we see above, the second column contains all the Transaction keys where we need to stick the Gl accounts. So let's see for the goods receipt transaction what do we do.

We need to update the **BSX** transaction key with the GL code **Inventory of Raw material account**.

Double click BSX and select Valuation modif. and valuation class.
Valuation modif. - Should be selected if the valuation grouping code is active in the Materials Management module and if separate GL codes are desired plantwise. Even if it is not required currently, still it is a better option to select.

For the GR/IR account We need to update the WRX transaction key with the GL code GR/IR account.

A very important point from now on. Every accounting entry with respect to a material will have an impact on the inventory. So one side of the posting (either a debit or a credit) will always be taken from the BSX field We have defined above. The second side of the posting will be determined based on Wer movement type which in the above case was a GR/IR.

If We understood example 1 We will understand all the other examples. As the methodology of finding Gl accounts is the same.
So dear friends if We want to learn SAP quickly We should learn how the things are integrated and not go through reams of material and keep on studying. Understand those vital areas and We will learn quickly. Alright lets move on

We will go through more examples below:

2) **When Raw material is issued to the production order.**

Movement type used for posting the above transaction is **261 – Goods issue to order**

The accounting entry generated in the system is:-

Raw material consumption **Debit**

Inventory of Raw Material **Credit**

The transaction Key GBB needs to be updated. GBB key is used for various offsetting posting entries. Within GBB transaction there are various account grouping (general modification). In this case We need to update general modification **VBR** with the Raw Material consumption account.
Maintain FI Configuration: Automatic Posting - Rules

Chart of Accounts: USCA
ABC LTD Chart of Account
Transaction: 6BB
Offsetting entry for inventory posting

Accounts are determined based on:
- Debit/Credit
- General modification
- Valuation modif.
- Valuation class

Click on
Click on

3) When Initial stock is uploaded for Raw Material

Movement type used for posting – 561 (Initial stock upload)

The accounting entry generated is as follows:-

Inventory of Raw Material Debit

Stock data takeover account Credit

The transaction key GBB needs to be updated. General modification Key BSA needs to be updated with the GL code Stock data takeover account
4) When goods receipt is made for finished goods against a production order

**Movement type used for posting – 101(GR agst prod order)**

The accounting entry generated is as follows:-

Finished goods **Debit**

Change in Finished goods **Credit**

In transaction key BSX for the valuation class finished goods we attach the Finished goods GL code.

For change in Finished goods we update transaction key GBB and general modification key AUF.

5) When goods issues are posted for sales:-

Movement type used for posting – 601

Accounting entry posted:-

Cost of goods sold **Debit**

Inventory of Finished goods **Credit**

For cost of goods sold transaction key GBB is updated with general modification key VAX

6) When goods are scrapped:-

Movement type use for posting – 551
Accounting entry posted:-

Raw material scrapped **Debit**

Inventory of Raw Material **Credit**

The Raw Material scrapped account is attached to transaction key **GBB** and general modification key **VNG**

7) **When goods issued to sampling for Quality**

Movement type used is 331

Raw Material consumption **Debit**

Inventory raw material **Credit**

Raw Material consumption account is attached to **GBB** and general modification key **VQP** is used.

If We noticed lot of account modifiers in transaction key GBB are used in various movement type. It is difficult to remember the standard account modifiers. In that case we can also use the **Simulation mode**. This helps us in identifying what are the general modification (account modifiers) used in GBB:-

Use the following path:-

<table>
<thead>
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<th>Menu Path</th>
</tr>
</thead>
<tbody>
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<thead>
<tr>
<th>Transaction Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMWB</td>
</tr>
</tbody>
</table>
We can select the application area as follows:-
Thus We can do a simulation for Inventory management movements or also a simulation for invoice verification transactions.

Let us do a simulation for Inventory management movements.
Now we select the input mode

Here we can select the input of material number or input of valuation class.

We will select the input of valuation class, as it easier to enter valuation class rather than material number. But if We want to be more specific We can select the input of material number.

Further we will also select Account check
Here we select, whether we want check of referenced G/L accounts in the company code. Currently we will not select this.

Click

Simulation: Setting Account Check Mode

- No Check of Referenced G/L Accounts
- Check of Referenced G/L Accounts

Click

Update the following:-
Double click **Gi for order** so that it becomes blue
Now here it shows the offsetting entry posting and the required account modifier. In this case the general modification required is VBR.
Thus simulation helps us in finding the general modification required for transaction key GBB and the general modification for transaction key PRD (price difference).

Let us now check the general modification key required for movement type 601 for finished goods.

Update the following:-

Double click
Here we notice that general modification key required for 601 is VAX.

### Simulate Inventory Mgmt: Account Assignments

<table>
<thead>
<tr>
<th>Movement +</th>
<th>Movement -</th>
<th>Valuation Class +</th>
<th>Valuation Class -</th>
</tr>
</thead>
</table>

#### Organization
- **Plant**: 100
- **Company Code**: 1000
- **Chart of Accounts**: INT
- **Valuation Area**: 1100
- **Valuation Grpg Code**: 0001

#### Valuation
- **Valuation Class**: 3003
- **Raw materials**: 4
- **Posting String**: #A01
- **Value Update**: ✔
- **Quantity updating**: ☑

#### Movement
- **Movement Type**: 501
- **GD goods issue/return

#### Posting Line

<table>
<thead>
<tr>
<th>Posting Lines Text</th>
<th>WGCd</th>
<th>ASC</th>
<th>VCL</th>
<th>PK Acct Deb.</th>
<th>PK Acct Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory posting</td>
<td>-e-</td>
<td>-e-</td>
<td>3003</td>
<td>89 - Missing-</td>
<td>99 - Missing-</td>
</tr>
<tr>
<td>Offsetting entry for inventory</td>
<td>0001</td>
<td>3003</td>
<td>81</td>
<td>- Missing-</td>
<td>91 - Missing-</td>
</tr>
<tr>
<td>Offsetting entry for inventory</td>
<td>0001</td>
<td>3003</td>
<td>81</td>
<td>- Missing-</td>
<td>91 - Missing-</td>
</tr>
<tr>
<td>Gain/loss from revaluation</td>
<td>-e-</td>
<td>-e-</td>
<td>3003</td>
<td>83 - Missing-</td>
<td>93 - Missing-</td>
</tr>
<tr>
<td>Inventory posting</td>
<td>-e-</td>
<td>-e-</td>
<td>3003</td>
<td>89 - Missing-</td>
<td>99 - Missing-</td>
</tr>
<tr>
<td>Cost (price) differences</td>
<td>-e-</td>
<td>PRA</td>
<td>3003</td>
<td>83 - Missing-</td>
<td>93 - Missing-</td>
</tr>
<tr>
<td>Offsetting entry for inventory</td>
<td>0001</td>
<td>VAX</td>
<td>3003</td>
<td>81 - Missing-</td>
<td>91 - Missing-</td>
</tr>
<tr>
<td>Inventory posting</td>
<td>-e-</td>
<td>-e-</td>
<td>3003</td>
<td></td>
<td>99 - Missing-</td>
</tr>
</tbody>
</table>
8.3 Integration with Sales and Distribution

**FI – SD account determination:**

All Billing transactions happening in the Sales and distribution module will result in FI postings.

All accounting entries with respect to the billing will have one side of the account as a Customer or receivable and the other side to be a revenue account.

Example:

Customer – Dr  
To Revenue Account - Cr

We have to bear in mind that the customer account gets picked up from the customer master data. All we need to do is to configure the revenue account or the discounts and surcharges.

Where and how do we do this?

We make the allocation for each of these through access sequences.

Access sequence is nothing but SAP’s terminology of determining the Gl accounts. SAP provides the following six ways of determining the Gl accounts in SD.

- Application (key for the Sales and Distribution application)
- Account determination type
- Chart of accounts (from the FI System)
- Customer account assignment group
- Materials account assignment group
- Account key

The allocated accounts are used to post revenues, surcharges and discounts automatically.

**Menu Path**

IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Integration → Sales and Distribution → Prepare Revenue Account Determination

or

**Menu Path**

IMG → Sales and Distribution → Basic Functions → Account Assignment/Costing → Revenue Account Determination → Assign G/L Accounts

**Transaction Code**

(VKOA)

The account determination in SD happens through an access sequence which can be seen in the below table.
The system goes about checking for the gl account (which we will stick in here) we will see more of that later) from more specific criteria to less specific criteria.

Thus we can maintain different GL codes for each combination of the above table entry.

This is how SAP will determine the revenue account:

It will go through first table entry CustGrp/Material grp/ account key. If any Gl account is maintained here the system will then go to the transaction data of the particular billing document and see whether such a combination of Customer group and material group exists if it does it will pick that relevant Revenue account and post
the accounting document. If it does not it moves to the next combination in the table which is Customer group/account key and so on and so forth.

Customer grp is maintained in the Sales view of the customer master.

Material grp is maintained in the Sales view of the material master.

Account key is maintained in the pricing procedure for that condition type.

The last option it checks is account key entry.

We will now maintain the Gl account for the combination of Material Grp/account key

Double Click

AAG is the material grp. We maintain this since we want it to post to a different GL code as Sales 3rd parties.

Click on

New entries
That's it. The system will look into this table see this combination and if the relevant combination exists in the transaction it will debit the customer account and credit this account 800000.

As simple as it is. So basically the FI-Sd integration is for picking up the revenue accounts or the discounts and surcharges.

The account key determines whether it is a revenue or a surcharge or discount. Examples of some are given down below:
Various account keys are available

Let us now maintain for the table entry account key. And post to a different GL code.

Click on [New entries]

And update the following information

App: V (Sales/distribution)
Cond type: KOFI (Account determination)
Chrt/accounts: USCA
SOrg: Sales organization
Act Key: ERL
GL account no: 810203
Click on Save.

So We are done.

It is also useful to know a bit of the configuration of the Sales and Distribution.

The account keys are attached to the condition type in the sales pricing procedure.

Let us see the sales pricing procedure.
### Menu Path

IMG → Sales and Distribution → Basic Functions → Pricing → Pricing Control → Define And Assign Pricing Procedures

<table>
<thead>
<tr>
<th>Perf</th>
<th>Name of Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintain pricing procedures</td>
</tr>
<tr>
<td></td>
<td>Define customer pricing procedure</td>
</tr>
<tr>
<td></td>
<td>Define document pricing procedure</td>
</tr>
<tr>
<td></td>
<td>Assign document pricing procedures to order types</td>
</tr>
<tr>
<td></td>
<td>Assign document pricing procedures to billing types</td>
</tr>
<tr>
<td></td>
<td>Define Pricing Procedure Determination</td>
</tr>
<tr>
<td></td>
<td>Check Settings for Pricing Procedures</td>
</tr>
</tbody>
</table>

Perform the activities in the specified sequence

Double click Maintain Pricing Procedures
Here we see that account key ERL and ERS is attached to various condition types.
NOTE: Transaction Codes are an important and integral part of the whole SAP functioning. Once you get acquainted with the SAP configuration, Transaction Codes will help you to function or maneuver in faster and accurate manner.

Here are two tips in relation to Transaction Codes,

1) **How to search the menu path for a particular Transaction Code**

   a) Type Search_sap_menu in Menu field and execute.

   b) Enter the Transaction Code in the search text entry and enter.

You will get the menu path for a particular Transaction Code, sometimes there might be more than one menu paths available out of which you have to choose the right one according to our requirement.

2) **How to search for a Transaction Code**

   a) Type SE16 in Menu field and execute.

   b) Enter table name TSTC and enter.

   c) Enter a search word along with *,

   e.g. FS* which will give you all the transactions starting with FS and text of that transaction in the last column of that report.

So for example if you are searching for GL creation but you only know that it starts with F or FS but not the whole transaction than in the above statement you can find out the transaction as required by you i.e. FS00.
So that’s it then my dear friends. I hope you enjoyed reading it. All our packs are shipped thru FedEx and reaches you in three days time. One more thing this configuration pack is compatible with version 4.7, version 5.0 and 6.0 So you really do have to worry about the version at all.. We have taken care of that... Also all future version changes will be provided as free updates to you. So you can sit back relax and play the music .... Get the SAP FICO Complete Configuration pack right now and join the elite league of thousands of successful SAP FICO consultants.

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