



SAP General Ledger Configuration

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INTRODUCTION

We have pleasure in giving this free ebook to the new aspiring SAP FICO consultants . You will enjoy reading it.

Let us first understand the FICO module before we actually start configuration.

The FI (Financial Accounting) Module is geared for external reporting. It produces a Balance sheet (B/S) and Profit and Loss account (P&L), cash flow report. The B/S & P/L is required by management for monitoring its monthly and yearly performance. It is also required for statutory accounts, GAAP reporting and various other legal and tax requirements.

Within the FI module there are various sub modules and the important one are as follows:

- General Ledger
- Bank Accounting
- Accounts Payable
- Accounts Receivable
- Asset Accounting

The CO (Controlling) module is geared for Management reporting. It is required more for internal performance analysis. It gives information about the origin of the cost. It helps in controlling the costs of the organization.

This module gives another dimension to the way profits are seen, by Product lines, Business segment by customer by region.

It also helps in controlling and monitoring the Costs of the product which are manufactured inhouse.

The important sub modules in CO are as follows:-

- Cost Center Accounting
- Profit Center Accounting
- Profitability Analysis
- Product costing
- Internal order

The FICO module in SAP is very tightly integrated with all the modules in SAP. Data is posted real-time to FICO module. The important modules from which data is updated into FICO module are as follows:-

- Materials Management (MM)
- Sales and Distribution (SD)
- Production Planning (PP)
- Human Resource (HR)

The Highest organizational unit in the FI module is the company code. It is an organizational unit for which Balance sheet and Profit and loss account is possible.

The various organizational units which are assigned to the company code are as follows:-

Purchasing organization is assigned to the Company code. (MM module)
Sales Organization is assigned to the Company code (SD module)
Plants are assigned to the Company code (Logistics module)

The company code is assigned to the controlling area.
The controlling area is assigned to the Operating concern.

The Starting point for the configuration of FICO module is the creation of the company code and configuring the General Ledger module. Once the company code and GL module configuration is done you can then proceed to configure the other sub modules of FI i.e. Bank, Accounts Payable and Accounts Receivable, Fixed Assets.

Configuration Scenario:

A Grp of companies (Parent company) is a multinational company with companies across the world with base in Germany. The company has decided to implement SAP for its subsidiary A Ltd located in India. A Grp of companies have to use the common chart of accounts. The currency in India is INR. The Parent company wants the accounts to be prepared based on Calendar year January to December. The Financial reporting should be in EURO. A Ltd also has a tax requirement to prepare it Accounts based on accounting period April to March.

Based on the above requirements we need to configure the following:-

Create company code 9100 – A Ltd.
The company code currency– INR
Parallel currencies to be implemented – EURO
Common chart of accounts – YCCA
Reporting period– Jan to December

The Local tax reporting requirement – April to March will be met by configuring the Special Purpose Ledger.


1. COMPANY CODE CONFIGURATION

1.1 Creating company code

Company code is the basic organizational unit in FI (Financial accounting) for which a balance sheet and profit & loss account can be drawn. We 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:-

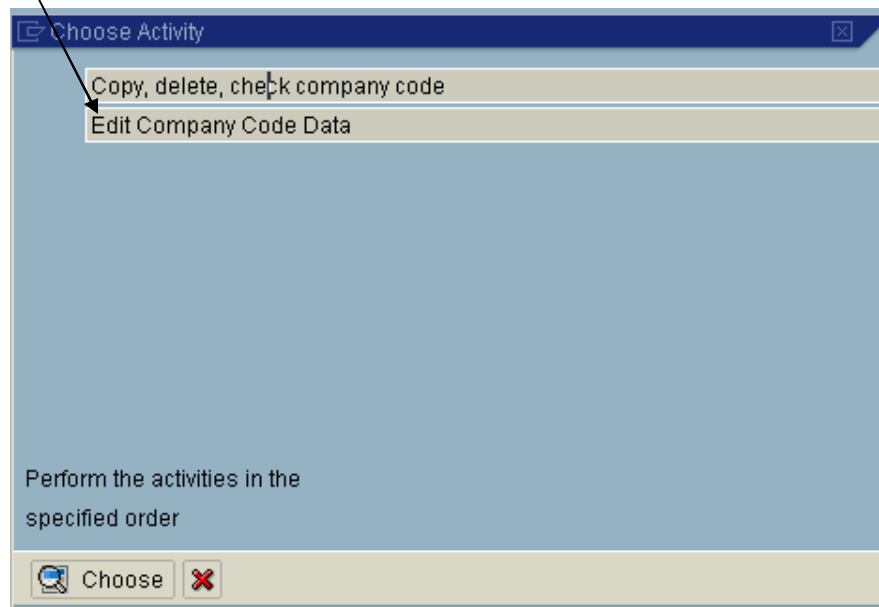
SAP Menu → Tools → Customizing → IMG → SPRO – Edit Project →

 SAP Reference IMG

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


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

Double click on Edit Company Code



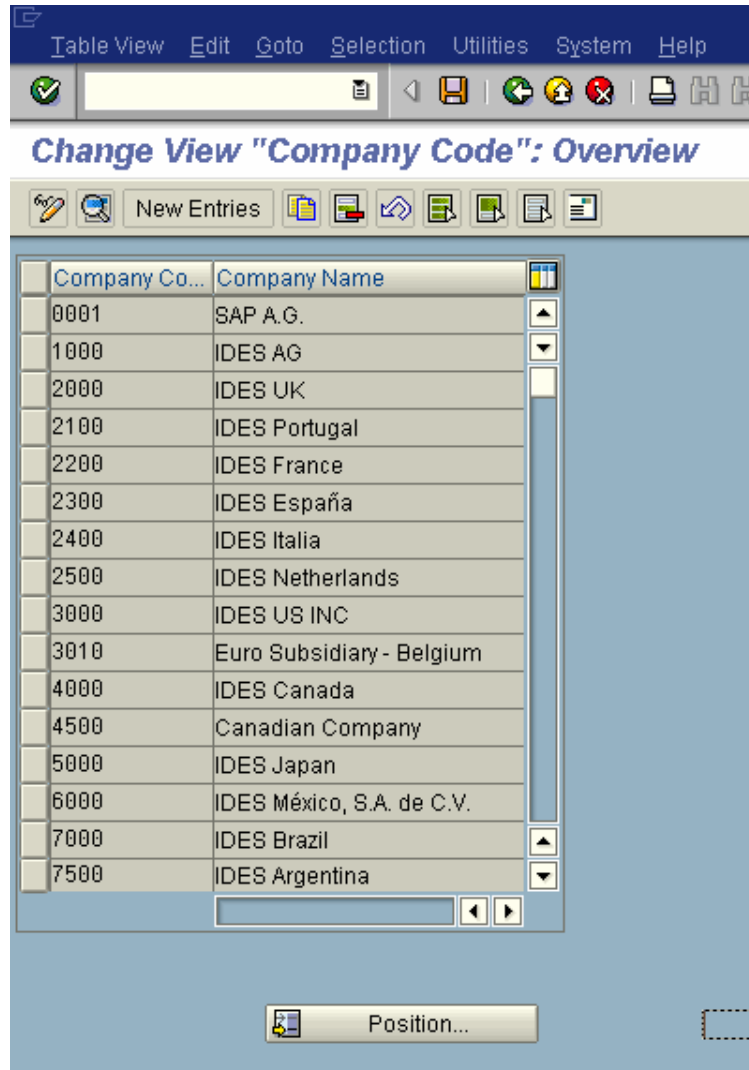
By selecting the second option Edit Company Code data you have to manually configure all the subsequent assignments.

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.

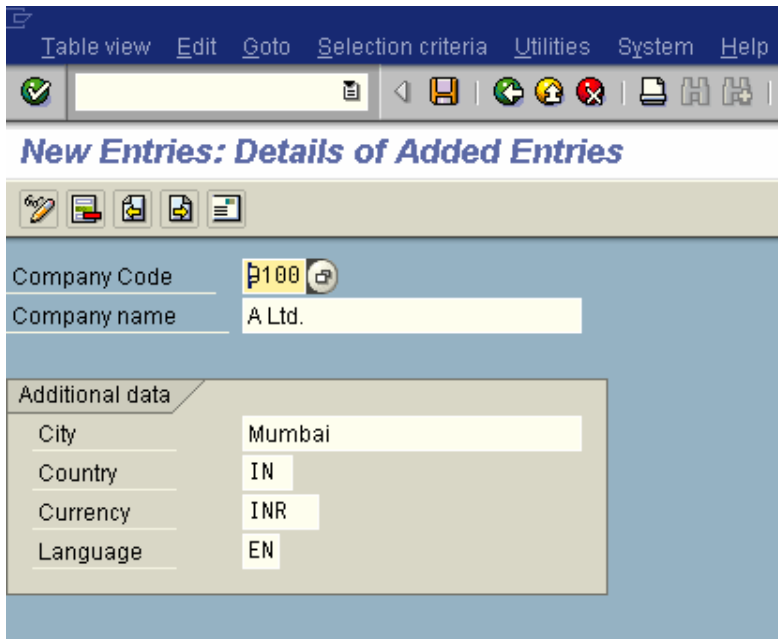
In the Copy option you need to click on  to copy a company code from an existing company code. You can copy from existing company code delivered by SAP.

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 E- book we will cover the FI configuration from scratch and not copying configuration from an existing company code.



Click on  **and** Update the following **required** fields:



The screenshot shows the SAP 'New Entries: Details of Added Entries' form. The menu bar includes 'Table view', 'Edit', 'Goto', 'Selection criteria', 'Utilities', 'System', and 'Help'. The toolbar contains icons for back, save, refresh, help, and close. The form fields are as follows:

Company Code	P100
Company name	A Ltd.
Additional data	
City	Mumbai
Country	IN
Currency	INR
Language	EN

The company code 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

Edit address: 9100

Name		
Title		
Name	A Ltd.	
Search terms		
Search term 1/2	A	
Street address		
Street/House number	Linking Road	
Postal code/City	400077 Mumbai - Bandra	
Country	IN India Region	
Time zone	UTC+53	
PO box address		
PO Box	100001	
Postal Code		
Company postal code		
Communication		
Language	English	Other communication...
Telephone	91 -22-25114544	Extension
Fax		Extension
E-Mail		
Standard Comm.Method		
Comments		

Preview International Versions

Click 

Click  to save entry.

Thus company code 9100 is created in SAP .

1.2 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

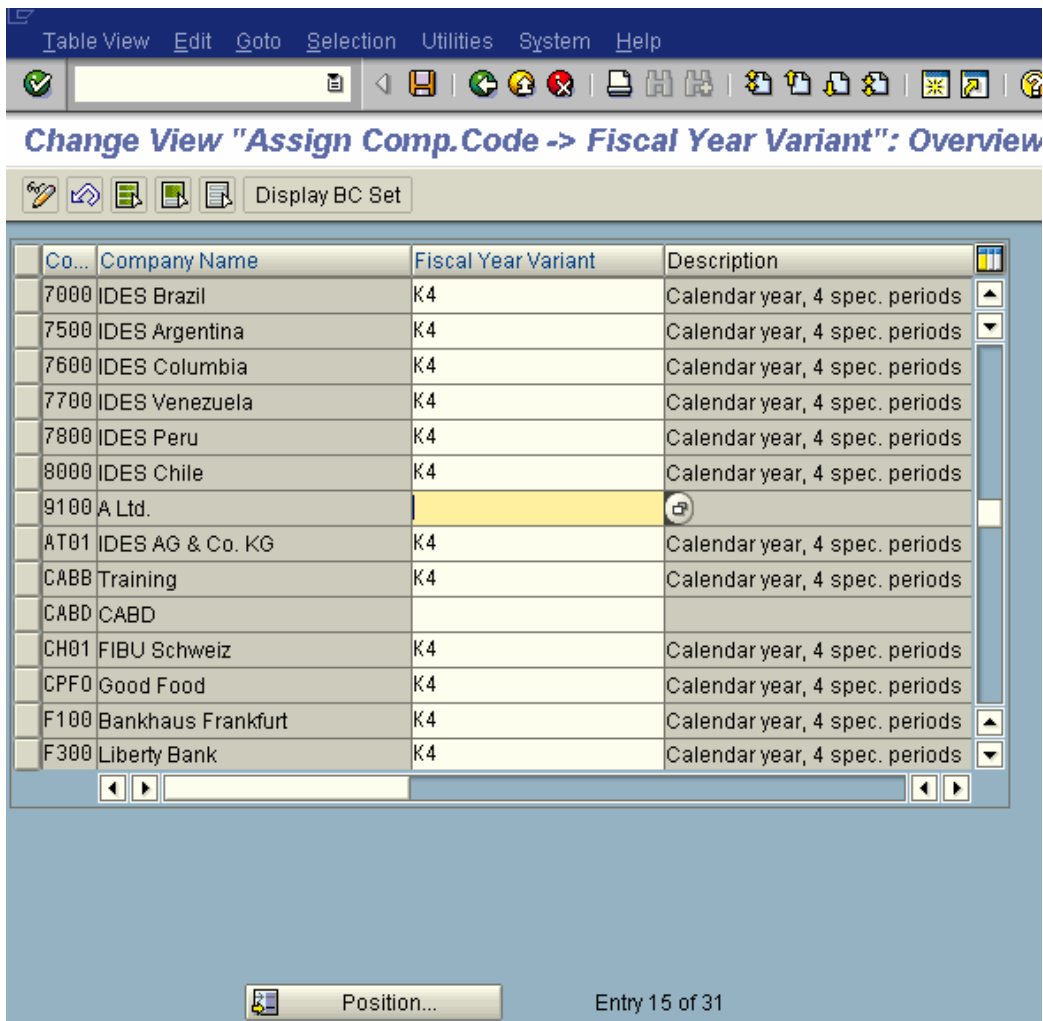
You can copy and create new variants, but bear in mind it should start with Z as the starting character.

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

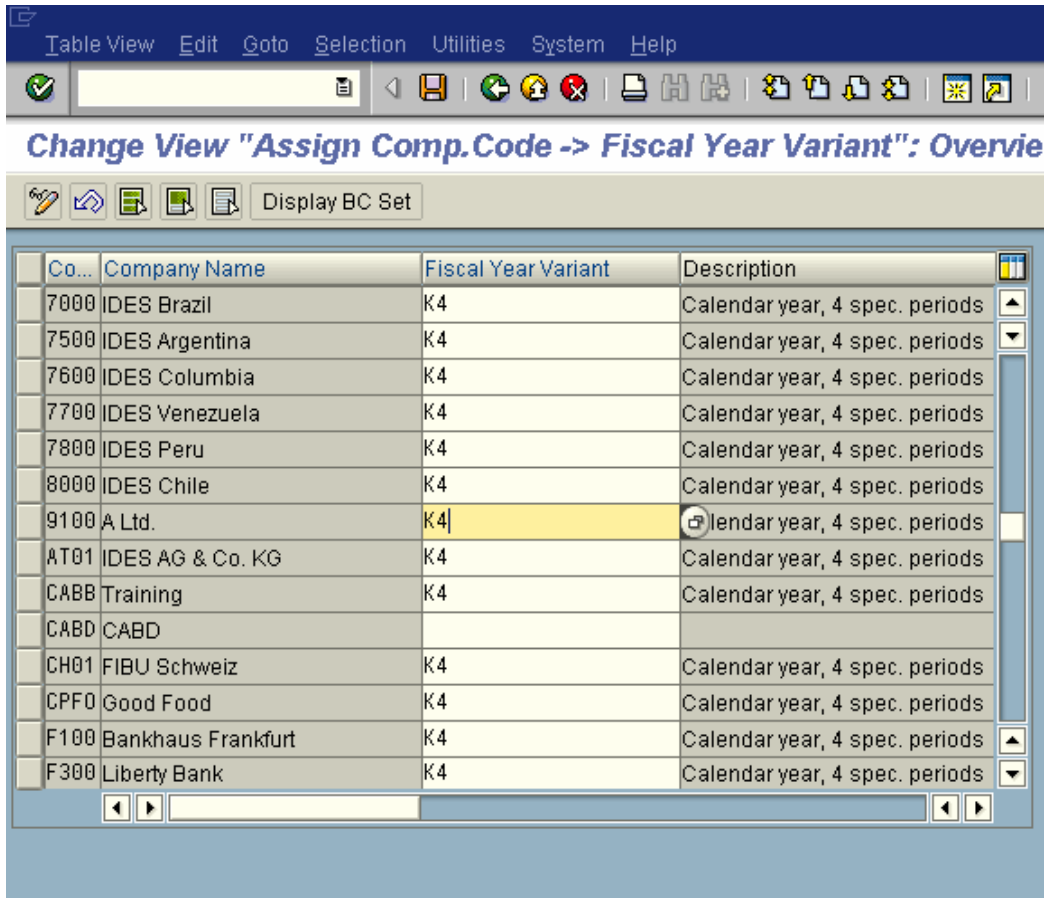
1.3 Assign Company Code to a Fiscal Year Variant


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.



Click  to save entry.

Thus Company code 9100 is assigned to fiscal year variant K4 in SAP.

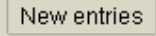
1.4 Define Posting period Variant

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.

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

Var.	A	From acct	To account	From per.1	Year	To period	Year	From per.2	Year	To period	Year	AuGr
0001	+			1	2001	12	2004	13	2001	16	2001	
0001	A		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
0001	D		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
0001	K		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
0001	S		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
1000	+			1	2000	12	2005	13	2001	16	2001	
1000	A		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	D		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	K		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	M		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	S		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
2000	+			1	2001	12	2004	13	2001	16	2001	
2000	A		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
2000	D		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
2000	K		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	
2000	S		ZZZZZZZZZZ	1	2001	12	2004	13	2001	16	2001	

Click the **Copy**  button.

Replace all 1000 with 9100

Table View Edit Goto Selection Utilities System Help

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


Var.	A	From acct	To account	From per.1	Year	To period	Year	From per.2	Year	To period	Year	AuGr
1000				1	2000	12	2005	13	2001	16	2001	
1000	A		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	D		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	K		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	M		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
1000	S		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	

Table View Edit Goto Selection Utilities System Help

New Entries: Overview of Added Entries

New Entries

Var.	A	From acct	To account	From per.1	Year	To period	Year	From per.2	Year	To period	Year	AuGr
9100				1	2000	12	2005	13	2001	16	2001	
9100	A		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
9100	D		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
9100	K		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
9100	M		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	
9100	S		ZZZZZZZZZZ	1	2000	12	2005	13	2001	16	2001	

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

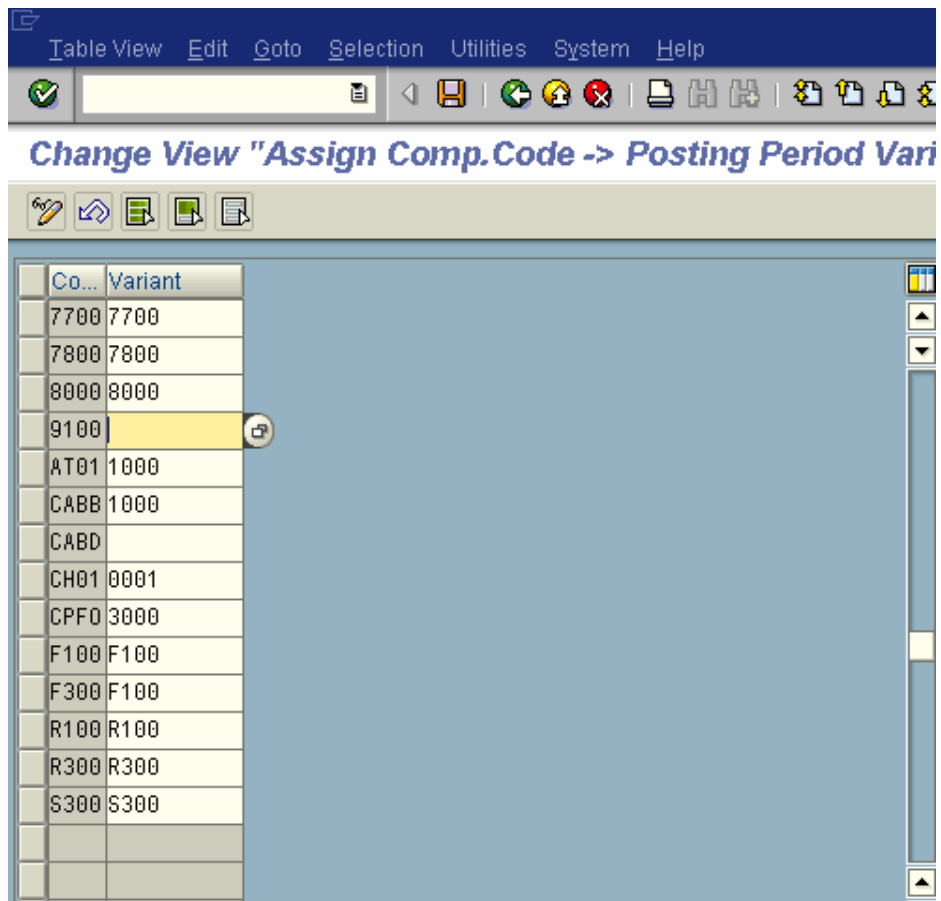
M – Material
S - GL

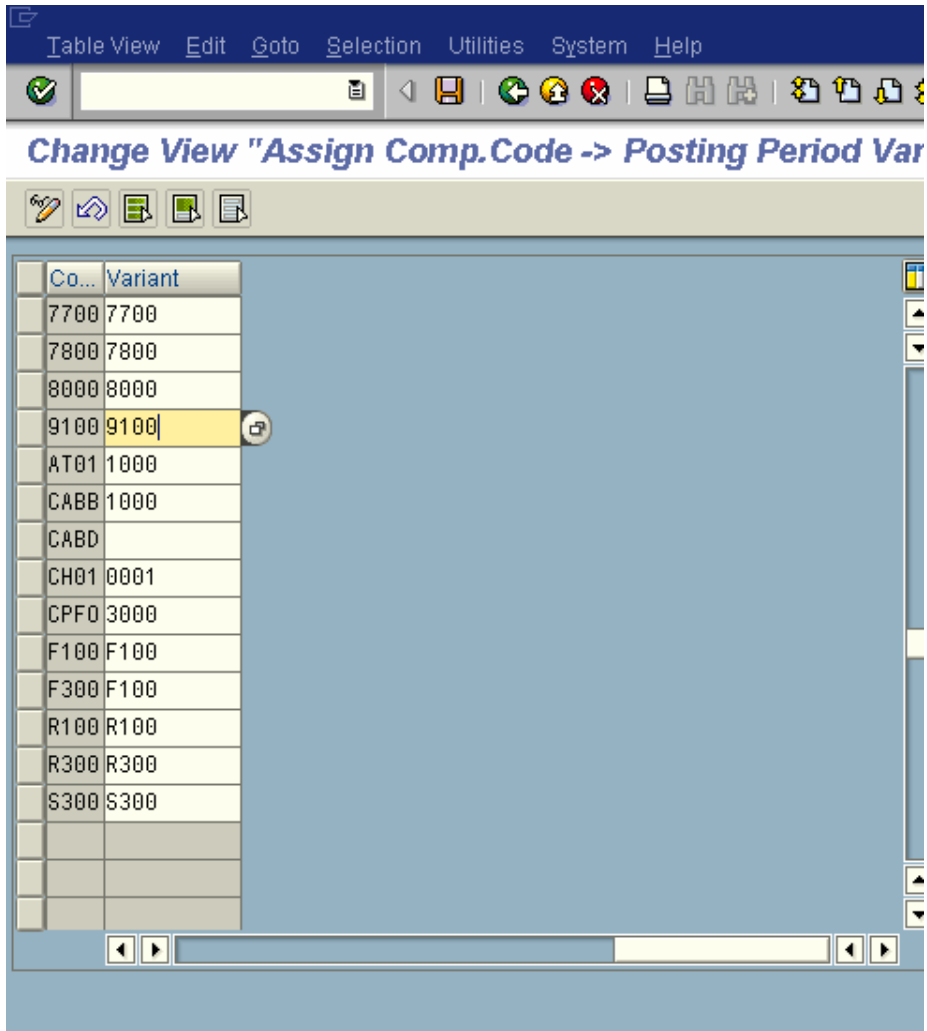
1.6 Assign Posting period Variant to Company code


IMG → Financial Accounting → Financial Accounting Global Settings → Document → Posting Periods → Assign Variants to Company Code

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

Assign 9100 to company code 9100





Click  to save entry.

Thus posting period variant 9100 is assigned to company code 9100 in SAP.

1.7 Create document number ranges for company code

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Document Number Ranges → Define Document Number Ranges.

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.

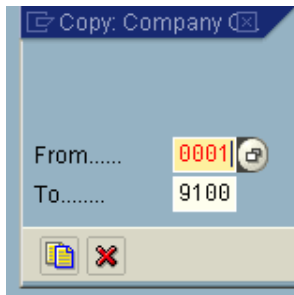
Number ranges for documents are company code-dependent. You must therefore create your number ranges for each company code in which the document type is used, namely with the same number range key.

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.

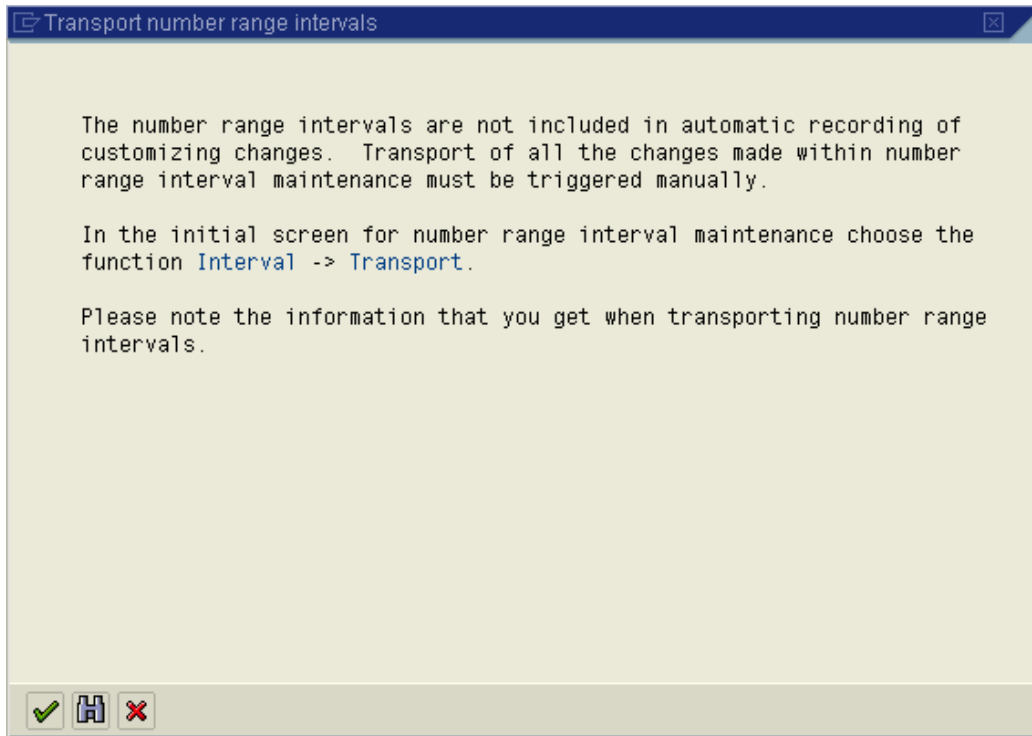
To copy from another company code:-

Click on copy  and update the company to be copied from 0001 and company to be copied to 9100.



Click 

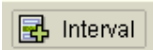
You get the following message:-

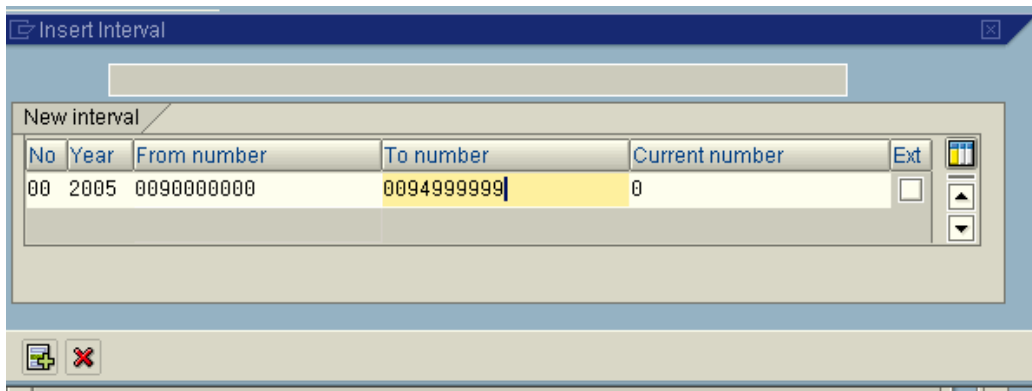



The number ranges are not transported automatically. It is advisable that you manually maintain number ranges in each system (quality, production).

To manually create number range proceeds as follows:-

Click on  Intervals

Click on  Interval 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.

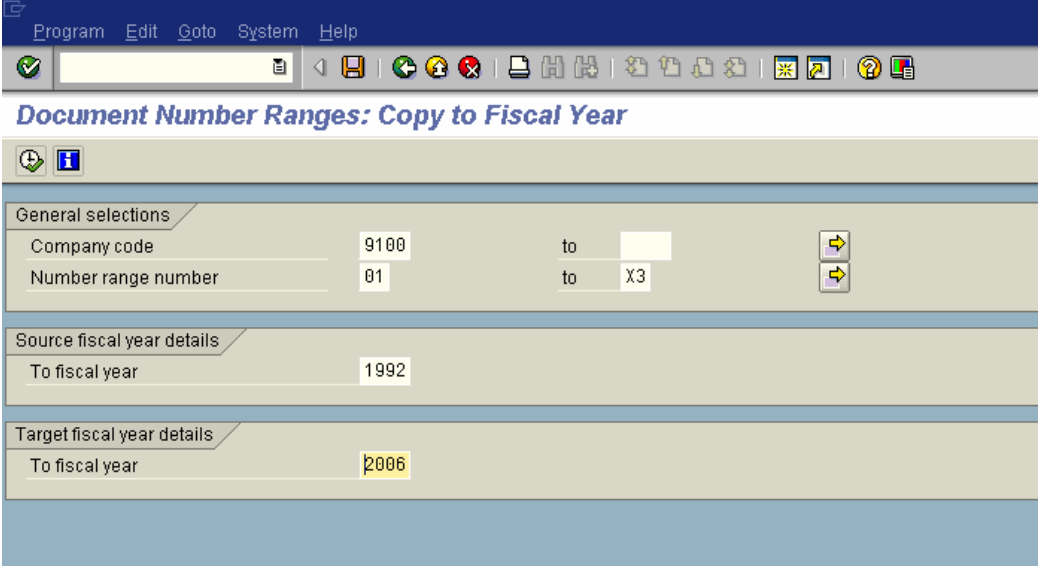
Note that the number intervals are not included in the customizing request they need to be transported manually. Click on **Interval** → **Transport**

1.8 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.

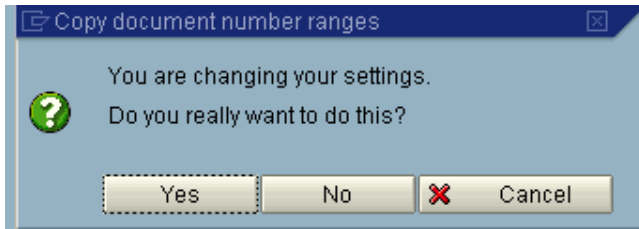
Update the following:-



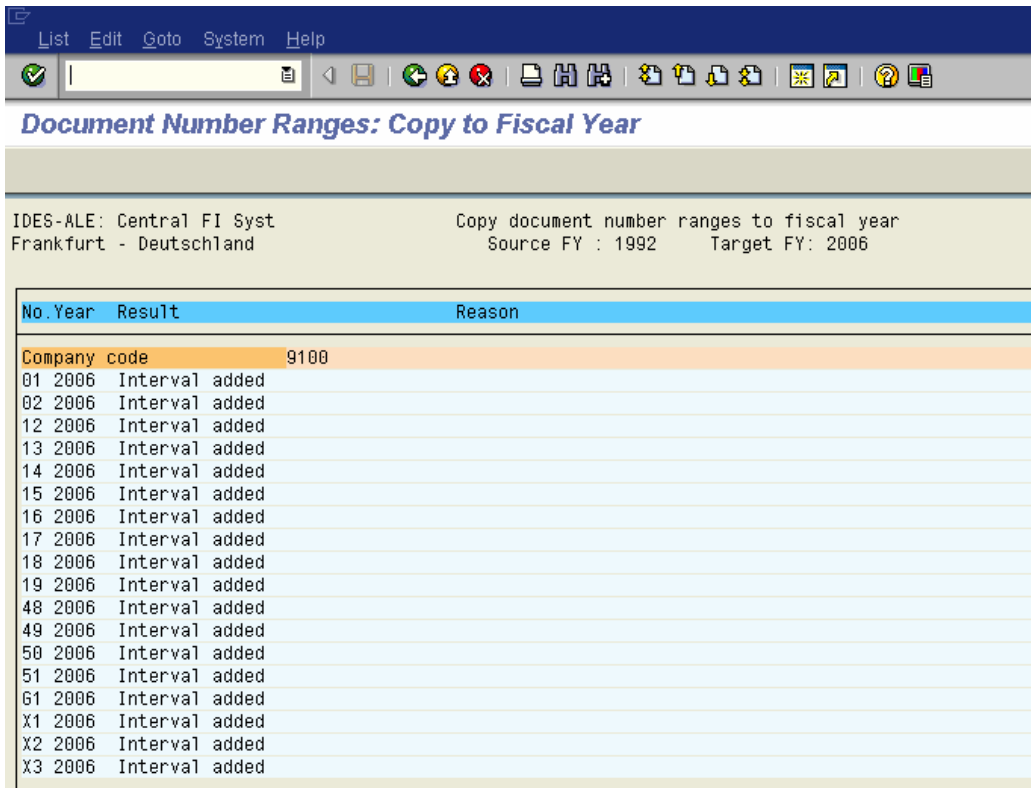
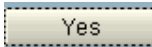
The screenshot shows the SAP transaction OBH2 'Document Number Ranges: Copy to Fiscal Year'. The interface includes a menu bar (Program, Edit, Goto, System, Help) and a toolbar with various icons. The main area is divided into three sections:

- General selections:** Company code: 9100, Number range number: 01, to: X3.
- Source fiscal year details:** To fiscal year: 1992.
- Target fiscal year details:** To fiscal year: 2006.

Click 



Click



1.9 Define document type and assign document number range

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Document Header → Define Document Types

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.

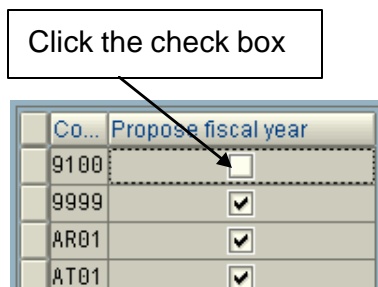
Document types are valid for all clients. You specify a number range key for each document type. You create the desired number range intervals for each number range key based on the company code. This means that you can specify intervals of different sizes for the same number range.

1.10 **Enable Fiscal Year Default**

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Default Values for Document Processing → 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.



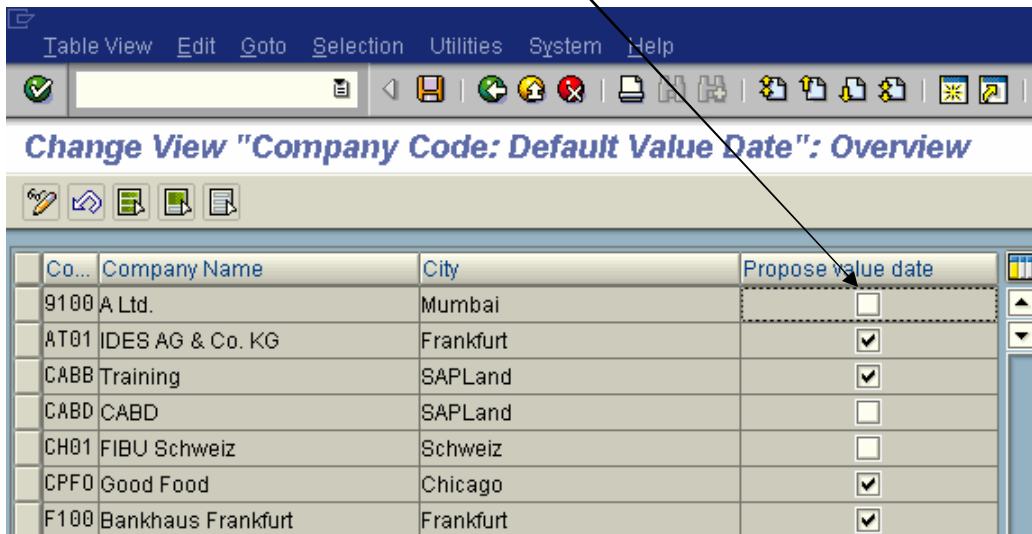
Click  to save entry.

1.11 **Enable Default Value date**

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Default Values for Document Processing → Enable Fiscal Year Default

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



Click  to save entry.

1.12 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.

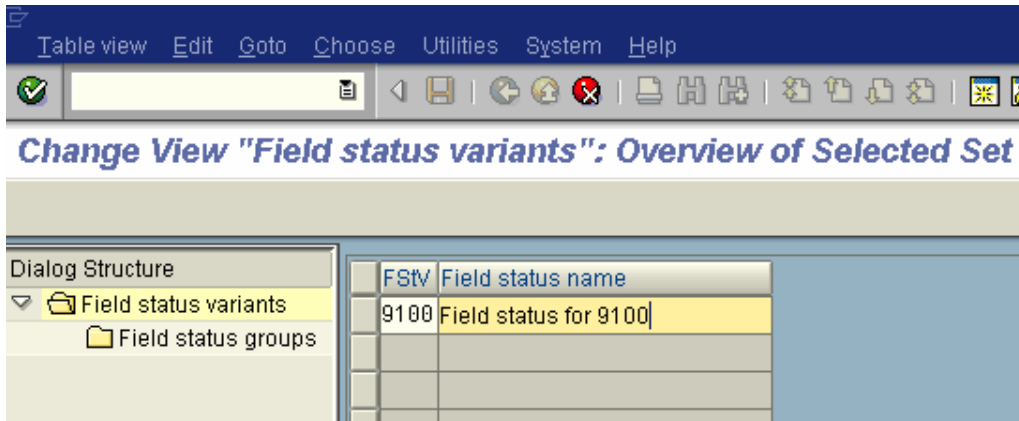
Select the SAP standard variant

FSTV	Field status name
0001	Field status for 0001

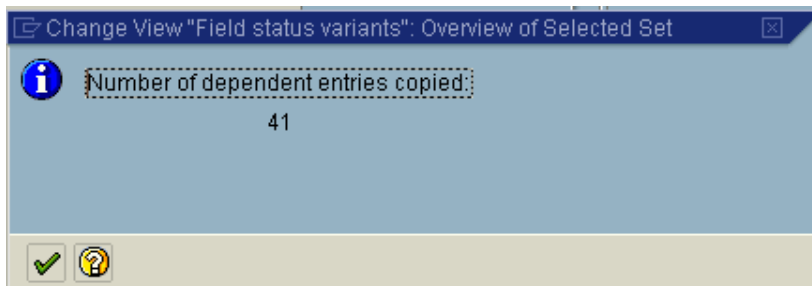
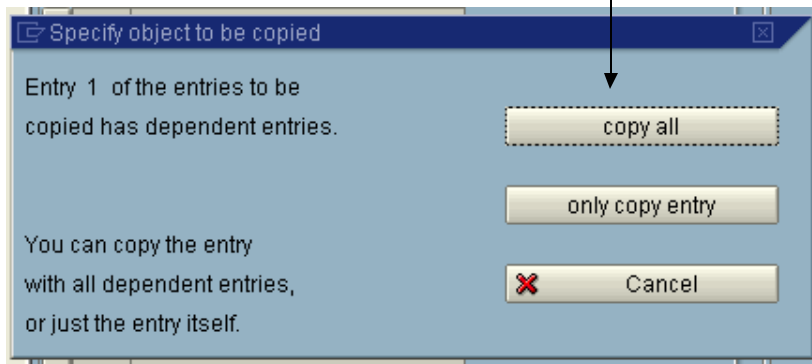
Click on Copy 


And change the field status variant from 001 to 9100

FSTV	Field status name
0001	Field status for 0001



Click on Copy all



Click  to save entry.

Thus field status variant 9100 is created.

1.13 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

Co...	Company Name	City	Fld stat.var.
8000	IDES Chile	Chile	1000
9100	A Ltd.	Mumbai	9100
AT01	IDES AG & Co. KG	Frankfurt	1000

Click  to save entry.

1.14 Screen variants for document entry

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Line Item → Controls → 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

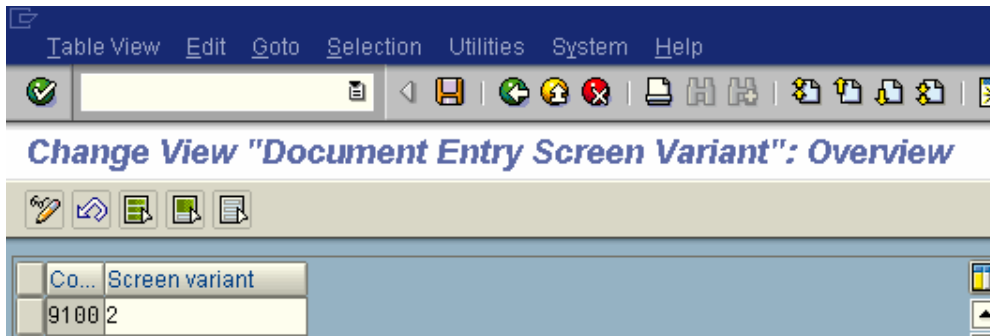
In an Indian company code, for example, a screen with fields for withholding tax is required when entering a vendor item. You therefore have to select a special screen variant for Indian company codes.


Select the option, which is required.

|

Var.	Short text
	Standard version
1	For Austria and Switzerland
2	For France and countries with withholding tax
3	For countries with classic withholding tax

We will select option 2, since withholding tax is applicable for India.



Click on 

1.15 Define Tolerance Groups for Employees

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.

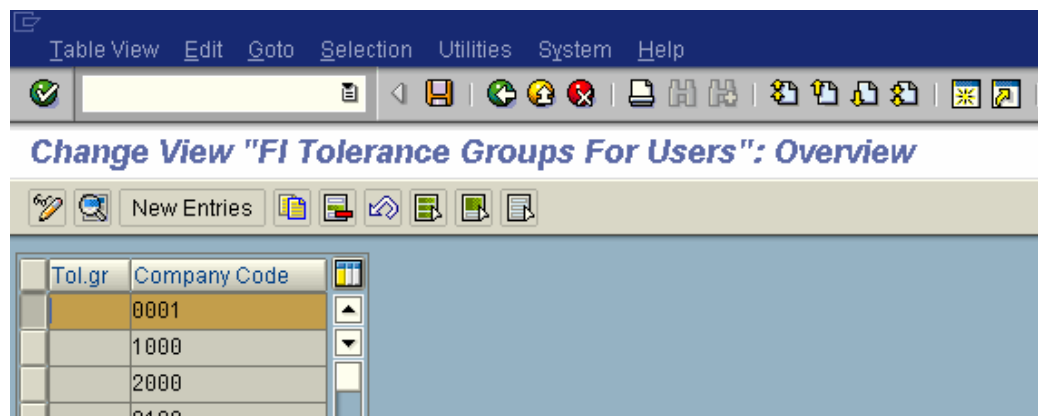
You can also additionally differentiate these settings by company code. Since the same rules usually apply to a group of employees, enter the values for employee groups. You can then enter amount limits and tolerances per employee group and company code.

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 

Table View Edit Goto Selection Utilities System Help

Change View "FI Tolerance Groups For Users": Detail

Group

Company code SAP A.G. Walldorf

Currency

Upper limits for posting procedures

Amount per document	511,291,881,196.22
Amount per open item account item	511,291,881.20
Cash discount per line item	5.000 %

Permitted payment differences

	Amount	Percent	Cash discont adj.to
Revenue	511.29	10.0 %	5.11
Expense	511.29	10.0 %	5.11

and replace company code 0001 with 9100.

Table View Edit Goto Selection Utilities System Help

Change View "FI Tolerance Groups For Users": De

Group

Company code 9100 SAP A.G Walldorf


Currency EUR

Upper limits for posting procedures

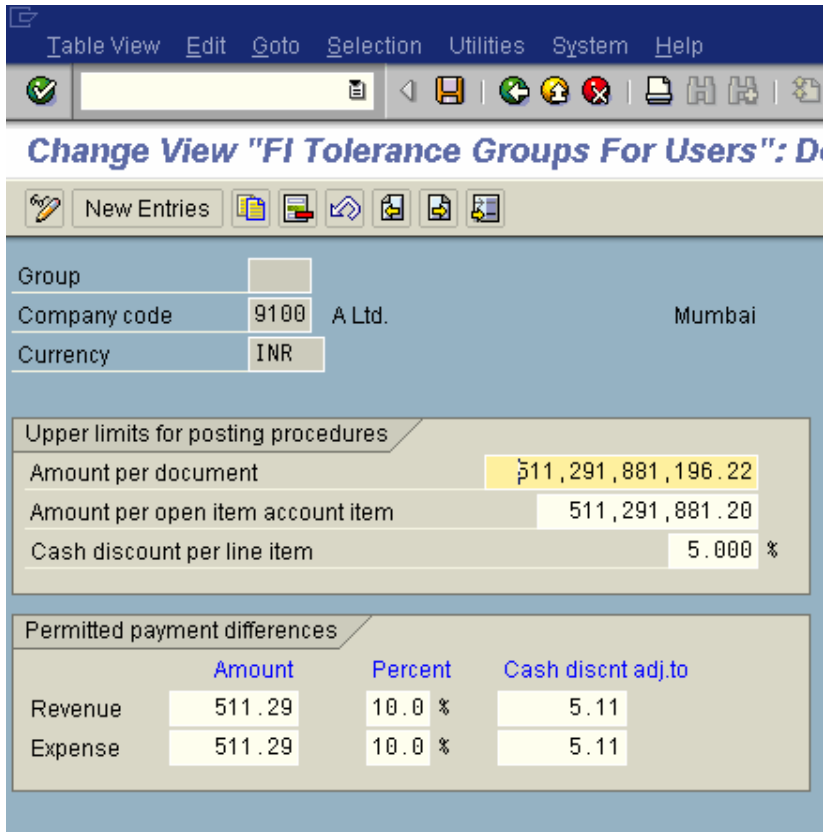
Amount per document	511,291,881,196.22
Amount per open item account item	511,291,881.20
Cash discount per line item	5.000 %

Permitted payment differences

	Amount	Percent	Cash discont adj.to
Revenue	511.29	10.0 %	5.11
Expense	511.29	10.0 %	5.11

Click  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.

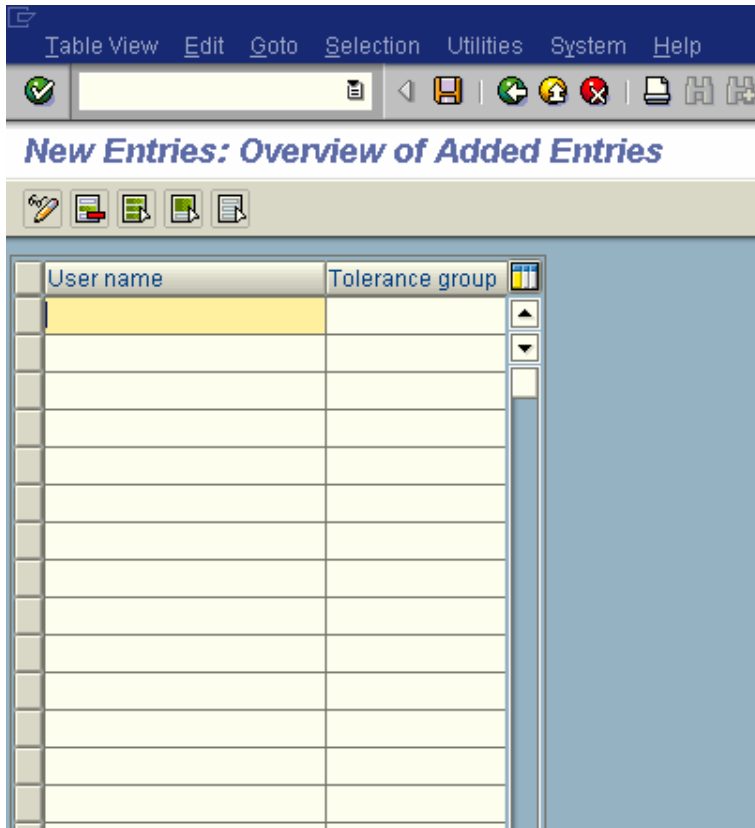
1.16 Assign User/Tolerance Groups

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Line Item → Assign User/Tolerance Groups

The users have to be assigned to the tolerance group.

Click on

And update the user id and the tolerance group



Click  to save entry.

In our example we have created a blank tolerance group therefore there is no need to assign user to tolerance group.

1.17 Maximum Exchange Rate Difference

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Document Header → Maximum Exchange Rate Difference → Define Maximum Exchange Rate Difference per Company Code


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

The screenshot shows the SAP configuration screen for 'Maximum Difference Between Exchange Rates'. The title bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities', 'System', and 'Help'. Below the title bar is a toolbar with various icons. The main content area is titled 'Change View "Maximum Difference Between Exchange Rates": Overview'. It contains a table with the following columns: 'CoCd', 'Company Name', 'City', and 'Max.exch.rate dev.'. The table lists 13 entries, each with a checkbox in the 'CoCd' column. The 'Max.exch.rate dev.' column shows '10 %' for most entries, but the entry for '9100 A Ltd.' has a yellow highlight and a cursor pointing to it, indicating it is the current entry being edited. A callout box from the top of the page points to this entry.

CoCd	Company Name	City	Max.exch.rate dev.
<input type="checkbox"/> 8000	IDES Chile	Chile	10 %
<input type="checkbox"/> 9100	A Ltd.	Mumbai	%
<input type="checkbox"/> AT01	IDES AG & Co. KG	Frankfurt	10 %
<input type="checkbox"/> CABB	Training	SAPLand	10 %
<input type="checkbox"/> CABD	CABD	SAPLand	%
<input type="checkbox"/> CH01	FIBU Schweiz	Schweiz	10 %
<input type="checkbox"/> CPFD	Good Food	Chicago	10 %
<input type="checkbox"/> F100	Bankhaus Frankfurt	Frankfurt	10 %
<input type="checkbox"/> F300	Liberty Bank	New York	10 %
<input type="checkbox"/> R100	IDES Retail GmbH	Giessen	10 %
<input type="checkbox"/> R300	IDES Retail INC US	Los Angeles	10 %
<input type="checkbox"/> S300	IDES Services	Atlanta	10 %

Click  to save entry.

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

1.18 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.

This code is updated on the customer and vendor master in the general view in the control tab. This is used to identify inter company balances and inter company balance elimination in consolidation

Click on  and update the following: -

New Entries: Details of Added Entries

Company: 9100

Company name: A Ltd.

Name of company 2:

Detailed information

Street:

PO Box:

Postal code:

City:

Country: IN

Language Key: EN

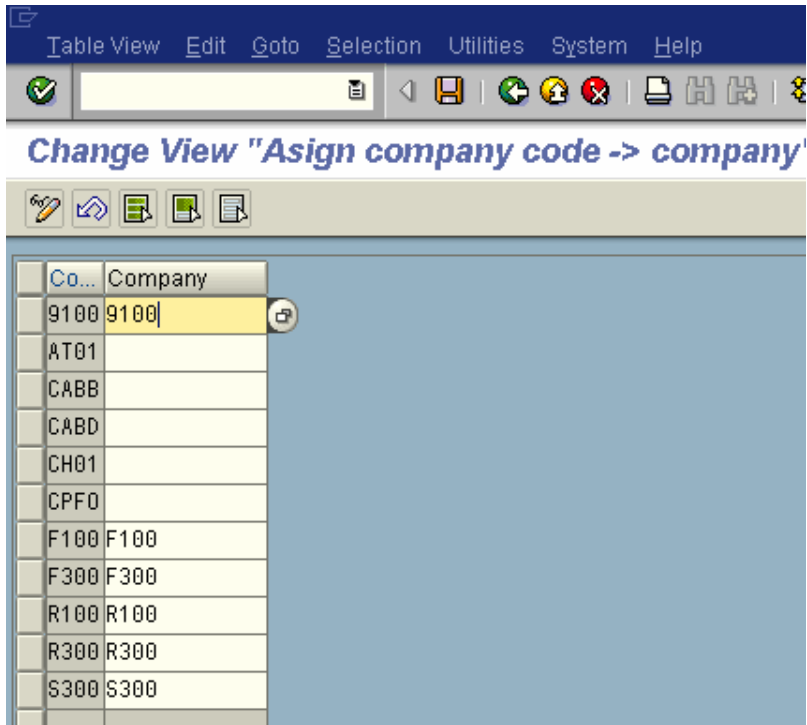
Currency: INR

Click on Save 

1.19 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 

1.20 Define text for line items

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Line Item → Define Texts for Line Items

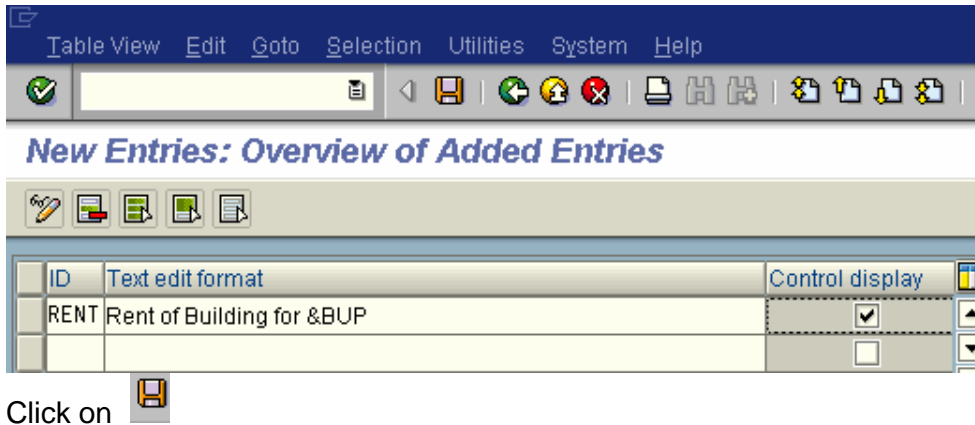
This is required if you want to update standard text in the line item of an FI accounting document.

Two options are available:-

- 1) You can take a drop down or press function key F4 in the field Line item Text.
- 2) You can enter the line item id prefixed with =RENT only. For example we have configure a text id **RENT** Rent of Building for &BUP. & BUP will automatically default month and the year.

Click on 

Update the following:-



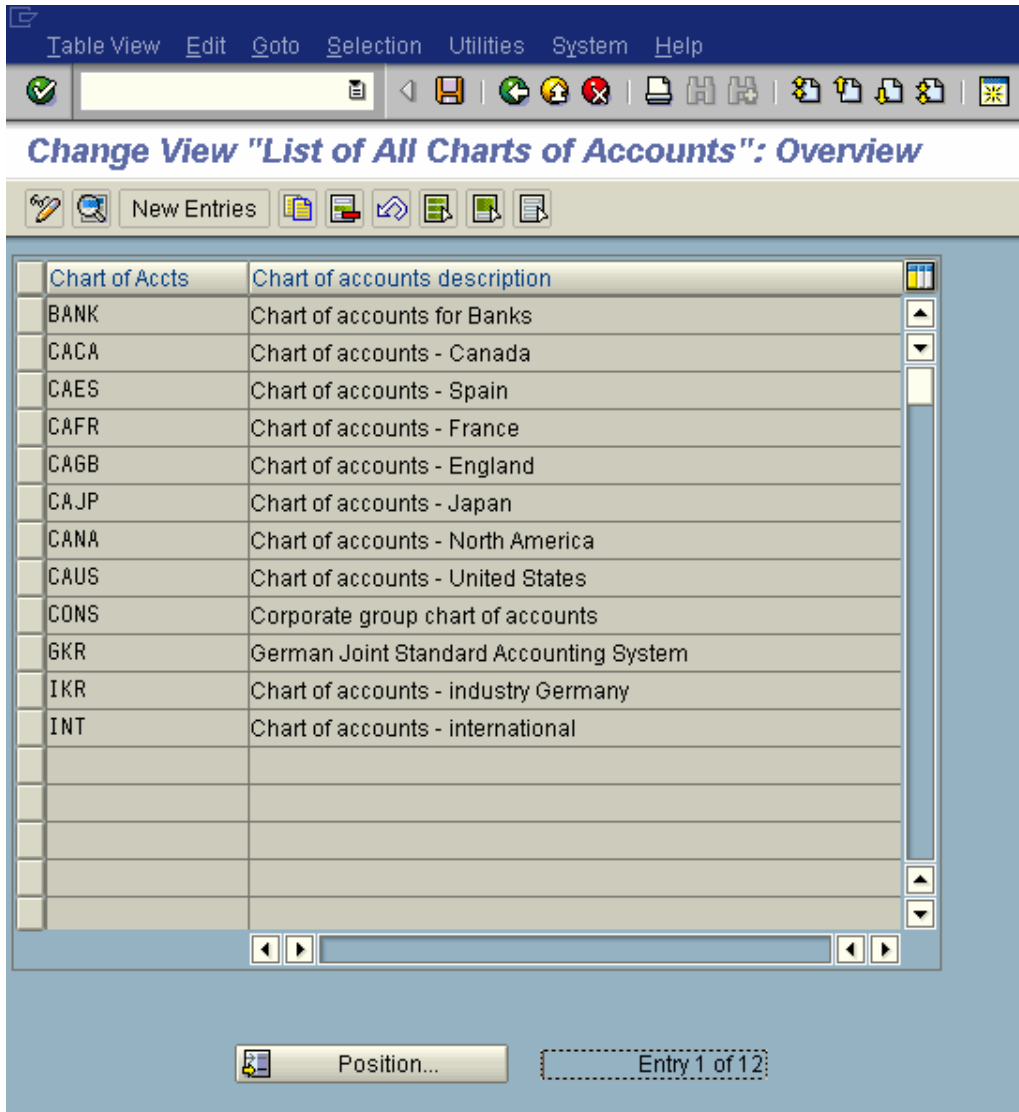
2. GENERAL LEDGER CONFIGURATION

2.1 Create Chart of accounts

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.



Click on and update the following fields

The screenshot shows the SAP FI configuration interface for a new chart of accounts. The title bar indicates 'New Entries: Details of Added Entries'. The main form contains the following fields and sections:

- Chart of Accts:** YCCA
- Description:** Common Chart of Accounts A Group cos
- General specifications:**
 - Maint. language: English
 - Length of G/L account number: 6
- Integration:**
 - Controlling integration: Manual creation of cost elements
- Consolidation:**
 - Group chart of accts: (empty)
- Status:**
 - Blocked

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.

2.2 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

Change View "Assign Company Code -> Chart Of Accounts": Overview

Co...	Company Name	City	Chrt/accts	Chy ch/act
2500	IDES Netherlands	Rotterdam	INT	
3000	IDES US INC	New York	CAUS	
3010	Euro Subsidiary - Belgium	Brussels	CAUS	INT
4000	IDES Canada	Toronto	CAUS	CACA
4500	Canadian Company	Toronto	CACA	CACA
5000	IDES Japan	Tokyo	CAJP	
6000	IDES México, S.A. de C.V.	México DF	INT	
7000	IDES Brazil	São Paulo	INT	
7500	IDES Argentina	Buenos Aires	INT	INT
7600	IDES Columbia	Columbia	INT	
7700	IDES Venezuela	Venezuela	INT	
7800	IDES Peru	Perú	INT	
8000	IDES Chile	Chile	INT	
9100	A Ltd.	Mumbai		
AT01	IDES AG & Co. KG	Frankfurt	INT	GKR
CABB	Training	SAPLand	INT	GKR
CABD	CABD	SAPLand		

Assign **YCCA** in the Chrt/accts field to company code 9100.

Table View Edit Goto Selection Utilities System Help

Change View "Assign Company Code -> Chart Of Accounts": Overview

Co...	Company Name	City	Chrt/Accts	Cty ch/act
2500	IDES Netherlands	Rotterdam	INT	
3000	IDES US INC	New York	CAUS	
3010	Euro Subsidiary - Belgium	Brussels	CAUS	INT
4000	IDES Canada	Toronto	CAUS	CACA
4500	Canadian Company	Toronto	CACA	CACA
5000	IDES Japan	Tokyo	CAJP	
6000	IDES México, S.A. de C.V.	México DF	INT	
7000	IDES Brazil	São Paulo	INT	
7500	IDES Argentina	Buenos Aires	INT	INT
7600	IDES Columbia	Columbia	INT	
7700	IDES Venezuela	Venezuela	INT	
7800	IDES Peru	Perú	INT	
8000	IDES Chile	Chile	INT	
9100	A Ltd.	Mumbai	YCCA	
AT01	IDES AG & Co. KG	Frankfurt	INT	GKR
CABB	Training	SAPLand	INT	GKR
CABD	CABD	SAPLand		

Position... Entry 8 of 31

Click  to save entry.

Thus Company code 9100 is assigned to YCCA chart of accounts in SAP.

2.3 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: -

Chrt/Accts	Acct Group	Name	From acct	To account
IKR	ANL .	Fixed assets accounts		999999
IKR	ERG .	P&L accounts		999999
IKR	FIN .	Liquid funds accounts		999999
IKR	MAT .	Materials management accounts		999999
IKR	SAKO	G/L accounts (general)		999999
INT	ANL .	Fixed assets accounts		999999
INT	AS	Fixed assets accounts		999999
INT	CASH	Liquid funds accounts		999999
INT	ERG .	P&L accounts		999999
INT	FIN .	Liquid funds accounts		999999
INT	GL	General G/L accounts		999999
INT	MAT	Materials management accounts		999999
INT	MAT .	Materials management accounts		999999
INT	PL	P&L accounts		999999
INT	RECN	Recon.account ready for input		999999
INT	XO	General G/L accounts		999999

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.

New entries

The screenshot shows the SAP 'New Entries: Overview of Added Entries' window. The window title is 'New Entries: Overview of Added Entries'. Below the title bar is a toolbar with icons for 'Field status', 'Delete', 'Print', and 'Copy'. The main area contains a table with the following data:

Chrt/Accts	Acct Group	Name	From acct	To account
YCCA	AS	Fixed Asset Accounts	120000	120299
YCCA	CASH	Liquid Fund Accounts	110000	118999
YCCA	EXP	Expense Accounts	400000	499999
YCCA	MAT	Material Management accounts	100000	899999
YCCA	REV	Revenue accounts	800000	899999
YCCA	TEMP	Temp acct for initial upload	0	999
YCCA	6 . BS	General Balance sheet Accounts	100000	399999

Click  to save entry.

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

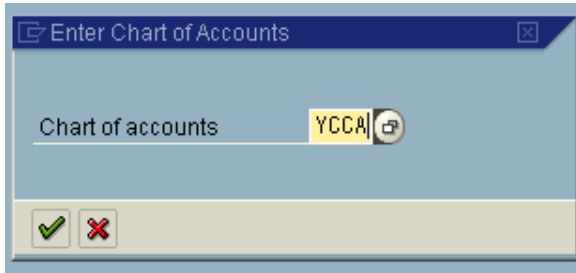
2.4 Define Retained Earnings Account

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

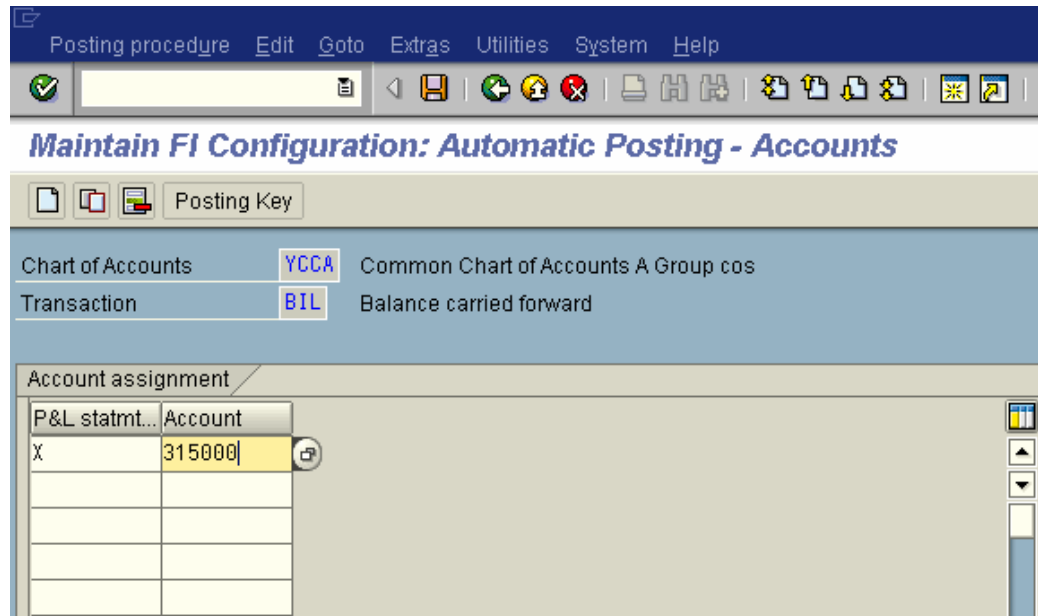
You assign a retained earnings account to each P&L account by specifying a P&L statement account type in the chart of accounts area of each P&L account in SAP.

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



Enter X in P& L statmt
Enter the account code for Retained earnings account.

Click 

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

Click  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

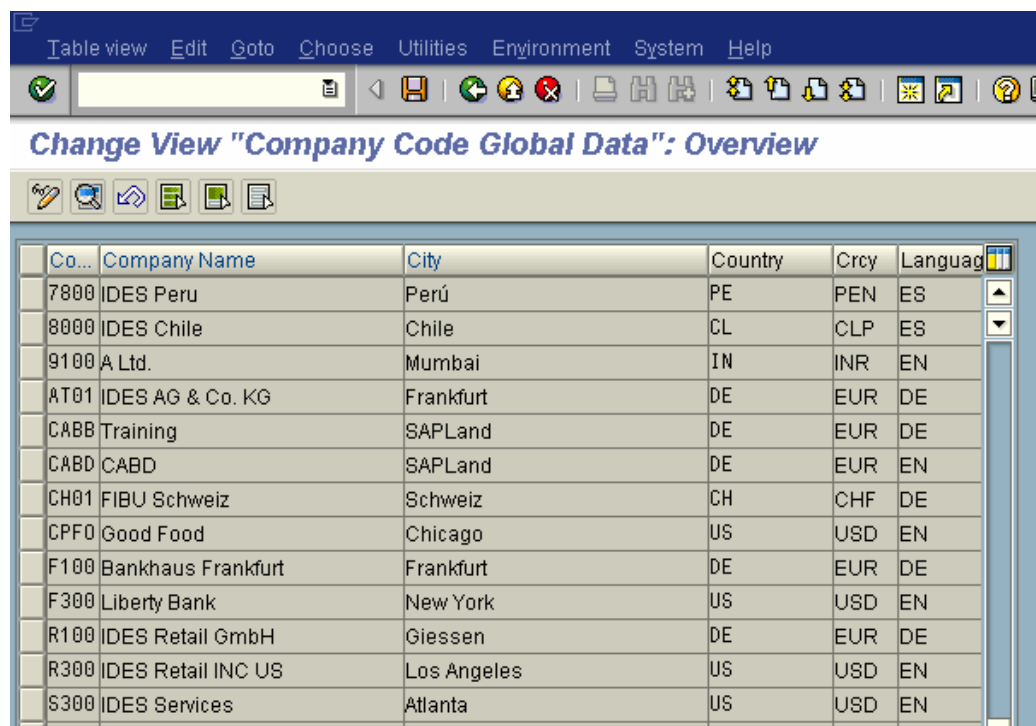
The depreciation for the parent is posted as a difference between local and parent (15,000 INR – 10,000 INR = 5,000 INR) to GL code 460002 Depreciation local – parent 5,000 INR

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.

2.5 Check company Code settings in Global parameters

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

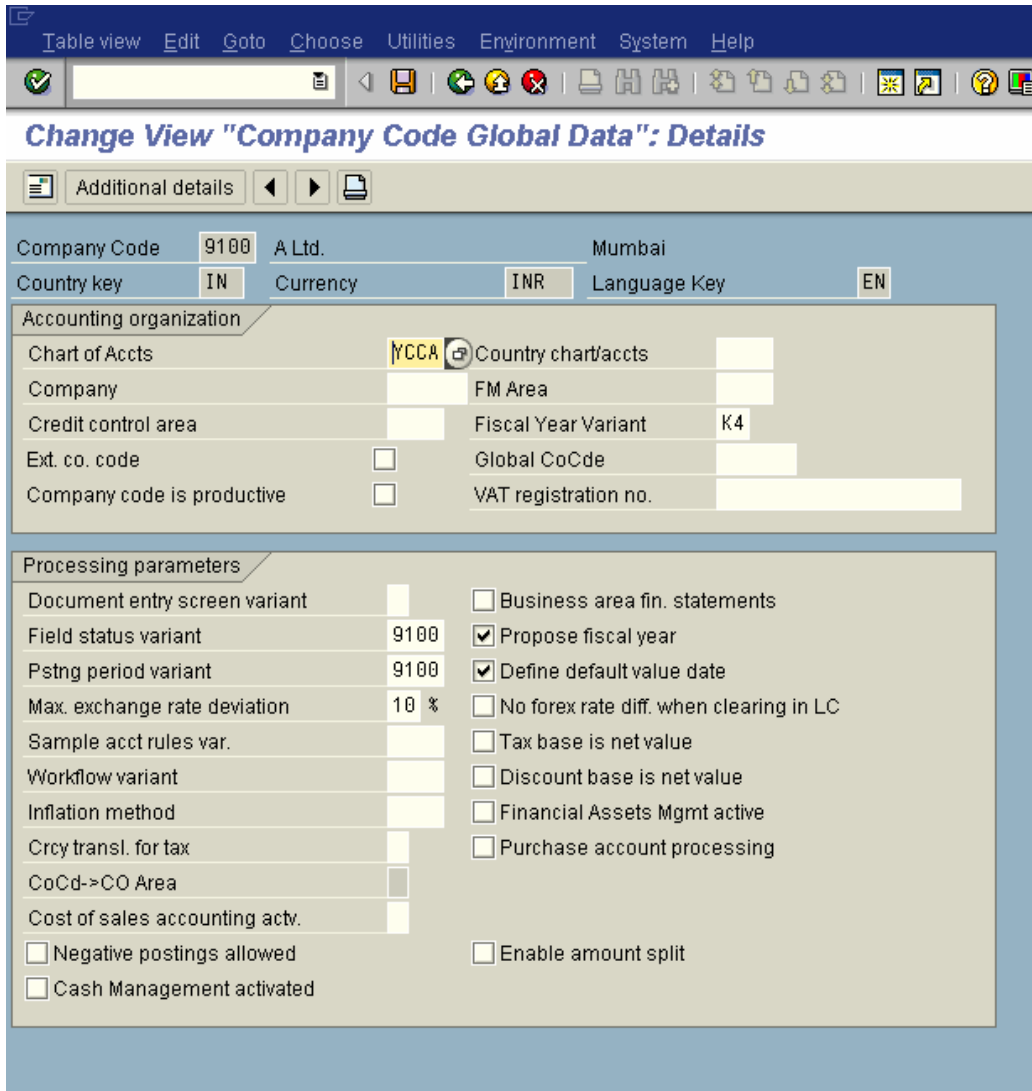
In this menu you can see all the assignment done earlier. You can also configure the earlier assignments done through this menu.



The screenshot shows the SAP 'Change View Company Code Global Data: Overview' interface. It features a menu bar at the top with options like 'Table view', 'Edit', 'Goto', 'Choose', 'Utilities', 'Environment', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main area contains a table with the following data:

Co...	Company Name	City	Country	Crcy	Languag
7800	IDES Peru	Perú	PE	PEN	ES
8000	IDES Chile	Chile	CL	CLP	ES
9100	A Ltd.	Mumbai	IN	INR	EN
AT01	IDES AG & Co. KG	Frankfurt	DE	EUR	DE
CABB	Training	SAPLand	DE	EUR	DE
CABD	CABD	SAPLand	DE	EUR	EN
CH01	FIBU Schweiz	Schweiz	CH	CHF	DE
CPFD	Good Food	Chicago	US	USD	EN
F100	Bankhaus Frankfurt	Frankfurt	DE	EUR	DE
F300	Liberty Bank	New York	US	USD	EN
R100	IDES Retail GmbH	Giessen	DE	EUR	DE
R300	IDES Retail INC US	Los Angeles	US	USD	EN
S300	IDES Services	Atlanta	US	USD	EN

Double click on **9100** company code



Click on the check box No forex rate diff. when clearing in LC 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 Tax base is net value 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 Discount base is net value if you want the following: -
Tax on sales/purchases is not included in the base amount used for calculating cash discount.

Table view Edit Goto Choose Utilities Environment System Help

Change View "Company Code Global Data": Details

Additional details

Company Code 9100 A Ltd. Mumbai
Country key IN Currency INR Language Key EN

Accounting organization

Chart of Accts	YCCA	Country chart/accts	
Company		FM Area	
Credit control area		Fiscal Year Variant	K4
Ext. co. code	<input type="checkbox"/>	Global CoCde	
Company code is productive	<input type="checkbox"/>	VAT registration no.	

Processing parameters

Document entry screen variant		<input type="checkbox"/> Business area fin. statements
Field status variant	9100	<input checked="" type="checkbox"/> Propose fiscal year
Pstng period variant	9100	<input checked="" type="checkbox"/> Define default value date
Max. exchange rate deviation	10 %	<input checked="" type="checkbox"/> No forex rate diff. when clearing in LC
Sample acct rules var.		<input type="checkbox"/> Tax base is net value
Workflow variant		<input type="checkbox"/> Discount base is net value
Inflation method		<input type="checkbox"/> Financial Assets Mgmt active
Crcy transl. for tax		<input type="checkbox"/> Purchase account processing
CoCd->CO Area		
Cost of sales accounting actv.		
<input type="checkbox"/> Negative postings allowed		<input type="checkbox"/> Enable amount split
<input type="checkbox"/> Cash Management activated		

Click  to save entry.

The company code is now configured for General Ledger (GL) posting in SAP.

2.6 Create GL account in Chart of 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

G/L account no. 310202
 Company code 9100 A Ltd.

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

Description
 Short text Share capital
 G/L acct long text Share capital

Consolidation data in chart of accounts
 Trading partner

Click on 

Update the following:-

G/L account Edit Goto Extras Environment Settings System Help

Create G/L Account Centrally

G/L account no. 310202
 Company code 9100 A Ltd.

with reference

Type/description Control data Create/bank/interest Key word/translation Inf...

Account control in company code

Account currency INR Indian Rupee

Only balances in local crcy

Exchange rate difference key

Valuation group

Tax category

Posting without tax allowed

Recon. account for acct type

Alternative account no.

Acct managed in ext. system

Inflation key

Tolerance group

Account management in company code

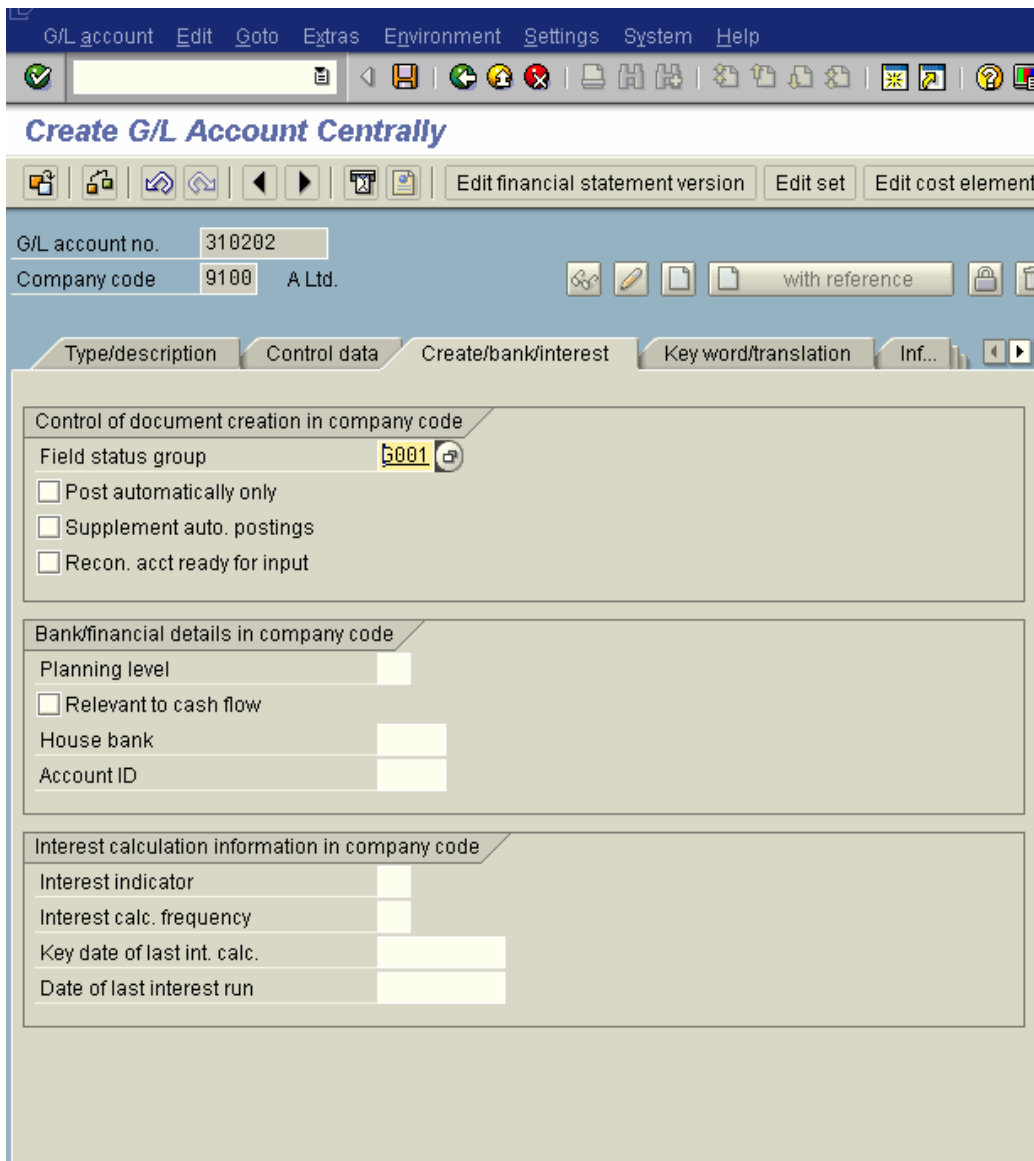
Open item management

Line item display

Sort key 001

Authorization group

Accounting clerk



Click  to save GL Code

Let us create a GL code for Vendor

Click on  and Update the following:-

G/L Account No. 213320 Accounts Payable Trade-Third Parties
 Company Code 9100 A Ltd. w. Template

Type/description Control data Create/bank/interest Key word/translation Inf...

Control in chart of accounts
 Account group BS General Balance sheet Account
 P&L statement acct
 Balance sheet account

Description
 Short text Accounts Payable Tra
 G/L acct long text Accounts Payable Trade-Third Parties

Consolidation data in chart of accounts
 Trading Partner

Click on **Control data**

Update the following:-

G/L Account No. 213320 Accounts Payable Trade-Third Parties
 Company Code 9100 A Ltd. w. Template

Type/description Control data Create/bank/interest Key word/translation Inf...

Account control in company code

Account currency INR Indian Rupee

Only balances in local crcy

Exchange rate difference key

Valuation group

Tax category

Posting without tax allowed

Recon. account for acct type K Vendors

Alternative account no.

Acct managed in ext. system

Inflation key

Tolerance group

Account management in company code

Open item management

Line item display

Sort key

Authorization Group

Accounting clerk

Joint venture data in company code

In the above screen we select **Recon. account for acct type** as **Vendors**.

No line item display is required, since line items are managed in the Accounts Payable module.

Click on **Create/bank/interest**

Update the following:-


G/L Account No. 213320 Accounts Payable Trade-Third Parties
Company Code 9100 A Ltd. w. Template

Type/description Control data Create/bank/interest Key word/translation Inf...

Control of document creation in company code
Field status group 6067 Reconciliation accounts
 Post automatically only
 Supplement auto. postings
 Recon. acct ready for input

Bank/financial details in company code
Planning level
 Relevant to cash flow
House bank
Account ID

Interest calculation information in company code
Interest indicator
Interest calc. frequency
Key date of last int. calc.
Date of last interest run

Click on 

Similarly you can create GL code for Customers, the only thing different you need to do is update **Recon. account for acct type** as **Customers**

Let us now create a GL code for Asset

Click on  and Update the following:-

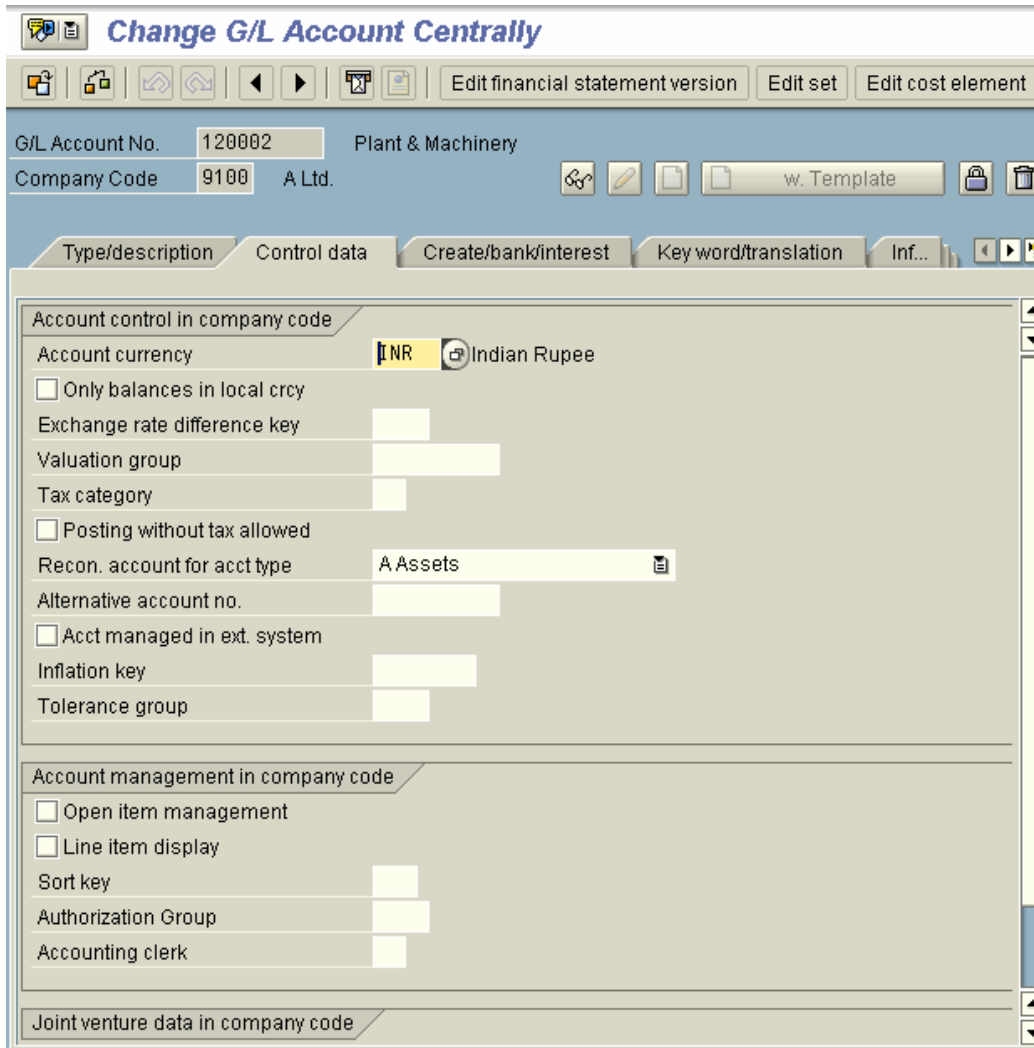
G/L Account No. Plant & Machinery
 Company Code A Ltd.

Control in chart of accounts
 Account group
 P&L statement acct
 Balance sheet account

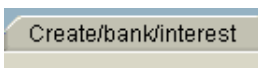
Description
 Short text
 G/L acct long text

Consolidation data in chart of accounts
 Trading Partner

Click on



Here in the **Recon. account for acct type** select **Assets**

Click 

G/L Account No. 120002 Plant & Machinery
 Company Code 9100 A Ltd.

Control of document creation in company code

Field status group 6007 Asset accts (w/o accumulated depreciath)

Post automatically only
 Supplement auto. postings
 Recon. acct ready for input

Bank/financial details in company code

Planning level
 Relevant to cash flow
 House bank
 Account ID

Interest calculation information in company code

Interest indicator
 Interest calc. frequency
 Key date of last int. calc.
 Date of last interest run

Click on 

Let us now create a GL code for P & L item i.e. an expense account.

Click on  and Update the following:-

Edit financial statement version Edit set Edit cost element

G/L Account No. Salaries & Wages
 Company Code A Ltd.

Control data Create/bank/interest Key word/translation Inf...

Control in chart of accounts
 Account group
 P&L statement acct
 Balance sheet account

Description
 Short text
 G/L acct long text

Consolidation data in chart of accounts
 Trading Partner

Click

G/L Account No. Salaries & Wages
 Company Code A Ltd.

Account control in company code

Account currency

Only balances in local crcy

Exchange rate difference key

Valuation group

Tax category

Posting without tax allowed

Recon. account for acct type

Alternative account no.

Acct managed in ext. system

Inflation key

Tolerance group

Account management in company code

Open item management

Line item display

Sort key Doc.no., fiscal year

Authorization Group

Accounting clerk

Click

The screenshot shows the SAP configuration interface for a GL account. At the top, there are navigation buttons: 'Edit financial statement version', 'Edit set', and 'Edit cost element'. Below this, the account details are displayed: 'G/L Account No. 420003' and 'Company Code 9100 A Ltd.'. The account name is 'Salaries & Wages'. There are also buttons for 'w. Template', a lock icon, and a trash icon.

The main configuration area is divided into three sections:

- Control of document creation in company code:**
 - Field status group: 6004 (with a dashed box around it and the text 'Cost accounts' next to it)
 - Post automatically only
 - Supplement auto. postings
 - Recon. acct ready for input
- Bank/financial details in company code:**
 - Planning level: []
 - Relevant to cash flow
 - House bank: []
 - Account ID: []
- Interest calculation information in company code:**
 - Interest indicator: []
 - Interest calc. frequency: []
 - Key date of last int. calc.: []
 - Date of last interest run: []

Click on 

Likewise you need to maintain various settings for each GL account. An excel file named [GL codes List 9100 co code.xls](#) is given which gives a list of GL codes for company code 9100. It also gives the necessary GL account settings for each of them.

Normally to create so many GL codes you require an LSMW (Legacy System Migration workbench tool) for upload.

We are also providing an LSMW created for upload of GL accounts. You need to import this into your system and execute it. We are also providing a procedure how to upload them in your system.

2.7 Delete G/L Account (OBR2)

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Deletion → Delete G/L Account

This program is used to delete G/L account master data. **Remember you can use this program only in the test phase.**

You can only delete master records of accounts that do not contain any transaction data.

The program does not delete the chart of accounts section of a G/L account if the account is also a primary cost element in Controlling. You need to delete the cost element in cost element accounting.

Update the following:-

Program Edit Goto System Help

Deleting Master Data

Deletion quantity selection

Delete customers
 Customers _____ to _____

Delete vendors
 Vendors _____ to _____

Delete G/L accounts
 G/L accounts _____ to _____

Process sample accounts also

Deletion depth

Only general master data
 In chart of accounts YCCA

With general master data
 In company code 9100

Program control

Test run

Delete per deletion flag only

G/L account detail log

Customer detail log

Vendor detail log

Click 

List Edit Goto System Help

Deleting Master Data

Deleting Master Data

Table	Short descriptn.	In company code >>>> 9100 <<<<	Test run	Records read	Recds deleted	Problem cases
CDCLS	Change documents			1,134	1,134	
SKA1	G/L Account Master (Chart of Accounts)			285	185	
SKAS	G/L account master (chart of accounts: key word list)			0	0	
SKAT	G/L Account Master Record (Chart of Accounts: Description)			285	185	
SKB1	G/L account master (company code)			285	285	
STXH	STXD SAPscript text file header			0	0	
STXL	STXD SAPscript text file lines			0	0	
STXH	STXD SAPscript text file header			0	0	
STXL	STXD SAPscript text file lines			0	0	

Program started by: SAPUSER

Start date 05.04.2006 Start time 22:17:18
 Stop date 05.04.2006 Stop time 22:17:26

Take deletion flag into consideration: NO

We are just demonstrating the execution of the program in test mode.

2.8 Delete Chart of Accounts (OBY8)

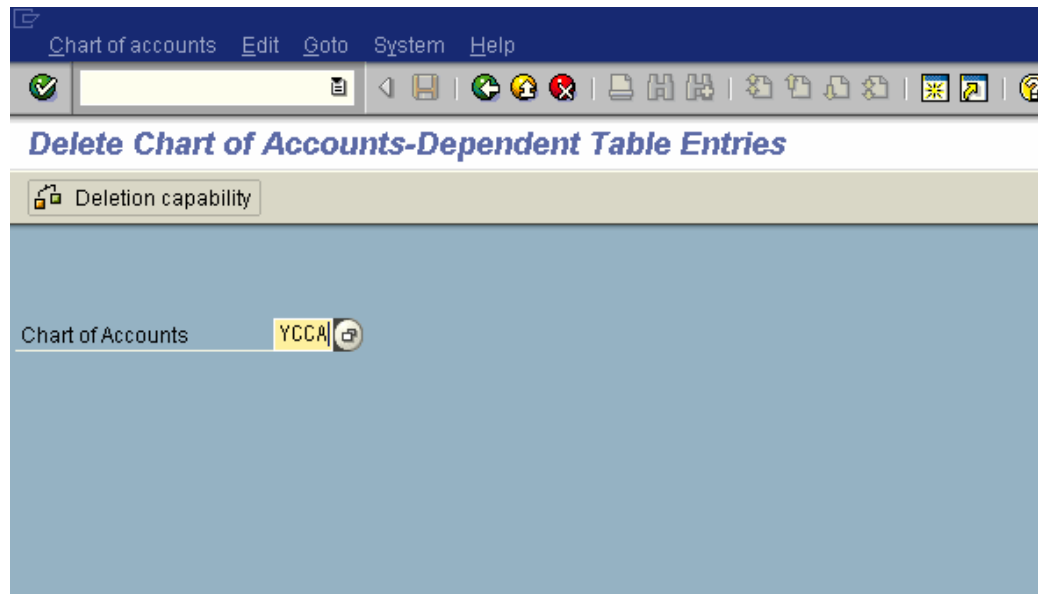
IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Master Records → Deletion → Delete G/L Account


You can delete a chart of accounts with all accounts and all definitions made for the chart of accounts.

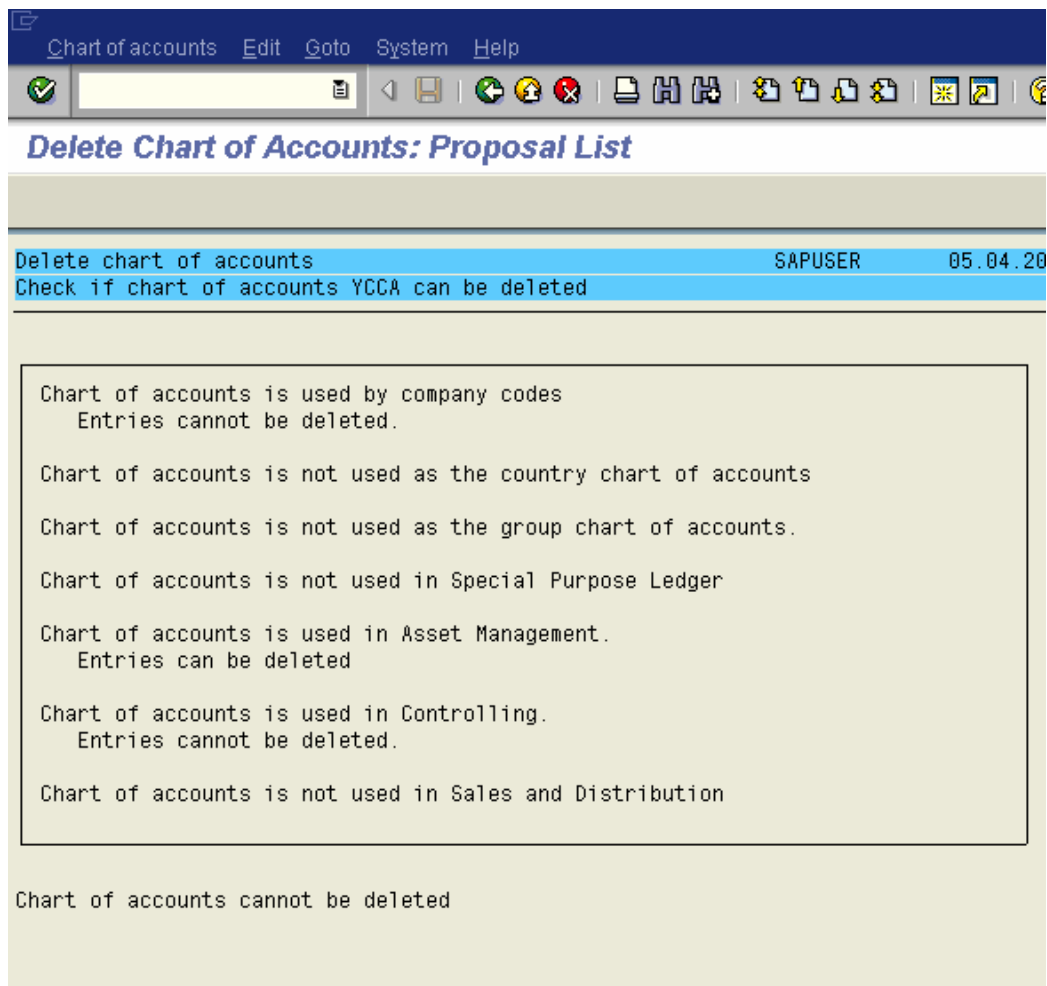
The chart of accounts should not be used in the Sales and Distribution, Controlling, Asset Management then it will not be deleted.

In FI the chart of accounts, should not be assigned to a company code.

Update the following:-



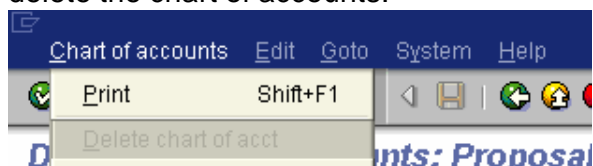
Click  Deletion capability



If you get the message Chart of accounts can be deleted.

Then proceed as follows:-

Currently the Delete chart of account button is greyed out since you cannot delete the chart of accounts.



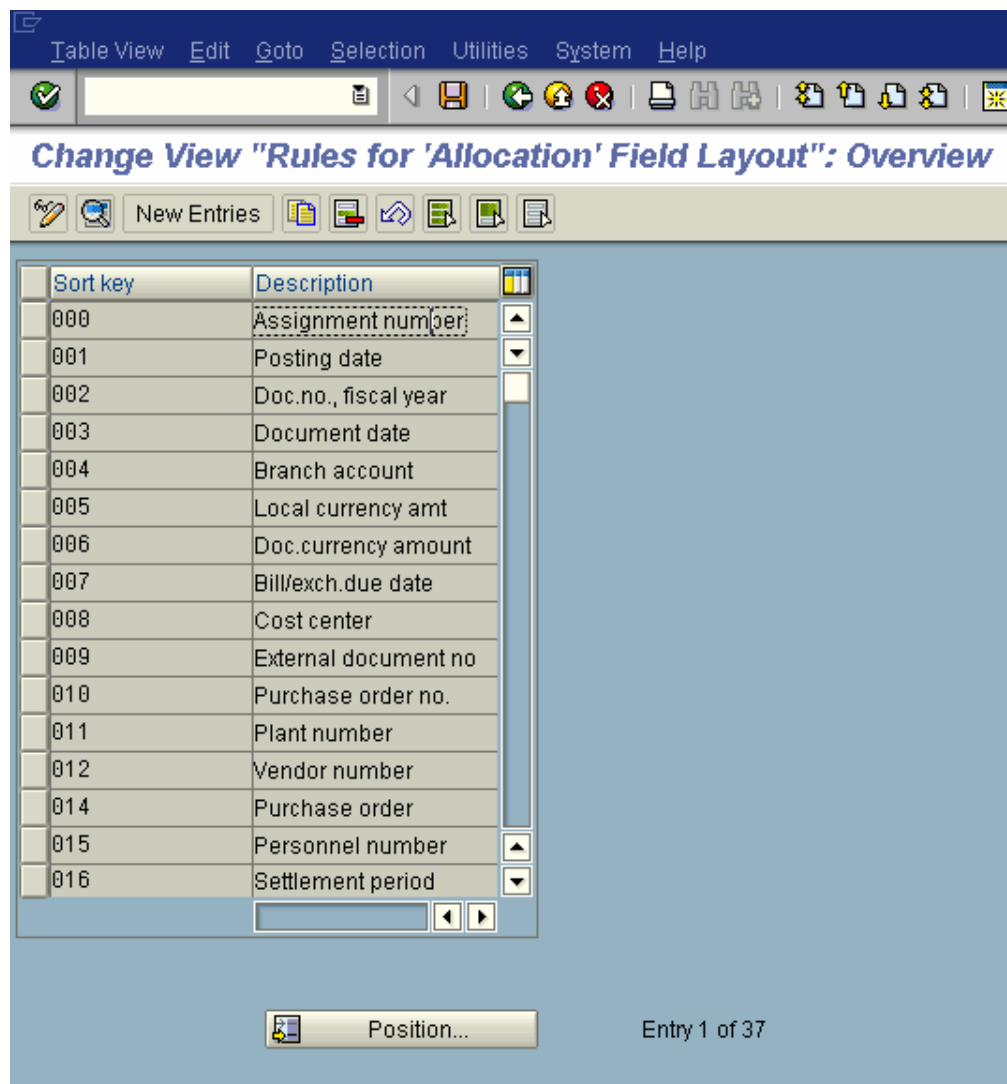
2.9 Create Additional sort keys

IMG → Financial Accounting → General Ledger Accounting → G/L Accounts → Line Items → Line Item Display → Determine Standard Sorting for Line Items

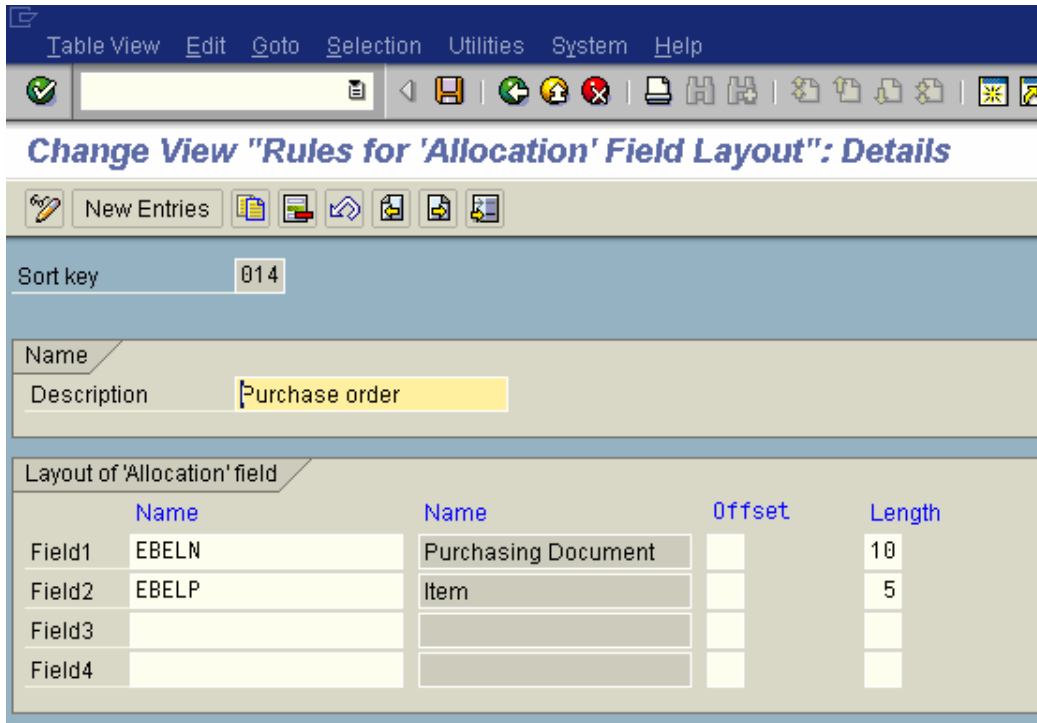
In this configuration, you determine rules by which the system fills the Assignment field during document entry. Data can be transferred to the field from the document header or from the line item. The field contents determine the standard sort sequence for the line items. Every rule is stored under a freely assignable key.

This sort key is updated in the GL account master records. This key is proposed for the account when entering a business transaction.

Standard sort keys are available and sufficient, let us see the configuration of SAP standard sort key 14.



Double click 014 | Purchase order

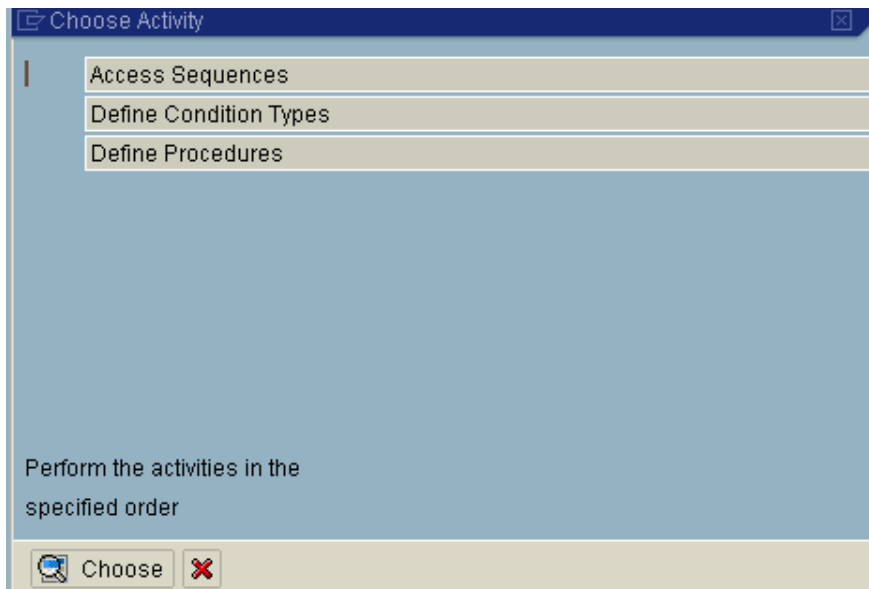


3. TAX SETTINGS SALES / PURCHASE CONFIGURATION

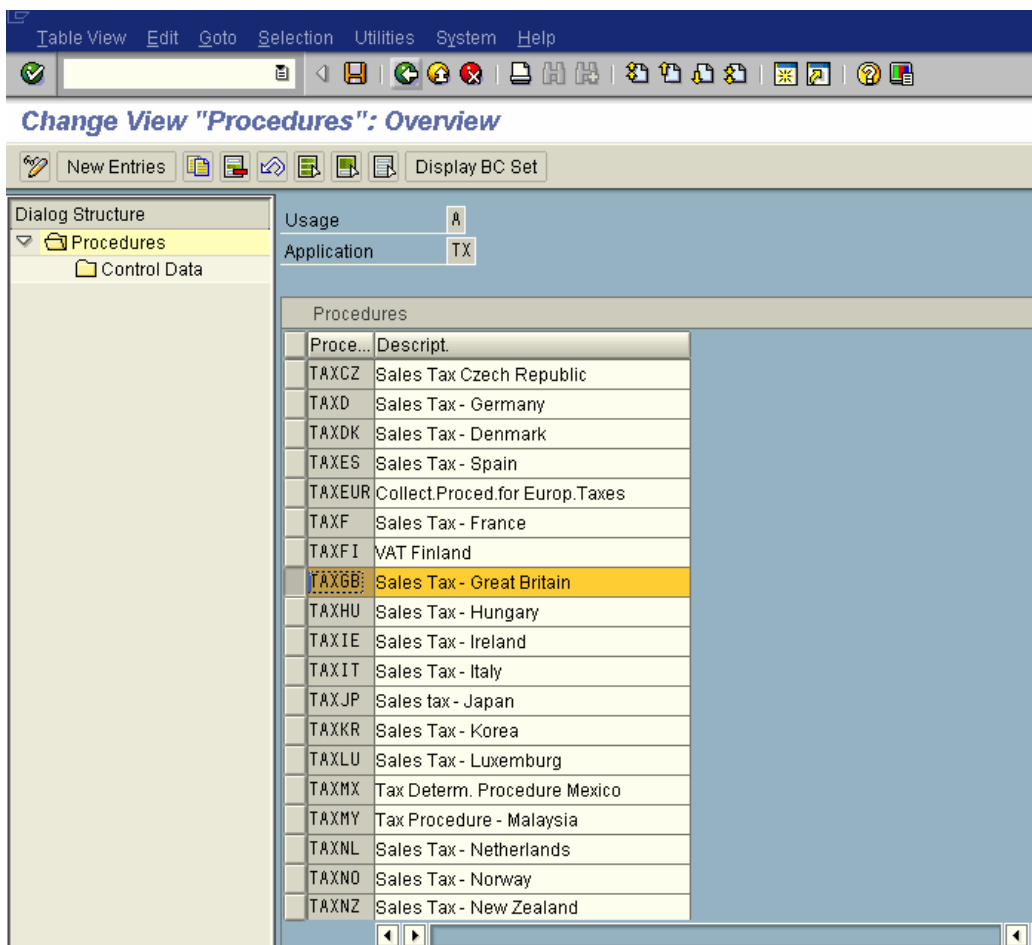
3.1 Check Calculation Procedure

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:-



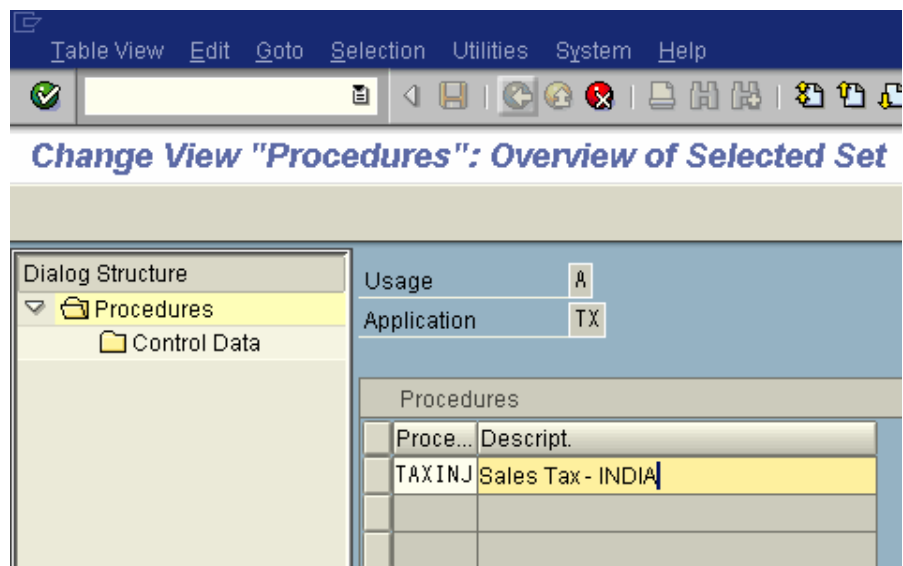
Double click **Define Procedures**



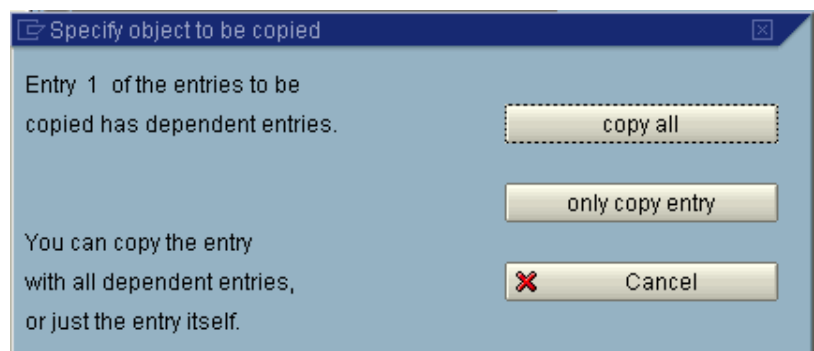
Select 

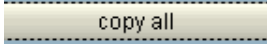
Click 

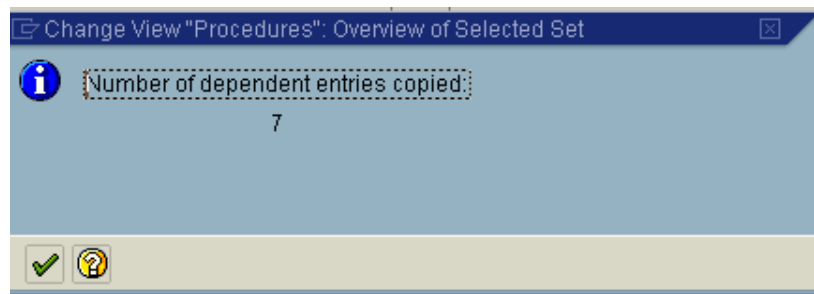
Change the existing description




Click 

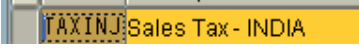


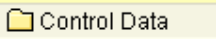
Click 

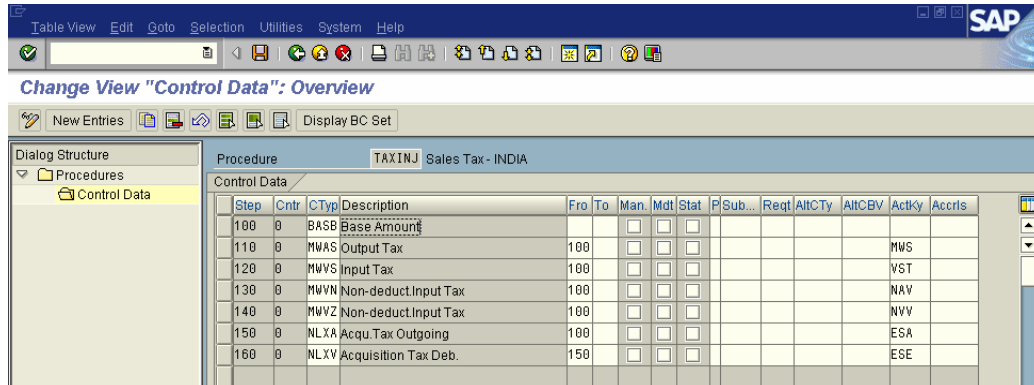


Click 

Click on 

Select 

Double click 



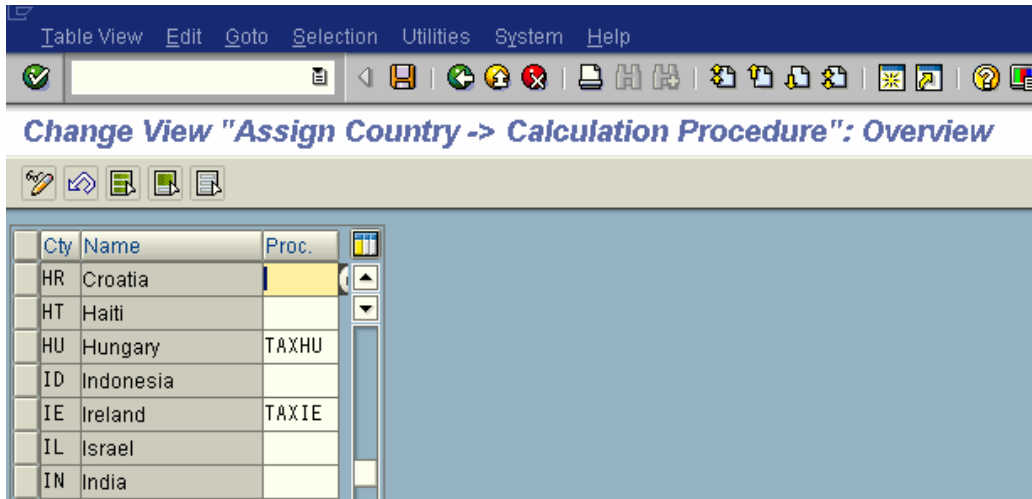
Step	Cntr	CTyp	Description	Fro	To	Man	Mdt	Stat	PSub...	Req	AitCTy	AitCBV	Actky	AccrIs
100	0	BASB	Base Amount			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
110	0	MWAS	Output Tax	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					MWS	
120	0	MWVS	Input Tax	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					VST	
130	0	MWVN	Non-deduct.Input Tax	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					NAV	
140	0	MWVZ	Non-deduct.Input Tax	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					NVV	
150	0	NLXA	Acqu.Tax Outgoing	100		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					ESA	
160	0	NLXY	Acquisition Tax Deb.	150		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					ESE	

3.2 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:-



Click on 

3.3 Define Tax Codes for Sales and Purchases (FTXP)

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

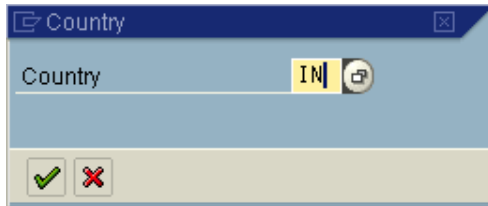
We will configure 3 tax codes for purchases (input tax):-

V0 – 0%

V1 – 10 % deductible

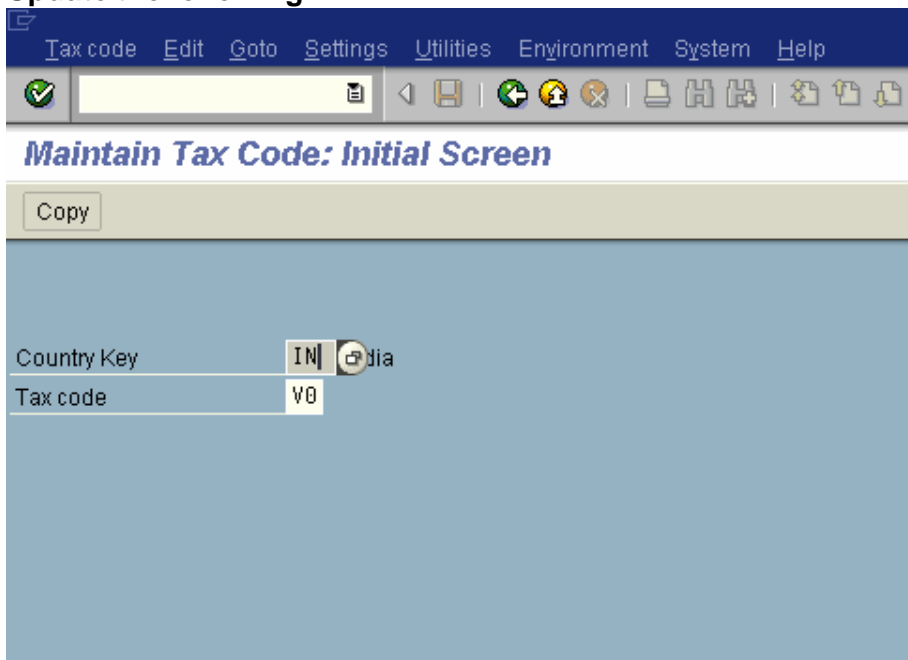
V2 – 10 % non deductible

Update the following:-



Click 

Update the following:-



Click 

Update the following:-

Properties

Tax code: V0 Exempt from input VAT

Tax type: V

Check:

EU code:

Target tax code:

Tgt Tax Code: Output:

Tgt Tax Code: Input:

Tol.per.rate: 0

Navigation: [Left Arrow] [Right Arrow] [Home] [End]

Buttons: [OK] [Cancel]

Update the following:-

SAP

Maintain Tax Code: Tax Rates

Properties | Tax accounts | Deactivate line

Country Key: IN India

Tax code: V0 Exempt from input VAT

Procedure: TAXINJ

Tax type: V Input tax

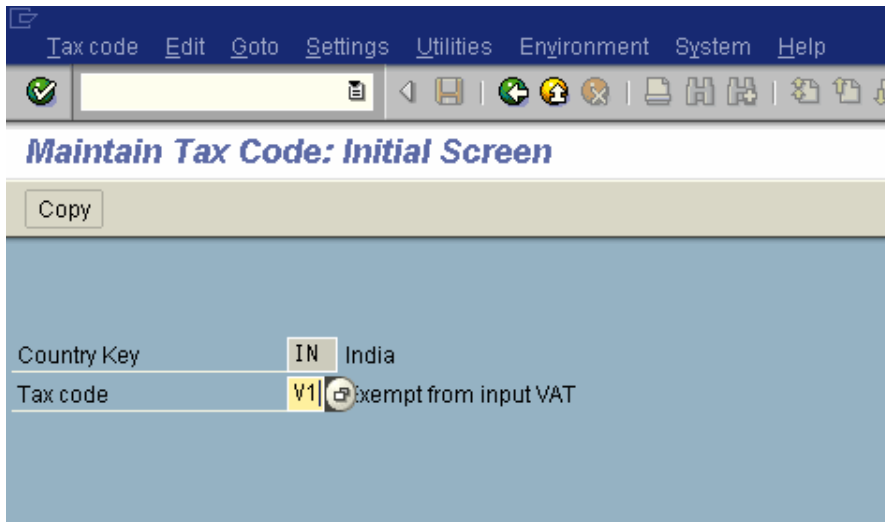
Percentage rates

Tax Type	Acct Key	Tax Percent Rate	Level	From Lvl	Cond. Type
Base Amount			100	0	BASB
Output Tax	MWS		110	100	MWAS
Input Tax	VST	0.000	120	100	MWVS
Non-deduct.Input Tax	NAV		130	100	MWVN
Non-deduct.Input Tax	NVV		140	100	MWVZ
Acqu.Tax Outgoing	ESA		150	100	NLXA
Acquisition Tax Deb.	ESE		160	150	NLXV

ACE (3) (800) server INS

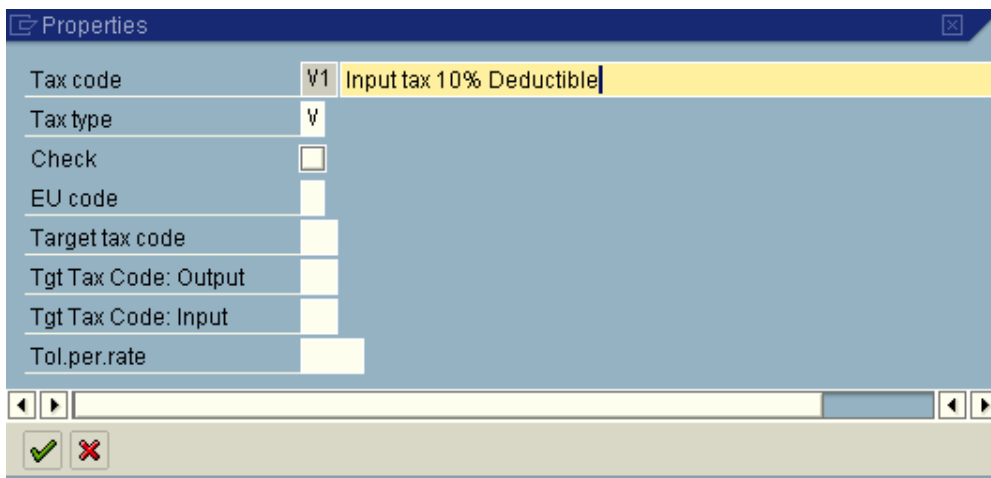
We will now configure tax code V1 10% deductible

Update the following:-



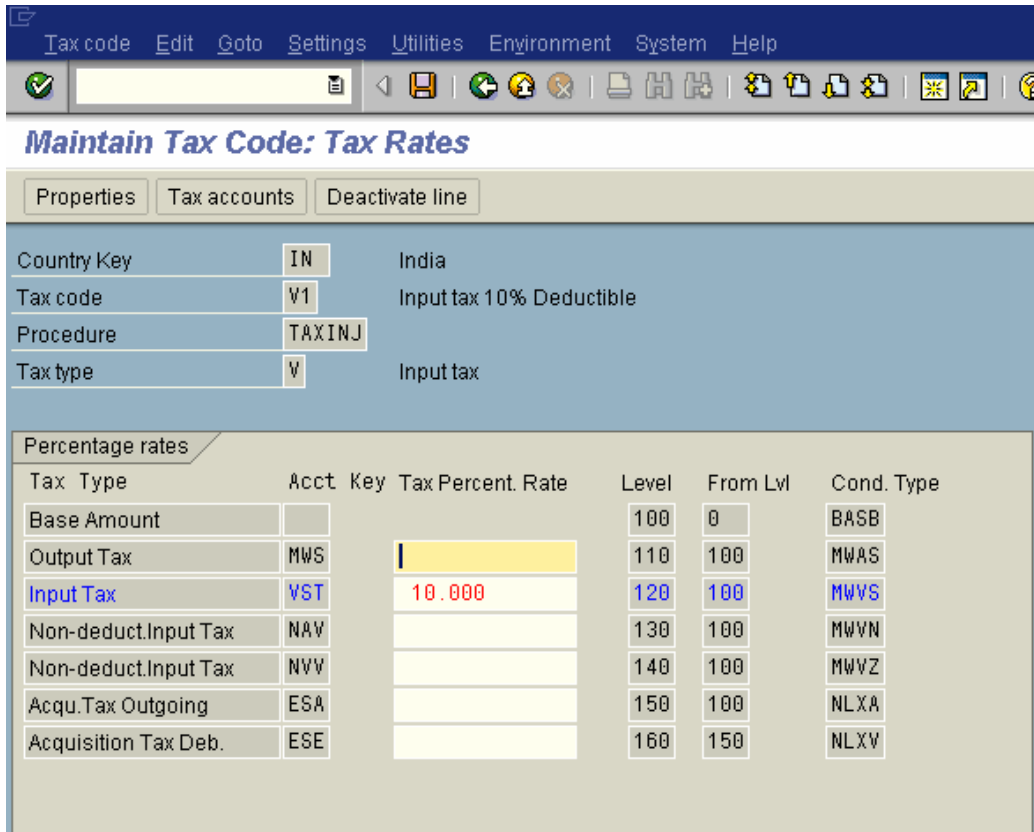
Click

Update the following:-



Click

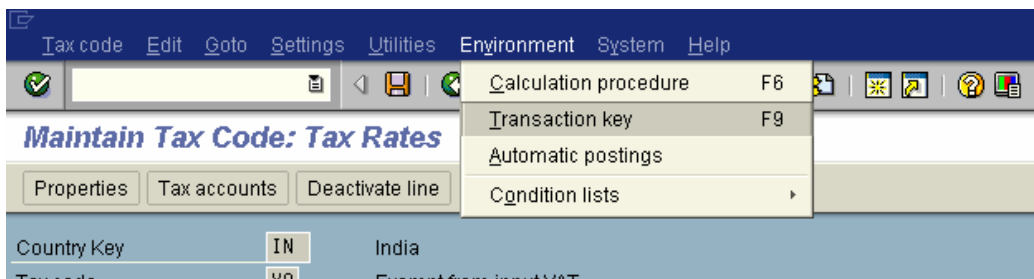
Update the following:-

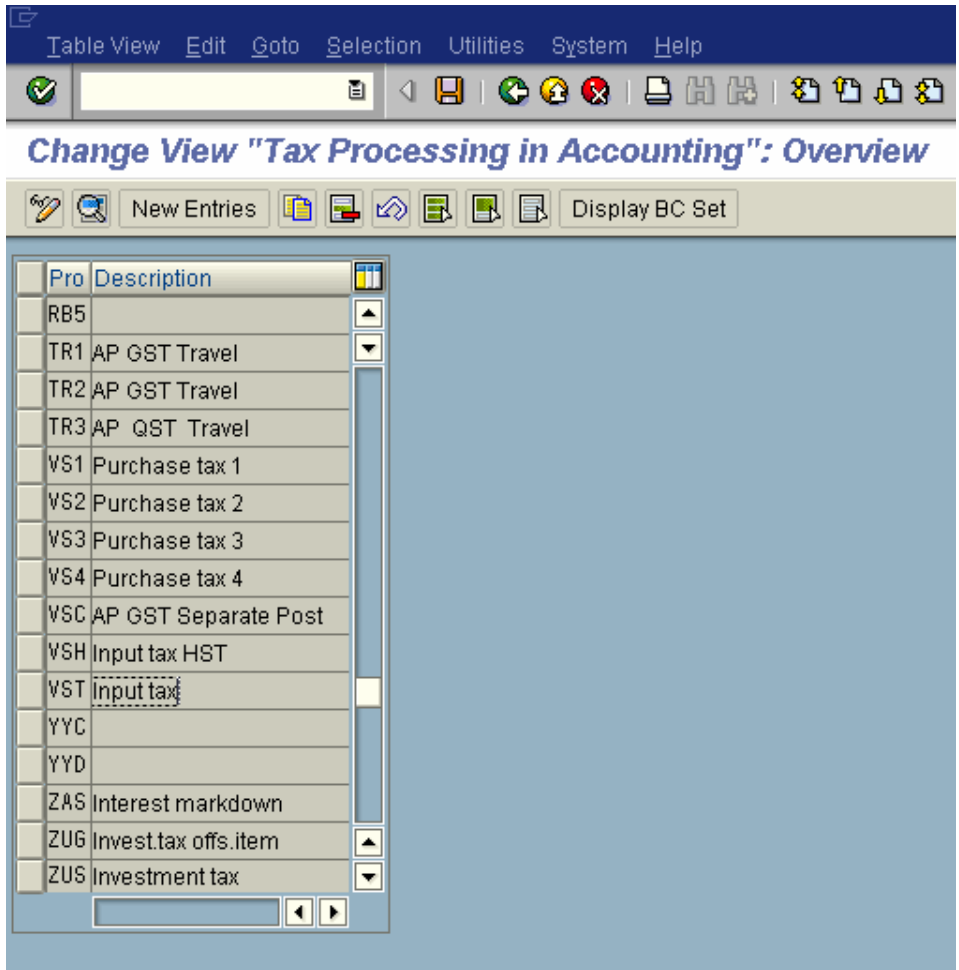


VST is an account key.

Let us see the configuration of the account key VST

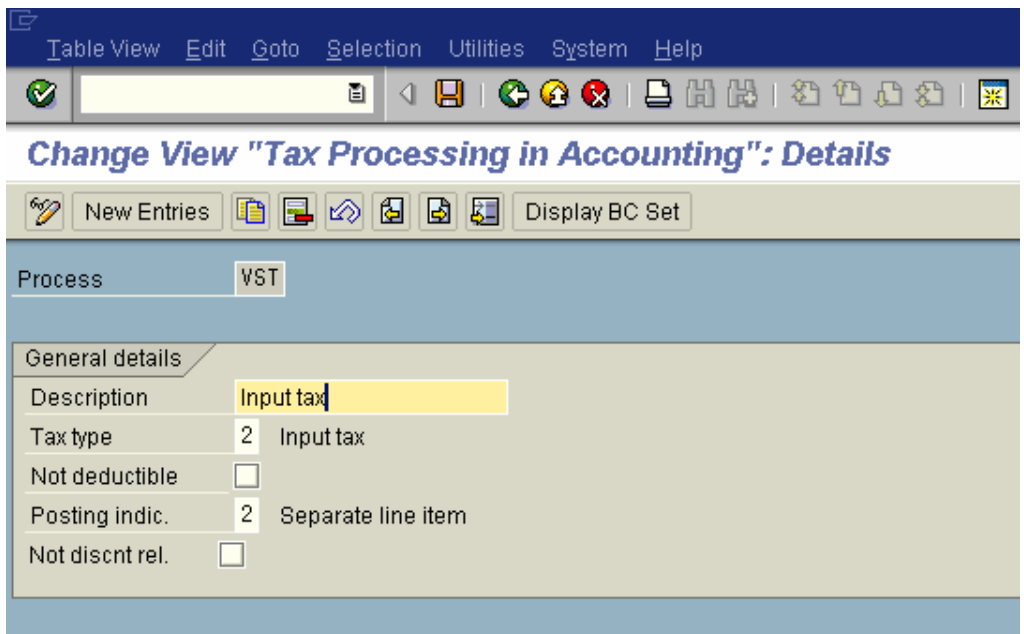
Click on





Double click

VST	Input tax
-----	-----------




Note:

The field **Not deductible** is not switched on.

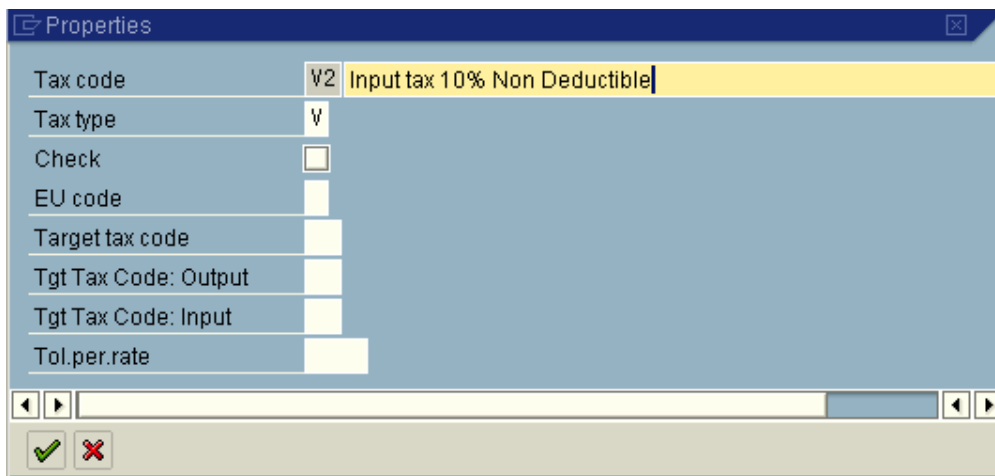
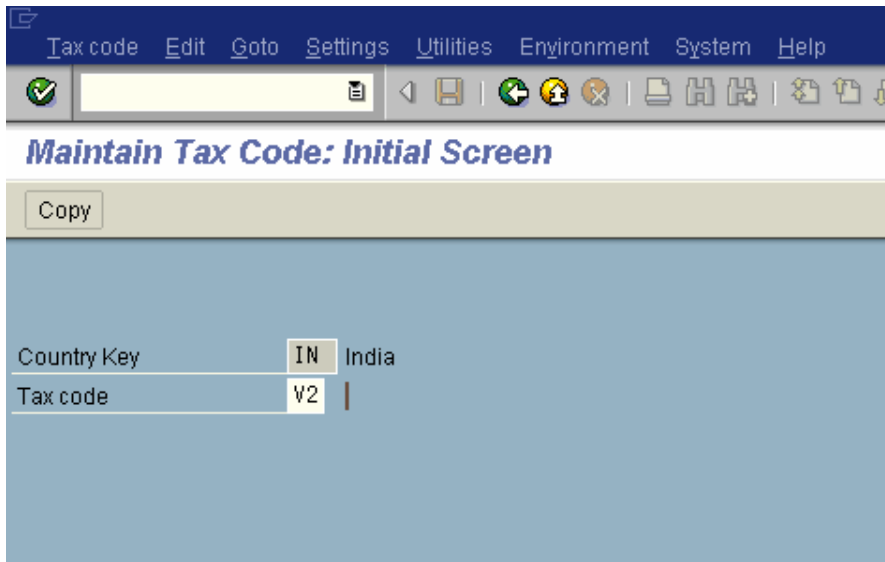
Posting indic. 2 Separate line item for tax

Click  twice

Click on 

Let us further create a tax code V2 10 % non deductible

Update the following:-



Click 

Update the following:-

Maintain Tax Code: Tax Rates

Properties | Tax accounts | Deactivate line

Country Key: IN India
 Tax code: V2 Input tax 10% Non Deductible
 Procedure: TAXINJ
 Tax type: V Input tax

Percentage rates

Tax Type	Acct. Key	Tax Percent. Rate	Level	From Lvl	Cond. Type
Base Amount			100	0	BASB
Output Tax	MWS		110	100	MWAS
Input Tax	VST	0.000	120	100	MWVS
Non-deduct.Input Tax	NAV		130	100	MWVN
Non-deduct.Input Tax	NVV	10.000	140	100	MWVZ
Acqu.Tax Outgoing	ESA		150	100	NLXA
Acquisition Tax Deb.	ESE		160	150	NLXV

Let us see the configuration of transaction key NVV

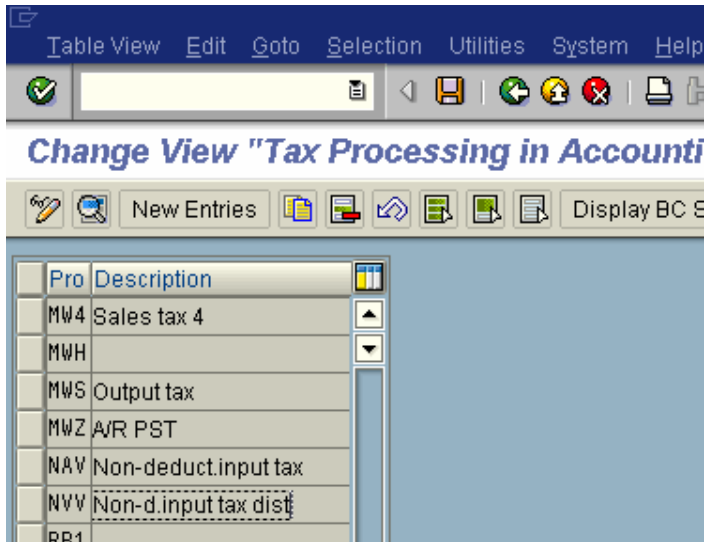
Click on

Maintain Tax Code: Tax Rates

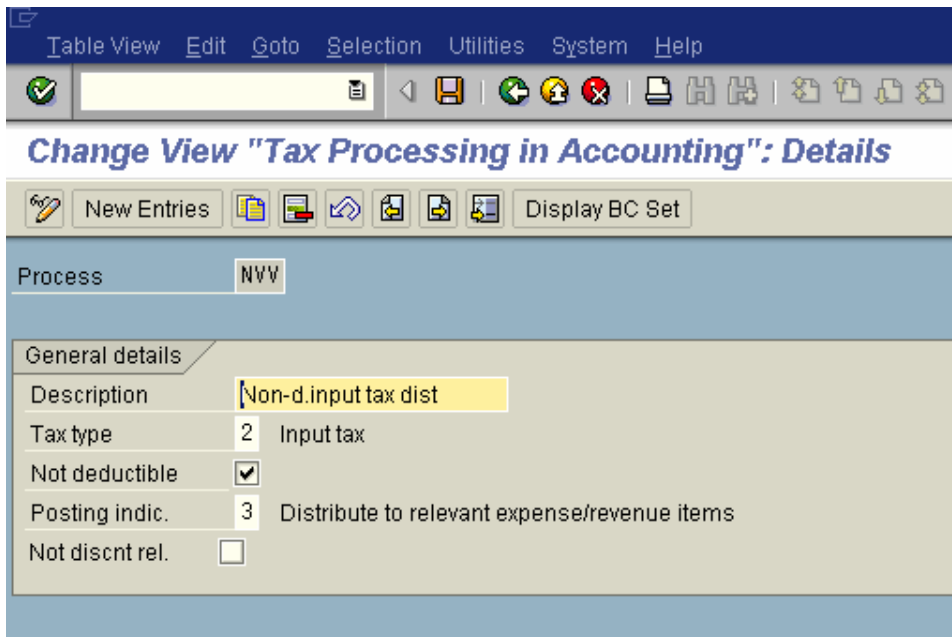
Properties | Tax accounts | Deactivate line

Country Key: IN India
 Tax code: V2 Input tax 10% Non Deductible

Environment menu:
 Calculation procedure F6
 Transaction key F9
 Automatic postings
 Condition lists




Double click **NVV Non-d.input tax dist**



NVV is not deductible

Posting indic. – 3 (Distribute to relevant expense/revenue items)

Click  twice

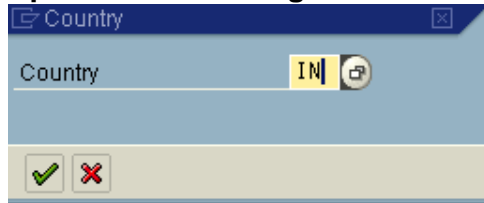
Click on 

Let us now create 2 tax codes for sales (output tax):-

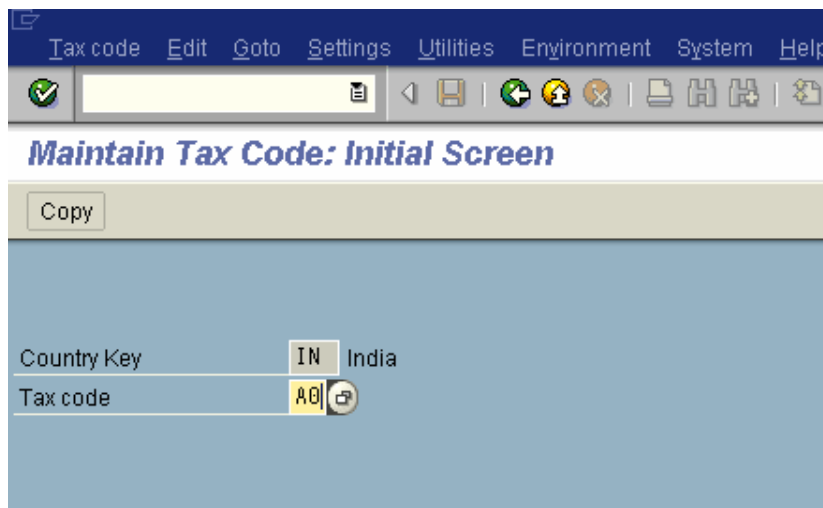
A0 – 0 % output tax

A1 – 12 % output tax

Update the following:-

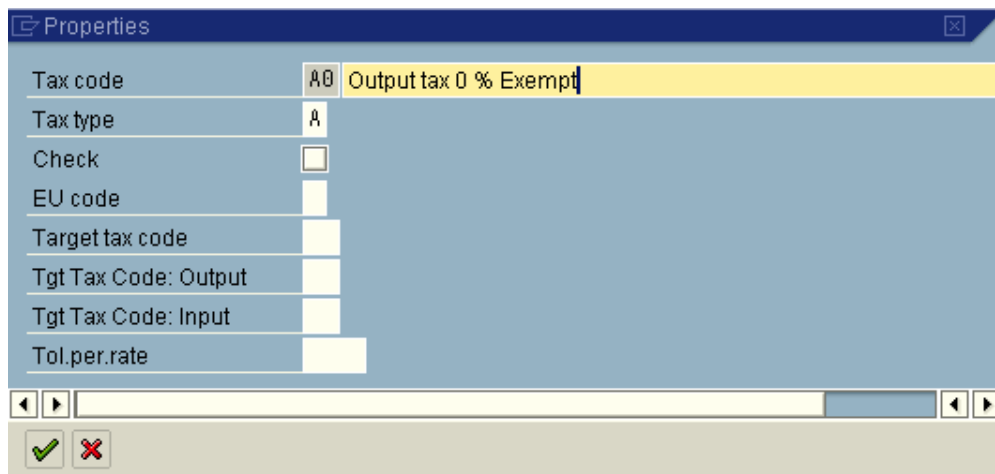


Update the following:-



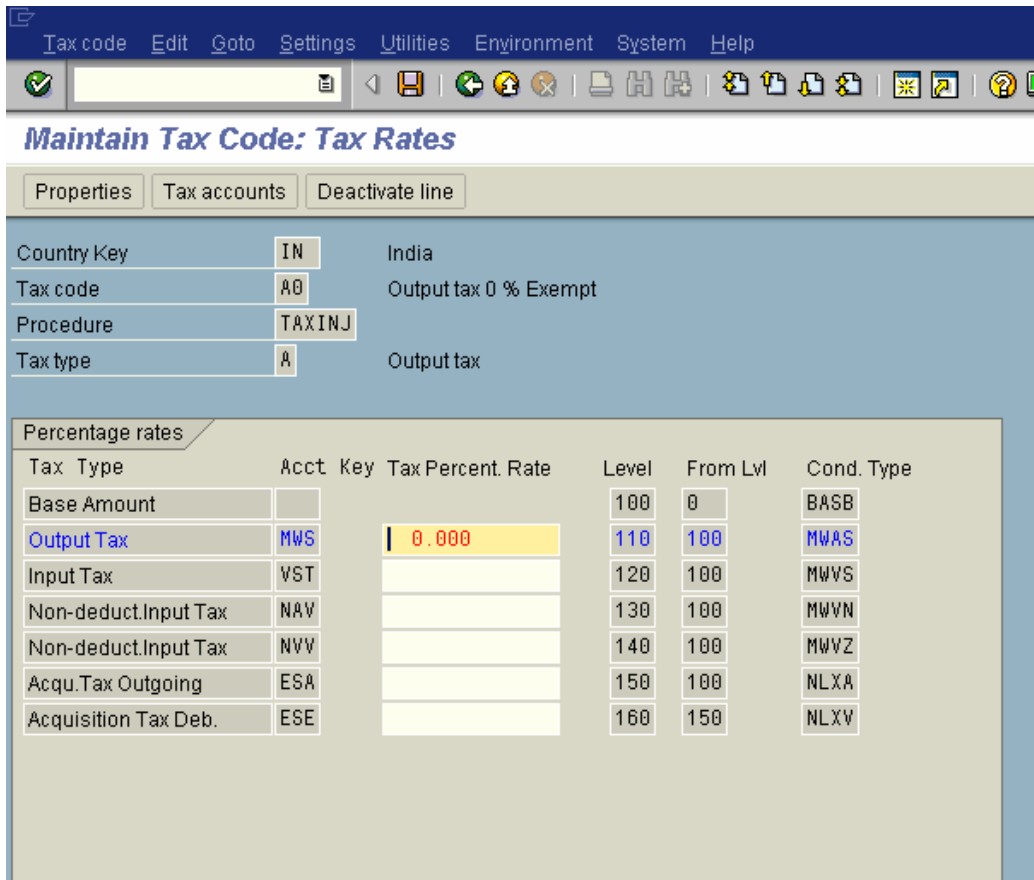
Click 

Update the following:-



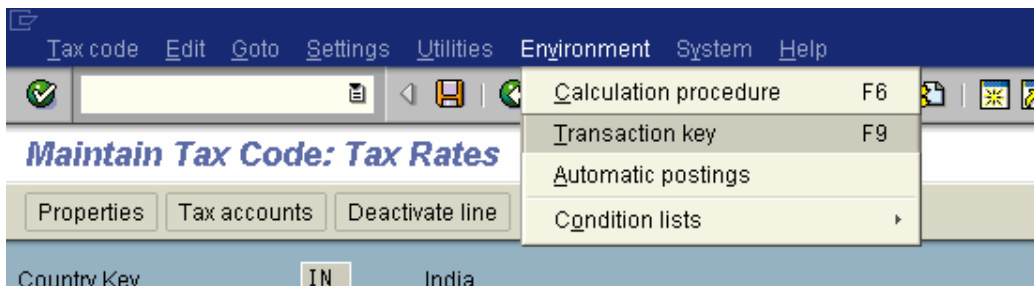
Click 

Update the following:-

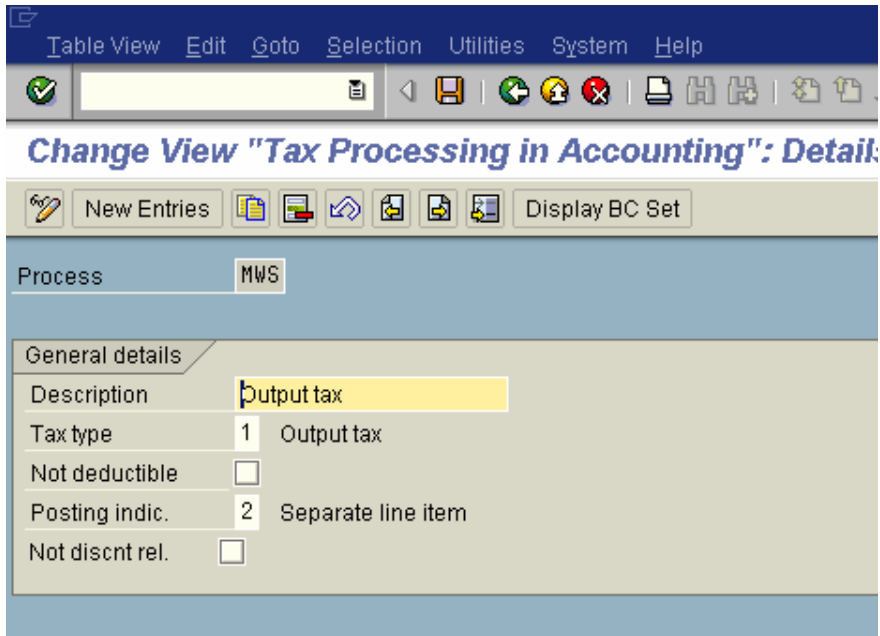


Let us see the configuration of Acct key MWS


Click on



Double click 

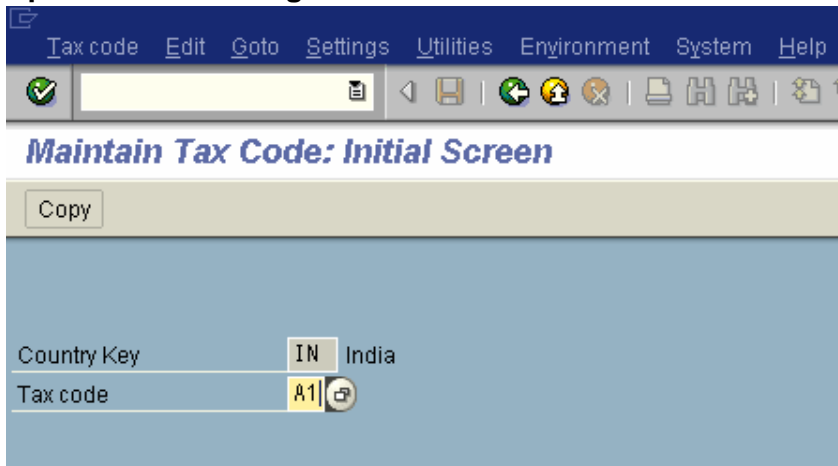


Click  twice

Click on 

Let us now create another tax code for output tax (VAT) 12 %

Update the following:-



Update the following:-

Properties

Tax code	A1	Output tax 12 %
Tax type	A	
Check	<input type="checkbox"/>	
EU code		
Target tax code		
Tgt Tax Code: Output		
Tgt Tax Code: Input		
Tol.per.rate		

Click 

Update the following:-

Tax code Edit Goto Settings Utilities Environment System Help

Maintain Tax Code: Tax Rates

Properties Tax accounts Deactivate line

Country Key	IN	India
Tax code	A1	Output tax 12 %
Procedure	TAXINJ	
Tax type	A	Output tax

Percentage rates

Tax Type	Acct. Key	Tax Percent. Rate	Level	From Lvl	Cond. Type
Base Amount			100	0	BASB
Output Tax	MWS	12.000	110	100	MWAS
Input Tax	VST		120	100	MWVS
Non-deduct.Input Tax	NAV		130	100	MWVN
Non-deduct.Input Tax	NVV		140	100	MWVZ
Acqu.Tax Outgoing	ESA		150	100	NLXA
Acquisition Tax Deb.	ESE		160	150	NLXV

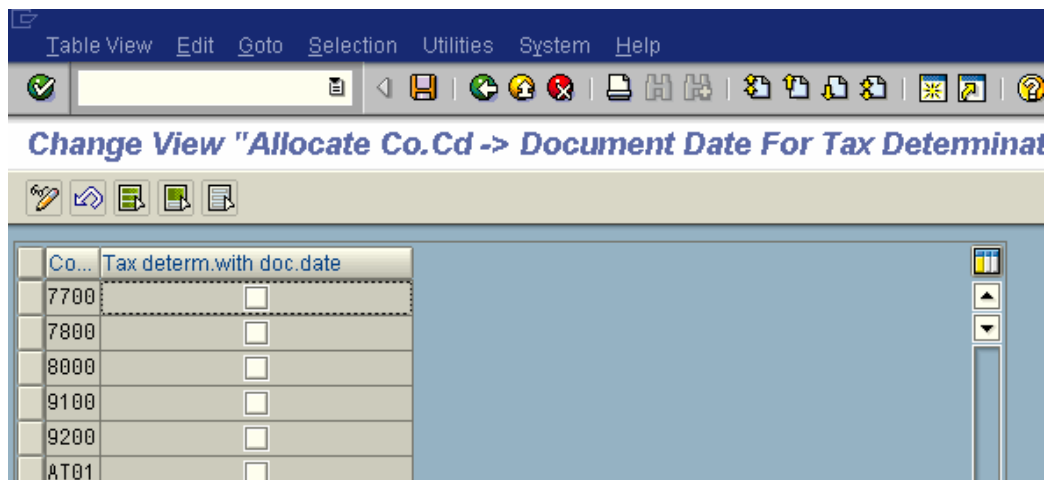
Click on 

3.4 Assign Company Code to Document Date for Tax Determination

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Calculation → Assign Company Code to Document Date for Tax Determination

Here we specify whether the baseline date for determining the tax percentages should be the posting date (default date) or the document date.

The system usually takes the posting date for this purpose. However, if you want the system to determine tax percentages on the basis of the document date, you must configure the system accordingly at this point.

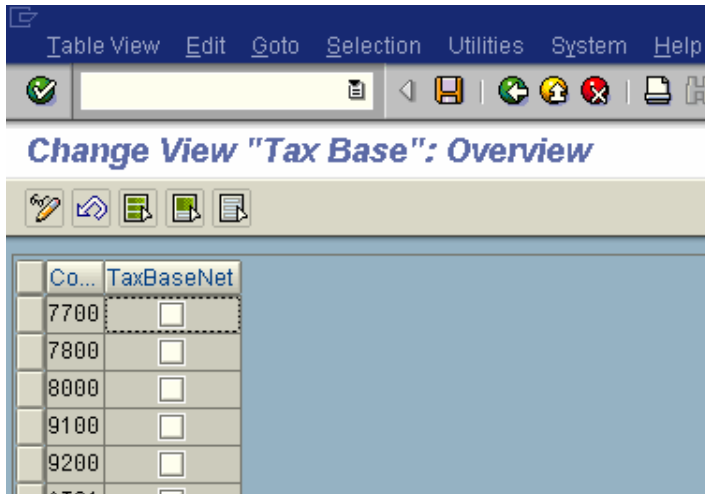


We do not want document date, so we do not select this setting.

3.5 Specify Base Amount

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Calculation → Specify Base Amount

Here you specify whether cash discounts are deducted from the base amount used for calculating tax on sales/purchases for each company code. If the cash discount amount should not be included in the base amount for tax calculation, select the *TaxBaseNet* indicator (tax basis is net value).

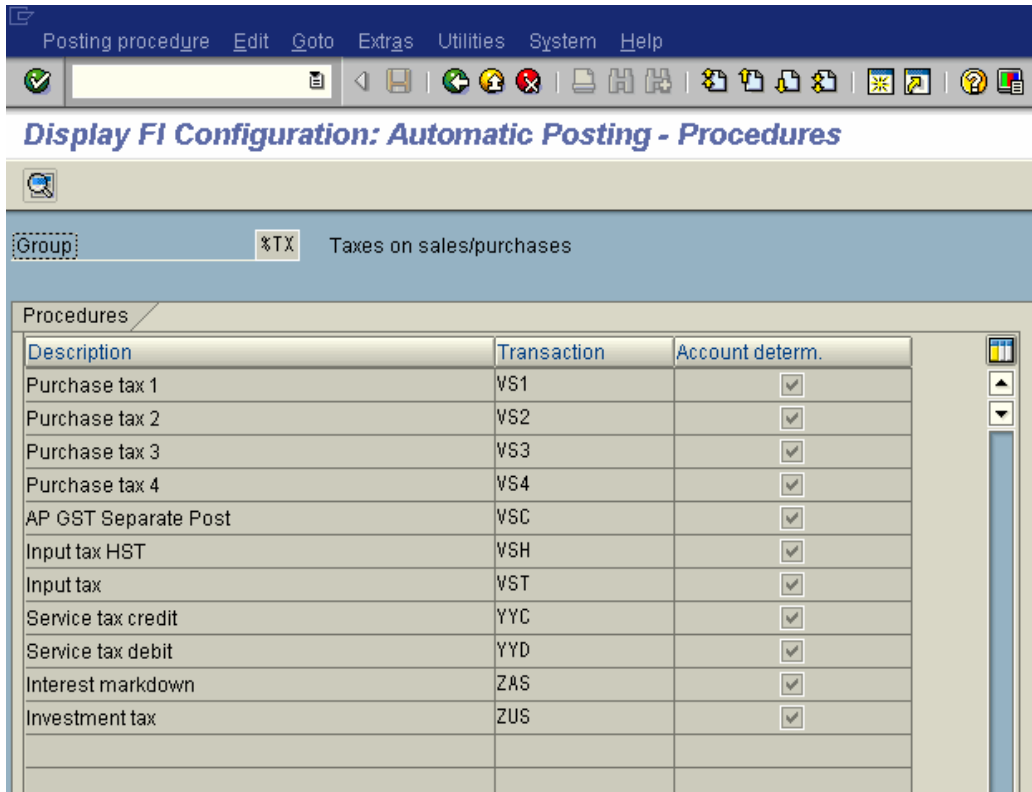


We do not want tax base as net, therefore we do not select this.

3.6 Define Tax Accounts (OB40)

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Posting → Define Tax Accounts

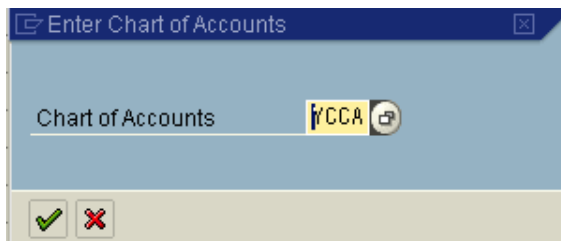
Here you assign tax accounts to the transaction keys

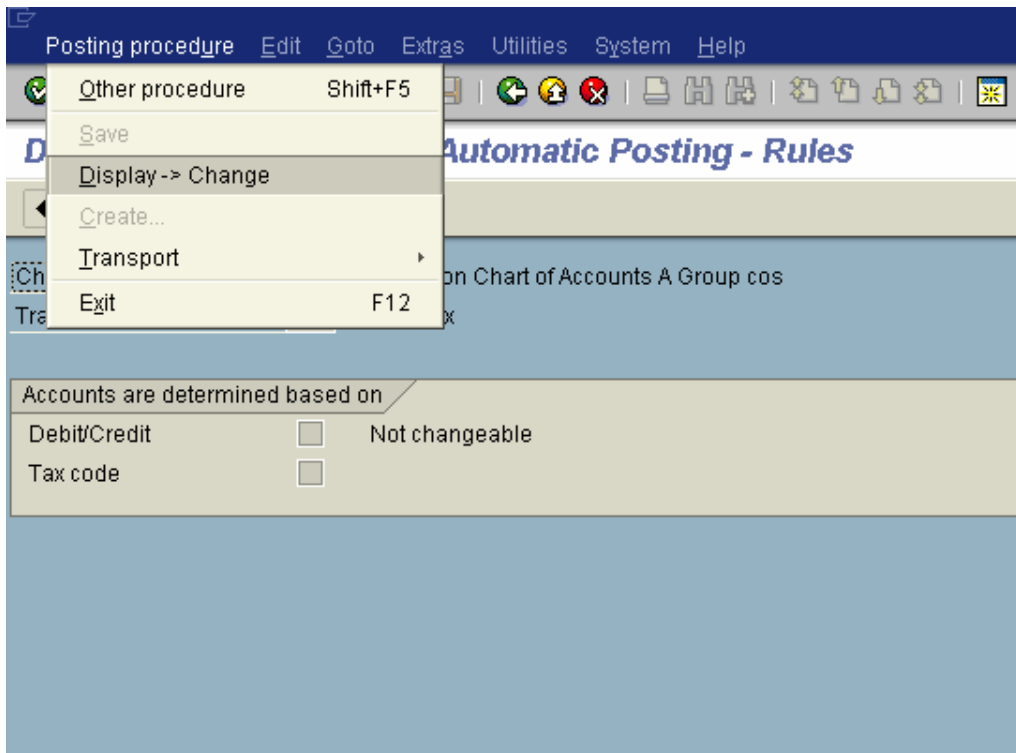
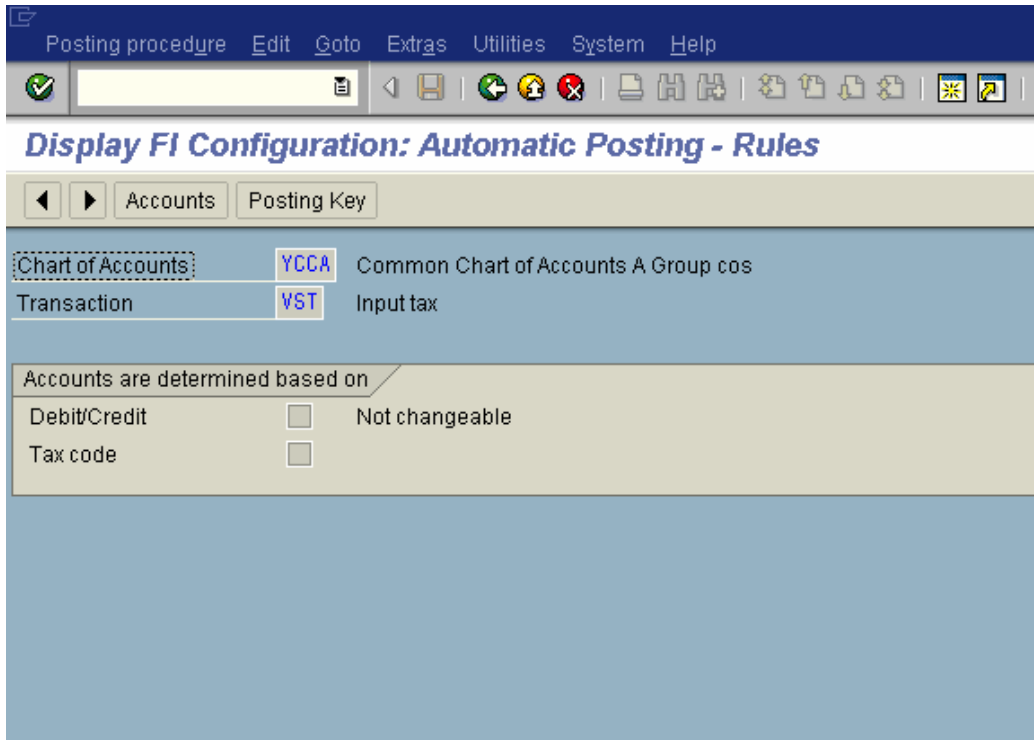


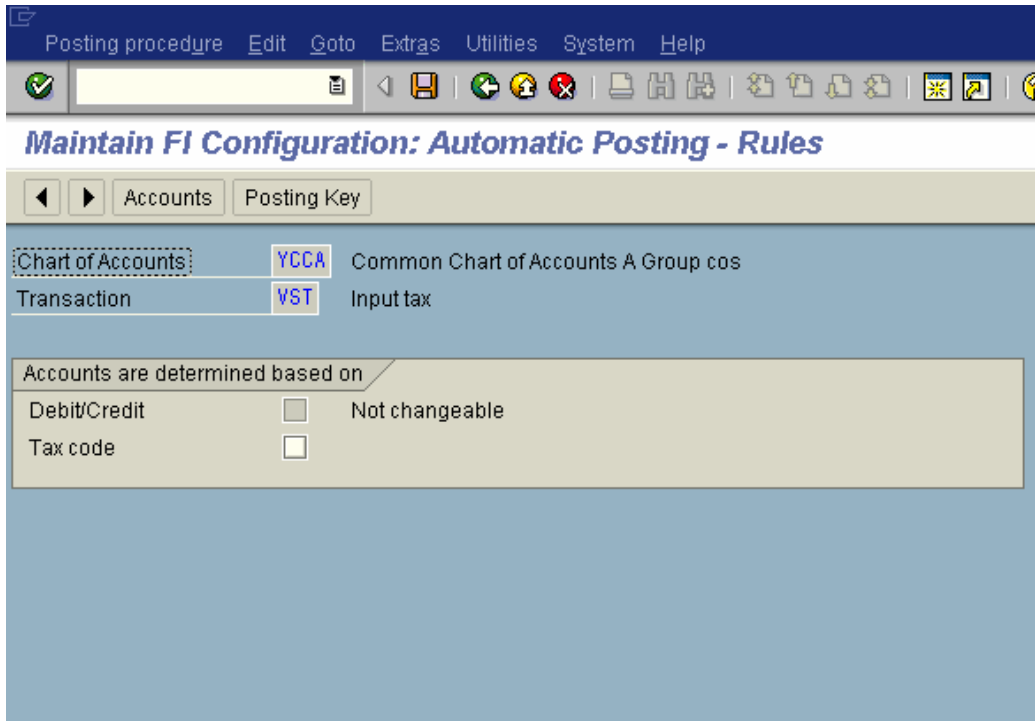
Double click




Update the following:-

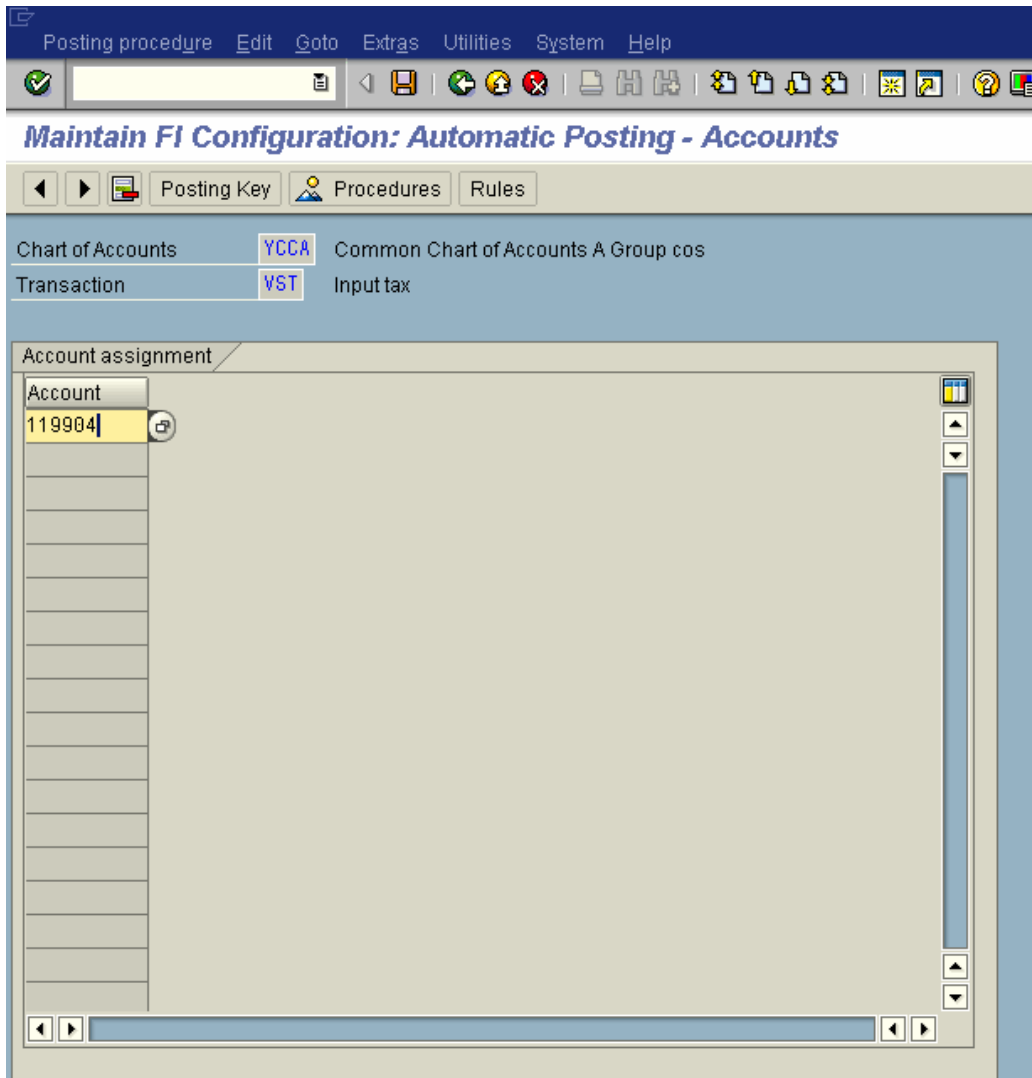







Click on 

Update the following:-

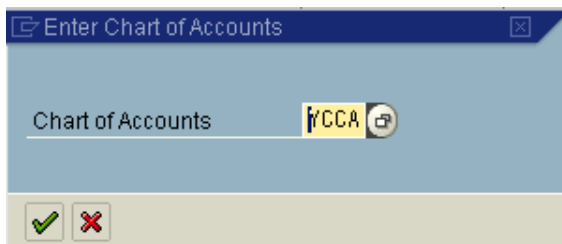


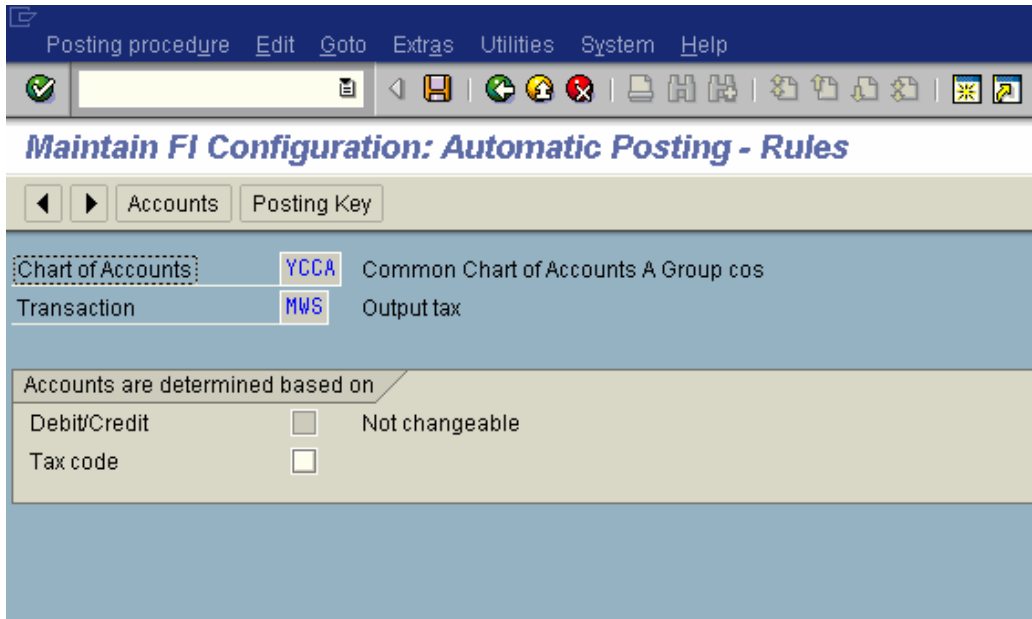
Click on 

Click 

Double click

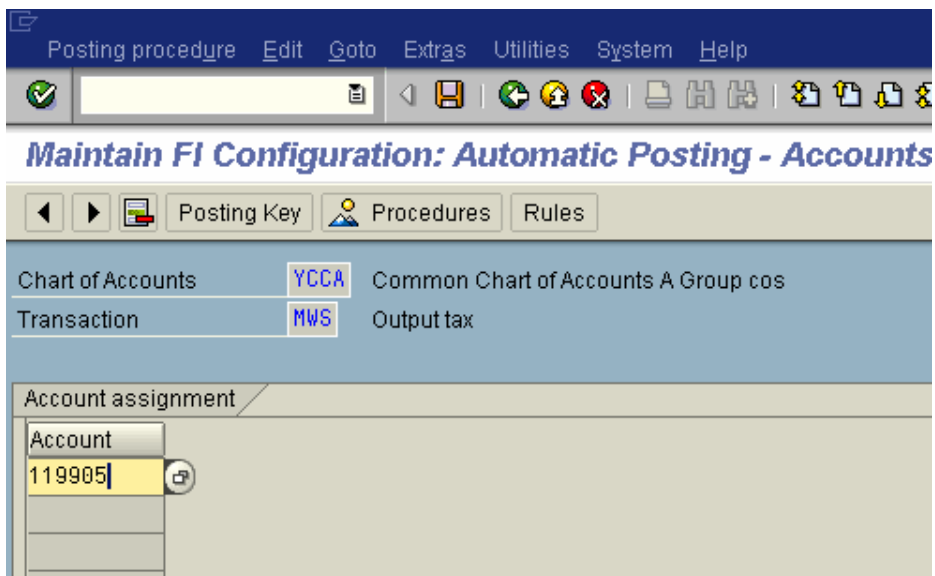
Output tax	MWS
------------	-----






Click on 

Update the following:-



119905 – Tax on Output

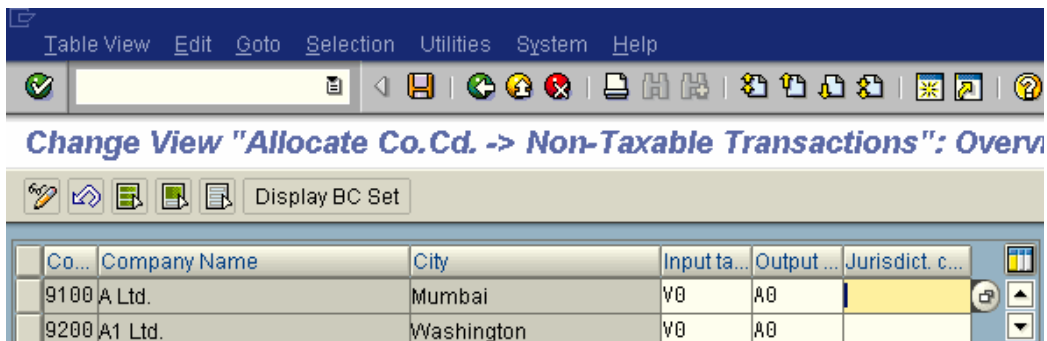
Click on 

3.7 Assign Tax Codes for Non-Taxable Transactions

IMG → Financial Accounting → Financial Accounting Global Settings → Tax on Sales/Purchases → Posting → Assign Tax Codes for Non-Taxable Transactions

Here you define an incoming and outgoing tax code for each company code, to be used for posting non-taxable transactions to tax-relevant accounts. Transactions posted like this are, for example; goods issue delivery, goods movement, goods receipt purchase order, goods receipt production order, order accounting.

Update the following codes:-



Click on 

4. Configuration for GL Automatic clearing: -

4.1 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:

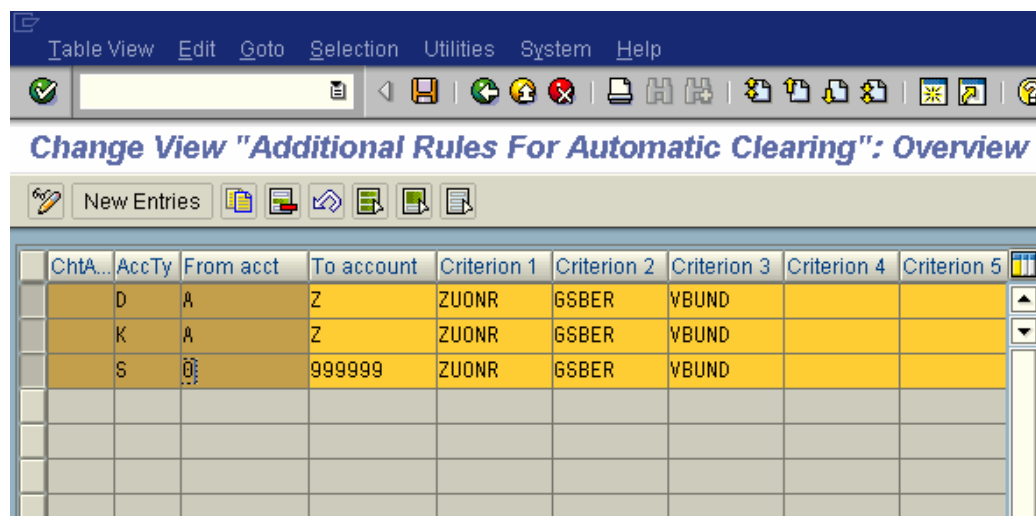
- account type
- account number or a number interval


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:-

Change View "Additional Rules For Automatic Clearing": Overview of .

ChtA...	AccTy	From acct	To account	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5
YCCA	D	1	9999999999	ZUONR				
YCCA	K	1	9999999999	ZUONR				
YCCA	S	0	999999	ZUONR	EBELN			

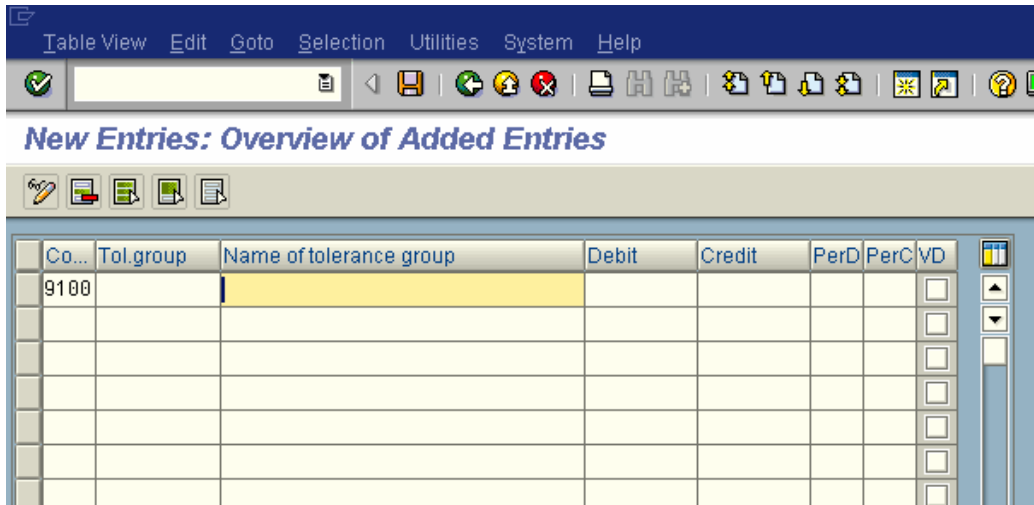
The accttyp is D for debtors K for creditors and S for General Ledger
 The first criterion specified is the assignment field for account types.
 This criteria's can be selected based on the individual company requirements.
 The GRIR account can be cleared using the criteria Purchasing document
 and line item therefore also select EBELN (purchasing document)

Click 

4.2 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.



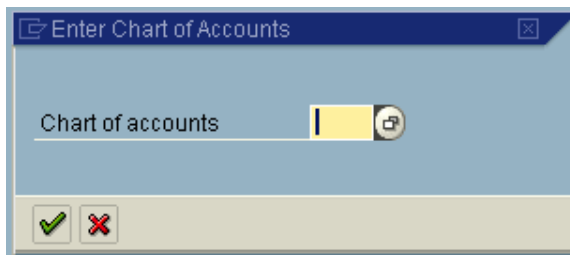
Click on 


4.3 Assigning accounts for GL Clearing Differences

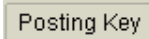
IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Open Item Clearing → Clearing Differences → Create Accounts for Clearing Differences

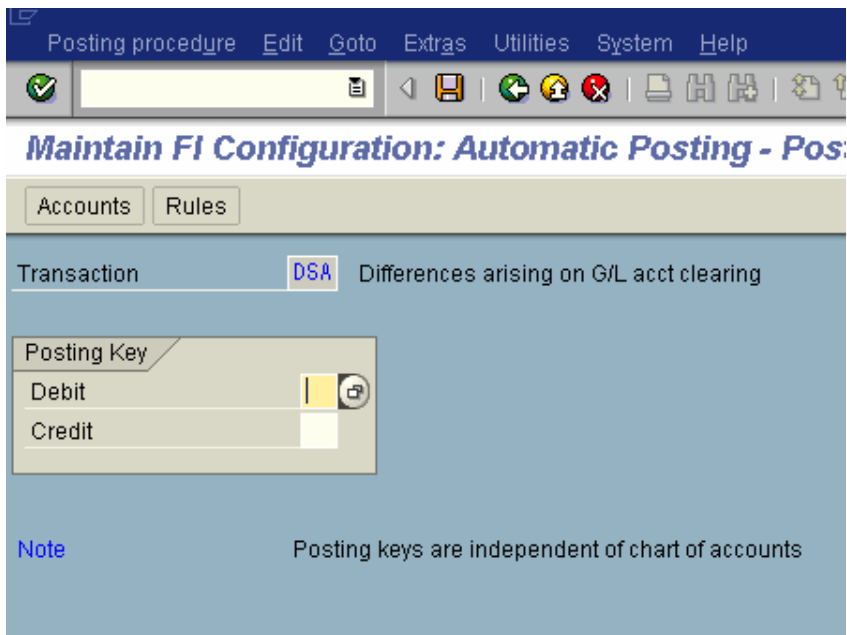
For G/L account clearing, define the limits within which differences are accepted. In this activity you define the accounts to which these differences should be posted.

Enter chart of accounts **YCCA**

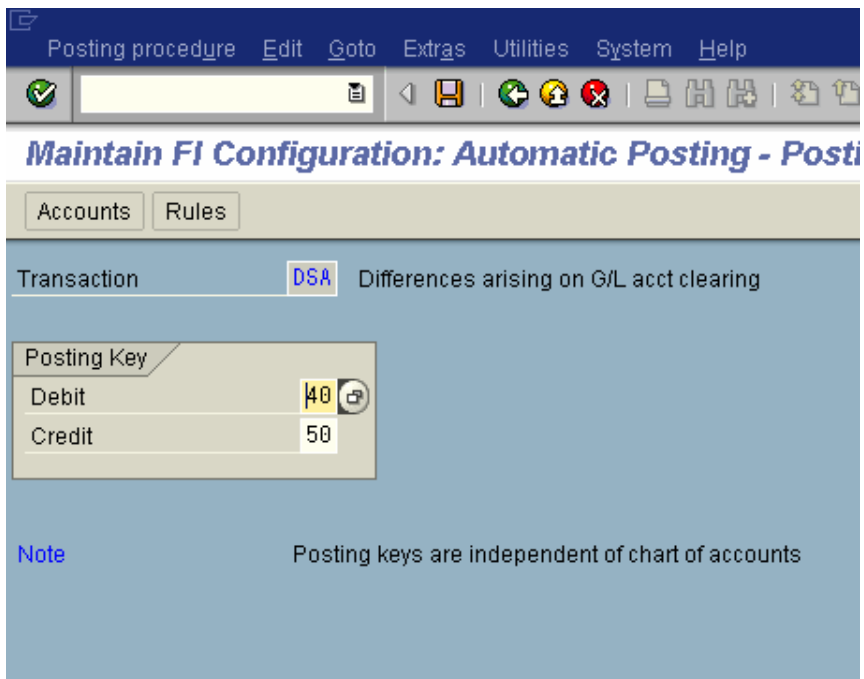


Click on  to save the rules

Click on  to update the posting keys

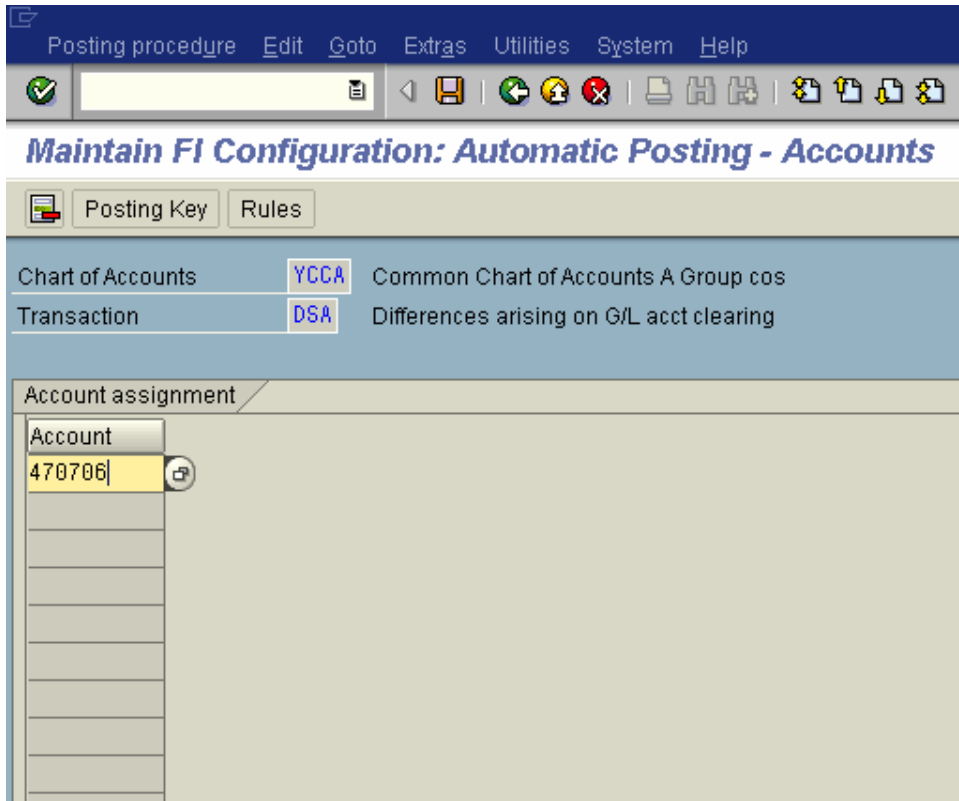


Update the following:-



Click 

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



Click 

5. 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

5.1 Define Valuation methods

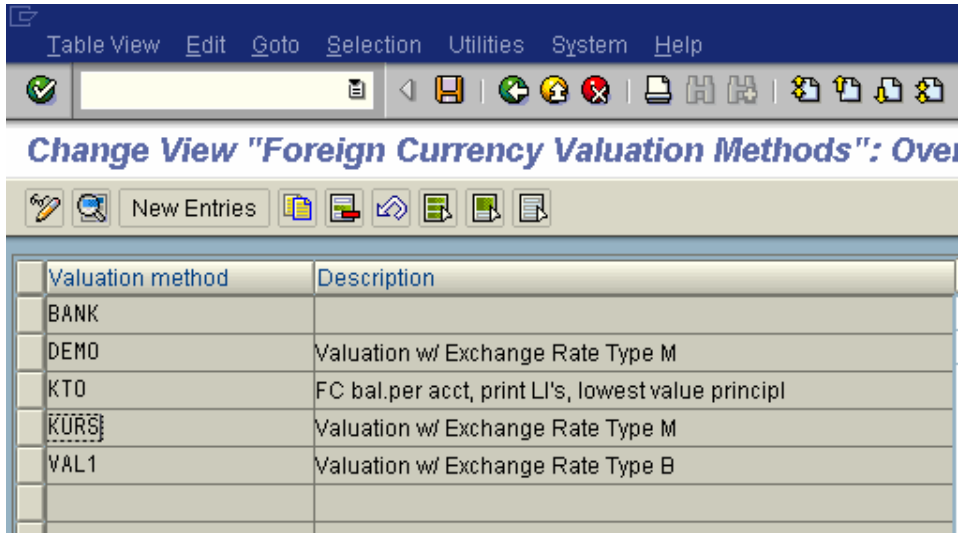
IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Valuating → Foreign Currency Valuation → Define valuation methods

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: -



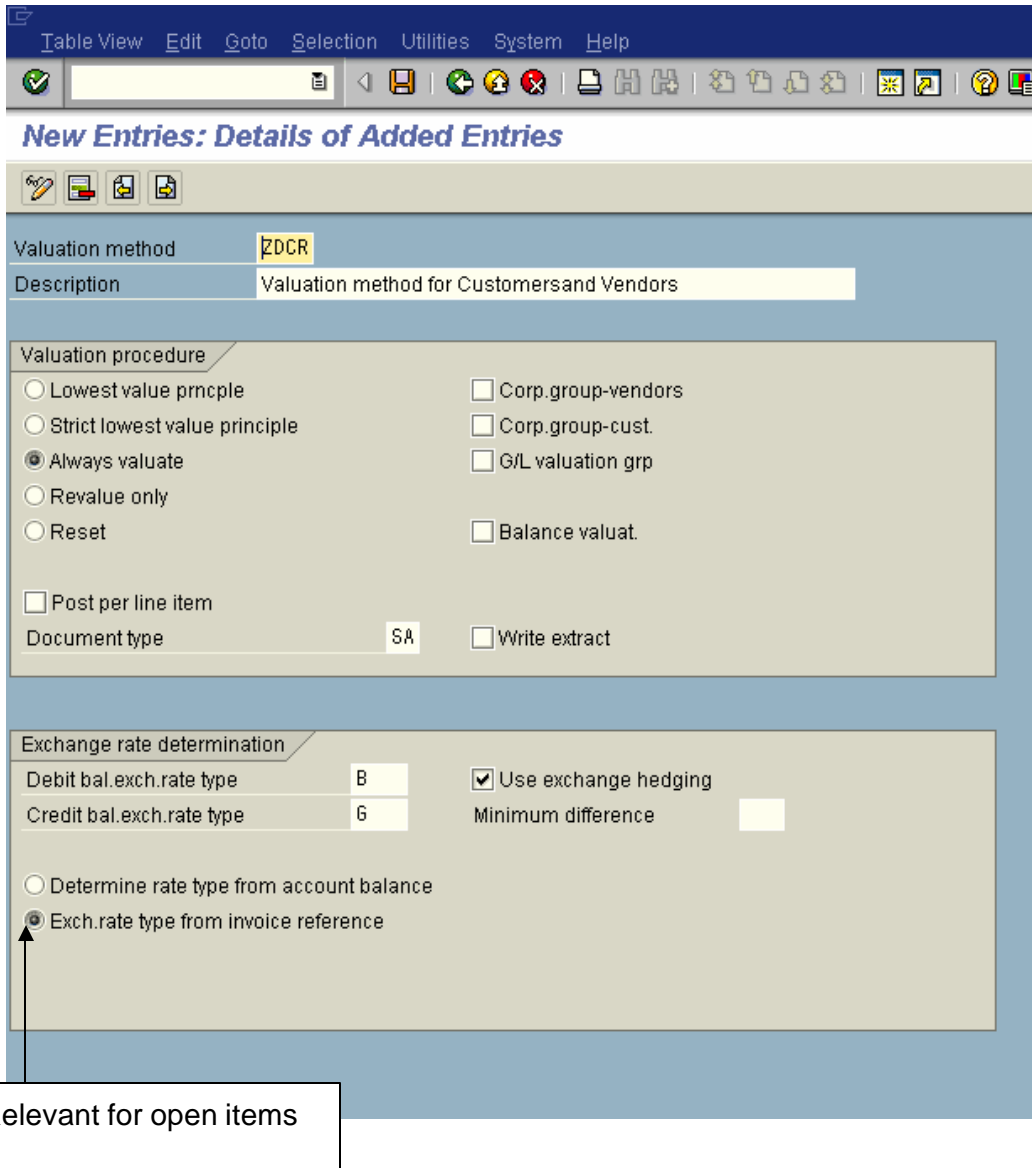
The screenshot shows the SAP interface for 'Foreign Currency Valuation Methods'. The title bar reads 'Change View "Foreign Currency Valuation Methods": Overview'. Below the title bar is a menu bar with 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities', 'System', and 'Help'. A toolbar contains various icons for navigation and actions. Below the toolbar is a 'New Entries' button and another toolbar with icons for adding, deleting, and refreshing data. The main area is a table with two columns: 'Valuation method' and 'Description'.

Valuation method	Description
BANK	
DEMO	Valuation w/ Exchange Rate Type M
KTO	FC bal.per acct, print LI's, lowest value principl
KURS	Valuation w/ Exchange Rate Type M
VAL1	Valuation w/ Exchange Rate Type B

Let us create our own valuation methods.

Click on

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

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

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

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

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

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

Exchange rates are types are attached to the valuation method.

Determine rate type from account balance If 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

5.2 Assign GL accounts for Foreign Currency valuation

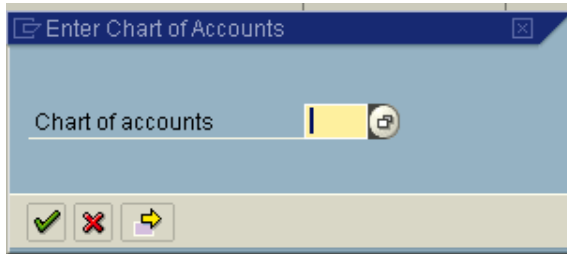
IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Valuating → Foreign Currency Valuation → Prepare Automatic Postings for Foreign Currency Valuation

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

Double click on KDB Line

Description	Transaction	Account determ.
Document Split for Currency Exchange	CEX	<input type="checkbox"/>
Exch. Rate Diff. using Exch. Rate Key	KDB	<input checked="" type="checkbox"/>
Exchange Rate Dif.: Open Items/GL Acct	KDF	<input checked="" type="checkbox"/>
Payment difference for altern.currency	KDW	<input checked="" type="checkbox"/>
Payment diff.for altern.curr.(offset)	KDZ	<input checked="" type="checkbox"/>
Internal currencies rounding differences	RDF	<input checked="" type="checkbox"/>

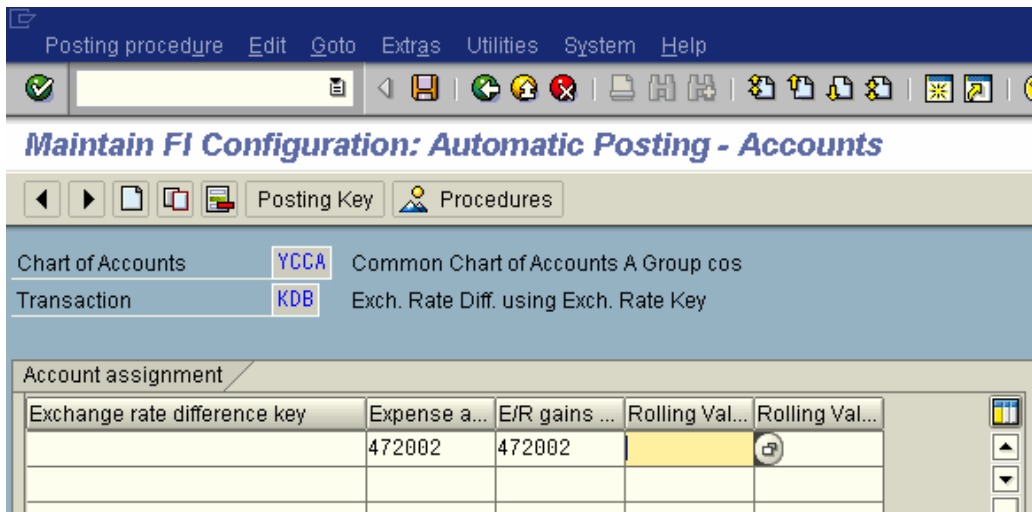
Enter Chart of accounts YCCA



Here you will enter the following

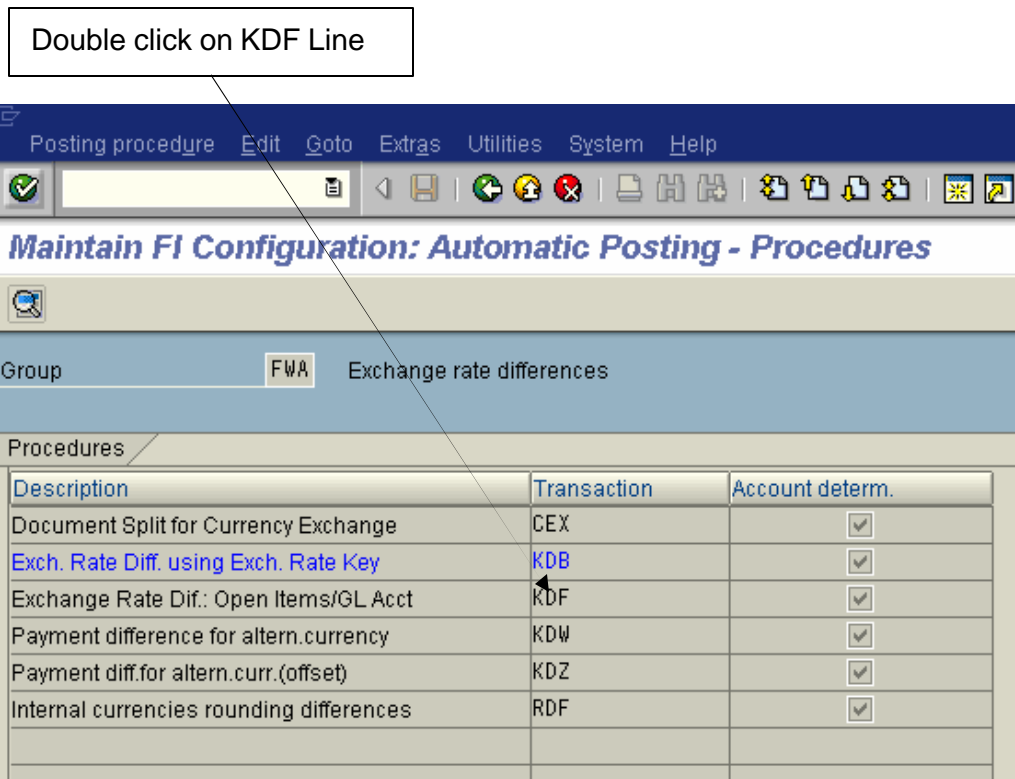
Exchange rate difference key Can be kept blank or you can enter a key with 4 digit e.g. 0001. In case you create this exchange rate key then the same has to be updated in the GL code of the foreign currency account i.e. control data tab which has the field exchange rate difference key. Only when it is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



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:-

New Entries: Details of Added Entries

Chart of Accounts: YCCA
 G/L Account: 119020
 Currency:
 Currency type:
 Exchange rate difference realized
 Loss: 472001
 Gain: 472001
 Valuation
 Val.loss 1: 472002
 Val.gain 1: 472002
 Bal.sheet adj.1: 119812
 Translation
 Loss:
 Bal.sheet adj.loss:
 Gain:
 Bal.sheet adj.gain:

119020 is the GL code for Account Receivables trade 3rd parties

Loss: Here you enter the GL code for exchange loss s, 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.

6. Configuration for regrouping postings

6.1 Define Adjustment Accounts for GR/IR clearing

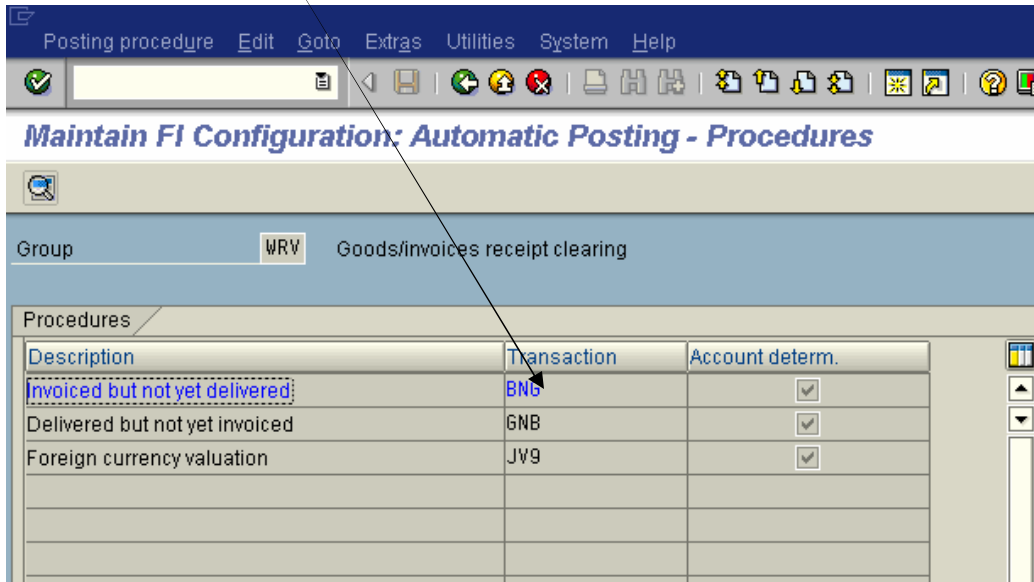
IMG → Financial Accounting → General Ledger Accounting → Business Transactions → Closing → Regrouping → Define Adjustment Accounts for GR/IR Clearing

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.

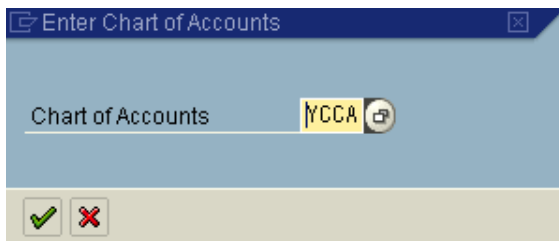
In this activity you define the numbers of the adjustment and target accounts for the automatic postings for the GR/IR clearing account.

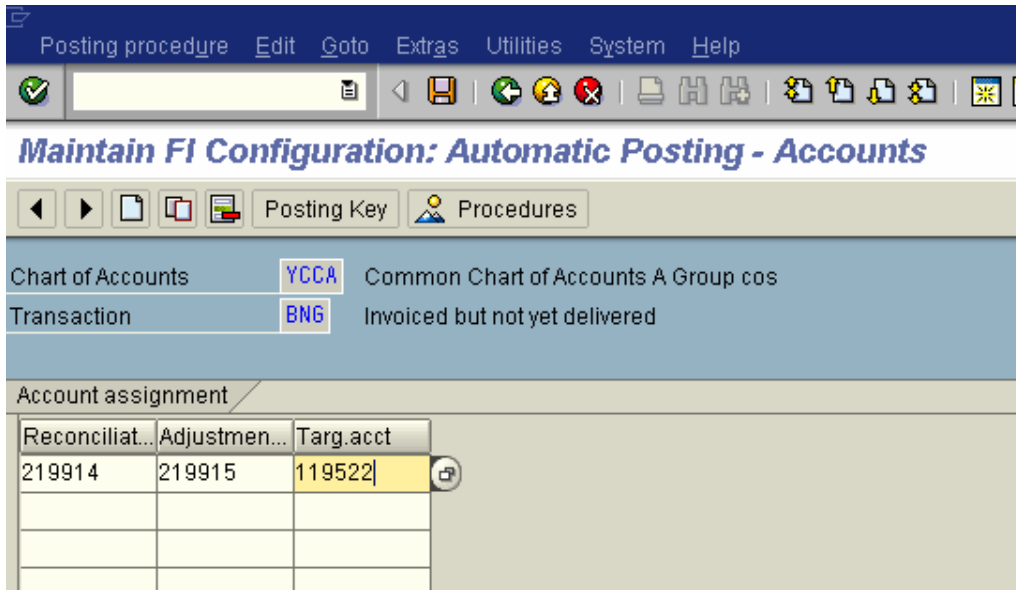
Transfer postings have to be made at the balance sheet date to reflect the goods invoiced but not delivered and the goods delivered but not invoiced. Transaction code **F.19** analyzes the GR/IR clearing account and posts adjustments entries for outstanding amounts to adjustment accounts. It makes the 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:-





Update the following: -

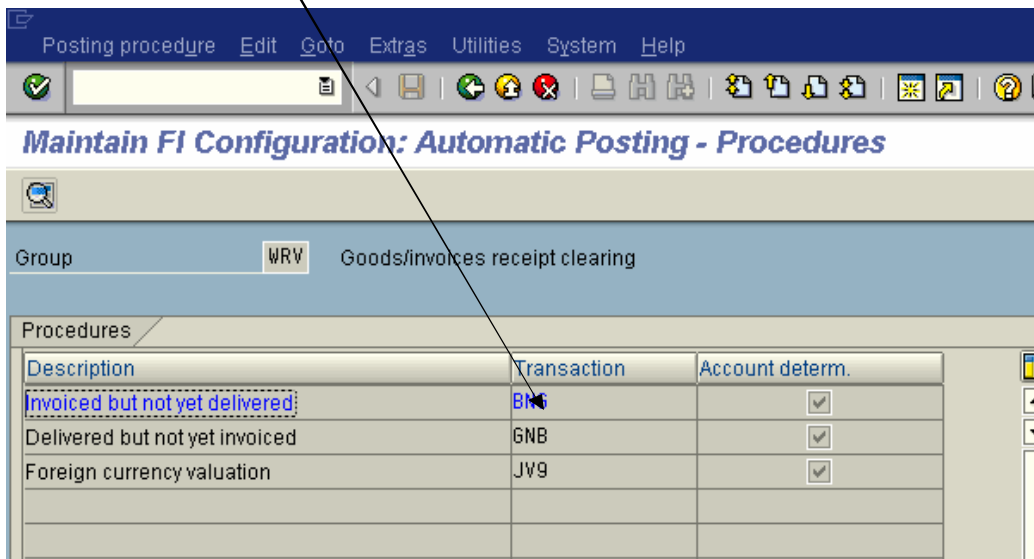
Reconciliation account: Enter the GL code 219914 i.e. GR/IR clearing account (Goods Receipt/Invoice receipt)

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

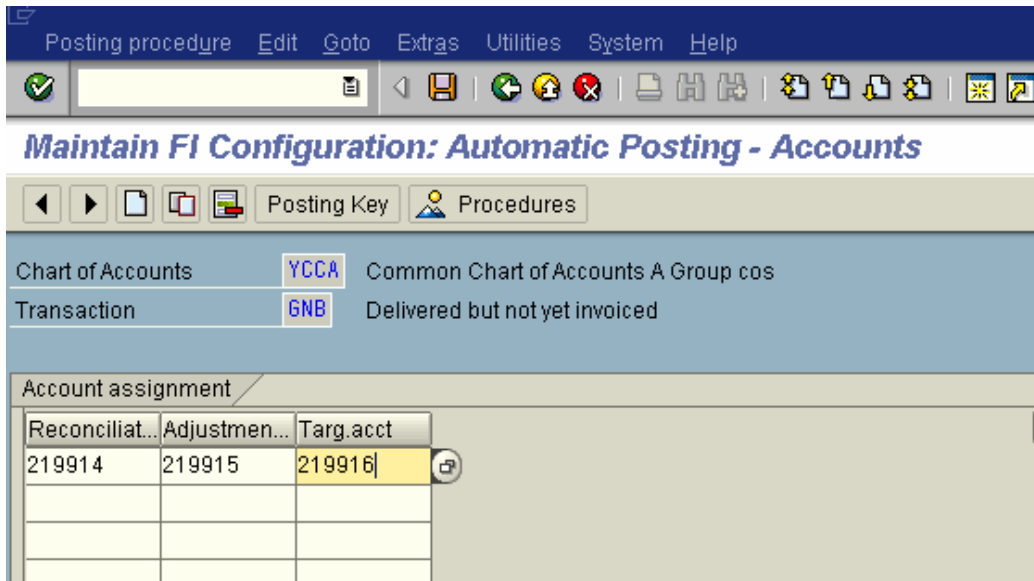
Targ. Acct : Enter the GL code 119522 GR/IR Invoiced but goods not yet received

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 

7. Creating Balance sheet and Profit and Loss account

7.1 Define Financial Statement Version (FSV)

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

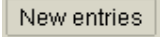
You define the versions you need to create a balance sheet and profit and loss statement. You can create number of financial statement versions for your chart of accounts one for the local reporting, one for parent reporting. In each version you can group the GL codes differently.

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.

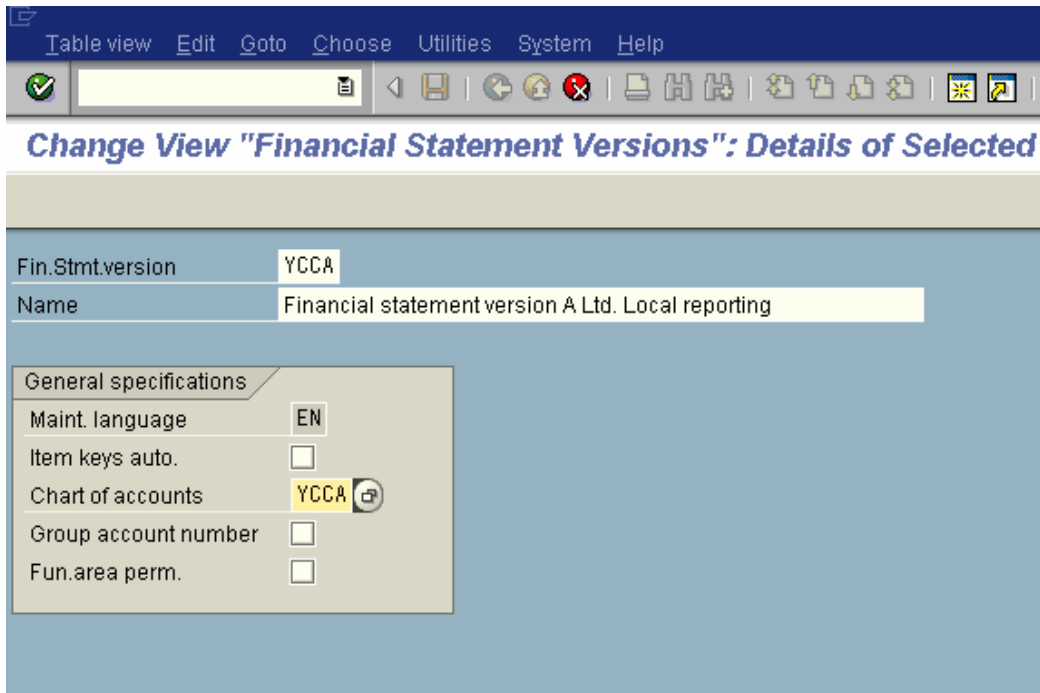
You assign groups of accounts to the items at the lowest levels of the hierarchy. You can select the criteria that determine which items the accounts are displayed in. For example, accounts or groups of accounts can be assigned to particular items based on their balance.


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  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.



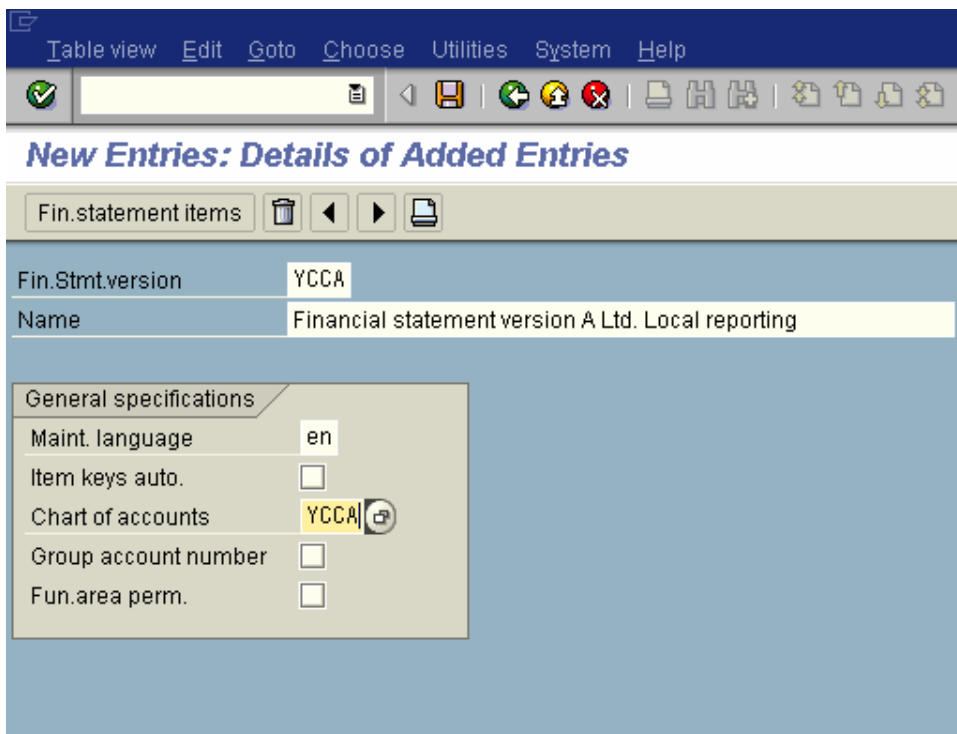
then click on  and update the following parameters



And then click on 

We will cover here Creating FSV from scratch.

Click on 




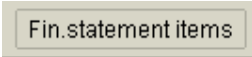
Give the code for the FSV e.g. YCCA and name for the version.

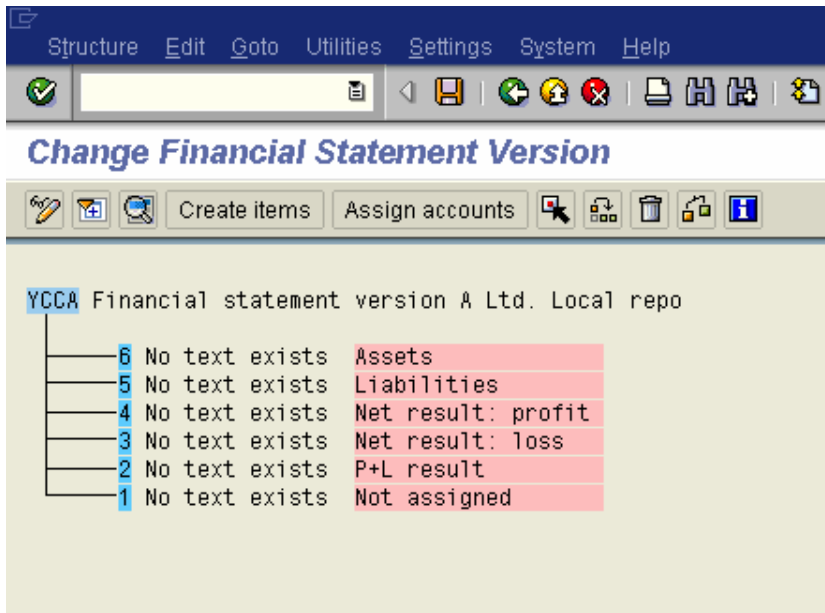
Give the maintenance language cod e.g EN (for English)

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 



The above nodes are created automatically:-

P+L Result gives profit and loss in income statement

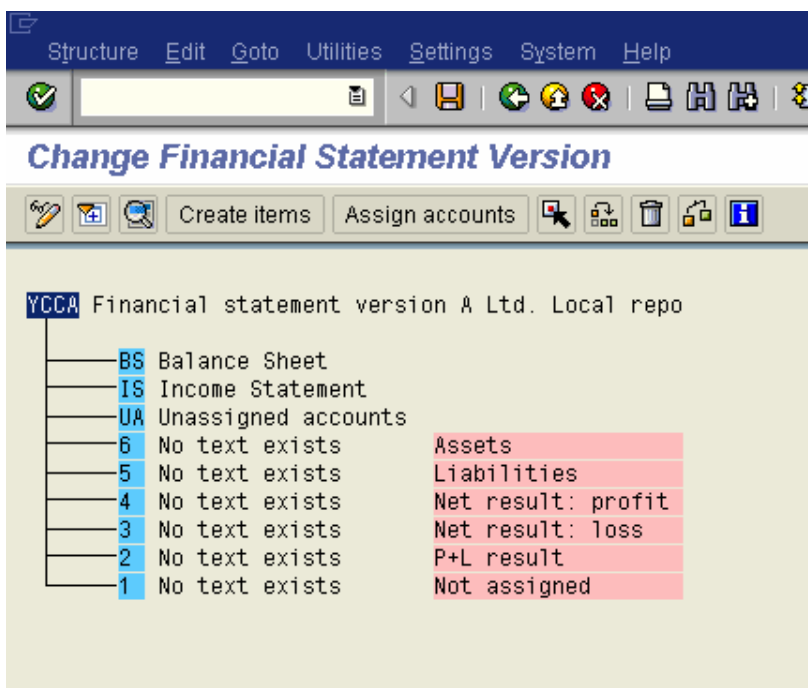
Net result: profit profit carried forward to balance sheet



Net result: loss Loss carried forward to balance sheet

Position the cursor on the node YCCA and then

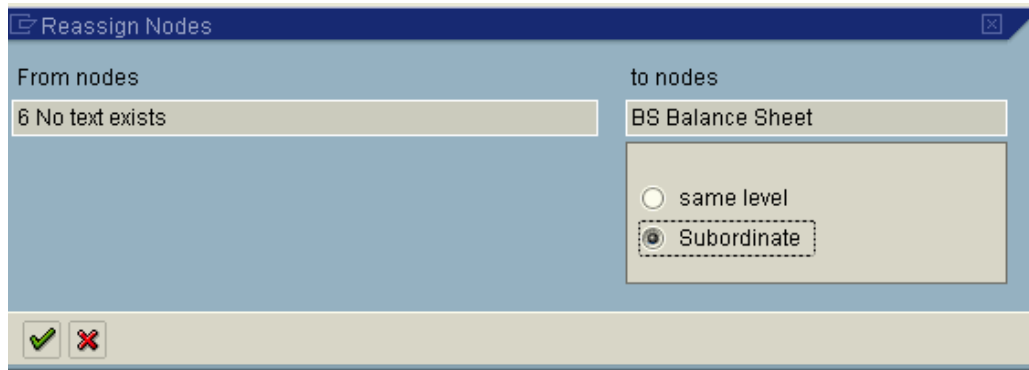
Click on

Update the following information and click the continue button

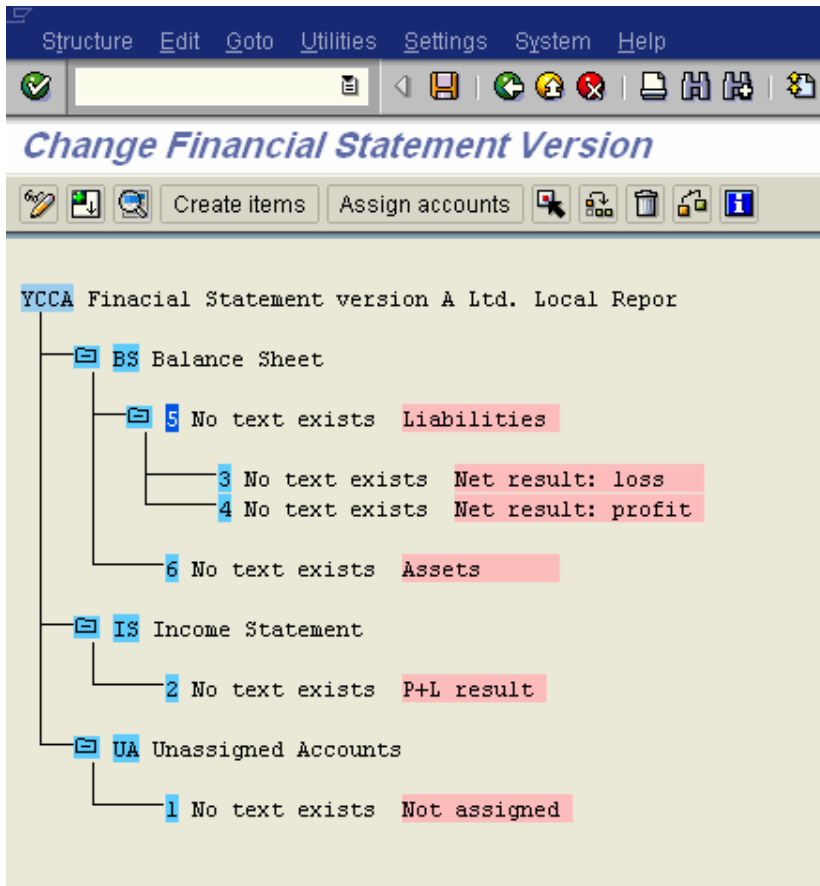


Thereafter click **6 No text exists** **Assets** and click on  and then click on **BS Balance Sheet** and click on Reassign 

Select subordinate



Similarly assign the various nodes to the respective elements which should finally look like this.



Double click on 10 Unassigned Accounts Not assigned and update the following

Item: Change Texts

Item 10

Unassigned Accounts

Start of group

End of group

Display total

Graduated total

Display total

+/- sign change

✓ ▲ ▼ ✗

Thereafter change the description of item **6** No text exists **Assets** by double clicking and updating the following information

Item: Change Texts

Item 1

Assets

Start of group

Assets

End of group

Total Assets

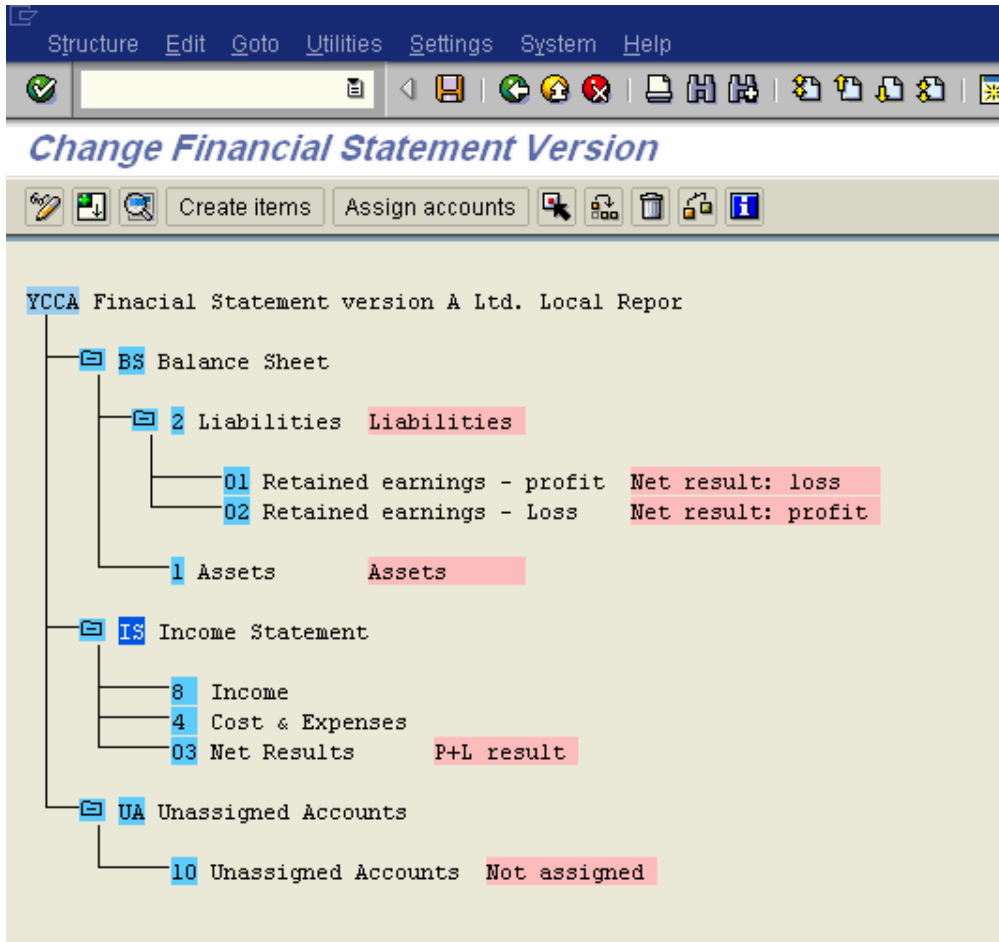
Display total

Graduated total

Display total

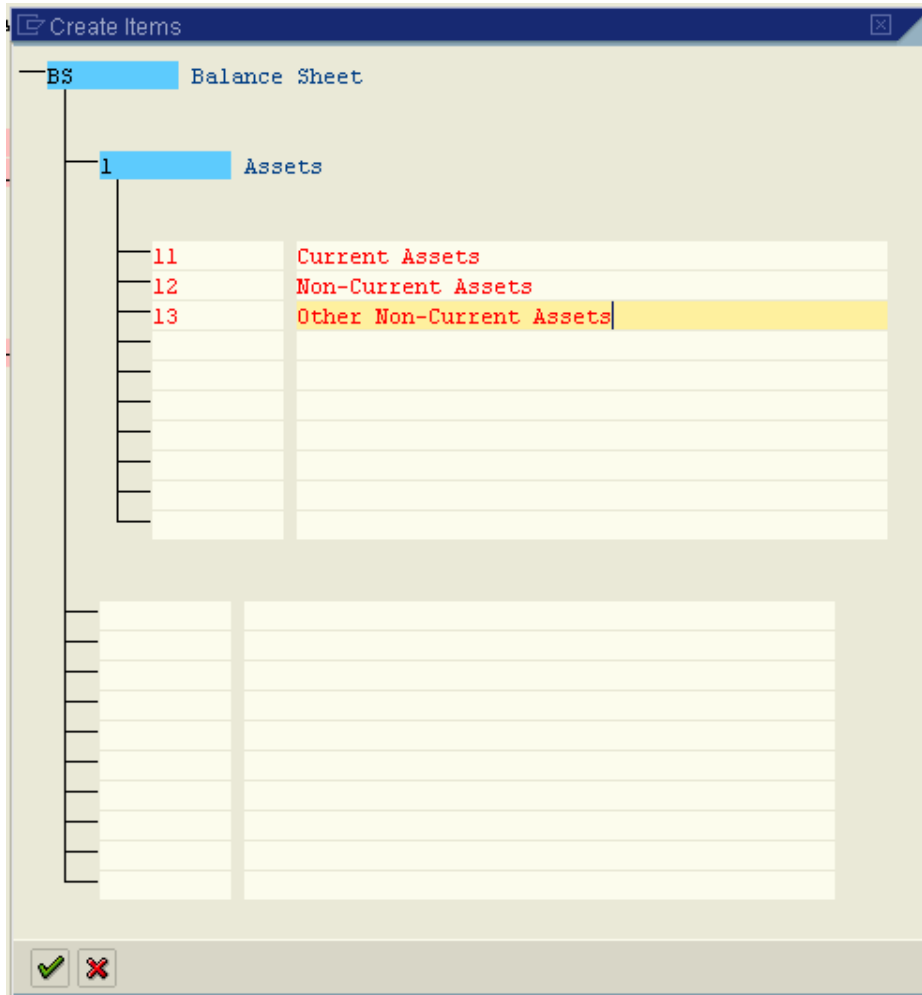
+/- sign change

Rename everything to look like this

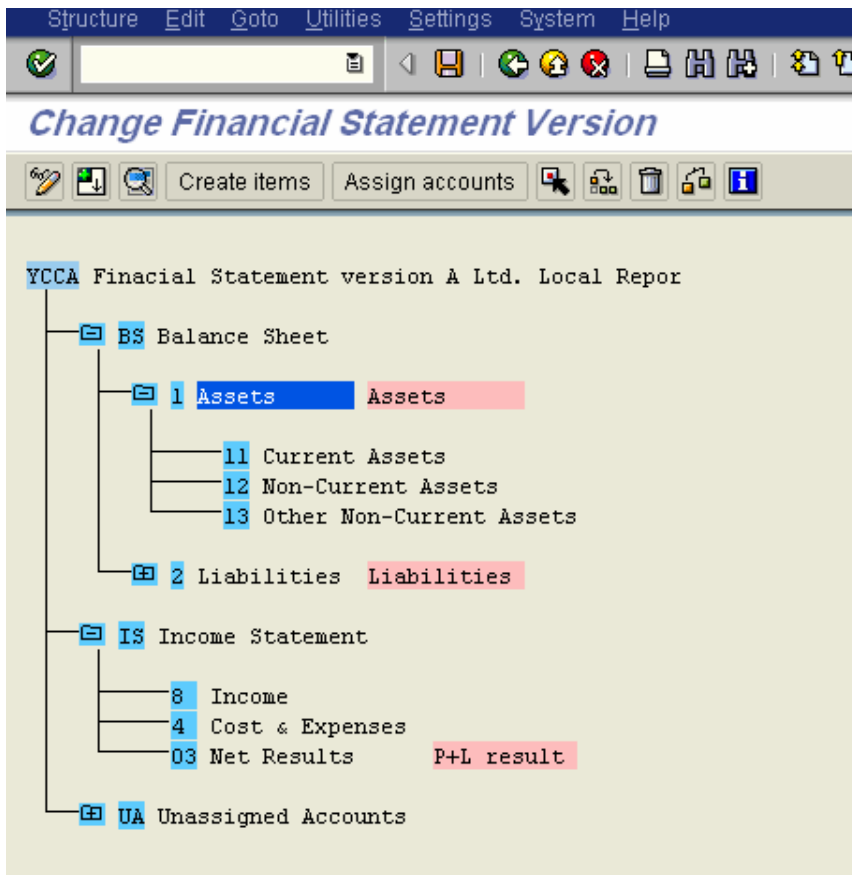


To create further nodes below Assets proceed as follows:-

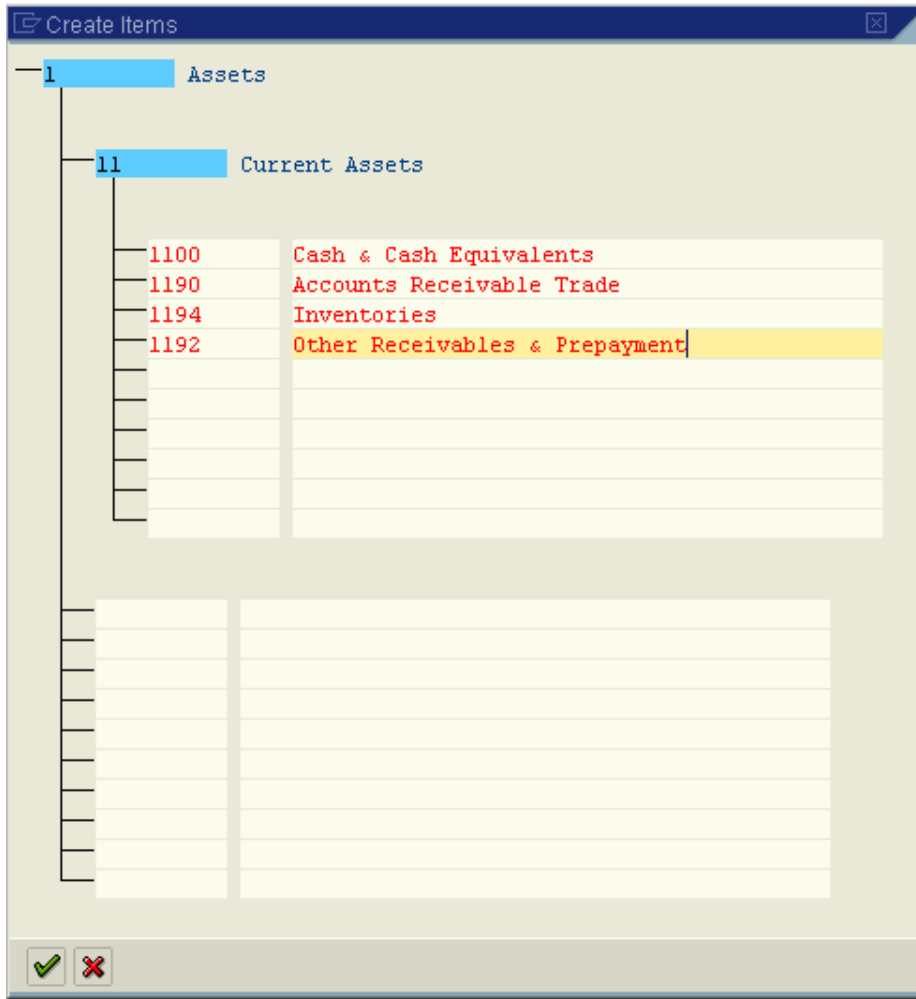
Position the cursor on **1 Assets** **Assets** and click on **Create items** and update the following information



After updating your FSV will look like this

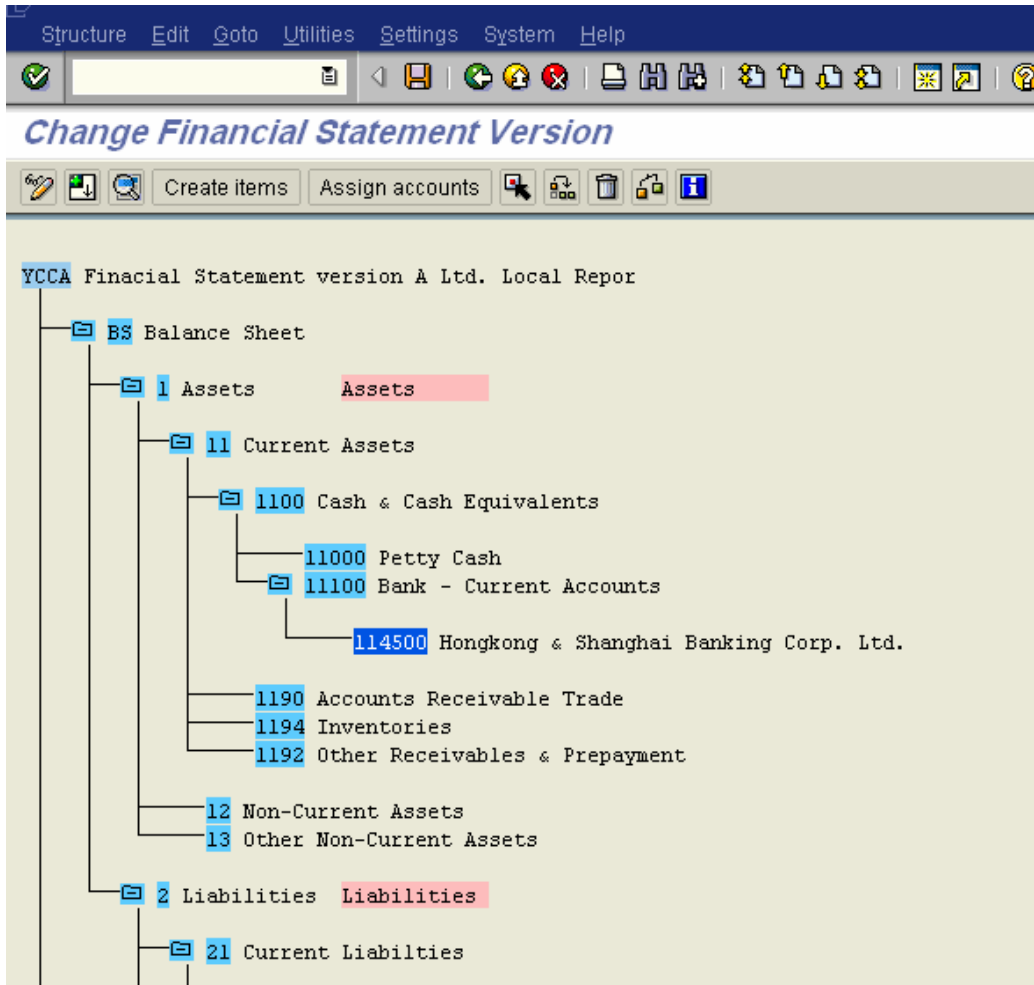


Create further nodes as follow under Current assets



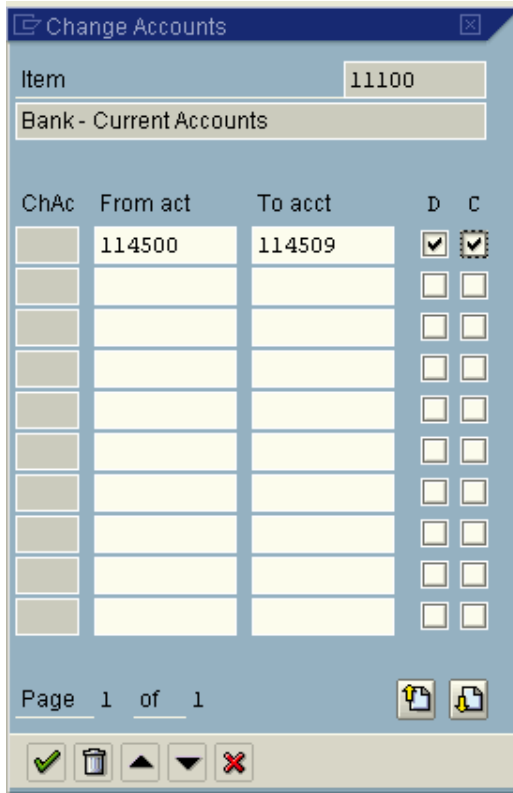
Under Cash & Cash Equivalents create further nodes 11000 Petty cash and 11100 Bank – Current accounts.

After creating all the above nodes the FSV configuration will look like this



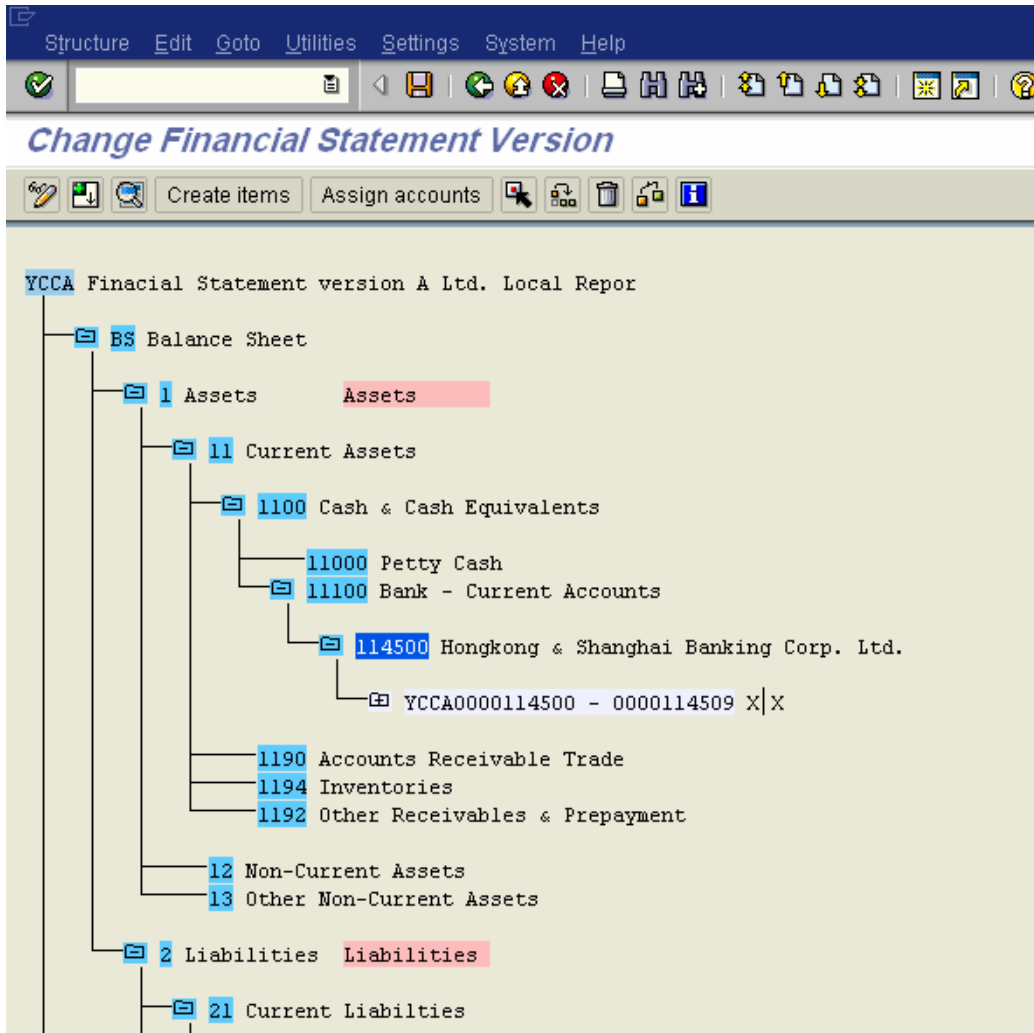
Now we will see how to assign GL accounts to the the node Bank – current accounts

Position the cursor on the node **114500** Hongkong & Shanghai Banking Corp. Ltd. and click on **Assign accounts** and update the bank GL codes



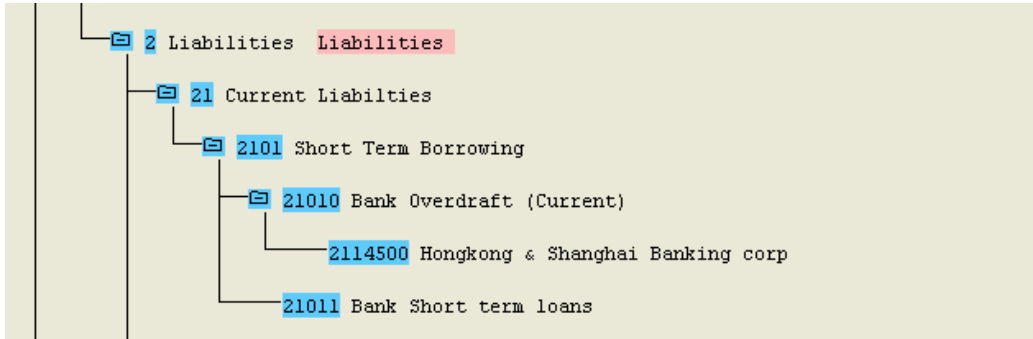
D and C are debit and credit balance of the account.

After assigning the accounts FSV will look as follows:-



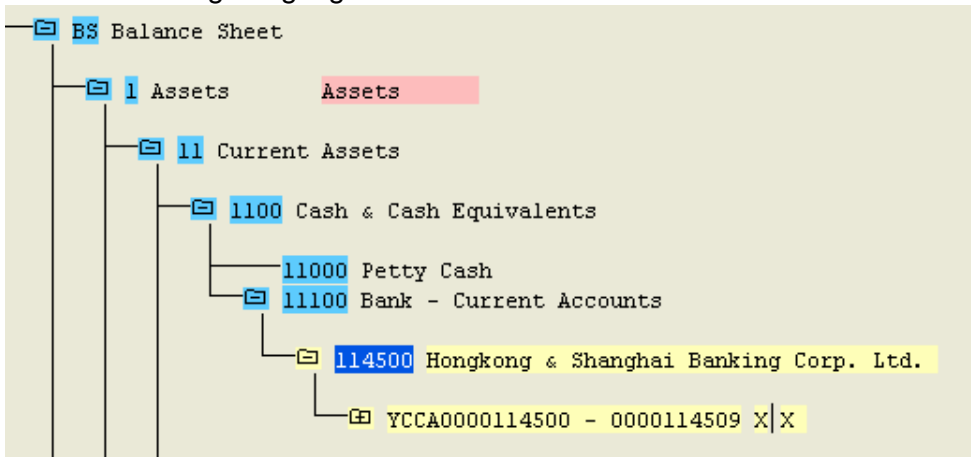
Now if this bank account is an overdraft account i.e. Bank balance can become a debit or credit balance. In case bank balance becomes credit i.e. negative then it should be regrouped to the liabilities side of balance sheet under current liabilities.

We will similarly create the various nodes under liabilities which appear as shown below:-



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

Position the cursor on item **114500** Hongkong & Shanghai Banking Corp. Ltd. in Bank -Current accounts on Current asset side and click on Select , the bank accounts get highlighted as follows:-



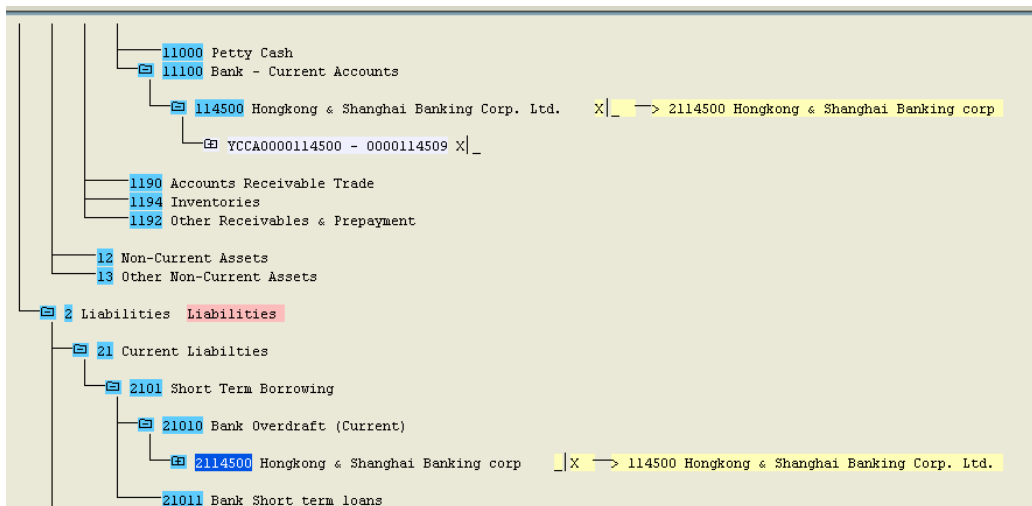
Thereafter position the cursor on the **2114500** Hongkong & Shanghai Banking corp in bank overdraft under current liabilities and then click on Edit → Debit/credit shift → Define

Debit item	Credit item
<input checked="" type="radio"/> 114500 Hongkong & Sh	2114500 Hongkong & S
<input type="radio"/> 2114500 Hongkong & S	114500 Hongkong & Sh

Buttons: Help


Click  since 114500 should be debit and 2114500 node should be credit

The display will appear as follows:-




The item **01 Retained earnings - profit Net result: loss** and **02 Retained earnings - Loss Net result: profit** should be placed under Shareholder's Equity. To do so proceed as follows:-

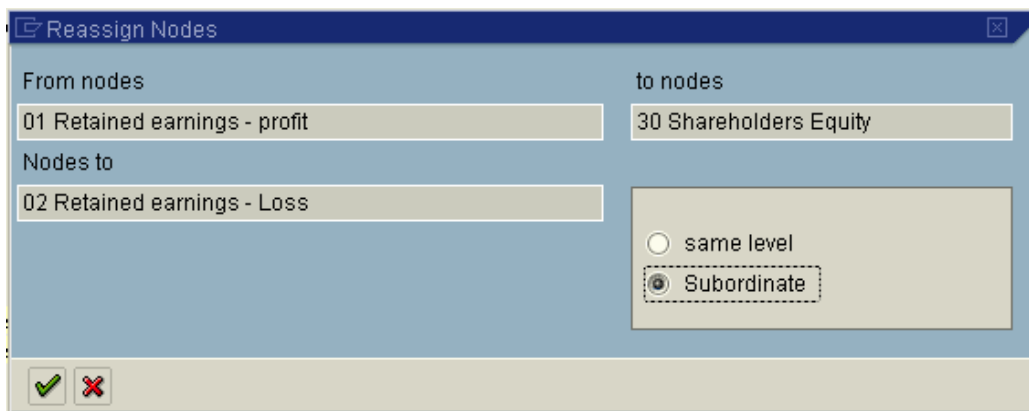
Position the cursor on **01 Retained earnings - profit Net result: loss** and

click on Select  and position the cursor on **02 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



The 'Reassign Nodes' dialog box shows the following configuration:

From nodes	to nodes
01 Retained earnings - profit	30 Shareholders Equity

Nodes to

02 Retained earnings - Loss


same level
 Subordinate

At the bottom, there are checkmark and X icons.

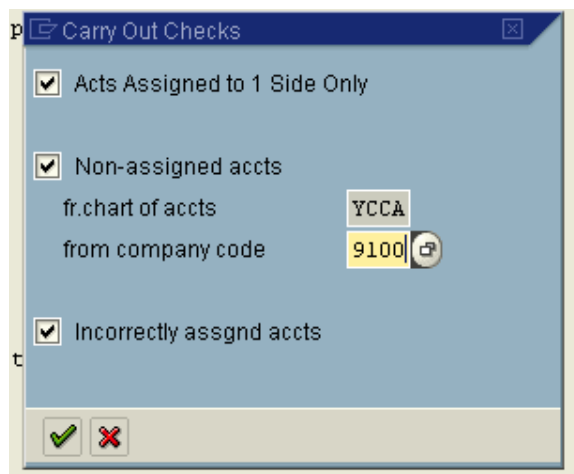
Likewise you need to create various node under Income statement and assign GL account codes to each of the lowest level node.

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

8. FI Integration with other modules

8.1 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:-

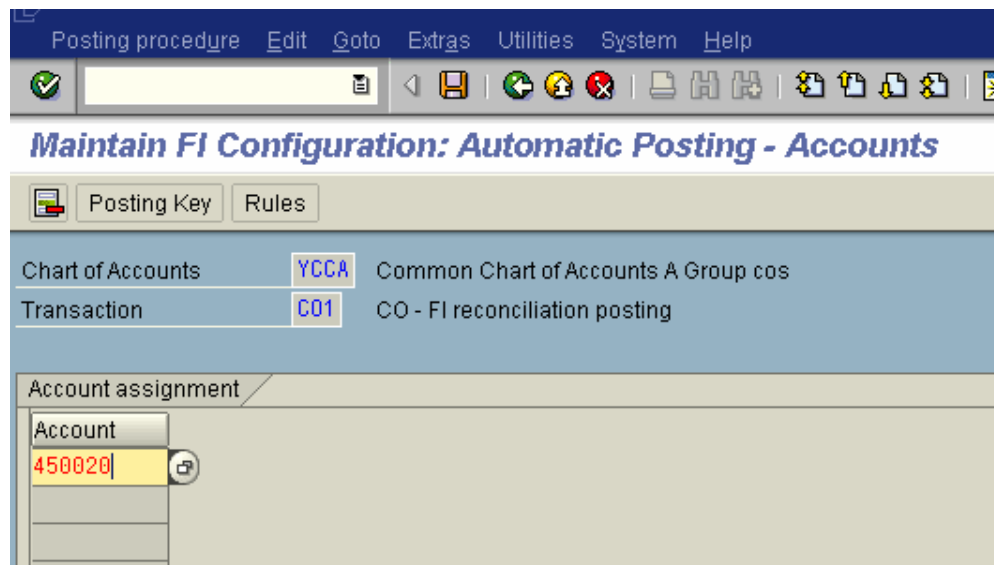
Controlling allocations happened between 2 company codes. Since allocation has taken place in the controlling module, there will be no corresponding posting in FI in both the company codes.

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



Click 

8.2 Integration with Materials Management

Any transaction in MM with the respect to material movements happens with a movement type. Each Material movement such as goods receipt against purchase order, goods issue to production order, scrapping of goods, transfer of goods, goods issue for sale, initial stock upload, has a Movement type defined in the system.

Thus the various account assignments (**transaction keys**) are linked to an MM movement type.

In the Material master we have various views such as the Basic view, purchasing view, Sales view, MRP view, Quality view, the **Accounting** and the **costing view**.

In the Accounting view of the Material master we update the valuation class. Each material type will have a certain valuation classes. The valuation class will determines the GL codes for the stock postings.

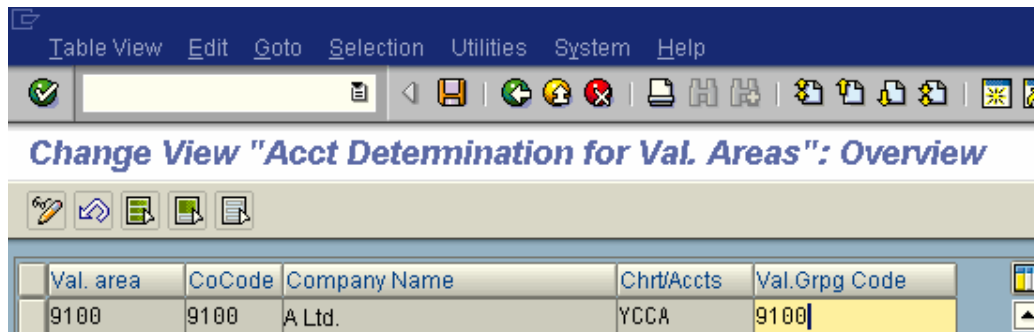
Let us understand the linkages of valuation class first:-

Group Together Valuation Areas

IMG → Materials Management → Valuation and Account Assignment → Account Determination → Account Determination Without Wizard → Group Together Valuation Areas

Here we group together valuation area (Plant) to a valuation grouping code. This step is necessary if we want to assign GL accounts based on valuation area. This helps us in having different GL codes for each valuation area.

Update the valuation grouping code of your choice for the valuation area (Plant) 9100.



Click on 

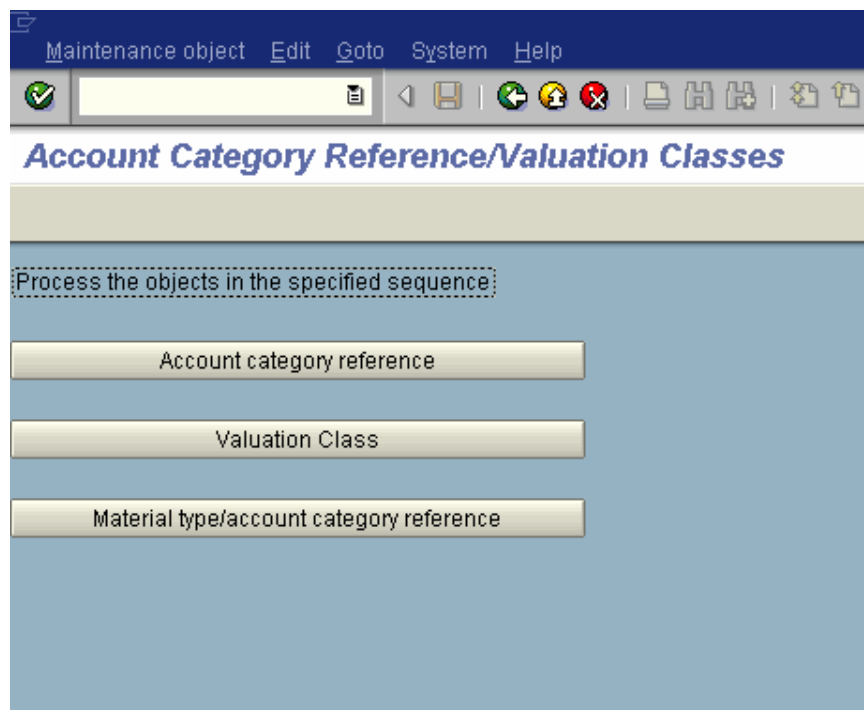
Now valuation grouping code 9100 is active for plant 9100, company code 9100 for chart of accounts YCCA.

Define Valuation Classes

IMG → Materials Management → Valuation and Account Assignment → Account Determination → Account Determination Without Wizard → Define Valuation Classes

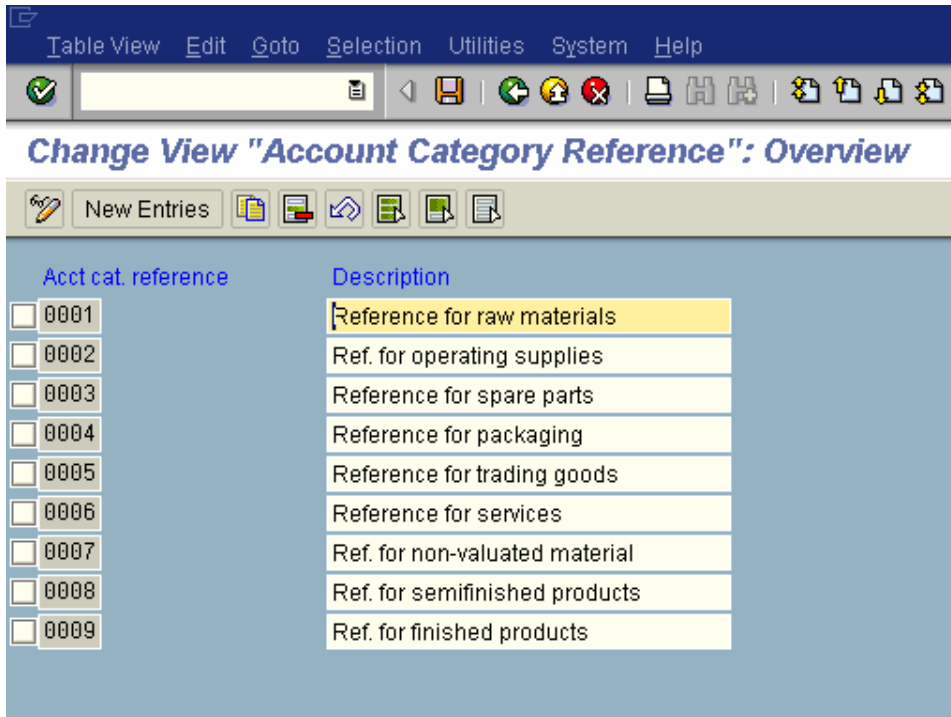
Here you define which valuation class will be allowed for a material type.

Valuation class is a group of materials with the same account determination. Several valuation classes are generally allowed for one material type. A valuation class can also be allowed for several material type.



Click 

These are the standard account category references available



Click 

Click 

Here you define the Valuation class and link it to the account category reference.

Table View Edit Goto Selection Utilities System Help

Change View "Valuation Classes": Overview

New Entries

ValCl	Description	Acct cat. ref.	Description
<input type="checkbox"/> 1210	Low-value assets RU	0002	Ref. for operating supplies
<input type="checkbox"/> 3000	Raw materials 1	0001	Reference for raw materials
<input type="checkbox"/> 3001	Raw materials 2	0001	Reference for raw materials
<input type="checkbox"/> 3002	Raw materials 3	0001	Reference for raw materials
<input type="checkbox"/> 3003	Raw materials 4	0001	Reference for raw materials
<input type="checkbox"/> 3030	Operating supplies	0002	Ref. for operating supplies
<input type="checkbox"/> 3040	Spare parts	0003	Reference for spare parts
<input type="checkbox"/> 3050	(Returnable) packaging	0004	Reference for packaging
<input type="checkbox"/> 3100	Trading goods	0005	Reference for trading goods
<input type="checkbox"/> 3200	Services	0006	Reference for services
<input type="checkbox"/> 3300	Non-valuated material	0007	Ref. for non-valuated material
<input type="checkbox"/> 7900	Semifinished products	0008	Ref. for semifinished products
<input type="checkbox"/> 7910	Semi-finished (external)	0008	Ref. for semifinished products
<input type="checkbox"/> 7920	Finished products	0009	Ref. for finished products

Click 

Click

Here Material type is linked to account category reference.

Table View Edit Goto Selection Utilities System Help

Change View "Account Category Reference/Material Type": Overview

MType	Material type description	Acct cat. ref.	Description
<input type="checkbox"/> ABF	Waste	0007	Ref. for non-valuation material
<input type="checkbox"/> AEM	Samples	0005	Reference for trading goods
<input type="checkbox"/> COMP	Prod. alloc., purchased	0001	Reference for raw materials
<input type="checkbox"/> CONT	KANBAN Container	0001	Reference for raw materials
<input type="checkbox"/> COUP	Coupons	0005	Reference for trading goods
<input type="checkbox"/> DIEN	Service	0006	Reference for services
<input type="checkbox"/> ERSA	Spare parts	0003	Reference for spare parts
<input type="checkbox"/> FERT	Finished product	0009	Ref. for finished products
<input type="checkbox"/> FGTR	Drinks	0005	Reference for trading goods
<input type="checkbox"/> FHMI	Prod. resources/tools	0008	Ref. for semifinished products
<input type="checkbox"/> FOOD	Foods (excl. perishables)	0005	Reference for trading goods
<input type="checkbox"/> FRIP	Perishables	0005	Reference for trading goods
<input type="checkbox"/> HALB	Semi-finished product	0008	Ref. for semifinished products
<input type="checkbox"/> HAWA	Trading goods	0005	Reference for trading goods
<input type="checkbox"/> HERS	Manufacturer parts		
<input type="checkbox"/> HIBE	Operating supplies	0002	Ref. for operating supplies
<input type="checkbox"/> IBAU	Maintenance assembly		
<input type="checkbox"/> INTR	Intra material	0001	Reference for raw materials
<input type="checkbox"/> KMAT	Configurable material	0008	Ref. for semifinished products
<input type="checkbox"/> LEER	Empties	0004	Reference for packaging
<input type="checkbox"/> LEIH	Returnable packaging	0004	Reference for packaging
<input type="checkbox"/> LGUT	Empties (retail)	0004	Reference for packaging
<input type="checkbox"/> MODE	Apparel (seasonal)	0005	Reference for trading goods
<input type="checkbox"/> NLAG	Non-stock material		

Thus you have now understood how valuation class is linked to a material type.

Now all the account assignment is done to the valuation classes defined above.

The relevant valuation classes for our configuration are as follows:-

Material type	Material type description	Valuation class
ROH	Raw Material	3000
VERP	Packaging	3050
HALB	Semi-finished product	7900
FERT	Finished product	7920
HAWA	Trading goods	3100

Let us 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**

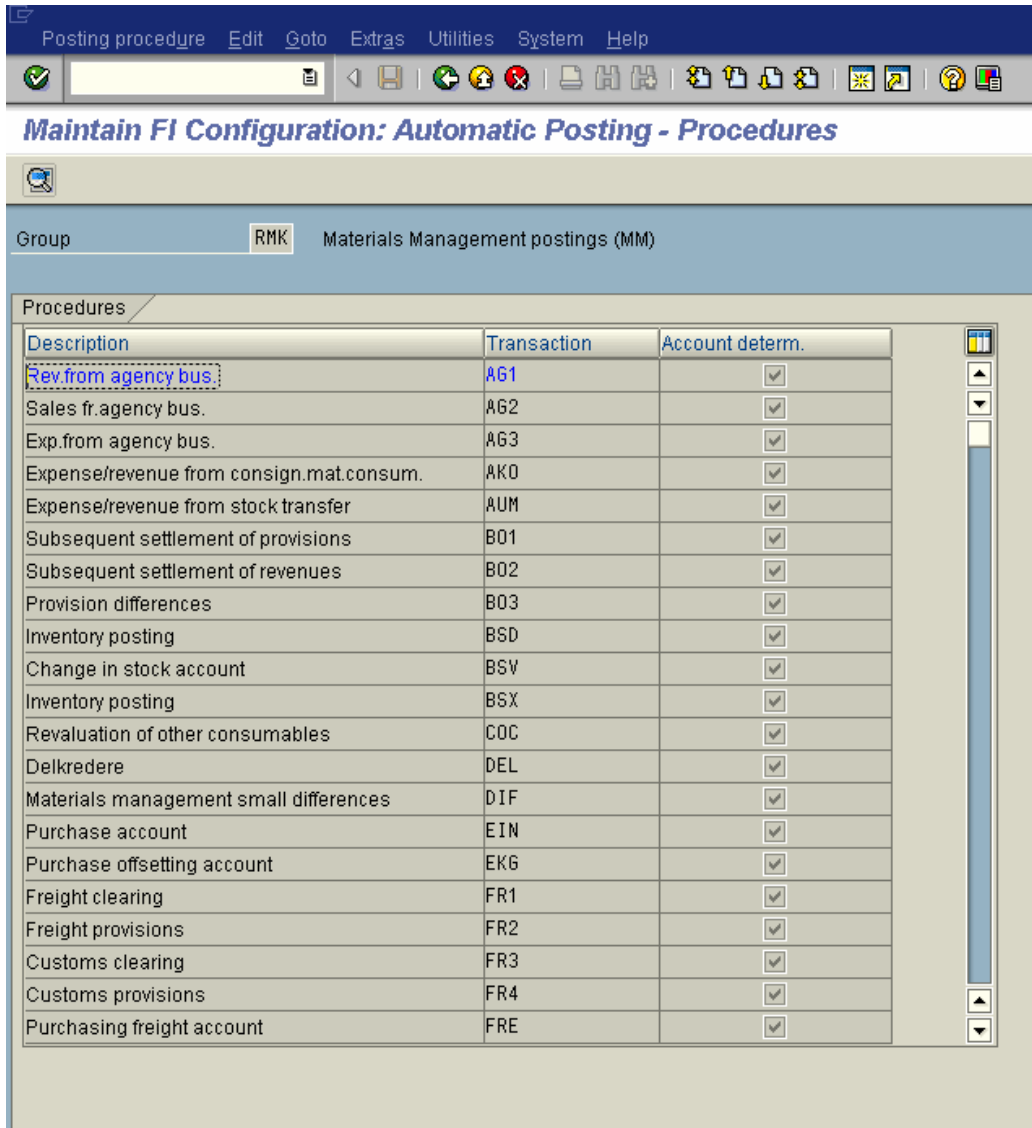
The GR/IR is a provision account in SAP.

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

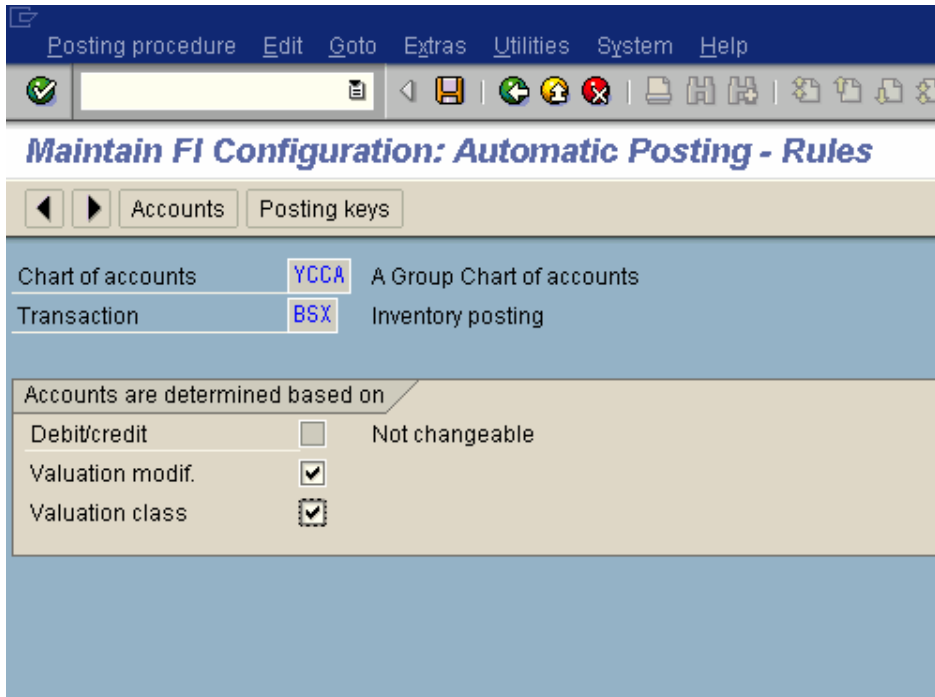



You need to update the **BSX** transaction key with the GL code **Inventory of Raw material account**.

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.

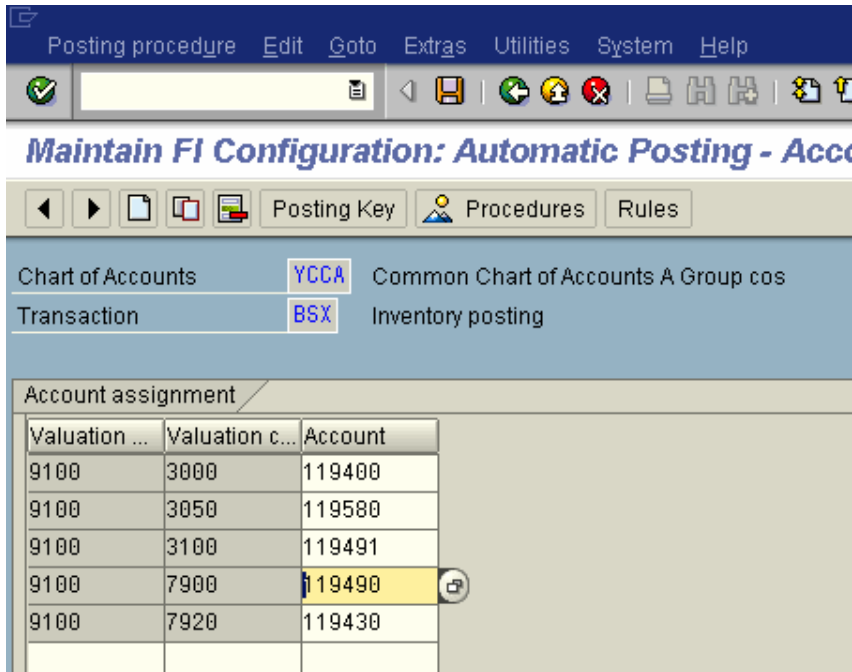





Click on 

Update the following:-

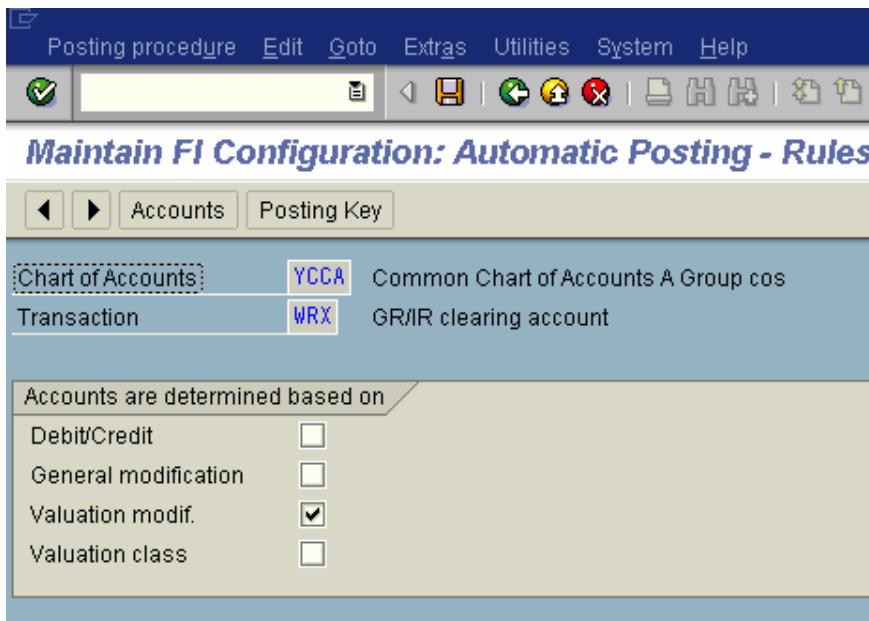
- For Raw Material update valuation class 3000
- For Packing Material update valuation class 3050
- For Semi finished goods update valuation class 7900
- For Finished goods update valuation class 7920
- For Trading goods update valuation class 3100




Click on 

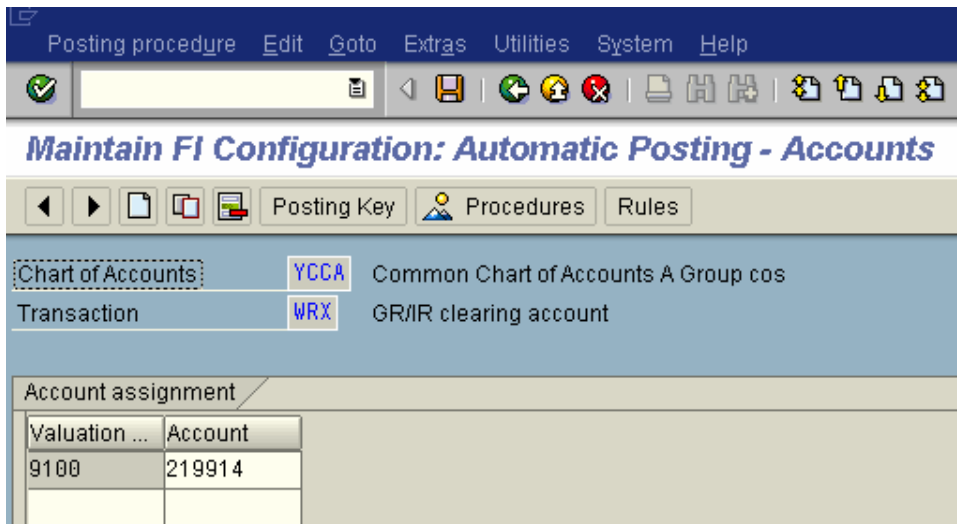
For the GR/IR account you need to update the **WRX** transaction key with the GL code GR/IR account.

Double click  GR/IR clearing account 



Click on 

Update the following:-



Generally GR/IR accounts are not maintained per valuation class.

Click on 

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

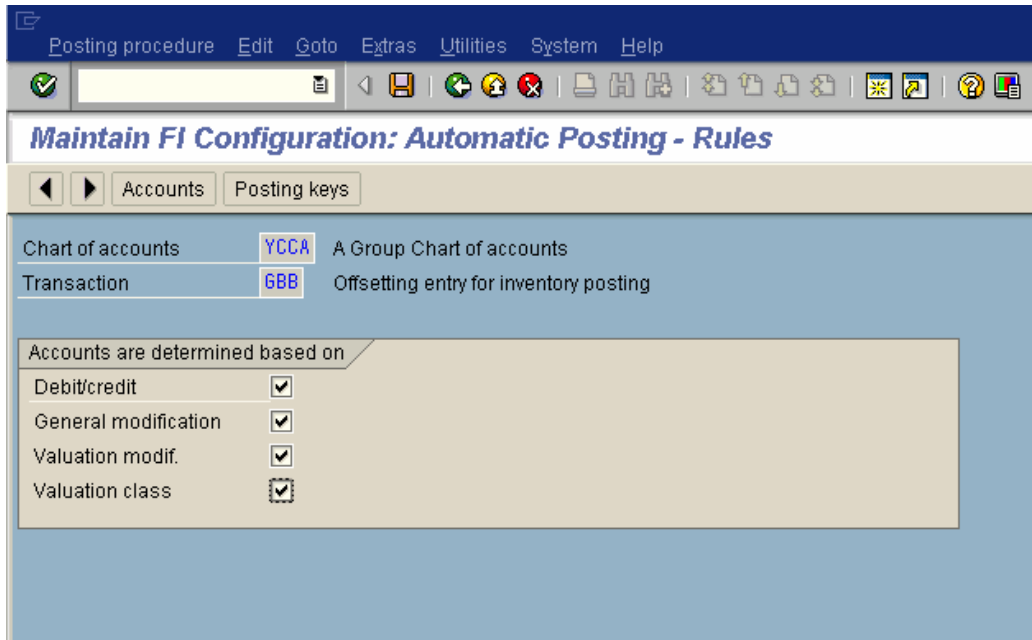
Movement type used for posting the above transaction is **261 – Goods issue to order**


The accounting entry generated in the system is:-

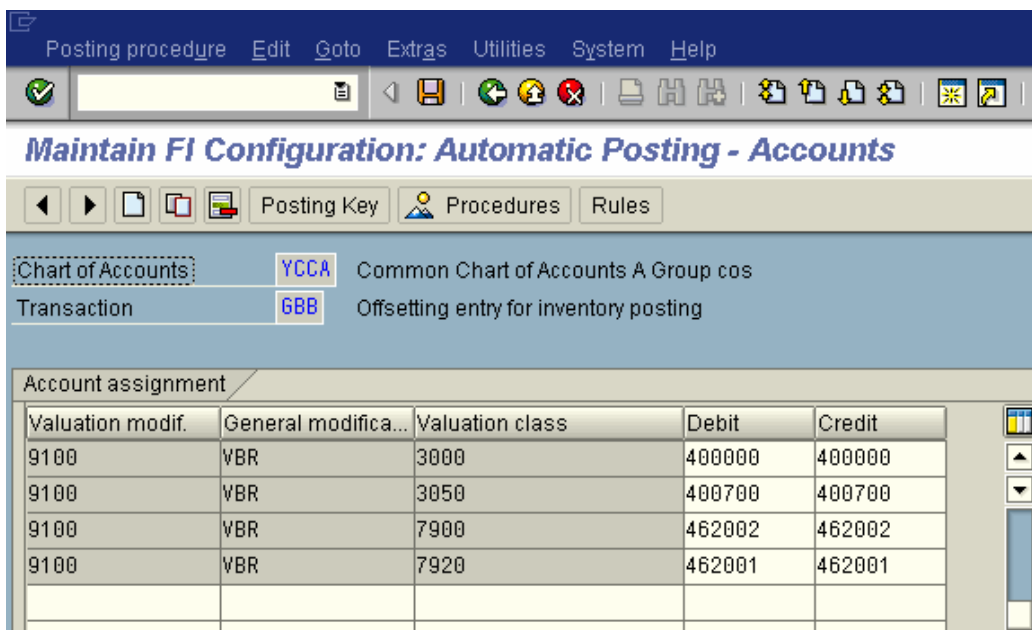
Raw material consumption **Debit**


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.



Click on 



Click on 

3) When Initial stock is uploaded for Raw Material

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

The accounting entry generated is as follows:-

Inventory of Raw Material **Debit**

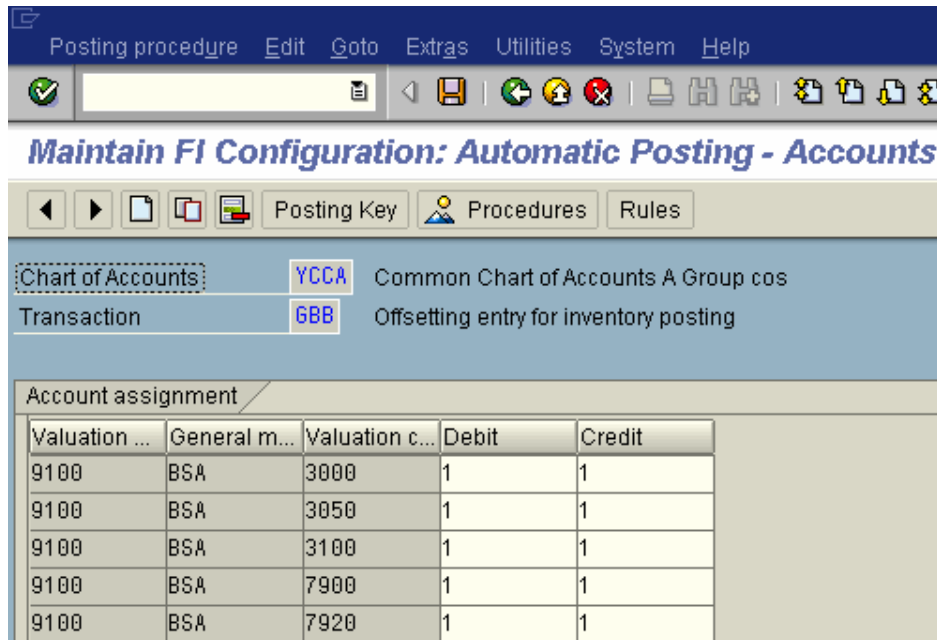
Stock data takeover account **Credit**

The transaction key GBB needs to be updated. General modification Key **BSA** needs to be updated with the GL code **Stock data takeover account**

Double click

Offsetting entry for inventory posting:	GBB
---	-----

Update the following:-



Click on

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:-

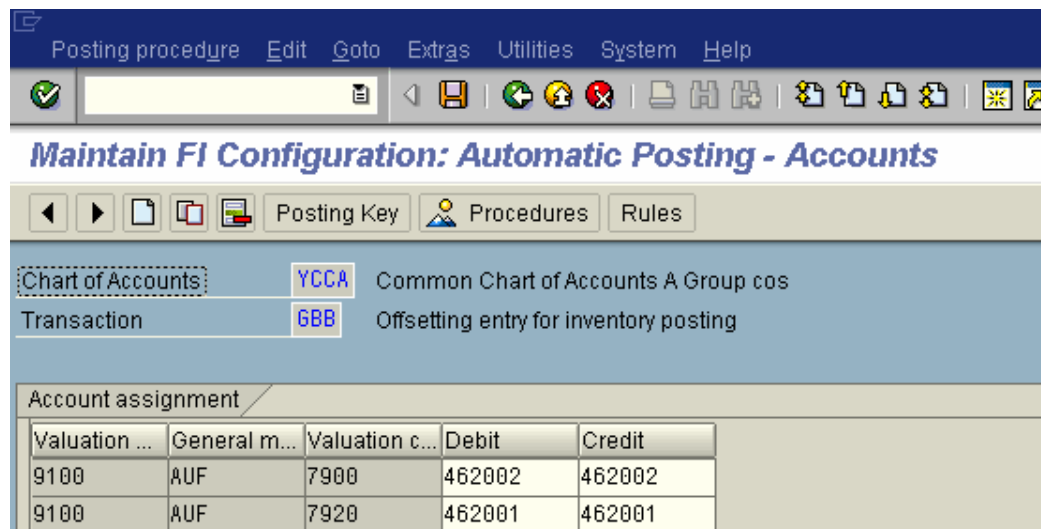
Finished goods **Debit**

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**.

Update the following:-



Click on 

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**

Update the following:-

Valuation ...	General m...	Valuation c...	Debit	Credit
9100	AUF	7900	462002	462002
9100	AUF	7920	462001	462001
9100	BSA	3000	1	1
9100	BSA	3050	1	1
9100	BSA	3100	1	1
9100	BSA	7900	1	1
9100	BSA	7920	1	1
9100	PRF	3000	464018	464018
9100	VBR	3000	400000	400000
9100	VBR	3050	400700	400700
9100	VBR	7900	462002	462002
9100	VBR	7920	462001	462001
9100	VAX	7920	462003	462003
9100	VAX	3100	462003	462003

Click on 

6) When goods are scrapped:-

Movement type used 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**

Update the following:-

Valuation modif.	General m...	Valuation c...	Debit	Credit
9100	AUF	7900	462002	462002
9100	AUF	7920	462001	462001
9100	BSA	3000	1	1
9100	BSA	3050	1	1
9100	BSA	3100	1	1
9100	BSA	7900	1	1
9100	BSA	7920	1	1
9100	PRF	3000	464018	464018
9100	VAX	3100	462003	462003
9100	VAX	7920	462003	462003
9100	VBR	3000	400000	400000
9100	VBR	3050	400700	400700
9100	VBR	7900	462002	462002
9100	VBR	7920	462001	462001
9100	VNG	3000	400001	400001

Click on 

7) When goods issued to sampling for Quality

Movement type used is 331

Raw Material consumption **Debit**

Inventory raw material **Credit**

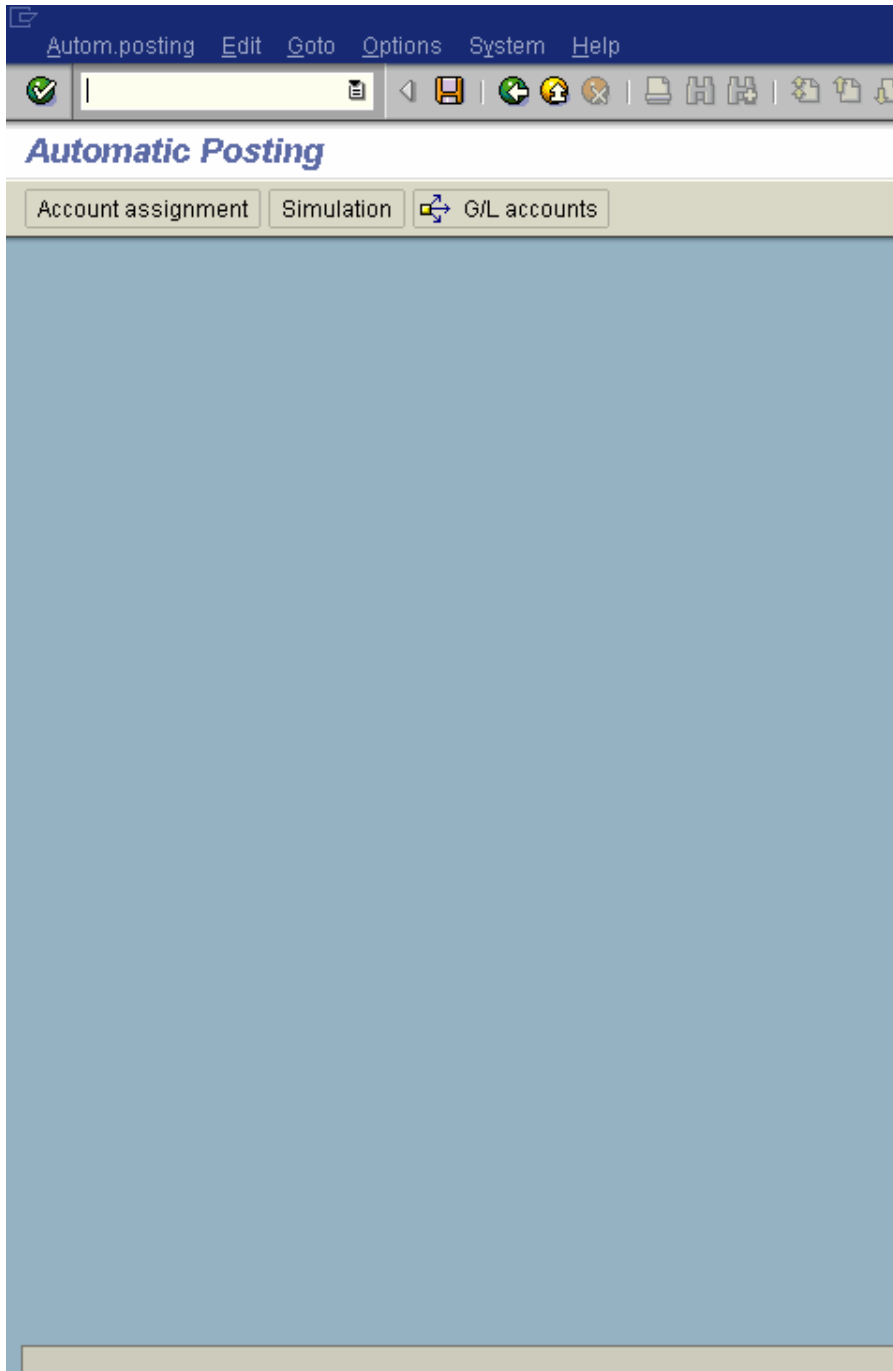
Raw Material consumption account is attached to **GBB** and general modification key **VQP** is used.

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:-

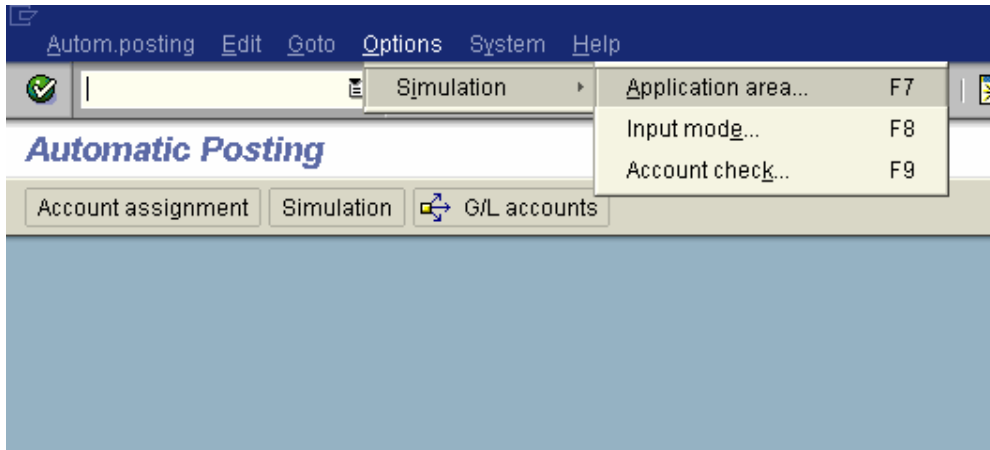
Use the following path:-

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

Transaction code: OMWB

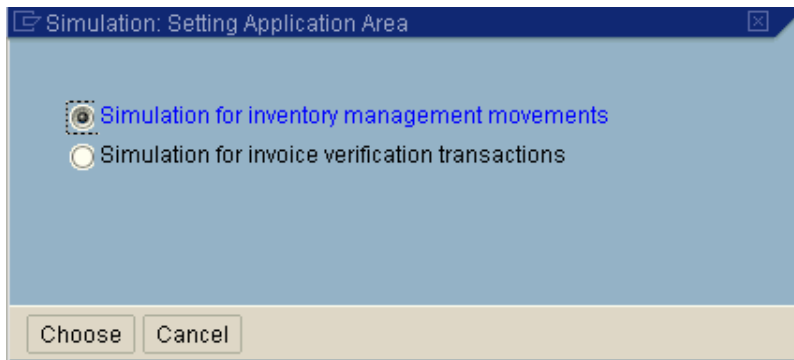


You can select the application area as follows:-

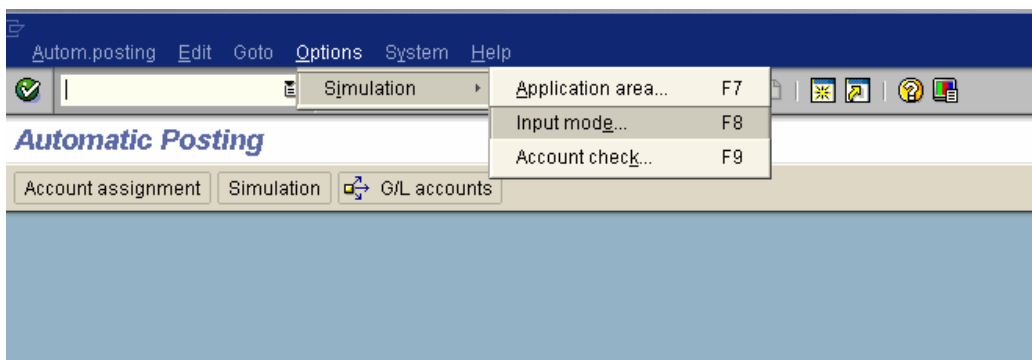


Thus you can do a simulation for Inventory management movements or also a simulation for invoice verification transactions.

Let us do a simulation for Inventory management movements.

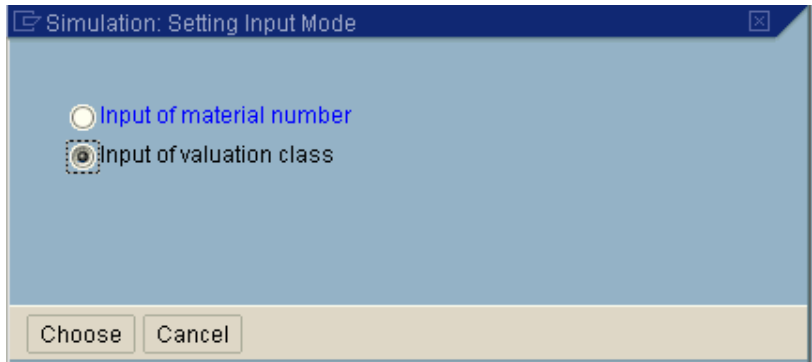


Now we select the input mode



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

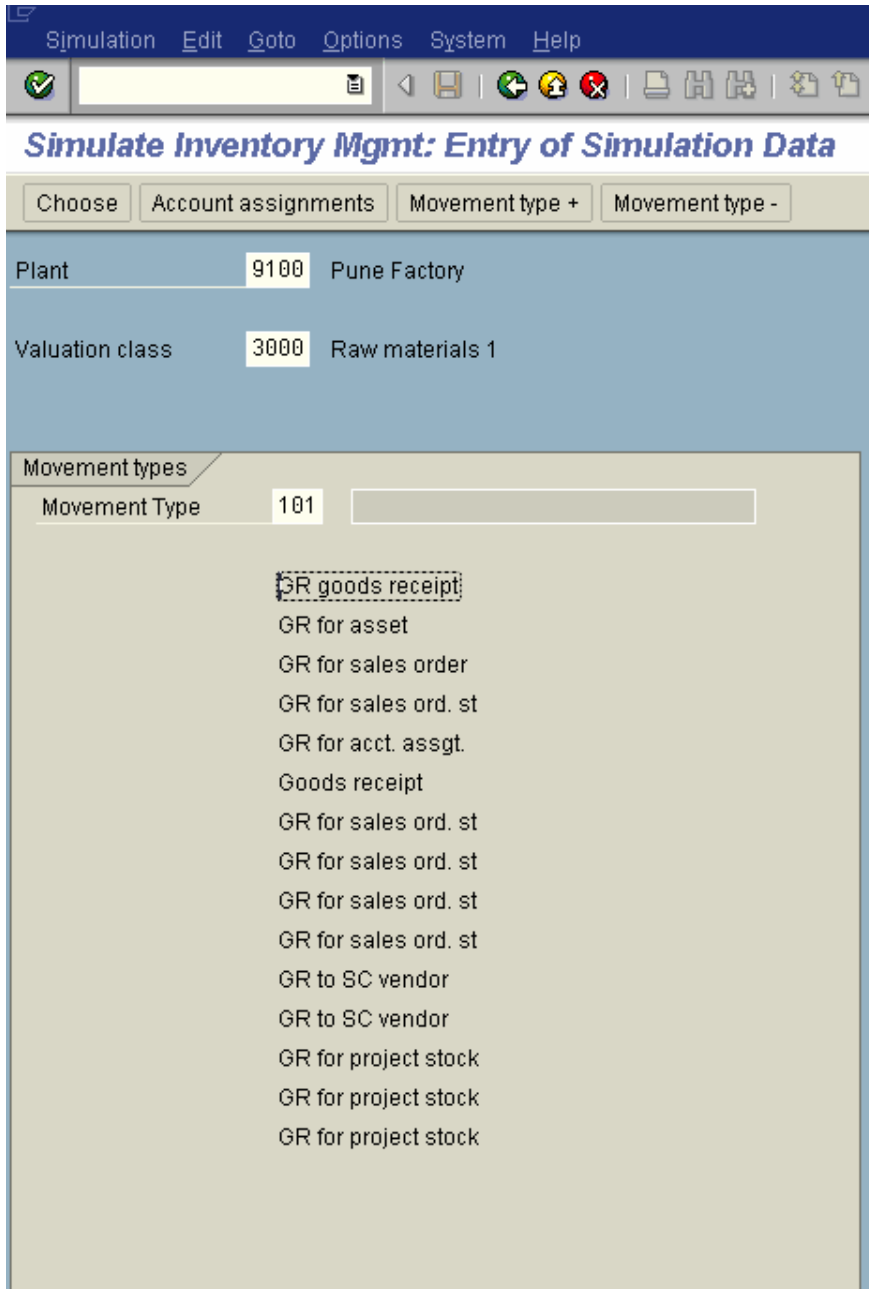
We will select the input of valuation class, as it is easier to enter valuation class rather than material number. But if you want to be more specific you can select the input of material number.



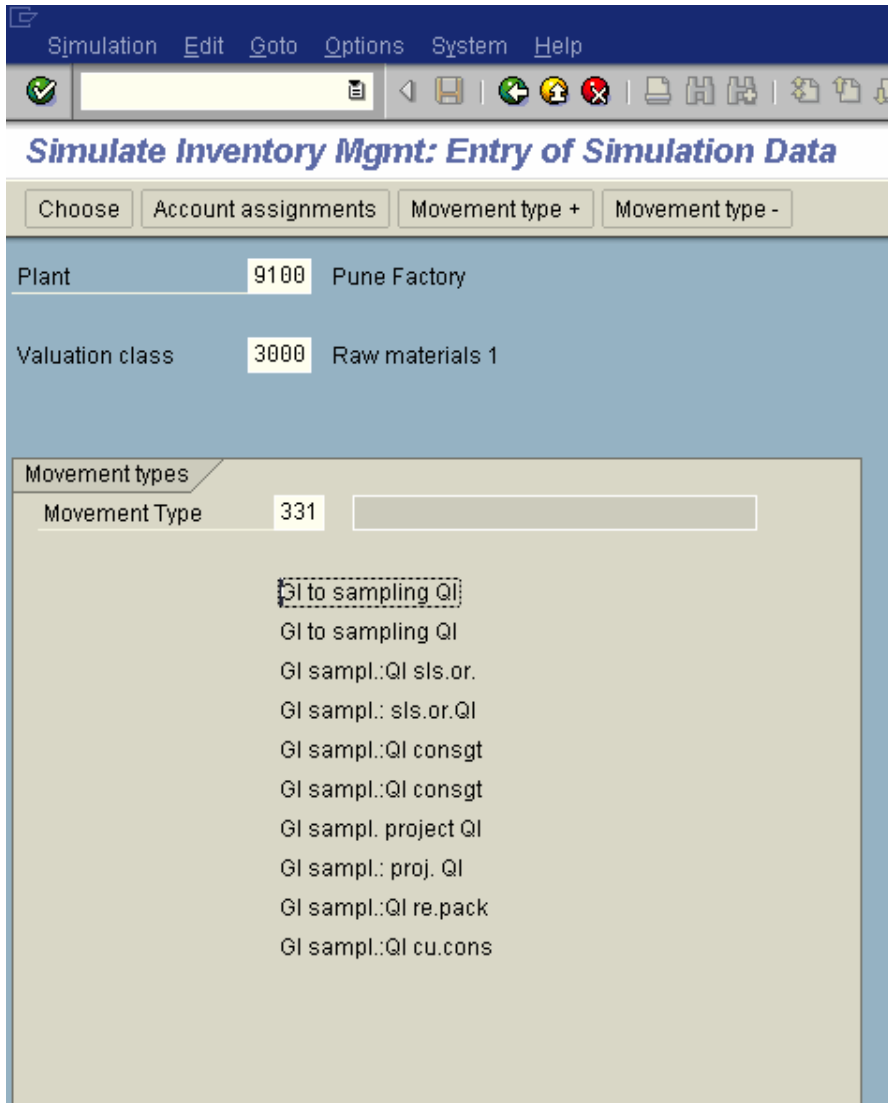
Click 

Click 

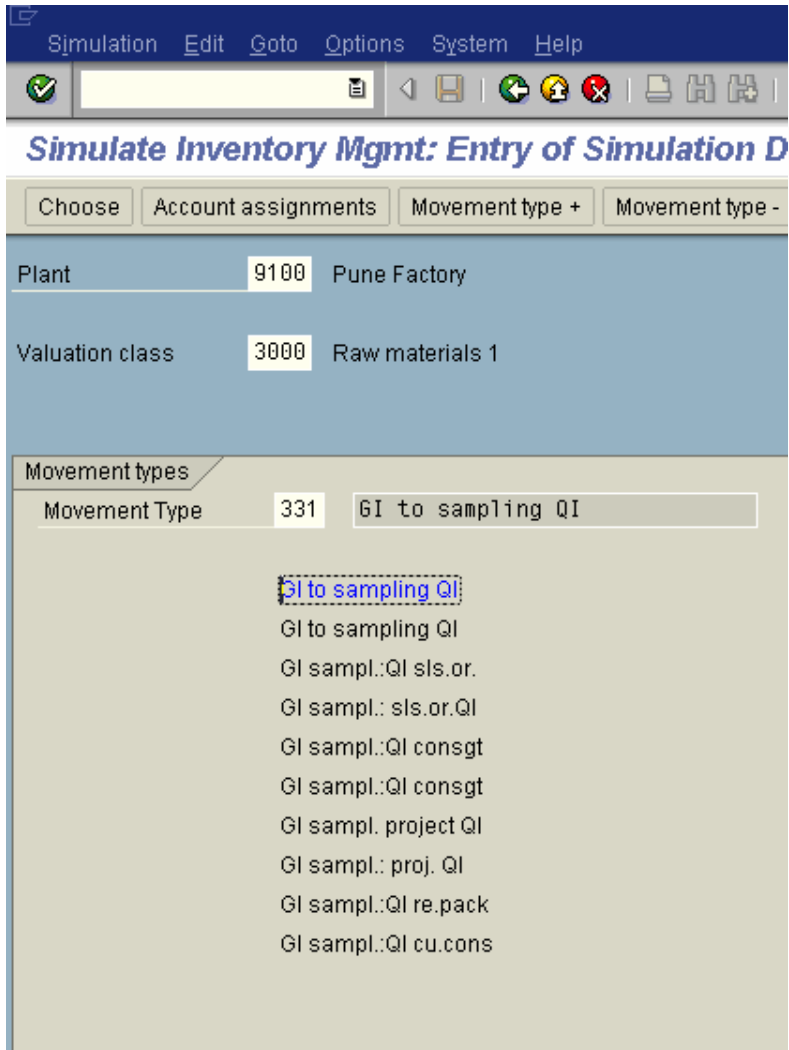
Update the following:-



Update the movement type 331



Double click **GI to sampling QI** so that it becomes blue



Account assignments

Click

Now here it shows the offsetting entry posting and the required account modifier. In this case the general modification required is VQP.

Simulation Edit Goto Options System Help

Simulate Inventory Mgmt: Account Assignments

Movement + Movement - Valuation class + Valuation class -

Organization

Plant 9100 -> Company Code 9100 -> Chart of Accounts YCCA
 -> Valuation area 9100 -> Valuation Grpg Code 9100

Valuation

Valuation Class 3000 Raw materials 1

Movement

Movement Type 331 GI to sampling GI

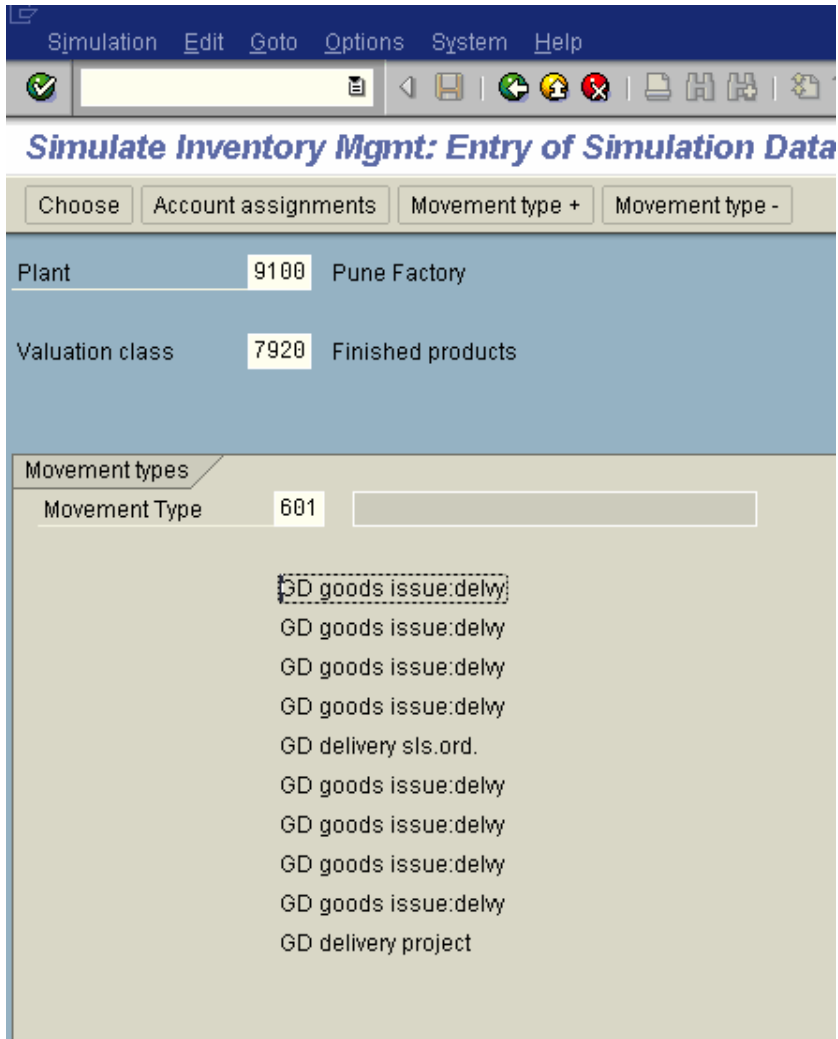
Posting Line

Posting Lines Text	VIGCd	AGC	VC1	PK	Acct Deb.	PK	Acct Cr
Inventory posting	9100	-e-	3000	89	119400	99	119400
Offsetting entry for inventory	9100		3000	81	--Missing-	91	--Missing-
Offsetting entry for inventory	9100		3000	81	--Missing-	91	--Missing-
Gain/loss from revaluation	9100		3000	83	--Missing-	93	--Missing-
Inventory posting	9100	-e-	3000	89	119400	99	119400
Cost (price) differences	9100	-e-	3000	83	464017	93	464017
Offsetting entry for inventory	9100	VQP	3000	81	--Missing-	91	--Missing-
Inventory posting	9100	-e-	3000			99	119400

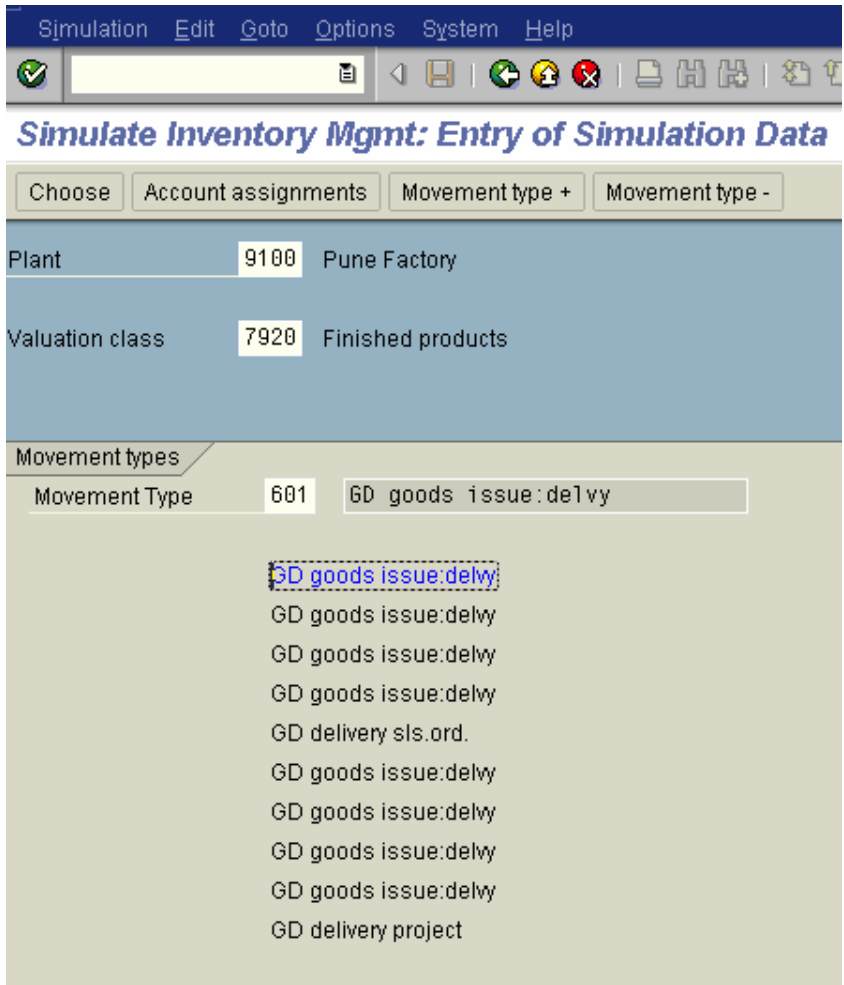
Thus simulation helps us in finding the general modification required for transaction key GBB and the general modification for transaction key PRD (price difference).

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

Update the following:-

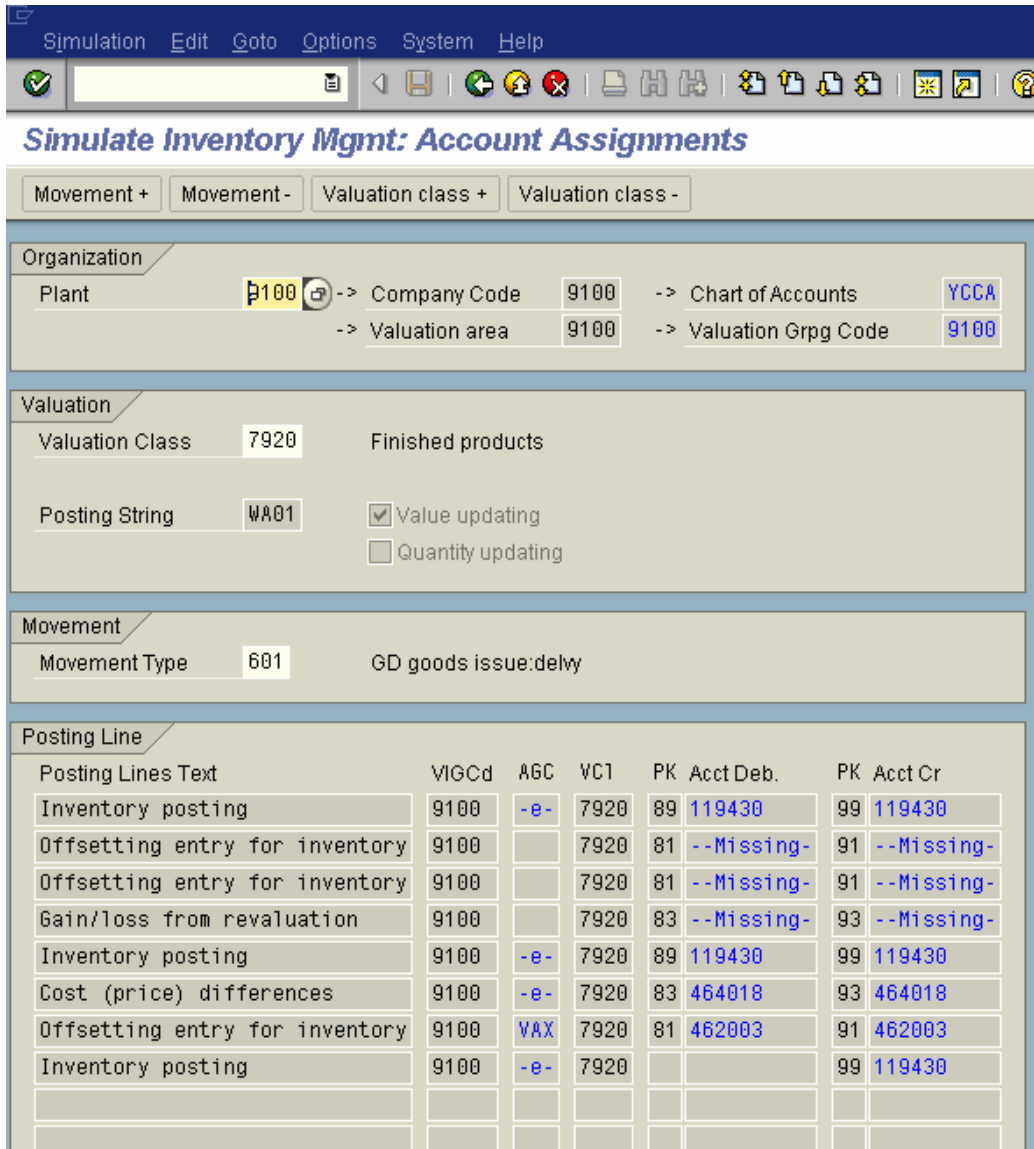


Double click GD goods issue:delvy



Click

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



8.3 Integration with Sales and Distribution

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

In this step, you allocate the G/L accounts for the revenue account determination. You make the allocation for each of the access sequences.

In this case, you specify a G/L account depending on the following terms:

- 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**

IMG → Sales and Distribution → Basic Functions → Account Assignment/Costing → Revenue Account Determination → Assign G/L Accounts **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 table. The system goes about checking for account from more specific criteria to less specific criteria.

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

Thus it will go through first table entry CustGrp/Material grp/ account key. Any configuration maintained here the system will go about checking details in the transaction data for the combination of Custgrp/Material grp/ account key.

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

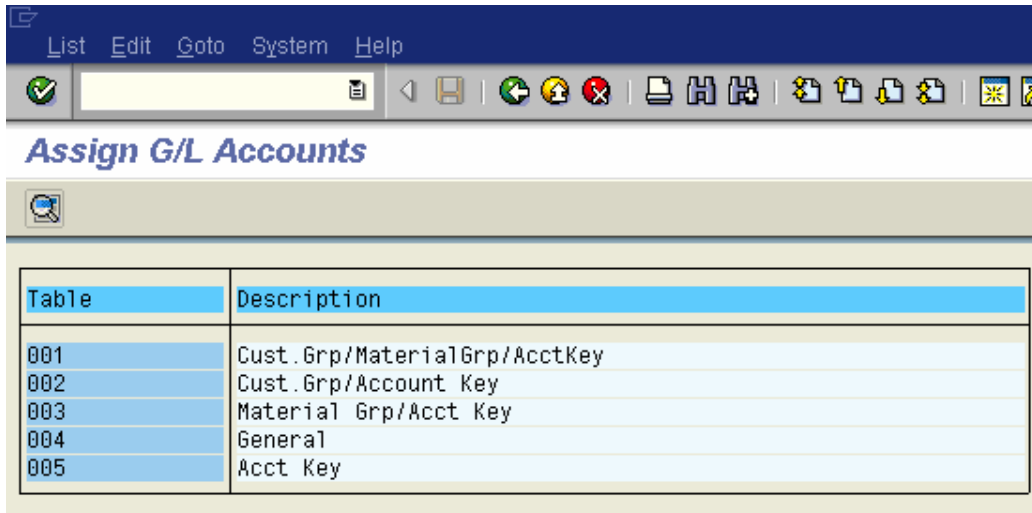
Material grp is maintained in the Sales view of the material master.

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

In case the first criterion is not fulfilled, system goes to the next table entry and checks for Customer grp/ account key combination.

In case the second criteria is not fulfilled by the transaction data the system goes and check the next table entry Material grp and account key.

Finally it will check the last table entry account key.



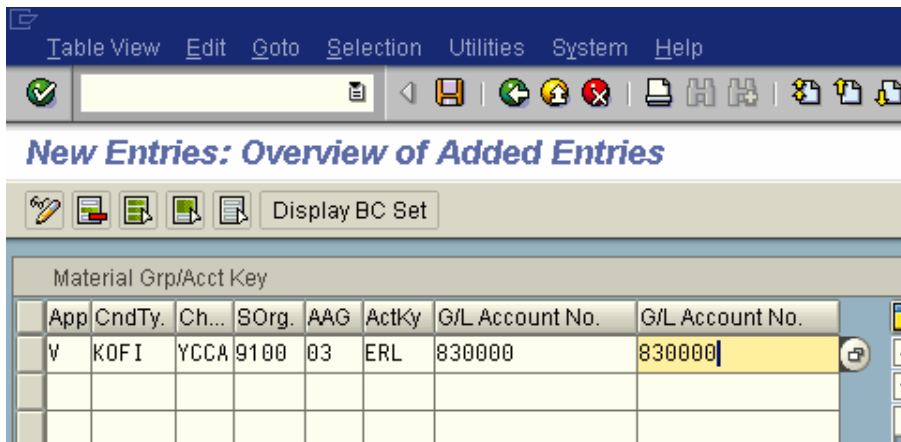
We will maintain configuration for Material Grp/account key

Double Click | 003 | 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.

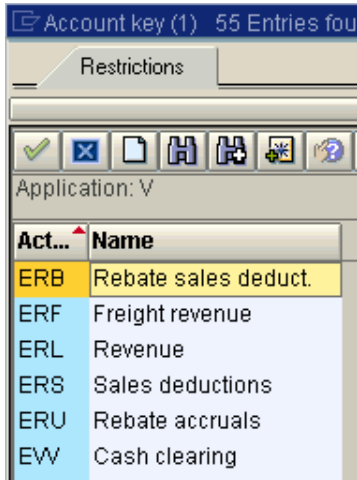
Click on

Update the following:-



Click on

Various account keys are available

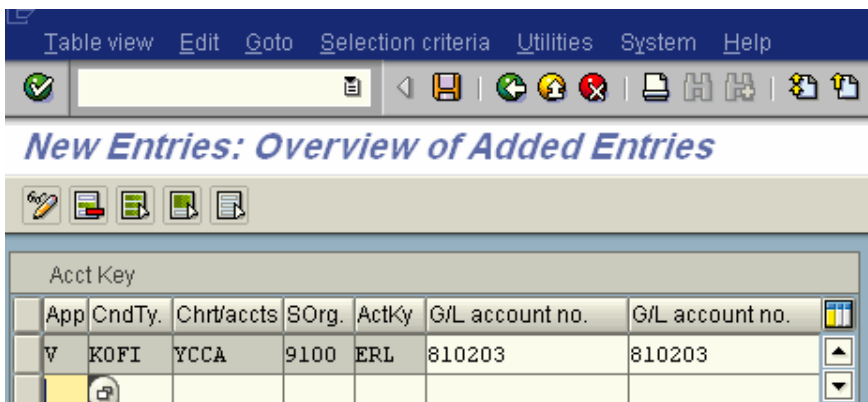


Let us maintain for the table entry account key. Since we want to post to a different GL code.

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

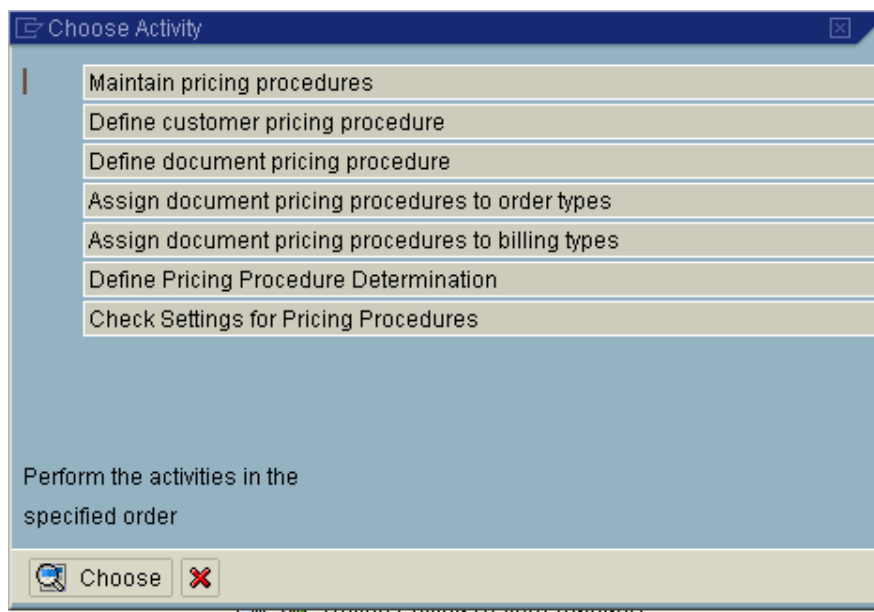


Click on Save 

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**

Table view Edit Goto Selection criteria Utilities System Help

Change View "Control": Overview

New entries Display BC Set Copy BC Set

Dialog Structure

- Procedures
 - Control

Procedure: Z09100 Pricing Procedure for A Ltd

Step	Cntr	CTyp	Description	Fro	To	Man	Mdt	Stat	P	Sub...	Reqt	AltCTy	AltCBV	ActKy	AccrIs
8	0	EK01	Actual Costs			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							ERL
11	0	PR00	Price			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			2				ERL
13	0	PB00	Price (Gross)			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			2				ERL
20	0	VA00	Variant Price			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERL
100	0		Gross Value			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	1		2			
101	0	KA00	Sales deal			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
102	0	K032	Price Group/Material			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
103	0	K005	Customer/Material			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
104	0	K007	Customer Discount			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
105	0	K004	Material			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
106	0	K020	Price Group			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
107	0	K029	Material pricing grp			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS
108	0	K030	Customer/Mat.Pr.grp			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X		2				ERS

Position... Entry 1 of 61

Table view Edit Goto Selection criteria Utilities System Help

Change View "Control": Overview

New entries Display BC Set Copy BC Set

Dialog Structure

- Procedures
 - Control

Procedure: Z09100 Pricing Procedure for A Ltd

Step	Cntr	CTyp	Description	Fro	To	Man	Mdt	Stat	P	Sub...	Reqt	AltCTy	AltCBV	ActKy	AccrIs
900	0		Net Value 2			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			3		2		
901	0	B001	Mat/Group Rebate	400		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			24			ERB	ERU
902	0	B002	Material Rebate	400		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			24			ERB	ERU
903	0	B003	Customer Rebate	400		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			24			ERB	ERU
904	0	B004	Hierarchy Rebate	400		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			24			ERB	ERU
905	0	B005	Hierarchy rebate/mat	400		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			24			ERB	ERU
908	0		Net Value 3			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
909	0	PI02	Inter-company %			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	X	B	22			ERL	
910	0	PI01	Inter-company Price			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	X	B	22			ERL	
914	0	SKTV	Cash Discount			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		D	14		2		
915	0	MWST	Output Tax			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			10		16	MWS	
919	0	DIFF	Rounding Off			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			13	16	4	ERS	
920	0		Total			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		A		4			

Position... Entry 40 of 61

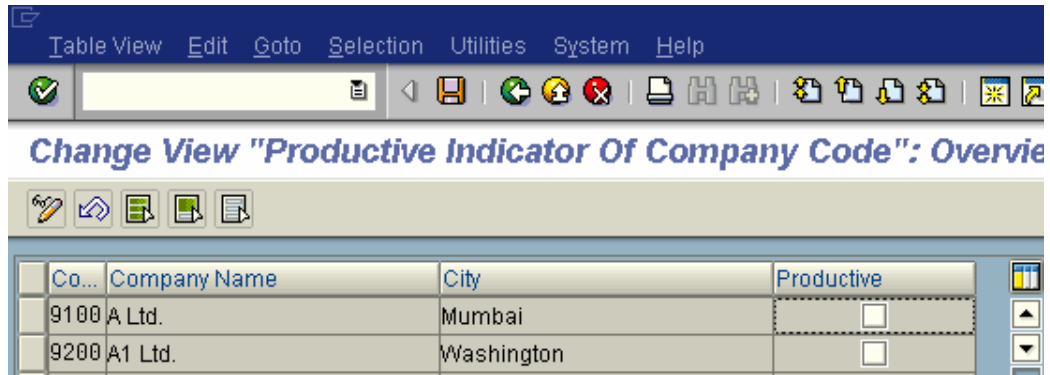
9. Set Company Code to Productive

IMG → Financial Accounting → Financial Accounting Global Settings → Company Code → Set Company Code to Productive

Here you set the productive indicator for the company codes which has gone live. The productive indicator prevents data within the company code from being deleted by the programs for deleting test data.

This indicator should be turn on only after your company code goes live.

We are still in the process of configuration and will not switch this on.



Change View "Productive Indicator Of Company Code": Overview

Co...	Company Name	City	Productive
9100	A Ltd.	Mumbai	<input type="checkbox"/>
9200	A1 Ltd.	Washington	<input type="checkbox"/>

This marks the end of the SAP GL Configuration.