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*Error! Bookmark not defined.*
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 posting from the 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 i.e. 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 are 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 9100 (A Ltd) located in India. The currency in India is INR; therefore the currency of the company code will be INR. 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 A Ltd is located in Germany. Therefore A Ltd is required to report figures in EURO. We would therefore need to configure parallel currencies to have such reporting possible.
A) COMPANY CODE CONFIGURATION

1. Creating company code in SAP

Company code is the basic organizational unit in SAP FI (Financial accounting) for which a balance sheet and profit & loss account can be drawn. We will create company code 9100 (A Ltd.) which is located in country India.

For doing the configuration we use the following path on the SAP application screen:-

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

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

By selecting the second option Edit Company Code data you have to manually configure all the subsequent assignments.
By selecting the first option all the configuration and tables get copied automatically along with assignments. This option should be selected in case of rollouts.

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.

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

In this SAP training book we will cover the FI configuration from scratch and not copying configuration from an existing SAP company code.
Click on **New entries** and Update the following **required** fields:

![New Entries: Details of Added Entries](image)

- **Company Code**: B108
- **Company name**: A Ltd.
- **City**: Mumbai
- **Country**: IN
- **Currency**: INR
- **Language**: En

The company code in SAP should be always kept numeric.

**Country**: The country where company code is located and the balance sheet and income statement which will be prepared according to that country law. Here the company is located in India so, we have selected the country id IN (INDIA).

**Currency**: It is the local reporting currency of the country. In this case it is INR (Indian rupees) since the company is located in India.

Click on **Address** and update the following fields
Thus company code 9100 is created in SAP.

2. Create Chart of accounts in SAP

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Preparations → Edit Chart of Accounts List
For each company code in SAP, you have to specify one chart of accounts for the general ledger. This chart of accounts is assigned to the company code. A chart of accounts can be used by multiple company codes. This means that the general ledgers of these company codes have identical GL structure.

Here we define just a chart of accounts code in SAP. The GL codes are not defined here.

![Change View "List of All Charts of Accounts": Overview](image)

Click on **New entries** and update the following fields
You can have controlling integration i.e. Manual creation of cost elements or Automatic creation of cost elements. It is advisable to have manual creation of cost elements in SAP FI.

But remember whenever you create a GL code (expense or revenue account) in FI, immediately create the cost element (type 1 or 11) in the CO module of SAP.

Click to save entry.

Thus YCCA chart of accounts is created in SAP.
3. Assign Company code to Chart of accounts

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

Assign YCCA in the Chrt/accts field to company code 9100.
Thus Company code 9100 is assigned to YCCA chart of accounts in SAP.

4. Define Account Group

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

In order to organize and manage a large number of G/L accounts better in SAP, they are arranged in account groups. The accounts of an account group normally have similar business functions. You could, for example, have an account group for cash accounts, one for
expense accounts, one for revenue accounts, and one for other balance sheet accounts, etc. Further you can control the numbering and restrict the creation of the GL codes within the specified number range.

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

To copy from other account group you 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 YCCA.
If you want to create from scratch in SAP you need to click on and update the following fields.

Thus Account groups are created for chart of accounts YCCA in SAP.

5. Define Retained Earnings Account in SAP

You 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.

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

Update chart of accounts YCCA in the given field
Update the following fields

![Postiong procedure](image)

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

- **Chart of Accounts**: YCCA
- **Transaction**: ETL

**Account assignment**

- **P&L statmt**: Account
- **X**: 315095

Enter X in P&L statmt

Enter the account code for Retained earnings account.

Click ![Checkmark]

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

Click ![Save] to save entry.

Thus Retained-earning account is created for chart of accounts YCCA in SAP.

You need to create this GL code later on at the GL code creation stage.

You can create multiple retained earnings accounts in SAP, where in you 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 10,000 INR) whereas as per the parent companies reporting the depreciation rate is
15% SLM (works out to 15,000 INR). 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 SAP we manage this by creating different GL codes.

Example:
The local depreciation is posted to GL code 460001 Depreciation Local 10000 INR
The depreciation for the parent is posted as a difference between local and parent (15,000 INR – 10,000 INR = 5,000 INR) to GL code 460002 Depreciation local – parent 5,000 INR

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.

6. Maintain Fiscal Year Variant

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

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

How many posting periods a fiscal year has, how many special periods you need, how the system is to determine the posting periods when posting

When defining your fiscal year, you have the following options:

• Your fiscal year is the calendar year
  In this case, you must only select the Calendar year field.

• Your fiscal year is not the same as the calendar year and is not year dependent
  In this case, you first enter the number of your posting periods in the Number posting per. field. To define your posting periods, select your 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.

• Your fiscal year is not the same as the calendar year and is year-dependent.

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

You 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, you can use the standard fiscal year variant V3 in SAP.

You can copy and create new variants, but bear in mind it should start with Z as the starting character.

In our example we will use the standard fiscal year variant K4.

7. Assign Company Code to a Fiscal Year Variant

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

The company code 9100 needs to be assigned to a Fiscal Year variant. This controls which periods the company code will post data.
Assign company code 9100 to K4 fiscal year variant in SAP.
Thus Company code 9100 is assigned to fiscal year variant K4 in SAP.

8. Define Posting period Variant

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

In this activity, you 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. Thus in our example we will have posting period variant which is identical to the company code i.e. 9100

Click on and update the following fields.
Thus posting period variant 9100 is created.

9. **Open and Close Posting Periods**

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

   In this activity you 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.
You close periods by selecting the period specifications so that the periods to be closed are no longer contained.

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

Select the area

![Change View "Posting Periods: Specify Time Intervals": Overview]

Click the Copy button.
Replace all 1000 with 9100

Change View: "Posting Periods: Specify Time Intervals": Overview of Set

<table>
<thead>
<tr>
<th>Var</th>
<th>From acct</th>
<th>To account</th>
<th>From per 1</th>
<th>Year</th>
<th>To period</th>
<th>Year</th>
<th>From per 2</th>
<th>Year</th>
<th>To period</th>
<th>Year</th>
<th>AutGr</th>
</tr>
</thead>
</table>

New Entries: Overview of Added Entries

<table>
<thead>
<tr>
<th>Var</th>
<th>From acct</th>
<th>To account</th>
<th>From per 1</th>
<th>Year</th>
<th>To period</th>
<th>Year</th>
<th>From per 2</th>
<th>Year</th>
<th>To period</th>
<th>Year</th>
<th>AutGr</th>
</tr>
</thead>
</table>

Click  to save entry.

Thus posting periods time intervals for various account types are created for variant 9100 in SAP.

Various account types in SAP are:-  
A – Assets  
D – Debtors  
K - Creditors
10. Assign Posting period Variant to Company code


The posting period variant 9100 needs to be assigned to company code 9100

Assign 9100 to company code 9100
11. Create document number ranges for company code


Here we create the number ranges for documents. For each number range you specify:

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

You assign one or more document types 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. You must therefore create your 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 you use year-dependent number ranges, you 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 you 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 9100.

Click

You get the following message:-
The number ranges are not transported automatically. It is advisable that you 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.

Thus Document number ranges are created for company code 9100. These number ranges are year dependent. For company codes posting the number ranges should be defined as year dependent.

Note that the number intervals are not included in the customizing request they need to be transported manually. Click on Interval ➔ Transport

11.1 Copy document number ranges to fiscal year (OBH2)

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

Every year you need to maintain the number ranges in FI for your company code. This can be done by copying number ranges from earlier fiscal year. This can be done using transaction code OBH2.

Update the following:-

Click
12. Define document type and assign document number range


Existing SAP Standard document types can be used. The only thing to ensure is that the number ranges are correctly assigned to the document types.

In this activity you create document types for customer, vendor and general ledger business transactions in Financial Accounting. Document types differentiate business transactions and control document filing. You specify a number range for each document type. Document numbers are chosen from this number range. You can use one number range for several document types.
Document types are valid for all clients. You specify a number range key for each document type. You create the desired number range intervals for each number range key based on the company code. This means that you can specify intervals of different sizes for the same number range.

13. Enable Fiscal Year Default


Here you 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 check box to save entry.

14. Enable Default Value date


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

**Change View "Company Code: Default Value Date": Overview**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>City</th>
<th>Propose Value date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A100 A Ltd</td>
<td>Mumbai</td>
<td></td>
</tr>
<tr>
<td>AT01 IDEAG &amp; Co. KG</td>
<td>Frankfurt</td>
<td></td>
</tr>
<tr>
<td>CABB Training</td>
<td>SAP Land</td>
<td></td>
</tr>
<tr>
<td>CARD CAED</td>
<td>SAP Land</td>
<td></td>
</tr>
<tr>
<td>CH01 FIBU Schweiz</td>
<td>Schweiz</td>
<td></td>
</tr>
<tr>
<td>CFF0 Good Food</td>
<td>Chicago</td>
<td></td>
</tr>
<tr>
<td>F100 Bankhaus Frankfurt</td>
<td>Frankfurt</td>
<td></td>
</tr>
</tbody>
</table>

Click ![Save button] to save entry.

**15. Maintain Field Status Variants**

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

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

You can also define and process field status groups. You 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 you enter in the reconciliation accounts affects postings to the related customer or vendor accounts. You 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 9100. The field status variant 9100 can be attached to all the group company codes of A Ltd.

Select the SAP standard variant

And change the field status variant from 001 to 9100
Change View "Field status variants": Overview of Selected Set

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.

Copy all

Only copy entry

Number of dependent entries copied:

41

Click ▼ to save entry.
Thus field status variant 9100 is created.

16. Assign Company Code to Field Status Variants

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

In this activity, you assign the company codes in which you want to use identical field status groups, to the same field status variant.

Assign company code 9100 to field status variant 9100.
Enter field status variant 9100

Click ☑ to save entry.

17. Screen variants for document entry


The screen variant, which you specify for each company code, addresses special screens for documents for several specific functions in SAP. You determine the screen variant dependent on the company code.

**Example**

In an Indian company code, for example, a screen with fields for withholding tax is required when entering a vendor item. You therefore have to select a special screen variant for Indian company codes.

Select the option, which is required.

In our example we will select the standard version only
18. Define Tolerance Groups for Employees in SAP

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

We need to predefine various amount limits for our employees with which we determine:

- the maximum document amount the employee is authorized to post
• the maximum amount the employee can enter as a line item in a customer or vendor account

• the maximum cash discount percentage the employee can grant in a line item

• 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 you 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.

You 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. You can then enter amount limits and tolerances per employee group and company code.

You 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.

You can also specify tolerances for clearing procedures depending on your 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 9100. You can use existing tolerance group from the sample company code.

Select company code
and click on Copy.

![Change View “Fi Tolerance Groups For Users”: Details](image)

and replace company code 0001 with 9100.
**Change View "Fi Tolerance Groups For Users": Details**

<table>
<thead>
<tr>
<th>Group</th>
<th>Company code</th>
<th>Currency</th>
<th>Welldorf</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9100</td>
<td>EUR</td>
<td></td>
</tr>
</tbody>
</table>

### Upper limits for posting procedures

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount per document</td>
<td>511,291,081,196.22</td>
</tr>
<tr>
<td>Amount per open item account item</td>
<td>511,291,081.26</td>
</tr>
<tr>
<td>Cash discount per line item</td>
<td>5.000 %</td>
</tr>
</tbody>
</table>

### Permitted payment differences

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percent</th>
<th>Cash discr 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 ![button] to save entry.**

**Double click on 9100 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 INR 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.

19. Assign User/Tolerance Groups


The users have to be assigned to the tolerance group.

Click on New entries

And update the user id and the tolerance group
In our example we have created a blank tolerance group therefore there is no need to assign user to tolerance group.

**20. Maximum Exchange Rate Difference**


In this activity, you define, per company code, a maximum difference between exchange rates for postings in foreign currency. To do this, you specify how much the exchange rate entered manually in the document header may differ in terms of percent 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 a deviation does occur and it exceeds the percentage rate specified here, then a warning appears.
Update 10% in Max. exch rate dev

Finally after done the relevant setti ngs for company code 9100 you can now see most of the settings and assignments at one place which is as follows:-

21. Check company Code settings in Global parameters

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

In this menu you can see all the assignment done earlier. You can also configure the earlier assignments done through this menu.
Double click on 9100 company code
Click on the check box if you 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 you 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 you want the following: -
Tax on sales/purchases is not included in the base amount used for calculating cash discount.
The company code is now configured for General Ledger (GL) posting in SAP.

22. Define Additional Local currencies (Optional)

You can have 2 more parallel currencies for a company code in addition to one defined above. We can thus have 3 currencies for a company code.

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

IMG → Financial Accounting → Financial Accounting Global Settings → Company Code → Multiple Currencies → Define Additional Local Currencies
In this case, you 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, you 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 on 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 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.

You can instead of 1 and 2 select 0 legal valuation.

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

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

In this case, you 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

Ledger: Z3

Change from legal valuation to group valuation

Create Ledger: Master Data

<table>
<thead>
<tr>
<th>Basic settings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary table</td>
<td>GLTO GL account master record transaction figures</td>
</tr>
<tr>
<td>Application</td>
<td>Finances</td>
</tr>
<tr>
<td>Subapplication</td>
<td>GL accounting</td>
</tr>
<tr>
<td>Valuation</td>
<td>Legal valuation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stored currencies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company code currency</td>
<td>2nd currency</td>
</tr>
<tr>
<td>Group currency</td>
<td>3rd currency</td>
</tr>
</tbody>
</table>
System automatically created a ledger for profit center valuation L3.

Maintain the text for the same

Double click

L3 | GLTO | Profit Ctr | Co.Cd. currency | Group curr
24. Define Company

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

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

We will create a company for our company code 9100.

Click on **New entries** and update the following: -
25. Assign company code to company

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

Assign company code 9100 to company 9100 in SAP.
Click on Save

27. Check Calculation Procedure

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

Tax procedures are available in SAP for most of the countries. In case a tax procedure is not defined for your country proceed as follows:-
Double click **Define Procedures**

**Change View "Procedures": Overview**

Select **Sales Tax - Great Britain**

Click

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

Dialog Structure

- Procedures
- Control Data

Usage

- A

Application

- TX

Procedures

- TAXINJ Sales Tax - INDIA

Click

Specify object to be copied

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

- copy all
- only copy entry
- Cancel

Click copy all

Number of dependent entries copied:

7

Click

Click on

SAP FI GL CONFIG  SAP ENTERPRISE 4.7
28. Assign Country to Calculation Procedure

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

In this step 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:

Change View "Assign Country -"

Click on 

29. Define Tax Codes for Sales and Purchases

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

Update the following:

Click 

Update the following:
Maintain Tax Code: Initial Screen

Click ✅

Update the following:-

Taxcode: V8  Exempt from input VAT
Taxtype: Y
Check: ❌
EU code: 
Target tax code: 
TgtTax Code: Output: 
Tgt Tax Code: Input: 
Tol per rate: 01

Update the following:-
**Maintain Tax Code: Tax Rates**

<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>100</td>
<td>0</td>
<td>BASE</td>
</tr>
<tr>
<td>Output Tax</td>
<td>MWS</td>
<td></td>
<td>118</td>
<td>100</td>
<td>MWS</td>
</tr>
<tr>
<td>Input Tax</td>
<td>VST</td>
<td>0.002</td>
<td>122</td>
<td>100</td>
<td>MWS</td>
</tr>
<tr>
<td>Non-deduct Input Tax</td>
<td>NAV</td>
<td></td>
<td>138</td>
<td>100</td>
<td>NWV</td>
</tr>
<tr>
<td>Non-deduct Input Tax</td>
<td>NWV</td>
<td></td>
<td>148</td>
<td>100</td>
<td>NWZ</td>
</tr>
<tr>
<td>Acquisition Tax Outgoing</td>
<td>ESA</td>
<td></td>
<td>158</td>
<td>100</td>
<td>NLLX</td>
</tr>
<tr>
<td>Acquisition Tax Deb.</td>
<td>ESE</td>
<td></td>
<td>168</td>
<td>100</td>
<td>NLLX</td>
</tr>
</tbody>
</table>

**Click on**

- Double click **Input tax**

**Double click**

**Input tax**
### Display FI Configuration: Automatic Posting - Rules

<table>
<thead>
<tr>
<th>Chart of Accounts</th>
<th>YCCA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction</td>
<td>WST</td>
</tr>
</tbody>
</table>

- **Common Chart of Accounts A Group ccs**
- **Input tax**

**Accounts are determined based on**

- **Debit/Credit**: Not changeable
- **Tax code**: Not changeable
Click on

Update the following:-
Click on

Click twice

Click on Tax accounts
B) Creating General Ledger (GL) account codes in the Chart of accounts:-

1) Create GL account in Chart accounts and company code

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.

Thus there are 2 methods of creating GL codes in SAP:-
1) One step creation – Here you create both the chart of accounts view as well as the company code view in one step.

2) Two-step creation – You first create the chart of accounts view in the first step. In the second step you create the company code view.

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

Path on SAP menu:
SAP menu → Accounting → Financial Accounting → General Ledger → Master Records → Individual Processing → FS00 – Centrally

Click on [ ] and enter the following:

![Create G/L Account Centrally](image)

- **Control in chart of accounts**
  - Account group: General Balance Sheet Accounts
  - P&L statement acct
  - Balance sheet account

- **Description**
  - Short text: Share capital
  - GL acct long text: Share capital

- **Consolidation data in chart of accounts**
  - Trading partner
C) Configuration for GL Automatic clearing: -

1. Automatic Clearing

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

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

- account type
- account number or a number interval

You can also enter a further five criteria. You select these five additional criteria from the fields in table BSEG or BKPF. If possible, you 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 YCCA

Update the following:-

The accttyp is D for debtors K for creditors and S for General Ledger
The first criterion specified is the assignment field for account types.
This 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

2. Define Tolerance Groups for G/L Accounts

IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Open Item Clearing → Clearing Differences → Define Tolerance Groups for G/L Accounts
For G/L account clearing, tolerance groups define the limits within which differences are accepted and automatically posted to predefined accounts. The groups defined here can be assigned in the general ledger account master record.

Click on

Update the following:-


3. Assigning accounts for GL Clearing Differences

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

For G/L account clearing, define the limits within which differences are accepted. In this activity you define the accounts to which these differences should be posted.

Enter chart of accounts YCCA

Click on [ ] to save the rules

Click on [ ] to update the posting keys
Update the following:

Click

And update GL code 470706, which is clearing difference account (G/L). It is an expense account.
D) Configuration for Foreign currency Valuation

In this configuration you 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

1. Define Valuation methods

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

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

In this step, you define your valuation methods for the open items. With the valuation method, you group specifications together, which you need for the balance and individual valuation. Before every valuation run, you specify the required valuation method.
SAP provides various valuation methods. You can create your own key starting with Z.

SAP provides following valuation methods:

<table>
<thead>
<tr>
<th>Valuation method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANK</td>
<td></td>
</tr>
<tr>
<td>DEMO</td>
<td>Valuation w/ Exchange Rate Type M</td>
</tr>
<tr>
<td>KTO</td>
<td>FC bal per acct, print L’s, lowest value principle</td>
</tr>
<tr>
<td>KORS</td>
<td>Valuation w/ Exchange Rate Type M</td>
</tr>
<tr>
<td>VAL1</td>
<td>Valuation w/ Exchange Rate Type B</td>
</tr>
</tbody>
</table>

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.

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.

If you select this procedure, revaluations are also taken into consideration.

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

If you 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.

If you 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
### New Entries: Details of Added Entries

<table>
<thead>
<tr>
<th>Valuation method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZBAN</td>
<td>Valuation method for Bank balance in foreign currency</td>
</tr>
</tbody>
</table>

#### Valuation procedure

- [ ] Lowest value principle
- [ ] Strict lowest value principle
- [x] Always value
- [ ] Revalue only
- [ ] Reset

- [ ] Post per line item
- [ ] Document type SA

- [ ] Write extract

#### Exchange rate determination

- Debit bal. exchange rate type B
- Credit bal. exchange rate type G
- [ ] Use exchange hedging
- [ ] Minimum difference

- [ ] Determine rate type from account balance
- [ ] Exchange rate type from invoice reference
2. Assign GL accounts for Foreign Currency valuation

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

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

Double click on KDB Line

Maintain FI Configuration: Automatic Posting - Procedures

Enter Chart of accounts YCCA
Here you will enter the following

**Exchange rate difference key:** Can be kept blank or you can enter a key with 4 digit e.g. 0001. In case you 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:** You 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:** You 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. You can have a separate account or the same account.

**Exchange rate difference in open items e.g. Accounts Receivable and Accounts Payable**
Double click on KDF Line

Here you will enter the GL code for Accounts receivable or Accounts Payable (the reconciliation account). You can enter different GL codes for each currency code and currency type. Alternatively if you do not want different GL codes for each currency you can keep them blank.

Enter chart of accounts YCCA in the pop up

Click on New entries and update the following:-
119020 is the GL code for Account Receivables trade 3rd parties

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

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

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

Val. gain 1: Here you 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 you 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.

E) Configuration for regrouping postings

1. Define Adjustment Accounts for GR/IR clearing

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

The goods receipt/invoice receipt (GR/IR) clearing account is a provision account, and is posted to whenever you receive goods that have not been invoiced yet or whenever you receive invoices for goods that have not been delivered yet.

In this activity you 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

Update the following:-

Chart of Accounts

YCCA
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

Enter chart of accounts YCCA 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

F) Creating Balance sheet and Profit and Loss account

1. Define Financial Statement Version (FSV)

You define the versions you need to create a balance sheet and profit and loss statement. You can create number of financial statement versions for your chart of accounts one for the local reporting, one for parent reporting. In each version you can group the GL codes differently.

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

You then determine the financial statement items for your version.

You assign groups of accounts to the items at the lowest levels of the hierarchy. You 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.

Alternatively, you 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. You must explicitly define financial statement versions to which functional areas are assigned as such. You 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 \textbf{New entries} or to start creating FSV from scratch. In case you want to copy from existing FSV you need to position the cursor on the FSV as source FSV e.g.

Then click on and update the following parameters:

\begin{tabular}{|l|l|}
\hline
\textbf{Fin.Str.Mversion} & YCCA \\
\textbf{Name} & Financial statement version A Ltd. Local reporting \\
\hline
\end{tabular}

And then click on .

We will cover here \textit{Creating FSV from scratch.}

Click on \textbf{New entries}
Give the code for the FSV e.g. YCCA and name for the version.

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

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

Enter the chart of accounts YCCA

Click on 

Click on Fin.statement items
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 YCCA and then

Click on **Create items**

Update the following information and click the continue button
### Create Items

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BS</td>
<td>Balance Sheet</td>
</tr>
<tr>
<td>IS</td>
<td>Income Statement</td>
</tr>
<tr>
<td>UA</td>
<td>Unassigned Accounts</td>
</tr>
</tbody>
</table>

### Change Financial Statement Version

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>No text exists, Assets</td>
</tr>
<tr>
<td>5</td>
<td>No text exists, Liabilities</td>
</tr>
<tr>
<td>4</td>
<td>No text exists, Net result: profit</td>
</tr>
<tr>
<td>3</td>
<td>No text exists, Net result: loss</td>
</tr>
<tr>
<td>2</td>
<td>No text exists, P+L result</td>
</tr>
<tr>
<td>1</td>
<td>No text exists, Not assigned</td>
</tr>
</tbody>
</table>
Thereafter click on 6 No text exists and click on Assets and then click on BS Balance Sheet and click on Reassign.

Select subordinate

Similarly assign the various nodes to the respective elements which should finally look like this.
Double click on the following and update the following:

**Balance Sheet**
- No text exists, Liabilities
  - No text exists, Net result: loss
  - No text exists, Net result: profit
- No text exists, Assets

**Income Statement**
- No text exists, P+L result

**Unassigned Accounts**
- No text exists, Not assigned

**Unassigned Accounts**
- Not assigned
Thereafter change the description of item by double clicking and updating the following information:

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Unassigned Accounts</td>
</tr>
</tbody>
</table>

- Display total
- +/– sign change
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 your 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 look like this
Now we will see how to assign GL accounts to the node Bank – current accounts.

Position the cursor on the node 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:-
Now if this bank account is an over draft 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 \textcolor{red}{114500} Hongkong & Shanghai Banking Corp. Ltd. in Bank -Current accounts on Current asset side and click on Select \textcolor{red}{\checkmark}, the bank accounts get highlighted as follows:-

Thereafter position the cursor on the item \textcolor{red}{2114500} Hongkong & Shanghai Banking corp in bank overdraft under current liabilities and then click on Edit $\rightarrow$ Debit/credit shift $\rightarrow$ Define.
Click ✓ since 114500 should be debit and 2114500 node should be credit

The display will appear as follows:

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

Position the cursor on ✓ Retained earnings - profit Net result: loss and click on Select ✓ and position the cursor on ✓ Retained earnings - Loss Net result: profit and click on Select ✓. Thereafter click on the item 30 Shareholders Equity and click on Reassign ✓ and select subordinate.
Likewise you 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, you need check the non assignment of GL codes to your company code.

Proceed as follows:-

Click on 

And update company code 9100

This step will give you list of accounts not assigned to the various nodes

After assigning the non assigned GL codes to various nodes your FSV is ready to be used by company code 9100
G) FI Integration with other modules

1. Integration with Overhead Cost Controlling

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

Scenario:-

Lets 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, you need to configure this setting.

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

Enter chart of accounts YCCA and Click on Save

Enter GL code 450020 Reconciliation Ledger Adjustment Account

![Maintain FI Configuration: Automatic Posting - Accounts](image)

Click
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 you 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.

You can go to transaction code mm03 put any material no and click on Accounting 1 view on which you 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
Scraping 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 you are with me till now lets move ahead. If not I suggest you 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:-

IMG → Materials Management → Valuation and Account Assignment → Account Determination → Account Determination Without Wizard → Configure Automatic Postings (OMWB)

Or

Type in transaction code OBYC
As you see above the second column contains all the Transaction keys where you need to stick the GL accounts. So let's see for the goods receipt transaction what do we do.

You 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 you 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 you have defined above. The second side of the posting will be determined based on your movement type which in the above case was a GR/IR.

If you understood example 1 you will understand all the other examples. As the methodology of finding GL accounts is the same. So dear friends if you want to learn SAP quickly you should learn how the things are integrated and not go through reams of material and keep on studying. Understand those vital areas and you 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 you need to update general modification **VBR** with the Raw Material consumption account.

![Maintain FI Configuration: Automatic Posting - Rules](image)

Click on ![Image](image)
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 you 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:-

IMG → Materials Management → Valuation and Account Assignment → Account Determination → Account Determination Without Wizard → Configure Automatic Postings or

Transaction code: OMWB

You can select the application area as follows:-
Thus you 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 you want to be more specific you 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

Update the following:-
Double click **Gl 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 **SD goods issue delay**

**SD goods issue delay**

**SD goods issue delay**

**SD goods issue delay**

**SD goods issue delay**

**SD goods issue delay**

**SD goods issue delay**

**SD goods issue delay**

**OD delivery project**
Here we notice that general modification key required for 601 is VAX
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

Eg

Customer –Dr
To Revenue Account- Cr

You 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?

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

Access sequence is nothing but SAP's terminology of determining the GI accounts. SAP provides the following six ways of determining the GI 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.

IMG ➔ Financial Accounting ➔ General Ledger Accounting ➔ Business Transactions ➔ Integration ➔ Sales and Distribution ➔ Prepare Revenue Account Determination or
The transaction can also be accessed by typing in transaction code VKOA from SAP Easy Access screen.

The account determination in SD happens through an access sequence which can be seen in the below table.

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>Cust_Grp/MaterialGrp/AcctKey</td>
</tr>
<tr>
<td>002</td>
<td>Cust_Grp/Account Key</td>
</tr>
<tr>
<td>003</td>
<td>Material Grp/Acct Key</td>
</tr>
<tr>
<td>004</td>
<td>General</td>
</tr>
<tr>
<td>005</td>
<td>Acct Key</td>
</tr>
<tr>
<td>601</td>
<td>Sales org./AcctAsgmnt/Ord.reason/Acct_key</td>
</tr>
<tr>
<td>602</td>
<td>Sales org./Ord.reason/Acct key</td>
</tr>
</tbody>
</table>

The system goes about checking for the GL account (which we will stick in here you will see more of that later) from more specific criteria to less specific criteria.

**Thus you 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 on [Material Grp/ Acct Key]

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]

**New Entries: Overview of Added Entries**

Click on [ ]
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

<table>
<thead>
<tr>
<th>Account key</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERB</td>
<td>Rebate sales deduct</td>
</tr>
<tr>
<td>ERF</td>
<td>Freight revenue</td>
</tr>
<tr>
<td>ERL</td>
<td>Revenue</td>
</tr>
<tr>
<td>ERS</td>
<td>Sales deductions</td>
</tr>
<tr>
<td>ERU</td>
<td>Rebate accruals</td>
</tr>
<tr>
<td>EW</td>
<td>Cash clearing</td>
</tr>
</tbody>
</table>

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

Click on 

And update the following information

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

So you 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.

**IMG → Sales and Distribution → Basic Functions → Pricing → Pricing Control → Define And Assign Pricing Procedures**
Double click **Maintain Pricing Procedures**

Here we see that account key ERL and ERS is attached to various condition types.
So that's it then my dear friends. I hope you enjoyed reading it and it is my sincere advice that you absorb the technique with which SAP performs the transaction and the method rather than going through it in a hurry.

Good luck and take care. If you liked this you can circulate this document to your friends and let them know about our full FICO package.