# SAP FICO Configurations

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Chapter - 1

Introduction to ERP

By

V.Parameswar Reddy
Introduction to ERP

1. What is ERP and Definition
2. History and Evolution of ERP
3. ERP Vendors
4. ERP Benefits
5. ERP Integration
6. ERP Implementation methods
7. Successful factors of ERP implementation
8. Causes of ERP failure
1. What is ERP and Definition

**E** – Enterprise  **R** – Resource  **P** – Planning

**Definition:**

An integrated information system that serves all departments within an enterprise

ERP is a way to integrate the data and processes of an organization into one single system

Software solution that addresses the enterprise needs taking the process view of an organizational goals tightly integrating all functions of an enterprise
2. History and Evolution of ERP

History:
ERP (Enterprise Resource Planning) is the evolution of Manufacturing Requirements Planning (MRP) II. From business perspective, ERP has expanded from coordination of manufacturing processes to the integration of enterprise-wide backend processes. From technological aspect, ERP has evolved from legacy implementation to more flexible tiered client-server architecture.

Evolution:

<table>
<thead>
<tr>
<th>Decade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>Inventory Control Packages</td>
</tr>
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<td>1970s</td>
<td>Material Requirements Planning (MRP)</td>
</tr>
<tr>
<td>1980s</td>
<td>Manufacturing Resources Planning (MRP II)</td>
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<tr>
<td>1990s</td>
<td>Enterprise Resource Planning (ERP)</td>
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<td>2000s</td>
<td>Extended ERP</td>
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</table>
## 3. ERP Vendors

<table>
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<th>SAP</th>
<th>Oracle</th>
<th>PeopleSoft</th>
<th>JDEdwards</th>
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<tr>
<td>SD</td>
<td>Marketing, Sales</td>
<td>Supply chain</td>
<td>Order management</td>
</tr>
<tr>
<td>MM</td>
<td>Procurement</td>
<td>Supplier relationship</td>
<td>Inventory, procurement</td>
</tr>
<tr>
<td>PP</td>
<td>Manufacturing</td>
<td></td>
<td>Manufacturing mgmt</td>
</tr>
<tr>
<td>QM</td>
<td></td>
<td>Enterprise perform</td>
<td>Technical foundation</td>
</tr>
<tr>
<td>PM</td>
<td>Service</td>
<td>Enterprise service</td>
<td></td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
<td>Human capital mgmt</td>
<td>Workforce management</td>
</tr>
<tr>
<td>FI</td>
<td>Financials</td>
<td>Financial mgmt sol.</td>
<td>Financial management</td>
</tr>
<tr>
<td>CO</td>
<td></td>
<td></td>
<td>Time &amp; Expense mgmt</td>
</tr>
<tr>
<td>AM</td>
<td>Asset Management</td>
<td></td>
<td>Enterprise asset mgmt</td>
</tr>
<tr>
<td>PS</td>
<td>Projects</td>
<td></td>
<td>Project management</td>
</tr>
<tr>
<td>WF</td>
<td>Order Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contracts</td>
<td></td>
<td>Subcontract, real estate</td>
</tr>
</tbody>
</table>
## 4. ERP Benefits

<table>
<thead>
<tr>
<th>What benefit</th>
<th>How</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliable information access</td>
<td>Common DBMS, consistent and accurate data, improved reports.</td>
</tr>
<tr>
<td>Avoid data and operations redundancy</td>
<td>Modules access same data from the central database, avoids multiple data input and update operations.</td>
</tr>
<tr>
<td>Delivery and cycle time reduction</td>
<td>Minimizes retrieving and reporting delays.</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>Time savings, improved control by enterprise-wide analysis of organizational decisions.</td>
</tr>
<tr>
<td>Easy adaptability</td>
<td>Changes in business processes easy to adapt and restructure.</td>
</tr>
<tr>
<td>Improved scalability</td>
<td>Structured and modular design with “addons.”</td>
</tr>
<tr>
<td>Improved maintenance</td>
<td>Vendor-supported long-term contract as part of the system procurement.</td>
</tr>
<tr>
<td>Global outreach</td>
<td>Extended modules such as CRM and SCM.</td>
</tr>
<tr>
<td>E-Commerce, e-business</td>
<td>Internet commerce, collaborative culture.</td>
</tr>
</tbody>
</table>
4. ERP Disadvantages

<table>
<thead>
<tr>
<th>Disadvantage</th>
<th>How to overcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time-consuming</td>
<td>Minimize sensitive issues, internal politics and raise general consensus.</td>
</tr>
<tr>
<td>Expensive</td>
<td>Cost may vary from thousands of dollars to millions. Business process reengineering cost may be extremely high.</td>
</tr>
<tr>
<td>Conformity of the modules</td>
<td>The architecture and components of the selected system should conform to the business processes, culture and strategic goals of the organization.</td>
</tr>
<tr>
<td>Vendor dependence</td>
<td>Single vendor vs. multi-vendor consideration, options for “best of breeds,” long-term committed support.</td>
</tr>
<tr>
<td>Features and complexity</td>
<td>ERP system may have too many features and modules so the user needs to consider carefully and implement the needful only.</td>
</tr>
<tr>
<td>Scalability and global outreach</td>
<td>Look for vendor investment in R&amp;D, long-term commitment to product and services, consider Internet-enabled systems.</td>
</tr>
<tr>
<td>Extended ERP capability</td>
<td>Consider middle-ware “add-on” facilities and extended modules such as CRM and SCM.</td>
</tr>
</tbody>
</table>
5. ERP Integration

Presentation  Application  Database  Application  Presentation

SAP  Non SAP  E-Business  Legacy
6. ERP Implementation methods

**The Big Bang**

The installation of ERP systems of all modules happens across the entire organization at once. The big bang approach promised to reduce the integration cost in the condition of thorough and careful execution.

**Modular Implementation**

The method of modular implementation goes after one ERP module at a time. This limits the scope of implementation usually to one functional department. This approach suits companies that do not share many common processes across departments or business units.

**Process oriented Implementation**

The process-oriented implementation focuses on the support of one or a few critical business processes which involves a few business units.
7. Successful factors of ERP implementation

- Project planning
- Architectural design
- Data requirements
- Phased approach
- Data Conversion
- Organization commitments
8. Causes of ERP failure

- ERP Software
- Business process that ERP software supports
- Users of ERP system
- Hardware and operating system that run ERP applications
Chapter - 2

Introduction to SAP

By

V.Parameswar Reddy
Introduction to SAP

1. What is SAP
2. SAP History
3. SAP – Leading Software in next few years
4. Different Modules in SAP
5. ASAP Methodology
6. SAP Landscape
7. What is SAP R/3
8. Business Process and SAP R/3 functionality
1. What is SAP

S – Systems  A – Applications  P – Products

SAP, started in 1972 by five former IBM employees in Mannheim, Germany, states that it is the world's largest inter-enterprise software company and the world's fourth-largest independent software supplier, overall.

SAP have a very high level of integration among its individual applications which guarantee consistency of data throughout the system and the company itself.
2. SAP History

The 1970s: A Real-Time Vision
In 1972, five former IBM employees launch a company called Systems, Applications, and Products in Data Processing in Mannheim, Germany. One year later, the first financial accounting software is complete, forming the basis for the continuous development of other software components in what later came to be known as the "R/1 system.

The 1980s: Rapid Growth
The SAP R/2 system attains the high level of stability of the previous generation of programs.

The 1990s: A New Approach to Software and Solutions
SAP R/3 is unleashed on the market. By 1996, the company has earned 1,089 new SAP R/3 customers. At the end of the year, SAP R/3 has been installed in more than 9,000 systems worldwide.

The 2000s: Innovation for the New Millennium
With the Internet, the user becomes the focus of software applications. Currently, more than 12 million users work each day with SAP solutions. There are now 121,000 installations worldwide, more than 1,500 SAP partners, over 25 industry-specific business solutions, and more than 41,200 customers in 120 countries. SAP is the world's third-largest independent software vendor.
3. SAP – Leading Software in next few years

1. J2EE
2. .Net
3. C#
4. Project Management
5. Oracle 8 and 9i
6. SAP
7. Business Analysis
8. VB.net
9. NT Novell
10. Java
4. Different Modules in SAP

**Functional Modules**

- FICO – Finance & Control
- PP – Production Planning
- MM – Material Management
- SD – Sales & Distribution
- HR – Human Resources

**Technical Modules**

- ABAP – Advanced business applications programming
- XI - Exchange Infrastructure
- Net viewer
- Basis

- BIW – Business Information Warehousing
5. ASAP Methodology

1. **Project Preparation**, in which the project team is identified and mobilized, the project standards are defined, and the project work environment is set up;

2. **Blueprint**, in which the business processes are defined and the business blueprint document is designed;

3. **Realization**, in which the system is configured, knowledge transfer occurs, extensive unit testing is completed, and data mappings and data requirements for migration are defined;

4. **Final Preparation**, in which final integration testing, stress testing, and conversion testing are conducted, and all end users are trained; and

5. **Go-Live and Support**, in which the data is migrated from the legacy systems, the new system is activated, and post-implementation support is provided.
6. SAP Landscape

Development

Clients
110 – Configuration
120 – Sandbox
130 – Development test

Quality Control

Clients
210 – Quality test
220 – Training #1
230 – Training #2

Production

Clients
310 – Production

Transports
Transports
7. SAP R/3 System (3 Tier Architecture)
8. Business Process and SAP R/3 functionality

Sales
- Customer Purchase Order
- Sales Order
- Inventory Sourcing
- Delivery
- Customer Billing
- Customer payment

Purchases
- Purchase Requisition
- Vendor Selection
- Purchase Order
- Goods Receipt
- Invoice Verification
- Vendor Payment

- SD
- MM
- FI
Chapter - 3

Introduction to SAP Modules

By

V. Parameswar Reddy
Contents

1. Distinct modules of SAP R/3
2. SAP R/3 Modules
3. SAP R/3 Application Modules
4. Functionality of each module
   4.1 – Finance and Controlling
   4.2 – Sales and Distribution
   4.3 – Material Management
   4.4 – Production Planning
   4.5 – Quality Management
   4.6 – Human Resources
1. Distinct modules of SAP R/3

SAP R/3 is arranged into distinct modules like:

- Technical Modules
- Functional Modules
- Cross Applications

based on their functionality
2. SAP R/3 Modules

SAP R/3 Modules

Technical Modules
- ABAP
- BASIS
- NETWEAVER
- Exchange Information (Xi)

Functional Modules
- Finance and Controlling
- Sales And Distribution
- Materials Management
- Production Planning
- Plant Maintenance
- Project System
- Human Resources
- Quality Management

Cross-Applications
- Advanced Planner and Optimizer
- Supply Chain Management
- Customer Relationship Management
- Supplier Relationship Management
- Product Life Cycle Management
- Business warehousing
3. SAP R/3 Application Modules

R/3 Client/Server
ABAP/4

- Financials
- Operations
- Human Capital
- Corporate Services
4. Functionality of each Module

- Finance and Controlling
- Sales & Distribution
- Material Management
- Production Planning
- Quality Management
- Human Resources
4.1 - Finance and Controlling

Finance
✓ General ledger
✓ Accounts receivable
✓ Accounts payable
✓ Asset Accounting
✓ Withholding Tax

Controlling
✓ Cost elements
✓ Cost centre
✓ Profit centre
✓ Internal orders
✓ Product costing
4.2 - Sales & Distribution

- Sales orders
- Pricing
- Picking (and other warehouse processes)
- Packing and Invoicing
- Shipping
- Collection
4.3 - Material Management

- Requisitions
- Purchase orders
- Vendor Selection
- Goods receipts
- Accounts payable
- Inventory management
- Master raw materials, finished goods etc
4.4 - Production Planning

- Capacity planning
- Master production scheduling
- Material requirements planning
- Shop floor
4.5 - Quality Management

✓ Planning
✓ Execution
✓ Inspections
✓ Certificates
4.6 - Human Resources

- Employment history
- Payroll
- Training
- Career management
- Succession planning
Introduction to FICo Module

By

V. Parameswar Reddy
1. Enterprise Structure

- Define Company
- Define Company Code
- Define Business Area
- Define Functional Area
- Define Credit Controlling Area
- Assigning all above to Company Code
1. Enterprise Structure - 1

Client

Company

Company Code 1000
B A 1
B A 2
B A 3

Company Code 2000
B A 1
B A 2
B A 3

Company Code 3000
B A 1
B A 2
B A 3

Controlling Area
2. Financial Accounting - Global Settings

✓ Define Fiscal Year
✓ Define Posting Periods
✓ Define Field Status Variant
✓ Define Tolerance group for Users
✓ Define Document Types and Assign Number ranges
✓ Define Posting Keys
✓ Assigning all above to Company Code
3. General Ledger

- Define Chart of Accounts
- Define Account Groups and Number ranges
- Creation of GL Master records
- Assigning all above to Company Code
4. Accounts Payable

✓ Define Vendor Account Groups and Number ranges
✓ Define Vendor Tolerance
✓ Creation of GL Reconciliation Accounts
✓ Creation of Vendor Master Records
✓ Automatic Payment Program
5. Accounts Receivable

- Define Customer Account Groups and Number ranges
- Define Customer Tolerance
- Creation of GL Reconciliation Accounts
- Creation of Customer Master Records
- Bill of Exchange
- Dunning
6. Withholding Tax

- Define Withholding Tax Codes and Types
- Define Calculation Procedure
- Creation of GL for Withholding Tax
- Assign Withholding Tax type to Vendor Master
7. Asset Accounting

- Define Chart of Depreciation
- Define Depreciation Area
- Define Asset Class
- Creation of GL for Fixed Assets
- Depreciation Methods
- Creation of Asset Master
- Depreciation
8. General Configurations

☑ Sample Documents
☑ Recurring Documents
☑ Interest Calculations
☑ Cross Company code transactions
☑ Foreign Currency Valuation
☑ Bank Reconciliation Statements
☑ Purchase Tax / Sales Tax
☑ Integration b/w FI and MM
☑ Integration b/w FI and SD
☑ Financial Statements
9. Controlling

- Maintain Controlling Area
- Cost Elements
- Cost Centre
- Internal Orders
- Profit Centre
- Profitability Analysis
10. Integration b/w FICO and other Modules

- Finance and Controlling
  - General Ledger
    - Integration with HR
      - Salaries
      - Employee Advance
      - Increments & Tax
  - Accounts Payable
    - Integration with MM
      - Goods Receipt
      - Invoice Verification
      - Vendor Payment
  - Accounts Receivable
    - Integration with SD
      - Material Dispatch
      - Invoice Entry
      - Payment Receipts
  - Asset Accounting
    - Integration with PS
      - Asset Procurement
      - Installation
      - Capitalization
1. Enterprise Structure

- Client
- Company
- Company Code 1000
- Business Area
- Functional Area
- Controlling Area
Enterprise Structure Settings

- Define Company
- Define Company Code
- Define Business Area
- Define Functional Area
- Define Credit Controlling Area

Assigning all above settings to Company Code
**Company**

**Definition:**

The smallest organizational unit for which individual financial statements can be drawn up according to the relevant commercial law.

A company can consist of one or more company codes.

All company codes within a company must use the same transaction chart of accounts and the same fiscal year breakdown. The company code currencies can be different.

A company has one local currency in which its transaction figures are recorded.
Define Company


T Code: OX15

Steps:
1. Click ‘New Entries’
2. Enter 4 Digit Code
3. Enter name of the Company
4. Fill the Address
5. Enter Country Code
6. Enter language
7. Enter Currency
8. SAVE the settings
Company Code

**Definition:**

The smallest organizational unit of Financial Accounting for which a complete self-contained set of accounts can be drawn up for purposes of external reporting.

This includes recording of all relevant transactions and generating all supporting documents required for financial statements.

The process of external reporting involves recording all relevant transactions and generating all supporting documents for financial statements such as balance sheets and profit and loss statements.
Define Company Code


T Code : OX02

Steps:
1. Click ‘New Entries’
2. Enter 4 Digit Code
3. Enter Name of the Company Code
4. Enter the located City
5. Enter Country Code
6. Enter Currency
7. Enter Language
8. SAVE the settings
9. Enter the Details
10. Press ‘Enter’
11. SAVE
Assign Company Code to Company

Menu Path: IMG – Enterprise Structure – Assignment – Financial Accounting – Assign Company code to Company
T Code : OX16

Steps:
1. Click ‘Position’
2. Enter Company Code
3. Enter Company
4. SAVE
Business Area

Definition:

An organizational unit of financial accounting that represents a separate area of operations or responsibilities within an organization and to which value changes recorded in Financial Accounting can be allocated.

You can create financial statements for business areas, and you can use these statements for various internal reporting purposes.
Define Business Area

**Menu Path:** IMG – Enterprise Structure – Definition – Financial Accounting – Define Business Area  
**T Code:** OX03

**Steps:**
1. Enter 4 Digit Code  
2. Enter Name of the Business Area  
3. SAVE the settings
**Functional Area**

**Definition:**

Structure criteria for an enterprise or government with functional aspects.

The functional area is required to create a profit and loss account in Financial Accounting using cost-of-sales accounting. The following are examples of structure criteria:

- Manufacture
- Administration
- Sales
- Research and development
Define Functional Area


T Code: SPRO

Steps:
1. Enter 4 Digit Code
2. Enter Name of the Functional Area
3. SAVE the settings
Credit Controlling Area

**Definition:**

The credit control area is an organizational entity which grants and monitors a credit limit for customers. A credit control area can include one or more company codes.

You can also enter the credit control area separately for each posting, if this was marked in the appropriate company code.

It follows that company codes and credit control areas are not linked.

The only thing that you define in the company code table is the default credit control area. This is used either for payments on account to credit these payments, or where you did not enter a credit control area or the system could not determine one.
Define Credit Controlling Area


T Code: OB45

Steps:
1. Enter 4 Digit Code
2. Enter Currency
3. Enter Credit Limit
4. SAVE the settings
Assign Company Code to Credit Controlling Area

Menu Path: IMG – Enterprise Structure – Assignment – Financial Accounting – Assign Company code to Credit Control Area
T Code: SPRO

Steps:
1. Click ‘Position’
2. Enter Co. Code
3. Enter Cr Ctrl Area
4. SAVE the settings
Chapter - 6

Financial Accounting – Global Settings

By

V. Parameswar Reddy
Financial Accounting - Global Settings

- Define Fiscal Year
- Define Posting Periods
- Define Field Status Variant
- Define Tolerance group for Users
- Define Document Types and Assign Number ranges
- Define Posting Keys

Assigning all above to Company Code
Fiscal Year

Definition:

A period of usually 12 months, for which the company produces financial statements and takes inventory.

A fiscal year need not correspond to the calendar year.

Under certain circumstances, fiscal years containing fewer than 12 months are also permitted (short fiscal year).
Fiscal Year Variant

**Definition:**

The fiscal year variant is used to define the fiscal year.

You can define the following using a fiscal year variant:

- How many posting periods are in a fiscal year
- How many special periods you require
- How the system determines the posting periods when posting.

In the definition, you allocate your posting periods to the calendar year.

Allocation control requires the same number of posting periods in the company code and in the assigned controlling area.

This means that the number of posting periods in the fiscal year variants must be the same in the company code and in the controlling area. The period limits for the two fiscal year variants must also coincide.

You must define which fiscal year variant is to be used for each company code. To do this, you must define the appropriate fiscal year variant (to contain no more than 16 periods).
Fiscal Year

- The fiscal year can be defined as...
- Year-independent
  - ==> the same number and dates for the periods every year
- Year-dependent
  - ==> periods can vary from year to year
Fiscal Year – Year Independent

The posting periods correspond to the months in the year.

Calendar year = Fiscal year

Calendar year different than fiscal year

Begin: April/1/2000
End: March/31/2001

Which fiscal year and posting period was used on Jan.15, 2000 for postings?

These postings were completed in posting period 5 of the previous fiscal year.
Fiscal Year – Year Dependent

Full years with different period dates

Shortened fiscal year
Normal and Special Periods

Normal Periods 1 to 12

Special Periods 13 to 16
Open/Close Posting Periods

Open posting periods during the fiscal year

Open posting periods during the closing procedure
Define Fiscal Year Variant


T Code: OB29

Steps:
1. Click ‘New Entries’
2. Select ‘V3’
3. Click ‘Copy as’
4. Change ‘V3’ as ‘SV’
5. SAVE the settings
6. Click ‘Copy all’
7. Press ‘Enter’
8. SAVE
Assign Company Code to Fiscal Year Variant


*T Code:* OB37

**Steps:**
1. Click ‘Position’
2. Enter Co. Code
3. Enter FYV
4. SAVE the settings
Posting Periods

Definition:

A period within a fiscal year for which transaction figures are updated.

Every transaction that is posted is assigned to a particular posting period. The transaction figures are then updated for this period.
Posting Period Variant

**Definition:**

This describes the specifications for a posting period (for example, beginning and end).

Each company code refers to exactly one variant. Therefore, as many company codes as you require can use the same variant.
Define Variant for Open Posting Period


*T Code:* OBBO

**Steps:**
1. Enter 4 digit code
2. Enter Variant Name
3. SAVE the settings
Open and close Posting Periods


T Code: OB52

Steps:
1. Enter 4 digit variant
2. Enter ‘+’
3. Enter starting Period
4. Enter Year
5. Enter Ending period
6. Enter year
7. Enter First Spl Period
8. Enter Year
9. Enter End Spl Period
10. Enter Year
11. SAVE the settings
Assign Company Code to Posting Period Variant


T Code: OBBP

Steps:
1. Click ‘Position’
2. Enter Co. Code
3. Enter Variant Code
4. SAVE the settings
Field Status Variant

**Definition:**

A field status variant groups together several field status groups. You assign a field status variant to each company code.

The field status group specifies which fields are ready for input, which fields must be filled or which fields are suppressed when entering documents. This specification is known as the field status.
Define Field status Variant


T Code: OBC4

Steps:
1. Select ‘0001’
2. Click ‘Copy as’
3. Change ‘0001’ as ‘SIVA’
4. SAVE the settings
5. Click ‘Copy all’
6. Press ‘Enter’
7. SAVE
Assign Company Code to Field Status Variant


T Code: OBC5

Steps:
1. Click ‘Position’
2. Enter Co. Code
3. Enter Variant Code
4. SAVE the settings
Tolerance Group for Users

**Definition:**

An accepted deviation from specified values.

With reference to the key, tolerances for the entry of documents and the granting of cash discounts can be determined for all employees of the group for payment settlement.
Tolerance Group for Employees

Accounting clerks

Group
Company Code
Currency
Upper limits for posting procedures
Low limits

Chief accountant

Group
Company Code
Currency
Upper limits for posting procedures
Higher limits
Define Tolerance Group for Users


T Code : OBA4

Steps:
1. Enter Co. Code
2. Enter Currency ‘INR’
3. Enter Max Amount
4. Enter Amount
5. Enter Percentage
6. Enter Amount
7. Enter Percentage
8. SAVE
Document Types

Definition:

The document type classifies accounting documents. It is noted in the document header.

Attributes that control the entry of the document or which are themselves stored in the document are stipulated for each document type. In particular, the number range assigned to the relevant documents is determined on the basis of the document type.
Define Document Types


T Code: OBA7

Steps:
1. Enter Doc Type
2. Define No. range
3. Define Rev Doc type
4. Define A/c type
5. Select Control fields
6. Select req fields
7. SAVE the settings
Number range

**Definition:**

Number which identifies the number range for the number assignment.

The process by which numbers are allocated to business objects.

There are two types of number assignment:

- Internal number assignment occurs automatically in the R/3 System.
- External number assignment is performed either by the user or an external system.
<table>
<thead>
<tr>
<th>Doc Type</th>
<th>Description</th>
<th>No. range</th>
<th>No. from</th>
<th>No. to</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA</td>
<td>General Ledger</td>
<td>01</td>
<td>1000000000</td>
<td>1999999999</td>
</tr>
<tr>
<td>KR</td>
<td>Vendor Invoice posting</td>
<td>19</td>
<td>2000000000</td>
<td>2999999999</td>
</tr>
<tr>
<td>KZ</td>
<td>Vendor payment posting</td>
<td>15</td>
<td>3000000000</td>
<td>3999999999</td>
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<tr>
<td>KA</td>
<td>Vendor Document posting</td>
<td>17</td>
<td>4000000000</td>
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<td>DR</td>
<td>Customer Invoice posting</td>
<td>18</td>
<td>5000000000</td>
<td>5999999999</td>
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<td>Customer payment posting</td>
<td>14</td>
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<td>6999999999</td>
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<td>DA</td>
<td>Customer Dr/Cr memo posting</td>
<td>16</td>
<td>7000000000</td>
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<td>AA</td>
<td>Asset accounting</td>
<td>01</td>
<td>8000000000</td>
<td>8999999999</td>
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<tr>
<td>AF</td>
<td>Depreciation posting</td>
<td>04</td>
<td>9000000000</td>
<td>9999999999</td>
</tr>
</tbody>
</table>
Define Number Ranges for Document Types


T Code: OBA7

Steps:
1. Double click ‘Doc Type’
2. Click ‘No. range info’
3. Enter Co. code
4. Click ‘Change Interval’
5. Click ‘Insert Interval’
6. Enter Sl No.
7. Enter Year
8. Enter From No.
9. Enter To No.
10. SAVE the settings
Posting Keys

**Definition:**

The posting key describes the type of transaction which is entered in a line item.

For every posting key, you specify properties which control the entry of the line item or are noted in the line item itself.

The most important properties which are derived from the posting key are:

- The account type
- The allocation to the debits or credits side
- The possible or necessary specifications which are to be entered in the line item.
Account Type

**Definition:**

A key that specifies the accounting area to which an account belongs.

Examples of account types are:

- Asset accounts
- Customer accounts
- Vendor accounts
- G/L accounts

The account type is required in addition to the account number to identify an account, because the same account number can be used for each account type.
### Posting Keys and Account Types

<table>
<thead>
<tr>
<th>Post Key</th>
<th>Description</th>
<th>Dr / Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Ledger</strong></td>
<td></td>
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</tr>
<tr>
<td>40</td>
<td>Debit GL Entry</td>
<td>Debit</td>
</tr>
<tr>
<td>50</td>
<td>Credit GL Entry</td>
<td>Credit</td>
</tr>
<tr>
<td><strong>Vendors</strong></td>
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<td></td>
</tr>
<tr>
<td>31</td>
<td>Invoice</td>
<td>Credit</td>
</tr>
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<td>25</td>
<td>Outgoing Payment</td>
<td>Debit</td>
</tr>
<tr>
<td>29</td>
<td>Special GL Debit</td>
<td>Debit</td>
</tr>
<tr>
<td>39</td>
<td>Special GL Credit</td>
<td>Credit</td>
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<tr>
<td><strong>Customers</strong></td>
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<td></td>
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<tr>
<td>01</td>
<td>Invoice</td>
<td>Debit</td>
</tr>
<tr>
<td>15</td>
<td>Incoming Payment</td>
<td>Credit</td>
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<tr>
<td>09</td>
<td>Special GL Debit</td>
<td>Debit</td>
</tr>
<tr>
<td>19</td>
<td>Special GL Credit</td>
<td>Credit</td>
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<tr>
<td><strong>Asset Accounting</strong></td>
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<tr>
<td>70</td>
<td>Debit Asset</td>
<td>Debit</td>
</tr>
<tr>
<td>75</td>
<td>Credit Asset</td>
<td>Credit</td>
</tr>
</tbody>
</table>

Account Types in SAP
Define Posting Keys


T Code: OB41

Steps:
1. Click ‘Create’
2. Enter Posting Key
3. Define Key Name
4. Define Debit/Credit
5. Define A/c type
6. SAVE the settings
**Line Item**

**Definition:**

The part of a document containing information on a single item.

This information includes the:

- Amount
- Account number
- Whether the item is a debit or credit
- Additional information depending on the transaction to be posted.
Chapter - 7

General Ledger Accounting

By

V.Parameswar Reddy
General Ledger Accounting

- Define Chart of Accounts
- Define Account Groups and Number ranges
- Define Retained Earning Account
- Creation of GL Master records
- GL Document Entry

Assigning all above to Company Code
Chart of Accounts

**Definition:**

Key that uniquely identifies a chart of accounts.

A classification scheme consisting of a group of general ledger (G/L) accounts.

A chart of accounts provides a framework for the recording of values to ensure an orderly rendering of accounting data. The G/L accounts it contains are used by one or more company codes.

For each G/L account, the chart of accounts contains the account number, the account name, and technical information.

A chart of accounts must be assigned to each company code. This chart of accounts is the operative chart of accounts and is used in both financial accounting and cost accounting. Other charts of accounts include:

- **Country-specific charts of accounts** - These are structured in accordance with legal requirements of the country in question

- **Group chart of accounts** - This is structured in accordance with requirements pertaining to Consolidation.
Chart of Accounts

The definition of a chart of accounts contains:

- Chart of accounts key
- Description

General Information
- Maintenance language
- Length of the G/L account number

Controlling Integration
- Manual or automatic creation of cost elements

Consolidation
- Group chart of accounts

Status
- “Blocked” indicator
Types of Chart of Accounts

Group chart of accounts

Operating chart of accounts

Spain
CAES

Germany
GKR

England
CAGB

USA
CANA

Canada
CACA

Country-specific charts of accounts
Define Chart of Accounts


T Code: OB13

Steps:
1. Click ‘New Entries’
2. Enter 4 digit code
3. Enter Description
4. Enter Language
5. Enter Length of GL
6. SAVE the settings
Assign Company Code to Chart of Accounts


T Code: OB62

Steps:
1. Click ‘Position’
2. Enter Co. Code
3. Enter CoA Code
4. SAVE the settings
Account Groups

**Definition:**

The account group is a classifying feature within the G/L account master records. The account group is a required entry.

The account group determines the fields for the entry screens if you create or change a master record in the company code. The account group also determines in which number interval the account number must be.
Number Ranges

Definition:

The number of the G/L account identifies the G/L account in a chart of accounts.

The number of this G/L account determines the lower and upper limit of the G/L account interval.
Account Groups and Number Ranges

**ASSETS**
- 100000 to 199999

**LIABILITIES**
- 200000 to 299999

**INCOME**
- 300000 to 399999

**EXPENSES**
- 400000 to 499999
Define Account Groups and Number Ranges


T Code: OBD4

Steps:
1. Click ‘New Entries’
2. Enter Co. Code
3. Enter A/c Group
4. Enter Group Name
5. Enter From A/c No.
6. Enter To A/c No.
7. SAVE the settings
Retained Earning Account

Definition:

With the P&L statement account type, you determine the retained earnings account for each P&L account. The retained earnings account is used during year-end closing to calculate the company's result.

If you are creating a P&L account, you must make an entry here.
Define Retained Earning Account


T Code: OB53

Steps:
1. Enter Chart of Accounts
2. Enter Liabilities A/c
3. SAVE the settings
4. Press Enter
GL Master Records

Definition:

A data record containing information that controls how data is entered into a G/L account and how that account is managed.

This includes, for example, the currency in which an account is managed.
GL Master Records

- Manual
  - Two-Step:
    - 1. Chart of Accounts Segment, 2. Company Code Segment
    - One-Step: Create both segments simultaneously

- Copying
  - Copying an individual GL account with reference to another GL account
  - Copy the entire company code segment
  - Copy the entire chart of accounts segment

- Data Transfer
  - Upload a new chart of accounts from an external system e.g. flat file
Create GL Master Records (Screen 1)


T Code: FS00

Steps:
1. Enter GL A/c Code
2. Enter Co. Code
3. Enter A/c group
4. Select P&L or B/S
5. Enter Short Text
6. Enter Long Text
7. Click ‘Control Data’
Create GL Master Records (Screen 2)


T Code: FS00

Steps:
1. Enter Currency
2. Select Line Item
3. Enter Sort Key
4. Select Recon A/c (If necessary)
5. Click ‘Create/Bank/Interest’
Create GL Master Records (Screen 3)


T Code: FS00

Steps:
1. Enter Field Status group
2. SAVE the settings
Testing Configurations – End user part

- GL Document Posting
- GL Document Parking
- Important Transaction Codes for End user
GL Document Entry (Screen 1)

T Code: F-02

Steps:
1. Enter Doc Date
2. Enter Posting Date
3. Enter Doc Type
4. Enter Period
5. Enter Co. Code
6. Enter Currency
7. Enter Dr Post Key
8. Enter GL Code
Press ‘Enter’
GL Document Entry (Screen 2)


T Code: F-02

Steps:
1. Enter Amount
2. Enter Text
3. Enter Cr Post Key
8. Enter GL Code
Press ‘Enter’
**GL Document Entry (Screen 3)**


*T Code:* F-02

**Steps:**
1. Enter Amount
2. Enter Text
3. Click ‘Document’
4. Click ‘Simulate’
5. Post the Document
T Codes in General Ledger Accounting

1. To view posting documents - FB03
2. To view GL master record - FBL3N
3. To view GL master record Line items - FS10N
4. To change Line Items of a document - FB09
5. To Change Document - FB02
6. To park GL Account - F-65
7. To view parking documents - FBV3
8. To Delete, Edit, Clear Parked Document - FBV0
9. Clear GL Account - F-03
10. Reverse GL Document - FB08
Chapter - 8

Accounts Payable

By

V. Parameswar Reddy
Accounts Payable

- Define Vendor Account Groups and Number ranges
- Define Vendor Tolerance
- Creation of GL as Reconciliation Accounts
- Creation of Vendor Master Records
- Vendor Payment Terms
- Post Invoice to vendor
- Vendor Payment Posting
- Creation of Check Lots
- Automatic Payment Program
- Business Process b/w MM and FI Modules
Vendor Account Groups

**Definition:**

The account group is a classifying feature within vendor master records.

The account group determines:

- the number interval for the account number of the vendor,
- whether the number is assigned by the user or by the system,
- which specifications are necessary and/or possible in the master record.
Vendor Account Groups and Number Ranges

Account Groups
- Material Vendor (Material Suppliers)
- Service Vendors (Service Providers)
- Finance Vendors (Finance Providers)
- One Time Vendors (One Transaction)
- Other Vendors (Other than above)

Number Ranges
- Material Vendor (Material Suppliers): 100000 to 149999, 150000 to 199999
- Service Vendors (Service Providers): 200000 to 219999
- Finance Vendors (Finance Providers): 220000 to 229999
- One Time Vendors (One Transaction): 230000 to 239999
- Other Vendors (Other than above): 240000 to 249999, 250000 to 259999
Define Vendor Account Groups


T Code: OBD3

Steps:
1. Enter 4 Digit Code
2. Enter name of the Group
3. SAVE the settings
Number Ranges for Vendor Account Groups

Definition:

Identifies a number range interval within an object or sub object.

A unique number is assigned to each business partner master record. You can use this number to access the master record, or to refer to the business partner when processing business transactions.

A number range can be valid for more than one account group.

You can use the number range to assign different numbers to a head office and subsidiaries.

The number for a business partner master record can be assigned in one of the following ways:

Externally: You assign the number. In this case, you define a number range that allows for alphanumerical number assignment. The system checks whether the number you enter is unique and within the number range defined by the account group.

Internally: The system assigns a consecutive number automatically from a number range defined by the account group.
Create Number Ranges for Vendor Account Groups

Menu Path: IMG – Financial Accounting – Accounts Receivable & Accounts Payable – Vendor Accounts – Master Data – Preparation for creating Vendor Master Data – Create Number range for Vendor account groups

T Code: XKN1

Steps:
1. Click ‘Change Interval’
2. Click ‘Insert Interval’
3. Enter Sl No.
4. Enter ‘From Number’
5. Enter ‘To Number’
6. Select this box, If you want External numbering
7. Save the settings
Assign Number Ranges to Vendor Account Groups

Menu Path: IMG – Financial Accounting – Accounts Receivable & Accounts Payable – Vendor Accounts – Master Data – Preparation for creating Vendor Master Data – Assign Number range for Vendor account groups

T Code: SPRO

Steps:
1. Click ‘Position’
2. Enter A/c group
3. Enter Number range
4. Save the settings
Definition:

Freely definable group code for customers and vendors, or G/L accounts. Tolerance groups are unique within a company code.

Each tolerance group contains settings that affect cash discount and payment difference processing. These settings become effective during payment entry.

You can use the tolerance level to set a percentage or absolute tolerated difference between the transmitted value and the open value. If the difference exceeds the tolerance limit, a new open item is created. The system compares the value transmitted with the value that is still open in the internal invoice for the delivery. You can set tolerance limits at delivery and/or item level (material.) If the tolerance limit is not violated, no new open item is created.
Define Vendor Tolerance Group


T Code: OBA3

Steps:
1. Enter Co. Code
2. Enter Group name
3. Enter Amount
4. Enter Percentage
5. SAVE the settings
Vendor Recon Account

**Definition:**

The reconciliation account ensures the integration of a Sub ledger account into the general ledger.

When you post items to a subsidiary ledger, the system automatically posts the same data to the general ledger. Each subsidiary ledger has one or more reconciliation accounts in the general ledger.

We can’t use reconciliation account for direct posting.
Create GL A/c for Vendor Recon Account (Screen 1)


T Code: FS00

Steps:
1. Enter GL A/c Code
2. Enter Co. Code
3. Select A/c group
4. Select P&L or B/S
5. Enter Short Text
6. Enter Long Text
7. Click ‘Control Data’
Create GL A/c for Vendor Recon Account (Screen 2)


T Code: FS00

Steps:
1. Enter Currency
2. Select Line Item
3. Enter Sort Key
4. Select Recon A/c (If necessary)
5. Click ‘Create/Bank/Interest’
Create GL A/c for Vendor Recon Account (Screen 3)

**Menu Path:** Easy Access – Accounting – Financial Accounting – General Ledger - Master Records – Individual Processing – Create Centrally

**T Code:** FS00

**Steps:**
1. Enter Field Status group
2. SAVE the settings
Vendor Recon Account, Groups and Sub-Ledgers

Sundry Creditors

- Material Vendors
- Service Vendors
- Finance Vendors
- One Time Vendors
- Other Vendors

Domestic Vendors
- Import Vendors
- Other Vendors

Raw Material Vendors
- Other than RM Vendors
- Other Vendors

Vendor 1
Vendor 2
Vendor 3
Vendor 4
Vendor 5

Vendor 1
Vendor 2
Vendor 3
Vendor 4
Vendor 5
Segment wise fields in Vendor Master Creation

1. General Data:
   ✓ Address
   ✓ Communication
   ✓ Control
   ✓ Payment Transactions
   ✓ Contact person

2. Company Code Data:
   ✓ Account management
   ✓ Payment Transactions
   ✓ Correspondence
   ✓ Withholding Tax data

3. Purchasing Data:
   ✓ Purchasing Data
   ✓ Partner Usage
   ✓ Add. Purchase Data
Vendor Master Creation – Central Vs Decentral
Create Vendor Master Records (Screen 1)


T Code: FK01

Steps:
1. Enter Co. Code
2. Enter Group name
3. Click ‘Execute’
Create Vendor Master Records (Screen 2)


T Code: FK01

Steps:
1. Select Title
2. Enter Vendor Name
3. Enter Search term
4. Enter Address
5. Enter Country Code
6. Enter language
7. Click ‘Enter’
Create Vendor Master Records (Screen 3)


T Code: FK01

Steps:
1. If the Vendor is also a Customer then enter Customer Code
2. Click ‘Enter’
Create Vendor Master Records (Screen 4)

T Code: FK01

Steps:
1. Enter Bank Country
2. Enter Bank Key
3. Enter Bank Name
4. Enter A/c Holder Name
5. Click ‘Enter’
Create Vendor Master Records (Screen 5)

T Code: FK01

Steps:
1. Enter Recon A/c
2. Enter Cash magmt
3. Click ‘Enter’
Create Vendor Master Records (Screen 6)

T Code: FK01

Steps:
1. Enter Pmt terms
2. Enter Tolerance group
3. Enter Payment method
4. Click ‘Enter’
Create Vendor Master Records (Screen 7)

T Code : FK01

Steps:
1. Enter Dunn procedure
2. Click ‘Enter’
3. SAVE the settings
Create Vendor Master Records (Screen 8)


T Code: FK01

Steps:
1. Message will appear along with SAP generated internal Vendor Code.
Payment Terms for vendor

**Definition:**

Key for defining payment terms composed of cash discount percentages and payment periods.

It is used in sales orders, purchase orders, and invoices. Terms of payment provide information for:

- Cash management
- Dunning procedures
- Payment transactions
Define Payment Terms for vendor


T Code: OBB8

Steps:
1. Enter 4 digit Code
2. Select Vendor and Customer
3. Enter Percentage
4. Enter No. of days
5. Select, if interest calculation is required
6. SAVE the settings
Assign Payment Terms to Vendor Master (Screen 1)

T Code: FK02

Steps:
1. Enter Vendor Code
2. Enter Co. code
3. Select ‘pmt transaction’
4. Click ‘Execute’
Assign Payment Terms to Vendor Master (Screen 2)

**Menu Path:** Easy Access – Accounting – Financial Accounting – Accounts Payable – Master Records - Change

**T Code:** FK02

**Steps:**
1. Enter Pmt terms
2. SAVE the settings
**Alternative Recon Account**

**Definition:**

The reconciliation account in G/L accounting is the account which is updated parallel to the sub ledger account for normal postings (for example, invoice or payment).

For special postings (for example, down payment or bill of exchange), this account is replaced by another account (for example, 'down payments received' instead of 'receivables').

The replacement takes place due to the special G/L indicator which you must specify for these types of postings.
Define alternative recon a/c for Down Payments

T Code: OBYR

Steps:
1. Double click ‘A’
2. Enter Chart of Accounts
3. Enter Vendor Recon GL A/c (S.Crs)
4. Enter Advance to Vendors GL A/c
5. SAVE the settings
Automatic Posting

**Definition:**

When you post special G/L transactions, the system generates automatic postings.

To make automatic postings, the system requires specifications on the accounts to post to and the posting keys to use.

This information is also already defined in the standard system. You need only make changes if you do not use the standard chart of accounts or if you want to use other account numbers, posting keys or account determination rules. You must also decide which automatic postings you want to have carried out.
Assign Automatic Posting

Menu Path:
T Code: OBXU, FBKP

Steps:
1. Enter Chart of A/c
2. Click ‘Save’ button
3. Enter GL A/c
4. SAVE the settings
Automatic Payment Program

**Definition:**

The payment program is designed so that both outgoing and incoming payments can be processed. These functions are supported for payment transactions with vendors and customers and between bank accounts.

All the common payment procedures are in the standard system or can be set up within Customizing.

All default values used in the payment program are required in the following.

The payment program processes domestic and foreign payments for vendors, customers and between bank accounts. It generates the payment program and provides the data for the payment medium programs. These ABAP programs print a payment list, payment forms (e.g. checks) or generate data media such as magnetic tape or disk. A further possibility is the distribution of payment data to a central system via ALE.
Automatic Payment Program (APP)

House Bank
- Bank name
- Bank Country
- Bank Key
- Bank Address
- Currency
- Bank GL A/c

All Co. Codes
- Paying Co. Code
- Sending Co. Code
- Spl GL Trans

Paying Co Code
- Min Amt for Incoming
- Min Amt for Outgoing
- Separate pmt for each ref.

Pmt Method in Country
- Payment Method
- Doc type for pmt
- Doc type for clearing
- Bank Details etc.,

Pmt Method in Co Code
- Pmt Limit (Max & Min)
- Foreign Currency

Bank Determination
- Ranking Order
- Bank Accounts
- Available Amts
- Available Days
- Currency
House Bank

**Definition:**

The banks with which your company (company code) maintains a bank account are referred to as house banks.

Each house bank in a company code is represented in the SAP R/3 System by a bank ID and each account maintained with a house bank is represented by an account ID.

You define these banks in the system under a house bank key (bank ID). You store the accounts that you maintain at these banks under an account ID. For each bank account, you create a G/L account in the SAP system.

You use the bank ID and the account ID in the SAP R/3 System to enter bank details. These entries are used to determine the bank details for a particular payment for automatic payment transactions, for example.
Creation of House Bank (Screen 1)


T Code : FI12

Steps:
1. Enter Company Code
2. Click ‘New Entries’
3. Enter House Bank
4. Enter Bank Country
5. Enter bank Key
6. Click ‘Create’ button
7. SAVE the settings
8. Double click ‘Bank Accounts’
Creation of House Bank (Screen 2)


T Code: FI12

Steps:
1. Click ‘New Entries’
2. Enter A/c ID
3. Enter Description
4. Enter Bank A/c No.
5. Enter Currency
6. Enter GL A/c No.
7. SAVE the settings
Automatic Payment Program (Screen 1)

T Code: FBZP

Steps:
This is initial screen, we already define House Bank. Now we have to define all settings as per Numbering Order.
APP – All Company Codes (Screen 2)


T Code : FBZP

Steps:
1. Enter Co. Code
2. Enter paying Co.Code
3. SAVE the settings
APP – Paying Company Codes (Screen 3)


T Code: FBZP

Steps:
1. Enter paying Co.Code
2. Enter min amount
3. Enter max amount
4. Select separate pmt
5. SAVE the settings
APP – Payment Methods in Country (Screen 4)


T Code: FBZP

Steps:
1. Enter Country code
2. Enter pmt method
3. Enter description
4. Select ‘Check’
5. Select ‘Bank details’
6. Enter Doc type ‘ZP’
7. Enter Doc type ‘ZV’
8. SAVE the settings
APP – Payment Methods in Co. Code (Screen 5)

T Code : FBZP

Steps:
1. Click ‘New Entries’
2. Enter Co. Code
3. Enter Pmt Method
4. Enter Min Amount
5. Select ‘Foreign Cur’
6. Select ‘Single pmt’
7. SAVE the settings
APP – Bank Determination (Screen 6)

T Code: FBZP

Steps:
1. Select ‘Co. Code’
2. Double click ‘Ranking Order’
3. Click ‘New Entries’
4. Enter ‘Pmt Method’
5. Enter ‘Currency’
6. Enter ‘Ranking Order’
7. Enter ‘House bank’
8. SAVE the settings
9. Double click ‘Bank Accounts’
APP – Bank Determination (Screen 7)


T Code : FBZP

Steps:
1. Enter ‘House Bank’
2. Enter ‘Pmt Method’
3. Enter ‘Currency’
4. Enter ‘Account ID’
5. Enter ‘Bank GL A/c’
6. SAVE the settings
7. Double click ‘Available Amounts’
APP – Bank Determination (Screen 8)


T Code : FBZP

Steps:
1. Enter ‘House Bank’
2. Enter ‘Account ID’
3. Enter ‘Days available’
4. Enter ‘Currency’
5. Enter ‘Available Amt’
6. SAVE the settings
7. Double click ‘Value Date’
Check Lots

**Definition:**

Checks supplied by a bank or a printing shop are usually divided into lots, since they may be written (issued) or printed at various different locations. In the SAP System, a check number range represents a batch (lot) of numbered checks.

In the Financial Accounting Configuration menu, you must define check lots (number ranges) that correspond to the actual check lots (in the printer, the safe, or your employees' desks). The print program uses this number range to link the check with the payment.
Creation of Check Lots


T Code: FCHI

Steps:
1. Enter ‘Paying Co.code’
2. Enter ‘House Bank’
3. Enter ‘Account ID’
4. SAVE the settings
5. Click ‘Change’ button
6. Click ‘Create’ button
7. Enter ‘House bank’
8. Enter ‘Account ID’
9. Enter ‘Lot No.’
10. Enter ‘Bank Info’
11. Enter ‘Check No.from’
12. Enter ‘Check No. to’
13. SAVE the settings
Assign Payment Method to Vendor Master (Screen 1)

T Code: FK02

Steps:
1. Enter Vendor Code
2. Enter Co. code
3. Select ‘pmt transaction’
4. Click ‘Execute’
Assign Payment Method to Vendor Master (Screen 2)


T Code : FK02

Steps:
1. Enter ‘Pmt Method’
2. SAVE the settings
Business process b/w MM and FI Modules

1. Purchase Requisition
2. Purchase Order
3. Goods Receipt
4. Invoice Verification
5. Payment to Vendor

- MM
- Stores
- FI-AP
- FI-GL
GL Master Records to be created in AP

**ASSETS**
- ✔ Advance to Vendors

**INCOME**
- ✔ Cash Discount Received

**LIABILITIES**
- ✔ Sundry Creditors (Recon) A/c

**EXPENSES**
- ✔ Purchase Account
Configurations testing – End user part

- Post Purchase Invoice
- Post Outgoing Payment for vendor
- Post Advance Payment to Vendor
- Post Cash Discounting Entries
- Automatic Payment Program run
- Important Transaction Codes for End user
Vendor Invoice Posting

**Menu Path:** Easy Access – Accounting – Financial Accounting – Accounts Payable – Document Entry - Invoice

**T Code:** FB60

**Steps:**
1. Enter Vendor Code, Invoice date, Posting date.
2. Enter ‘Amount’
3. Enter ‘Text’
4. Enter ‘GL Code’
5. Select Dr / Cr
6. Enter ‘Amount’
7. Simulate and Post the document
Vendor Outgoing payment Posting


T Code: F-53

Steps:
1. Enter Doc date, post date, Doc type, Period Company code and Currency
2. Enter ‘Bank GL A/c’
3. Enter ‘Amount’
4. Enter ‘Vendor Code’
5. Click ‘Process open Items’
6. Select ‘Invoice’
7. Simulate and Post
Vendor Down Payment Posting

T Code: F-48

Steps:
1. Enter Doc date, post date, Doc type, Period, Company code and Currency
2. Enter ‘Vendor Code’
3. Enter ‘A’
4. Enter ‘Bank GL Code’
5. Enter ‘Amount’
6. Press ‘Enter’
7. Enter Amount
8. Post the Document
Vendor Outgoing Payment Posting (Discount)

T Code: F-53

Steps:
Same procedure as Out Going payment, but if you pay the amount before Due date, Third line item will be generated by SAP Automatically for Cash Discount Account.
Vendor Payment Posting

1. Payment after Due date (F-53)
2. Payment before Due date (F-53)
3. Advance payment (F-48)
## Important T Codes in Accounts Payable

1. Vendor Document Posting - F-43
2. Vendor Document Posting (One screen) - FB60
3. Vendor Credit Memo - F-41
4. Vendor Credit Memo (One Screen) - FB65
5. Vendor Invoice Parking - FV60
6. Vendor Credit Memo Parking - FV65
7. Document Reversal - FB08
8. Clear Vendor Transactions - F-44
9. To view Vendor Document - FB03
10. To view Vendor master record Line items - FK10N
11. To view Vendor Master Records - FBL1N
12. Post Outgoing payment posting - F-53
13. Post Down payment Posting - F-48
14. Automatic payment Run - F110
Chapter - 9

Accounts Receivable

By

V.Parameswar Reddy
Accounts Receivable

- Define Customer Account Groups and Number ranges
- Define Customer Tolerance
- Creation of GL Reconciliation Accounts
- Creation of Customer Master Records
- Post Invoice
- Customer Receipt Posting
- Bill of Exchange
- Dunning
- Business Process b/w SD and FI Modules
Customer Account Groups

Definition:

The account group is a classifying feature within customer master records. The account group determines:

- in which number range the customer account number should be;
- whether the number is assigned by the user or by the system;
- which specifications are necessary or possible in the master record.
Customer Account Groups and Number Ranges

Accounts Receivable

- Domestic
  - 000000-099999
  - 100000-199999
- Service
  - 200000-299999
- Finance
  - 300000-399999
- One-Time
  - 400000-499999
- Etc...
  - 500000-599999

Account Groups

- Material Customers
- Service Customers
- Finance Customers
- One Time Customers
- Other Customers (Other than above)

Number Ranges

- Material Customers: 300000 to 349000, 350000 to 399999
- Service Customers: 400000 to 419999
- Finance Customers: 420000 to 429999
- One Time Customers: 430000 to 439999
- Other Customers (Other than above): 440000 to 449999, 450000 to 459999
Define Customer Account Groups


T Code: OBD2

Steps:
1. Enter 4 Digit Code
2. Enter Name of the Group
3. SAVE the settings
Number Ranges for Customer Account Groups

Definition:

Identifies a number range interval within an object or sub object.

A unique number is assigned to each business partner master record. You can use this number to access the master record, or to refer to the business partner when processing business transactions.

A number range can be valid for more than one account group.

You can use the number range to assign different numbers to a head office and subsidiaries.

The number for a business partner master record can be assigned in one of the following ways:

Externally: You assign the number. In this case, you define a number range that allows for alphanumerical number assignment. The system checks whether the number you enter is unique and within the number range defined by the account group.

Internally: The system assigns a consecutive number automatically from a number range defined by the account group.
Create Number Ranges for Vendor Account Groups

Menu Path: IMG – Financial Accounting – Accounts Receivable & Accounts Payable – Customer Accounts – Master Data – Preparation for creating Customer Master Data – Create Number range for Customer account groups

T Code: XDN1

Steps:
1. Click ‘Change Interval’
2. Click ‘Insert Interval’
3. Enter Sl No.
4. Enter ‘From Number’
5. Enter ‘To Number’
6. Select this box, If you want External numbering
7. Save the settings
Assign Number Ranges to Vendor Account Groups

Menu Path: IMG – Financial Accounting – Accounts Receivable & Accounts Payable – Customer Accounts – Master Data – Preparation for creating Customer Master Data – Assign Number range for Customer account groups

T Code: SPRO

Steps:
1. Click ‘Position’
2. Enter A/c group
3. Enter Number range
4. Save the settings
**Customer Tolerance Group**

**Definition:**

Freely definable group code for customers and vendors, or G/L accounts. Tolerance groups are unique within a company code.

Each tolerance group contains settings that affect cash discount and payment difference processing. These settings become effective during payment entry.

You can use the tolerance level to set a percentage or absolute tolerated difference between the transmitted value and the open value. If the difference exceeds the tolerance limit, a new open item is created. The system compares the value transmitted with the value that is still open in the internal invoice for the delivery. You can set tolerance limits at delivery and/or item level (material.) If the tolerance limit is not violated, no new open item is created.
Define Vendor Tolerance Group


T Code : OBA3

Steps:
1. Enter Co. Code
2. Enter Group name
3. Enter Amount
4. Enter Percentage
5. SAVE the settings
Customer Recon Account

**Definition:**

The reconciliation account ensures the integration of a Sub ledger account into the general ledger.

When you post items to a subsidiary ledger, the system automatically posts the same data to the general ledger. Each subsidiary ledger has one or more reconciliation accounts in the general ledger.

We can’t use reconciliation account for direct posting
Create GL A/c for Customer Recon Account (Screen 1)


T Code: FS00

Steps:
1. Enter GL A/c Code
2. Enter Co. Code
3. Select A/c group
4. Select P&L or B/S
5. Enter Short Text
6. Enter Long Text
7. Click ‘Control Data’
Create GL A/c for Customer Recon Account (Screen 2)


T Code: FS00

Steps:
1. Enter Currency
2. Select Line Item
3. Enter Sort Key
4. Select Recon A/c (If necessary)
5. Click ‘Create/Bank/Interest’
Create GL A/c for Customer Recon Account (Screen 3)


T Code : FS00

Steps:
1. Enter Field Status group
2. SAVE the settings
Customer Recon Account, Groups and Sub-Ledgers

- Sundry Debtors
  - Material Customers
  - Service Customers
  - Finance Customers
  - One Time Customers
  - Other Customers

- Export Customers
  - Domestic Customers
  - Other Customers

- Customer 1
  - Customer 2
  - Customer 3
  - Customer 4
  - Customer 5
Segments in Customer Master Creation

Client level

12345 address
General data...

Account 12345 in CC 1000

Company Code-
Segment CC1000

Account 12345 in sales area 001

Sales area segment
Sales area 001
Segment wise fields in Customer Master Creation

1. General Data:
   ✓ Address
   ✓ Communication
   ✓ Control
   ✓ Marketing
   ✓ Payment Transactions
   ✓ Unloading Points
   ✓ Contact person
   ✓ Foreign Trade

2. Company Code Data:
   ✓ Account management
   ✓ Payment Transactions
   ✓ Correspondence
   ✓ Insurance
   ✓ Withholding Tax data

3. Sales Data:
   ✓ Purchasing Data
   ✓ Partner Usage
   ✓ Add. Purchase Data
Customer Master Creation – Central Vs Decentral
Customer Master Records

General Data

Initial Screen
- Customer Code
- Company Code
- Account group
- Reference Customer
- Company Code

Address
- Name
- Search Terms
- Address
- Country
- Language
- Contact Info

Control Data
- Vendor
- Tax Information

Payment Transactions
- Bank Details

Company Code Data

Account Management
- Recon Account
- Interest Calculation
- Reference Data

Payment Transactions
- Payment Terms
- Payment Method
- Tolerance Group

Correspondence
- Dunning Data
- Correspondences
Create Customer Master Records (Screen 1)

T Code: FD01

Steps:
1. Enter Co. Code
2. Enter Group name
3. Click ‘Execute’
Create Customer Master Records (Screen 2)


T Code: FD01

Steps:
1. Select Title
2. Enter Vendor Name
3. Enter Search term
4. Enter Address
5. Enter Country Code
6. Enter language
7. Click ‘Control Data’
Create Customer Master Records (Screen 3)

T Code : FD01

Steps:
1. If the Customer is also a Vendor then enter Vendor Code
2. Click ‘Pmt transactions’
Create Customer Master Records (Screen 4)

**Menu Path:** Easy Access – Accounting – Financial Accounting – Accounts Receivable – Master Records - Create

**T Code:** FD01

**Steps:**
1. Enter Bank Details
2. Click ‘Marketing’
Create Customer Master Records (Screen 5)

T Code: FD01

Steps:  
1. Enter required fields  
2. Click ‘Unloading points’
Create Customer Master Records (Screen 6)


T Code: FD01

Steps:
1. Enter required fields
2. Click ‘Export data’
Create Customer Master Records (Screen 7)


T Code: FD01

Steps:
1. Enter required fields
2. Click ‘Contact person’
Create Customer Master Records (Screen 8)


T Code: FD01

Steps:
1. Enter required fields
2. Click ‘Co. code data’
Create Customer Master Records (Screen 9)


T Code: FD01

Steps:
1. Enter ‘Recon A/c’
2. Click ‘Pmt transactions’
Create Customer Master Records (Screen 10)

T Code: FD01

Steps:
1. Enter ‘Pmt terms’
2. Enter Tolerance group
3. Click ‘Correspondance’
Create Customer Master Records (Screen 11)


T Code: FD01

Steps:
1. Enter ‘Dunning procedure’
2. Click ‘Insurance’
Create Customer Master Records (Screen 12)

**Menu Path:** Easy Access – Accounting – Financial Accounting – Accounts Receivable – Master Records – Create

**T Code:** FD01

**Steps:**
1. Enter ‘Insurance details’
2. SAVE the settings
Create Customer Master Records (Screen 13)

**Menu Path:** Easy Access – Accounting – Financial Accounting – Accounts Receivable – Master Records - Create

**T Code:** FD01

**Steps:**
1. Message will appear along with SAP generated internal Customer Number
Payment Terms for vendor

**Definition:**

Key for defining payment terms composed of cash discount percentages and payment periods.

It is used in sales orders, purchase orders, and invoices. Terms of payment provide information for:

- Cash management
- Dunning procedures
- Payment transactions
Define Payment Terms for vendor

Steps:
1. Enter 4 digit Code
2. Select Vendor and Customer
3. Enter Percentage
4. Enter No. of days
5. Select, if interest calculation is required
6. SAVE the settings
Assign Payment Terms to Customer Master


T Code: FD02

Steps:
1. Enter Customer Code
2. Enter Co. code
3. Click ‘Execute’
4. Click ‘Pmt transaction’ in Co. code data
5. Enter Pmt Terms’
6. SAVE the settings
Alternative Recon Account

**Definition:**

The reconciliation account in G/L accounting is the account which is updated parallel to the sub ledger account for normal postings (for example, invoice or payment).

For special postings (for example, down payment or bill of exchange), this account is replaced by another account (for example, 'down payments received' instead of 'receivables').

The replacement takes place due to the special G/L indicator which you must specify for these types of postings.
Define alternative recon a/c for Down Payments

T Code: OBXR

Steps:
1. Double click ‘A’
2. Enter Chart of Accounts
3. Enter Customer Recon GL A/c (S.Drs)
4. Enter Advance from Customers GL A/c
5. SAVE the settings
Definition:

When you post special G/L transactions, the system generates automatic postings.

To make automatic postings, the system requires specifications on the accounts to post to and the posting keys to use.

This information is also already defined in the standard system. You need only make changes if you do not use the standard chart of accounts or if you want to use other account numbers, posting keys or account determination rules. You must also decide which automatic postings you want to have carried out.
Assign Automatic Posting

Menu Path:
T Code : FBKP

Steps:
1. Click ‘Automatic postings’
2. Click ‘Cash disc. And pmt differences’
3. Click ‘Cash disc. Exp’
4. Enter Chart of A/c
5. Click ‘Save’ button
6. Enter GL A/c
7. SAVE the settings
Dunning Procedure

**Definition:**

The process of automatically notifying and requesting payment from customers with past due invoices.

A pre-defined procedure specifying how customers or vendors are dunned.

For each procedure, the user defines

- Number of dunning levels
- Dunning frequency
- Amount limits
- Texts for the dunning notices
Dunning (Reminder)

1. Dunning Area
2. Dunning Procedure
3. Dunning Levels
4. Dunning Text
5. Dunning Charges
6. Minimum Amount for Dunning
7. Dunning Forms

Assign Dunning Procedure to Customer
Define Dunning Area


T Code: OB61

Steps:
1. Click ‘New Entries’
2. Enter ‘Co. Code’
3. Enter ‘Dunning Area’
4. Enter ‘Text’
5. SAVE the settings
Define Dunning Procedure (Screen 1)


T Code: OB61

Steps:
1. Click ‘New Procedure’
2. Enter ‘Procedure Name’
3. Enter ‘Dunning Interval’
4. Enter ‘Dunning levels’
5. Enter ‘Min days’
6. Enter ‘Interest Indicator’
7. Select ‘Std transaction dunning’
8. Enter ‘Ref Dunning procedure for Texts’
9. Click ‘Dunning Levels’
Define Dunning Procedure (Screen 2)


T Code : OB61

Steps:
1. Select ‘Calculate interest’ fields
2. Click ‘Back’ Arrow
Define Dunning Procedure (Screen 3)

Dunning – Dunning Procedure - Define Dunning Procedure
T Code : OB61

Steps:
- Click ‘Charges’
- Enter ‘Currency’
1. Enter ‘Dunning levels’
2. Enter ‘Dunning Charges’
3. Click ‘Back’ Arrow
Define Dunning Procedure (Screen 4)


T Code : OB61

Steps:
- Click ‘Min Amounts’
- Enter ‘Currency’
1. Enter ‘Dunning levels’
2. Enter ‘Min Amount’
3. Click ‘Back’ Arrow
Define Dunning Procedure (Screen 5)

T Code : OB61

Steps:
- Click ‘Dunning Text’
- Enter ‘Co. Code’
- Click ‘New Co. code’
- Enter ‘Co. Code’
1. Select ‘Dunning by dunning area’
2. Select ‘Separate notice per dunning level’
3. SAVE the settings
Define Dunning Procedure (Screen 6)

T Code : OB61

Steps:
- Click ‘Dunning Text’
- Enter ‘Co. Code’
1. Enter ‘Dunning levels’
2. Enter ‘Dunning Forms’
3. Click ‘Back’ arrow
- SAVE the settings
Assign Dunning Procedure to Customer Master

**Menu Path:** Easy Access – Accounting – Financial Accounting – Accounts Receivable – Master Records - Change

**T Code:** FD02

**Steps:**
- Enter Customer Code
- Enter Co. Code
- Click ‘Execute’
  1. Click ‘Co. Code data’
  2. Click ‘Correspondence’
  3. Enter ‘Dunning Procedure’
  4. SAVE the settings
Bill of Exchange

Definition:

Bills of exchange are handled as special G/L transactions in the SAP System. These transactions are thus maintained independently of other transactions in the subsidiary ledger and are posted to a special G/L account in the general ledger. This affords you an overview of bills of exchange receivable and bills of exchange payable at any stage.

Transfer postings are not usually necessary to display these items on the balance sheet.
Bill of Exchange

1. RIL sold Material to British Petroleum
2. BP sent Bill of Exchange to RIL
3. RIL Sent Bill to Bank
4. Banker sent the Bill for collection
5. Presentation of Bill
6. Acceptance of Bill
7. Released Funds to RIL banker
8. Payment to RIL
Define Alternative Recon A/c for Bill of Exchange


T Code: OBYN

Steps:
- Double click ‘W’ - BoE
- Enter ‘Chart of A/c’
  1. Enter ‘S.Drs Recon GL A/c’
  2. Enter ‘Sp GL ‘Bill of Exchange A/c’
  3. SAVE the settings
Define Bank Sub-Account


**T Code:** OBYK

**Steps:**
1. Click ‘New Entries’
2. Enter ‘Chart of A/c’
3. Enter ‘Bank Gl A/c’
4. Enter ‘Usage’
5. Enter ‘Sp GL code’
6. Enter ‘S.Drs GL Code’
7. Enter ‘Bills Disc GL’
8. SAVE the settings
Business process b/w SD and FI Modules

- Sale Order
- Pricing & Labeling
- Packing
- Delivery
- Invoice
- Receipt

SD → FI-AR

FI-GL
GL Master Records to be created in AR

**ASSETS**
- ✓ Sundry Debtors (Recon) A/c
- ✓ Bill of Exchange (Recon) A/c

**INCOME**
- ✓ Sales Accounts

**LIABILITIES**
- ✓ Advance from Customers
- ✓ Bills Discounting (Automatic)

**EXPENSES**
- ✓ Cash Discount Allowed
- ✓ Bank Charges
Configurations testing – End user part

- Post Sales Invoice
- Post Receipt from Customers
- Advance receipt posting
- Post Bill of Exchange
- Post Bills Discounting
- Dunning Run
Customer Invoice Posting

T Code: FB70

Steps:
1. Enter Customer Code, Invoice date, Posting date.
2. Enter ‘Amount’
3. Enter ‘Text’
4. Enter ‘GL Code’
5. Select Dr / Cr
6. Enter ‘Amount’
7. Simulate and Post the document
Customer Receipt Posting


T Code : F-28

Steps:
1. Enter Doc date, post date, Doc type, Period, Company code and Currency
2. Enter ‘Bank GL A/c’
3. Enter ‘Amount’
4. Enter ‘Customer Code’
5. Click ‘Process open Items’
6. Select ‘Invoice’
7. Simulate and Post
Customer Down Payment Posting


T Code: F-29

Steps:
1. Enter Doc date, post date, Doc type, Period Company code and Currency
2. Enter ‘Customer Code’
3. Enter ‘Sp GL indicator’
4. Enter ‘Bank GL A/c’
5. Enter ‘Amount’
6. Press ‘Enter’
7. Enter ‘Amount’
8. Post the document
Post Bill of Exchange (Screen 1)


T Code: F-36

Steps:
1. Enter Doc date, post date, Doc type, Period Company code and Currency
2. Select ‘Incoming pmt’
3. Enter ‘Post key’
4. Enter ‘Customer Code’
5. Enter ‘Spl GL indicator’
6. Press ‘Enter’
Post Bill of Exchange (Screen 2)


T Code: F-36

Steps:
1. Enter Doc date, post date, Doc type, Period Company code and Currency
2. Select ‘Incoming pmt’
3. Enter ‘Post key’
4. Enter ‘Customer Code’
5. Enter ‘Spl GL indicator’
6. Press ‘Enter’
Post Bills Discounting (Screen 1)

T Code: F-33

Steps:
1. Enter Doc date, post date, Doc type, Period Company code and Currency
2. Select ‘Usage’
3. Enter ‘Bank GL code’
4. Enter ‘Amount’
5. Enter ‘Post key’ (40)
6. Enter ‘Bank Charge GL’
   - Press ‘Enter’
Post Bills Discounting (Screen 2)


T Code: F-33

Steps:
1. Enter ‘Amount’
2. Click ‘Select bill of exchange’

* T Code : F-33

Steps:
1. Enter Bill of Exchange Doc No.
2. SAVE the document
Customer Receipt Posting

1. Receipt after Due date (F-28)
2. Receipt before Due date (F-28)
3. Advance Receipt (F-29)
T Codes in Accounts Receivable

2. Customer Document Posting (One screen) - FB70
3. Customer Credit Memo - F-27
4. Customer Credit Memo (One Screen) - FB75
5. Customer Invoice Parking - FV70
6. Customer Credit Memo Parking - FV75
7. Document Reversal - FB08
8. Clear Customer Transactions - F-32
9. To view Customer Document - FB03
10. To view Customer master record Line items - FD10N
11. To view Customer Master Records - FBL5N
12. Post Incoming Receipt posting - F-28
13. Post Down payment Posting - F-29
15. Post Bills Discounting - F-33
16. Post Reversal for Bills Discounting - F-20
17. Dunning Run - F150
Integration between SD, MM, PP and FI Modules

Customer

Vendor

Purchase Order

Sales Invoice

Purchase Invoice

Purchase Order

Sales Order

Purchase Requisition

SD

PP

Sales Delivery

Goods Receipt

QA

QC

FG Store

RM Store

ORM Store
Chapter - 10

Asset Accounting

By

V. Parameswar Reddy
Asset Accounting

- Copy Reference Chart of Depreciation
- Define Tax Codes for Sales / Purchases
- Define Depreciation Area
- Specify Account Determination
- Create Screen layout
- Define Asset Class
- Define Depreciation Methods
- Maintain Depreciation Key
- Creation of Asset Master
- Depreciation Run
Chart of Depreciation

Definition:

The account group is a classifying feature within customer master records. The account group determines:

- in which number range the customer account number should be;
- whether the number is assigned by the user or by the system;
- which specifications are necessary or possible in the master record.
Copy Reference Chart of Depreciation

T Code : EC08

Steps:
1. Click ‘Original Object’
2. Click ‘Copy org. object’
3. Enter ‘From Chart of Depreciation’
4. Enter ‘To Chart of dep.’
   - Press ‘Enter’
   - SAVE the settings
Assign Chart of Depreciation to Company Code

**Menu Path:** IMG – Financial Accounting – Asset Accounting – Organizational Structure – Assign Chart of Depreciation to Company code

**T Code:** OAOB

**Steps:**
1. Click ‘Position’
2. Select ‘Co. Code’
3. Enter ‘Chart of Dep.’
4. SAVE the settings
Define Tax codes for Sales / Purchases


T Code: FTXP

Steps:
1. Enter ‘Tax Code’ - Press ‘Enter’
2. Enter ‘Description’
3. Enter ‘Tax type’ - Press ‘Enter’

Maintain Tax Code: Initial Screen
Define Tax codes for Sales / Purchases

**Menu Path:** IMG – Financial Accounting – Financial Accounting Global Settings – Tax on Sales / Purchases - Calculation – Define Tax Codes for Sales / Purchases

**T Code:** FTXP

**Steps:**
1. Enter ‘Tax %age’
2. SAVE the settings

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Acct. Key</th>
<th>Tax Percent Rate</th>
<th>Level</th>
<th>From LVL</th>
<th>Cond. Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Amount</td>
<td></td>
<td></td>
<td>180</td>
<td>3</td>
<td>BASEB</td>
</tr>
<tr>
<td>Output Tax</td>
<td>M/S</td>
<td>0.030</td>
<td>110</td>
<td>100</td>
<td>MMAS</td>
</tr>
<tr>
<td>Input Tax</td>
<td>VST</td>
<td></td>
<td>120</td>
<td></td>
<td>MMV$</td>
</tr>
<tr>
<td>Non-deduct Input Tax</td>
<td>NAV</td>
<td></td>
<td>130</td>
<td>100</td>
<td>MWN$</td>
</tr>
<tr>
<td>Non-deduct Input Tax</td>
<td>NVN</td>
<td></td>
<td>140</td>
<td>100</td>
<td>MWNZ</td>
</tr>
<tr>
<td>Acqu. Tax Outgoing</td>
<td>ESA</td>
<td></td>
<td>150</td>
<td>100</td>
<td>NLX$</td>
</tr>
<tr>
<td>Acquisition Tax Deb.</td>
<td>ESE</td>
<td></td>
<td>150</td>
<td>150</td>
<td>NLXV</td>
</tr>
</tbody>
</table>
Define Tax codes for Sales / Purchases

T Code : FTXP

Steps:
Enter Country Code
1. Enter ‘Tax Code’
   - Press ‘Enter’
2. Enter ‘Description’
3. Enter ‘Tax type’
   - Press ‘Enter’
Define Tax codes for Sales / Purchases


T Code : FTXP

Steps:
1. Enter ‘Tax %age’
2. SAVE the settings
Assign Tax codes for Non Taxable Transactions

Menu Path: IMG – Financial Accounting – Financial Accounting Global Settings – Tax on Sales / Purchases - Posting – Assign Tax codes for Non Taxable transactions

T Code : OBCL

Steps:
1. Click ‘Position’
2. Enter ‘Co. Code’
3. Enter ‘Input Tax code’
4. Enter ‘Output tax code’
5. SAVE the settings
Depreciation Area

Definition:

An area showing the valuation of a fixed asset for a particular purpose (for example, for individual financial statements, balance sheets for tax purposes, or management accounting values).

Along with "real" depreciation areas, you can define derived depreciation areas. The values for these derived areas are calculated from those of two or more real areas.

Depreciation area, which is managed in the system as a real depreciation area (not a derived depreciation area).

Each depreciation area is set up to handle depreciation for a particular purpose (e.g. book depreciation, tax depreciation, group depreciation, cost-accounting depreciation, etc.)
Define Depreciation Area

T Code: OADB

Steps:
Enter ‘Chart of Dep.’
- Select ‘All field except ’01’ Book Depreciation
- Click ‘Edit’ in Main Menu – Click ‘Delete’
- Click ‘Save’
- Keep pressing ‘Enter’
- SAVE the settings
- Click ‘Back’ button
- This screen will appear
Account Determination

Definition:

The account determination determines the reconciliation accounts in the general ledger, as well as their offsetting accounts, that are to be posted when certain business transactions are carried out.

You must enter an account determination in the asset class. Several asset classes can use the same account determination, if they use the same chart of accounts and post to the same general ledger accounts.
Specify Account Determination


T Code : SPRO

Steps:
1. Click ‘New Entries’
2. Enter ‘Name of A/c determination’
3. SAVE the settings
Screen Layout Rule

**Definition:**

Screen layout for maintaining asset master data.

Using the screen layout rule, you can define:

- which fields are
  - required
  - optional
  - suppressed

- the maintenance level in the asset hierarchy

- which fields are copied, when creating an asset using another asset master record as a reference.

You can define screen layout rules for general master data and for depreciation parameters within depreciation areas.
Create Screen Layout Rule

Menu Path: IMG – Financial Accounting – Asset Accounting – Organizational Structure – Asset Class – Create Screen layout Rule

T Code: SPRO

Steps:
- All Screen layouts are SAP pre-defined. If we want we can create New Screen Layout Rules.
Number Range Interval

Definition:

Identifies a number range interval within an object or sub object.

The Number Range Interval contains Two digit ID, From Number, To Number and Check box for External Numbering or Internal Numbering.
Define Number Range Interval

Menu Path: IMG – Financial Accounting – Asset Accounting – Organizational Structure – Asset Class – Define Number Range Interval

T Code: AS08

Steps:
- Enter ‘Co. Code’
- Click ‘Change Interval’
1. Click ‘Insert Interval’
2. Enter ‘Number range’
3. Enter ‘From Number’
4. Enter ‘To Number’
5. SAVE the settings
**Asset Class**

**Definition:**

The main criterion for classifying fixed assets according to legal and management requirements.

For each asset class, control parameters and default values can be defined for depreciation calculation and other master data.

Each asset master record must be assigned to one asset class.

Special asset classes are, for example:

- Assets under construction
- Low-value assets
- Leased assets
- Financial assets
- Technical assets
Define Asset Class

Menu Path: IMG – Financial Accounting – Asset Accounting – Organizational Structure – Asset Class – Define Asset Class
T Code : OAOA

Steps:
- Click ‘New Entries’
1. Enter ‘Asset Class’
2. Enter ‘Text & short text’
3. Select ‘Acct. determ.’
4. Select ‘Scr. layout rule’
5. Enter ‘No. range’
6. SAVE the settings
Assign GL Accounts to Fixed Assets

Menu Path: IMG – Financial Accounting – Asset Accounting – Integration with General Ledger – Assign General Ledger Accounts
T Code: AO90

Steps:
- Enter ‘Chart of Dep.’
- Select ‘Chart of Dep.’
- Double Click ‘Account determination’
- Select ‘Account determ’
- Double Click ‘Balance Sheet Accounts’
1. Enter ‘Asset GL A/c’
2. Enter ‘Asset Acquisition GL A/c’
3. Enter ‘Relevant GL A/c’
4. Double click ‘Depr.’
Assign GL Accounts to Fixed Assets

**Menu Path:** IMG – Financial Accounting – Asset Accounting – Integration with General Ledger – Assign General Ledger Accounts

**T Code:** AO90

**Steps:**
1. Enter ‘Acc. Dep. A/c’
2. Enter ‘Depreciation A/c’
3. SAVE the settings
Determination of Depreciation Area in Asset Class

Menu Path: IMG – Financial Accounting – Asset Accounting – Valuation – Determination of Depreciation Area In Asset Class
T Code: OAYZ

Steps:
- Select ‘Asset Class’
- Double click ‘Dep Areas’
1. Deactivate check box
2. Enter ‘Layout’
3. SAVE the settings
Depreciation Posting Intervals

Definition:

Number of periods between two depreciation runs

You specify the interval between two depreciation posting runs in this field. Define this interval by entering the number of posting periods that should be in the interval.

Example

Key to the entries when using a fiscal year version with 12 normal posting periods:

1  = monthly posting
3  = quarterly posting
6  = semi-annual posting
12 = annual posting

Note

Depreciation posting runs, which result from changes to valuation due to year-end closing and take place after the end of the fiscal year, can be posted as unplanned depreciation posting runs in the special periods of the given fiscal year version.
Depreciation Posting Rules

**Definition:**

**Monthly:** Depreciation of fixed assets is posted in each Financial Accounting posting period.

**Bi-Monthly:** Depreciation of fixed assets is posted in every second Financial Accounting posting period.

The field is not ready for input if the number of Financial Accounting posting periods is not '12'.

**Quarterly:** Depreciation of fixed assets is posted each quarter, that is in every third Financial Accounting posting period.

The field is not ready for input if the number of Financial Accounting posting periods is not '12'.

**Semi-Annually:** Depreciation of fixed asset is posted semi-annually, that is in every sixth Financial Accounting posting period.

The field is not ready for entry if the number of Financial Accounting posting periods is not '12'.

**Annual:** Depreciation for fixed assets is posted once a year.
Specify Intervals and Posting Rules

T Code: OAYR

Steps:
- Select ‘Co. Code’
- Double click ‘Posting Rules’
- Double click ‘01-Book Depreciation’
1. Select ‘Period and Month’
2. SAVE the settings
Specify Rounding off Net Book value and/or Depreciation

Menu Path: IMG – Financial Accounting – Asset Accounting – Valuation – Amount specification – Specify rounding off Net Book value and/or Depreciation
T Code : OAYO

Steps:
- Select ‘Co. Code’
- Double click ‘Rounding specifications’
- Double click ’01-Book Depreciation’
1. Select ‘Period and Month’
2. SAVE the settings
Define Screen Layout for Asset Master Data


T Code: SPRO

Steps:
- Double click ‘Define Screen layout for Asset Master data’
- Select ‘Layout’
- Double click ‘Logical Field groups’
- Select ‘2-Posting Info’
- Double click ‘Field group rules’
  1. Select ‘Required fields’
  2. SAVE the settings
Define Screen Layout for Asset Depreciation Area


T Code: AO21

Steps:
- Select ‘2000’
- Double click ‘Field group rules’
  1. Select ‘Required fields’
  2. SAVE the settings
Base Method

Definition:

Base method of the depreciation key for calculating depreciation or imputed interest.
Define Base Method


T Code: SPRO

Steps:
1. Check Base Method ‘0014’ is there or not
2. SAVE the settings
Declaiming balance Method

**Definition:**

Declining-balance method of the depreciation key for calculating depreciation or imputed interest.

The multiplication factor is used in determining the depreciation percentage rate for declining-balance depreciation. The system multiplies the depreciation percentage rate resulting from the total useful life by this factor.
Define Declaiming Balance Method

T Code: SPRO

Steps:
1. Check Decl bal Method ‘001’ is there or not
2. SAVE the settings
Multi level Method

Definition:

Multi-level method of the depreciation key for calculating depreciation or imputed interest.
Define Multi Level Method (Straight Line Method)


T Code: AFAMS

Steps:
- Click ‘New Entries’
  1. Enter ‘Multi lev. Methd’
  2. Enter ‘Description’
  3. Double Click ‘Levels’
Define Multi Level Method (Straight Line Method)


T Code : AFAMS

Steps:
- Click ‘New Entries’
1. Enter ‘Acq. year’
2. Enter ‘Year’
3. Enter ‘Period’
4. Enter ‘Base value’
5. Enter ‘Percentage’
6. SAVE the settings
- Click ‘Back’ button ‘3 times’
Define Multi Level Method (Written Down Value Method)

T Code : AFAMS

Steps:
- Click ‘New Entries’
1. Enter ‘Multi lev. Methd’
2. Enter ‘Description’
3. Double Click ‘Levels’
Define Multi Level Method (Written Down Value Method)

Key – Calculation Methods – Define Multi Level Method
T Code : AFAMS

Steps:
- Click ‘New Entries’
1. Enter ‘Acq. year’
2. Enter ‘Year’
3. Enter ‘Period’
4. Enter ‘Base value’
5. Enter ‘Percentage’
6. SAVE the settings
- Click ‘Back’ button ‘3 times’
Period Control Method

**Definition:**

Period control method of the depreciation key for calculating depreciation or imputed interest.
Maintain Period Control Method

T Code: AFAMP

Steps:
- Enter ‘Chart of Dep.’
- Click ‘New Entries’
1. Enter ‘Prd Cntrl Methd’
2. Enter ‘Description’
3. Enter ‘Acquisition type’
4. Enter Addition type’
5. Enter ‘Retirement type’
6. Enter ‘Transfer type’
7. SAVE the settings
Depreciation Key

Definition:

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

The depreciation key consists of the following:

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


T Code: AFAMA

Steps:
- Enter ‘Chart of Dep.’
- Click ‘New Entries’
1. Enter ‘Dep. Key’
2. Enter ‘Description’
3. Select ‘Period control according to fiscal yr’
4. Double click ‘Assignment of Calculation methods’
Maintain Depreciation Key


T Code: AFAMA

Steps:
1. Select ‘Ord Dep.’
2. Select ‘From the start of depreciation’
3. Select ‘Base method’
4. Select ‘Decl. bal. metd’
5. Select ‘Prd cont’
6. Select Multilev method’
7. Select ‘Class’
8. Click ‘Back’ button
Maintain Depreciation Key

T Code : AFAMA

Steps:
1. Select ‘Ord Dep.’
2. Click ‘Activate’
3. Click ‘Back’ button
Maintain Depreciation Key

T Code: AFAMA

Steps:
- Enter ‘Chart of Dep.’
- Click ‘New Entries’
1. Enter ‘Dep. Key’
2. Enter ‘Description’
3. Select ‘Period control according to fiscal yr’
4. Double click ‘Assignment of Calculation methods’
Maintain Depreciation Key


T Code: AFAMA

Steps:
1. Select ‘Ord Dep.’
2. Select ‘From the start of depreciation’
3. Select ‘Base method’
4. Select ‘Decl. bal. metd’
5. Select ‘Prd cont’
6. Select ‘Multilev method’
7. Select ‘Class’
8. Click ‘Back’ button
Maintain Depreciation Key

**Menu Path:** IMG – Financial Accounting – Asset Accounting – Depreciation – Valuation methods – Depreciation Key – Maintain Depreciation Key

**T Code:** AFAMA

**Steps:**
1. Select ‘Ord Dep.’
2. Click ‘Activate’
3. Click ‘Back’ button
Asset Master

**Definition:**

The asset master record contains all information relating to an asset that remains unchanged over a long period of time:

- Technical master data
- Organizational allocations (usually time-dependent)
- Depreciation terms

The system stores all the values and transaction data per each asset master record.

You can differentiate between different types of assets in the FI-AA component. The structure of the master record is identical for all asset main numbers, asset sub-numbers and group assets. Therefore, the basic procedure for creating any of these objects is essentially the same.
Creation of Asset Master

Menu Path: Easy Access – Accounting – Financial Accounting - Fixed Assets – Asset – Create
T Code : AS01

Steps:
1. Select ‘Asset Class’
2. Select ‘Co. code’
3. Click ‘Master Data’
Creation of Asset Master

Menu Path: Easy Access – Accounting – Financial Accounting - Fixed Assets – Asset – Create  
T Code : AS01

Steps:
1. Enter ‘Description’
2. Enter ‘Name’
3. Enter ‘Capitalization date’
4. Click ‘Depreciation areas’
Creation of Asset Master

Menu Path: Easy Access – Accounting – Financial Accounting - Fixed Assets – Asset – Create
T Code : AS01

Steps:
1. Enter ‘Dep Key’
2. Enter Useful life’
3. Enter ‘Percentage’
4. Enter Dep. Start date’
5. SAVE the settings
Creation of Sub-Asset Master

Menu Path: Easy Access – Accounting – Financial Accounting - Fixed Assets – Asset – Create – Sub Number – Create

T Code : AS11

Steps:
1. Enter ‘Asset’
2. Enter ‘Co. Code’
3. Click ‘Master Data’
Creation of Sub-Asset Master

Menu Path: Easy Access – Accounting – Financial Accounting - Fixed Assets – Asset – Create – Sub Number – Create

T Code: AS11

Steps:
1. Enter ‘Description’
2. Enter ‘Co. Code’
3. Click ‘Master Data’
GL Master Records to be created in AR

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Fixed Asset (Recon) A/c</td>
<td>✓ Sales of Asset</td>
</tr>
<tr>
<td>✓ Accumulated Depreciation A/c.</td>
<td>✓ Profit on Sale of Asset</td>
</tr>
<tr>
<td>✓ Asset Acquisition</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>✓ Loss on Sale of Asset</td>
</tr>
<tr>
<td></td>
<td>✓ Loss due to Asset Scrap</td>
</tr>
<tr>
<td></td>
<td>✓ Depreciation</td>
</tr>
</tbody>
</table>
Configurations testing – End user part

- Post Asset Purchase Invoice
- Depreciation Run
Asset Purchase Posting

T Code : F-90

Steps:
1. Enter ‘Doc date, Post date, Doc type, Period, Co. Code, Currency
2. Enter ‘Post Key’
3. Enter ‘Vendor Code’
   - Press ‘Enter’
Asset Purchase Posting


T Code: F-90

Steps:
1. Enter ‘Amount’
2. Enter ‘Post Key’
3. Enter ‘Asset Code’
4. Enter Trans type’
   - Press ‘Enter’
Asset Purchase Posting


T Code: F-90

Steps:
1. Enter ‘Amount’
2. SAVE the document
Depreciation Run

T Code : AFAB

Steps:
1. Enter ‘Co. Code’
2. Enter Fiscal Year'
3. Enter ‘Period’
4. Select ‘Planned posting run’
5. Select ‘Test Run’
6. Click ‘Execute’
   - Press ‘Enter’
## Depreciation Run

**Menu Path:** Easy Access – Accounting – Financial Accounting - Fixed Assets – Periodic Processing – Depreciation Run - Execute

**T Code:** AFAB

**Steps:**
- After Test run is done
  The screen will appear
  With total depreciation Amount and the amount Of depreciation is to be Charged to particular Period

<table>
<thead>
<tr>
<th>Posting date: 30.04.2007</th>
<th>Date created: 03.03.2008</th>
<th>Period: 2007/001/01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acct. date</td>
<td>Business</td>
<td>Document</td>
</tr>
<tr>
<td>SIVA1000</td>
<td>SIKN</td>
<td>2001</td>
</tr>
<tr>
<td>Ordinary Deprec</td>
<td>5,000.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Depreciation area</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
Depreciation Run

T Code : AFAB

Steps:
1. Enter ‘Co. Code’
2. Enter Fiscal Year’
3. Enter ‘Period’
4. Select ‘Planned posting run’
5. De Select ‘Test Run’
6. Click ‘Program’
7. Click ‘Execute in Background’
   - Enter ‘Output Device’
   - Click ‘Continue’
   - Click ‘Immediate’
   - SAVE the settings
Depreciation Run


T Code : AFAB

Steps:
- Go to ‘System>Service >Jobs>Job overview
- Click ‘Execute’ button
- Select the ‘Job’
- Click ‘Spool’ button
- Select the Line Item
- Click ‘Display’ button
- Final Screen will appear for posting Depreciation
T Codes in Asset Accounting

1. Asset Purchase Posting - F-90
2. Asset Transfer (Within Company Code) - ABUMN
3. Asset Transfer (Inter Company Asset Transfer) - ABT1N
4. Asset Retirement - F-92
5. Asset Scraping - ABAVN
6. Reverse the Document - AIST
7. Asset Master Creation - AS01
8. Sub-Asset Master Creation - AS11
9. Asset Group Creation - AS21
10. Sub-Asset Group Creation - AS24
11. Change Asset Master - AS02
12. Change Sub-Asset Master - AS22
13. Depreciation Run - AFAB
14. Recalculate Depreciation - AFAR
15. Asset Explore - AW01N
16. Upload Asset Balances - OASV
Thank You

Questions...?