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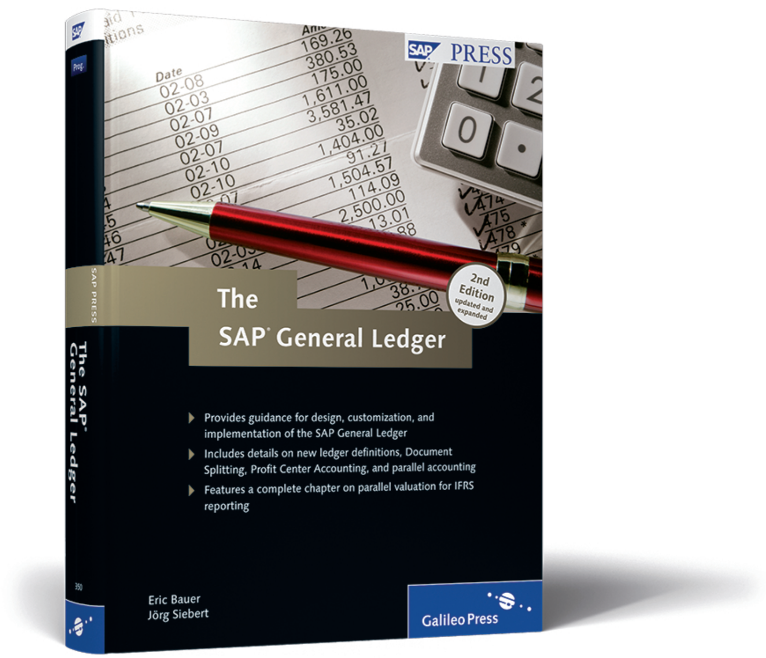
The SAP® General Ledger



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Contents at a Glance

Contents

Undoubtedly, it is quite an effort to leave a familiar and known environment and meet new challenges. But it can also be possible that this new environment exceeds all expectations—in a positive sense.

1 New General Ledger in SAP ERP — An Overview

In SAP R/3, a wide range of components must be used in order to fulfill international accounting standards and industry-specific requirements. New G/L removes this fragmented approach and creates a new, unified "Financials world" that can competently handle changing requirements. It thus enables companies to meet the challenge of compliance, which requires a clear, transparent representation of business realities.

In this chapter, we will first present the changing underlying conditions that drive change in Financial Accounting, such as compliance and reporting requirements and enterprise performance management. We then will compare the functions of the "classic" General Ledger in SAP R/3 with New G/L in SAP ERP.

1.1 The Path to New G/L in SAP ERP

The new G/L solution in SAP ERP Financials replaces the solutions developed since the introduction of SAP R/3. The following sections explain the general motivation for developing the new G/L solution and describe the individual solutions of the "old Financials world."

1.1.1 Background

Any ongoing developments made to SAP ERP systems are embedded in a historical context that characterizes these systems throughout their lifecycles. The new G/L solution in SAP ERP Financials is no exception. It is the product of a Financials world that has emerged since the introduction of SAP R/3 and represents a response to certain changes (see Figure 1.1).

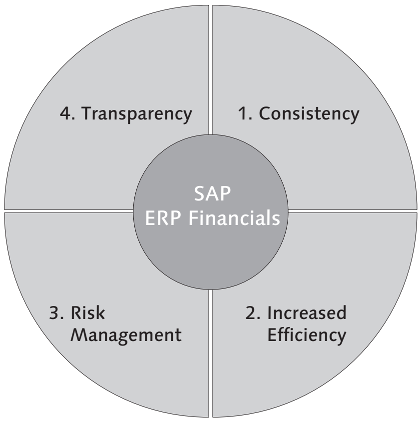

Figure 1.1 Changes in SAP ERP Financials

Changes in SAP ERP Financials

These changes in SAP ERP Financials reflect the following trends:

1. Consistency
2. Increased Efficiency
3. Risk Management
4. Transparency

We will now take a closer look at these four trends.

Consistency

Changes in SAP ERP Financials

The consistency referred to is most noticeable in the restructuring of external and internal accounting in SAP ERP Financials. Financial Accounting (FI) and Management Accounting (CO) now map a version of reality through New G/L. Legal reports and management reports are populated by a single data source.

The following reporting requirements are now fulfilled in New G/L by a single data source:

- Legal reporting
- Segment reporting
- Management reporting

Increased Efficiency

Financial supply chain

The second trend shown in Figure 1.1, increased efficiency, is mainly a function of an optimized financial supply chain. The financial supply chain is made up of functions and processes for internal and cross-enterprise financial transactions. It comprises all transactions that are linked to the capital flow, from the sales order to reconciliation to payment of vendors.

Financial Supply Chain Management

SAP Financial Supply Chain Management (FSCM), for its part, is an integrated approach to improving the transparency and monitoring of all cash flows. The goal of FSCM is to optimize the financial supply chain in order to maximize and maintain long-term profits. It represents an integrated approach that leads to greater transparency, control, and monitoring of all the processes associated with the capital flow. The SAP FSCM component is linked to New G/L in SAP ERP via the Accounting interface.

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Literature Recommendation

For more information on SAP FSCM, refer to the book *Financial Supply Chain Management with SAP ERP*, which was also published by SAP PRESS.

Risk Management

The third change illustrated in Figure 1.1 is risk management.

Governance, risk, and compliance

The following actions are essential for all business risks that need to be managed in the context of governance, risk, and compliance management:

- Identification
- Valuation
- Monitoring

Compliance requires us to act in a way that adheres to the requirements of the law and is in accordance with regulations. Figure 1.2 provides an overview of the most important goals in terms of governance, risk, and compliance management.

Figure 1.2 Governance, Risk, and Compliance Management

Sarbanes-Oxley Act and BilMoG

The U.S. Sarbanes-Oxley Act and the German Bilanzrechtsmodernisierungsgesetz (BilMoG; in English, Accounting Law Modernization Act) are just two examples of the many legal requirements that apply to our companies.

How do we go about fulfilling these requirements? First, an enterprise needs comprehensive support to ensure that all of its employees at all levels can make decisions and take actions in accordance with the law. New G/L provides just such support by enabling data to be presented in a transparent format. It presents the complex web of relationships between different reporting characteristics as a unified whole, thus fulfilling the reporting requirements of various external and internal groups. For example, it eliminates the weak points and risks inherent in time-consuming and error-prone reconciliation work.

Transparency

Enterprise Performance Management

The fourth change depicted in Figure 1.1 is transparency. You achieve more transparency using *Enterprise Performance Managements* (EPM) for Finance, which comprises strategy management, business planning, profitability and cost management, and business consolidation.

The latter obtains its data from the preparatory work done in the consolidation staging ledger in New G/L. The consolidation transaction type is a data field in New G/L, as shown in Chapter 2, Design and Features of the Ledgers.

Legal, segment, and management reporting

This feature makes the task of integrating consolidation-relevant data from an SAP ERP system in a consolidation system much easier to manage. The business consolidation trend also involves the harmonization of platforms for external and internal reporting.

1.1.2 SAP R/3-Based Solutions for Financial Accounting

We will now take a look at the "old world," where the heterogeneity of ledgers causes the problem of having to reconcile sets of figures.

Classic General Ledger

The classic General Ledger in Financial Accounting, which was primarily a response to legal requirements, still exists in Release SAP R/3 Enterprise alongside a range of other, separate ledgers (see Figure 1.3). While the classic ledger is oriented toward legal requirements, the cost-of-sales accounting ledger is used to create a profit and loss (P&L) statement based on cost-of-sales accounting, the profit center ledger is for management and segment reporting, and the special ledgers are for customer-specific requirements.

Wide range of ledgers

These special ledgers, each of which is intended to fulfill specific requirements, are explained in the following.

Classic General Ledger

The main purpose of the classic General Ledger is to create a balance sheet and a profit and loss statement (P&L statement).

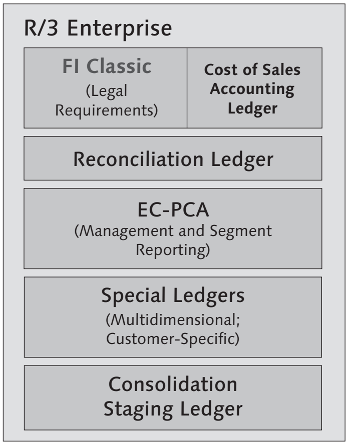


Figure 1.3 Ledgers in Release SAP R/3 Enterprise

Balance sheet and P&L

These documents have to take country-specific requirements into account. This means, for example, that the balancing entity (such as the company code for Germany, as shown in Figure 1.4) creates a balance sheet based on the local legal framework. As well as country-specific requirements, players in capital markets are also required to generate international financial statements in accordance with International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP), or both.

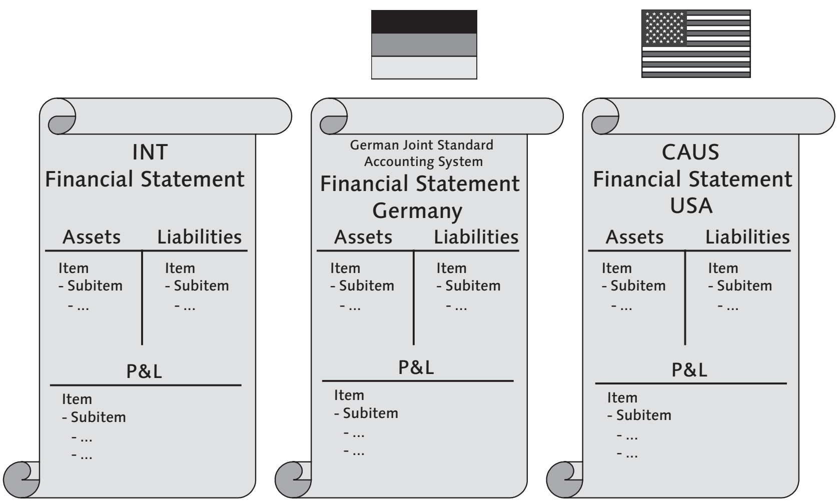


Figure 1.4 Balance Sheet and Profit and Loss Statement

Cost-of-Sales Ledger

Cost-of-sales accounting

In order to create the P&L statement based on cost-of-sales accounting as well as on period accounting, the SAP system needs the transaction figures for each functional area.

Functional areas

One special requirement is that the costs need to be separated into functional areas, such as production, administration, sales, and research and development. However, the classic General Ledger provides transaction figures for the entity "Account" only, with the option of reporting by business area. Thus, the functional areas have to be created individually, as shown in Figure 1.5.

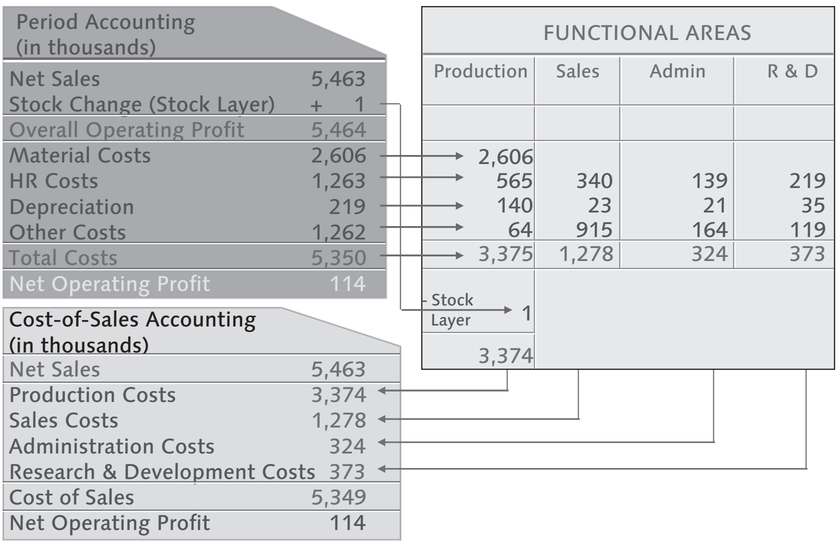


Figure 1.5 Assigning Functional Areas

Cost-of-sales ledger

Therefore, in cases where a functional area breakdown is required, you have to use another ledger: the cost-of-sales ledger. This ledger provides transaction figures per functional area, as you can see from the Sales, Administration, and Research functional areas shown in Figure 1.6.

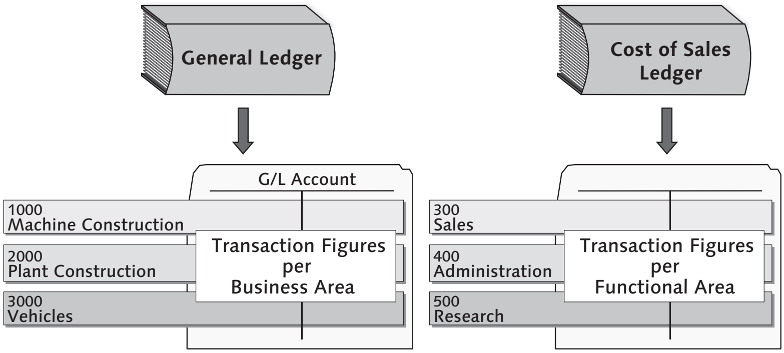


Figure 1.6 Cost-of-Sales Ledger

Special Ledgers

Besides the requirement to present the P&L statement based on the cost-of-sales accounting procedure (and thus to assign transaction figures to functional areas) as well as on the period-accounting procedure, you often need to provide transaction figures not only for existing account assignment fields, but for new account assignment fields as well. Companies often need to create reports based on markets, products, activity fields, and other criteria.

Account assignment field

Special region is another possible account assignment field (see Figure 1.7). This field enables users to create reports, such as P&L statements, for specific regions.

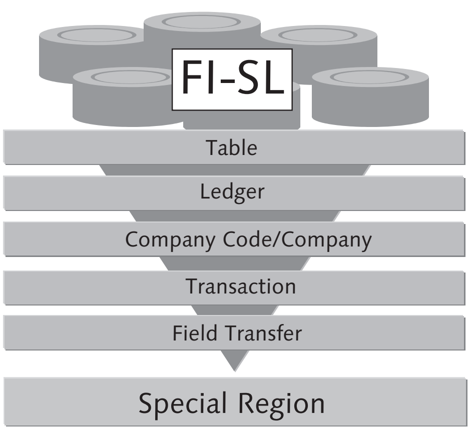


Figure 1.7 FI-SL Special Ledgers

Using special ledgers for extension purposes

The "special ledgers" component (FI-SL) can be used to extend the account assignment block. This extension makes it possible to provide the additional transaction figures in a special ledger.

Reconciliation Ledger

The Reconciliation Ledger in SAP R/3 can be used to reconcile postings from internal and external Financial Accounting. FI postings are already transferred automatically to CO in SAP R/3 (in real time).

Reconciliation Ledger

This system is also used in the pre-SAP ERP SAP R/3 environment. However, if amounts are allocated within CO in SAP R/3 for company codes, functional areas, or business areas, this information has to be communicated back to FI.

The SAP R/3 system doesn't send this data to FI automatically. While CO transactions are updated in the reconciliation ledger, the system does not at first send this information on to the FI system. Only at the end of the period is the reconciliation ledger used to transfer the data, after which FI is once again reconciled with the CO postings.

Transaction KALC

Transaction KALC is used to call the reconciliation program. Figure 1.8 shows the selection screen for inputting parameters and process control.

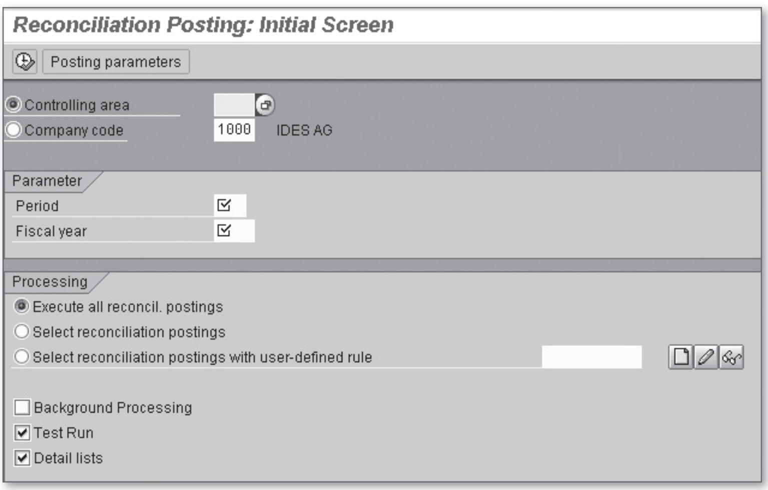


Figure 1.8 Reconciliation Posting in Transaction KALC

Profit Center Accounting

As well as being mapped in the classic revenue and cost controlling components of SAP ERP (Overhead Cost Controlling, Product Cost Controlling, Profitability Analysis), all critical business processes are also mapped in Profit Center Accounting (EC-PCA). Figure 1.9 illustrates this value flow in the direction of Profit Center Accounting.

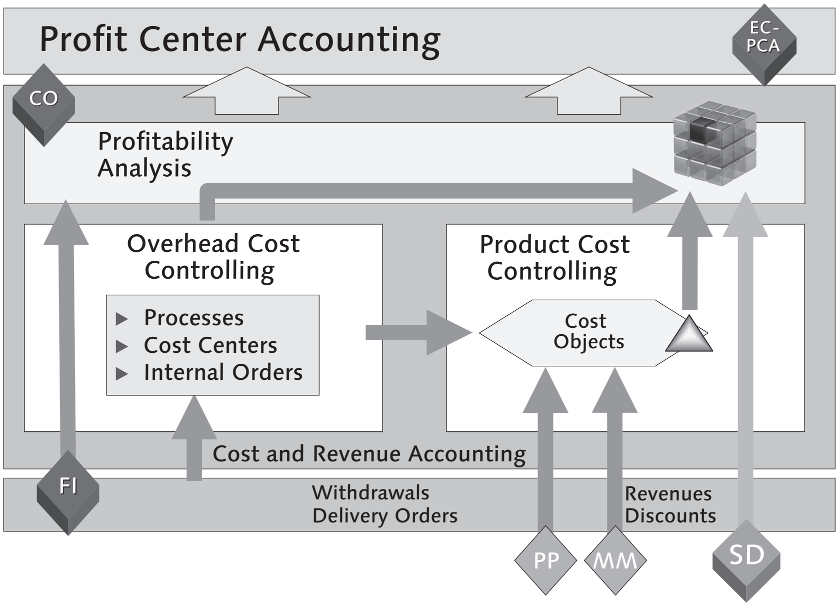


Figure 1.9 Value Flow in Profit Center Accounting

Profit Center Accounting EC-PCA

Profit Center Accounting can be regarded as a "shadow controlling" element of an overall companywide controlling concept. EC-PCA functions can now be mapped in New G/L.

New G/L not a replacement for CO

It would be incorrect to think that New G/L can replace CO. This is not the intention of New G/L. Despite its flexibility, it cannot replace functions such as Profitability Analysis (CO-PA) and Overhead Cost Controlling (CO-OM).

1.1.3 The Fragmentation Problem

Problem of sets of figures that need to be reconciled

The problem of sets of figures that need to be reconciled is a result of the heterogeneous ledger environment described earlier. This fragmentation goes against the requirement in modern Financial Accounting for a unified approach. New G/L renders these silo solutions obsolete and achieves the goals described below.

Fast close and TCO

A unified solution is particularly important in terms of fast close and reducing total cost of ownership (TCO), especially when we consider that international accounting requirements and industry-specific regulations have led to the creation of a wide variety of different data storage locations.

Reliability

Veracity and reliability are central factors in Financial Accounting. New G/L incorporates these factors and fulfills the requirement for data transparency.

Data transparency

The new unified approach does full justice to legal, management, and segment reporting requirements. For example, the same procedures are used for different reporting approaches, which ensures that data quality is maintained.

Low manual input

Less manual post-processing means that double maintenance of data—previously a frequent occurrence—is required to a much lesser degree. Correspondingly, the risk of illegal or non-regulation activity is reduced. This benefit in turn supports enterprises' efforts in the area of corporate governance. Section 1.3, New G/L, also discusses the added value of New G/L in terms of compliance. But first we will discuss the new technology of enhancement packages.

1.2 Enhancement Package Technology

One request that has been brought forward by SAP customers concerns the topical changes within the SAP ERP system. New functions are supposed to be used in financial accounting; other innovations in areas such as payroll, purchasing, and sales are not interesting initially. In the past, new functions became visible for all areas and partly directly active in case of an upgrade.

Big bang approach

SAP customers usually want to avoid this "big bang" approach. They request smaller projects with calculable comparisons of project costs and process benefit. The technology of enhancement packages is an answer to the two dimensions of these challenges, that is, innovations on the one hand and as little effort as possible on the other hand.

Stable core

Without a stable core, it becomes possible to implement process improvements without an upgrade. Small functional improvements in a business process are now possible, thereby avoiding a big bang scenario.

Retrospect—extension sets in SAP R/3

The idea of a stable core and functional improvements in the form of small packages are not new in the SAP environment. In Release SAP R/3 4.7, *extension sets* were provided as a similar approach. However, this attempt was not successful because the various SAP industry solutions urged changes to the SAP ERP core. Furthermore, the new basic SAP component, SAP NetWeaver, became an important infrastructure which also had to be taken into account. Experiences from this time show that it can be difficult to keep a core stable and develop innovations at the same time.

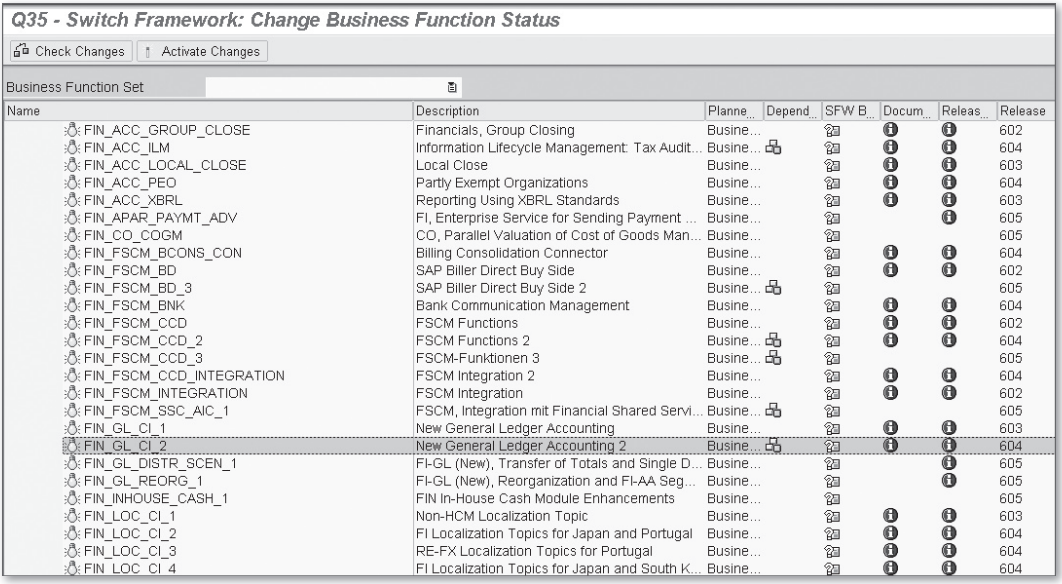
Today, the conditions are stable with regard to enhancement packages. Functional enhancements of the SAP ERP core have been offered since 2005 in the form of enhancement packages. Because these functional innovations are encapsulated topically and inactive initially, they require a separate activation in Customizing. If you select Tools Customizing • IMG Project Processing • F5 • SAP Customizing Implementation Guide • Activate Business Functions, the system takes you to the *business functions sets*, which represent functional enhancements of the enhancement packages that are technically available in the SAP system.

Business functions sets

The activation of individual business functions generates new Customizing menu paths or innovations in the SAP system, which become visible in the application. With regard to New G/L, Enhancement Packages 3 and 4 include many functional enhancements. Figure 1.10 illustrates the required business functions: FIN_GL_CI_1 and FIN_GL_CI_2.

You cannot skip an EHP

The icon indicates a dependency between the two business functions. The principle of Enhancement Packages (EHP) comprises a cumulated administration of the respective topic areas; that is, if you activate the FIN_GL_CI_2 business function delivered with Enhancement Package 4, you also automatically activate the FIN_GL_CI_1 business function delivered with Enhancement Package 3. In other words, the changes of EHP4 are based on EHP3. But it is also technically feasible to activate only EHP3 without EHP4. After this description of the technical conditions, let's look at the contents of the EHPs or business functions (see Figure 1.10).



Name	Description	Planne...	Depend...	SFW B...	Docum...	Releas...	Release
FIN_ACC_GROUP_CLOSE	Financials, Group Closing	Busine...					602
FIN_ACC_ILM	Information Lifecycle Management: Tax Audit...	Busine...					604
FIN_ACC_LOCAL_CLOSE	Local Close	Busine...					603
FIN_ACC_PEO	Partly Exempt Organizations	Busine...					604
FIN_ACC_XBRL	Reporting Using XBRL Standards	Busine...					603
FIN_APAR_PAYMT_ADV	FI, Enterprise Service for Sending Payment ...	Busine...					605
FIN_CO_COGM	CO, Parallel Valuation of Cost of Goods Man...	Busine...					605
FIN_FSCM_BCONS_CON	Billing Consolidation Connector	Busine...					604
FIN_FSCM_BD	SAP Biller Direct Buy Side	Busine...					602
FIN_FSCM_BD_3	SAP Biller Direct Buy Side 2	Busine...					605
FIN_FSCM_BNK	Bank Communication Management	Busine...					604
FIN_FSCM_CCD	FSCM Functions	Busine...					602
FIN_FSCM_CCD_2	FSCM Functions 2	Busine...					604
FIN_FSCM_CCD_3	FSCM-Funktionen 3	Busine...					605
FIN_FSCM_CCD_INTEGRATION	FSCM Integration 2	Busine...					604
FIN_FSCM_INTEGRATION	FSCM Integration	Busine...					602
FIN_FSCM_SSC_AIC_1	FSCM, Integration mit Financial Shared Servi...	Busine...					605
FIN_GL_CI_1	New General Ledger Accounting	Busine...					603
FIN_GL_CI_2	New General Ledger Accounting 2	Busine...					604
FIN_GL_DISTR_SCEN_1	FI-GL (New), Transfer of Totals and Single D...	Busine...					605
FIN_GL_REORG_1	FI-GL (New), Reorganization and FI-AA Seg...	Busine...					605
FIN_INHOUSE_CASH_1	FIN In-House Cash Module Enhancements	Busine...					605
FIN_LOC_CI_1	Non-HCM Localization Topic	Busine...					603
FIN_LOC_CI_2	FI Localization Topics for Japan and Portugal	Busine...					604
FIN_LOC_CI_3	RE-FX Localization Topics for Portugal	Busine...					604
FIN_LOC_CI_4	FI Localization Topics for Japan and South K...	Busine...					604

Figure 1.10 Business Functions

EHP3—Business Function FIN_GL_CI_1

The FIN_GL_CI_1 business function includes the following innovations from Enhancement Package 3:

- External planning data transfer to New G/L, CO integrated planning for secondary cost elements, cumulative planning data entry for balance sheet accounts (see Section 3.1.4)
- Authorization check for profit centers (see Section 3.1.5)
- Drill-down report for profit centers and segments, tool for transferring Report Writer or Report Painter reports from Profit Center Accounting; use of the fields Elimination Profit Center and Type of Origin Object in reports, and line item extractors (see Section 3.1.7).

- Ledger group-specific posting and clearing (see Section 4.8)
- Conversion from G/L accounts to open item management (see Section 4.9)

EHP4—Business Function FIN_GL_CI_2

The following bullets list the innovations from Enhancement Package 4 that are included in the FIN_GL_CI_2 business function:

- Assignment monitor for profit center (see Section 3.1.7)
- Enhanced standard configuration of document splitting (see Section 3.4)
- Separate check of posting period for postings from CO to FI, check of posting period for non-representative ledgers (see Section 3.5)
- Ledger group-specific document display (see Section 4.8)
- Wizards for customizing the document splitting (see Section 5.6)

These functional innovations in combination with the new migration scenarios offer additional good reasons to change to New G/L. In the future, both new options, parallel accounting in CO and a formal, IT-supported process of reorganization (for instance, of profit centers), will be desirable.

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Covering Enhancement Packages in this Book

This second edition includes all functions up to and including Enhancement Package 4, which are described based on examples from both the application and from Customizing.

1.3 New General Ledger

The following sections deal with the benefits and added value of New G/L. They also briefly present the following additional functionalities:

- Mapping of parallel accounting via parallel ledgers
- Default extension of fields in the flexible totals table FAGLFLEXT
- Associated segment reporting options in New G/L
- Document splitting
- Real-time integration of CO into FI

1.3.1 Additional Functionality in General Ledger

Improvements in New General Ledger

New G/L in SAP ERP features a range of improvements in the classic General Ledger in SAP R/3 Enterprise. Note that these functions are not mentioned in order of importance. Figure 1.11 shows an overview of the benefits of New G/L.

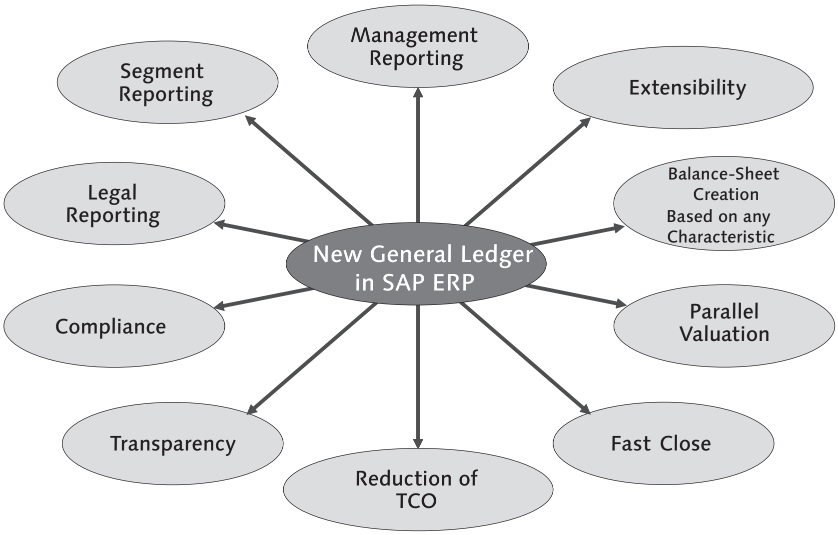

Figure 1.11 Benefits of New G/L

Architecture

A look at the *architecture* will give you an initial idea of the flexibility of New G/L. The extended data structure contains new fields and optional scenarios for fulfilling external and internal reporting requirements.

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Presentation of Transactions

Despite the new functionality, the general structure of the transactions and reports is almost exactly the same, from the user's viewpoint, as in the classic General Ledger.

Only minor changes have been made to the interfaces of transactions and reports from SAP R/3 Enterprise and previous releases. Figure 1.12 shows an example: the balance display of G/L accounts.

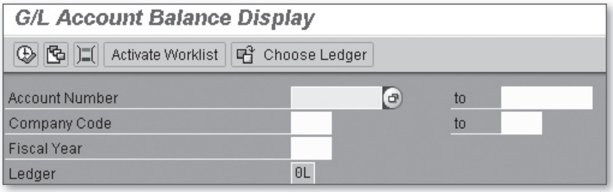

Figure 1.12 Selection Screen Interface for G/L Accounts Balance Display

User interface

When developing the system configuration, the developers also aimed at making the company-code parameter settings as recognizable as possible, in order to improve on the configuration of previous SAP R/3 releases.

1.3.2 Parallel Accounting

Transparency and disclosure requirements

To increase transparency and simplify cross-border securities transactions, the European Union (EU), among others, has decided that consolidated financial statements need to be published in accordance with International Financial Reporting Standards (IFRS). In Germany, the International Accounting Standards (IAS) and IFRS have been accepted accounting standards since 1999. These accounting standards were developed by the International Accounting Standards Board (IASB), an organization that is independent of the EU.

While most European listed companies were obliged to introduce IFRS on January 1, 2005, SAP and other European companies listed on U.S. stock exchanges received an extension until 2007. Therefore, SAP had to adhere to this standard for the first time for fiscal year 2007. SAP publishes its statements in accordance with both IFRS and U.S.-GAAP.

For the international capital and sales markets, comparable statements are becoming more and more important. IFRS consolidated financial statements are mandatory for many enterprises.

International accounting

Because no one is exempt from this trend, and individual financial statements are the basis of consolidated financial statements, it is very likely that soon all such statements will be international in nature. International accounting will not remain restricted to consolidated financial statements; it will also affect individual financial statements.

Consolidated financial statements will no longer be a matter of consolidation only. Small and mid-sized enterprises also will have to adhere to international accounting standards in the medium to long term. Moreover, the harmonization trend is now noticeable on a worldwide basis (see Figure 1.13).

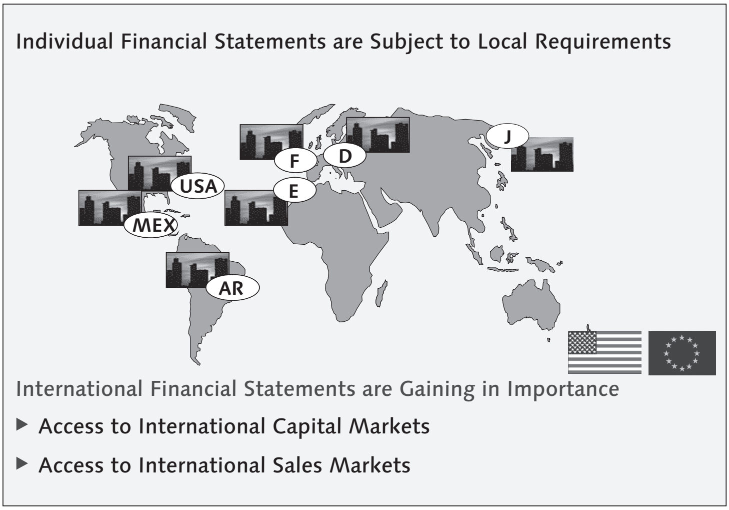

Figure 1.13 International Regulations and Standards for Financial Statements

Parallel accounts or ledgers—equivalent solutions

New G/L gives users the option to map parallel accounting using parallel accounts—with which we are familiar from SAP R/3—or parallel ledgers. Both approaches—parallel accounts and parallel ledgers (not to be confused with special ledgers)—work equally well for this purpose. Users can use standard reporting for both solutions.

Which solution is appropriate depends on the individual customer's situation. For example, in a case where the number of G/L accounts is so huge that the account is no longer an option, the ledger approach scenario in New G/L would be advisable.

Parallel ledgers

If the parallel ledger approach of New G/L is used, a separate ledger is kept in New G/L for each accounting standard. Thus, multiple valuations—in accordance with the company's accounting standards, for example—can be mapped in accordance with local accounting standards and using various ledgers for taxation purposes.

New G/L provides the functionality and flexibility needed to keep multiple ledgers within the General Ledger. These ledgers represent the display options of parallel accounting in the SAP ERP system. This approach ensures that a version of reality is encapsulated in a large but flexible ledger.

Parallel accounts

The "older" approach to parallel accounts (Figure 1.14 provides a simple illustration) is no less effective in New G/L than in the classic General Ledger. We now compare the parallel ledgers approach of New G/L to the parallel accounts approach.

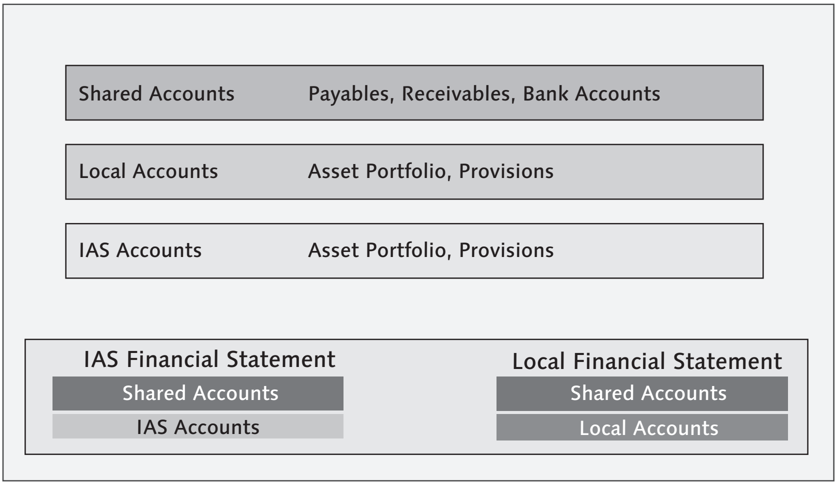

Figure 1.14 Mapping via Parallel Accounts

Local financial statement/IAS financial statement

Shared and local accounts are reported jointly as follows for a local financial statement:

- Joint accounts and IAS accounts are presented for the IAS financial statement.
- There are additional accounts for each accounting procedure. These accounts are followed by the specific postings with valuation variances for each accounting procedure.
- Separate retained earnings accounts also have to be created (local GAAP, US-GAAP/ IAS, joint accounts), as shown in Figure 1.15.

- Number assignments have to be specified for the accounts (number structure, number, or letter).
- An account assignment manual also has to be created.

Among other things, it is essential to keep multiple retained earnings accounts in the system (as shown in the lower part of Figure 1.15) if you want to use an accounts approach to map parallel accounting. The program for the balance carryforward then has to be re-started several times.

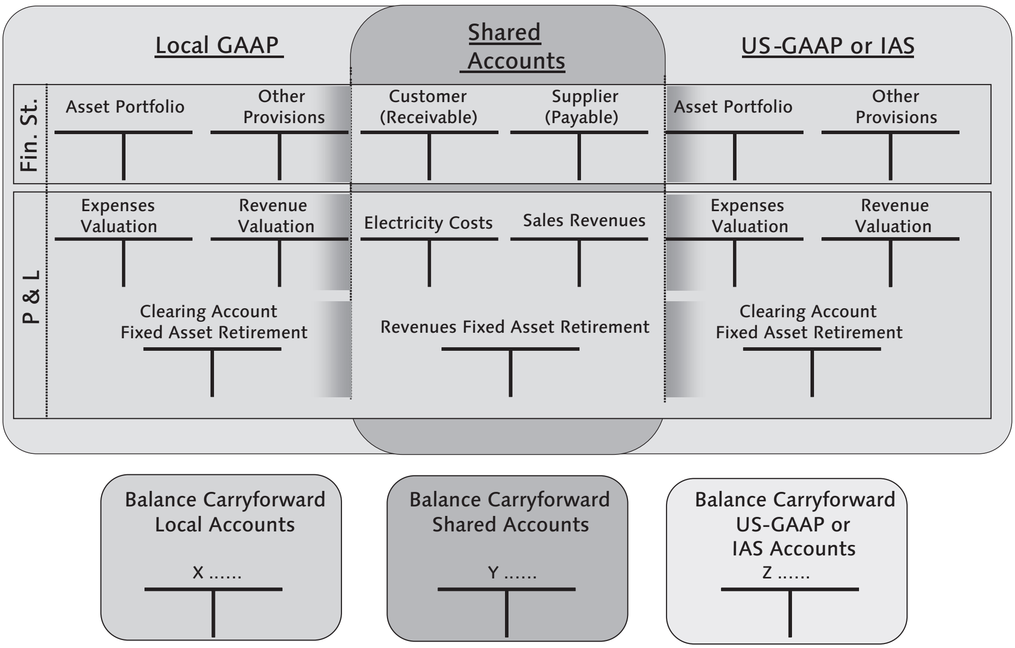

Figure 1.15 Accounts Approach

For further information on the ledger approach, see Chapter 4, Parallel Accounting—IFRS on the Advance.

1.3.3 Default Field Extension

Totals table FAGLFLEXT

More entities are updated in the totals table of New G/L (FAGLFLEXT) than in the classic totals table (GLT0). The new fields in New G/L are

Cost Element, Cost Center, Profit Center, Functional Area, and Segment for segment report.

Extended data structure

If you look at the database tables (see Figure 1.16), you see how the default data structure has been significantly extended.

Classic General Ledger
Totals Table GLT0

Field	...	Short Description
...	...	...
BUKRS	...	Company Code
RYEAR	...	Fiscal Year
RACCT	...	Account Number
RBUSA	...	Business Area
...	...	...
...	...	...
...	...	...
...	...	...
...	...	...
...	...	...

SE11_OLD

New General Ledger
Totals Table FAGLFLEXT
Some of the available fields:

Field	...	Short Description
...	...	...
RYEAR	...	Fiscal Year
RACCT	...	Account Number
COST_ELEM	...	Cost Element
BUKRS	...	Company Code
RCNTR	...	Cost Center
PRCTR	...	Profit Center
RFAREA	...	Functional Area
RBUSA	...	Business Area
SEGMENT	...	Segment for Segment Rep.
...	...	...

Figure 1.16 Benefits in Detail—Extended Data Structure

Customer-specific fields

New G/L is extensible. Again, flexibility is crucial here; customer-specific or industry-specific fields can be incorporated, and totals for these can be updated.

Industry solutions

For industry solutions in particular—such as banking and insurance, as well as suppliers and public administration—this extensibility allows New G/L to be adapted flexibly. The example in Figure 1.17 illustrates options for an industry template for the public sector.

These new account assignment fields are available in FI G/L account postings, Materials Management (MM) inventory management, and MM purchasing, and are also updated in the CO line items.

Account assignment field and account assignment block

SAP recommends that you create the concept for your own account assignment field as early as possible, and that you make the changes in the account assignment block as well. Chapter 2, Design and Features of the Ledgers, explains how to extend the account assignment block.

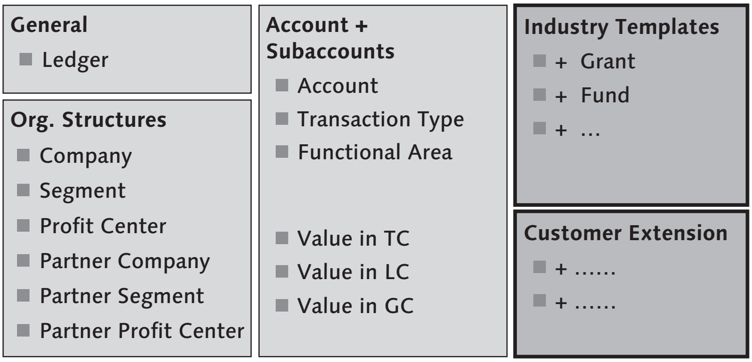

Figure 1.17 General Ledger in SAP ERP Standard Structure—Industry and Customer Extensions

1.3.4 Segment Reporting

“Segment” entity

New G/L provides the new “segment” entity for IAS and GAAP segment reporting purposes. The SEGMENT field is a standard account assignment object that enables reporting on an object level below the company code.

Fields of activity

The aim here is to obtain a highly detailed view of business segments such as markets or products (see Figure 1.18).

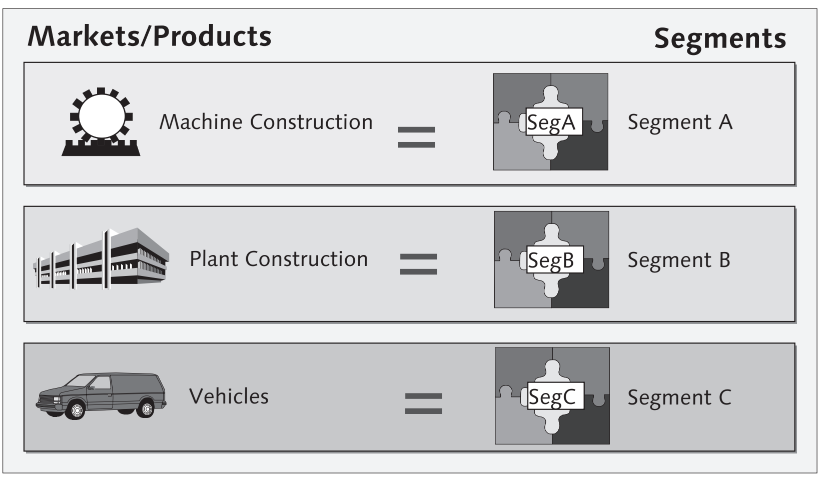

Figure 1.18 Using the “Segment” Entity

Derivation from profit center

The segment is also available in New G/L because the business area or profit center, or both, were often used for other purposes in the past and thus had to fulfill other requirements. The segment is usually derived from the profit center, as shown in Figure 1.19.

Determining segments using BAdI

In the posting process, the segment can be filled in manually or the system can propose one. There is also the option of determining the segment using a Business Add-In (BAdI). The definition name of the BAdI is `FAGL_DERIVE_SEGMENT`.

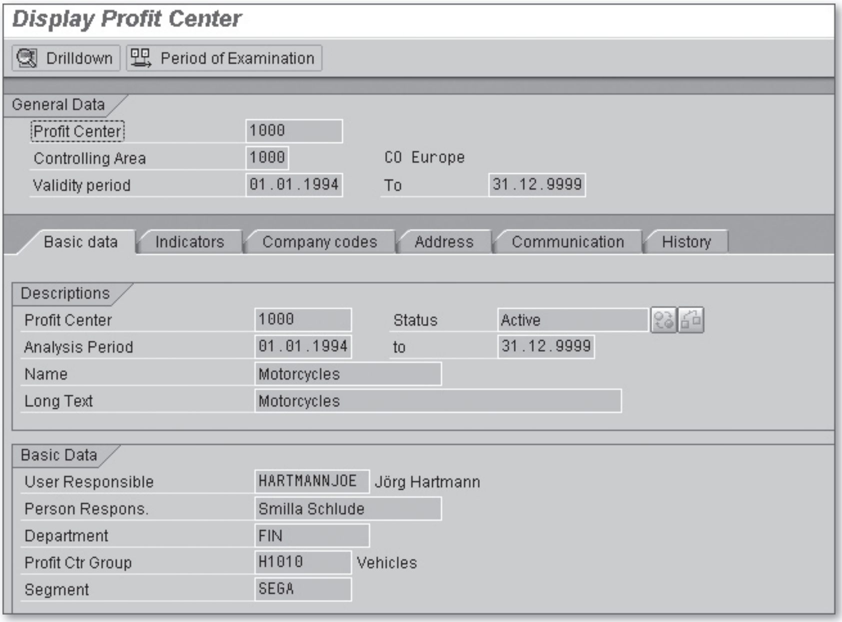

Figure 1.19 Deriving a Segment

The steps that are necessary to post, display, and evaluate the "segment" entity (see Figure 1.20) are described in Chapter 2, Design and Features of the Ledgers.

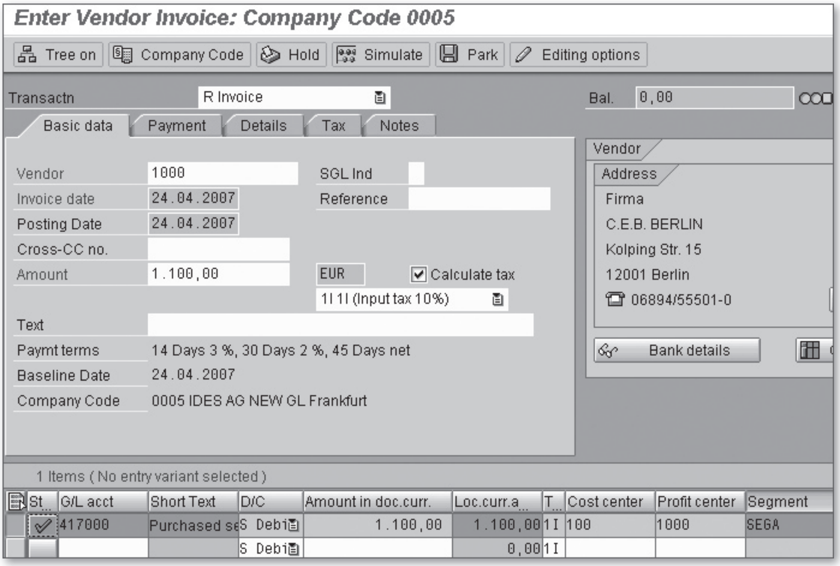

Figure 1.20 "Segment" Entity in FI Document

1.3.5 Document Online Split

Document split

In the past, it was possible to create balance sheets with a zero balance on the company code and business area levels. Profit center balance sheets could also be generated, although it was not always possible for these to have a zero balance. The new document-splitting function makes it possible for you to create balance sheets for any entity. A zero balance is then generated for the entity in question, such as a segment or profit center.

Document-splitting characteristics

The entities that were defined in the configuration as document-splitting characteristics are projected into posting items without account assignments. See Chapter 5, Document Splitting, for details on the configuration.

1.3.6 Real-Time Integration of CO into FI

Reconciliation work

Time-consuming reconciliation work between Financial Accounting (FI) and Management Accounting (CO) at the end of the period is no longer necessary because cross-entity processes in Controlling can be transferred in real time to New G/L.

Real-time integration

Real-time integration from FI to CO did exist before SAP ERP. When recording an expense item for business expenses, you have to specify a single real CO object. In the posting process, a CO document and an FI document are created. The CO document posts the costs relevant to the expense item to the real CO object (see Figure 1.21).

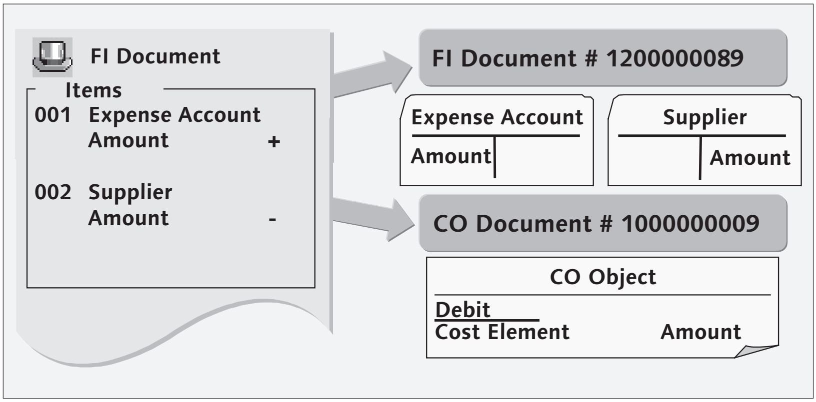

Figure 1.21 Real-Time Integration from FI to CO

Integrating in the opposite direction, from CO to FI (see Figure 1.22), was not possible in real time in previous releases. This applied, for example, to characteristics changes for processes or transactions, such as period-based allocations (assessments/distribution), manual repostings in CO, activity allocations, and the settlement of orders or projects.

Reconciliation ledger

The reconciliation ledger, which was maintained in Cost Element Accounting, always had to be used to reconcile CO with FI.

Summary standardizing entries or reconciliation postings had to be carried out per cost element or expense account over periodic program runs.

Chapter 3, Integration in Financial Accounting, uses examples to illustrate the posting process and the corresponding configuration in New G/L.

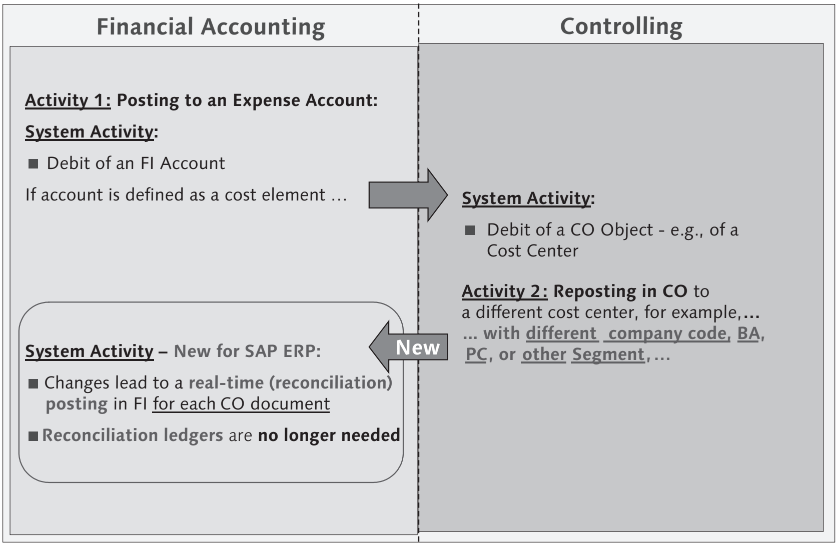

Figure 1.22 Real-Time Integration from CO to FI

1.4 Conclusion

New G/L represents a paradigm shift in Financial Accounting in SAP ERP systems. The addition of multidimensionality and customer-specific fields removes the fragmentation of previous versions. The time and effort previously required for reconciliation has become a thing of the past. Thus, using New G/L removes the need to use several separate components.

Subsequent chapters explain how to activate the various scenarios and how new G/L affects business processes.

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