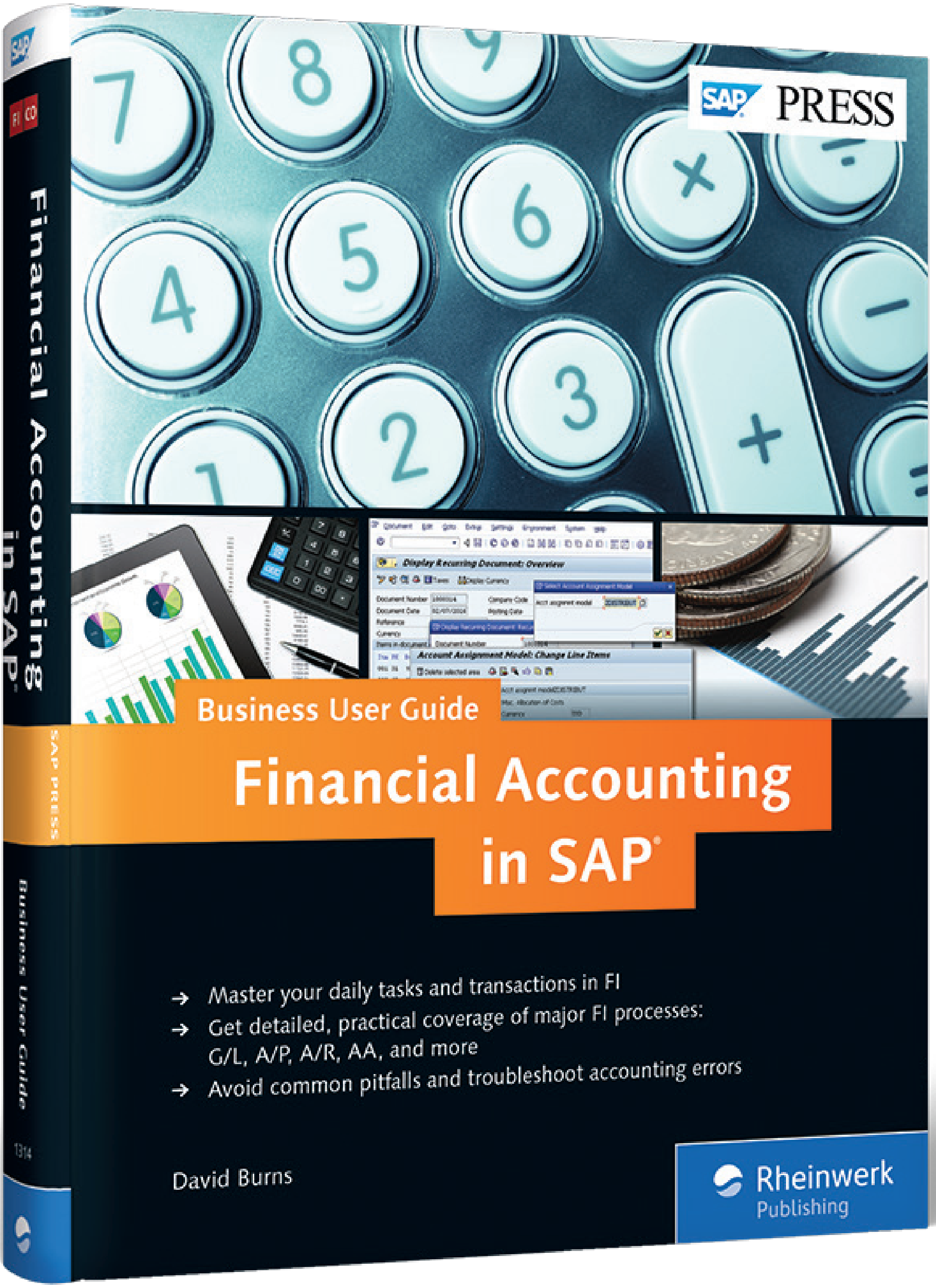

SAP PRESS
Business User Guide
Financial Accounting in SAP®
→ Master your daily tasks and transactions in FI
→ Get detailed, practical coverage of major FI processes: G/L, A/P, A/R, AA, and more
→ Avoid common pitfalls and troubleshoot accounting errors
David Burns
Rheinwerk Publishing

# *Reading Sample*

*In this sample chapter, you will learn about essential financial close processes for month-end and year-end, including opening and losing periods, carrying balances forward, periodic processing, and more.*

- **"Financial Close Processes"**
- **Contents**
- **Index**
- **The Authors**

David Burns

**Financial Accounting in SAP**

595 Pages, 2016, $79.95
ISBN 978-1-4932-1314-6

**www.sap-press.com/3978**

*In this chapter, we cover essential financial close processes for month-end and year-end, including opening and closing periods, carrying balances forward, periodic processing, and more.*

# 16 Financial Close Processes

This chapter covers financial close steps in FI. For details on integrated financial close processes, see Chapter 17.

Financial close is one of the most important business functions in FI. It requires knowledge of internal business processes, relevant SAP transactions, and financial reporting. Special attention is given to the timing of steps executed in the close process. Well-crafted close procedure documentation is your best friend. If your company has not documented its close procedures, you should take the initiative to do so.

SAP developed a tool called the Financial Close Cockpit to monitor, control, and provide greater efficiency when closing. The Financial Close Cockpit is beyond the scope of this chapter, but it is important to be aware of its existence and capabilities.

Whether you use a spreadsheet to track financial close steps or the Financial Close Cockpit, your financial close procedures should list steps and transactions in the order in which they need to be executed. In addition, throughout the close process it is important to track the persons responsible for executing each step and expected completion dates.

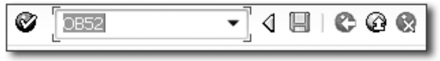
For the most part, year-end financial close consists of month-end steps plus additional tasks, such as opening and closing fiscal years and carrying forward G/L balances. You may also be required to create additional master data, such as cost centers.

In the next section, we will begin our financial close discussions on the opening and closing accounting periods in FI.

## 16.1 Opening and Closing Financial Periods

This section discusses the opening and closing of accounting periods using Transaction OB52. Keep in mind that other modules (e.g., MM) require opening and closing of periods, which use different SAP transaction codes. This scope of this section is limited to FI periods only. For further details on opening and closing periods in other modules, see Chapter 17.

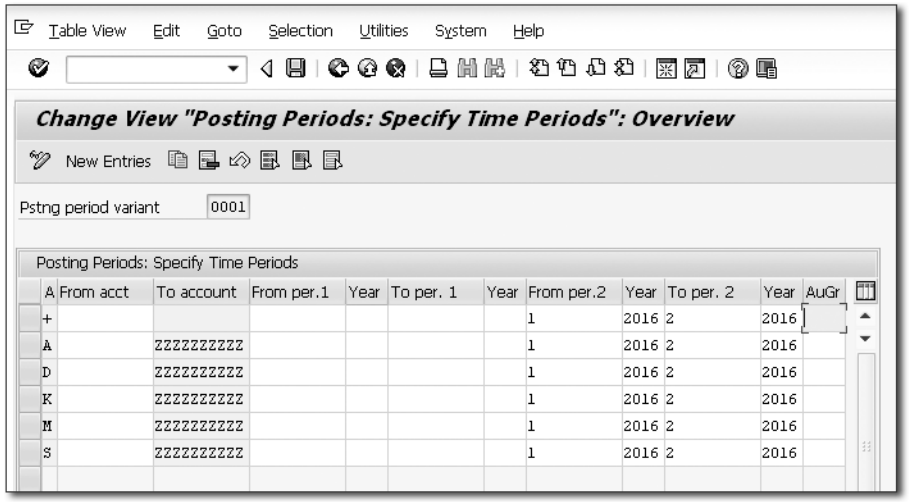
To open and close periods in FI, enter "OB52" in the Command field (as shown in Figure 16.1) and press `Enter`.



OB52

**Figure 16.1** OB52 in Command Field

The Change View "Posting Periods: Specify Time Intervals": Overview screen will open (Figure 16.2). The periods open for postings are the range of periods in the From Per.2 and To Period fields shown on the right-hand side of Figure 16.2. In this example, general users are allowed to post in period 12, 2015.



Change View "Posting Periods: Specify Time Periods": Overview

Pstng period variant: 0001

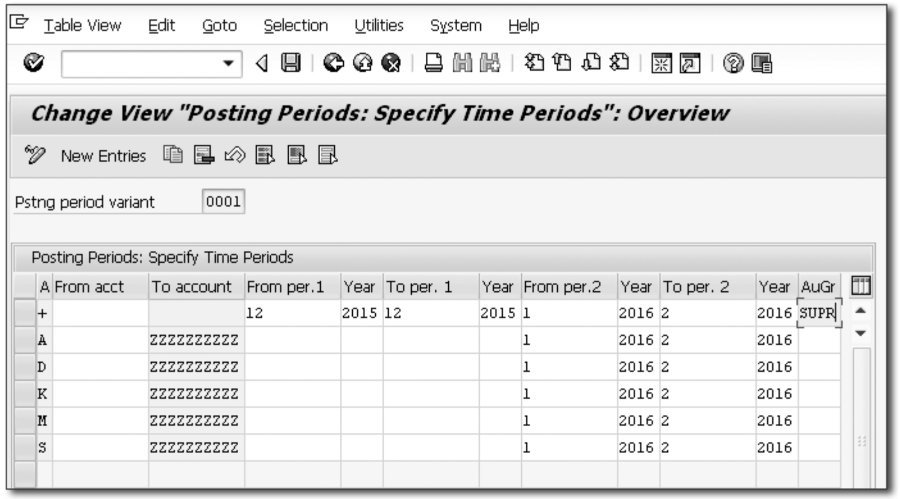
Posting Periods: Specify Time Periods

| A | From acct | To account | From per.1 | Year | To per. 1 | Year | From per.2 | Year | To per. 2 | Year | AuGr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| + | | | | | | | 1 | 2016 | 2 | 2016 | |
| A | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| D | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| K | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| M | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| S | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |

**Figure 16.2** Change Posting Periods

Sometimes, a person with special privileges (e.g., the accounting director) needs to make accounting entries in a period not open to general users, or there may be a need to post a prior period that was closed or post to a special period (i.e., 13–16). To allow select individuals to perform these tasks, assign them to an authorization group.

Figure 16.3 shows an example of Transaction OB52 with an authorization group specified. This authorization group is entered in the AuGr field. The periods open for posting to individuals assigned to the authorization group are the range of periods in the From Per.1 and To Period fields shown on the left-hand side of Figure 16.3.



Change View "Posting Periods: Specify Time Periods": Overview

Pstng period variant: 0001

Posting Periods: Specify Time Periods

| A | From acct | To account | From per.1 | Year | To per. 1 | Year | From per.2 | Year | To per. 2 | Year | AuGr |
|---|---|---|---|---|---|---|---|---|---|---|---|
| + | | | 12 | 2015 | 12 | 2015 | 1 | 2016 | 2 | 2016 | SUPR |
| A | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| D | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| K | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| M | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |
| S | | ZZZZZZZZZZ | | | | | 1 | 2016 | 2 | 2016 | |

**Figure 16.3** Change Posting Periods Screen with Authorization Group

To limit specific users to a particular posting period, an authorization group must be created and the posting period authorization (i.e., authorization object `F_BKPF_BUP`) added to the group members' security roles.

Transaction OB52 has a masking feature, indicated in column A (second column from the left) in Figure 16.3. This features enables you to designate open periods by account type. The + sign indicates all account types, but it is overridden when more specific account designations are provided.

Available masking options are listed in Table 16.1.

| Masking Option | Description |
|---|---|
| + | Valid for all account types |
| A | Assets |
| D | Customers |
| K | Vendors |
| M | Materials |
| S | G/L accounts |
| V | Contract accounts |

**Table 16.1** Transaction OB52 Masking Options

The masking feature provides flexibility and control in designating open FI periods by account type.

Now that we have discussed opening and closing financial periods, let's move on to discuss the carryforward of G/L account balances.

## 16.2 Balance Carryforward

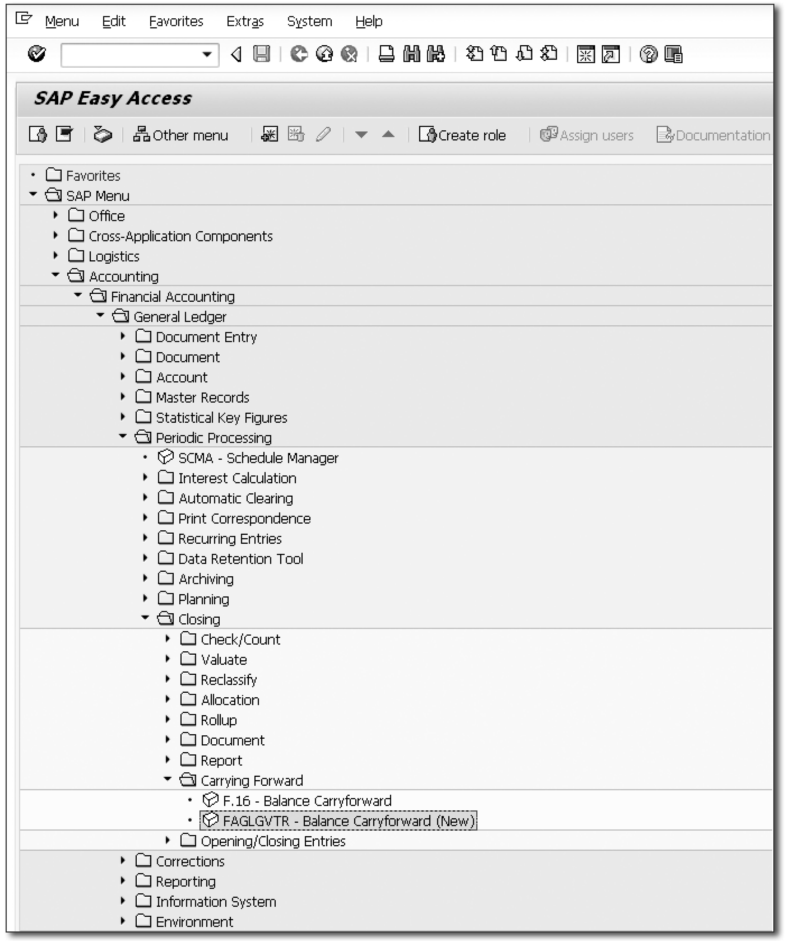
Carrying forward balances to a new fiscal year is a core accounting concept and necessary for year-end close.

When you think of carryforward balances, you probably think automatically of G/L account balances. It's true that G/L account balances are the primary target in the carryforward process, but you also need to perform carryforward functions for local ledgers, special ledgers, and subledgers. In this section, we will begin with a discussion of G/L account balances and then address these other areas.

The primary balance carryforward step is for G/L account balances in the leading ledgers. It is executing using Transaction FAGLGVTR. In the same way, this step needs to be completed for each of your local ledgers. The program used to carryforward G/L balances can be run multiple times but does not normally need to be run more than once per year. After the program is run, postings to the previous fiscal year are automatically carried forward to the new fiscal year.

The process of G/L balance carryforward is twofold: First, balance sheet accounts are summarized with additional account assignments and transferred to the new fiscal year. Second, profit and loss accounts are carried forward to the retained earnings account without additional account assignments. For both, the transaction currencies are not transferred and are totaled in the local currency.

To carry forward G/L balances, use Transaction FAGLGVTR or application menu path ACCOUNTING • FINANCIAL ACCOUNTING • GENERAL LEDGER • PERIODIC PROCESSING • CLOSING • CARRYING FORWARD • FAGLGVTR—BALANCE CARRYFORWARD (NEW), as shown in Figure 16.4.



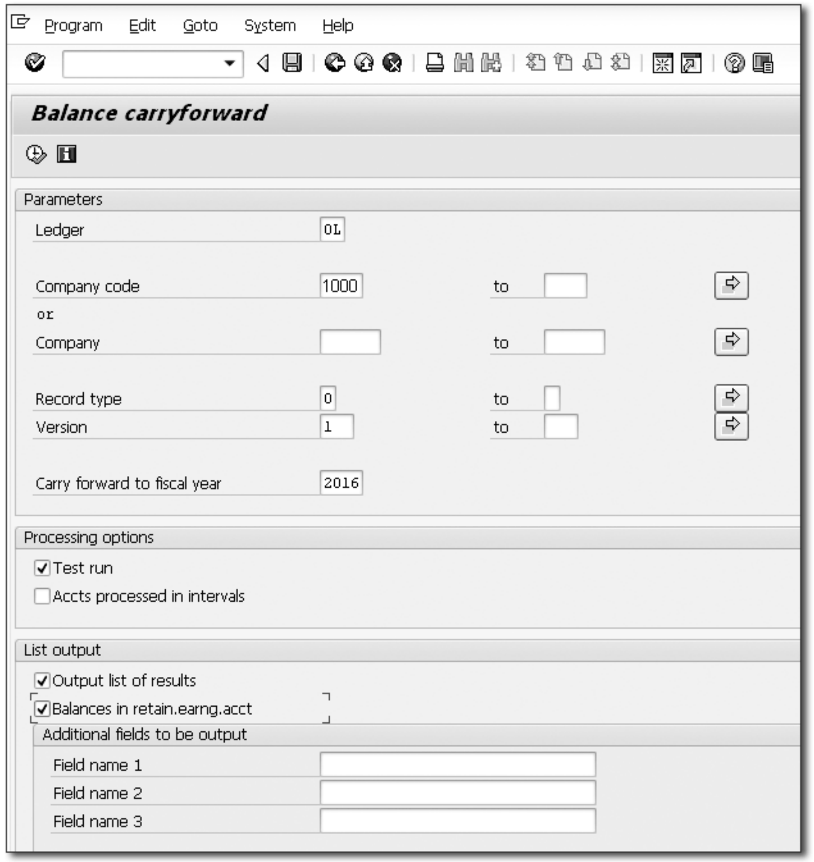
- Favorites
- SAP Menu
  - Office
  - Cross-Application Components
  - Logistics
  - Accounting
    - Financial Accounting
      - General Ledger
        - Document Entry
        - Document
        - Account
        - Master Records
        - Statistical Key Figures
        - Periodic Processing
          - SCMA - Schedule Manager
          - Interest Calculation
          - Automatic Clearing
          - Print Correspondence
          - Recurring Entries
          - Data Retention Tool
          - Archiving
          - Planning
          - Closing
            - Check/Count
            - Valuate
            - Reclassify
            - Allocation
            - Rollup
            - Document
            - Report
            - Carrying Forward
              - F.16 - Balance Carryforward
              - FAGLGVTR - Balance Carryforward (New)
            - Opening/Closing Entries
        - Corrections
        - Reporting
        - Information System
        - Environment

**Figure 16.4** Transaction FAGLGVTR Application Menu Path

Double-click on FAGLGVTR—Balance Carryforward (New) from the menu path shown in Figure 16.4 and the Balance Carryforward screen will open (Figure 16.5). Here, enter values in the Ledger, Company Code, and Carry Forward to Fiscal Year fields. Notice in the Processing Options section of the screen the option to run the program in test mode. In this example, we also selected options in the List Output section at the bottom of Figure 16.5 to output results and profit and loss balance transfers to retained earnings.

Note that the screen selection permits the entry of a range of company codes, but only one ledger. Therefore, this program has to be run separately for each ledger.

With all field selections made, click the Execute icon ⊕.



Balance carryforward

Parameters

Ledger 0L

Company code 1000 to

or

Company to

Record type 0 to

Version 1 to

Carry forward to fiscal year 2016

Processing options

☑ Test run

☐ Accts processed in intervals

List output

☑ Output list of results

☑ Balances in retain.earng.acct

Additional fields to be output

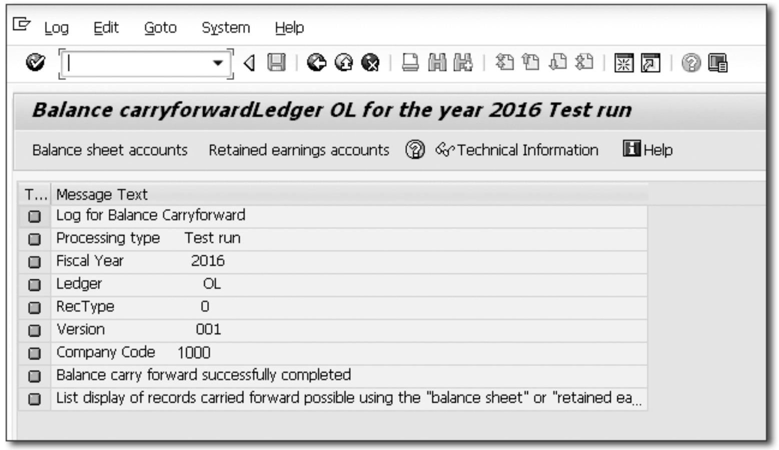
Field name 1

Field name 2

Field name 3

**Figure 16.5** Balance Carryforward

The output screen will open (Figure 16.6).

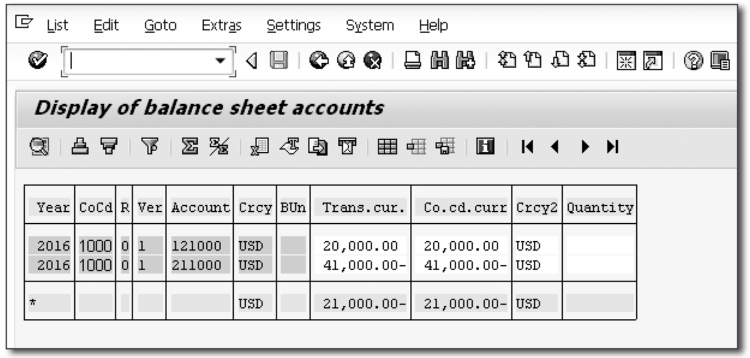


Balance carryforwardLedger 0L for the year 2016 Test run

| T... | Message Text |
|---|---|
| ■ | Log for Balance Carryforward |
| ■ | Processing type Test run |
| ■ | Fiscal Year 2016 |
| ■ | Ledger 0L |
| ■ | RecType 0 |
| ■ | Version 001 |
| ■ | Company Code 1000 |
| ■ | Balance carry forward successfully completed |
| ■ | List display of records carried forward possible using the "balance sheet" or "retained ea... |

**Figure 16.6** Balance Carryforward Output

Click on the Balance Sheet Accounts button, and the Display of Balance Sheet Accounts screen will open (Figure 16.7). This screen shows individual balance sheet account balances, summarized by additional account assignment elements, being carried forward to the new fiscal year.

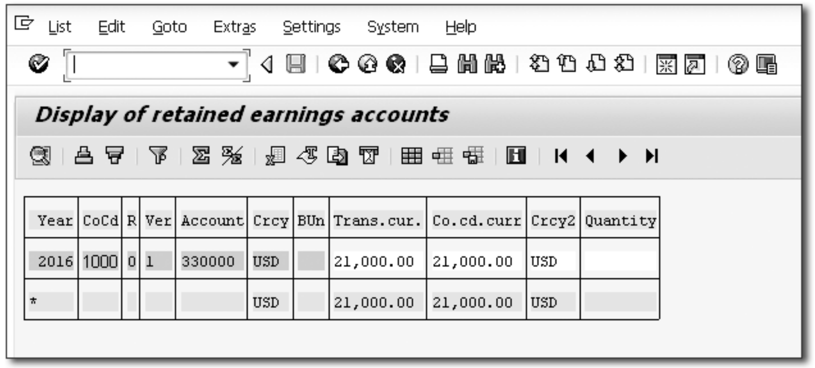


Display of balance sheet accounts

| Year | CoCd | R | Ver | Account | Crcy | BUn | Trans.cur. | Co.cd.curr | Crcy2 | Quantity |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | 1000 | 0 | 1 | 121000 | USD | | 20,000.00 | 20,000.00 | USD | |
| 2016 | 1000 | 0 | 1 | 211000 | USD | | 41,000.00- | 41,000.00- | USD | |
| * | | | | | USD | | 21,000.00- | 21,000.00- | USD | |

**Figure 16.7** Display of Balance Sheet Accounts

Click on the Back button ⊖ to return to the output screen (Figure 16.6). Click on the Retained Earnings Accounts button, and the Display of Retained Earnings Accounts screen will open (Figure 16.8). This screen shows individual profit and loss account balances to be carried forward to the new fiscal year.



Display of retained earnings accounts

| Year | CoCd | R | Ver | Account | Crcy | BUn | Trans.cur. | Co.cd.curr | Crcy2 | Quantity |
|---|---|---|---|---|---|---|---|---|---|---|
| 2016 | 1000 | 0 | 1 | 330000 | USD |  | 21,000.00 | 21,000.00 | USD |  |
| * |  |  |  |  | USD |  | 21,000.00 | 21,000.00 | USD |  |

**Figure 16.8** Display of Retained Earnings Accounts

In addition to Transaction FAGLGVTR, there are some other balance carryforward transactions for Special Purpose Ledger, AP, AR, and Classic G/L. A list of these transactions is provided below.

- **Transaction GVTR**
  This transaction is used to carryforward balances in the Special Purpose Ledger.
- **Transaction F.07**
  This transaction is used to carryforward subledger balances in A/R and A/P.
- **Transaction F.16**
  This transaction is used to carryforward G/L balances in Classic G/L (versus New G/L).

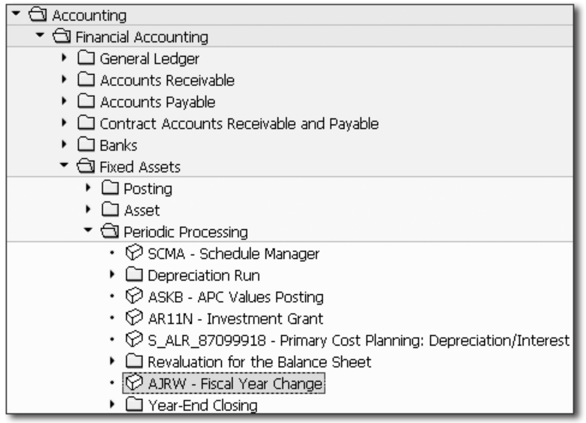
Now that you have learned about carrying forward G/L account balances in the G/L, let's discuss financial close steps for fixed assets.

## 16.3 Fixed Assets

Whenever you have subledgers, there are financial close activities that have to take place. For both vendor and customers, you carryforward subledger balances using Transaction F.16 at year-end. At month-end, you also run dunning, the automated payment program, etc., in A/P. For A/R you execute billing and customer statements.

*Asset Accounting* (FI-AA) is also a subledger. As such, it has unique steps for financial close. For FI-AA at year-end, there are two primary steps that must be performed. The first is to change the fiscal year using Transaction AJRW. This is a technical step required to carry forward assets into a new fiscal year.

To carry forward fixed assets, use Transaction AJRW or application menu path Accounting • Financial Accounting • Fixed Assets • Periodic Processing • AJRW—Fiscal Year Change, as shown in Figure 16.9.

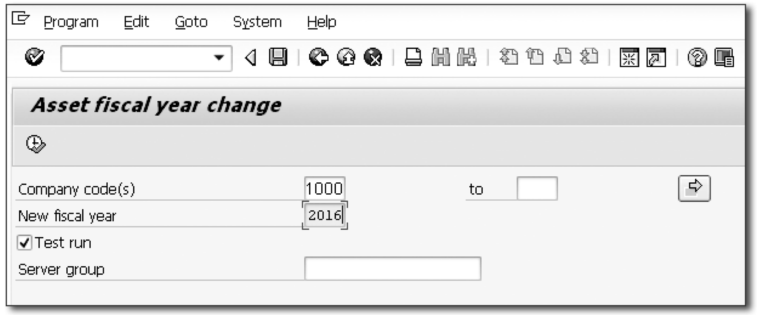


- Accounting
  - Financial Accounting
    - General Ledger
    - Accounts Receivable
    - Accounts Payable
    - Contract Accounts Receivable and Payable
    - Banks
    - Fixed Assets
      - Posting
      - Asset
      - Periodic Processing
        - SCMA - Schedule Manager
        - Depreciation Run
        - ASKB - APC Values Posting
        - AR11N - Investment Grant
        - S_ALR_87099918 - Primary Cost Planning: Depreciation/Interest
        - Revaluation for the Balance Sheet
        - AJRW - Fiscal Year Change
        - Year-End Closing

**Figure 16.9** Transaction AJRW Application Menu Path

Double-click AJRW—Fiscal Year Change from the menu path shown in Figure 16.9 and the Asset Fiscal Year Change screen will open (Figure 16.10). On this screen, enter values in the Company Code(s) and New Fiscal Year fields. There is also a checkbox for Test Run, giving you the ability to execute this program in test mode.

With all field selections made, click the Execute icon.



Asset fiscal year change

Company code(s) 1000 to

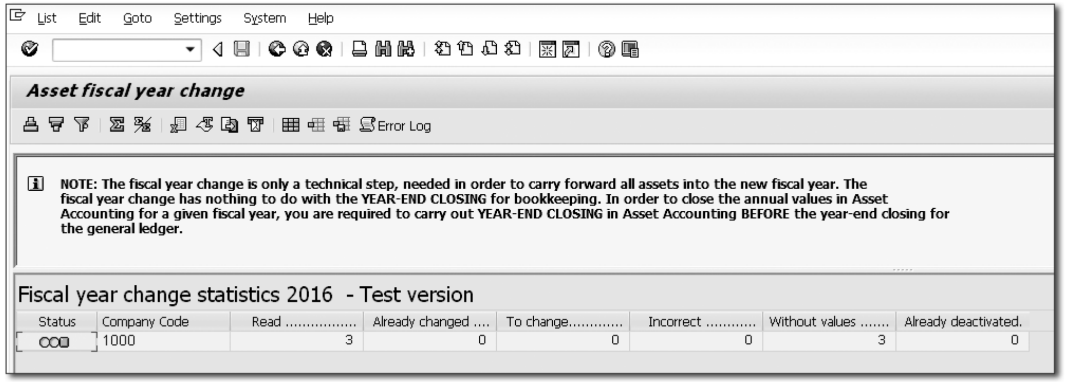
New fiscal year 2016

☑ Test run

Server group

**Figure 16.10** Asset Fiscal Year Change

The Asset Fiscal Year Change output screen will open (Figure 16.11). If the Status column shows a green light, it indicates that the test run is successful and the fixed assets can be carried forward into the new fiscal year specified.


List
Edit
Goto
Settings
System
Help
Asset fiscal year change
Error Log

NOTE: The fiscal year change is only a technical step, needed in order to carry forward all assets into the new fiscal year. The fiscal year change has nothing to do with the YEAR-END CLOSING for bookkeeping. In order to close the annual values in Asset Accounting for a given fiscal year, you are required to carry out YEAR-END CLOSING in Asset Accounting BEFORE the year-end closing for the general ledger.

Fiscal year change statistics 2016 - Test version

| Status | Company Code | Read ................ | Already changed .... | To change............ | Incorrect ........... | Without values ....... | Already deactivated. |
|---|---|---|---|---|---|---|---|
| ○○● | 1000 | 3 | 0 | 0 | 0 | 3 | 0 |

Figure 16.11 Asset Fiscal Year Change Output

While Transaction AJRW can be run in the foreground in test mode, in production mode it must be run in the background. This is also true of the next step in FI-AA: Transaction AJAB.

The second step for FI-AA at year-end is to change the fiscal year using Transaction AJAB or application menu path Accounting • Financial Accounting • Fixed Assets • Periodic Processing • Year-End Closing • AJAB—Execute, as shown in Figure 16.12.

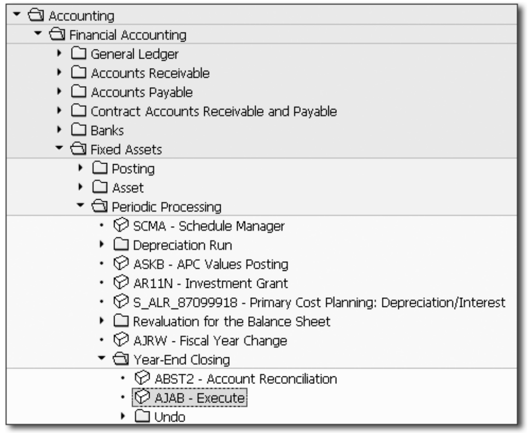
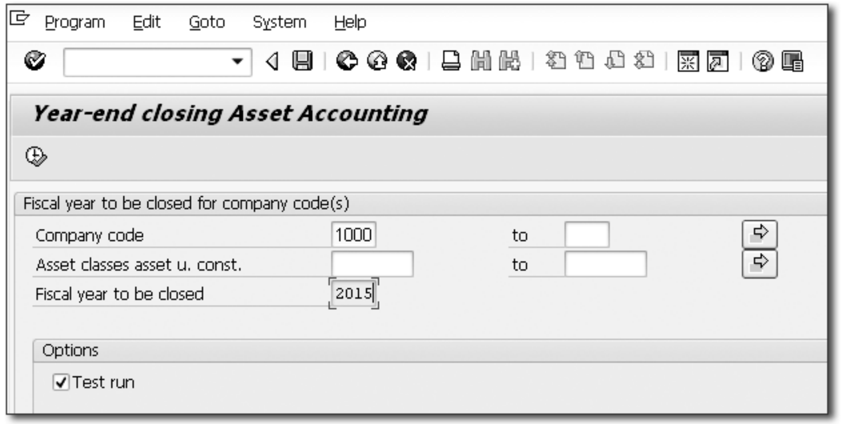

Accounting
Financial Accounting
General Ledger
Accounts Receivable
Accounts Payable
Contract Accounts Receivable and Payable
Banks
Fixed Assets
Posting
Asset
Periodic Processing
SCMA - Schedule Manager
Depreciation Run
ASKB - APC Values Posting
AR11N - Investment Grant
S_ALR_87099918 - Primary Cost Planning: Depreciation/Interest
Revaluation for the Balance Sheet
AJRW - Fiscal Year Change
Year-End Closing
ABST2 - Account Reconciliation
AJAB - Execute
Undo

Figure 16.12 Transaction AJAB Application Menu Path

Double-click AJAB—Execute from the menu path shown in Figure 16.12 and the Year-End Closing Asset Accounting screen will open (Figure 16.13). On this screen, enter values in the Company code and Fiscal year to be closed fields. You can also execute this program in test mode.


Program
Edit
Goto
System
Help
Year-end closing Asset Accounting

Fiscal year to be closed for company code(s)

Company code 1000 to

Asset classes asset u. const. to

Fiscal year to be closed 2015

Options

☑ Test run

Figure 16.13 Year-End Closing Asset Accounting

Transaction AJAB checks that there are no assets that have been posted (i.e., have an acquisition date) but not capitalized (i.e., no capitalization date). These assets are captured as errors when the program runs. This check does not make sense for assets under construction (AuC), and therefore you have the ability to specify AuC asset classes in the Asset Classes Asset U. Const screen selection to bypass the check and keep your error log clean.

You can execute Transaction AFAB in the foreground in test mode. As previously mentioned, when run in production mode, Transaction AFAB must be run as a background job. Enter your field values as in Figure 16.13, save as a variant, and work with your SAP Basis Administrator to schedule the job to run automatically at each year end.

Now that we've covered fixed asset close processes, let's look at periodic processing functions in the next section.

## 16.4 Periodic Processing

*Periodic processing* is a classification of transactions that are executed at regular intervals. Some of them may be executed more frequently than at month end or year end, but they are included as closing steps because they are essential to producing financial statements.

There are numerous transactions considered to be periodic processing tasks. Which ones you need to execute in financial close is dependent upon your business processes and the SAP modules implemented to support your business. The following are some of the more common transactions; this is not a complete list, but provides a good representation.

- **Recurring entries**
  Transaction F.14 creates financial documents from recurring entry documents. Recurring entry documents can be created for financial transactions with a fixed amount, interval (e.g., monthly), and life (e.g., twenty-four months).
- **Dunning**
  Transaction F150 creates dunning notices to send customers for overdue payments and updates customer master data with the dunning level and a last dunned date.
- **Payments**
  Transaction F110 issues vendor payments in mass. It creates the payment medium necessary for monetary transfer and the financial postings necessary to update the G/L and subledgers. For details on running Transaction F110, see Chapter 7.
- **Depreciation**
  Transaction AFAB creates depreciation postings. Fixed asset net book values are updated and accounting entries are made to accumulated depreciation and depreciation expense accounts.
- **Interest calculations**
  There are several types of interest calculations. Transaction F.52 is used to calculate interest on G/L balances. Transaction FINT is used for calculating interest in arrears for overdue customer accounts. Transaction FINTAP is used for vendor interest calculation. Other interest calculation transaction codes also exist for interest in arrears.

In addition to the transactions listed in the preceding list, periodic processing steps may include transactions for automatic clearing, printing correspondence, currency translation and valuation, manual accruals, reverse accruals, and more.

Now that you have an understanding of what periodic processes are, let's walk through an example for recurring entries.

In Chapter 3, the creation of a recurring document is demonstrated. As discussed in that chapter, when a recurring document is saved, no accounting entries are created. It is only when the recurring entry program is run that accounting documents are posted and G/L balances updated.

To create accounting documents from recurring entry reference documents, use Transaction F.14 or application menu path Accounting • Financial Accounting • General Ledger • Periodic Processing • Recurring Entries • F.14 —Execute, as shown in Figure 16.14.

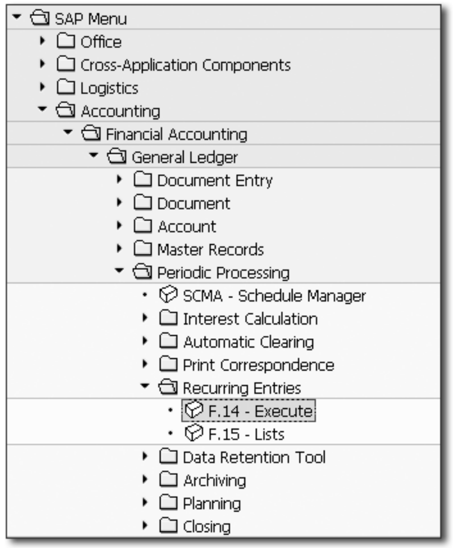
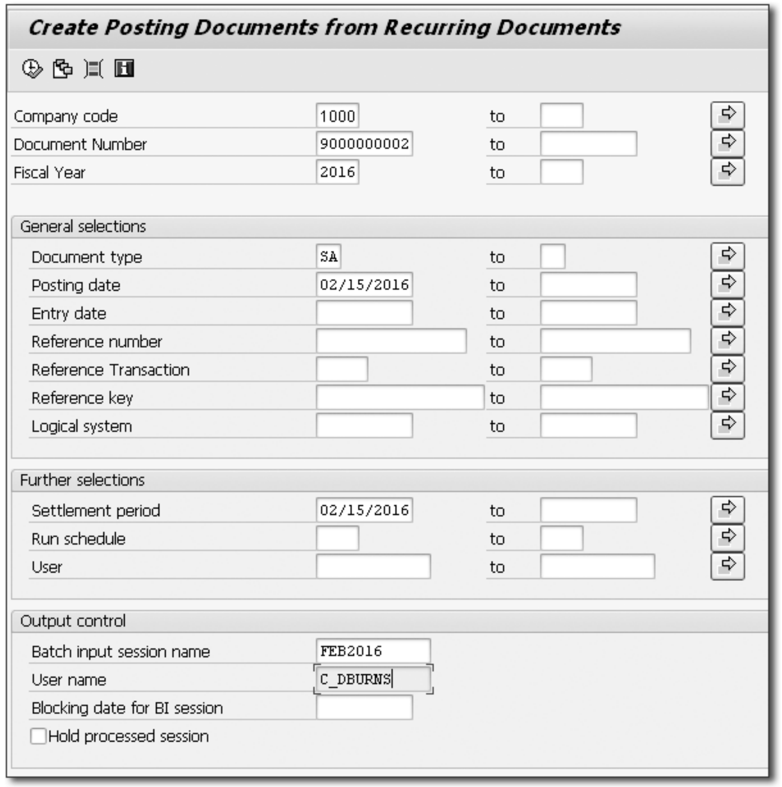

SAP Menu
Office
Cross-Application Components
Logistics
Accounting
Financial Accounting
General Ledger
Document Entry
Document
Account
Master Records
Periodic Processing
SCMA - Schedule Manager
Interest Calculation
Automatic Clearing
Print Correspondence
Recurring Entries
F.14 - Execute
F.15 - Lists
Data Retention Tool
Archiving
Planning
Closing

**Figure 16.14** Application Menu Path Execute Recurring Entries

Double-click on F.14 - Execute from the menu path shown in Figure 16.14 and the Create Posting Documents from Recurring Documents screen will open (Figure 16.15).



**Create Posting Documents from Recurring Documents**

| | | | |
|---|---|---|---|
| Company code | 1000 | to | |
| Document Number | 9000000002 | to | |
| Fiscal Year | 2016 | to | |

General selections

| | | | |
|---|---|---|---|
| Document type | SA | to | |
| Posting date | 02/15/2016 | to | |
| Entry date | | to | |
| Reference number | | to | |
| Reference Transaction | | to | |
| Reference key | | to | |
| Logical system | | to | |

Further selections

| | | | |
|---|---|---|---|
| Settlement period | 02/15/2016 | to | |
| Run schedule | | to | |
| User | | to | |

Output control

| | |
|---|---|
| Batch input session name | FEB2016 |
| User name | C_DBURNS |
| Blocking date for BI session | |

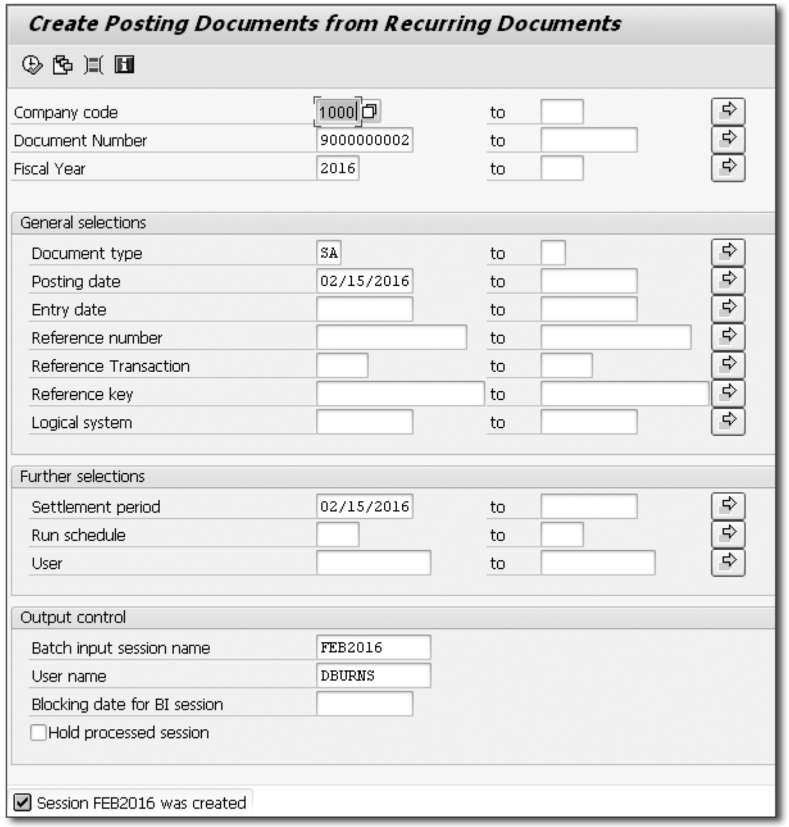
☐ Hold processed session

**Figure 16.15** Create Posting Documents from Recurring Documents

Make sure to fill all required fields, such as Company code, Document Number (this is the reference document number), Fiscal Year, and Batch input session name. You can also enter additional field values in the General selections portion of the screen to narrow your selection of recurring documents.

The Settlement period field is particularly important. Within the date range provided, it must contain the date on which the next recurring entry is scheduled. If you are unsure, view the recurring entry document in your reference document using Transaction FBD3.

With all field values entered, press the Execute icon ⊕. A message will appear that a session was created (Figure 16.16).



**Create Posting Documents from Recurring Documents**

| | | | |
|---|---|---|---|
| Company code | 1000 | to | |
| Document Number | 9000000002 | to | |
| Fiscal Year | 2016 | to | |

General selections

| | | | |
|---|---|---|---|
| Document type | SA | to | |
| Posting date | 02/15/2016 | to | |
| Entry date | | to | |
| Reference number | | to | |
| Reference Transaction | | to | |
| Reference key | | to | |
| Logical system | | to | |

Further selections

| | | | |
|---|---|---|---|
| Settlement period | 02/15/2016 | to | |
| Run schedule | | to | |
| User | | to | |

Output control

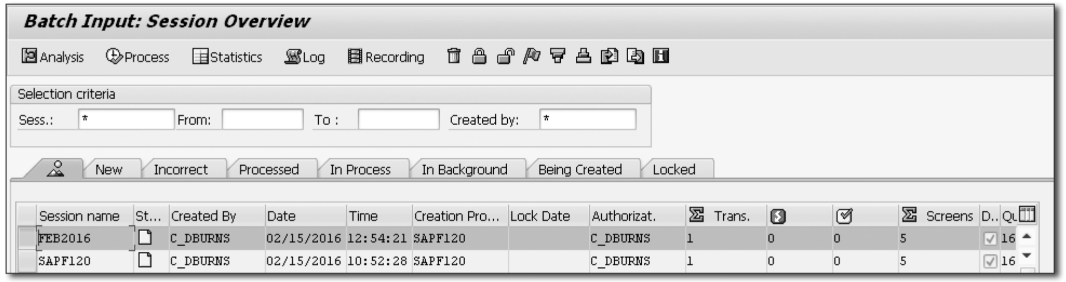
| | |
|---|---|
| Batch input session name | FEB2016 |
| User name | DBURNS |
| Blocking date for BI session | |

☐ Hold processed session

☑ Session FEB2016 was created

**Figure 16.16** Recurring Documents Session Created

To view your session, use Transaction SM35. The Batch Input: Session Overview screen will appear (Figure 16.17).



**Batch Input: Session Overview**

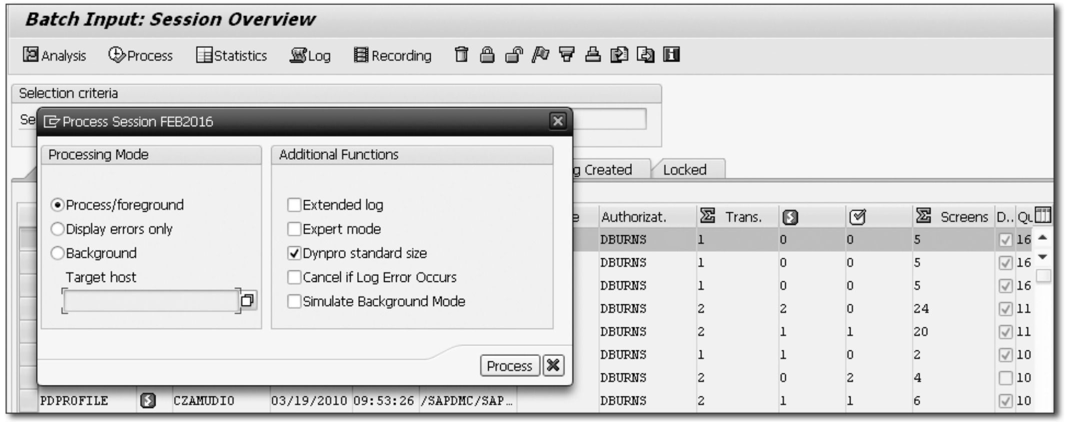
Selection criteria

Sess.: * From: To : Created by: *

| Session name | St... | Created By | Date | Time | Creation Pro... | Lock Date | Authorizat. | Trans. | | | Screens | D.. | Qu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FEB2016 | | C_DBURNS | 02/15/2016 | 12:54:21 | SAPF120 | | C_DBURNS | 1 | 0 | 0 | 5 | ☑ | 16 |
| SAPF120 | | C_DBURNS | 02/15/2016 | 10:52:28 | SAPF120 | | C_DBURNS | 1 | 0 | 0 | 5 | ☑ | 16 |

**Figure 16.17** Batch Input Session Overview Screen

Highlight your session name and click the PROCESS button. The PROCESS SESSION dialog box will appear (Figure 16.18).



**Batch Input: Session Overview**

Process Session FEB2016

Processing Mode

● Process/foreground
○ Display errors only
○ Background
Target host

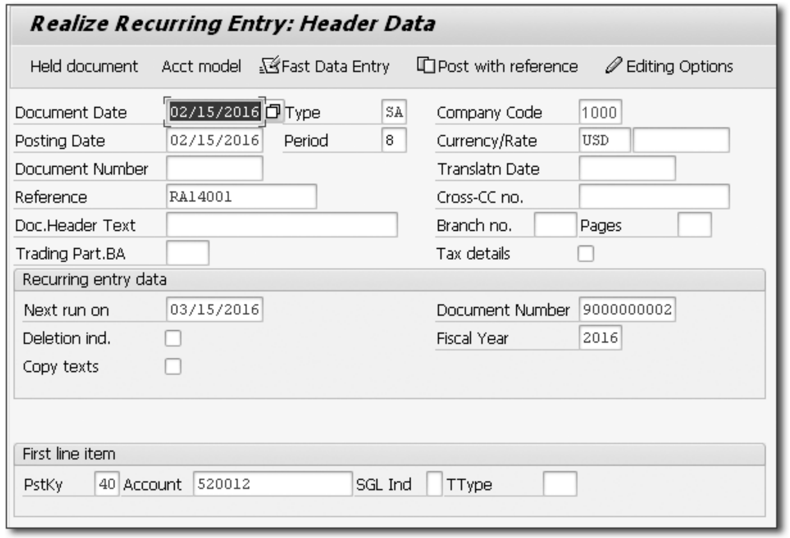
Additional Functions

☐ Extended log
☐ Expert mode
☑ Dynpro standard size
☐ Cancel if Log Error Occurs
☐ Simulate Background Mode

| | | | | Authorizat. | Trans. | | | Screens | D.. | Qu |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | DBURNS | 1 | 0 | 0 | 5 | ☑ | 16 |
| | | | | DBURNS | 1 | 0 | 0 | 5 | ☑ | 16 |
| | | | | DBURNS | 1 | 0 | 0 | 5 | ☑ | 16 |
| | | | | DBURNS | 2 | 2 | 0 | 24 | ☑ | 11 |
| | | | | DBURNS | 2 | 1 | 1 | 20 | ☑ | 11 |
| | | | | DBURNS | 1 | 1 | 0 | 2 | ☑ | 10 |
| | | | | DBURNS | 2 | 0 | 2 | 4 | ☐ | 10 |
| PDPROFILE | CZAMUDIO | 03/19/2010 | 09:53:26 | /SAPDMC/SAP… DBURNS | 2 | 1 | 1 | 6 | ☑ | 10 |

**Figure 16.18** Process Session Screen

Select PROCESS/FOREGROUND to watch your accounting document as it's created. Click the PROCESS button. The REALIZE RECURRING ENRY: HEADER DATA screen will appear (Figure 16.19).



**Realize Recurring Entry: Header Data**

Document Date 02/15/2016
Type SA
Company Code 1000
Posting Date 02/15/2016
Period 8
Currency/Rate USD
Document Number
Translatn Date
Reference RA14001
Cross-CC no.
Doc.Header Text
Branch no.
Pages
Trading Part.BA
Tax details ☐

Recurring entry data

Next run on 03/15/2016
Document Number 9000000002
Deletion ind. ☐
Fiscal Year 2016
Copy texts ☐

First line item

PstKy 40 Account 520012 SGL Ind TType

**Figure 16.19** Realize Recurring Entry Header Screen

Press `Enter` through the screens until your document is posted.

This concludes our discussion of periodic processes. As you can see, there are numerous types of periodic processes utilized during month-end and year-end close. It important to know your company's business processes to understand which periodic processing transaction codes to use.

## 16.5 Foreign Currency Valuations

In this section, we will discuss foreign currency valuation at a high level. To execute this process, several configuration steps are required. This book is not a configuration guide, but you should be aware of this configuration since you depend on it to execute foreign currency valuation.

In configuration, a *valuation method* must be defined. In the valuation method, the *valuation procedure* must be specified. For example, one type of valuation procedure is the *lowest value principle*. In the valuation method, specifications are also provided that determine how exchange rate differences should be posted and the basis for determining the exchange rate type used. In addition to defining the valuation method in configuration, you also define *valuation areas*, *accounting principles*, and specify *account determinations*.

In a nutshell, foreign currency valuation is needed to produce financial statements. The ability to valuate account balances in your reporting currency is provided with Transaction FAGL_FC_VAL (or Transaction F.05 if you are using the classic G/L). This step is relevant to G/L accounts managed in foreign currency and open items that were posted in foreign currency. You can perform the valuation in local currency or parallel currency. The result of the valuations can be stored per valuated document and posted to adjustment accounts and P&L accounts.

You may have G/L accounts managed in foreign currency, for example, when you process payments in foreign currency. In this case, a G/L account can only be posted in this foreign currency and the transaction figures and the account balance are kept in the foreign currency and the local currency. In such a case, G/L accounts are not open item managed.

There are a couple different ways in which valuation take place. For open items in customer, vendor, and G/L accounts, the items are read as of specified key date and balanced by account or group and currency. For G/L account balances, reconciliation accounts and accounts managed on an open item basis are not valuated, and P&L accounts are only valuated as required.

Documents or balances are balanced by currency and account. The exchange rate type for the valuation is determined from this balance. Valuation differences are posted as determined by the valuation area configured and selected. Postings for accounts managed on an open item basis in the subledger and the general ledger are posted to an adjustment account and a P&L account. Postings for G/L accounts not managed on an open item basis are posted to adjustment accounts or by account determination.

## 16.6 GR/IR Clearing

The next topic we'll discuss is the GR/IR clearing function. This topic is also discussed in Chapter 17. The content here, however, is more focused on FI, whereas Chapter 17 discusses GR/IR clearing from the broader perspective of integrated financial close.

GR/IR clearing computes price variances between GR and IR and allocates variances to inventory, price differences, or the assignment object based on the valuation procedure in the material master and the settings in the PO line item. The values are stored in a G/L GR/IR clearing account and settled periodically using the GR/IR clearing function.

GR/IR account maintenance is a process that should be performed regularly, although most consider it as strictly a month-end function. The system matches GRs with IRs based on the PO number, PO item, type of PO, indicator for invoice verification, and material or delivery costs.

There are several tools available for GR/IR clearing account analysis. The first is Transaction F.19. This can be found using application menu path ACCOUNTING • FINANCIAL ACCOUNTING • GENERAL LEDGER• PERIODIC PROCESSING • CLOSING • RECLASSIFY • F.19 – GR/IR CLEARING, as shown in Figure 16.20.

Double-click on Transaction F.19 and the ANALYZE GR/IR CLEARING ACCOUNTS AND DISPLAY ACQUISITIONS TAX screen appears (Figure 16.21).

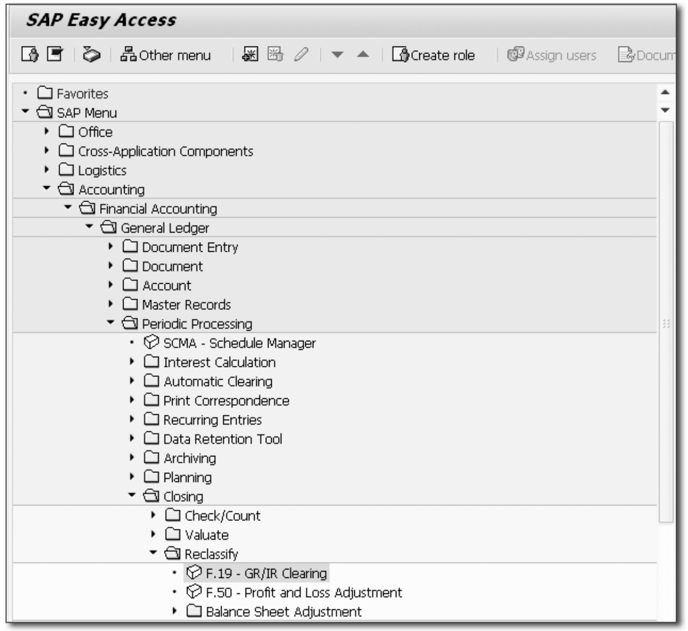
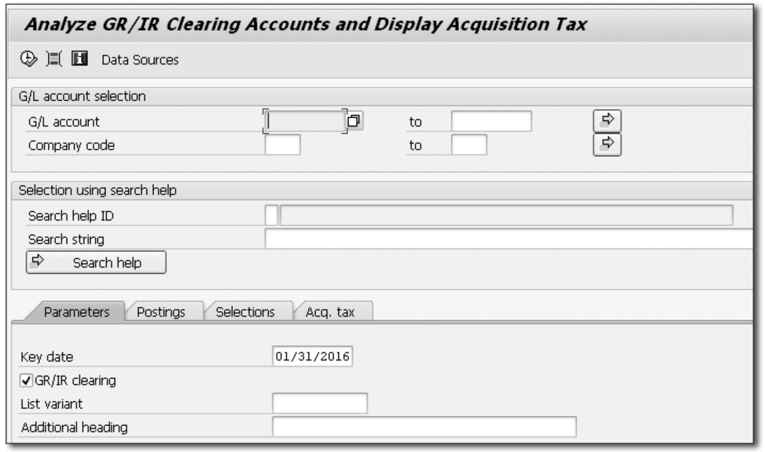

SAP Easy Access
Other menu
Create role
Assign users
Docum
Favorites
SAP Menu
Office
Cross-Application Components
Logistics
Accounting
Financial Accounting
General Ledger
Document Entry
Document
Account
Master Records
Periodic Processing
SCMA - Schedule Manager
Interest Calculation
Automatic Clearing
Print Correspondence
Recurring Entries
Data Retention Tool
Archiving
Planning
Closing
Check/Count
Valuate
Reclassify
F.19 - GR/IR Clearing
F.50 - Profit and Loss Adjustment
Balance Sheet Adjustment

**Figure 16.20** Application Menu Path Transaction F.19 GR/IR Clearing


Analyze GR/IR Clearing Accounts and Display Acquisition Tax
Data Sources
G/L account selection
G/L account
to
Company code
to
Selection using search help
Search help ID
Search string
Search help
Parameters
Postings
Selections
Acq. tax
List variant
Additional heading

Key date 01/31/2016

☑ GR/IR clearing

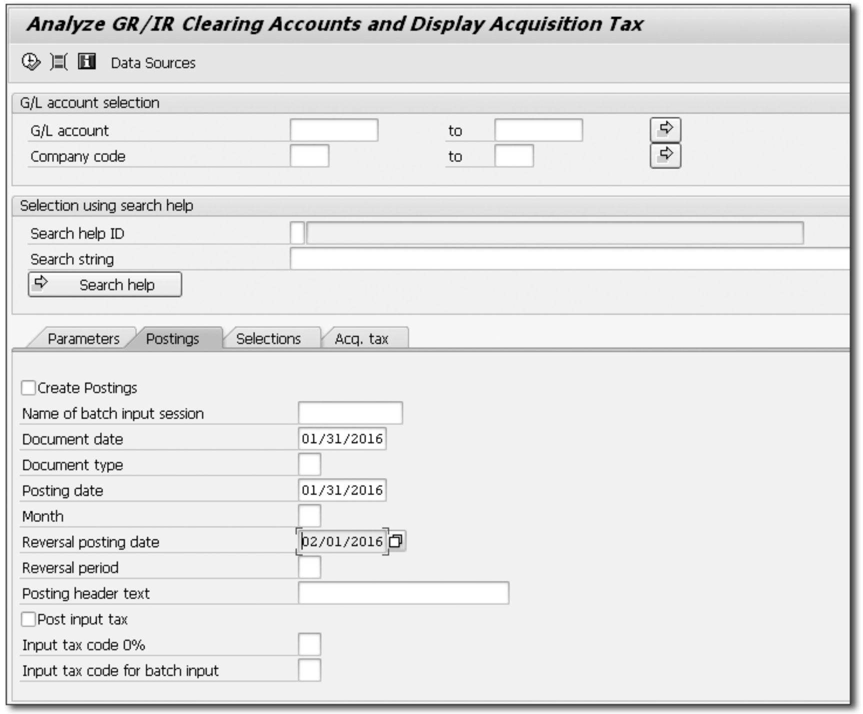
**Figure 16.21** Analyze GR/IR Clearing Account Selection Screen

This program is used to analyze GR/IR clearing accounts at a specified key date. It can also be used to generate adjustment postings which are needed to display the following business transactions in the balance sheet:

- Goods delivered, but not invoiced
- Goods invoiced, but not delivered

When Transaction F.19 is executed, it selects all items in GR/IR clearing accounts that are open at the specified key date. If the open items per purchase order number and items in local currency do not balance to zero, adjustment postings are created. A credit balance in the GR/IR account reflects PO items that are delivered, but not invoiced. A debit balance reflects items that are invoiced, but not delivered.

Keep in mind that the adjustments to GR/IR are necessary for reporting, but subsequent purchasing activity will likely take place to net GR/IR line items to zero. Therefore, adjustment postings are intended to be reversed at a future date. All postings are reversed at the specified reverse posting date entered on the POSTINGS tab, as shown in Figure 16.22. If no date is entered, the program reverses the postings on the day after the key date.


Analyze GR/IR Clearing Accounts and Display Acquisition Tax
Data Sources
G/L account selection
G/L account
to
Company code
to
Selection using search help
Search help ID
Search string
Search help
Parameters
Postings
Selections
Acq. tax

☐ Create Postings
Name of batch input session
Document date 01/31/2016
Document type
Posting date 01/31/2016
Month
Reversal posting date 02/01/2016
Reversal period
Posting header text
☐ Post input tax
Input tax code 0%
Input tax code for batch input

**Figure 16.22** Analyze GRIR Clearing Accounts Postings Tab

Another tool in FI for GR/IR account maintenance is Transaction F.13. This can be found using application menu path ACCOUNTING • FINANCIAL ACCOUNTING • GENERAL LEDGER • PERIODIC PROCESSING • AUTOMATIC CLEARING • F.13 – WITHOUT SPECIFICATION OF CLEARING CURRENCY, as shown in Figure 16.23.

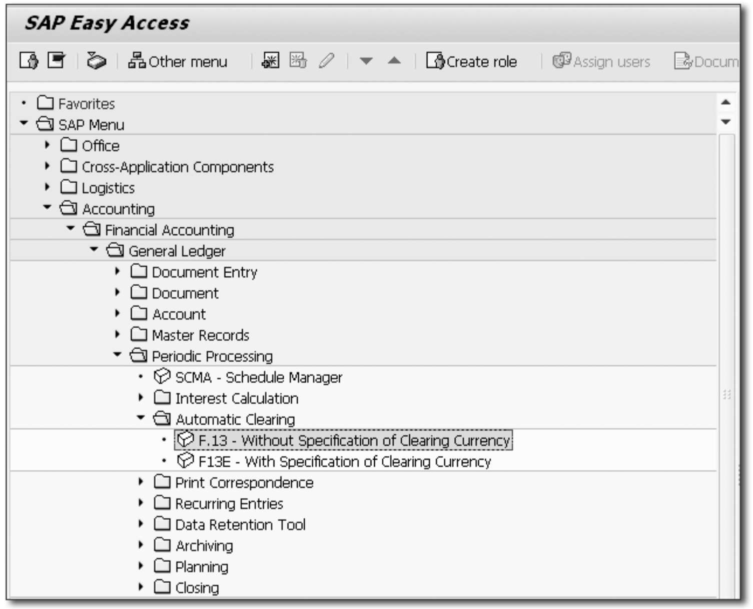
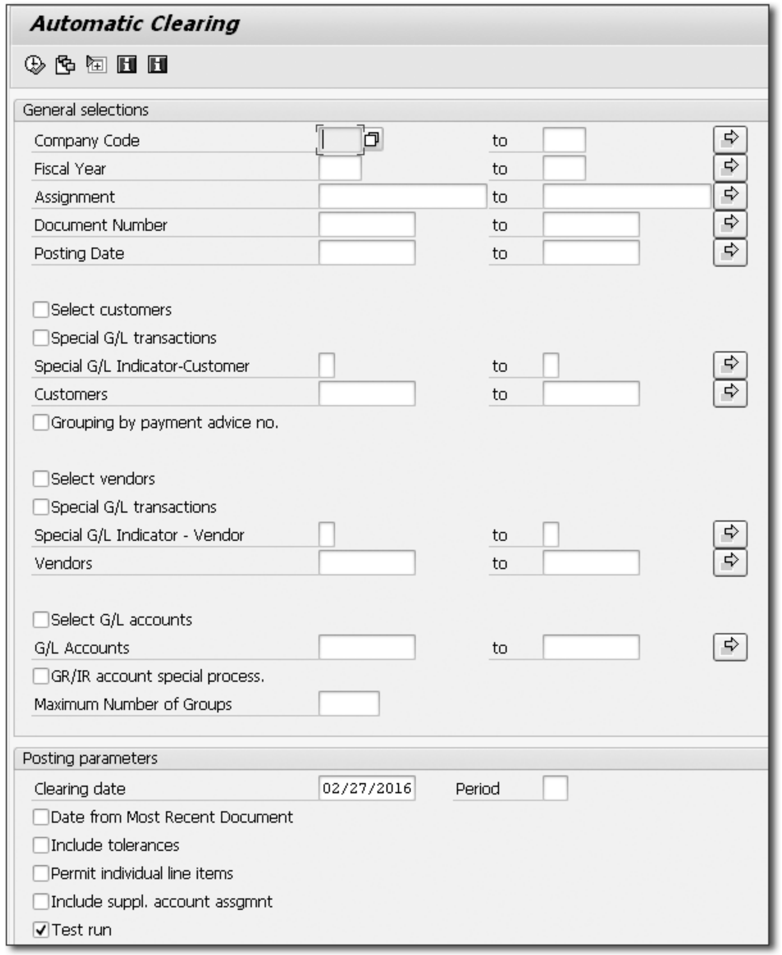

SAP Easy Access
Other menu
Create role
Assign users
Docum
Favorites
SAP Menu
Office
Cross-Application Components
Logistics
Accounting
Financial Accounting
General Ledger
Document Entry
Document
Account
Master Records
Periodic Processing
SCMA - Schedule Manager
Interest Calculation
Automatic Clearing
F.13 - Without Specification of Clearing Currency
F13E - With Specification of Clearing Currency
Print Correspondence
Recurring Entries
Data Retention Tool
Archiving
Planning
Closing

**Figure 16.23** Automatic GRIR Account Clearing

Double-click on Transaction F.13 and the AUTOMATIC CLEARING screen appears (Figure 16.24).

Transaction F.13 is not used exclusively for GR/IR clearing. It is also used to clear open items in customer, vendor and G/L accounts. The logic, however, is the same for clearing GR/IR accounts. For GR/IR accounts, the program logic attempts to match documents that can be cleared by and omit documents that cannot.

There is one particular point to emphasize with GR/IR matching. There is a GR/IR ACCOUNT SPECIAL PROCESS checkbox (Figure 16.24) you can select. This special process is used when the assignment of goods receipts to the corresponding invoice receipts is insufficient, based on the purchase order number and purchase order item. This indicator then not only matches GR/IR items by PO number and the PO item, but also using the material document if a goods receipt-related invoice verification is defined in the purchase order item.


Automatic Clearing
General selections
Company Code
Fiscal Year
Assignment
Document Number
Posting Date
to
Select customers
Special G/L transactions
Special G/L Indicator-Customer
Customers
Grouping by payment advice no.
Select vendors
Special G/L transactions
Special G/L Indicator - Vendor
Vendors
Select G/L accounts
G/L Accounts
GR/IR account special process.
Maximum Number of Groups
Posting parameters
Clearing date
Period
Date from Most Recent Document
Include tolerances
Permit individual line items
Include suppl. account assgmnt

Clearing date 02/27/2016

☑ Test run

**Figure 16.24** Automatic GRIR Account Clearing Selection Screen

## 16.7 Depreciation

Depreciation is covered in detail in Chapter 13. Rather than repeat the information already contained in that chapter, we'll summarize a few of the key points here.

Depreciation of an asset is typically referred to as *asset consumption*. It decreases the value of an asset and allocates costs of an asset to periods in which it is used.

The primary output of an SAP depreciation run is a summary level document with accounting entries that include credits to accumulated depreciation G/L accounts (on the balance sheet) and debits to asset expense G/L accounts (on the profit and loss statement).

Executing depreciation is an important step in financial close. It is done using Transaction code Transaction AFAB or application menu path ACCOUNTING • FINANCIAL ACCOUNTING • FIXED ASSETS • PERIODIC PROCESSING • AFAB—EXECUTE, as shown in Figure 16.25.

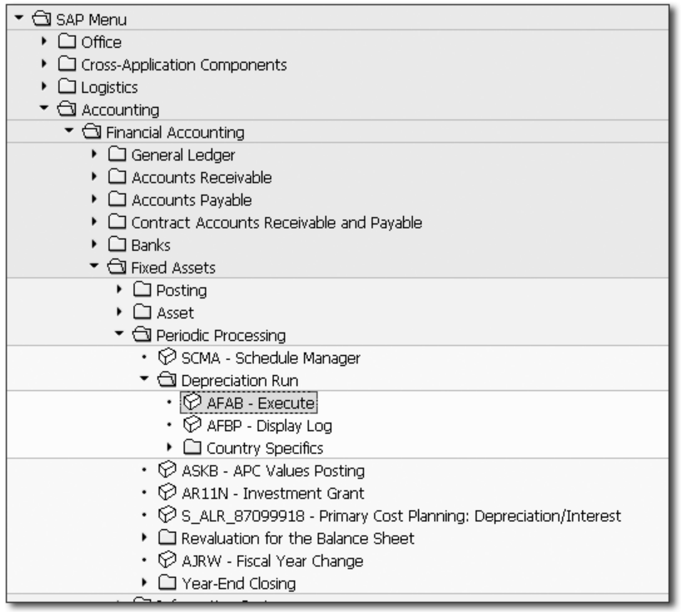

SAP Menu
Office
Cross-Application Components
Logistics
Accounting
Financial Accounting
General Ledger
Accounts Receivable
Accounts Payable
Contract Accounts Receivable and Payable
Banks
Fixed Assets
Posting
Asset
Periodic Processing
SCMA - Schedule Manager
Depreciation Run
AFAB - Execute
AFBP - Display Log
Country Specifics
ASKB - APC Values Posting
AR11N - Investment Grant
S_ALR_87099918 - Primary Cost Planning: Depreciation/Interest
Revaluation for the Balance Sheet
AJRW - Fiscal Year Change
Year-End Closing

**Figure 16.25** Application Menu Path for Depreciation

It is always a good idea to run depreciation in test mode first. To view the results of a depreciation run, use Transaction AFBP.

## 16.8 Summary

This chapter covered essential transactions in the month-end and year-end close processes. Financial close involves much more than the system mechanics of closing FI in SAP. Several manual steps, analyses, and accounting corrections need to be made to produce clean and accurate financial statements. Having a complete and organized process for closing the books is vital.

This chapter began with a discussion of opening and closing FI periods using Transaction OB52. This transaction is the control center to ensure general users are restricted to posting in a particular accounting period. Furthermore, this transaction provides flexibility in allowing you to specify open periods by account type. Transaction OB52 also permits the use of authorization groups which enables a special user (e.g., the accounting director) to make entries in periods not open to general users.

G/L account balance carryforward is another important financial close process and is the critical step in year-end close. Transaction FAGLGVTR is the primary transaction in New G/L used to carry forward G/L balances. However, if you use a Special Ledger, you will also need to execute Transaction GVTR to carry forward Special Ledger balances. This chapter also covered the carryforward of subledgers, including vendors and customers.

Fixed assets is a subledger that needs special consideration. Depreciation is a process step in both month-end and year-end close. During year-end close, two transactions must be executed. The first, Transaction AJRW, is a technical step to carryforward fixed assets into the new fiscal year. The second, Transaction AJAB, changes the fiscal year in FI-AA.

There are also several different type of periodic processes that were discussed. This category includes numerous transactions, such as recurring entries. Which ones you need to execute as a part of financial close is dependent upon your business processes and the SAP modules implemented to support your business. They include such functions as recurring entries, dunning, outgoing payments, depreciation, interest calculations, and more. In this chapter, an example of a recurring entry is demonstrated.

This concludes our discussion of month-end and year-end close procedures in FI. Closing the books is not isolated to SAP FI. Any integrated process that crosses SAP modules may require action, due to financial integration. In the next chapter, we build on the financial close processes discussed in this chapter by addressing integrated financial close, for which specific steps are needed in modules other than FI.

# Contents

**1 Introduction to Financial Accounting .................................... 15**

1.1 Defining the Organizational Structure .................................... 16
  1.1.1 Company .................................... 18
  1.1.2 Company Code .................................... 19
  1.1.3 Credit Control Area .................................... 21
  1.1.4 Segment .................................... 22
  1.1.5 Profit Center .................................... 23
  1.1.6 Business Area .................................... 24
  1.1.7 Functional Area .................................... 25
  1.1.8 Financial Management Area .................................... 26
1.2 Assigning Organizational Structures .................................... 27
  1.2.1 Company Code to Company .................................... 29
  1.2.2 Company Code to Credit Control Area .................................... 30
  1.2.3 Company Code to Financial Management Area .................................... 30
  1.2.4 Profit Centers to Company Code .................................... 31
1.3 Making Cross-Modular Assignments .................................... 32
  1.3.1 Company Code to Controlling Area .................................... 33
  1.3.2 Plants to Company Code .................................... 35
  1.3.3 Sales Organization to Company Code .................................... 37
  1.3.4 Purchasing Organization to Company Code .................................... 38
  1.3.5 Personnel Area to Company Code .................................... 39
1.4 Summary .................................... 41

**2 Financial Accounting Master Data .................................... 43**

2.1 General Ledger Accounts .................................... 44
  2.1.1 Chart of Accounts .................................... 45
  2.1.2 G/L General Data .................................... 46
  2.1.3 G/L Company Code Data .................................... 48
2.2 Vendor Accounts .................................... 51
  2.2.1 Vendor General Data .................................... 52
  2.2.2 Vendor Company Code Data .................................... 55
2.3 Customer Accounts .................................... 58
  2.3.1 Customer General Data .................................... 59
  2.3.2 Customer Company Code Data .................................... 62

2.4 Fixed Assets ..... 64
2.5 Banks ..... 67
2.6 Summary ..... 68

**3 General Ledger Transactions ..... 71**

3.1 Journal Vouchers ..... 72
  3.1.1 Document Entry ..... 72
  3.1.2 Post, Park, Save as Complete, and Hold ..... 76
  3.1.3 Tree Display ..... 87
  3.1.4 Using Screen Variants and Account Assignment Templates ..... 90
  3.1.5 Controlling Document Entry with Editing Options ..... 95
  3.1.6 Post with Reference ..... 104
3.2 Post with Clearing ..... 112
3.3 Resetting and Reversing Documents ..... 117
3.4 Changing and Displaying Documents ..... 126
3.5 Relationship Browser ..... 133
3.6 Reference Documents ..... 134
  3.6.1 Account Assignment Models ..... 135
  3.6.2 Recurring Documents ..... 138
  3.6.3 Sample Documents ..... 144
3.7 Summary ..... 147

**4 General Ledger Account Inquiries ..... 149**

4.1 Account Displays ..... 149
  4.1.1 Account Balance ..... 150
  4.1.2 Account Line Items ..... 152
4.2 Reports and Queries ..... 156
4.3 Summary ..... 160

**5 Accounts Payable Processes ..... 161**

5.1 Logistics ..... 162
  5.1.1 Create Purchase Requisition ..... 163
  5.1.2 Purchase Orders ..... 163
  5.1.3 Inbound Delivery/Post Goods Receipt/Invoice Receipt ..... 164
  5.1.4 Automatic Creation of Accounting Invoice ..... 167
5.2 Create Direct Invoices ..... 169

5.3 Issue Outgoing Payments ..... 170
5.4 Process Exceptions ..... 173
  5.4.1 Credit Memos ..... 173
  5.4.2 Document Reversals ..... 175
  5.4.3 Change Posted Documents ..... 176
5.5 Summary ..... 177

**6 Accounts Payable Transactions ..... 179**

6.1 Vendor Invoices ..... 180
  6.1.1 Document Entry ..... 180
  6.1.2 Post, Park, Save as Complete, and Hold ..... 184
  6.1.3 Tree Display ..... 196
  6.1.4 Using Screen Variants and Account Assignment Templates ..... 200
  6.1.5 Controlling Document Entry with Editing Options ..... 206
  6.1.6 Post with Reference ..... 215
6.2 Credit Memos ..... 223
6.3 Down Payments Sent ..... 227
6.4 Resetting and Reversing Documents ..... 230
6.5 Changing and Displaying Documents ..... 239
6.6 Issuing Outgoing Payments ..... 245
6.7 Summary ..... 249

**7 The Automated Payment Program Process ..... 251**

7.1 The Automated Payment Program Process ..... 252
  7.1.1 Maintain Parameters. ..... 253
  7.1.2 Create Payment Proposal ..... 256
  7.1.3 Execute Payment Run ..... 258
7.2 Additional Settings ..... 261
  7.2.1 Free Selection ..... 261
  7.2.2 Additional Logs ..... 266
  7.2.3 Variants for Data Medium ..... 268
7.3 Automatic Payment Run Inquiries ..... 273
  7.3.1 Proposal Lists ..... 273
  7.3.2 Payment Lists ..... 276
7.4 Summary ..... 277

**8 Accounts Payable Account Inquiries ........ 279**

8.1 Vendor Account Displays ........ 280
  8.1.1 Vendor Account Balance ........ 280
  8.1.2 Vendor Account Line Items ........ 282
8.2 Due Date Analysis ........ 286
8.3 Payment History ........ 287
8.4 Check Register ........ 290
8.5 Reports and Queries ........ 296
8.6 Summary ........ 301

**9 Accounts Receivable Processes ........ 303**

9.1 Logistics ........ 304
  9.1.1 Sales Orders ........ 307
  9.1.2 Outbound Deliveries ........ 308
  9.1.3 Billing Documents ........ 309
  9.1.4 Automatic Creation of Accounting Invoice ........ 310
9.2 Direct Invoices ........ 311
  9.2.1 Outside Sales Ordering System ........ 312
  9.2.2 No Sales Order Exists ........ 312
  9.2.3 Miscellaneous Receivables ........ 312
9.3 Customer Account Maintenance and Incoming Payments ........ 313
9.4 Process Exceptions ........ 314
  9.4.1 Credit Memos ........ 314
  9.4.2 Document Reversals ........ 315
  9.4.3 Change Posted Documents ........ 317
9.5 Summary ........ 318

**10 Accounts Receivable Transactions ........ 321**

10.1 Customer Invoices ........ 321
  10.1.1 Document Entry ........ 322
  10.1.2 Post, Park, Save as Complete, and Hold ........ 326
  10.1.3 Tree Display ........ 338
  10.1.4 Using Screen Variants and Account Assignment Templates ........ 340
  10.1.5 Controlling Document Entry with Editing Options ........ 346
  10.1.6 Post with Reference ........ 355
10.2 Credit Memos ........ 363
10.3 Down Payments Received ........ 367

10.4 Resetting and Reversing Documents ........ 372
10.5 Changing and Displaying Documents ........ 380
10.6 Process Incoming Payments ........ 386
10.7 Dunning ........ 390
10.8 Credit Management ........ 394
10.9 Summary ........ 394

**11 Accounts Receivable Account Inquiries ........ 397**

11.1 Customer Account Displays ........ 398
  11.1.1 Customer Account Balance ........ 398
  11.1.2 Customer Account Line Items ........ 400
11.2 Customer Analysis ........ 404
11.3 Reports and Queries ........ 411
11.4 Uses for Customer Inquiries ........ 416
11.5 Summary ........ 417

**12 Fixed Asset Processes ........ 419**

12.1 The Fixed Asset Lifecycle ........ 420
  12.1.1 Stages of the Asset Lifecycle ........ 420
  12.1.2 Structure of FI-AA Application Menu ........ 422
  12.1.3 FI-AA Configuration ........ 424
  12.1.4 Depreciation ........ 426
12.2 Asset Acquisition ........ 427
  12.2.1 Fixed Asset Acquisition Types ........ 427
  12.2.2 External Asset Acquisition with Purchase Order ........ 429
  12.2.3 Internal Acquisition ........ 431
  12.2.4 Assets under Construction and Settlements ........ 432
12.3 Summary ........ 433

**13 Fixed Asset Transactions ........ 435**

13.1 Creating an Asset ........ 435
13.2 Changing, Displaying, and Locking ........ 444
13.3 Navigating the Asset Explorer ........ 453
13.4 Transfers ........ 457
13.5 Retirement ........ 461
13.6 Value Adjustments ........ 461
13.7 Depreciation ........ 462
13.8 Summary ........ 467

**14 Fixed Asset Posting Logic ........ 469**

14.1 General Ledger Accounts ........ 470
  14.1.1 Balance Sheet Accounts ........ 470
  14.1.2 Profit and Loss Accounts ........ 472
14.2 Asset Classes ........ 473
14.3 Account Determinations ........ 475
14.4 Reports and Tools ........ 481
14.5 Summary ........ 488

**15 Bank Master Data and Processes ........ 491**

15.1 Bank Master Data ........ 492
  15.1.1 Vendor and Customer Bank Data ........ 492
  15.1.2 House Banks ........ 495
15.2 Structuring Bank Accounts in the G/L ........ 500
  15.2.1 Bank Balance Sheet Accounts ........ 501
  15.2.2 Bank G/L Clearing Accounts ........ 503
15.3 Bank Reconciliation ........ 505
  15.3.1 Electronic Bank Statements ........ 505
  15.3.2 Manual Bank Statements ........ 510
15.4 Post Processing of Electronic Bank Statements ........ 512
15.5 Summary ........ 517

**16 Financial Close Processes ........ 519**

16.1 Opening and Closing Financial Periods ........ 520
16.2 Balance Carryforward ........ 522
16.3 Fixed Assets ........ 526
16.4 Periodic Processing ........ 530
16.5 Foreign Currency Valuations ........ 535
16.6 GR/IR Clearing ........ 536
16.7 Depreciation ........ 540
16.8 Summary ........ 541

**17 Integrated Financial Close in SAP ERP ........ 543**

17.1 Integrated Financial Close and Cost Accounting ........ 544
  17.1.1 CO Period Locks ........ 544
  17.1.2 Other CO Close Activities ........ 550

17.2 Integrated Financial Close and Materials Management ........ 551
  17.2.1 MM Period Maintenance ........ 551
  17.2.2 Other MM Close Activities ........ 556
17.3 Integrated Financial Close and Sales and Distribution ........ 558
17.4 Summary ........ 558

**Appendices ........ 561**

A The New General Ledger ........ 563
  A.1 Flexibility and Extensibility ........ 564
  A.2 Activation of the New G/L ........ 565
  A.3 Ledgers ........ 566
    A.3.1 Assigning Scenarios to Ledgers ........ 567
    A.3.2 Parallel Ledgers ........ 568
  A.4 Document Splitting ........ 572
  A.5 Segments ........ 576
  A.6 Profit Center Accounting ........ 578
  A.7 Summary ........ 580
B Important Tables in Financial Accounting ........ 583
C The Author ........ 587

Index ........ 589

# Index

## A

A/P account inquiry, 279
A/P accounting documents, 239, 243
A/P invoice, 169–170, 172, 176, 180, 441
A/P module, 179–180, 223, 245
A/P reversal document, 231
A/P transactions, 179
A/R account balances, 397
A/R accounting document, 384
A/R invoice, 310, 317, 403–404, 461
A/R reconciliation balances, 397
A/R reports, 411
A/R transactions, 321
Account assignment template, 72, 88, 92, 180, 197, 199–200, 202–203, 205, 321, 339–340, 343–344
Account balance, 149
  *display*, 280
  *G/L*, 72, 180
  *General Ledger (G/L)*, 18
Account determination, 166, 434, 469, 472, 474–475, 477–478, 480, 488, 504
Account displays
  *G/L*, 72, 180, 252
Account ID, 496
Account inquiries
  *G/L*, 71, 179, 251
Account line item display, 152
Account statements, 313, 417
Accounting documents, 430
Accounting editing options, 347
Accounting standards, 462
Accounts payable
  *account inquiries*, 279
Accounts Payable (A/P), 556
Accounts receivable
  *account inquiries*, 397
Accumulated depreciation, 471, 488, 530
Acquire-to-retire, 421, 432, 434
  *process*, 467
Acquisition and production cost, 470
Acquisition lock, 452
Acquisition values, 454
Active document splitting, 573, 575
Activity allocations, 550
Activity-based costing, 550
Additional logs, 278
APC write-up, 462
Asset accountant, 434
Asset accounting, 470
Asset acquisition, 421, 427, 429, 434, 469, 475, 477
  *document*, 444
Asset balance sheet accounts, 477
Asset capitalization, 428, 441, 467
Asset change, 423
Asset classes, 64, 434, 439, 470, 473–475, 488
  *screen layout rules*, 474
Asset creation, 423
Asset deletion, 423
Asset display, 423
Asset Explorer, 453, 457, 467
  *navigation pane*, 454
Asset fiscal year change, 527–528
Asset lifecycle, 419–420, 422
Asset lock, 423
Asset maintenance, 421
Asset master data, 423
Asset master record, 65, 420–421, 426, 429, 435, 439, 445, 452, 467, 473–474, 488
Asset number, 448
  *ranges*, 474
Asset postings, 469, 481, 488
Asset retirement, 461, 467, 475, 477
Asset revaluations, 475, 477
Asset sale, 461
Asset scrapping, 461
Asset subnumber, 445
Asset transactions, 469
Asset transfer, 457, 460, 467, 473
Asset types, 424
Asset valuation attributes, 439
Asset valuation methods, 421
Asset value, 441
Asset write-up, 461
Assets under construction (AuC), 428, 432, 457, 529

Authorization groups, 521, 542
Automated payment program, 179, 251, 261, 277
Automatic clearing, 531
Automatic payment program, 251, 556
Automatic payment run, 273–274
  *inquiries*, 273
Automatic payment transactions
  *additional log*, 266
  *free selection*, 264
Automatic payments, 170

## B

Balance carryforward, 524
  *processing options*, 524
  *transactions*, 526
Balance sheet account, 47, 472, 488, 501, 523, 525
Balance sheets, 424, 460, 462, 470, 572, 575, 579, 581–582
Bank accounts, 500
Bank balance sheet accounts, 501
Bank clearing accounts, 501, 504–505, 517
Bank G/L clearing accounts, 503
Bank key, 495
Bank master data, 491, 517
Bank master record, 67, 492–493, 500, 517
Bank reconciliation, 492, 503, 505, 517
Bank statement algorithms, 507
Bank statement file specifications, 506
Bank statement formats, 506
Bank statement posting parameters, 506
Billing, 318, 558
Billing document, 304, 307, 310–311, 316–317, 558
Billing run, 558
Block asset, 450–451
Blocking customer accounts, 318
Business area, 24, 572, 574
Business partners, 500

## C

Carry forward assets, 527
Carry forward G/L account balances, 519, 522, 542
Carry forward to fiscal year, 524
Cash and Liquidity Forecasting, 501
Cash forecasting, 558
Cash Management, 313, 398, 507
Change actual period lock, 546
Change asset
  *fiscal year*, 527–528
  *master data*, 446
  *master record*, 444
Change document, 241, 382
Change fiscal year, 523
Change house bank, 497
Change posted documents, 317
Change sales order, 307
Changing and displaying documents, 126, 239, 380
Chart of accounts, 20, 44, 469–470, 477, 500
Chart of depreciation, 475
Check management, 290
Check register, 290
Classic G/L, 563–564, 575
Classic PCA, 578, 581
Cleared customer invoice, 408
Clearing document, 117, 172, 230, 314, 372, 406–408
  *number*, 289
Clearing transactions, 574
Closing functions, 569
CO allocations, 550
CO assessments, 550
CO distributions, 550
CO period control, 544, 547
CO period locks, 544
CO transaction type, 544
CO version, 544
Collections, 318
Company, 18
Company code, 19, 30–31, 33, 36, 38, 41, 150
Consolidated financial statements, 581
Controlling (CO), 543
  *area*, 41
Cost accounting, 544
Cost center accounting, 550
Cost element accounting, 550
Cost-of-sales accounting, 25

Cost-of-sales ledger, 567
Country chart of accounts, 45
Create asset master record, 444
Create asset record, 437
Create inbound delivery, 161
Create payment proposal, 251–252, 256
Create purchase requisition, 161
Create sales order, 307
Credit control area, 21, 30
Credit Management, 313, 318, 394, 417
Credit memo, 173–174, 223, 314, 321, 363
Cross-modular processes, 304
Currency translation, 531
Currency valuation, 531
Customer account, 326, 400, 404, 408, 415
  *analysis*, 409, 418
  *balance account analysis*, 409
  *balance display*, 398
  *balances*, 398, 411, 417
  *displays*, 398, 411
  *inquiries*, 398, 401, 416
  *line item display*, 417
  *line items*, 400
  *maintenance*, 318, 418
Customer analysis, 404, 408
Customer balance display, 399
Customer balances, 398, 411, 415
Customer bill, 318
Customer billing document, 309
Customer credit memo, 364–365
Customer credit ratings, 313, 318, 417
Customer down payment, 371
  *request*, 369
Customer due date analysis, 412
Customer due date forecast, 414–415
Customer invoice, 314, 318, 321, 355, 358, 363, 386, 401, 558
Customer invoice document, 322, 362
Customer line item display, 398, 400, 402, 404, 406–407
Customer line items, 401, 411
Customer master data, 411, 530
Customer master records, 58
Customer open items, 412, 414–415
Customer payment, 386, 406–407
  *history*, 418
Customer-defined fields, 574
Customizing Implementation Guide (IMG), 16

## D

Data medium exchange, 268
Days sales outstanding (DSO), 416
Default profit center, 579, 582
Delete asset
  *master record*, 445
Depreciation, 421, 434, 462, 475, 530, 542
  *areas*, 439, 454, 475
  *calculation*, 455
  *expense*, 472, 488, 530
  *key*, 455
  *parameters*, 467
  *posting run*, 463
  *postings*, 469, 530
  *run log*, 467
  *terms*, 473, 488
  *transactions*, 470
Depreciation run, 464–465, 469
  *display log*, 465
Direct deposit, 313
Direct invoices, 169, 304, 311
Discounts, 409, 417
Display A/R account balances, 397
Display asset
  *classes*, 474
  *master data*, 449
  *master record*, 444, 447
Display bank, 493
Display documents, 321, 380, 385
Display of retained earnings accounts, 525
Display payment proposal, 257
Display sales order, 307
Display vendor, 494–495
Displaying documents, 126, 239
Document entry, 322
Document hold, 83, 192, 334, 336
Document line items, 572, 581
Document parking, 185, 326
Document relationship browser, 133
Document reversal, 315
Document splitting, 563, 572–574, 576, 581
  *rules*, 575
Document type, 444, 575
Down payment received, 321, 367
Down payment request, 227, 230
Down payments, 227, 399, 409, 417, 478
Due date check, 266

Dunning, 313, 318, 390, 417, 530, 542, 558
  *levels*, 530
  *notices*, 530
  *parameters*, 391
  *run*, 390

## E

Editing options, 72, 95–96, 180, 206, 209, 212, 322, 346
Electronic bank reconciliation, 501
Electronic bank statement, 501, 503, 505, 511, 518
Enter customer invoice, 323, 357
Enter vendor credit memo, 224–225
Enter vendor invoice, 181, 442
Enterprise structure, 15
Evaluated Receipt Settlement (ERS), 166
Execute payment run, 251–252
External acquisition transaction types, 428
External asset acquisitions, 431
External fixed asset acquisition, 428, 431, 441

## F

FI periods, 550
FI-AA account determinations, 426
Financial Accounting, 15
Financial close, 558
  *cockpit*, 519
  *processes*, 519
  *steps*, 519, 543
Financial management (FM) area, 26, 30
Financial periods, 519–520
Financial reporting, 564
Financial statements, 574, 581
Fiscal year change, 522
Fiscal year variant, 20
Fixed asset balance sheet accounts, 471
Fixed asset balances, 434
Fixed asset financial close, 526
Fixed asset lifecycle, 467
Fixed asset master data, 64
Fixed asset subledger, 420
Fixed asset transactions, 435, 468
Fixed asset types, 421
Fixed asset value adjustments, 461
Fixed assets, 64
Follow-on documents, 559
Free selection, 278
Functional area, 25
Funds, 574

## G

G/L account, 44, 74, 470
  *balances*, 149–151, 155, 160, 185
  *company code data*, 45
  *displays*, 149
  *general data*, 45
  *groups*, 470
  *inquiries*, 149, 160
  *line item display*, 160
  *line items*, 221
  *type*, 522, 542
G/L accounts, 469–470, 472, 475, 478, 488, 492, 496, 498, 502, 504, 569
G/L bank accounts, 500, 504, 511, 517
G/L clearing accounts, 503
G/L line item, 225
G/L maintenance functions, 149
G/L reconciliation account, 469
G/L subaccounts, 496
G/L transactions, 179
G/L view, 573
General ledger transactions, 71
Generally Accepted Accounting Principles (GAAP), 570
Goods receipt, 162, 164, 166, 176–177, 556
Goods receipt-based invoice verification, 557
GR/IR account clearing, 557
GR/IR account maintenance, 536, 557
GR/IR balances, 557
GR/IR clearing function, 536, 556
Group chart of accounts, 45

## H

Hold, 76, 184, 326, 334
House bank, 67, 492, 495, 501–502
  *accounts*, 504, 517
Human Resource Management, 41

## I

Inbound delivery, 164
Incoming check payment, 313
Incoming payment, 313, 318, 386, 408, 492
Integrated financial close, 542–543
Intercompany asset transfer, 457
Interest calculations, 530, 542
Internal acquisition, 428
Internal order (IO), 432
Internal orders, 550
International Accounting Standards (IAS), 569
International Financial Reporting Standards (IFRS), 570
Intracompany asset transfer, 457
Invoice document, 311
Invoice receipt, 162, 166, 176, 556
Invoice reference transactions, 574
Invoice verification, 557
Issuing outgoing payments, 245

## J

Journal voucher, 72, 75–76, 95, 180

## L

Last dunned date, 530
Leading ledger, 569, 581
Liquidity forecasting, 313
Local accounting principles, 569
Local currency, 523
Local ledger, 522, 569
Lock asset master record, 444
Lockbox, 313
Logistics, 41
Logistics Invoice Verification, 167

## M

Main bank balance sheet account, 501
Main bank G/L account, 505
Maintain parameters, 253
Maintain payment parameters, 251, 266
Maintain payment program parameters, 252
Maintain variants, 270
Maintenance functions, 397
Manage historically, 438
Management Accounting, 544
Manual accruals, 531
Manual bank reconciliation, 505
Manual bank statements, 510–511, 518
Manual incoming payment, 386
Manual reposting, 550
Mass document reversal, 233–234, 375
Mass reversal, 374
Master data, 43
Master records, 420
Material document, 168
Material invoice document, 430
Material master, 536, 556
Material Requirements Planning, 163
Materials Management (MM), 38, 41, 543, 551
MM period control, 553
MM posting to previous period, 555
MM-LIV, 177
MM-Logistics, 558
MM-Purchasing, 177
Monitoring customer accounts, 318
Month-end close, 434, 463, 467, 469, 519, 530, 535, 541, 550, 556, 558

## N

Net book value, 455, 467
Net due date, 405
New fiscal year, 527
New G/L, 24, 542, 564, 578, 580–581
New G/L extensibility, 564
New G/L migration, 563
Nonleading ledgers, 569, 581

## O

Open customer invoice, 406
Open customer receivable, 401
Open item management, 401
Open item selection, 388
Open receivables, 558
Open sales orders, 558

Open/close financial periods, 542
Operational chart of accounts, 18, 29
Operative chart of accounts, 45
Order-to-cash, 304
Ordinary depreciation, 477, 479
Outbound delivery, 308, 316–318
Outgoing payment, 162, 170, 223, 530, 542, 574
Overdue accounts, 313, 318, 417

## P

P&L accounts, 472
Parallel ledgers, 563, 581
Park, 76, 95, 184, 326
Park customer invoice, 327, 331
Park G/L account document, 78, 81
Park vendor invoice, 186
Parked documents, 199, 326, 340
Partial asset transfer, 457
Passive document splitting, 574–575
Passive splitting, 573
Payment date, 406
Payment history, 408
Payment lists, 276, 278
Payment method, 289
  *selection in all cases*, 268
Payment output, 260
Payment parameters, 261, 277
Payment program parameters, 256
Payment proposal, 256, 273, 277
Payment receipt, 386, 397
Payment run, 258
Payment terms, 313, 318, 417
Periodic processes, 519, 530, 535
Periodic processing, 463
Personnel area, 39, 41
Planned depreciation, 454
Planned values, 454
Plant, 35, 41
Plant Maintenance, 551
Post, 76, 95, 184, 326
Post fixed asset external acquisition, 444
Post incoming payments, 387–388
Post outgoing payments, 247
Post with clearing, 112, 117, 223
Post with reference, 72, 104, 111, 180, 215, 217, 223, 322, 355, 357, 360
Posted values, 455
Posting models, 480
Posting period variant, 20
Previous fiscal year, 522
Price variances, 536, 556–557
Printing correspondence, 531
Process manual bank statements, 510, 512
Process open items, 247, 389
Procure-to-pay, 161–162
Product cost controlling, 550
Profit and loss, 470
Profit and loss (P&L) account, 47
Profit and loss account balances, 525
Profit and loss accounts, 472
Profit and loss balance transfers, 524
Profit and loss G/L accounts, 523
Profit center, 23, 31, 572, 578
Profit Center Accounting, 563, 578, 581
Profit Center Accounting ledger, 567
Profit centers, 574
Profitability Analysis, 544, 550–551, 558
Proposal lists, 278
Purchase order, 161, 163–164
Purchase order item, 536, 556
Purchase requisition, 161–163
Purchasing organization, 38, 41

## R

Reconciliation account, 51, 58, 65, 420, 470–471, 475, 488
Reconciliation ledger, 567
Recurring documents, 531
Recurring entries, 530, 542
Relationship Browser, 133, 245, 386
Reports
  *A/R*, 411
  *G/L*, 156
Reports and queries, 156
Reset cleared items, 377
Resetting and reversing documents, 117, 230, 372
Retained earnings account, 523–525
Retirement, 421
Reversal reason, 373, 378
Reverse accruals, 531
Reverse document, 175–176, 373

## S

Sales and Distributions (SD), 37, 41, 543, 558
Sales order statuses, 558
Sales orders, 306–307, 551
Sales organization, 37, 41
Save as completed, 76, 80, 95, 148, 184, 188, 191, 250, 326, 330
Schedule job, 506
Screen variants, 72, 88, 92, 180, 197, 200–201, 321, 339–342
Screen variants for items, 199
SD-Billing, 305, 319
SD-Sales, 305, 319
Segment, 22, 563, 572–574, 576, 578, 581
Segment reporting, 564, 576
Simulate button, 225
Special depreciation, 477, 479
Special G/L transactions, 399
Special ledger, 542
  *account balances*, 542
Special period, 521
Splitting characteristics, 575
Spool requests, 260
Standard A/R reports, 411
Standard reports, 156, 296
Status of an invoice, 401
Sub-asset numbers, 474
Subledger, 420, 488, 511

## T

Temporary document number, 86, 195, 336
Transaction
  *FB70*, 314
  *FB75*, 315
  *FBL5N*, 312
  *VA03*, 307
  *VF01*, 309–310, 315
  *VF02*, 310
  *VF03*, 310
  *VL01N*, 308
  *VL09*, 316
Transaction currency, 523
Transaction entry screen, 210
Transaction types, 469
Transfer of reserves, 462
Tree display, 87–90, 196–199, 201, 338–340

## U

Unplanned depreciation, 462, 477, 479
Useful life, 455

## V

Valuation procedure, 536, 556
Variants, 150, 400
Variants for data medium, 268
Variants for DME, 278
Vendor account, 161, 177, 223, 284
  *balance displays*, 279
  *display*, 280
  *line items*, 282
Vendor balance display, 281
Vendor balances, 223
Vendor invoice, 179, 182, 184–185, 198, 203, 205, 215, 245, 283, 287, 289, 573–574
Vendor line item display, 284–286, 288
Vendor line items, 574
Vendor master data, 52
Vendor master record, 51, 494

## W

WBS elements, 433–434, 551
Workflow variant, 20

## Y

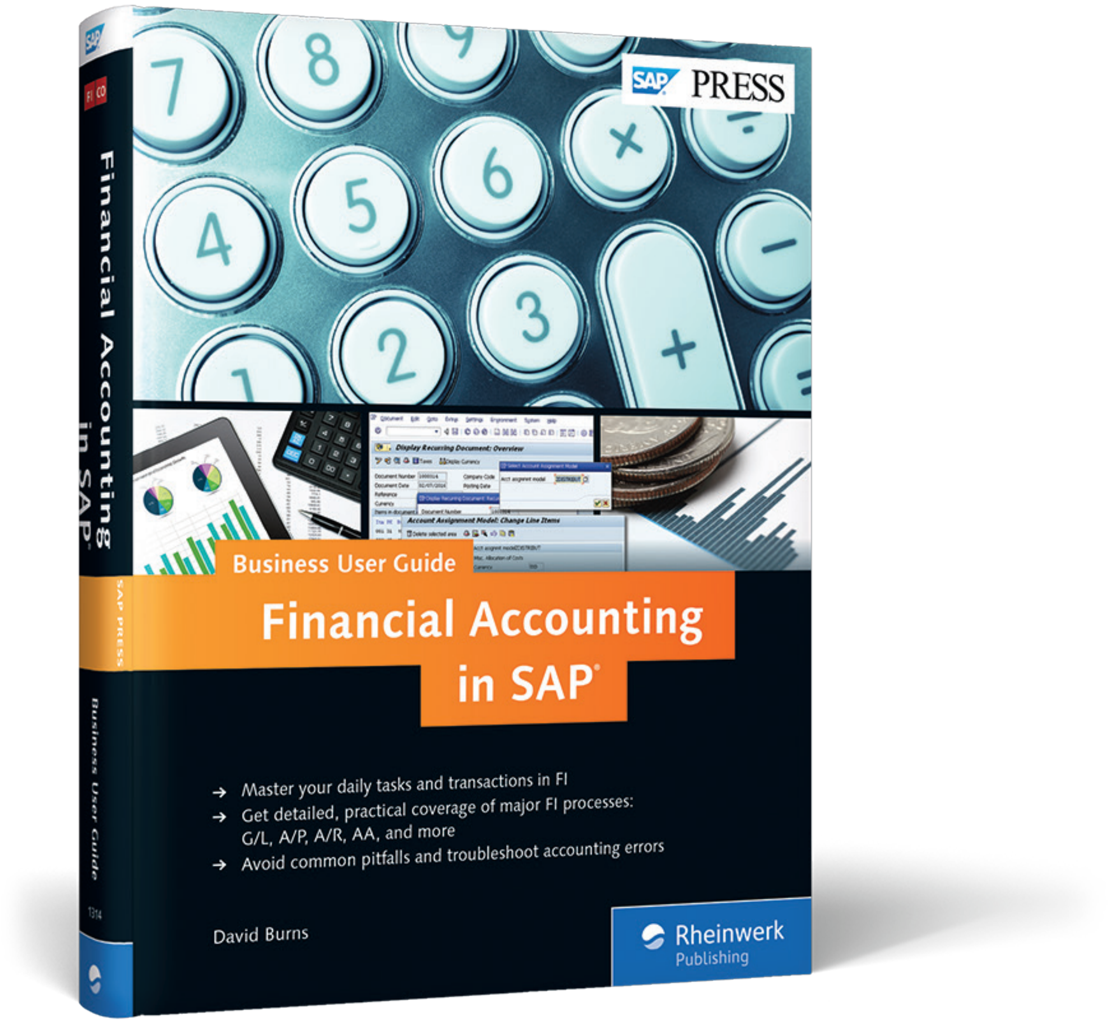
Year-end close, 434, 463, 467, 469, 519, 522, 530, 535, 541, 556, 558
  *Asset Accounting (AA)*, 529

## Z

Zero balancing, 573, 576, 581

SAP PRESS **First-hand knowledge.**

Rheinwerk Publishing


SAP PRESS
Business User Guide
Financial Accounting in SAP
Master your daily tasks and transactions in FI
Get detailed, practical coverage of major FI processes: G/L, A/P, A/R, AA, and more
Avoid common pitfalls and troubleshoot accounting errors
David Burns
Rheinwerk Publishing
Financial Accounting in SAP
FI CO
Business User Guide

David Burns

## Financial Accounting in SAP

595 Pages, 2016, $79.95
ISBN 978-1-4932-1314-6

**www.sap-press.com/3978**

**David Burns** has more than 25 years of experience as a solution architect, consultant, author, and project manager. David regularly consults with leading public and private enterprises on the implementation and support of SAP and other enterprise applications. He advises on infrastructure and application selection, and provides expertise in finance, accounting, project and program management, and strategic planning. Over the past two years, David has also been a contributing writer to SAP Experts, and was featured in the 2015 Q1 edition of insiderPROFILES magazine.

*We hope you have enjoyed this reading sample. You may recommend or pass it on to others, but only in its entirety, including all pages. This reading sample and all its parts are protected by copyright law. All usage and exploitation rights are reserved by the author and the publisher.*