SAP

FINANCIAL ACCOUNTING & CONTROLLING

SESSION -1

Enterprise resource planning (ERP)

Enterprise resource planning (**ERP**) is an enterprise-wide information system designed to coordinate all the resources, information, and activities needed to complete business processes such as order fulfillment or billing.

An ERP system supports most of the business system that maintains - in a single database - the data needed for a variety of business functions such as manufacturing, supply chain management, financials, projects, human resources and customer relationship management.

Advantages

In the absence of an ERP system, a large manufacturer may find itself with many software applications that neither talk to each other nor interface effectively. Tasks that need to interface with one another may involve:

- Integration among different functional areas to ensure proper communication, productivity and efficiency
- Design engineering (how to best make the product)
- Order tracking, from acceptance through fulfillment
- The revenue cycle, from invoice through cash receipt
- Managing inter-dependencies of complex processes bill of materials
- Tracking the three-way match between purchase orders (what was ordered), inventory receipts (what arrived), and costing (what the vendor invoiced)
- The accounting for all of these tasks: tracking the revenue, cost and profit at a granular level.

Disadvantages

Problems with ERP systems are mainly due to inadequate investment in ongoing training for the involved IT personnel - including those implementing and testing changes - as well as a lack of corporate policy protecting the integrity of the data in the ERP systems and the ways in which it is used.

Disadvantages

- Customization of the ERP software is limited.
- Re-engineering of business processes to fit the "industry standard" prescribed by the ERP system may lead to a loss of competitive advantage.
- ERP systems can be very expensive (This has led to a new category of "ERP light" solutions)
- ERPs are often seen as too rigid and too difficult to adapt to the specific workflow and business process of some companies—this is cited as one of the main causes of their failure.
- Many of the integrated links need high accuracy in other applications to work effectively. A company can achieve minimum standards, then over time "dirty data" will reduce the reliability of some applications.
- Once a system is established, switching costs are very high for any one of the partners (reducing flexibility and strategic control at the corporate level).
- The blurring of company boundaries can cause problems in accountability, lines of responsibility, and employee morale.
- Resistance in sharing sensitive internal information between departments can reduce the effectiveness of the software.

- Some large organizations may have multiple departments with separate, independent resources, missions, chains-of-command, etc, and consolidation into a single enterprise may yield limited benefits.
- The system may be too complex measured against the actual needs of the customers.

1. What is ERP ?
   ERP is a package with the techniques and concepts for the integrated management of business as a whole, for effective use of management resources, to improve the efficiency of an enterprise. Initially, ERP was targeted for manufacturing industry mainly for planning and managing core business like production and financial market. As the growth and merits of ERP package ERP software is designed for basic process of a company from manufacturing to small shops with a target of integrating information across the company.
2. What are the different types of ERP ?
   SAP, BAAN, JD Edwards, Oracle Financials, Siebel, PeopleSoft. Among all the ERPs most of the companies implemented or trying to implement SAP because of number of advantages over other ERP packages.

   3. What is SAP?

   SAP is the name of the company founded in 1972 under the German name (Systems, Applications, and Products in Data Processing) is the leading ERP (Enterprise Resource Planning) software package.
3. Why do you usually choose to implement SAP?
   There are number of technical reasons numbers of companies are planning to implement SAP. It's highly configurable, highly secure data handling, min data redundancy, max data consistency; you can capitalize on economics of sales like purchasing, tight integration-cross function.
4. What is IDES?
   International Demonstration and Education System. A sample application provided for faster learning and implementation.
5. What is SAP R/3?
   A third generation set of highly integrated software modules that performs common business function based on multinational leading practice. Takes care of any enterprise however diverse in operation, spread over the world. In R/3 system all the three servers like presentation, application server and database server are located at different system.
6. What are presentation, application and database servers in SAP R/3?
   The application layer of an R/3 System is made up of the application servers and the message server. Application programs in an R/3 System are run on application servers. The application servers communicate with the presentation components, the database, and also with each other, using the message server. All the data are stored in a centralized server. This server is called database server
7. How can an ERP such as SAP help a business owner learn more about how business operates?
   In order to use an ERP system, a business person must understand the business processes and how they work together from one functional area to the other. This knowledge gives the student a much deeper understanding of

how a business operates. Using SAP as a tool to learn about ERP systems will require that the people understand the business processes and how they integrate.

8. Name some drawbacks of SAP
   Interfaces are huge problem, Determine where master data resides, Expensive, very complex, demands highly trained staff, lengthy implementation time.

HISTORY OF SAP

Over the course of three decades, SAP has evolved from a small, regional enterprise into a world-class international company. Today, SAP is the global market leader in collaborative, inter-enterprise business solutions. The company now employs more than 39,300 people, whose commitment and innovative spirit pace our future success.

The 1970s: A Real-Time Vision

In 1972, five former IBM employees -- Dietmar Hopp, Hans-Werner Hector, Hasso Plattner, Klaus Tschira, and Claus Wellenreuther -- launch a company called **S**ystems, **A**pplications, and **P**roducts in Data Processing in Mannheim, Germany. Their vision: to develop standard application software for real-time business processing.

One year later, the first financial accounting software is complete, forming the basis for the continuous development of other software components in what later came to be known as the "R/1 system." "R" stands for real-time data processing.

By the end of the decade, intensive examination of SAP's IBM database and dialog control system leads to the birth of SAP R/2.

The 1980s: Rapid Growth

SAP moves into the company's first building on Max-Planck-Strasse in an industrial park in Walldorf, near Heidelberg. Our software development area and its 50 terminals are all now under one roof. Fifty of the 100 largest German industrial firms are already SAP customers.

The SAP R/2 system attains the high level of stability of the previous generation of programs. Keeping in mind its multinational customers, SAP designs SAP R/2 to handle different languages and currencies. With this and other innovations in SAP R/2, SAP sees rapid growth.

By the middle of the decade, SAP founds its first sales organization outside Germany, in Austria. The company makes its first appearance at the CeBIT computer fair in Hanover, Germany. Revenues reach DM 100 million (around $52 million), earlier than expected.

In August 1988, SAP GmbH becomes SAP AG. Starting on November 4, 1.2 million shares are listed on the Frankfurt and Stuttgart stock exchanges.

Germany's renowned business journal, *manager magazine*, names SAP its Company of the Year -- a distinction we would receive twice more in the next few years.

With the founding of subsidiaries in Denmark, Sweden, Italy, and the United States, SAP's international expansion takes a leap forward.

The 1990s: A New Approach to Software and Solutions

SAP R/3 is unleashed on the market. The client-server concept, uniform appearance of graphical interfaces, consistent use of relational databases, and the ability to run on computers from different vendors meets with overwhelming approval. With SAP R/3, SAP ushers in a new generation of enterprise software -- from mainframe computing to the three-tier architecture of database, application, and user interface. To this day, the client-server architecture is the standard in business software.

A growing number of subsidiaries are managed out of Walldorf. The new Sales and Development Center in Walldorf officially opens it doors. It symbolizes the global success of the company. In our twentieth year, our business outside Germany exceeds 50 percent of total sales for the first time.

By 1996, the company has earned 1,089 new SAP R/3 customers. At the end of the year, SAP R/3 has been installed in more than 9,000 systems worldwide.

SAP celebrates its twenty-fifth anniversary in 1997 and now employs approximately 12,900 people. We continue to strengthen our industry focus and build more and more industry-specific solutions. Henning Kagermann becomes Co-Chairman and CEO of SAP AG with Hasso Plattner. On August 3, 1998, the letters S-A-P appear for the first time on the Big Board at the New York Stock Exchange (NYSE), the largest stock exchange in the world.

As the decade draws to a close, Hasso Plattner, Co-Founder, Co-Chairman, and CEO announces the mySAP.com strategy, heralding the beginning of a new direction for the company and our product portfolio. mySAP.com links e-commerce solutions to existing ERP applications, using state-of-the-art Web technology.

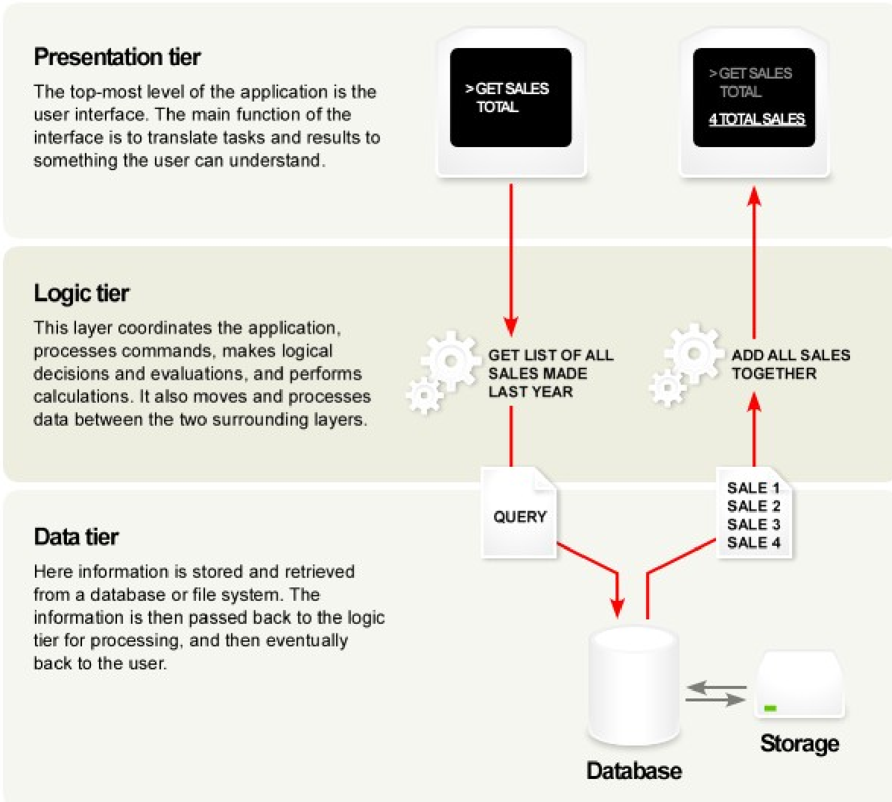
The 2000s: Innovation for the New Millennium

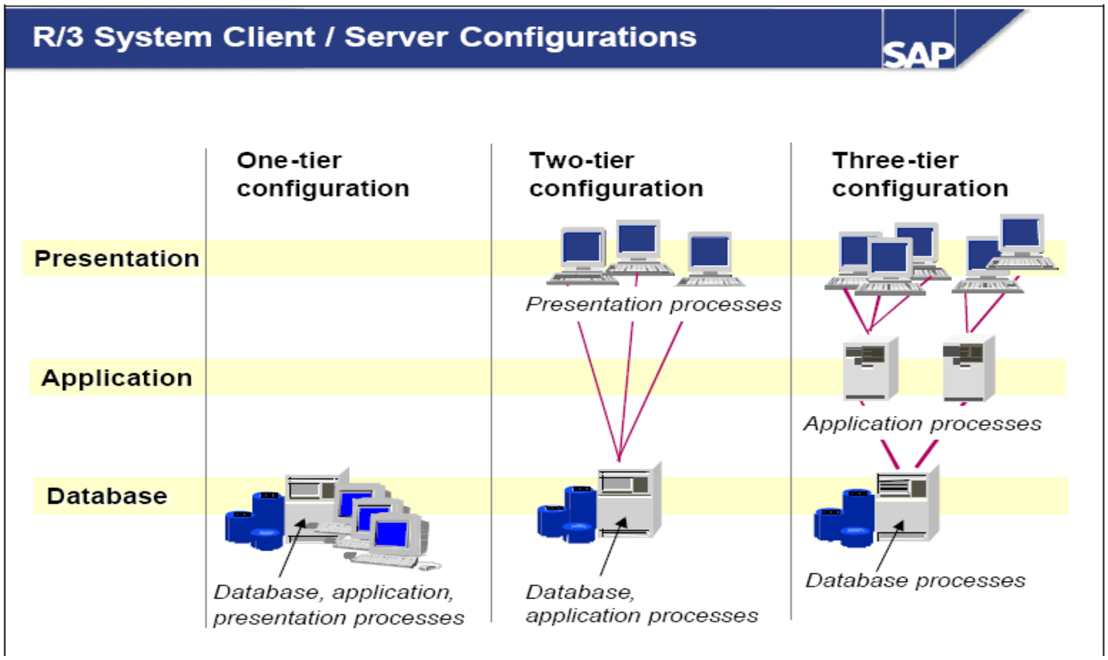
With the Internet, the user becomes the focus of software applications. SAP develops SAP Workplace and paves the way for the idea of an enterprise portal and role-specific access to information.

By 2005, 12 million users work each day with SAP solutions. There are now 100,600 installations worldwide, more than 1,500 partners, over 25 industry-specific business solutions, and more than 38,000 customers in 120 countries. SAP is the world's third-largest independent software vendor.

Today, based on Enterprise Services Architecture and the underlying integration and application platform, SAP NetWeaver, SAP is providing its customers with solutions for end-to-end business processes. With SAP NetWeaver, companies can integrate people, information, and processes within the company and beyond.

R/3 ARCHITECTURE


Presentation tier
The top-most level of the application is the user interface. The main function of the interface is to translate tasks and results to something the user can understand.
> GET SALES TOTAL
> GET SALES TOTAL
4 TOTAL SALES
Logic tier
This layer coordinates the application, processes commands, makes logical decisions and evaluations, and performs calculations. It also moves and processes data between the two surrounding layers.
GET LIST OF ALL SALES MADE LAST YEAR
ADD ALL SALES TOGETHER
Data tier
Here information is stored and retrieved from a database or file system. The information is then passed back to the logic tier for processing, and then eventually back to the user.
QUERY
SALE 1
SALE 2
SALE 3
SALE 4
Database
Storage

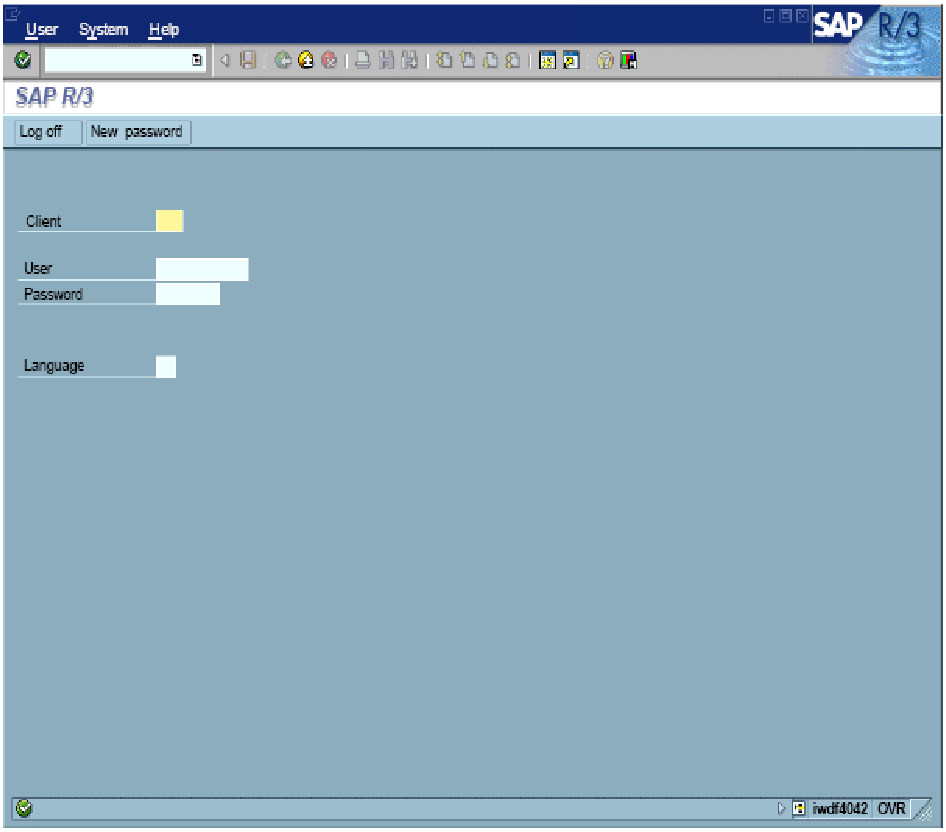


The fundamental services in a business application system are presentation services, application services, and database services.

- ✓ In a one-tier R/3 System configuration, all processing tasks are performed on one server, as in classic mainframe processing.
- ✓ Two-tier R/3 System configurations are usually implemented using special presentation servers that are responsible solely for formatting the graphical user interface. Many R/3 System users use Windows PCs for example as presentation servers. An alternative two-tier configuration (not shown) is to install powerful desktop systems and to use these for presentation and applications also (two-tier client/server). This type of configuration is particularly useful for processing-intensive applications (such as simulations) or for software developers, but due to the additional administration requirements is usually used for test purposes only.

✓ In a three-tier configuration, separate servers are used for each tier. Using data from the database server, several different application servers can operate at the same time. To ensure that the load on individual servers is as even as possible and to achieve optimal performance, you can use special application servers for individual application areas such as distribution or financial accounting (logon and load balancing).

Logging on to the R/3 System



The R/3 System is a **client system**. The client concept enables the joint operation, in one system, of several enterprises that are independent of each other in business terms. During each user session you can only access the data of the client selected during the logon.

- A **client** is, in organizational terms, an independent unit in the R/3 System. Each client has its own data environment and therefore its own master data and transaction data, assigned user master records and charts of accounts, and specific customizing parameters.
- A user master record linked to the relevant client must be created for users to be able to log on to the system.
- To protect access, a password is required for logon.

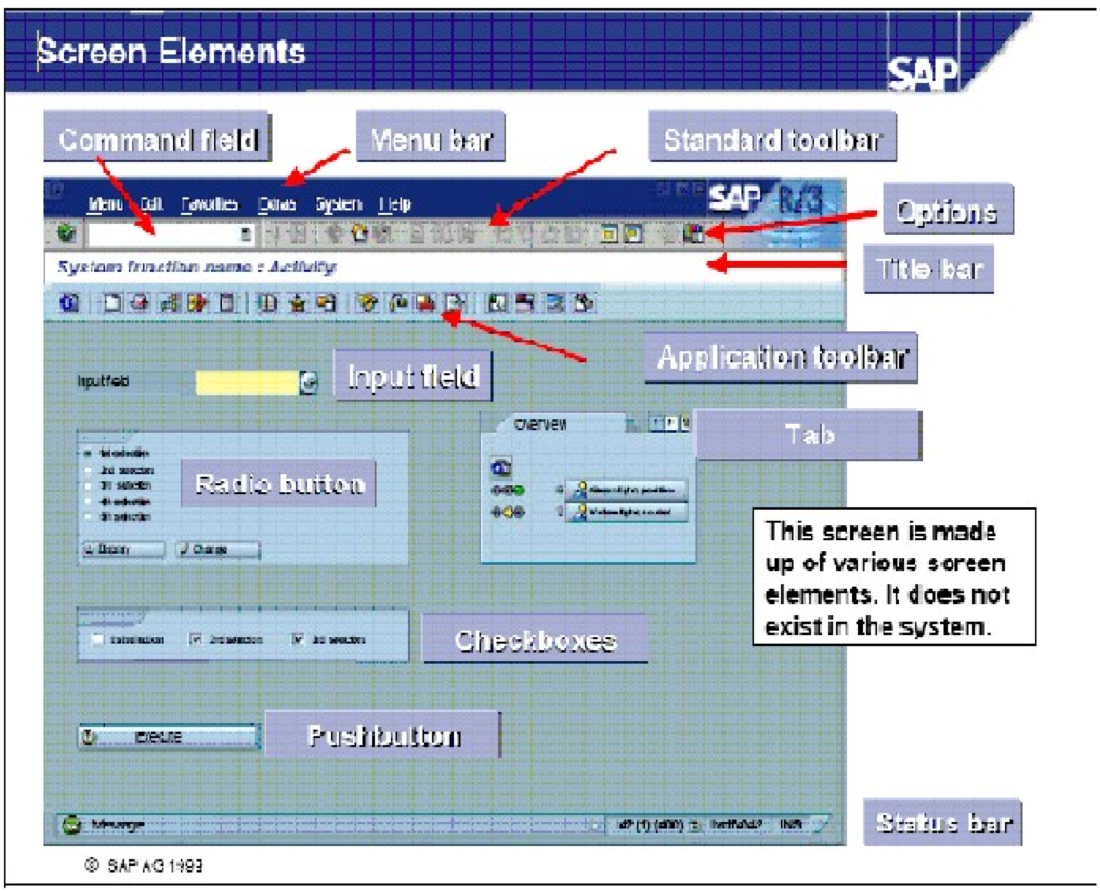
The password is hidden as you type (you only see asterisks).

- ✓ SAP systems are available in several languages. Use the *Language* input field to select the logon language for each session.
- ✓ Multiple logons are always logged in the system beginning with Release 4.6. This is for security as well as licensing reasons. A warning message appears if

the same user attempts to log on twice or more. This message offers three options:

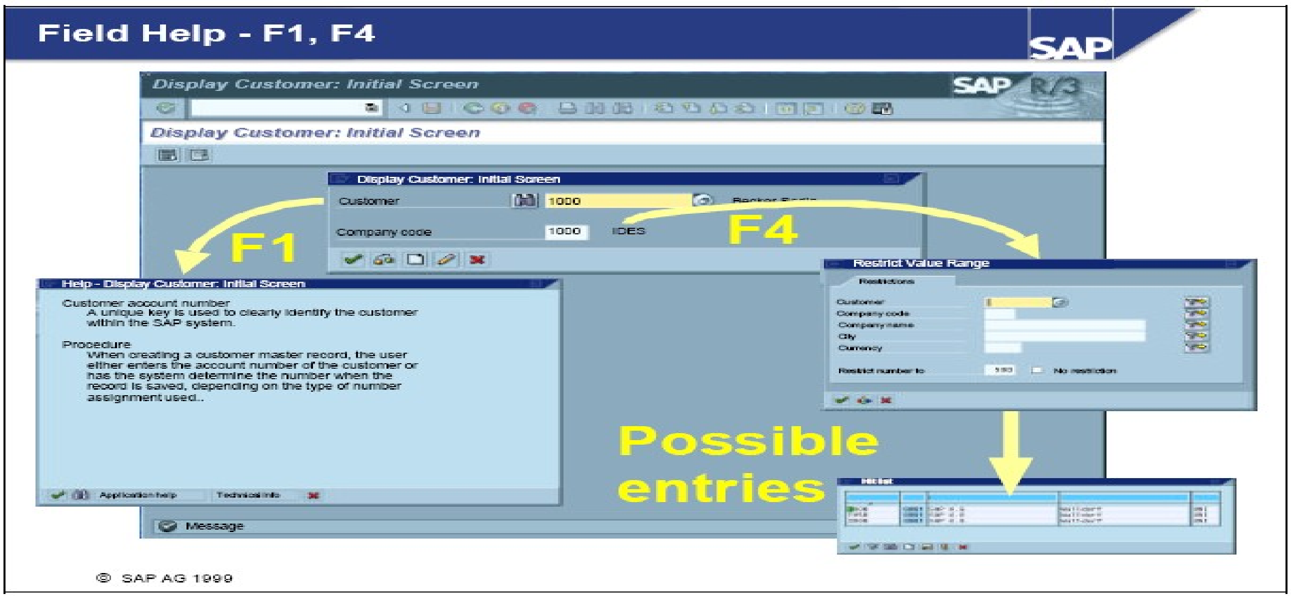
- Continue with current logon and end any other logons in the system
- Continue with current logon without ending any other logons in the system (logged in system)
- Terminate current logon

SPRO Means Sap Reference Organization
IMG Means Implementation Guide



Command field: You can use the command field to go to applications directly by entering the transaction code. You can find the transaction code either in the SAP Easy Access menu tree (see next slide) or in the relevant application under *System*→*Status*.
Menu bar: The menus shown here depend on which application you are working in. These menus contain cascading menu options.
Standard toolbar: The icons in the system function bar are available on all R/3 screens. Any icons that you cannot use on a particular screen are dimmed. If you leave the cursor

on an icon for a moment, a small flag will appear with the name (or function) of that icon. You will also see the corresponding function key.
Application toolbar shows you which functions are available in the current application.
Title bar: The title bar displays your current position and activity in the system.
Check boxes: Checkboxes allow you to select several options simultaneously within a group.
Radio buttons: Radio buttons allow you to select one option only.
Status bar: The status bar displays information on the current system status, for example, warning and error messages.
A **tab** provides a clearer overview of several information screens.
Options: You can set your font size, list colors, and so on here.



Use **F1** for help on fields, menus, functions and messages.

- F1 help also provides technical information on the relevant field. This includes, for example, the parameter ID, which you can use to assign values to the field for your user.
- Use **F4** for information on what values you can enter. You can also access F4 help for a selected field using the button immediately to the right of that field.
- If input fields are marked with a small icon with a checkmark, then you can only continue in that application by entering a permitted value.
- You can flag many fields in an application to make them either required entry fields or optional entry fields. You can also hide fields using transaction or screen variants or Customizing.

Using the Keyboard for Navigating and Editing Data in Fields

As an alternative to using the mouse, the following table shows the key combinations you can use to work with fields. These functions are identical to the corresponding MS Windows functions.

Key combination	Result
↓	Moves the cursor to the beginning of the next input field or next line.
↑	Moves the cursor to the beginning of the previous input field or previous line.
→←	Moves the cursor to the left or right within the input field
CTRL+→	Moves the cursor word-by-word to the right
CTRL+←	Moves the cursor word-by-word to the left
Home	Moves the cursor to the beginning of the input field
End	Moves the cursor to the end of the input field
SHIFT+→	Marks text character-by-character to the right
SHIFT+←	Marks text character-by-character to the left
SHIFT+CTRL+→	Marks text word-by-word to the right
SHIFT+CTRL+←	Marks text word-by-word to the left
SHIFT+Home	Marks texts from the cursor position to the beginning of the line
SHIFT+End	Marks text from the cursor position to the end of the line
CTRL+C, SHIFT+Insert	Copies marked text to the clipboard
CTRL+V, SHIFT+Delete	Inserts text stored on the clipboard
CTRL+X, SHIFT+Delete	Deletes marked text from the input field and copies it to the clipboard
Delete	Deletes text to the right of or highlighted by the cursor
Backspace	Deletes text to the left of the cursor
Insert	Toggles between insert and overwrite modes

Moving from Field to Field

To move from field to field with the mouse click the input field that you want to move to. The cursor now appears in that field.

To move the cursor from field to field using the keyboard, use the following keys:

Key combination	Moves the cursor to the beginning of

TAB	The next input field
SHIFT + TAB	The previous input field
↓	The next input field or next line
↑	The previous input field or previous line

Icon	Name of Icon	Description
	Choose detail	Displays all information currently available on the selected item
	Create line	Adds a line
	Delete line	Deletes a line
	Select all	Selects all table entries
	Deselect all	Deselects all table entries

1.Define company……………………………………………………………….……OX15
2. Define Company Code (Using 4 Characters)…………………………………………..OX02
3. Assign Company Code to Company…………………………………………..…OX16
4. Define Business areas………………………………………………………..…...OX03
5. Define Consolidation Business Areas……………………………………………..OCC1
6. Assign Business Areas to Consolidation Business Areas……………….………..…OBB6
7. Define Financial Management Areas……………………………………………...OF01
8. Assign Company Code Financial Management Area…………………………………OF18
9. Define Chart Of Accounts List…………………………………………………OB13
10. Assign Company Code to Chart Of Accounts……………………………………...OB62
11. Define Account Group………………………………………………………OBD4
12. Define Retain Earnings Group…………………………………………………...OB53
13.Define Fiscal Year Variant………………………………………………………..OB29
14. Assign Company Code to Fiscal Year Variant………………………………………..OB37
15. Posting Periods
Define Variant for Open Posting Periods………………………………….……OBBO
Assign Variants to Company Code……………………………………….…...OBBP
Open and Close Posting Periods…………………………………………….……OB52
16. Define Document Type and Number ranges …………………………………...OBA7
17. Define Field Status Variant……………………………………………………OBC4
18 Assign Company Code to Field Status Variant…………………………………….OBC5
19. Define Tolerance and Groups
Define Tolerance Groups for General Ledger Accounts………………………OBA0
Define Tolerance Groups for Employees………………………………………..OBA4
20. Enter Global Parameters…………………………………………………OBY6
21. Set Company code as productive …………………………………………………OBR3
22. Define Foreign VAT Registration Numbers OB87
23.Account Assignment Models: Define Entry Screen Templates O7E3
24.Define Validation for accounting documents OB28

CLIENT: In commercial, organizational and technical terms, a self-contained unit in an R/3 System with separate master records and its own set of tables

1. Define Company Tr Code OX15

The smallest organizational unit for which individual financial statements can be drawn up according to the relevant commercial law. A company can consist of one or more company codes.

All company codes within a company must use the same transaction chart of accounts and the same fiscal year breakdown. The company code currencies can be different. A company has one local currency in which its transaction figures are recorded

Path: - Spro→Img→Enterprises Structure→Definition→Financial Accounting→Define Company

Double Click on Execute Button

Go to New Entries On Application Bar

Company Short Name VIJA

Company Name Surendra Agro Chemicals Hyderabad Save (Ctlr+S)

It will ask about the request

Select Create Request Enter

Give Short Description and Enter

REQUEST MEANS

There are different types of requests or tasks, which fulfill different functions in the SAP System:

Change requests:

1. Transportable change request: For recording changes to Repository objects and transporting them to other SAP Systems
2. Local change requests: For recording changes to Repository objects within an SAP System
3. Customizing request: For recording changes to Customizing settings and transporting them, if necessary, to other SAP Systems or clients

Tasks: Correction for recording changes to Repository objects if they are carried out in the object's original system

4. Customizing settings: Repair: For recording changes to Repository objects if they are not carried out in the object's original system

Other request types are:

Transports of copies, Transports of originals

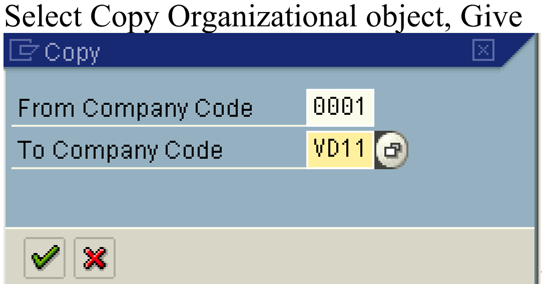
Relocations of objects with package change
Relocations of objects without package change
Relocations of packages (with transport layer changed automatically)
Client transports, Piece lists, Delivery transports (for upgrades and Support Packages)

2. Define Company Code   Tr Code OX02

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

This includes recording of all relevant transactions and generating all supporting documents required for financial statements. We recommend that we copy a company code from an existing company code. This has the advantage that we also copy the existing company code-specific parameters. If necessary, we can then change certain data in the relevant application. This is much less time-consuming than creating a new company code

Path: - Spro→Img→Enterprises Structure→ Definition→Financial Accounting→
Edit, Copy, Delete, Check Company Code
To Create New Company Code
Double Click on Edit Company Code Data
Go to New EntriesGive Company Code VIJA
Give Company Full Address Save
To CopyCompany Code
Double Click on Copy, delete, check company code
Select Organizational Object menu
Select Copy Organizational object, Give

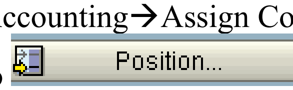


ENTER

Give 'YES' For all the messages until we get the message Company Code was copied.

3. Assign Company Code To Company   Tr Code OX16

Path: - Spro→ Img→Enterprises Structure→ Assignment→ Financial Accounting→Assign Company Code to Company

Go to 

Give Company Code – VIJA Enter
Give VIJA Save

4. Define Business Area   Tr Code OX03

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

We can create financial statements for business areas, and we can use these statements for various internal reporting purposes.

Path: - Spro→Img→ Enterprises Structure→Definition→Financial Accounting→Define Business Area

Go to New Entries

SACA – Business Area Hyderabad For VIJA

SACB – Business Area Banglore For VIJA

VIJH – Business Area Chennai For VIJA

SACD – Business Area Delhi For VIJA Save

5. Maintain Consolidation Business Area   Tr Code OCC1

An organizational unit within accounting that corresponds to a limited area of operations or responsibility, from a consolidation point of view.

Companies and consolidation business areas together make up the consolidation units that are the basis for business area consolidation.

Path: - Spro→ Img→ Enterprises Structure→Definition→ Financial Accounting→Maintain Consolidation Business Area

Go to New Entries

Cons.business area	Description
SACH	CON B-AREA FOR VD11
SACB	BAN CON B-AREA FOR VD11

Save

6. Assign Business Area to Consolidation Business Area   Tr Code OBB6

Path: - Spro→ Img→ EnterprisesStructure→Assignment→Financial Accounting→Assign Business Area to Consolidation Business Area

Go to Position

Give Business Area   ENTER

Business Area	Description	Cons.bus.area	Description

SACB	BAN B-AREA FOR VD11	SACB	BAN CON B-AR
SACH	HYD B-AREA FOR VD11	SACH	N B-AREA F

Save

7. Define Financial Management Area Tr Code OF01

The financial management area is an organizational unit within accounting which structures the business organization from the perspective of Cash Budget Management and Funds Management

Path: - Spro→Img→Enterprises Structure→Definition→Financial Accounting→Maintain Financial Management Area
Go to New Entries

FM Area	FM area text	FM area currency
VD11	FM AREA FOR VD11	INR

Save

8. Assign Company Code To Financial Management Area Tr Code OF18

Path: - Spro→ Img→ Enterprises Structure→Assignment→Financial Accounting→
Assign Company Code to Financial Management Area
Go to Position

CoC...	Name	FM Area	FMA text
VD11	SURENDRA FINANCE	VD11	FM AREA FOR VD11

Save

9. Define Functional area Tr Code OKBD

Path: - Spro→ Img→ Enterprises Structure→Assignment→Financial Accounting→
Definition→Define functional area

An organizational unit in Accounting that classifies the expenses of an organization by functions such as: Administration, Sales and distribution, Marketing, Production, Research and development Classification takes place to meet the needs of cost-of-sales accounting.

Select NEW ENTRIES

Functional Area	Name
VD1	functional area for vd11

SAVE

10. Define Chart Of Accounts Tr Code OB13

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

A chart of accounts provides a framework for the recording of values to ensure an orderly rendering of accounting data. The G/L accounts it contains are used by one or more company codes.For each G/L account, the chart of accounts contains the account number, the account name, and technical information.

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

Country-specific charts of accounts -

These are structured in accordance with legal requirements of the country in question

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

<u>Under Integration it explains the Type of integration between G/L accounts and cost elements</u>

Control of how a cost element can be maintained when maintaining a G/L account.

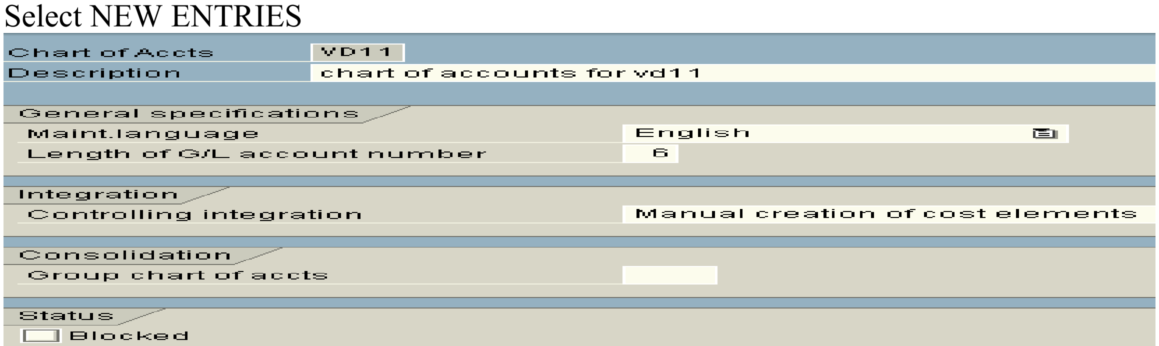
The following options are available:

No maintenance of cost elements. Cost elements maintained manually. A push button is available for this purpose, with which we can go directly to the related cost element.

Cost elements maintained automatically

Path: - Spro→Img→Financial Accounting→ General Ledger Accounting→G/L Accounts→Master Records→Preparations→Edit Chart Of Accounts

Select NEW ENTRIES



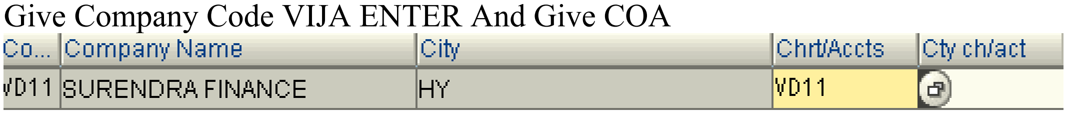
Save

<u>11. Assign Company Code To Chart Of Accounts Tr Code OB62</u>

Path: - Spro→Img→Financial Accounting→General Ledger Accounting→G/L Accounts→Master Records→Preparations→Assign Company Code To Chart Of Accounts

Go to Position

Give Company Code VIJA ENTER And Give COA



Co...	Company Name	City	Chrt/Accts	Cty ch/act
VD11	SURENDRA FINANCE	HY	VD11	

Save

12. Define Accounts Groups   Tr Code OBD4

An object that determine the creation of master records.

The account group determines: The data that is relevant for the master record. A number range from which numbers are selected for the master records.An account group must be assigned to each master record.

The account group determines: the interval in which the account number must be

which fields are required and optional entries when creating and changing master records

Which fields are suppressed when creating and changing master data.

It enables us to control the screens.

Path: - Spro→Img→Financial Accounting→General Ledger Accounting→G/L Accounts→Master Records→Preparations→Define Accounts Groups

Go to New Entries

Chrt/Accts	Acct Group	Name	From acct	To account
VD11	[illegible]DN	accumlated depreciation	100200	100299
VD11	ADMI	administration expenses	400300	400399
VD11	CAST	current assets	200100	200199
VD11	CLPR	current laibilities&provisions	100500	100599
VD11	DEP	depreciation	400500	400599
VD11	FAST	fixed assets	200000	200099
VD11	IDST	increase&descrease stock	300200	300299
VD11	INTR	interest	400400	400499
VD11	INVT	investment	200200	200299
VD11	MNEX	manufacturing expenses	400200	400299
VD11	OTHR	other incomes	300100	300199
VD11	PECN	personal cost	400100	400199
VD11	RESL	reserve&surplus	100100	100199
VD11	RMCN	raw material consumption	400000	400099
VD11	SALE	sales	300000	300099
VD11	SELN	secured loans	100300	100399
VD11	SHCL	share capital	100000	100099
VD11	UNSL	unsecured loans	100400	100499

Save

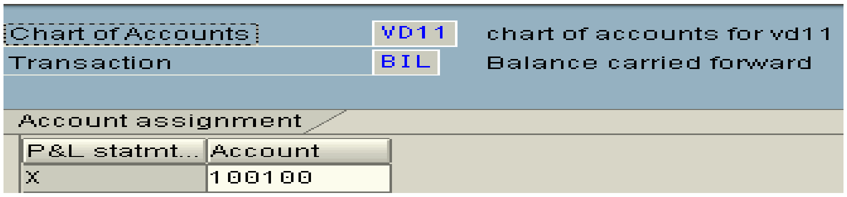
12. Define Retain Earnings Account   Tr Code OB53

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

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

Path: - Spro→Img→Financial Accounting→General Ledger Accounting→G/L Accounts→Master Records→Preparations→Define Retain Earnings Account

Give Chart Of Accounts VIJA ENTER



System Gives Message IGNORE & Save

<u>13. Define Fiscal Year Tr Code OB29 (GVAR)</u>

Path: - Spro→Img→Financial Accounting→ Financial Accounting Global Settings→ Fiscal Year→Maintain Fiscal Year Variant

A maximum of twelve posting periods and four special periods make up a fiscal year. <u>Posting period is a period within a fiscal year for which transaction figures are updated and special period are period used to divide the last regular posting period for closing operations.</u>

There are 3 types of Fiscal years

Calendar Year

Non-Calendar year

Shortened Fiscal year : A shortened fiscal year is a fiscal year having less than twelve months, but for which year-end closing must be carried out. There are two ways to define a shortened fiscal year:

If we only use Financial Accounting (FI) without Asset Accounting (FI-AA) , we can begin a fiscal year with any period, Keep in mind that the last period of a fiscal year must correspond to the number of periods in that year. This means that if we want to define 12 periods, the last period in that year must be number 12. If we are using Non-Calendar fiscal year we have to mention the year shift.

Current Year: 0

Previous Year: -1

Next Year:+1

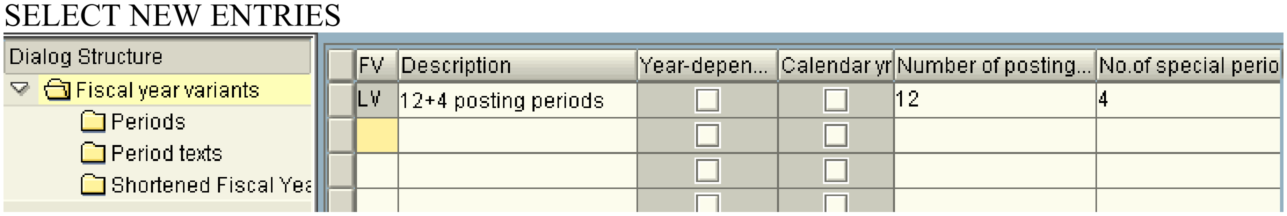
System Defined Fiscal Year Variants V3, V6, V9

V3 April To March, 4 Special Periods

V6 July To June, 4 Special Periods

V9 October To September, 4 Special Periods

SELECT NEW ENTRIES



SELECT LV(FISCAL VARIANT)

DOUBLE CLICK ON PERIODS FOLDER

Month	Day	Period	Year shift
1	31	10	-1
2	29	11	-1
3	31	12	-1
4	30	1	0
5	31	2	0
6	30	3	0
7	31	4	0
8	31	5	0
9	30	6	0
10	31	7	0
11	30	8	0
12	31	9	0

SAVE AND ENTER

14. Assign Company Code To Fiscal Year Variant Tr Code OB37

-
Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→Fiscal Year→Assign Company Code To Fiscal Year Variant

Go to New Entries
Give Company Code VIJA Enter
Assign V3 Save

15. Posting Periods

Here we specify for each variant which posting periods are open for posting. Two intervals are available for doing this (period 1 and period 2). For every interval, enter a lower period limit, an upper period limit and the fiscal year.

We close periods by selecting the period specifications so that the periods to be closed are no longer contained.We can also assign authorization groups for permitted posting periods. This means that, for example, some posting periods can only be opened for particular users within monthly or annual closing. We can only assign the authorization group at document header level and it only affects period 1. There are 7 types of accounts

A	Short text
+	Valid for all account types
A	Assets
D	Customers
K	Vendors
M	Materials
S	G/L accounts
V	Contract accounts

A). Define variant For Open Closing Posting Periods   Tr Code OBBO

Path: - Spro→ Img→ Financial Accounting→Financial Accounting Global Settings→ Document→Posting Periods→Define Variant For Open Posting Periods

Go to New Entries
Give Company Code VIJA
Posting Variant For VIJA   Save

B). Assign Variants to Company Code   Tr Code OBBP

Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→Document→Posting Periods→Assign Variants to Company Code

Go to Position
Give Company Code VIJA   Save

C). Open & Closing Posting Periods   Tr Code OB52

Path: - Spro→ Img→Financial Accounting→Financial Accounting Global Settings→ Document→Posting Periods→Open & Close Posting Periods

Go to New Entries

Var.	A	From acct	To account	From per.1	Year	To period	Year	From per.2	Year	To period	Year	AuGr
LNS				1	2007	12	2009	13	2009	16	2009	

SAVE

16. Define Document Type   Tr Code OBA7

A key that distinguishes the business transactions to be posted.The document type determines where the document is stored as well as the account types to be posted

Path: - Spro→ Img→ Financial Accounting→Financial Accounting Global Settings→Document→ Document Header→Define Documents Types

Go to Position
Give Document Type SA Enter
Select SA
Got Details Button Number Range-01
Click Number Range Information
Give Company Code VIJA
Select Change Interval, Select Insert Interval

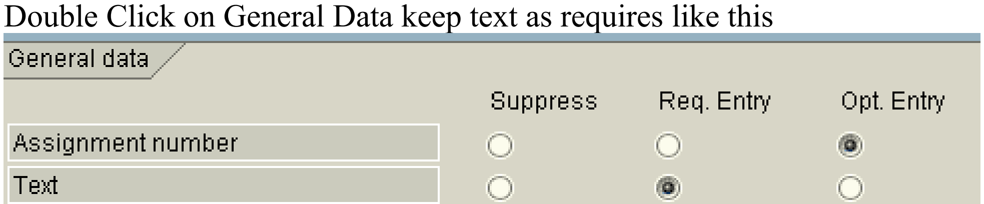
Number Range 01 To 1000 Enter
System Gives Message Enter Save

17. Define Field Status Variant Tr Code OBC4

Several field status groups together in one field status variant. The field status group determines which fields are ready for input, which are required entry fields, and which are hidden during document entry. Bear in mind that additional account assignments (i.e. cost centers or orders) are only possible if data can be entered in the corresponding fields

Path: - Spro→ Img→Financial Accounting→Financial Accounting Global Settings→ Document→Line Item→Controls→Maintain Field Status Variant

Select 0001 Select Copy as Button
Give Company Code VIJA Field Status Variant For VIJA Enter
Select Copy All
System Gives Message Number 41 Copied Enter
Select VIJA Double Click on Field Status Groups
Double Click on G001
Double Click on General Data keep text as requires like this



Double Click Additional Data
Make Business Area Required Entry Go Back
Double Click on G005
Double Click on General Data
Make Text as Required Entry Go Back
Double Click on Additional Data
Make Business Area Required Entry Save

18. Assign Company Code To Field Status Variant Tr Code OBC5

Path: - Spro→ Img→ Financial Accounting→Financial Accounting Global Settings→Document→Line Item→Controls→Assign Company Code to Field Status Variant
Go to Position
Give Company Code VIJA Enter

Co...	Company Name	City	Fld stat.var.
VD11	SURENDRA FINANCE	HY	VD11

Save

19. Define Tolerance Group

For G/L account clearing, tolerance groups define the limits within which differences are accepted and automatically posted to predefined accounts. The groups defined here can be assigned in the general ledger account master record

A). Define Tolerance Groups For G/L Accounts Tr Code OBA0

Path: - Spro→ Img→Financial Accounting→General Ledger Accounting→Business Transactions→Open Item Clearing→Clearing Differences→Define Tolerance Group For General Ledger Accounting

Go to New Entries
Give Company Code VIJA
Give Description Tolerance Group For VIJA Save

B). Define Tolerance Group For Employees TR Code OBA4

We can define different amount limits for wer employees. We use these limits to determine:
The maximum amount for which an employee is permitted to post a document
The maximum line item amount an employee is permitted to enter in a customer, vendor or general ledger account
The percentage amount an employee can enter in a line item
The maximum acceptable payment difference
Payment differences within certain tolerance groups are posted automatically. The system either adjusts the discount or posts the difference to a separate expense or revenue account.

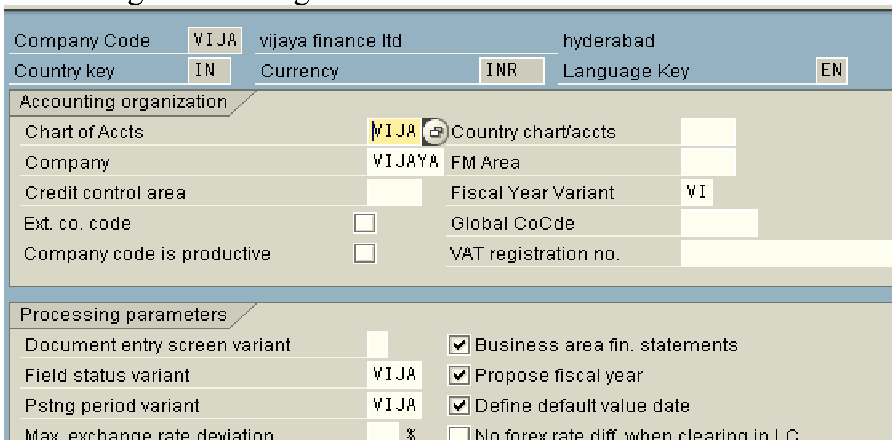
Path: - Spro→ Img→ Financial Accounting→General Ledger Accounting→Business Transactions→Open Item Clearing→Clearing Differences→Define Tolerance Group For Employees
Go to New Entries
Give Company Code VIJA
Upper Limit Posting Procedure
Amount Per Document 9999999999999 (13Digits)
Amount Per Open Item Account Item 99999999999 (11Digits)
Cash Discount Per Line Item 5% Save

20. Enter Global Parameters Tr Code OBY6

Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→Company Code→Enter Global Parameters

Select VIJA
Select Details Button F2
Select B-area financial statements, propose fiscal year, define default value date ,

Select Negative Postings Allowed



Save

21. Set Company code as productive TR.CODE:OBR3

The productive indicator prevents data within the company code from being deleted by the programs for deleting test data.

Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→Company Code→ Set Company code as productive

Give CO-CODE: LNS ENTER

Co...	Company Name	City	Productive
LNS	LAXMI NIVAS SERVICES	HYDERABAD	☑

SAVE

22. Define Foreign VAT Registration Numbers TR.CODE:OB87

Here we Specify the VAT registration number for the required company codes which were issued in other EC member states for wer company codes

Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→Company Code→VAT Registration numbers→ Define Foreign VAT Registration Numbers

SELECT NEW ENTRIES

Co...	Cty	VAT registration no.
LNS	IN	IN7789654

SAVE

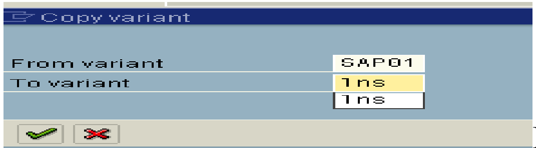
23.Account Assignment Models: Define Entry Screen Templates TR.CODE:O7E3

Here we are creating our own screen templates for line-by-line document entry via account assignment model, similar to the fast entry of G/L account items.

Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→Document→recurring entries→ Account Assignment Models: Define Entry Screen Templates

Double click on sap01- standard one-line,

Select copy as button and give to variant



ENTER

SAVE IN A NEW REQUEST
Select ACTIVATE BUTTON

<u>24.Define Validation for accounting documents TR.CODE:OB28</u>

we define additional checks for accounting documents in the form of validations for each of wer company codes. We can assign a validation for the document header and one for the line items to each company code. The assigned validations are valid both for manual entry of documents as well as for the automatic creation of documents (for example, payment program).

Path: - Spro→ Img→Financial Accounting→Financial Accounting Global Settings→Document→document header→validation in accounting documents

Co...	CallPnt	Validation	Description	Activtn level
VD11	2	FI_VAL1		1

SAVE

Any Master data we can create in 2 ways
Automatic creation: By using LSMW, BAPI, CATT….
Manual creation: In FS00, FSP0, FSS0(G/L Accounts)
FS00—G/L Master centrally
FSP0---G/L Master in Chart of accounts data
FSS0---G/L Master in Company-code data

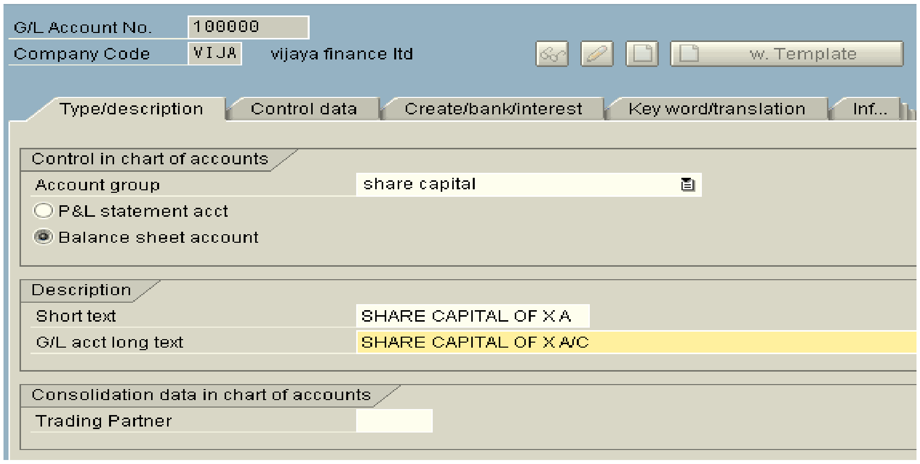
The fields in chart of accounts data and company code data are in Central level, So we are creating in FS00

<u>GENERAL LEDGER MASTER CREATION Tr Code FS00</u>

Path: - Accounting→Financial Accounting→General Ledger→Master Records→Individual Processing→FS00-Centrally

<u>1. Equity Share Capital</u>

Give Account Group Share Capital
Give Description Short Text &General Ledger Long Text :Equity Share Capital A/c



Select Control Data Tab
Give Account Currency Inr
Select Only Balances In Local Currency
Select Line Item Display
Give Sort Key 001 (Posting date)
Select Create Bank Interest Data Tab
Field Status Group G001 Save

2. Preference Share Capital

Give Account Group Share Capital
Give Description Short Text &General Ledger Long Text :Preference Share Capital A/c

Select Control Data Tab
Give Account Currency Inr
Select Only Balances In Local Currency
Select Line Item Display
Give Sort Key 001 (Posting date)
Select Create Bank Interest Data Tab
Field Status Group G001 Save

3. Retained Earning Reserves & Surplus

Give Account Group Reserves & Surplus
Give Description Short Text & G/L Long Text: Surplus from Profit & Loss A/c
Select Control Data Tab
Give Account Currency Inr
Select Only Balances In Local Currency
Select Line Item Display
Give Sort Key 001(Posting date)
Select Create Bank Interest Data Tab
Field Status Group G001 Save

4. Bank Account

Give Account Group Current Assets Loans & Advances
Give Description Short Text & General Ledger Long Text Housing Development Finance Corporation Bank A/c

Select Control Data Tab
Give Account Currency Inr
Select Only Balances In Local Currency
Select Open Item, Select Line Item Display
Give Sort Key 001 (Posting date)
Select Create Bank Interest Data Tab
Field Status Group G005
Select Relevant Cash Flow Save

<u>POSTING OF THE TRANSACTION</u> Tr Code F-02

<u>Document Date in Document</u>

The document date is the date on which the original document was issued.

<u>Posting Date in the Document</u>

Date, which is used when entering the document in Financial Accounting or Controlling.

<u>Posting key</u>

A two-digit numerical key that determines the way line items are posted.

This key determines several factors including the:

Account type, Type of posting (debit or credit), Lawet of entry screen
Value date : The value date is used in bank accounts and bank sub-accounts

Path: - Accounting→Financial Accounting→General Ledger→Document Entry→General Ledger→F-02 General Posting
Give Document Date
Give Company Code VIJA
Give Currency Inr
Give Posting Key 40
Give Bank G/L Account 200200
Give Amount 500000
Give Business Area VIJH
Give Text Equity Share Capital Received
Give Posting Key 50
Give Equity Share Capital A/c 100000ENTER
Give amount : * (used to copy the debit entry)
Value date :
Text: + (used to copy the debit entry)

To View the Entry Go to Document on Menu Bar Select Simulate Save

How to view Document

Tr Code FB03

Path: - Accounting→Financial Accounting→General Ledger→Document→FB03 – Display

Give Company Code VIJA

Give Fiscal Year Execute

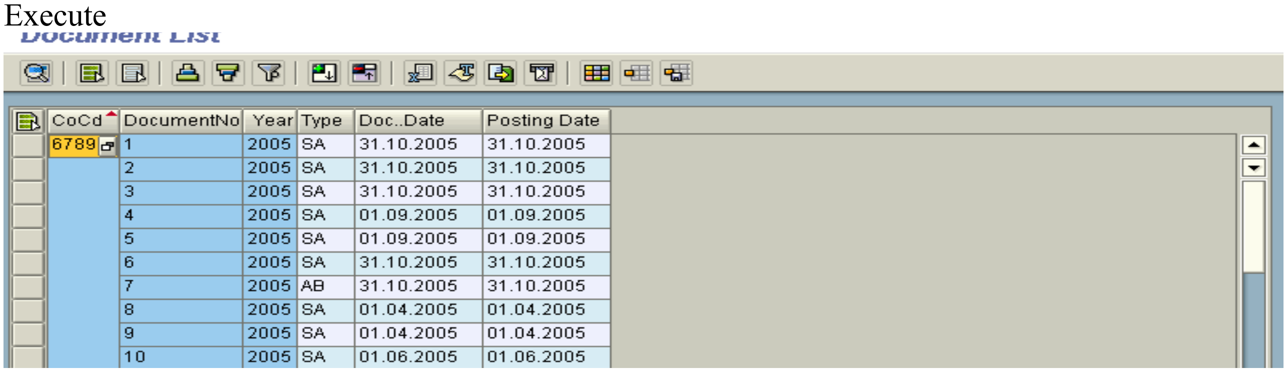
To view a list of documents goto Document List On Application Bar

Give Company Code VIJA

From number 1 to 1000

Give Fiscal Year

Execute



Document List

CoCd	DocumentNo	Year	Type	Doc..Date	Posting Date
6789	1	2005	SA	31.10.2005	31.10.2005
	2	2005	SA	31.10.2005	31.10.2005
	3	2005	SA	31.10.2005	31.10.2005
	4	2005	SA	01.09.2005	01.09.2005
	5	2005	SA	01.09.2005	01.09.2005
	6	2005	SA	31.10.2005	31.10.2005
	7	2005	AB	31.10.2005	31.10.2005
	8	2005	SA	01.04.2005	01.04.2005
	9	2005	SA	01.04.2005	01.04.2005
	10	2005	SA	01.06.2005	01.06.2005

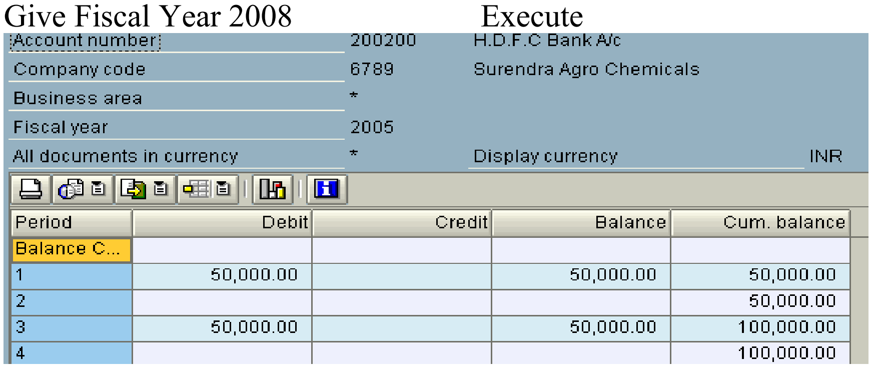
How to view G/L Balances Tr Code FS10N

Path: - Accounting→Financial Accounting→General Ledger→Account→FS10N – Display Balances

Give General Account No.200200

Give Company Code VIJA

Give Fiscal Year 2008 Execute



Account number	200200	H.D.F.C Bank A/c
Company code	6789	Surendra Agro Chemicals
Business area	*	
Fiscal year	2005	
All documents in currency	*	Display currency INR

Period	Debit	Credit	Balance	Cum. balance
Balance C...				
1	50,000.00		50,000.00	50,000.00
2				50,000.00
3	50,000.00		50,000.00	100,000.00
4				100,000.00

General Ledger Account Master Record Change TR.CODE:FS00

Give G/L Account No.200200

Give Company Code VIJA

Select Change Button  (or) Go to Change Menu Bar

How to Block the G.L Account

Give G/L Account No. 200200 Which to be Block
Go to G/L Account on Menu Bar Select Block
Select Blocked for in Company Code Save

How to Unblock the G.L Account

Give G/L Account No. 200200, Which is to be Unblock
Select Block Icon De Select the Blocked Field Save

1. HELD DOCUMENT Tr Code F-02

Held Document is a Temporary & Shorter Period, Used for External People Only

Held Document Trouble Shooting Tr Code SE38

Give Program RFTMPBLU Execute
Select No Termination For Read Error Execute

System Gives Message Held Document Execute Successfully

Use

When we want to create a group of objects that contain similar data or the same data (say, a group of purchase orders), we use the functions Hold data or Set data. Both of these functions automatically enter the specified data for a specified field, with only one difference:

Hold data: We can change the held data.
Set data: We cannot change the held data.

For example, suppose we want to enter 20 purchase orders (POs). Each PO has the same delivery date, and the ordered goods will be delivered to the same plant and storage location. Instead of entering the same data 20 times, we can enter the data in the input fields once and "hold" it on the screen. Then, every time we create an invoice, the system enters the same data – the held data – in the appropriate input fields.

When we use Hold data, we can change the held data when it appears in the input fields; when we use Set data, we cannot. For example, if we are entering invoices, suppose the date and document type are the same for most of the invoices, but not all. If we use Hold data, we can change (that is, overwrite) the date or document type for the few invoices that differ. If we use Set data, we cannot change the date or document type for the few invoices that differ.

Using Set data also has an advantage, however. When we use Set data, the cursor skips over input fields with held data, so that we do not always have to press TAB to move to the next input field.

We can hold data for as many different screens as we like.The data we enter and hold on a screen is held for that screen until we delete it or until we log off the SAP System.

Give Document Date Give Amount 50000 Give Business Area VIJH.

Go to Document on Menu Bar Select Hold

Give Temporary Doc No. S1

Select Hold Document

How to Complete / Delete Hold Document Tr Code FB01

Give Document Date

Select Hold Document on Application Bar Temporary Doc No.S1

Select Delete on Application Bar Completion Give Temporary Document No.S1 Enter

Give Posting Key 50 for Cr Give G/L Account No. Save

How to Display Held Document Tr Code FB11

Give Document No. S1 (Shift+F6) Enter

PARKED DOCUMENT

Use

We can use document parking to enter and store (park) incomplete documents in the SAP System without carrying out extensive entry checks. For more information, see Document Parking Parked documents can be completed, checked, and then posted at a later date - if necessary by a different accounting clerk.

When documents are parked, data (for example, transaction figures) is not updated. The only exception to this is in Cash Management (TR-CM).

Data from parked documents can however be used for evaluations by the system. For example, amounts from parked invoices can be used for the advance return for tax on sales and purchases. Using payment requests, parked invoices can be paid punctually and without loss of discount.

We can use the tax amounts determined on the basis of the data in parked documents to apply in advance to the tax authorities for any tax receivables that are due to we. From the SAP Easy Access screen, choose Accounting ® Financial accounting ® General ledger ® Reporting ® Tax reports ® General ® Input tax from parked documents.

Integration

In contrast to document parking, the holding documents function is merely designed to allow we to interrupt wer work on a document and temporarily save the data we have entered so far until we can resume posting. No document number is assigned. We cannot use data entered in this way for evaluations.Substitution is not supported in document parking. Substitution takes place via the posting transaction after we generate an accounting document from the parked document.

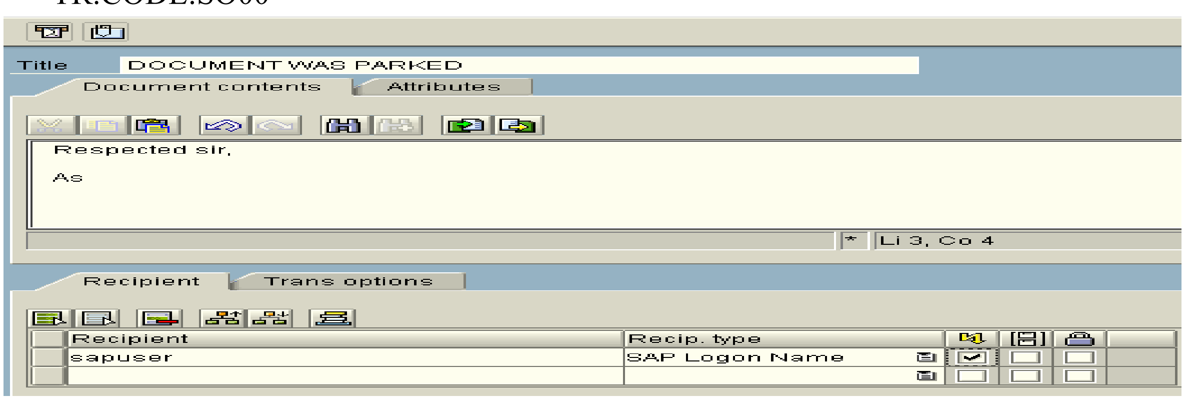
Prerequisites

We make the appropriate settings in Customizing for Financial Accounting under Financial Accounting Global Settings ® Document ® Parked Documents.

STEP:1 General Document Parking Tr Code F-65

Path: - Accounting →Financial Accounting→General Ledger→Document Entry→F-65 General Document Parking

Give Document Date ,Give Company Code VIJA
Give Currency Inr
Give G.L Account
Give Amount 50000
Give Business Area VIJH
Give Value Date
Text Adv For Park Doc
Go to Document On Menu Bar
Select Park Option
System gives Message Document Was Parked Save
To Send a message to superior officers
TR.CODE:SO00



SELECT  ,To view the message select NEW SESSION

<u>STEP3.How to Complete/Delete Parked Document   Tr Code FBV0</u>

Path: - Accounting →Financial Accounting→General Ledger→Document→Parked Documents→F-65 General Document Parking→FBV0-Post/Delete

Give Company Code VIJA   Document No.   Fiscal Year   Enter

<u>STEP3.For Deletion</u>

Go to Document on Menu Bar Select Delete

For Posting Give Posting – 40 Give Relevant G.L Account   Enter

Give Amount *, Business Area VIJH Text +   Save

System Gives Message Document No.4 Was Posted In Company Code VIJA.

<u>STEP4.Display Parked Document   Tr Code FBV3</u>

<u>RECURRING DOCUMENT</u>

By specifying a wage type in the Recurring Payments/Deductions infotype (0014), we can enter an amount and/or a value and a unit of measurement that should always be paid or deducted by Payroll. Recurring payments/deductions are wage elements which are paid or deducted in every payroll period. In contrast to additional payments, recurring payments/deductions are paid or deducted within a defined periodicity.

In addition, we have the possibility to enter default cost assignment settings for recurring payments/deductions for the application component Controlling (CO). This enables we, for example, to store a different cost center and company code combination than the one in the Organizational Assignment info type (0001); the additional payments will then be charged to this cost center. Select Edit → Maintain cost assignment. The Default Cost Assignment Settings dialog box appears. Enter the relevant data. If any data has already been entered for the cost assignment it will be displayed on the info type single screen. We can set up further controlling objects in the Customizing for Personnel Administration under Recording Cost Assignment Specifications.

The standard system contains, amongst others, the following wage types:

- **Subtype M110: Vacation bonus**
- ***Subtype M120: Christmas bonus***
- ***Subtype M30: Special payment***

Recurr. Payments/Deductions

Enter the wage type that is to be paid or deducted in the Wage Type field. In conjunction with the Wage type we must process either the Amount field or the Number and Unit fields. The system checks the combination entered. The currency is defaulted according to the company code. This can be overwritten.

Date of Payment

The wage type should only be paid in certain periods or on certain days; this can be defined either in the fields 1st payment period and Interval in periods, thus defining the interval to the next and all subsequent periods, or in the fields 1st payment date and Interval/Unit, thus defining the interval to the next day and all subsequent days. Enter the payment period without the payroll year. The subsequent payment periods will be determined by adding the intervals.

Recurring Document is used Amount is Fixed & Date is Fixed For Payment
Ex: - Factory Building Rent, Employees Salaries, and Hire Purchase Installments

STEP1.Creation of G.L Accounts

1.Give G.L Account No.400000
Account Group Administrative Expenses
Select Profit & Loss Account
Give Description Short Text Rent A/c
Give General Ledger Long Text Rent A/c
Select Control Data Tab
Give Account Currency Inr
Select Only Balances In Local Currency
Select Line Item Display
Give Sort Key 001 (Posting date)
Select Create Bank Interest Data Tab
Field Status Group G001 Save

2.Give G.L Account No. 100400
Give Account Group Current Liabilities Account
Select Balance Sheet Account
Give Description Short Text Rent Payable A/c
Give General Ledger Long Text Rent Payable A/c

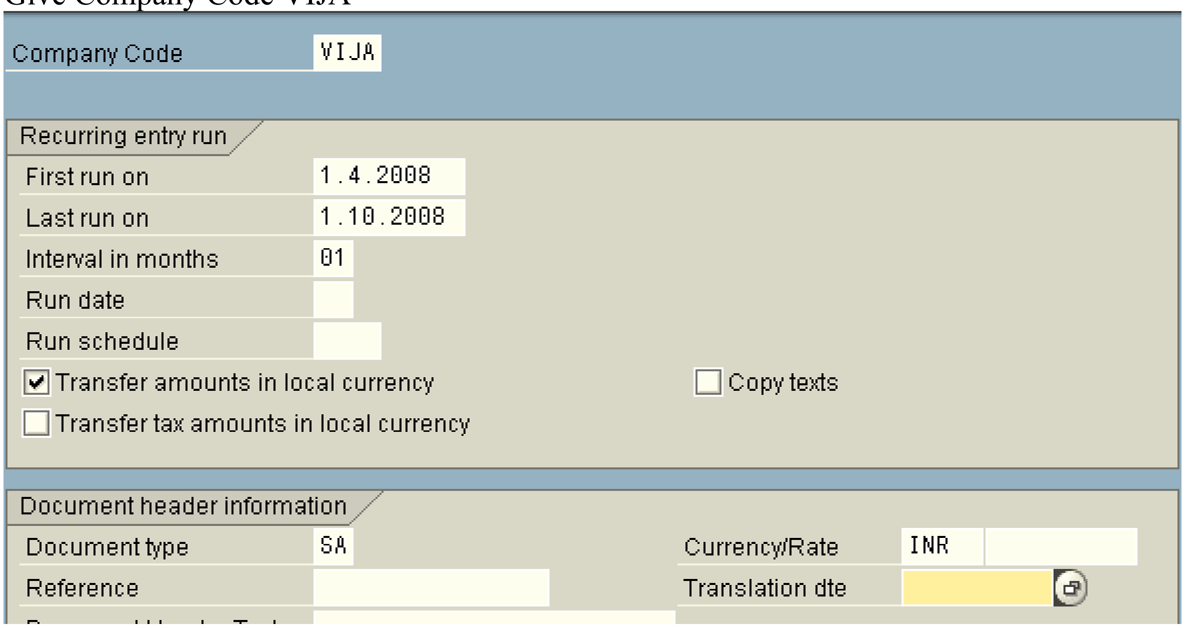
Select Control Data Tab
Give Account Currency Inr
Select Only Balances In Local Currency
Select Open Item Display
Select Line Item Display
Give Sort Key 001 (Posting date)
Select Create Bank Interest Data Tab
Field Status Group G001 Save

STEP2.Define document type and number ranges TR.CODE:FBN1

Path: - Spro→ Img→Financial Accounting→Financial Accounting Global Settings→
Document→Document Number Ranges→Define Document Number Ranges

Give Company Code VIJA ENTER
Select Change Interval Button
Select Insert Interval Button
Give X1 Fiscal Year 2008 from No.1001 to Number 2000 Save

<u>STEP3.Create Recurring Document Tr Code FBD1</u>
Path: - Accounting→Financial Accounting→General Ledger→Document Entry→ Reference Document→Recurring Document
Give Company Code VIJA


Company Code VIJA
Recurring entry run
First run on 1.4.2008
Last run on 1.10.2008
Interval in months 01
Run date
Run schedule
Transfer amounts in local currency
Copy texts
Transfer tax amounts in local currency
Document header information
Document type SA
Currency/Rate INR
Reference
Translation dte

Give Posting Key 40, Give G.L Account Number:Rent Enter
Give Amount 50000, Give Business Area VIJH
Give Text Rent
Give Posting Key 50, Give Bank G.L Account 200200 Enter
Give Amount * Business Area NACC Value Date Text + Save

<u>STEP4.Posting Of Recurring Document Tr Code F.14</u>

Path: - Accounting→ Financial Accounting→General Ledger→Periodic Processing→Recurring Entries→F.14-Execute
Give Company Code VIJA
Give Fiscal Year 2008
Give Settlement Period :1.4.2008 Execute
System gives Message Session SAPF120 Was created

STEP5.How To Process The Batch Input Session Tr Code SM35

Go to Systems on Menu Bar
Select Services
Select Batch Input
Select Session
Select Sap 120
Select Process (F8)
Select Display Errors Only
Select Process
System gives Message Batch Input Session Completed

STEP6.How to View the Recurring Document Tr Code F.15

Path:-Accounting→FinancialAccounting→GeneralLedger→Periodic Processing→Recurring Entries→F.15-Execute

Give Company Code VIJA
Give Fiscal Year 2008 Execute

STEP7.Display Recurring Tr Code FBD3

SAMPLE DOCUMENT

Use

Sample documents are used as a reference when we enter accounting documents manually.They simplify document entry. We can post regularly recurring entries using the recurring entry program. To do this, the program requires a recurring entry document. Transaction figures are not updated by a sample document or recurring entry document. They are special documents that are only used to create accounting documents.

For sample and recurring entry documents, we need to set up special number ranges in every company code in which these special documents are used.

Procedure

In Customizing for Financial Accounting, carry out the activity Define Document Number Ranges under Financial Accounting Global Settings ® Document ® Document Number Ranges.

Define the number range for sample documents using key X2, the number range for recurring entry documents using X1.

STEP1Define Number Range Tr Code FBN1

Give Company Code VIJA
Select Change Interval

Select Select Interval
Give Number Range X2 Fiscal Year 2008 From No. 2001 To Number 3000 Save

STEP2.Creation of Sample Document Tr Code F-01

Path: -Accounting→Financial Accounting→General Ledger→Document Entry→ Reference Document→
F-01 Sample Document
Give Document Date
Give Posting Key 40
Give G.L Account Rent
Give Amount 50000
Give Business Area VIJH
Give Text Rent
Give Posting Key 50
Give G.L Account Payable A/c
Give Amount * Business Area VIJH Text + Save

STEP3.Posting of a Document By Taking Sample Document Tr Code F-02
Give Document Date
Go to Document On Menu Bar
Select Post With Reference
Give Document No.2001 Enter Save

STEP4.How to View (or) Display of Sample Document Tr Code FBM3

Path: - Accounting→ Financial Accounting→General Ledger→Document→Reference Document→Sample Document→Display
Give Document No. 2001 Give Company Code VIJA Fiscal Year 2008 Enter
STEP5.Change Sample Doc – FBM2
STEP6.Display, Change – FBM4
STEP7.Delete Sample Doc – F.57

OPEN ITEM MANAGEMENT

Accounts that are managed on an open item basis include:
Clearing accounts:
Bank clearing account
Payroll clearing account
Cash discount clearing account
GR/IR clearing account
Accounts that are not managed on an open item basis:
Bank accounts
Tax accounts

Raw material accounts
Raw material accounts
Reconciliation accounts
These are managed implicitly using the sub ledger open item function.
Profit and loss accounts
Materials Management (MM) accounts posted with a posting key that has account type 'M'

Under Open item management we can view the status in

Open items: By selecting this radio button Items that are or were open at the key date are displayed.

Cleared Items: By selecting this radio button Items that were cleared at the clearing date specified and which were open at the key date are displayed. If you do not make any specifications for the clearing date and key date, all cleared items are displayed.

All Items: By selecting this radio button All items posted on the posting date specified are displayed

It shows the status in

For Certain General Ledger accounts we need to know which transactions are pending for due. In such cases we have to offset the line items i.e. payments / receipts against invoices in order to know that particular payment made/received against particular invoice, then only we will know the due items pending for payment / receipt.

if we want to set off line items against each other the account must be an open item management account. Clearing program is function in SAP to setoff line item. Clearing may be done in two ways.

1. Post with clearing:

We can clear/offset line item while making the posting of payment or receipt wholly.

2. Account Clearing:

Some times the due items are not received fully. The party may make the payments partly or the company may receive the amounts partly. In this case we have entered the amounts as partial amounts. In such case both due item and payment item is show as open item (due item). As and when the full amount is received against a particular invoice we have to clear off the line items to make them as cleared items.

3. Residual Clearing:

In residual clearing, the open item becomes a cleared item and for the balance amount an open item document is generated. The balance amount only is shown as open item in the dues list.

1. Create G/L Accounts for Rent payable / Rent Receivable Tr. Code FS00

Account Group: Liabilities / Assets
B/S item
Short text and long text
Check in local balances, open item management, and line item display
Sort key: 001 / 002
FSG: G001
Save

2. Post the Transaction for Rent payable / Rent receivable

Use the transaction code F-02 to post the transactions

3.View open item account balances TR. code FBL3N

Sap menu - Accounting - Financial Accounting - General Ledger – Account - Display/Change Line Items
Enter General Ledger account for rent payable
Enter company code

In the line item selection we find three option buttons
Open Items: The account will show we the list of overdue items
Cleared items: the account will show we the cleared items only
All items: The account will show we both overdue as well as cleared items

4.Outgoing Payment posting Tr. Code F-07

SAP menu → Accounting→ Financial Accounting→ General Ledger → Document Entry →Outgoing Payment

Enter document date
Enter document type as SA
Enter company code
Enter posting date
Enter currency
Enter bank / Cash account
Enter Business area and text and value date
Enter Expenses payable account
Press enter key

A clearing screen appears
In this we have set off payment with due items by double clicking in the due items. The amount entered must be equal to assign.
Save the transaction
Now see the general ledger account using the transactionFBL3N
Select all items buttons
We will find the open item became cleared items

Green button indicates cleared items
Red button indicates open items.

5.Incoming Receipts Tr.Code F-06

Sap menu → Accounting →Financial Accounting→ General Ledger→ Document Entry →Incoming Receipts
Enter Document date
Enter document type as SA
Enter Company Code
Enter posting date
Enter currency
Enter bank / Cash account
Enter business area and text and value date
Enter income (interest) Receivable account
Press enter key
A clearing screen appears
In this we have set off payment which due items by double clicking in the due item. The amount entered must be equal to assigned.
Save the transaction.
Now see the General ledger account using the transaction FBL3N (Open items display)
Select all items buttons
We will find the open item became cleared items
Green button indicates cleared items
Red button indicates open items.
Account Clearing
If payments are made partially or payments are received partially
Outgoing payment, do follow the same step
In the clearing screen select partial payments button
Double click on the item
In the payment column double click. Automatically the amount entered as payment is appear, Now amount entered is equal to assigned amount
Now the save the transaction
Now see the ledger using FBL3N transaction Code
We will find both due item and amount entered appeared as open items
Again make the payment or the balance amount
Now we see the ledger. Both payments and due items appear as open items until to clear off the line items.

How to clear line items Tr. Code F-03

Sap Menu → Accounting → Financial Accounting → General Ledger → Account→ Clear
Enter General Ledger account
Select process open item, which is on top right corner
A list of all items will appear
Now we select the open item and payment items

Chart of Accounts List Tr. Code S_ALR_87012326

Sap menu→Accounting→Financial Accounting→General Ledger→Information Systems→General Ledger→ Master Data→Chart of Account

Enter Chart of accounts Name
Select Execute
A list of accounts displayed

This list can be printed / Send to local file
To Print--Select Menu bar List
To sent to local File--Select menu bar system – List – Save – Local File
We can also change the General Leger from here to do this, select GL item from the list and double Click.

FOREIGN CURRENCY

In Financial Accounting we have to specify for each of wer code in which ledger should be managed. This currency is the national currency of the company code i.e., local currency. From company code point view, all other currencies are the foreign currencies.
We can manage the ledger in two parallel currencies in addition to local currency, for example group currency or hard currency.
In financial accounting currencies and currency translation are relevant in the following circumstances.
1.Account Master data General Ledger, Customer and vendor master data
2.Posting document in foreign currency
3.Clearing open items in foreign currency
4.Foreign currency valuation
In order for the system to translate amounts into various currencies, we must define exchange rates. For each currency pair, we can define different exchange rates and then differentiate between them by using exchange rates types.
Exchange Rates
Exchange rates are relationship between two currencies. Exchange rates are used to translate an amount into another currency. Exchange rates are defined for the following purposes.
a. Posting and clearing
b. Exchange rate differences
c. Foreign currency valuation
For foreign currency, specify the exchange rate in the local currency in the system. In addition the following specifications apply.
Exchange rate type
Set time restrictions for the exchange rate in order to take exchange rate fluctuations. Use
direct/ indirect quotation to specify exchange rate Specify the relationship of the exchange rate. Exchange rates are normally specified 1:1. Key used to define exchange rates in the system. We can define different exchange rates for each

currency pair and then differentiate between these exchange rates using the exchange rate type. We need different exchange rates for the following purposes.

Valuation, Conversion, Translation, Planning

The following exchange rate types are existing

1.Buying rate --G 2.Selling rate B 3.Average rate M

4. Historical rate, 5.key date exchange rate

Reference Currency

Currency key used to carry out all foreign currency translations for a specific exchange rate type. Assign a reference currency to a exchange rate type. For all other currency, we enter the exchange rate in the reference currency. Use reference currency for exchange rate type M-average rate and not buying and selling rate types.

Exchange Rate spread

Constant difference between the average rate and the buying rate or between the average rate and selling rate. For exchange rate type, we can define fixed exchange rate spread between average rate and buying rate as well as between average rate and selling rate. We only have to enter exchange rates for the average rates. The system then calculates the exchange rates for the buying rate and bank selling rate by adding and subtracting the exchange rate spread for the average rate.

Parallel Currencies (Multiple Currencies)

Group Currency: Group currency is the currency which is specified in the client table or which is to be entered there.

Hard currency: Hard currency is a country-specific second currency which is used in countries with high inflation.

Index-based currency: Index-based currency is a country-specific fictitious currency, which is required in some countries with high inflation for external reporting (for example, tax returns).

Global company currency: Global company currency is the currency, which is used for an internal trading partner.

Step 1:Define Additional Local Currencies Tr.code: OB22

Path: SPRO -IMG – FA – Global Settings – Company code – Multiple Currencies – Define Additional Local Currencies

Select New Entries

Enter Company code

Enter Second currency type

Enter valuation 0

Enter exchange rate M

Enter source currency for currency translation:

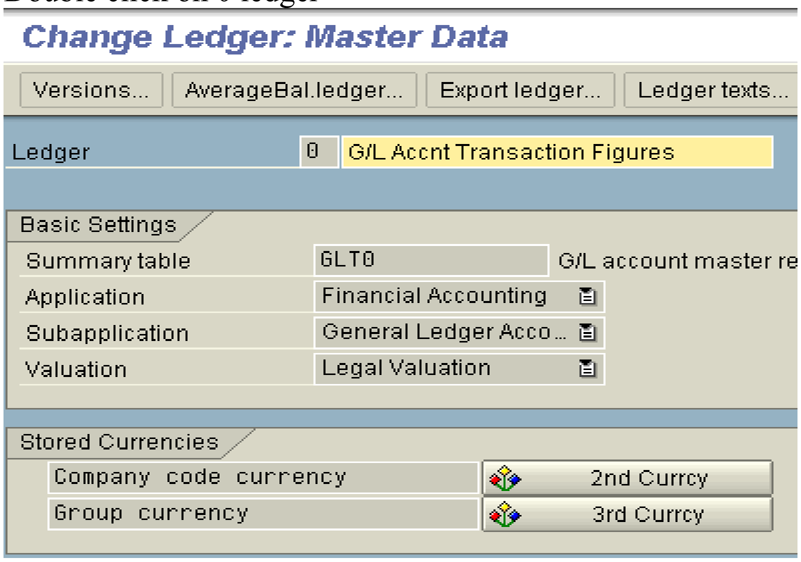
Enter type transaction date Posting date (2)

Save

2.Define Additional Local Currencies for Ledgers Tr.code: OBS2

SPRO→IMG → FA→ Global Settings→ Company Code→ Multiple Currencies→ Define Additional Local Currencies for Ledgers

Double click on 0 ledger



Double click on Second currency, Select currency type, Save

Step – 1 Define exchange rate TR.Code:OB07

Up to SPRO same path→General settings→Currencies →Select Define exchange rate

Select NEW ENTRIES button

We have to create exchange rate type for M type, B type and G type.

Sap already delivered the above-specified type so there is no need of creating these. If we want to create with other name we can create for these three types.

ExRt	Usage	Ref.crcy	Buy.rt.at	Sell.rt.at	Inv	E...	Fixed
VG	BANK BUYING RATE				☐	☐	☐
VB	BANK SELLING RATE				☐	☐	☐
VM	BANK AVERAGE RATE				☐	☐	☐

SAVE

Step -2 Define translation ratios for currency translations TR.CODE: OBBS

SAME PATH NEXT STEP

Give YES for the given message

Select NEW ENTRIES button

ExRt	From	To	Valid from	Ratio(from)	Ratio (to)	Alt. ERT
LG	USD	INR	01.04.2008	1	1	
LG	USD	INR	01.04.2000	1	1	
LM	USD	INR	01.04.2000	1	1	

SAVE

Step-3 Enter exchange rates TR.CODE:OB08

Exchange rates are required to:

Translate foreign currency amounts when posting or clearing or to check an exchange rate entered manually

Determine the gain and loss from exchange rate differences
Evaluate open items in foreign currency and the foreign currency balance sheet accounts

SAME PATH NEXT STEP
Select NEW ENTRIES button

ExRt	ValidFrom	Indir.quot		Ratio(from)	From		Dir.quot.		Ratio (to)	To
LB	01.04.2000		X	1	USD	=	42,00000	X	1	INR
LG	01.04.2000		X	1	USD	=	40,00000	X	1	INR
LM	01.04.2000		X	1	USD	=	41,00000	X	1	INR

SAVE

Step-4 Post general ledger document when currency rates are unknown F-02
Give document date :1.6.2007 type :SA Currency USD Co.Code:LAK1
Posting date : 1.6.2007
Posting key : 40 Account: 400300
Enter
Give amount : 10000, Business area : LAKH
Value Date : 1.6.2007
Text : Rent paid in us dollars
Posting key :50 Account: 200100
Enter
Give amount : *, Business area : LAKH
Value Date : 1.6.2007, Text : + Enter
Select DOCUMENT OVERVIEW button
If u wants to check wer currency in INR
Select display CURRENCY BUTTON
Save

Step-5 Assign exchange rate type in document types TR.CODE:OBA7
Select Position Button
Give document type SA
Select SA
Select details button
Under default values
Give exchange rate type for foreign currency LM
Save in wer request

Step-6 General ledger document posting when currency rates are known TR.CODE: F-02
Give document date: 1.6.2007 type: SA Currency/Rate USD-36 Co.Code:LAK1
Posting date : 1.6.2007

Posting key : 40 Account: 400300
Enter
Give amount : 10000, Business area : LAKH
Value Date : 1.6.2007, Text : Rent paid in us dollars
Posting key :50 Account: 200100
Enter
Give amount : *, Business area : LAKH
Value Date : 1.6.2007, Text : +
Enter Save

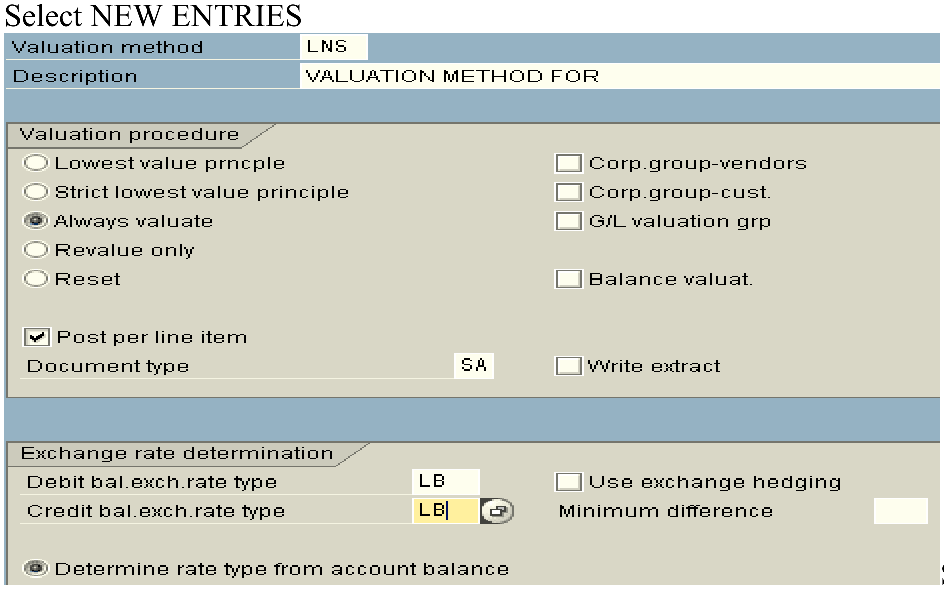
FOREIGN CURRENCY VALUATION

Step-1 CREATE 3 GENERAL LEDGER ACCOUNTS FS00

1. Creating HDFC Bank foreign currency Loan Account -- (secured loans)
Select Control Data Tab
Give account currency : USD
Deselect only balances in local currency check box
Save
2. CREATING EXCHANGE GAIN ACCOUNT: (other incomes)
3. CREATING EXCHANGE LOSS ACCOUNT: (expenses)

Step-2 Define foreign currency valuation method. TR.CODE(OB59)

Up to SPRO same path→Financing accounting→General ledger accounting →Business transactions→Clearing →Valuate→Foreign currency valuation →Define calculation methods
Select NEW ENTRIES



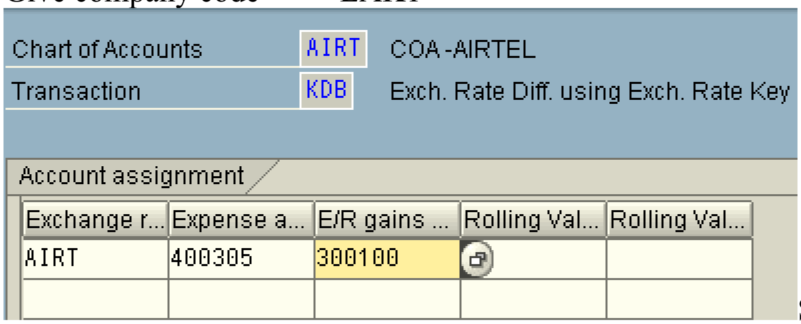
SAVE

Step-3 Define exchange rate difference key TR.CODE:OBA1

PATH: Up to foreign currency valuation same path →Prepare automatic posting for foreign currency valuation

Double click on KDB(exchange rate difference using exchange rate key)

Give company code LAK1



SAVE

Step-4 Assign exchange rate key in foreign exchange loan account

Give G/L account No: 100305(secured loans)

Company Code: LAK1

Select control data tab

Give exchange rate difference key LAK1, Save

Step-5 General ledger document posting against foreign exchange loan account with past date TR.CODE:F-02

Give document date: 10.6.2007 type: SA Currency USD

Co.Code:LAK1

Posting date : 10.6.2007

Posting key: 40 Account: 200100

Enter

Give amount : 100000, Business area: LAKH

Value Date : 10.6.2007, Text : foreign currency loan posting

Posting Key: 50 Account: 100305

Enter

Give amount : *, Business area : LAKH

Value Date : 1.6.2007, Text : + Enter

Select display button & Save

Step-6 FOREIGN CURRENCY VALUATION TR.CODE:F.05

Path: Accounting →Financial accounting →General ledger →Periodic processing →Closing →Valuate →F.05 FOREIGN CURRENCY VALUATION

(as per month wise)

Company code : LAK1

Evaluation key date : 31.6.2007

Valuation method : LAK1

Valuation in currency type : 10(company code currency)
Select creating posting check box
Reversal posting date : 1.7.2007
Select check box for reverse posting
Select General Ledge Balances
Select valuate general ledge account balance check box
General account : 100305
Select execute button

For year ending posting
Company code : LAK1
Evaluation key date : 30.3.2008
Valuation method : LAK1
De Select balance sheet preparation check box
De Select reverse posting check box
Select Execute button
Select general ledger tab
Select valuate general ledger account balances check box
General account : 100305
Select execute button

INTEREST CALCULATIONS

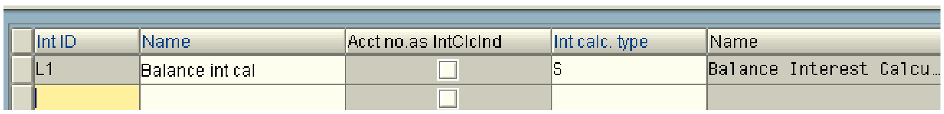
Interest can be calculated on General Leger account, Vendor and Customers in two ways
1. Account balance interest calculation, 2. Calculation of interest on arrears.
Interest calculation is controlled by settings made in the interest indicator. We assign an interest
indicator to the master records of the customer, ve3ndor accounts and General ledger accounts we want to calculate interest for. Interest is calculated using debit interest rate defined for the interest indicator. Credit interest rates are used when interest is being calculated on items paid prior to due date.
The interest calculation process:
1. Indentification of items on which interest is to be calculated.
2. No of day's calculation for which interest is to be calculated.
3. Converting into local currency.
4. Correspondence.
There are two fields in the company code data area of customer and vendor and general ledger
Master data that are relevant for calculation of interest on arrears.
1. Interest Indicator
2. Last key date – After each interest calculation run, the program enters the upper limit of the
Calculation period into this field by batch input.

To exclude particular items from interest calculation, we can block them by placing an X in the
Interest block field in the line item.
Define Interest Indicators, Balance interest – S, Arrears interest – P

Step-1 Creating G/L Account for Bank loan a/c – Secured loans
Creating INTEREST PAID A/c:

Step-2 Define interest calculation types TR.CODE:OB46

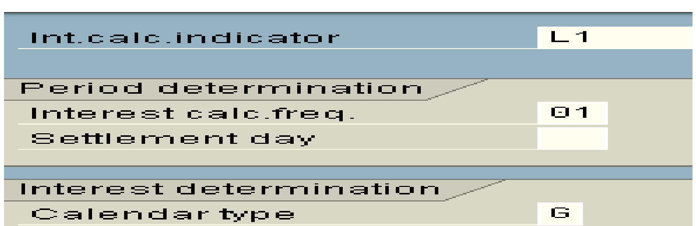
PATH: Up to SPRO Same path→financial accounting→General Ledger Accounting→
Business Transaction→Bank a/c Interest Calculation→Interest Calculation Global Settings→Define Interest Calculation Types
Select New Entries Button

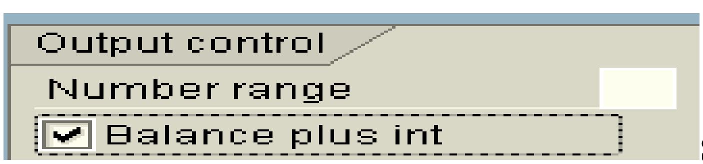


Int ID	Name	Acct no.as IntClcInd	Int calc. type	Name
L1	Balance int cal	☐	S	Balance Interest Calcu…
		☐		

SAVE

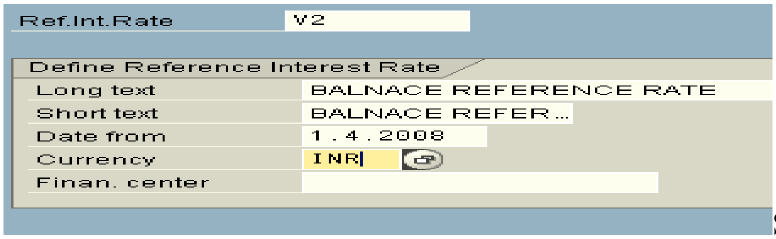
Step -3 Prepare account balance interest calculation TR.CODE: OBAA
In this activity, WE make general interest calculation specifications for each interest indicator. These specifications include the period determination, the interest determination, the interest processing, the output controls, and the payment terms.
Same path NEXT STEP
Select New Entries Button





SAVE

Step -5 Define reference interest rate: TR.CODE: OBAC
PATH: Up to bank a/c interest calculation same path→Interest calculation→define reference interest rate
Select New Entries Button



SAVE

Step -6 Define time dependent terms TR.CODE: OB81

In this activity, we specify how the interest rate is to be determined for each interest indicator. You can make this specification dependent on currency and a validity date.

You specify a condition for each entry. This determines which interest type it is (debit or credit interest).

In this activity, you also specify which interest rates are to be used. You have the following choices for doing this:

You specify a reference interest rate for which the interest rate is stored

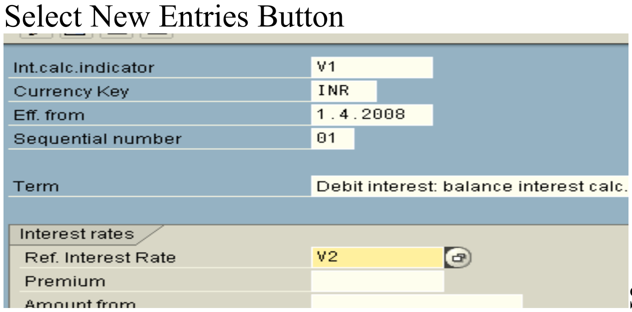
You specify the required interest rate directly in the Surcharge field without specifying a reference interest rate

You specify a reference interest rate and, in addition, an interest rate in the Surcharge field. The interest surcharge is added to the reference interest rate when paying interest

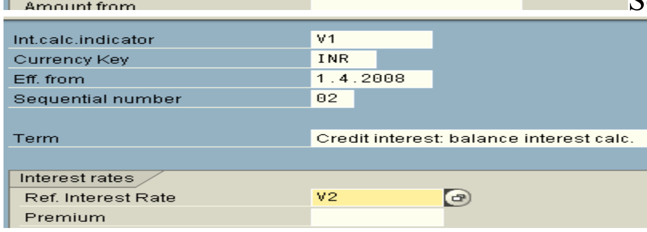
You can specify interest rates in graduated form using the "From amount" field.

Same path NEXT SREP

Select New Entries Button



Select new entry button



SAVE

Step -7 Enter interest values TR.CODE: OB83

Same path NEXT SREP

Select New Entries Button

The interest rates defined here are used when determining a variable interest rate that is linked with one of these reference interest rates

Reference:	Effective from	Int rate
L2	1.4.2000	10

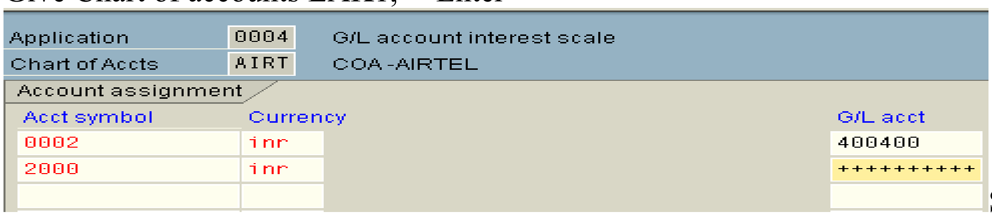
SAVE

Step -8 Prepare general ledger A/C balance calculation TR.CODE: OBV2

Up to bank a/c interest calculation same path→Interest posting→prepare general ledger a/c balance calculation

Select Accounts button

Give Chart of accounts LAK1, Enter



SAVE

Step -9 Assign interest indicator in bank loan account TR.CODE: FS00

GENERAL LEDGER Account No:100300

Company code:LAK1

Select change button

Create/bank/interest/ tab

Give Interest Indicator L1

Enter

Save

Step -10 Post one general ledger document with past date TR.CODE: F-02

Document date 10.6.07 type: SA Company Code LAK1

Posting date 10.6.07 period: 1 currency INR

Posting key 40 A/C: 200100

Amount 100000, Business area : LAKH

Value date 10.6.07

Text bank loan posting

Posting Key 50 A/C:100300

Enter

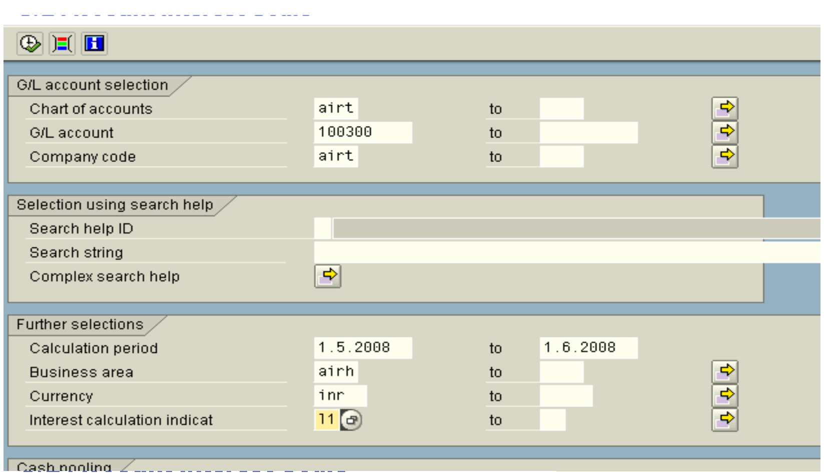
Amount *, Business area: LAKH

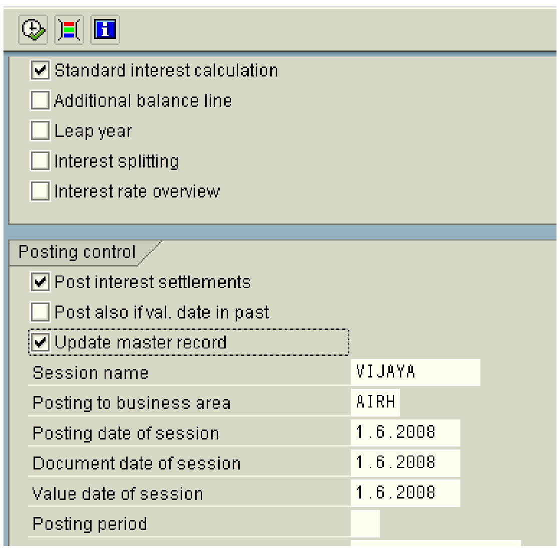
Value date 10.6.07, Text +

Save

Step -11 Interest Calculation RUN TR.CODE: F.52

PATH:Accounting→Financialaccounting→GeneralLedgera/c→Periodic processing→interest calculation →balances





Select execute button
For Batch Input Run Select System menu→Services →Batch input→Session
Then select session Vijaya→Select process Button
Select Display errors only check box
And click process button
Give text and Enter
Text + and Save, Exit batch input

BANK ACCOUNTING

To specify bank details, to determine the bank details for payment, House banks are used. All bank data is determined using the bank ID and Account ID.

Note

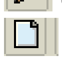
For domestic banks, you should enter the bank number in the "bank key" field and for foreign banks, you should enter the SWIFT code in this field.

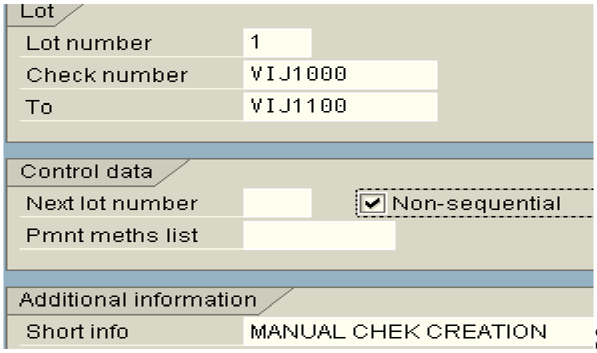
For Belgium, the first three house bank ID items must be numeric.

Do not forget to create a G/L account for the specified bank account. The G/L account is to be managed in the same currency as the account at the bank.

Step-1 CREATE ONE GENERAL LEDGER A/C: TR.CODE:FS00
BANK ACCOUNT UNDER CURRENT ASSETS

Step-2 CREATE HOUSE BANKS
TR.CODE:FI12
PATH: Up to SPRO same path→ financial accounting→ Bank accounting→Bank accounts→Define house banks
GIVE COMPANY CODE: ENTER
SELECT NEW ENTRIES
Give house bank : HDFC, Bank country : IN
Bank Key : 9866653190
Select create button
Give bank data
Give bank name : Housing Development finance
Give street : Ramnagar
City : Hyderabad
Branch : Ameerpet
Enter and save in your request
Double click on bank account's folder
Go to New Entries Button
Give account ID : LAK1
Give description : current account
Give currency : INR
Give bank account No: 18052
SAVE

Step-3 CHECK LOT CREATION TR.CODE: FCHI
Up to SPRO same path→Financial accounting→account's receivable and account's payable→Business transactions→Outgoing payments→Automatic out going payments→Payment media→Check management→Define number ranges for checks
Give PAYING company code : LAK1
Give house bank : HDFC
Give account ID : LA1
SELECT  ON THE APPLICATION BAR
SELECT 



SAVE

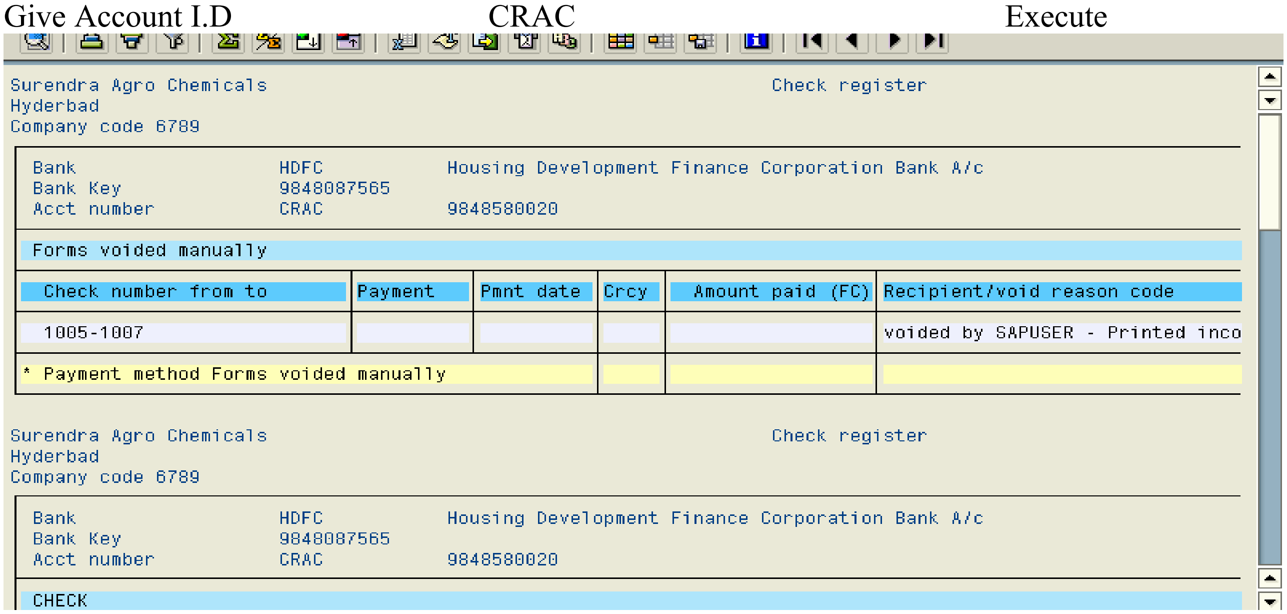
4. Display Cheque Register Tr Code FCHN

Path: - Accounting→Financial Accounting→Account Payables→Environment→Check Information→Display→FCHN – Check Register

Give Company Code VIJA

Give House Bank HDFC

Give Account I.D CRAC Execute



5. Cheque Encashment Tr Code FCH6

Path: - Accounting→Financial Accounting→Account Payables→Environment→Check Information→Change→FCH6 – Additional Info/Cash

Give Company Code VIJA

Give House Bank HDFC

Give Account I.D CRAC

Give Check No. 100001 Enter

Give Check Encashment Date Save

Check Register FCHN

System Gives Message Check is Encash

6. Cheque Cancellation Tr Code FCH3

Path: - Accounting→Financial Accounting→Account Payables→Environment→Check Information→Void→FCH3 – Unused Checks

Give Company Code VIJA
Give House Bank HDFC
Give A/c ID CRAC
Give From No 100002 to No. 100005
Give vide reason coed04 (Ripped during Printing) Select Vide

Cheque Issue

Give Payment Document Number 4002
Give Paying Company Code VIJA
Give Fiscal Year 2008
Give House Bank HDFC
Give A/c ID CRAC
Give Check No. 100006 Enter
Give Amount Paid 50000 Save

7. Issued Cheque Cancellation Tr Code FCH9

Path: - Accounting→Financial Accounting→Account Payables→Environment→Check Information→Void→FCH9 – Issued Checks

Give Company Code VIJA
Give House Bank HDFC
Give A/c ID CRAC
Give Check No. 100006
Give vide reason code 07 (Stolen)
Select Vide on Menu Bar

8. Cancel Payment Tr Code FCH8

Path: - Accounting→Financial Accounting→Account Payables→Environment→Check Information→Void→FCH8 – Cancel Payment

Give Company Code VIJA
Give House Bank HDFC
Give Account ID CRAC
Give check No 100006 Give vide reason code

05 (Printed Incorrectly)

Give reversal reason 01 (Reversal In Current Period)
Select Cancel Payment on Menu Bar

FCH1 – Display Cheque Information
FCH2 – Display Payment Document Cheques
FCH4 – Renumber Cheques
FCH7 – Reprint Cheques

CASH JOURNAL

STEP 1. CREATE 3 G/L ACCOUNTS Tr Code: - FS00

Path: - Spro→Img→Financial Accounting→Bank Accounting→ Business Transactions→
Cash Journal→Create G/L Account For Cash Journal

Give Company Code VIJA Give G/L Account No. 200106
Give G/L Account Group – Current Assets Loans and Advances
Give Description Short Text – Cash Account
Select Control Data Tab Give Account Currency – Inr
Select Only Balances in Local Currency
Select Line Item and Sort Key – 002 (Document No. Fiscal Year)
Select Create Bank Interest Data Tab
Give Field Status Group – G001 Save

Give Company Code VIJA Give G/L Account No. 300000
Give G/L Account Group – Other Incomes
Give Description Short Text – Discount Received
Select Control Data Tab Give Account Currency – Inr
Select Only Balances in Local Currency
Select Line Item and Sort Key – 002 (Document No. Fiscal Year)
Select Create Bank Interest Data Tab
Give Field Status Group – G001 Save

Give Company Code VIJA Give G/L Account No. 400000
Give G/L Account Group – Other Expenses
Give Description Short Text – Transport Expenses
Select Control Data Tab Give Account Currency – Inr
Select Only Balances in Local Currency
Select Line Item and Sort Key – 002 (Document No. Fiscal Year)
Select Create Bank Interest Data Tab
Give Field Status Group – G001 Save

STEP 2.DEFINE NUMBER RANGE INTERVALS FOR CASH JOURNAL DOCUMENTS Tr Code: - FBCJC1

Path: - Spro→Img→Financial Accounting→Bank Accounting→Business Transactions→Cash Journal→Create G/L Account For Cash Journal→Define Number Range Intervals for Cash Journal Documents

Give Company Code VIJA
Select Change Intervals
Give No.01 From No.1 To No.1000 Enter
System gives Message Save

STEP3.SETUP CASH JOURNAL Tr Code: - FBCJC0

Path: - Spro→Img→Financial Accounting→Bank Accounting→Business Transactions→
Cash Journal→Create G/L Account For Cash Journal→SSetup Cash Journal

Go to New Entries
Give Company Code
Give Cash Journal Number 0001
Give G/L Account – Cash G/L Account No.200106
Give Currency – INR
Give Doc – SA, Doc – KR, Doc – KZ, Doc – DR, Doc – DZ,
Give Cash Journal Name Ameerpet Branch Save

STEP4.MAINTAIN CASH JOURNAL TRANSACTION NAMES
Tr Code: - FBCJC2

Path: - Spro→Img→Financial Accounting→Bank Accounting→Business Transactions→
Cash Journal→Create G/L Account For Cash Journal→Create Change Delete Business Transactions
Go to New Entries
Give Company Code – VIJA
Give Transaction – 1
Give Business Transaction Type – C (Cash Received From Bank)
Give G/L Account No.200103 (Cash Account)
Give Cash Journal Business Transaction – Cash Received From Bank
Select Account Mod

Give Company Code – VIJA
Give Transaction – 2
Give Business Transaction Type – B (Payment To Bank)
Give G/L Account No.200103 (Cash Account)

Give Cash Journal Business Transaction – Cash Deposit To Bank
Select Account Mod

Give Company Code – VIJA, Give Transaction – 3
Give Business Transaction Type – R (Revenue Account)
Give G/L Account No.300000 (Revenue)
Give Cash Journal Business Transaction – Revenue
Select Account Mod

Give Company Code – VIJA, Give Transaction – 4
Give Business Transaction Type – E (Expenses)
Give G/L Account No.200103 (Expenses Account)
Give Cash Journal Business Transaction – Expenses
Select Account Mod Save

CASH JOURNAL POSTING

Tr Code: - FBCJ

Path: - Accounting→Financial Accounting→General Ledger→Document Entry→Cash Journal Posting

Change Cash Journal on Menu Bar
Give Company Code – VIJA
Give Cash Journal – 0002
Go to Cash Receipts Tab
Give Business Transaction – Revenue
Give Amount – 100000
Give Text – Discount Received
Give Business Area – SACC
Select that row Save Selected Entries

Go to Cash Payments Tab
Give Business Transaction – Revenue
Give Amount – 50000
Give Text – Transport Charges Paid
Give Business Area – SACC
Select that row Save Selected Entries

ACCOUNTS PAYABLE

The accounts payable application component records and manages accounting data. It is also an integral part of purchasing. Deliveries and invoices are managed according to vendors. The system supplies cash management application component with invoice figures from invoices if order to optimize liquidity planning.

Payables are paid with the payment program. The payment program supports all standard payment methods (Such as checks and transfers) in printed form as well as in electronics form. Postings made in Accounts Payable are simultaneously recorded in the General Ledger where different G/L accounts are updated based on the transaction involved (payables and down payments). The system contains due date forecasts and other standard reports that we can use to help we monitor open items. We can design balance confirmations, accounts statements, and other form of reports to suit wer requirements in business correspondence with vendors. There are balance lists, journals, balance audit trials and other internal evaluations available for documenting transactions in Accounts Payable.

Vendor Master Data:

Business transactions are posted to accounts and managed using those accounts. For every account it is must to create a master record, which controls how business transactions are recorded and processed by the system. Specifications that are made in the master record are used as default values, for processing business transactions and for working with master records. In addition to line item display and open item management are defined automatically for each vendor account. Vendor master record contents data that is required to do business with the vendors.

Vendor Master Record contains:

Vendor name, address, language, phone numbers, tax number, bank details, payment method. Control data like GL Reconciliation account, purchasing data and credit limit. Vendor master records are divided into the following areas so that each company code and each purchasing organization can stores its own information for doing business with vendors.

General Data

This data applies to every company code and every purchasing organization, which includes, name, address, language, telephone number, communication data.

Company code data

This data is specific to an individual company code, includes, for example, reconciliation account and payment terms.

Purchasing organization data

This data is relevant to the purchasing organization of the company. For example, request for quotations, purchase orders and invoice verification.

Account Group:

Account Group determines the type of number assignment, a number range for assigning account number, which fields are displayed and whether their entry is optional or required when we enter or change vendor master data. Whether the account is for one time vendor.

Each master record has a unique number. Which is needed to display or change and post to vendor account. The number can be assigned whether assigned either internally or externally. Internal numbers are assigned by the system. Where as external numbers are given by the user when creating a master record.

Screen Lawet:

Defining and maintaining Account groups can control Fields on the screen for the vendor master record and its status as suppressed, optional, required or display only.

Reconciliation Account – Vendor Master Records:

When we post items to a subsidiary ledger the system automatically post the same data to General Ledger Reconciliation account. We have to specify reconciliation in every master record. Settings made in a reconciliation account also affect the vendor accounts.

Special Fields in Vendor Master Record:

1. Alternative Payee:

The payment program can make payment to a vendor other than the one to which the invoice was posted. Payment is made to an alternative payee, which must be specified in the master record. We can specify an alternative payee in the general data area and in the company code area. The alternative payee specified in the general data area is used by every company code. If we specify an alternative payee in both areas, the specification in the company code has priority. To make vendor payment to an alternative payee proceed as follows.

1. Create a vendor master record for an alternative payee. Block this account again posting.
2. Specify the account number of the alternative payee in the alternative payee field within the payment transaction section of the vendor master record.

When making payments for this vendor, the payment program will always access the name and address of the alternative payee. In some instances it may be better to specify a payee in to document. To do this, we have to activate this function by selecting the payee in document indicator in the general data area.

Affiliated companies

If invoices are sent to companies, which are members of wer consolidation group, we have to include these companies in consolidation. All sales revenues originating form business within the corporate group have to be eliminated. To enable the system to eliminate the revenues, We need to specify a standard, corporate-wide company-Id in the Trading partner field in every vendor master record set up for an affiliated company. The consolidation system uses this number to identify inter company revenues and expenses for consolidation purposes.

Clearing between a customer and Vendor

If a vendor also is a customer, or vice-versa, we can have payment program and the dunning program to clear the vendor and customer open items against each other. We can also select the customer line items when we display vendor line items for this account.

Before we can clear items between a vendor and customer account we must

1. Create a customer master record for the vendor who is also a customer.
2. Enter the customer account number in the customer field in the control section of the general data in the vendor master record.
3. Enter the vendor account number in the vendor field in the control section of general data in the customer master record.

Select clearing with vendor and clearing with customer in the company data in the both customer and vendor master record. In this way each company code can decide separately, whether it wants to clear the customer with vendor.

With the account groups, we group vendor accounts together according to the criteria. We determine number interval and type of number assignment by using number ranges and define field status.

Cash Management Group

In cash management customers and vendors are allocated to planning groups by means of an entry made in the master record.

We can define these planning groups in customizing. In order to improve the liquidity forecast display for major customers and vendors, it can be advisable to enter their account number as the planning group.

Vendor planning Groups
E1 -Domestic Vendors
E2 -Vendors Abroad
E3 -Affiliated company vendors
E4 -Major Vendors
E5 -Personnel Cost
E6 –Taxes , E7 -Investments
Customers planning Groups
R1 -- Customers paying by bank collection
R2 -- Other domestic customers
R3 -- Customers Abroad
R4 -- Affiliated Company Customers
R5 -- High-risk customers
R6 -- Major Customers
R7 -- Rental Income
R8 -- Repayment of loans

In cash management and forecast you assign you customers and vendors to a planning group, which reflects certain characteristics, risks or the type of business relation ship in question. Customer: Bank Collection Crisis area

Vendor: Member of a consolidation group

This management makes it possible to breakdown the display of the cash forecast according to the reliability of your forecast regarding the outflow or inflow of cash.

Creation of Vendor Account Groups
Create Number Ranges For Vendor Account Group
Assign Number Ranges For Vendor Account Group

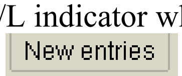
Define Tolerance Groups For Vendor/Customer Groups
Creation of General Ledger Accounts
Creation of Vendor Master
Define Number Ranges For Postings
Posting of Purchase Invoice
How to View Vendor Account
How to Make Vendor Payment

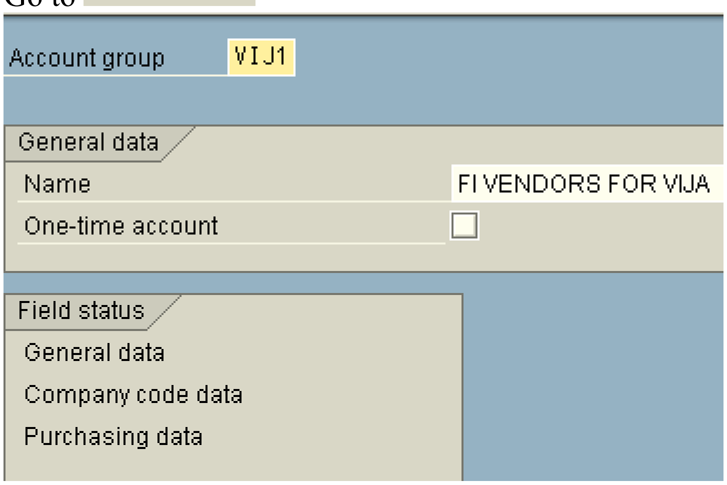
STEP1. Define Account Groups with Screen Layout Vendors TR.CODE: OBD3

PATH:Spro→Img→FA→AR&AP→VendorAccounts→Master Records→Preparations for creating vendor master records →Define Account Groups with Screen Layout Vendors

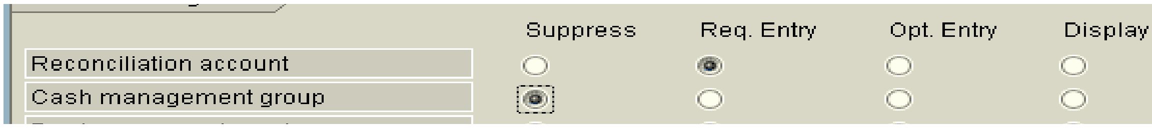
The Vendor account group is a classifying feature within vendor master records. The account group determines: the number interval for the account number of the vendor, whether the number is assigned by the user or by the system, which specifications are necessary and/or possible in the master record.

The reconciliation account in G/L accounting is the account which is updated parallel to the sub ledger account for normal postings (for example, invoice or payment).For special postings (for example, down payment or bill of exchange), this account is replaced by another account (for example, 'down payments received' instead of 'receivables').The replacement takes place due to the special G/L indicator which you must specify for these types of postings.

Go to 



Double Click On Company code Data
Double Click On Account Management
Reconciliation Account Required Entry &Cash management group Optional entry



Save
Go to Next Entry
Give Vendor Account Group Vij2
Give Name MM Vendor For VIJA
Double Click On Company code Data
Double Click On Account Management
Reconciliation Account Required Entry &Cash management group Optional entry
Save

2. Create Number Ranges For Vendor Accounts   Tr   Code XKN1

Path:Spro→Img→FinancialAccounting→FinancialAccountingGlobalSettings→Account Receivable and Account Payable→Vendor Accounts →Master Data→Preparations for Creating Vendor Master Data→Create Number Ranges For Vendor Accounts
Select Change Intervals
Go to Insert Interval

No	From number	To number	Current number	Ext
V1	0000300000	0000300099	0	☐

SAVE

3. Assign Number Ranges For Vendor Account Groups   Tr   Code OBAS

Path:Spro→Img→FinancialAccounting→FinancialAccountingGlobalSettings→Account Receivable and Account Payable→Vendor Accounts →Master Data→Preparations for Creating Vendor Master Data→Assign Number Ranges For Vendor Account Groups

Go to 

Give VIJ1 ENTER
Give the number range you mention in he previous step like this

Group	Name	Number range
VIJ1	FI VENDORS FOR VIJA	V1
VIJ2	MM VENDORS FOR VIJA	V1

Save

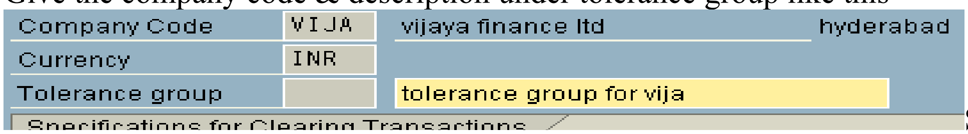
4. Define Tolerance Groups   Tr   Code OBA3

These tolerances are used for dealing with difference in payment and residual items, which can occur during payment settlement. Specify the tolerances under one or more tolerance groups. Allocate a tolerance group to each vendor via the master record. For each tolerance group specify the following. Tolerances up to which differences in payment are automatically posted to expense or revenue accounts when clearing open items. The handling of the terms of payment for residual items, if they are to be posted during clearing

Path:Spro→Img→FinancialAccounting→ FinancialAccountingGlobalSettings→Account Receivable and Account Payable→Business Transactions→Open Item Clearing →Clearing Differences→Define Tolerances For Vendors/Customers

Go to 

Give the company code & description under tolerance group like this



Save

5. Creation Of G.L Accounts TR.CODE: FS00

Inventory Account

Give G.L Account No. 200100(Current assets)

Give Company Code VIJA

Select Create Button

Give Account Group Current Assets

Select Balance Sheet A/c

Give Short Text& General Ledger Long Text :Inventory A/c

Select Control Data Tab

Give Account Currency Inr

Select Only Balances In Local Currency

Select Line Item Display

Give Sort Key 001 (Posting date)

Select Create Bank Interest Data Tab

Field Status Group G001 Save

Sundry Creditor Account

Give G.L Account No. 100500(Current Liabilities Account)

Give Account Group Current Liabilities Account

Select Balance Sheet Account

Give Short Text& General Ledger Long Text :Sundry Creditors A/c

Select Control Data Tab

Give Account Currency Inr

Give Reconciliation Account Vendor

Select Line Item Display

Give Sort Key 012 (Vendor Number)

Select Create Bank Interest Data Tab

Field Status Group G067 Save

6. Creation of Vendor Master data Tr Code XK01

A data record containing all the information necessary for any contact with a certain vendor, in particular for conducting business transactions. This information includes, for example, address data and bank data

Path:Accounting→Financial Accounting→Account Payable→Master Records→Maintain Centrally→Create
Give Company Code VIJA
Give Account Group VIJ1 Enter
Give Title Company
Give Name Nagarjuna Agro Chemicals Hyderabad
Give Search Item NACH
Give Remaining All Address Fields Enter
If Vendor is going to be Customer Give That Details Enter
If Vendors Bank Details Available Give That Details Enter
Give Reconciliation Account (F4) Select Sundry Creditors
Give Sort Key 012 (Vendor Number) Enter
Give Payment Terms – 0001 (Payable Immediately Due Net)
Save

7. Define Vendor document types & number ranges TR.Code OBA7

Select 

KA	Vendor document
KR	Vendor invoice
KZ	Vendor payment

Select (above) go to details button
Select number range information
Give company-code- VIJA
Select change intervals
Select insert intervals

No	Year	From number	To number	Current number	Ext
17	2008	0000000001	0000001000	0	☐

ENTER & SAVE
LIKE THIS Give number ranges for 15, 19

8. Purchase Invoice Posting Tr Code F-43

Path:-Accounting→FinancialAccounting→GeneralAccounting→Account Payable→Document Entry→Invoice General
Give Document Date & Posting date
Give Company Code VIJA
Give Currency INR
Give Posting Key 31
Give Vendor Account Number Enter

Give Amount 100000
Give Business Area vijh
Give Text Purchase Invoice
Give Posting Key 40 Give Inventory Account Enter
Give Amount * Business Area VIJH Text + Save

9. How to View Vendor Line item TR Code FBL1N

Path: - Accounting→Financial Accounting→Accounts Payable→Accounts→FBL1N-Display/Change Line Items
Give Vendor Account Number
Give Company Code VIJA
Select Open Item Execute

10. How to Make Vendor Payment Tr Code F-53

Path: - Accounting→Financial Accounting→Accounts Payable→Document Entry→Out Going Payment→F-53 – Post
Give Document Date & Posting date
Give Company Code VIJA
Give Bank G.L Account No.200102 (cash /Bank account)
Give Business Area VIJH
Give Amount 50000
Give Value Date
Give Text Part Payment
Give Vendor Account 400301(VENDOR ACCOUNT NUMBER)
Select Process Open Item button on Application bar
Select Partial Data Tab
Keep Payment Item in Blue Color
Double Click on Payment Amount Field Save

Posting keys in Accounts Payable
31 Vendor Credit
25 Vendor Debit

Head office and Branch Accounts
In some industries, branches of a company sell their goods independently but the accounting for these sales is performed centrally (At head office). You can represent this type of organizational structure in the R/3 system by using head office and branch accounts. First you need to create head office and branch accounts. The sales orders are managed in the branch accounts. The sales and transaction figures however are not posted to this account but rather automatically to the head office account. Payments are cleared centrally by the head office

meaning that outgoing payments can be made for several branches in one step, using the head office account.

Link between Branch Accounts and Head office account:

To link branch accounts to a head office account, you must enter the number of head office account in head office field in the branch account master record. This filed is contained in the company code area of the master record. The head office account can be any vendor account except one-time accounts or branch accounts themselves. Branch accounts and head office account must belong to same company code.

ADVANCE PAYMENT CONFIGURATION

Down payments are used for short or medium financing. Generally the vendor or manufacturer does not have to pay interest on down payments. Down payments are generally made before production begins or after partial completion. Down payments must be displayed separately in the balance sheet. On the balance sheet, down payments made are displayed on the assets side and down payments received on the liabilities side. Down payments made are further divided, depending on whether they are:

a. Down payments on tangible fixed assets
b. Down payments on intangible fixed assets.
c. Down payments on inventory stocks.
d. General Down payments

Once you have received the goods or service for which the down payment have been made, you need to clear this payment for the final settlement either manually or using the payment program.

1. Creation G.L Account
2. Link between Reconciliation Account & Special G.L Account
3. Down Payment Entry
4. Purchase Invoice Posting
5. Transfer of Amount From Special G.L Account To Normal G.L Account
6. Clearing Normal G.L Account

STEP 1.Create G.L Account Advance to Vendor
TR.CODE:FS00

Give G.L Account No. 200101(Current assets)
Give Company Code VIJA
Select Create Button
Give Account Group Current Assets
Select Balance Sheet A/c
Give Description Short Text & General Ledger Long Text :Advance To Vendor A/c
Select Control Data Tab
Give Account Currency Inr
Reconciliation Account – Vendors

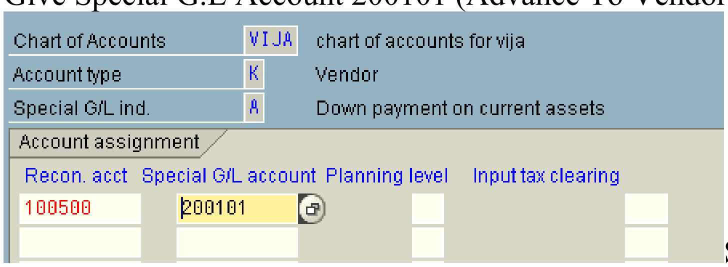
Select Line Item Display
Give Sort Key 012 (Vendor Number)
Select Create Bank Interest Data Tab
Field Status Group G067 Save

<u>STEP 2.Link Between Reconciliation Account & Special G.L Account</u>
<u>TrCode OBYR</u>

Path: - Spro→Img→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions →Down Payment Made→Define Alternative Reconciliation Account For Down Payments

Double Click On Special G.L Indicator “A”

Give Chart of Accounts VIJA
Give Reconciliation Account 100500 (Sundry Creditor)
Give Special G.L Account 200101 (Advance To Vendor) Like this



SAVE

<u>STEP 3.Down Payment Entry Tr Code F-48</u>

Path:-Accounting→Financial Accounting→Accounts Payable→Document Payment Entry→Down Payment→F-48 Down Payment

Give Document Date
Give Company Code VIJA
Give Currency INR
Give Vendor Account 400301
Give Special G.L Indicator – A (Down Payment On Current Assets)
Give Bank G.L Account 200102
Give Business Area VIJH
Give Amount 50000
Give Value Date
Give Text Advance Enter
Give Amount * Business Area VIJH Give Date Text + Save

<u>STEP 4Purchase Invoice Posting Tr Code F-43</u>

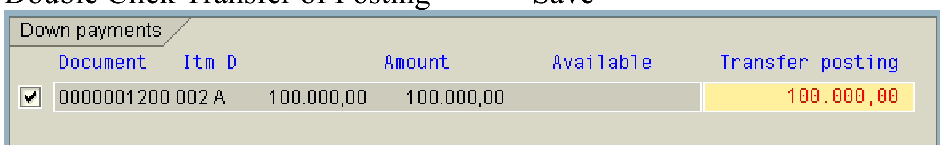
Give Document Date
Give Company Code VIJA
Give Currency INR

Give Posting Key 31
Give Vendor Account Number Enter
Give Amount 100000 ,Give Business Area VIJH
Give Text Purchase Invoice
Give Posting Key 40
Give Inventory Account Enter
Give Amount * Business Area VIJH Text + Save

STEP 5Transfer of Amount for Special G.L Account To Normal G.L Account

Tr Code F-54

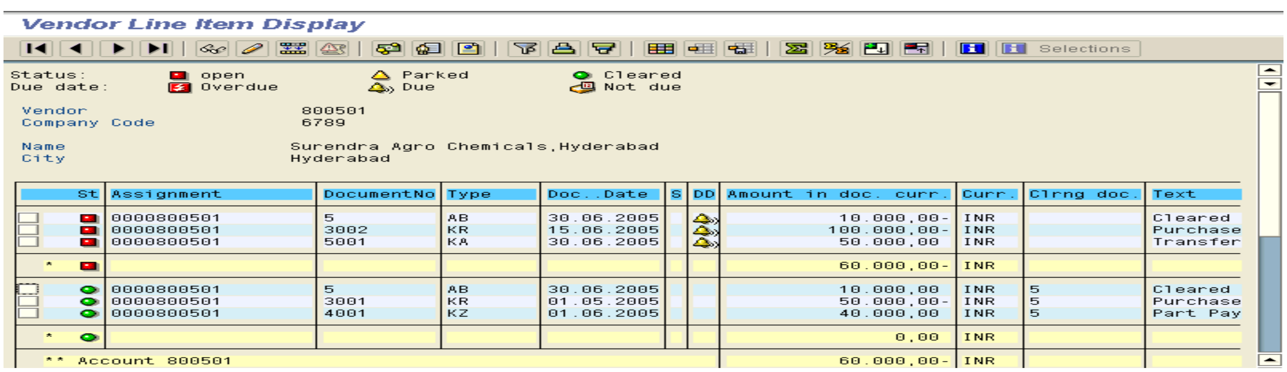
Path:-Accounting→Financial Accounting→Accounts Payable→Document Payment Entry→Down Payment→F-54 Clearing
Give Document Date
Give Vendor Account Number 400301
Give Text Transfer of Amount
Select Process Down Payments
Double Click Transfer of Posting Save


Down payments

Document	Itm D	Amount	Available	Transfer posting
0000001200	002 A	100.000,00	100.000,00	100.000,00

STEP 6 How to View Vendor line item Tr Code FBL1N

Path: - Accounting→Financial Accounting→Accounts Payable→Accounts→FBL1N-Display/Change Line Items
Give Vendor Account Number
Give Company Code VIJA
Select Open Item Execute


Vendor Line Item Display

Status: open / Parked / Cleared
Due date: Overdue / Due / Not due

Vendor 800501
Company Code 6789

Name Surendra Agro Chemicals,Hyderabad
City Hyderabad

St	Assignment	DocumentNo	Type	Doc..Date	S	DD	Amount in doc. curr.	Curr.	Clrng doc.	Text
	0000800501	5	AB	30.06.2005			10.000,00-	INR		Cleared
	0000800501	3002	KR	15.06.2005			100.000,00-	INR		Purchase
	0000800501	5001	KA	30.06.2005			50.000,00	INR		Transfer
*							60.000,00-	INR		
	0000800501	5	AB	30.06.2005			10.000,00	INR	5	Cleared
	0000800501	3001	KR	01.05.2005			50.000,00-	INR	5	Purchase
	0000800501	4001	KZ	01.06.2005			40.000,00	INR	5	Part Pay
*							0,00	INR		
** Account 800501							60.000,00-	INR		

STEP 7Clearing Normal Account Tr Code F-44

Path: -Accounting→Financial Accounting→Accounts Payable→Account→F-44→Clear
Give Vendor Account Number 400301 Enter
Go to Process Open Item On Application Bar
Keep Relevant Item in Blue Color Save

Statement of Account **Tr Code OB78**

Path: - Spro→Img→Financial Accounting→Accounts Receivable and Accounts Payable→Vendor Accounts→Line Item→Correspondence→Carry Out Check Settings For Correspondence→Assign Programs for Correspondence Type

Go to Position

Select Sap-06

Select Copy As Button

Give Company Code VIJA Enter Save

Request for Correspondence **Tr Code FB12**

Path:-Accounting→Financial Accounting→Account Payable→Account Correspondence→FB-12 – Request

Give Company Code VIJA Enter

Double Click on Sap-06

Give Vendor Number 400301

Give From Period 1.4.2008 To Period 31.3.2006 Enter

Maintain Statement **Tr Code F.64**

Path:- Accounting→Financial Accounting→Account Payable→Account→Correspondence→F.64 – Maintain

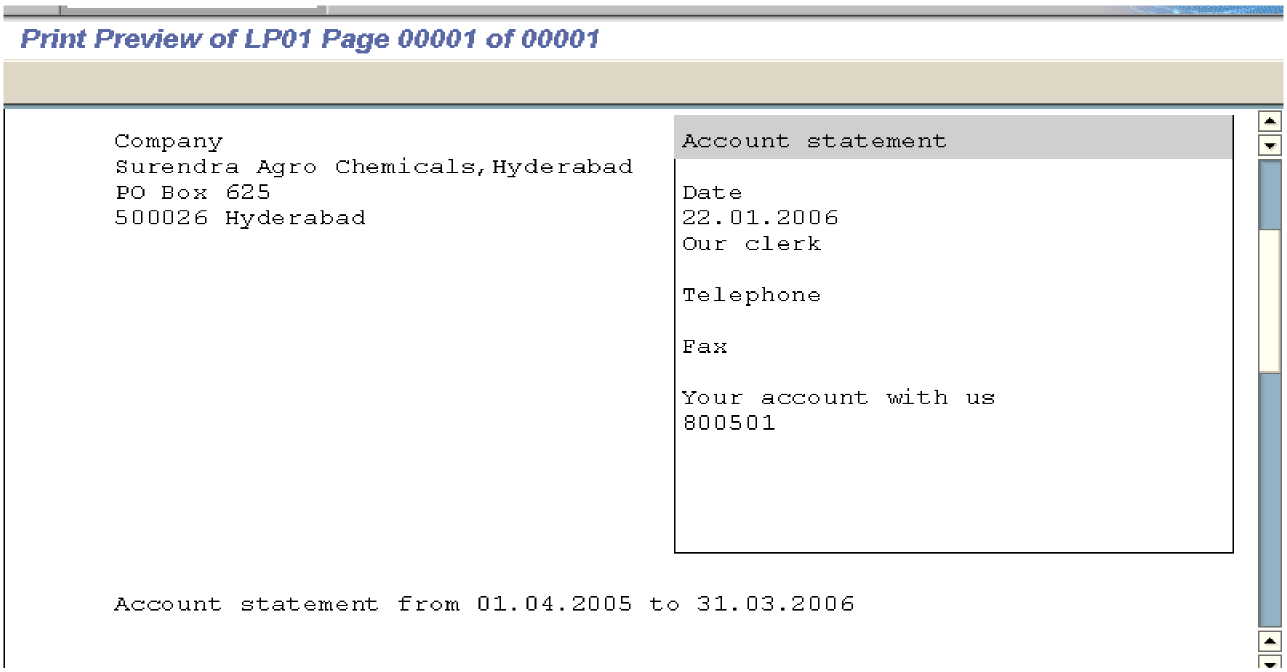
Give Correspondence – Sap-06

Give Company Code VIJA

Give Account Type – K (Vendors) Execute

Double Click On Postings

System Gives Message Enter Give Out Put Device LP01 Continue



Print Preview of LP01 Page 00001 of 00001

Company
Surendra Agro Chemicals,Hyderabad
PO Box 625
500026 Hyderabad

Account statement

Date
22.01.2006
Our clerk

Telephone

Fax

Your account with us
800501

Account statement from 01.04.2005 to 31.03.2006

Credit memo- General

Sap menu - Accounting – Accounts Payable – Document Entry – Others – Credit Memo – General Transaction Code F-41

Enter Header Data

Enter posting key 21 Enter Vendor Account

Press enter key, Enter line item data

Amount, Business area, Text

Enter Second line item data

Enter posting key 50, Enter General ledger account

Press Enter key, Enter * in the amount column

Enter + in the text column, enter business area and assignment account object

Simulate the document, save the document

WITH HOLDING TAX

Withholding tax is an Income tax which is deducted at the source of the revenue. The party that is subject to tax does not remit the withholding tax to the tax authorities himself.

In any business transaction there are 2 parties involved. One is the customer and another is the vendor. A customer is authorized to deduct withholding tax for services rendered by the vendor. When the vendor raises the invoice on the customer, the customer deducts the withholding tax as per the rates specified by the tax authorities and pays the balance money to the vendor. The tax deducted by the vendor is remitted to the tax authorities on specified due dates. The vendor gives a Withholding tax certificate to the customer fo r

the withholding tax deducted.
The customer can claim this withholding tax (as advance income tax paid) in his annual returns to Income tax authorities.
In some countries (like India) the withholding tax is deducted on Invoice or payment whichever is earlier. Thus when an advance is paid to the vendor the customer is required to deduct withholding tax o n the advance payment.
When the Vendor submits an Invoice the customer is now required to deduct tax on the Invoice amount reduced by the advance amount.
To calculate pay and report the withholding tax, the SAP system provides two functions:-

1. Classic Withholding tax
2. Extended Withholding tax

Extended Withholding tax includes all the functions of classic withholding Tax; SAP therefore recommends the use of extended withholding tax.
Since each country has its own forms and different reporting requirements. With Extended Withholding tax, we can process withholding tax from both the vendor and customer view.
From the Accounts Payable perspective, the vendor is the person subject to tax and the company code is obligated to deduct withholding tax and pay to tax authorities.
From the Accounts Receivable perspective the company code itself is subject to tax and the customers that do business with the company deduct Withholding tax and pay to the tax authorities.
Generally the Accounts Payable perspective is used by majority of the implementing companies.
This is used for service charges, professional charges, contract payments, salary payments, and insurance commission. Whenever you make payments in respect of the above you have to deduct the TDS from these amounts and pay to the tax authorities to meet the statutory obligation. TDS is deducted while posting invoice or while making payment. There we need to define two withholding tax types

The SAP R/3 System provides you with two procedures for processing withholding tax: "Standard" and extended withholding tax.

"Standard" withholding tax is the procedure that has always been supported by the system. It offers you the following features:
Withholding tax for accounts payable
Withholding tax calculation during payment
Withholding tax code per vendor line item

Extended withholding tax provides the following additional features:
Multiple withholding taxes per customer or vendor line item
Withholding tax calculation for partial payments
Enhancements in withholding tax calculation
Withholding tax calculation during invoice entry and during payment

Step 1: Check with holding tax countries

The withholding tax country is needed for printing the withholding tax form and also for maintaining the tax codes in the vendor master and customer master

Path: SPRO→Financial Accounting→ Financial Accounting global settings→with holding tax→Extended with holding tax→Basic settings→Check with holding tax countries

Select New Entries

Cty	WCty	Description
IN	IN	india

SAVE

Step 2: Check Official withholding tax codes

In several countries, official withholding tax keys are defined which must be included in official reports. If the national tax authorities use official withholding tax keys to identify the different withholding tax types, you can define these official names for your tax codes. Here we configure the various tax keys which are applicable in different scenarios.

For example:-

Withholding tax code on Contractors, Withholding tax code on Commission and brokerage, Withholding tax code on Professional & Technical service

Withholding tax is also called TDS (Tax deducted at source) in some countries.

Same path next step

Give Country Key: IN

ENTER, Select New Entries

Off. Key	Name
192	Sec 192 TDS on Salaries
193	Sec 193 TDS on Interest on Securities
194A	Sec 194A - TDS on Int oth than Securitie
194C	Sec 194C - TDS on Payment to Contractors
194H	Sec 194H TDS on Comm and Brokerage
194I	Sec 194I TDS on Rent
194J	Sec 194J TDS on Prof & Tech. Services

SAVE

Step 3: Define business places

An organizational unit below company code level that is primarily used for reporting taxes on sales/purchases. In some countries, the business place is also used to assign official document numbers to outgoing documents. Business places are the location where tax is deducted. A company has various offices at Head Office, Regional offices etc. Tax can be deducted at any of these places. Withholding tax tracking is thus done based on business places. The use of business places is mandatory.

Create a business place for each tax deduction account number (TAN) that Your company has.

IMG→CROSS APPLICATION COMPONENTS →GENERAL APPLICATION FUNCTIONS →places OF BUSINESS→DEFINE BUSINESS PLACES

Select New Entries

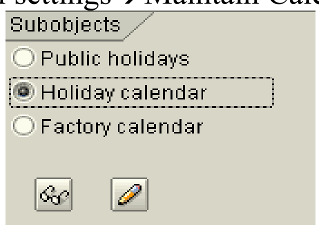
Give Business place and description ENTER & SAVE

<u>Step 4: Define factory calendar</u>

Defines the workdays including special regulations, under the assignment of a particular public holiday calendar.

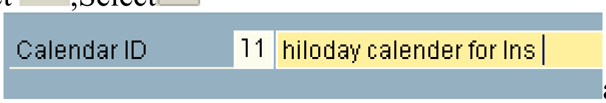
PATH: SPRO→General settings→Maintain Calendar

Select Holiday calendar



Select ,Select

Give



and select Assign publ.holiday

Select holidays on the list

Select Assign publ.holiday

Select back arrow 2 times ,Select Factory calendar radio button

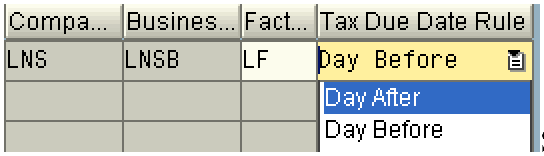
Select ,Select Give Factory Calendar id and holiday calendar id and workdays like this

SAVE

<u>Step 5: Assign factory calendar to business places</u>

Path : Upto extended with holding tax same→Basic Settings→India→ Assign factory calendar to business places

Select New Entries



Select day before under rule and SAVE

<u>Step 6: Define with holding tax type for invoice posting</u>

In the system you use withholding tax types to represent the various withholding taxes in a country. You define withholding tax types in the following activities.

The withholding tax type controls the essential calculation options for extended withholding tax, whilst the withholding tax code only controls the percentage rate of the withholding tax.

You must enter the withholding tax type in the customer/vendor withholding tax master data and in the company code master data.

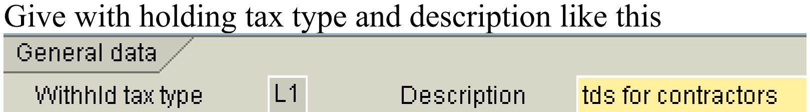
The system recognizes two categories of withholding tax type depending on when the withholding tax amounts are posted: Posting with invoice, Posting with payment

Path : Upto extended with holding tax same→Calculation→With holding tax type→Define with holding tax type for invoice posting

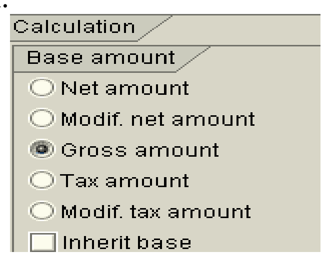
Give Country key - IN

Select New Entries ,Under general data

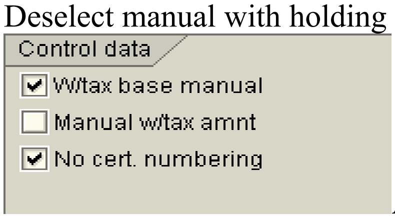
Give with holding tax type and description like this



Select gross amount radio button under Calculation ,By selecting this indicator, the system uses the gross amount as the base amount for calculating the withholding tax.



Deselect manual with holding tax amount check box under control data



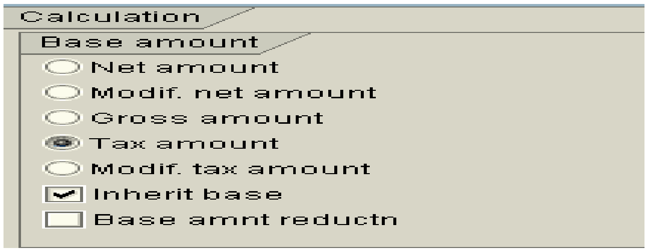
All the settings remain same

Select next entry button

Give with holding tax type L2 &description as surcharge on tds

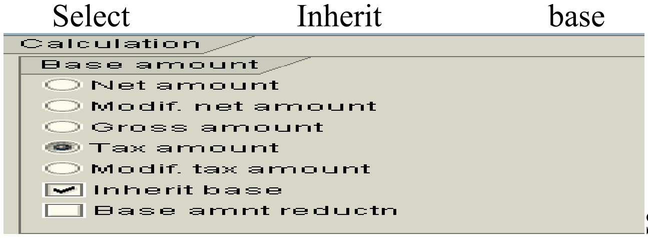
Select gross amount radio button and deselect manual with holding tax amount

Select next entry button 
Give with holding tax type L3 &description as Edu cess on tds
Select Tax amount radio button and deselect manual with holding tax amount,
Select Inherit base check box



If this indicator is set, the withholding tax base amount is set to be the same as the withholding tax amount of another type. You must maintain the sequence number of the type whose withholding tax amount is to be set as the base amount.

Select next entry button 
Give with holding tax type L4 &description as Edu cess on surcharge
Select Tax amount radio button and deselect manual with holding tax amount,
Select Inherit base check box



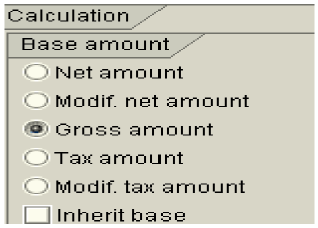
Save

Step 7: Define with holding tax type for payment posting

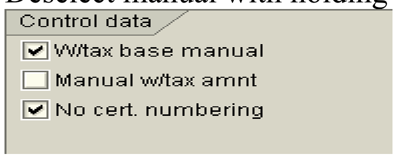
The withholding tax type controls the essential calculation options for extended withholding tax, While the withholding tax code only controls the percentage rate of the withholding tax. You must enter the withholding tax type in the customer/vendor withholding tax master data and in the company code master data.

Same path next step
Give country key: IN ENTER
Select 

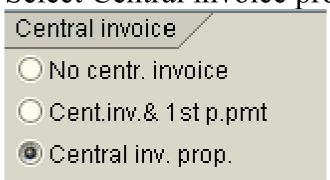
Under general data ,Give with holding tax type –LA and description
Select gross amount radio button under Calculation , By selecting this indicator, the system uses the gross amount as the base amount for calculating the withholding tax.



Deselect manual with holding tax amount check box under control data



Select Central invoice prop radio button under central invoice



In the case of partial payments, the withholding tax amount is divided and allocated to each partial payment pro rata."Central invoicing" is a special method for dealing with line items that are linked to other, dependent documents like customer or vendor memos (credit memos, debit memos, down payment clearings or partial payments). This link is established when the dependent documents are posted by entering the invoice reference fields document number, fiscal year, together with the line item (to which the reference is made).

All the settings remain same

Select next entry button 

Give with holding tax type LB &description as surcharge on tds

Select gross amount radio button and deselect manual with holding tax amount, Select Central invoice prop radio button under central invoice

Select next entry button 

Give with holding tax type LC &description as Edu cess on tds

Select Tax amount radio button and deselect manual with holding tax amount, Select Inherit base check box, and Central invoice prop radio button under central invoice

Select next entry button 

Give with holding tax type LD &description as Edu cess on tds

Select Tax amount radio button and deselect manual with holding tax amount, Select Inherit base check box, and Central invoice prop radio button under central invoice

SAVE

Step 8: Define with holding tax codes

The withholding tax code determines the withholding tax percentage

1. Percentage Subject to Withholding Tax: Portion of the invoiced amounts which are subject to tax with the above-mentioned withholding tax code

2. If you set the posting indicator to "1", the withholding tax amount is deducted from the customer/vendor line item amount and/or bank line item, and a withholding tax line item automatically created. If the posting code is set to "2" ("grossing up"), the system automatically creates two withholding tax line items with opposing debit/credit signs. The withholding tax amount is then increased by the factor 1/(1-p), where p is the withholding tax rate. You cannot choose this option if withholding tax scales apply.

If the posting code is set to "3", the system automatically creates two withholding tax items with opposing debit/credit signs.

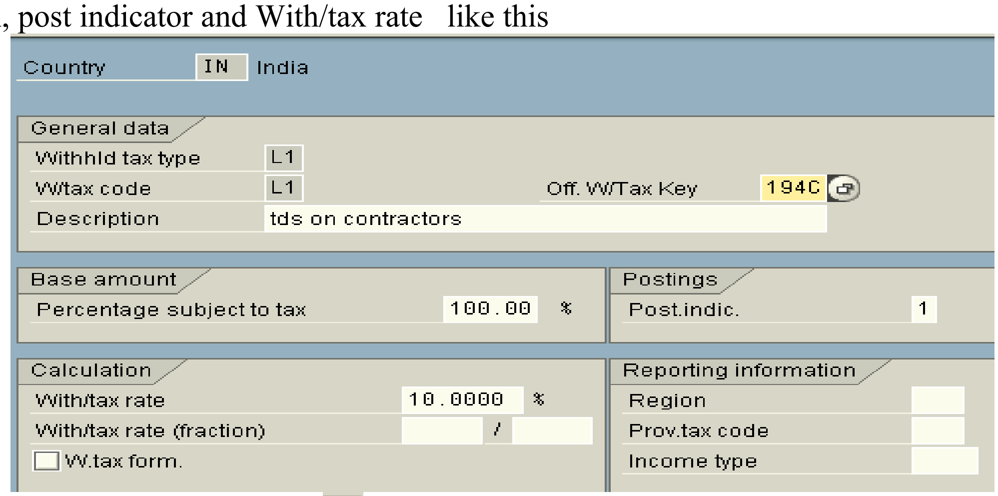
3. Withholding tax rate: This is the percentage rate applied to the withholding tax base amount to arrive at the withholding tax amount. It must lie between 0 and 100 %.

Path : Upto extended with holding tax same→Calculation→With holding tax code→Define with holding tax codes

Give country key: IN ENTER

Select New Entries

Give with holding tax type, w/tax code, off. w/tax key, Percentage subject to tax, post indicator and With/tax rate like this



Select next entry button

Give with holding tax type L2, w/tax code-L2 , off. w/tax key-194C, Percentage subject to tax 2%, post indicator and With/tax rate 10%

Select next entry button

Give with holding tax type-L3, w/tax code-L3, off. w/tax key-194C, Percentage subject to tax .2%, post indicator and With/tax rate 2%

Select next entry button

Give with holding tax type-L4, w/tax code-L4, off. w/tax key-194C, Percentage subject to tax .2%, post indicator and With/tax rate 2%

Select next entry button 

Give with holding tax type LA, w/tax code-LA , off. w/tax key-194C, Percentage subject to tax 100%, post indicator-1 and With/tax rate 2%

Select next entry button 

Give with holding tax type-LB, w/tax code-LB, off. w/tax key-194C, Percentage subject to tax 2%, post indicator-1 and With/tax rate10%

Select next entry button 

Give with holding tax type-LC, w/tax code-LC, off. w/tax key-194C, Percentage subject to tax .2%, post indicator -1and With/tax rate 2%

Select next entry button 

Give with holding tax type-LD, w/tax code-LD, off. w/tax key-194C, Percentage subject to tax .2%, post indicator -1and With/tax rate 2%

SAVE

STEP 9. Portray Dependencies Between Withholding Tax Types

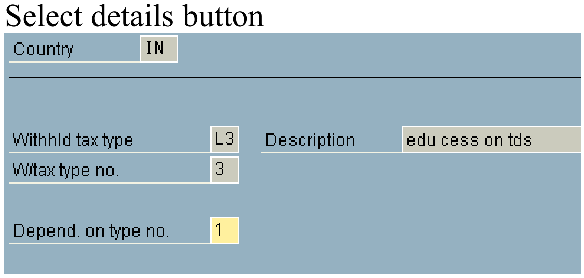
It represents dependencies between withholding tax categories.

Path : Upto extended with holding tax same→Calculation→With holding tax base amount→ Portray Dependencies Between Withholding Tax Types

Give country key: IN ENTER

Select L3 Education cess on TDS

Select details button



(Check the dependent type for example it is dependent on L1 so give the with holding tax number here)

Select L4 Education cess on SURCHARGE

Select details button

Give depend.on type no. 2

Select LC Education cess on TDS

Select details button

Give depend.on type no. 5

Select LD Education cess on SURCHARGE

Select details button

Give depend.on type no. 6

SAVE

STEP 10. Check recipient Types

The type of recipient can be defined in the vendor master record. It is used to group vendors together according to particular characteristics such as occupations that may be subject to the same withholding tax type, but which are required to pay different percentage rates (as defined by the withholding tax code). This is required to categorize the vendor.

For example:- If the vendor is a company or, other than a company.

Path: Upto extended with holding tax same→Basic Settings→Check recipient types

Give country key: IN ENTER

Select New Entries

Country IN India

Wth.t.type	Rec.ty	Text
L1	CO	company
L2	CO	company
L3	CO	company
L4	CO	compnay
LA	CO	company
LB	CO	company
LC	CO	company
LD	CO	company

SAVE

STEP 11. Maintain tax due dates

We maintain the various tax due dates. Because due dates can differ, depending on the withholding tax type and recipient type, you can maintain the dates at this level. Make sure that you maintain entries for all the recipient types that you use.

Path : Upto extended with holding tax same→Basic Settings→India→Maintain tax due dates

Tax Due Dates

Country	Official ...	Recipie...	No. Days ...
IN	194C	CO	777

SAVE

STEP 12. Maintain surcharge calculation methods

We specify which method we want to use, to handle surcharge taxes, according to whether we wish our business to show basic withholding tax and surcharges separately, or whether they can be combined. The SAP System offers you two choices:

You can define tax codes that contain both the basic tax and the surcharge tax.

You can define separate tax codes for basic tax and surcharge tax respectively.

Some tax offices prefer you to show surcharges separately from basic withholding tax; others prefer the two to be rolled into one. You cannot customize this information at business place (tax office) level, so we recommend that you use the method that is preferred by the majority of your tax offices.

Path : Upto extended with holding tax Same→Calculation→India→Surcharges→
Maintain surcharge calculation methods
Select POSITION
Give Co-Code: LNS ENTER

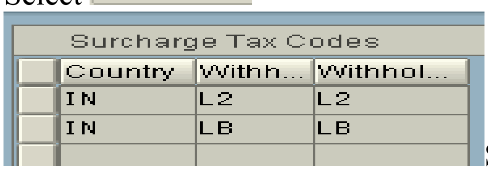

Maintain Surcharge Ca

Co...	Surcharges
LNS	✓

SAVE

STEP 13. Maintain surcharge tax codes

We maintain the tax codes that we want to use for surcharges
Same path next step
Select New Entries

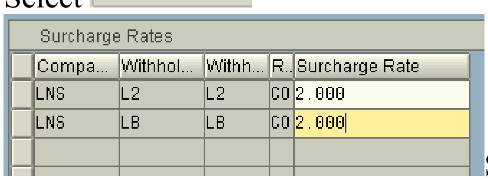

Surcharge Tax Codes

Country	Withh...	Withhol...
IN	L2	L2
IN	LB	LB

SAVE

STEP 14. Maintain surcharge rates

The surcharge rates for various permutations of tax codes and recipient types.
Same path next step
Select New Entries


Surcharge Rates

Compa...	Withhol...	Withh...	R..	Surcharge Rate
LNS	L2	L2	CO	2.000
LNS	LB	LB	CO	2.000

SAVE

STEP 15. Activate Extended with holding tax

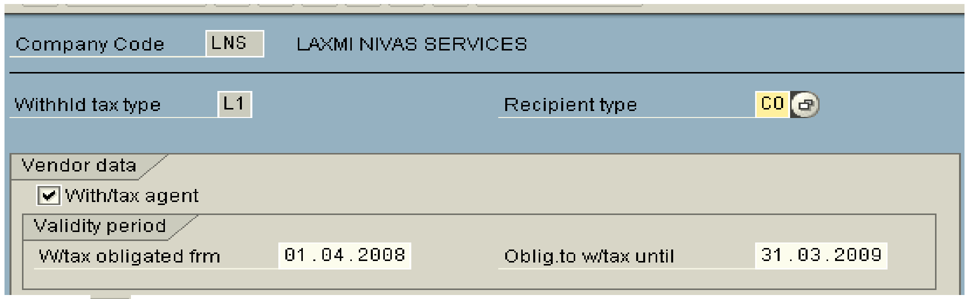
Path : Upto extended with holding tax same→Co-code→Activate Extended with holding tax
Select POSITION
Give co-code: LNS ENTER

Co...	Company Name	Ext.w/tax
LNS	LAXMI NIVAS SERVICES	✓
M100	microsoft technologies	

SAVE

STEP 16. Assign withholding tax types to company codes

Same path next step
Select NEW ENTRIES



Select

Same procedure upto L2, L3, L4, LA, LB, LC, LD

SAVE

STEP 17. Define 2 g/l accounts TR.CODE: FS00

Give G/L Account number :100515

Co-Code: LNS Select CREATE BUTTON

Give Account Group Current Liabilities A/c

Select Balance Sheet A/c

Give Description Short Text & long text with holding tax a/c

Select Control Data Tab

Give Account Currency Inr

Only Balances In Local Currency

Select Open Item

Select Line Item Display

Give Sort Key 012 (Vendor Number)

Select Create Bank Interest Data Tab

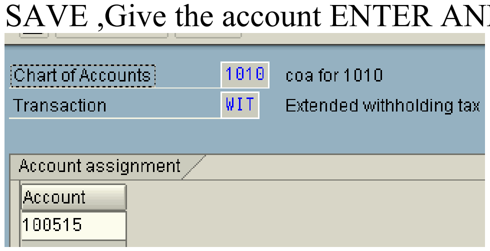
Field Status Group G001 Save

STEP 18. Define accounts for withholding tax to be paid over.

Path : Up to extended with holding tax same→postings→A/C's for withholding tax→ Define accounts for withholding tax to be paid over

Give Chart of accounts : VIJA ENTER

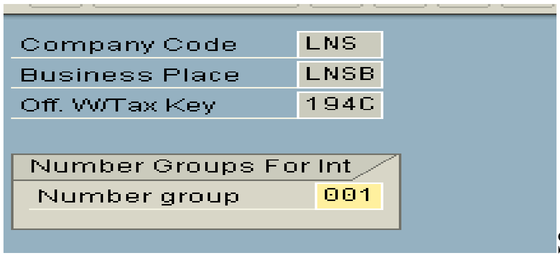
SAVE ,Give the account ENTER AND SAVE



STEP 19. Define Number groups.

Path : Up to extended with holding tax same→postings→India→Remittance Challans→Maintain number groups

Select NEW ENTRIES

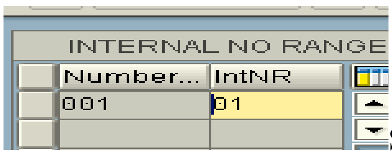


SAVE

STEP 20. Assign Number ranges to number groups

Path : Up to extended with holding tax same→postings→India→Remittance Challans→ Assign Number ranges to number groups

Select NEW ENTRIES



SAVE

STEP 21. Maintain Number ranges

Path: Up to extended with holding tax same→postings→India→Remittance Challans→

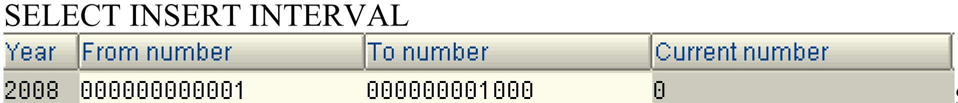
Maintain Number ranges

SELECT 

SELECT INTERVAL MENU

Select MAINTAIN, Give Co-Code: LNS ENTER

SELECT INSERT INTERVAL



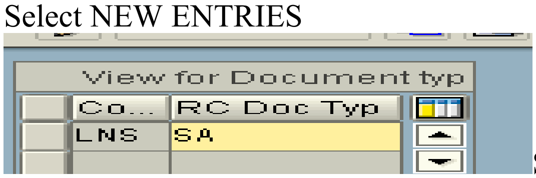
Year	From number	To number	Current number
2008	000000000001	000000001000	0

SA
VE

STEP 22. Define document types for remittance challans

Path: Up to extended with holding tax same→document type→specify document type (A/C's Payable)

Select NEW ENTRIES



SAVE

STEP 23. Maintain number groups and SAP Script forms

Path: Up to extended with holding tax same→dpostings→India→W/holding tax certificates for vendors and customers→Maintain number groups and SAP Script forms

Select NEW ENTRIES

SAPscript Forms/section indicators for E WT Certificates

Co...	Bus. Place	Off. W/Tax Key	Sec. type	Form	Number grp
LNS	LNSB	194C		J_1IEWT_CERT	002

SAVE

STEP 24. Assign Number ranges to number groups

SAME PATH NEXT STEP

Select NEW ENTRIES

Number Ranges for Wit

Number grp	IntNR
002	02

SAVE

STEP 25. Maintain Number ranges

SAME PATH NEXT STEP

Select NEW ENTRIES

SELECT Groups

Group Without Text
002

SAVE

Ranges

Year	From number	To number	Current number	Ext
2008	0000000001	0000001000	1	

SAVE

STEP 26. Maintain Company code settings

Path: spro→logistics-general→tax on goods movement→INDIA→Basic settings→Maintain Company code settings

Select NEW ENTRIES

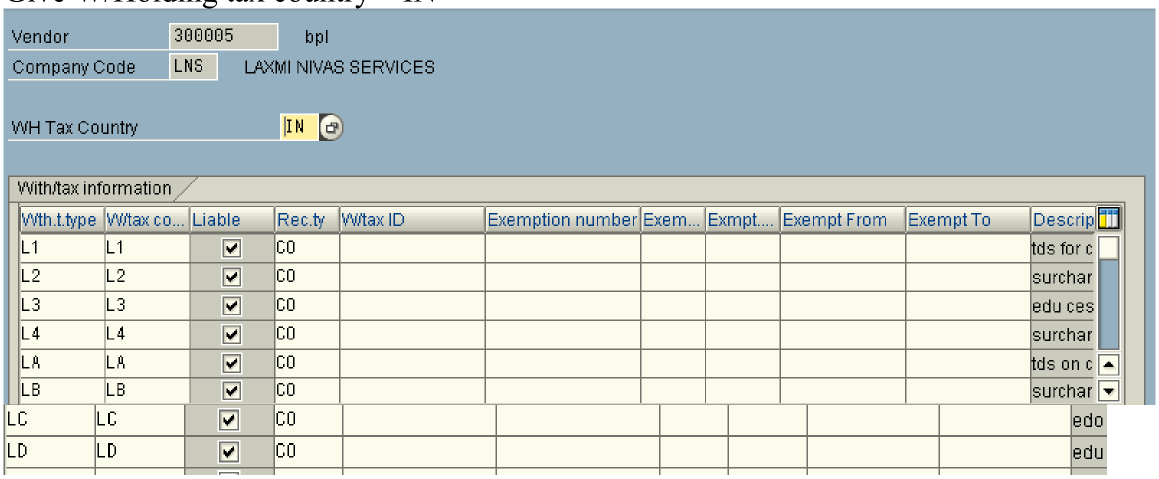
Give company code : LNS

SAVE

STEP 27. Assign tax types and tax codes in vendor master. TR.CODE: XK02

Give vendor number

Company code:
Under company code data :
Select with holding tax check box
ENTER
Give W/Holding tax country—IN

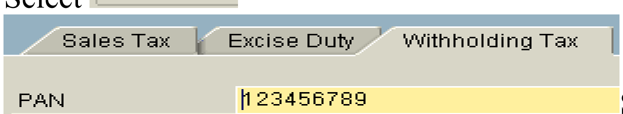


Wth.t.type	Wtax co...	Liable	Rec.ty	Wtax ID	Exemption number	Exem...	Exmpt...	Exempt From	Exempt To	Descrip
L1	L1	✓	CO							tds for c
L2	L2	✓	CO							surchar
L3	L3	✓	CO							edu ces
L4	L4	✓	CO							surchar
LA	LA	✓	CO							tds on c
LB	LB	✓	CO							surchar
LC	LC	✓	CO							edo
LD	LD	✓	CO							edu

SAVE

STEP 28. Define PAN number for vendor TR.CODE: XK02

Give vendor number
Company code:
Under company code data :
Select with holding tax check box
ENTER
Select 



Select ← back arrow onetime
SAVE

STEP 29. Define PAN and TAN NUMBER For company code: TR.CODE:OBY6

Select POSITION
Give company code: LNS
ENTER
Select DETAILS, Select Additional details
Give TDS AND PAN number
Select ←onetime, SAVE ENTER

STEP 30. Purchase invoice posting: TR.CODE:F-43

STEP.31. Create Remittance Challan TR.CODE: JLINCHLN

Path:accounting→F/Accounting→A/C'sPayable→Withholdingtax→India→Extended with holding tax→remittance of with holding tax→ JLINCHLN

STEP.32. Create Bank Challan TR.CODE: JLINbank-enter bank

STEP.33. Print TDS CERTIFICATE TR.CODE: JLINCERT

PAYMENT TERMS

Terms of payment are the conditions established between business partners to settle the invoices. Payments terms are used to determine baseline date for due of data of invoice

Cash discount periods, Cash discount percentage

Day Limit: Day of the month up until which the corresponding terms are valid for terms of payment, which depend on whether or not the baseline date is after or before the 15th of the month, you can define a two-part payment terms under the same terms of payment key. The terms of payment key is expanded by the day limit entered here. Thus there are two entries in which different terms can be specified.

Example:

The following terms of payment require you to enter a day limit Documents with an invoice date on or before the 15th of the month are payable on the last day of the next month documents with an invoice date after the 15th of the month are payable on the 15th of the month after the next month.

Calendar Day for the Baseline Date for payment

Calendar day with which the system overwrites the day of the baseline date for payment of the line item

Additional Months

Number of months, which the system adds to the calendar month of the baseline date for payment Base line date may be No default Posting date, Document date, Entry date

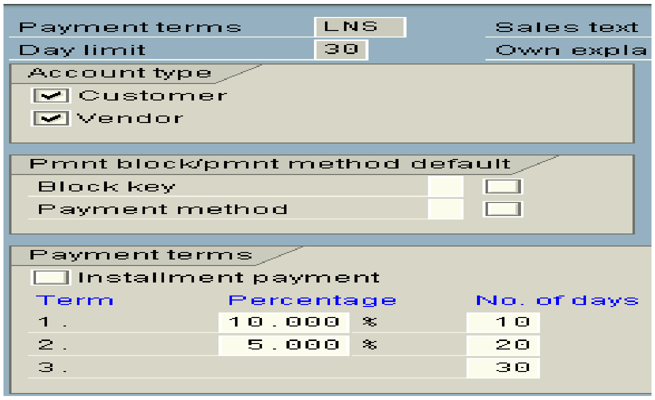
Due date is base line plus number days entered for each term to enjoy the cash discount.

STEP1.Define payment terms TR.CODE: OBB8

In this step define you own payment terms or use the system delivered and make necessary changes and assign payment terms key to customers/vendors master records. The key and the terms determined with it are proposed when entering a document to the vendor account.

PATH: SPRO→financial accounting→a/p and a/r→business transactions→incoming invoices /credit memos→maintain terms of payment

Select new entries



SAVE

STEP2.DEFINE 1 G/L ACCOUNT TR.CODE:FS00

G/L AC NO: 300115—CASH DISCOUNT UNDER OTHER INCOMES

STEP3.ASSIGN ACCOUNTS FOR AUTOMATIC POSTING OF CASH DISCOUNT TR.CODE:OBXV

PATH: SPRO→financial accounting→a/p and a/r→business transactions→Out going payments→Out going payment global setting→Define accounts for cash discount taken

GIVE COA AND ENTER
SAVE
GIVE G/L ACCOUNT NUMBER :300115
SAVE

STEP4.ASSIGN PAYMENT TERMS IN VENDOR MASTER TR.CODE:XK02

GIVE VENDOR :
CO-CODE
UNDER COM-CODE DATA
SELECT PAYMENT TRANSACTION
GIVE PAYMENT TERMS : LNS
SAVE

STEP5.PURCHASE INVOICE POSTING TE.CODE:F-43
STEP6.OUT GOING PAYMENT TR.CODE:F-53

AUTOMATIC PAYMENT PROGRAM (APP)

Configuration steps (FBZP)

1. Set up all company code for payment transaction
2. Set up paying company codes for payment transaction
3. Set up payment methods per country for payment transaction
4. Set up payment methods per company code for payment transaction
5. Set up bank determinations per company code for payment transaction

The sending company code is the company code that is known to the business partner.

<u>Use</u>

When making cross-company code payments, you can specify the sending company code as well as the paying company code for each company code. If the sending company code is different from the paying company code, the system notes the sending company code in the payment transfer medium or payment advice. This note is information for the business partner.Furthermore, the sending company code affects how the system groups items from different company codes into one payment. Items are only grouped into one payment for company codes with the same paying company code and the same sending company code.

If the sending company code is not specified, the system automatically regards the paying company code as the sending company code.

<u>Paying company code</u>

In this field, the company code which processes the payment transactions (possibly for other company codes too).Postings to the bank accounts or the bank sub-accounts are made in the company code specified here during automatic payment transactions.

<u>Payment method</u>

The payment method determines how payments are to be made, e.g. by check, bank transfer or bill of exchange.

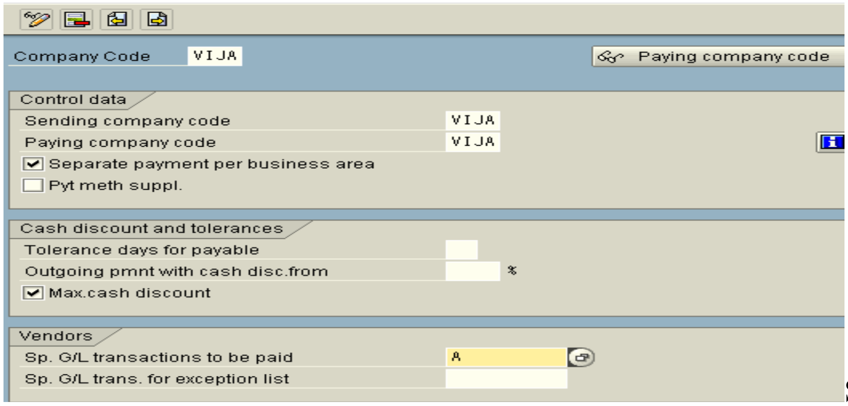
<u>Use</u>

Payment methods are entered in the master records of customers and vendors in order to specify how payments are made. If an open item is to be paid using a specific payment method, enter it in the open item. The terms which have been defined for the payment method must be satisfied for the payment.

<u>1. Setup All Company Codes For Payment Transactions Tr Code FBZP</u>

Path: - Spro→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Outgoing Payments→ Automatic Outgoing Payments→Payment Method/Bank Selection For Payment Program→Setup All Company Codes For Payment Transactions

Go to New Entries

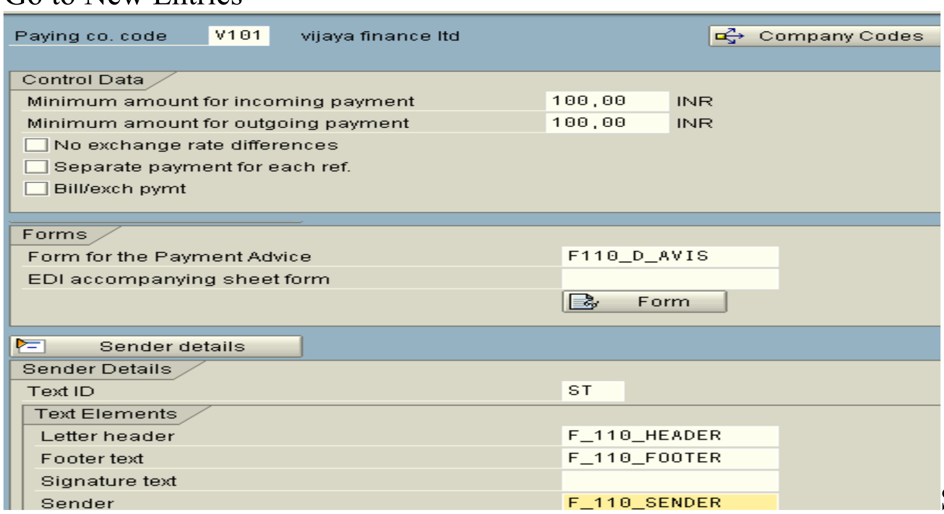


Save

2. Setup Paying Company Codes For Payment Transactions

Path: - Spro→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Outgoing Payments→Automatic Outgoing Payments→Payment Method/Bank Selection for Payment Program→Setup Paying Company Codes For Payment Transactions

Go to New Entries

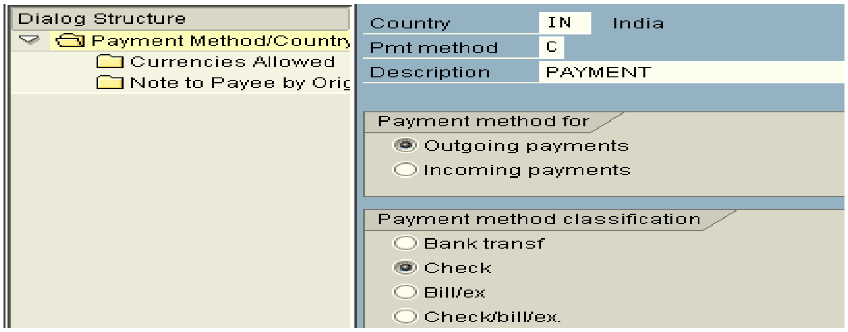


Save

3**. Setup Payment Methods Per Country For Payment Transactions**

Path: - Spro→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Outgoing Payments→Automatic Outgoing Payments→Payment Method/Bank Selection For Payment Program→Setup Payment Methods Per Country For Payment Transactions

Go to New Entries

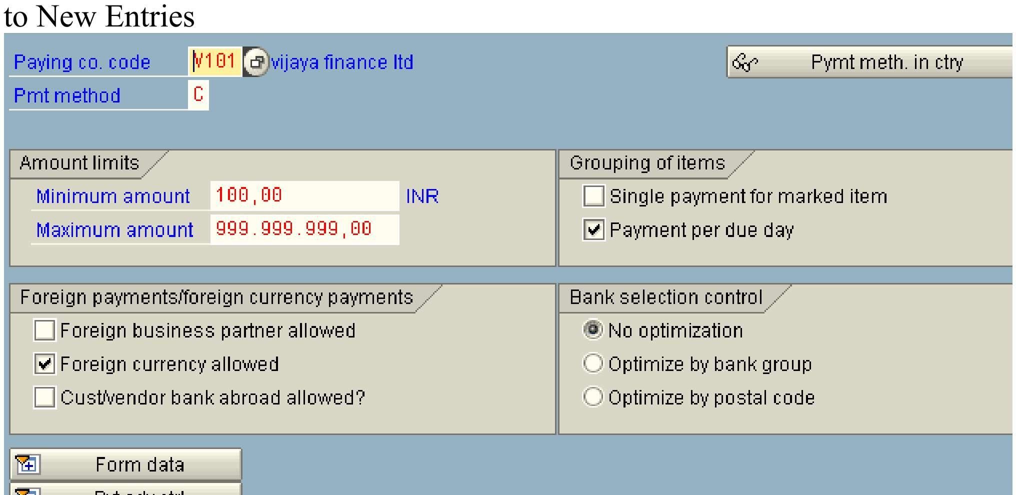


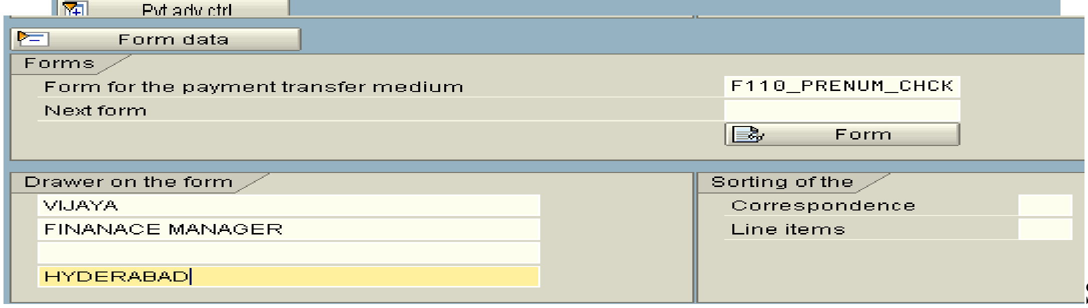
Under posting details give document type for payment KZ
Clearing document type for payment KZ
Give payment medium program RFFOUS_C
Name of print data set list1s
Save

4. Setup Payment Methods Per Company Code For Payment Transactions

Path: - Spro→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Outgoing Payments→Automatic Outgoing Payments→Payment Method/Bank Selection For Payment Program→Setup Payment Methods Per Company Code For Payment Transactions

Go to New Entries





Save

5. Setup Bank Determination For Payment Transactions

Path: - Spro→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Outgoing Payments→Automatic Outgoing Payments→Payment Method/Bank Selection For Payment Program→Setup Bank Determination For Payment Transactions

Select VIJA

Double Click On Ranking Order

SELECT NEW ENRIES

Ranking Order
Bank Accounts
Available Amounts
Value Date

Ranking Order

Pymt ...	Currency	Rank.order	House bank
C	INR	1	HDFC

SAVE

Double click on Bank account 's Folder

Select New Entries button

Go to New Entries

House b...	P...	Curr...	Account ...	Bank subaccount
HDFC	V	inr	VIJA	200102

Click On Available Amounts

Go to New Entries

House ba...	Account ...	Days	Currency	Available for outgoing p...
HDFC	VIJA	999	INR	5.000.000,00

Save

Step-6ASSIGN PAYMENT METHOD TO VENDOR MASTER RECORD (XK02)

PATH: Accounting→Financial accounting→Account's payable→Master records →Maintain centrally→Select XK02 –Change

Give vendor : 500000(account no. of vendor)

Company code : LAK1

Under company code data

Select payment transaction check box ENTER AND

Give payment method C

Save

Step-7 AUTOMATIC CHECK LOT CREATION TR.CODE:FCHI

Give paying company code : LAK1

House bank : HDFC

account ID : LAK1

select change button

select create button

give Lot number : 2

check number : LAK2099

short info : automatic check creation

purchase date : 1.4.07

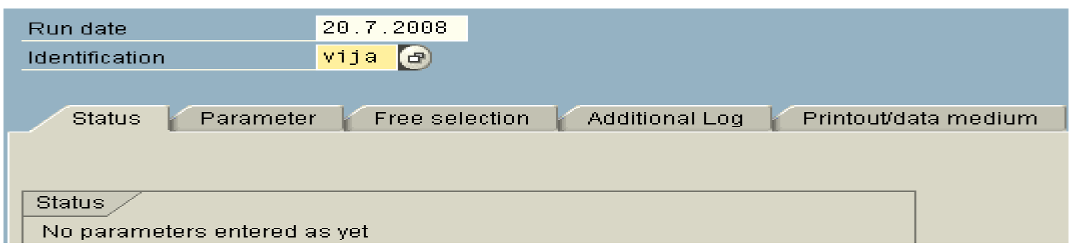
Enter & SAVE

Step-8 PURCHASE INVOICE POSTING (F-43)

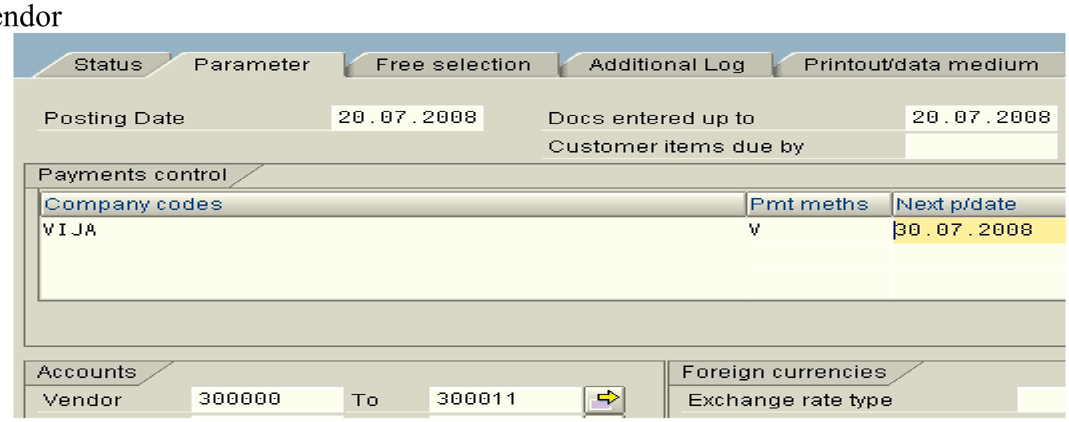
Give document date :25.7.2007 type :KR Currency INR Co.Code:LAK1
Posting date : 25.7.2007
Position key : 31 Account : 300000
Amount : 500000, Business area : LAKH
Base line date : 27.5.2007, Text : purchase invoice posting
Give posting key 40 account: 200105
Enter
Give amount : *, Business area : LAKH
Text : +
Save

<u>Step-9 AUTOMATIC PAYMENT PROGRAM RUN ACCOUNT IN (F110)</u>

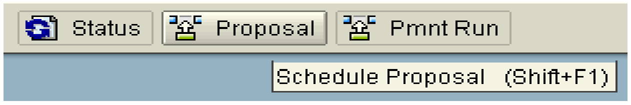
PATH: Accounting→Financial accounting→Account's payable →Periodic process →Select F110 payments
Give run date : 20.8.2007(last bill date)
Identification : LAK1



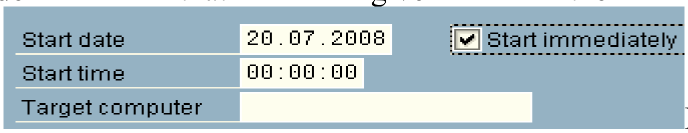
Select parameters tab
Give company code, Payment method,Next payment date
Vendor



SAVE
<u>It give message Details have been saved for the run on 20.07.08 VIJA</u>
Select ← one time
Select schedule proposal button on the application bar

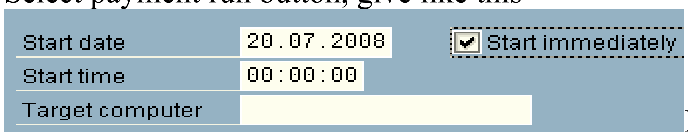


Under that give the schedule date



ENTER

It gives message proposal run has been scheduled.
Keep on ENTER until the message displays payment proposal has been created
Select payment run button, give like this



ENTER

Keep on enter until the message displays ,payment run has been created
Select payment run button
Start date : 20.8.2007
Select start immediately check box
Enter
Keep on enter until the message display posting order 1 generated 1 completed
Select print out data medium tab

OR

6. Payment With Print Tr Code F-58

Path: - Accounting→Financial Accounting→Account Payable→Document Entry→Outgoing Payment→-58 – Post + Print Forms
Give Company Code VIJA
Give Payment Method – C
Give House Bank – HDFC
Give Check Lot Number – 2
Give Alternative Form – F110_PRENUM_CHCK
Give Print For Forms – LP01
Select Print Immediately
Select Enter Payments On Application Bar
Give Amount 50000
Company Code Gray Color
Give Business Area VIJH
Give Value Date
Give Text Part Payment
Give Vendor Account No. 600401
Select Process Open Item Keep Relevant Items In Blue Color
Select Partial Payment Tab Double Click Payment Amount Field Save

7. Display Of Letter Tr Code SP01

Go to Systems On Menu Bar – Services – Output Control Execute
Select Spool – Display

ACCOUNT RECEIVABLES

Accounts receivable application component records and manages accounting data of all customers. It is also an integral part of sales accounting. All postings in accounts receivable are also recorded directly in the General Ledger. Different G/L accounts are updated depending on the transaction involved. For example: receivables, down payments and bills of exchange.

Customer master record

To record and process business transaction you must create a master for each account. The master records the data that controls how business transactions are recorded and processed by the system.

Specifications you make in the master rerecords are

a) As default values when post items to account, for example terms of payment.
b) For processing business transactions – reconciliation account
c) For working with master records
d) For communication with customer
e) For the sales department – order processing, shipping and billing data

Customer

Business partner from whom receivables are due as a result of services rendered or goods supplied, for example Goods delivered, services performed, rights transferred. A customer is represented in the SAP System by means of a master record.

1. Creation of Customer Account Groups
2. Create Number Ranges For Customer Account Group
3. Assign Number Ranges For Customer Account Group
4. Creation of General Ledger Accounts
5. Creation of Customer Master
6. Define Number Ranges For Postings
7. Posting of Sales Invoice
8. How to View Customer Account
9. Customer Receipt

1. Creation Of Customer Master Tr Code OBD2

Path: - Spro→Img→Financial Accounting→ Financial Accounting Global Settings→Account Receivable and Account Payable→Customer Accounts →Master Data→Preparations for Creating Customer Master Data→Define Account Groups With Screen Layout (Customer)

Go to New Entries
Give Customer Account Group SACS
Give Name MM Customer For VIJA
Double Click On Company code Data
Double Click On Account Management
Reconciliation Account Required Entry Save
Go to Next Entry
Give Customer Account Group SACF
Give Name FI Customer For VIJA
Double Click On Company code Data
Double Click On Account Management
Reconciliation Account Required Entry Save

2. Create Number Ranges For Customer Accounts Tr Code XDN1

Path: - Spro→ Img→Financial Accounting→Financial Accounting Global Settings→Account Receivable and Account Payable→Customer Accounts→Master Data→Preparations for Creating Customer Master Data→Create Number Ranges For Customer Accounts

Select Change Intervals
Go to Insert Interval
Give Number Range 65 Give From Number 600401 To Number 600500
Give Number Range 66 Give From Number 600501 To Number 600600

3. Assign Number Ranges For Customer Account Groups Tr Code OBAR

Path: - Spro→ Img→Financial Accounting→Financial Accounting Global Settings→Account Receivable and Account Payable→Customer Accounts →Master Data→Preparations for Creating Customer Master Data→Assign Number Ranges For Customer Account Groups
Go to Position Give SACF Assign 66, SACM Assign 65 Save
4. Creation Of G.L Accounts
Sales Account
Give G.L Account No. 300002
Give Company Code VIJA

Select Create Button
Give Account Group Other Incomes A/c
Profit & Loss A/c
Give Description Short Text Sales A/c
Give General Ledger Long Text Sales A/c
Select Control Data Tab
Give Account Currency Inr
Select Line Item Display
Give Sort Key 031 (Customer Number)

Select Create Bank Interest Data Tab
Field Status Group G029 (Revenue Accounts) Save

Sundry Debtor Account
Give G.L Account No. 200205
Give Account Group Current Assets & Loans advances Account
Select Balance Sheet Account
Give Description Short Text Sundry Debtor A/c
Give General Ledger Long Text Sundry Debtor A/c

Select Control Data Tab
Give Account Currency Inr
Give Reconciliation Account Customer
Select Line Item Display
Give Sort Key 031 (Customer Number)

Select Create Bank Interest Data Tab
Field Status Group G067 Save

Note: - Reconciliation Account is a Parallel Account Normal G.L Account Entries Cannot be Posting Directly to the Reconciliation Accounts

6. Creation of Customer Master Tr Code XD01

Path:Accounting→FinancialAccounting→AccountReceivable→MasterRecords→Maintain Centrally→Create
Give Company Code VIJA
Give SD Group For VIJA Enter
Give Title – Company
Give Name Nagarjuna Agro Chemicals Hyderabad
Give Search Item NACH
Give Remaining All Address Fields Enter
If Customer is going to be Customer Give That Details Enter
If Customer Bank Details Available Give That Details Enter

Select Company code data on Application Bar
Give Reconciliation Account F4 Select Sundry Debtor
Give Sort Key 031 (Customer Number)
Give Payment Transaction Tab – 0001 (Immediately Due Net) Save

7. Define Number Ranges For Postings Tr Code FBN1

Document Type	Number Range	Reason
DR	18	Customer Invoice
DZ	14	Customer Receipt
DA	16	Customer Transfer Reversal
DG	16	Customer Credit Memo

No	Year	From Number	To Number
18	2008	6001	7000
14	2008	7001	8000
16	2008	8001	9000 Enter Save

8. Sales Invoice Posting Tr Code F-22

Path: - Accounting→Financial Accounting→General Accounting→Account Receivable→ Document Entry→Invoice General
Give Document Date
Give Company Code VIJA
Give Currency INR
Give Posting Key 01
Give Customer Account Number 600401Enter
Give Amount 100000
Give Business Area VIJH
Give Text Sales Invoice
Give Posting Key 50
Give Sales Account Enter
Give Amount * Business Area VIJH Text + Save

9. How to View Customer Account Tr Code FBL5N
Path: - Accounting→Financial Accounting→Accounts Receivable→Accounts→ FBL5N-Display/Change Line Items

Give Customer Account Number 600401
Give Company Code VIJA
Select Open Item Execute

10. Customer Receipt Entry Tr Code F-28

Path: - Accounting→Financial Accounting→Accounts Receivable→Document Entry→Incoming Payment→F-28 – Post
Give Document Date
Give Bank G.L Account No.200200
Give Business Area VIJH,Give Amount 50000
Give Value Date
Give Text Part Amount Received
Give Customer Account 600401
Select Process Open Item on Application
Select Partial Data Tab
Keep Payment Item In Blue Color
Double Click On Payment Amount Field Save

Down Payment

1. Creation G.L Account
2. Link between Reconciliation Account & Special G.L Account
3. Down Payment Entry
4. Sales Invoice Posting
5. Transfer of Amount From Special G.L Account To Normal G.L Account
6. Clearing Normal G.L Account

Create G.L Account Advance to Customer

Give G.L Account No. 100406
Give Company Code VIJA
Select Create Button
Give Account Group Current Liabilities A/c
Select Balance Sheet A/c
Give Description Short Text Advance From Customer A/c
Give General Ledger Long Text Advance Customer A/c

Select Control Data Tab
Give Account Currency Inr
Reconciliation Account – Customer
Select Line Item Display
Give Sort Key 031 (Customer Number)

Select Create Bank Interest Data Tab
Field Status Group G067 Save

Link Between Reconciliation Account & Special G.L Account Tr Code OBXR

Path: - Spro→Img→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions →Down Payment Receipt→Define Reconciliation Accounts For Customer Down Payments

Double Click On Special G.L Indicator "A"
Give Chart of Accounts VIJA
Give Reconciliation Account 200205 (Sundry Debtor)
Give Special G.L Account 100406 (Advance To Vendor) Save

Advance Receipt Tr Code F-29

Path: - Accounting→Financial Accounting→Accounts Receivable→Document Entry→Down Payment→F-29 Down Payment
Give Document Date
Give Company Code VIJA
Give Currency INR
Give Customer Account 600401
Give Special G.L Indicator – A (Down Payment On Current Assets)
Give Bank G.L Account 200200
Give Business Area VIJH
Give Amount 50000
Give Value Date
Give Text Advance Enter
Give Amount * Business Area VIJH Give Date Text + Save

Sales Invoice Posting Tr Code F-22

Give Document Date
Give Company Code VIJA
Give Currency INR
Give Posting Key 01
Give Customer Account Number Enter
Give Amount 100000
Give Business Area VIJH
Give Text Sales Invoice
Give Posting Key 50
Give Sales Account Enter
Give Amount * Business Area VIJH Text + Save

Transfer of Amount for Special G.L Account to Normal G.L Account Tr Code F-39

Path:-Accounting→FinancialAccounting→AccountsReceivable→Document Entry→Down Payment→F-39 Clearing
Give Document Date
Give Customer Account Number 600401

Give Text Transfer of Amount
Select Process Down Payments   Double Click Transfer of Posting   Save

<u>How to View Customer Account   Tr Code FBL5N</u>

Path: - Accounting→Financial Accounting→Accounts Receivable→Accounts→FBL5N-Display/Change Line Items
Give Customer Account Number
Give Company Code VIJA
Select Open Item   Execute

<u>Clearing Normal Account   Tr Code F-32</u>

Path: - Accounting→Financial Accounting→Accounts Payable→Account→F-32 – Clear
Give Customer Account Number 600401 Enter
Go to Process Open Item On Application Bar
Keep Relevant Item in Blue Color   Save

<u>Statement of Account   Tr Code OB78</u>

Path: - Spro→Img→Financial Accounting→Accounts Receivable and Accounts Payable→Customer Accounts→Line Item→Correspondence→Carry out Check Settings For Correspondence→Assign Programs for Correspondence Type
Go to Position
Select Sap-06
Select Copy As Button
Give Company Code VIJA   Enter   Save

<u>Request for Correspondence   Tr Code FB12</u>

Path:Accounting→FinancialAccounting→AccountReceivable→Account→Correspondence→FB-12 – Request
Give Company Code VIJA   Enter, Double Click on Sap-06
Give Customer Number 600401
Give From Period 1.4.2008   To Period   31.3.2006   Enter

<u>Maintain Statement   Tr Code F.64</u>

Path:Accounting→FinancialAccounting→AccountReceivable→Account→Correspondence→F.64 – Maintain

Give Correspondence – Sap-06
Give Company Code VIJA
Give Account Type – D (Customer)   Execute
Double Click On Postings

System Gives Message Continue	Enter	Give Out Put Device LP01

BILLS OF EXCHANGE

A negotiable instrument is not a contract, as contract formation requires an offer, acceptance, and consideration, none of which are elements of a negotiable instrument. Unlike ordinary contract documents, the right to the performance of a negotiable instrument is linked to the possession of the document itself (with certain exceptions such as loss or theft).

The rights of the payee (or holder in due course) are better than those provided by ordinary contracts as follows:

The rights to payment are not subject to set-off, and do not rely on the validity of the underlying contract giving rise to the debt (for example if a cheque was drawn for payment for goods delivered but defective, the drawer is still liable on the cheque)

No notice needs to be given to any prior party liable on the instrument for transfer of the rights under the instrument by negotiation

Transfer free of equities—the holder in due course can hold better title than the party he obtains it from

Negotiation enables the transferee to become the party to the contract, and to enforce the contract in his own name. Negotiation can be effected by endorsement and delivery (order instruments), or by delivery alone (bearer instruments). in addition, it includes the rule of a derivative title which does not allow a property owner to transfer rights in a piece of property greater than his own.

Classes

The two primary classes of negotiable instruments are 'promissory notes' and 'bills of exchange.'& Promissory note

1. Promissory note:

The promissory note is a written promise by the drawer to pay money to the payee. The most common type of promissory note is a bank note, which is defined as a promissory note made by a bank and payable to bearer on demand.

2. Bill of Exchange:

A bill of exchange is a written order by the drawer to the drawee to pay money to the payee. The most common type of bill of exchange is the cheque, which is defined as a bill of exchange drawn on a banker and payable on demand. Bills of exchange are used primarily in international trade, and are written orders by one person to his bank to pay the bearer a specific sum on a specific date sometime in the future.

Prior to the advent of paper currency, bills of exchange were a more significant part of trade. They are a rather ancient form of instrument: they were used by medieval trade fairs, such as the Frankfurt Trade Fair.

Bills of Exchange are Two Types

- Bills Receivable

- Bills Payable

A bill of exchange is a kind of check or promissory note without interest. It is used primarily in international trade, and is a written order by one person to pay another a specific sum on a specific date sometime in the future. If the bill of exchange is drawn on a bank, it is called a bank draft. If it is drawn on another party, it is called a trade draft. Sometimes a bill of exchange will simply be called a draft, but whereas a draft is always negotiable (transferable by endorsement), this is not necessarily true of a bill of exchange.

As with all financial documents, the source, i.e. the drawer or issuer of the bill of exchange, must be carefully investigated. If it is a bank, then the bank must be contacted to verify the authenticity of the document, and the creditworthiness of the bank must be established through independent research. If the bill of exchange is drawn on a private party, then the risk depends on the creditworthiness of the drawer. And it can be endorsed to any body and can be discounted with Bank

The Customer according to the Negotiable Instrument Act should sign sales Invoice Generated. Then it is called as Payable/Receivable.

Bills of Exchange called contingent Liability and it are to be shown in noted forming parts of Balance Sheet.

STEP1.Creation of G.L Accounts

- Sundry Debtors Bills of Exchange Account (Same as Sundry Debtor Account)
- H.D.F.C Bank Bill Discount Account (Liabilities)
- Bank Bill Discount Expenses Account (Other Expenses)

1**. Sundry Debtors Bills of Exchange Account**

Give G.L Account No 200207(CURRENT ASSETS)
Give Company Code VIJA
Select With Template
Give Sundry Debtor G.L Account No.
Give Company Code VIJA
Change Text Sundry Debtor Bills of Exchange Account Save

2. H.D.F.C Bank Bill Account

Give G.L Account No. 100310(SECURED LOANS)
Give Company Code VIJA
Give G.L Account Group Current Liabilities
Select Control Data Tab
Give Country Currency INR

Select Only Balances in Local Currencies
Select Open Item Management
Select Line Item Display
Give Sort Key 031 (Customer Number)
Select Create Bank Interest Data Tab
Give Field Status Group G005
Select Post Automatically Check Box
Select Relevant Cash Flow Save

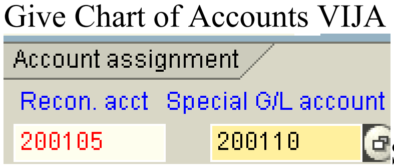
3.Bank Bill Discount Expenses Account

Give G.L Account No. (Create in Admin Expenses)
Give Company Code VIJA
Give G.L Account Group Other Expenses
Select Control Data Tab
Give Country Currency INR
Select Only Balances in Local Currencies
Select Line Item Display
Give Sort Key 001(POSTING DATE)
Select Create Bank Interest Data Tab,Give Field Status Group G001
Save

<u>STEP2.Link between Reconciliation Account & Special G.L Account Tr CodeOBYN</u>

Path: - Spro→Img→Financial Accounting→Bank Accounting→Business Transactions→Bills of Exchange Transactions→Bills of Exchange Receivable→Post Bills of Exchange Receivable→Define Alternative Reconciliation Account For Bills of Exchange Receivable

Double Click on Special G.L Indicator "W" (Bill of exchange receivable)
Give Chart of Accounts VIJA Enter



Save (means link sun deb and sun deb bill of exchange)

<u>STEP3.Define Account for Bills of Exchange Transactions Tr Code OBYH</u>

Path: - Spro→Img→Financial Accounting→Bank Accounting→Business Transactions→Bills of Exchange Transactions→Bills of Exchange Receivable→Post Bills of Exchange Receivable→Define Accounts For Bills of Exchange Transactions

Double Click on Bank Discount Charges

Bank discount charges	BDS	☑

Give Chart of Accounts VIJA
Give Bank Bill Discount Charges Account :

STEP4.Link Between Bank Account ,sundry debtors Account & Bank Bill A/C Tr Code OBYK

Path: - Spro→Img→Financial Accounting→ Bank Accounting→Business Transactions→Bills of Exchange Transactions→Bills of Exchange Receivable→Present Bills of Exchange Receivable at Bank→Define Bank Sub Accounts
Go to New Entries

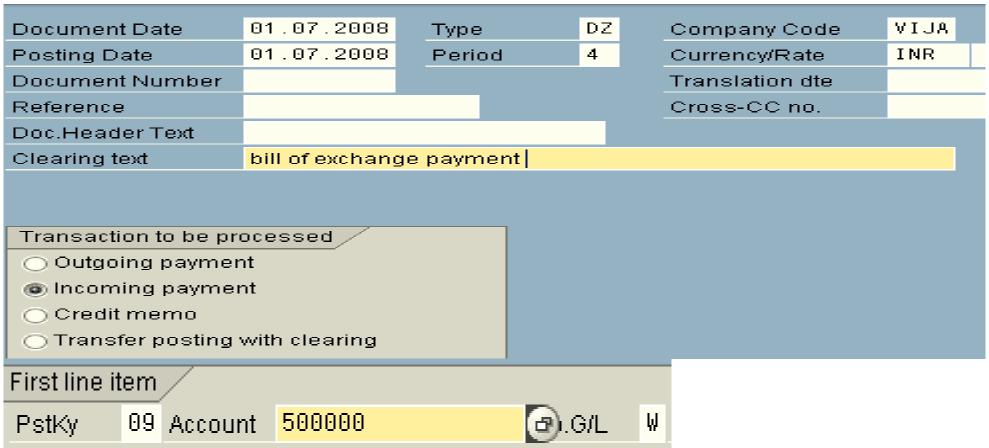
ChAc	Bank acct	Usage	Sp.G/L	Customer recon. acct	Bank subaccount for liab.
VIJA	200102	Discounting	W	200105	100300

Save

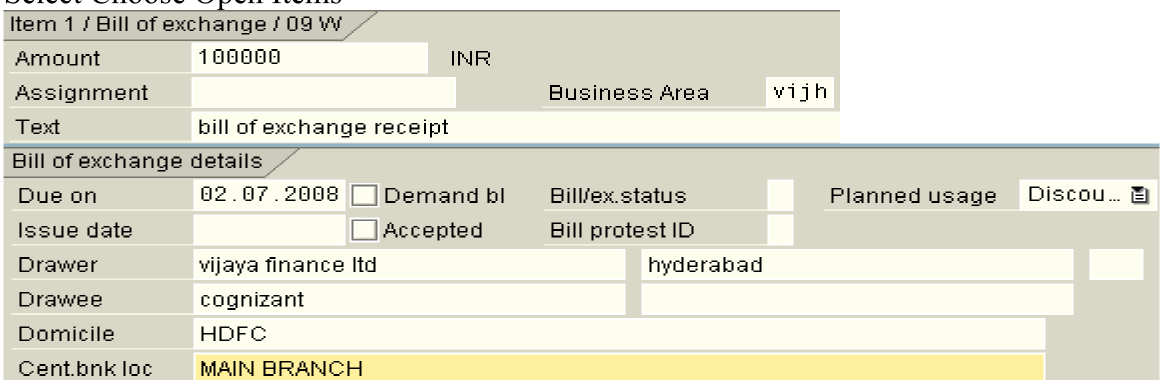
STEP5.Sales Invoice Posting TR.CODE:F-22
Give Document Date
Give Company Code VIJA
Give Currency INR
Give Posting Key 01
Give Customer Account Number Enter
Give Amount 100000
Give Business Area VIJH
Give Text Sales Invoice
Give Posting Key 50
Give Sales Account Enter
Give Amount * Business Area VIJH Text + Save

STEP6.Bills of Exchange Receipt Tr Code F-36

Path: - Accounting→Financial Accounting→Accounts Receivable→Document Entry→Bills of Exchange→F-36 Payment



Select Choose Open Items



Again Process Open Item

Select process Open Item

Keep Relevant Items in Blue Save

STEP7.Bank Bill Discounting Tr Code F-33

Path: - Accounting→Financial Accounting→Accounts Receivable→Document Entry→Bills of Exchange→F-33 Discounting

Give Doc Date

Usage Discounting

Give Value Date

Give Bank G.L Account No. 200200

Give Business Area VIJH

Give Amount 95000

Give Bank Charges 5000

Give Text Discounting

Select Select Bills of Exchange on Application Bar

Click Blue Line Item Give Document No. 7001

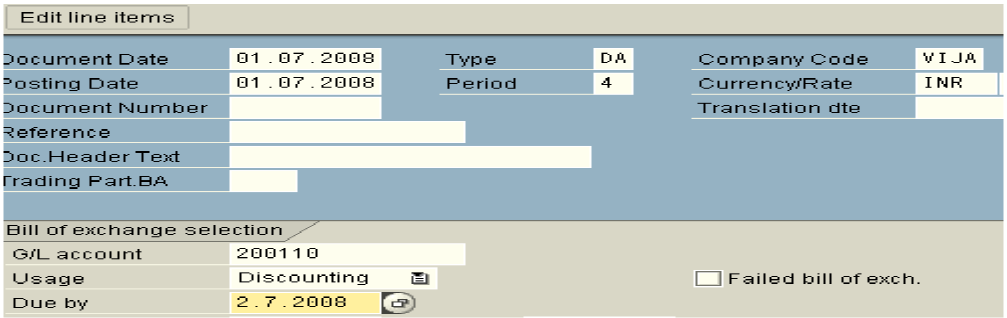
Give Fiscal Year 2008

Give Text Discounting Charges Save

System gives message Bank posting100.000,00 INR, bill of exchange100.000,00 INR used

STEP8.Reverse Contingent Liability   Tr Code F-20

Path: - Accounting→Financial Accounting→Accounts Receivable→Document Entry Bills of Exchange→F-20 Reverse Contingent Liability

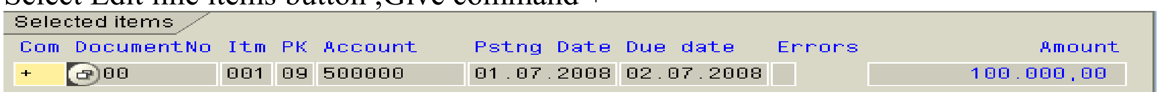

Edit line items

Document Date	01.07.2008	Type	DA	Company Code	VIJA
Posting Date	01.07.2008	Period	4	Currency/Rate	INR
Document Number				Translation dte	
Reference					
Doc.Header Text					
Trading Part.BA					

Bill of exchange selection

G/L account	200110	
Usage	Discounting	Failed bill of exch.
Due by	2.7.2008	

Select Edit line items button ,Give command +


Selected items

Com	DocumentNo	Itm	PK	Account	Pstng Date	Due date	Errors	Amount
+	00	001	09	500000	01.07.2008	02.07.2008		100.000,00

SAVE

Check the balances in sundry creditors fs10n and fd10n

DUNNING

Some times your business partner may fall behind on payments. You can send them a payment reminder or a dunning notice to remind them of their outstanding debts.

The SAP system allows you to dun business partners automatically. The system duns the open items from business partner's account in which the overdue items create a debit balance. The dunning program selects the overdue open items, determines the dunning level of the account in question, and creates a dunning notice. It then serves the dunning date determined for the items and accounts affected.

You can use the dunning program to dun both the customers and vendors. It may be necessary to dun a vendor if he or she has a debit balance as a result of a credit memo. I a customer is also a vendor, you can off set the account balance against one another.

If you wish top use the automatic dunning procedure, you have to make settings in the following places before using the system and while its operational.

1.In customizing for financial accounting.

2.In the master data for you customers or vendors.

3.When you post documents.

You use the following attributes to control the dunning program and you can configure them according to the needs of the company.

Dunning Procedures

Dunning Levels

Dunning areas – A dunning area is an organizational unit within a company code used for the dunning process. It may be a division or a sales operation.

The SAP system allows you to use either the automatic dunning program, which duns all overdue items in accordance with your selection criteria or if received you can dun individual customers or vendors.

You have the following options and functions for dunning.

1.Payment deadline, interest on arrears and dunning charges.

2. Dunning Currency.

3. Cross company code dunning. You can combine the overdue items for one customer or vendor from several company codes in one dunning run and issue the items in the one dunning notice.

4. Dunning for head office / Branch relationship.

5.Dunning one time accounts.

6.Dunning History

Define dunning keys

With dunning keys, you can limit the dunning level of an item.

Define dunning blocks reasons

Here create dunning block reason for dunning procedure

Dunning procedure.

Enter the following settings that control the dunning program

1.Specify the company code to include in dunning.

2. set up the dunning procedure you want to use.

3. Set the dunning charges.

4. Specify the net payment due date at which a particular dunning level is reached.

6. Specify the dunning notice you want to send to your customers.

1.Define Dunning Area Tr Code OB61

Path: - Spro→Img→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Dunning→Basic Settings For Dunning→Define Dunning Area

Go to New Entries

Give Company Code VD11

Give Dunning Area Blank

Give Dunning Area Text – Dunning Area For VD11

System Gives Message Enter

2. Define Dunning Procedure Tr Code FBMP

Path: - Spro→Img→Financial Accounting→Accounts Receivable and Accounts Payable→Business Transactions→Dunning→Dunning Procedure→Define Dunning Procedure

Go to New Procedure

Give Dunning Procedure VD11

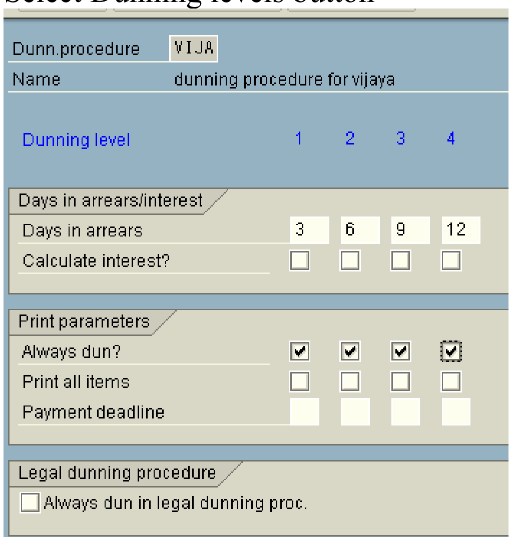
Give Name Dunning Procedure For VD11

Give Dunning Interval Days 3

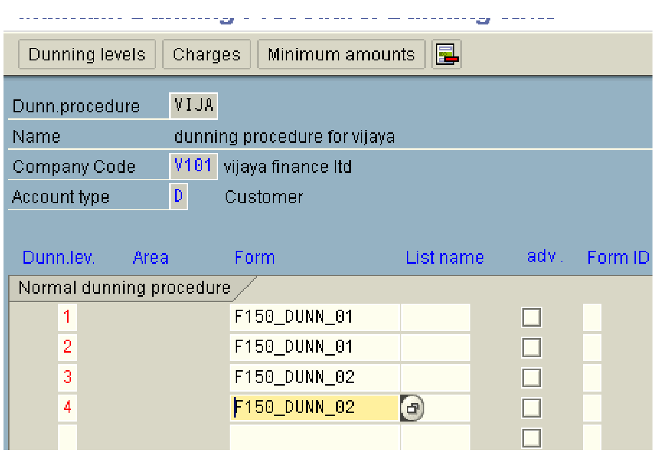
Give No. Dunning Levels 4

Give Interest Indicator S1 (Item Int indicator)
Select Standard Transaction Dunning
Select Dunning Texts On Application Bar
Give Company Code VD11 Select Customer Enter

Go to New Company Code on Application Bar Give Company Code VD11,Select separate notice per dunning level ,SAVE Select ←onetime
Give YES for the given message
Select Dunning levels button



Select Charges button , Give currency : INR ENTER
Select Dunning Texts On Application Bar
Give Company Code VD11 Select Customer Enter



Select ←one time SAVE & Ignore the warning message

4. Assign Dunning Procedure to the Customer Tr Code XD02

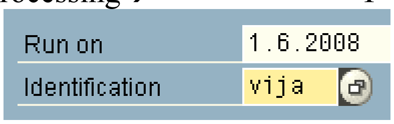
Give Company Code VD11Give Customer Number 600401
Select Company Code Date On Application Bar

Select Correspondence Assign Dunning Procedure VD11   Save

5. Sales Invoice posting   TR.Code:F-22

6. Dunning Letter Run   Tr Code F150

Path: - Accounting→Financial Accounting→Accounts Receivable→Periodic Processing→   F-150 Dunning

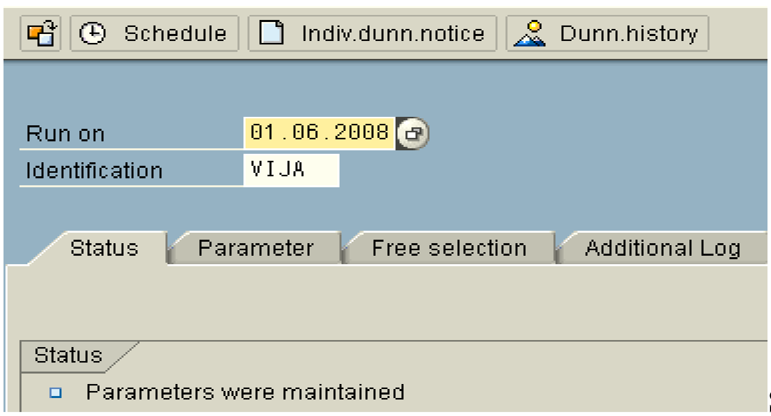
Give 

Select PARAMETER TAB

Give Dunning and document posted upto, Company code and customer number

SAVE

Select ←one time



Select Schedule button

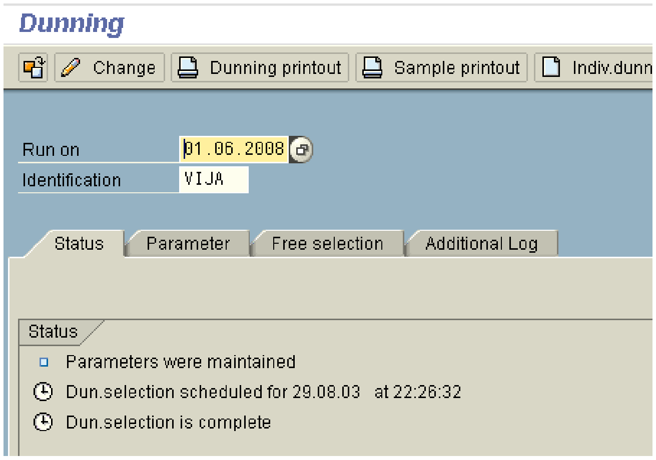
Select Start Immediately check box

Give Output device LP01

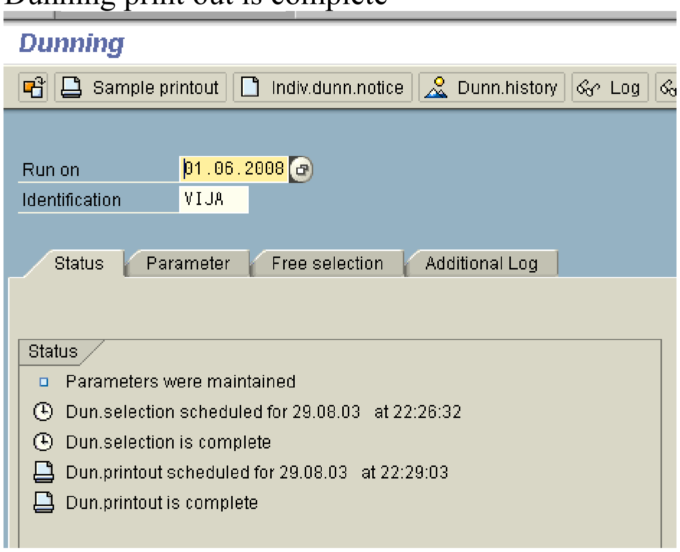
Select Schedule button

Keep on cursor until the message display

Dunning Selection is complete



Select Dunning print out button
Give Output device LP01
Select Continue, Select print
Keep on cursor until the message display
Dunning print out is complete



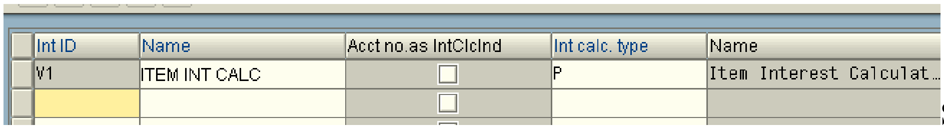
Select Dunning history
Give a/c type- D ,Company code- VIJA, and Customer number
Execute
Put Cursor on line item
Select Display Dunning notice
Select print preview
Give Out put device and Select Continue button

ARREARS INTEREST CALCULATION

Step-1 Creating INTEREST RECEIVED A/c: TR.CODE: FS00
Step-2 Define interest calculation types TR.CODE:OB46

PATH: Up to SPRO Same path→financial accounting→AR & AP→Business Transaction→Interest Calculation→Interest Calculation Global Settings→Define Interest Calculation Types

Select New Entries Button



SAVE

Step-3 Define number ranges for interest forms TR.CODE:FBN1

Same path next step

Step-4 Prepare interest on Arrears calculation TR.CODE:OB82

Same path next step

Select New Entries Button

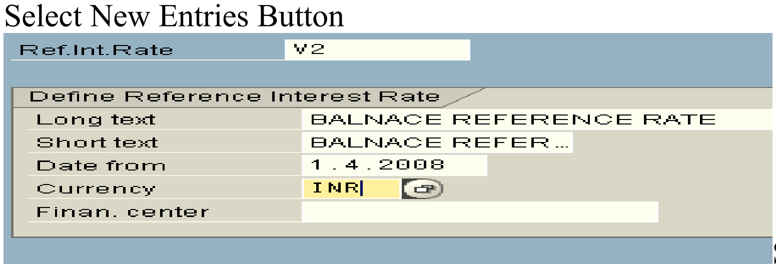
Give Int .Cal indicator , Calender type and the number range you mention in the step 3

SAVE

Step-5 Define reference rate TR.CODE:OBAC

PATH: Up to interest calculation same path→Interest calculation→define reference interest rate

Select New Entries Button



SAVE

Step-5 Define time based terms TR.CODE:OB81

ASSET ACCOUNTING

Create Chart of Depreciation-----EC08
Specify Chart of Depreciation----
Copy/Delete Chart of Depreciation Areas ----OADB
Assign Chart of Depreciation to Company code ---- OAOB
Specify Account Determination
Define screen layout rules
Define number ranges for dep areas --- AS08
Define Asset Classes --- OAOA
Define Dep Area in the asset class ---- OAYZ
Define 15 G/L Accounts ----- FS00
Assign G/L Accounts for automatic postings to FI-----AO90
Specify Document type for posting of Depreciation ---- OBA7
Specify Intervals and posting rules --- OAYR
Specify rounding off and / or Depreciation ----OAYO
Define Base Method
Define Multi Level Method ---- AFAMS
Define Period Control Method ---- AFAMP
Define Declining Balance Method --- AFAMD
Define Depreciation Key ---- AFAMA
Define Screen layout for Asset Master data
Define Screen layout for Depreciation Areas --- AO21
Create Asset Masters – AS01
Create SUB-Asset master --- AS11
Asset purchase posting ------ F-90
Sub Asset purchase posting ---- F-90
View Individual Asset ---- AW01N
View Asset balances by Business Area ----- S_ALR_8701 1965
Asset Sale posting --- f-92
Asset Transfer ----- ABUMN

Asset Scraping ---- ABAVN
Deprecation Run – AFAB
Set Chart of Depreciation ---- OAPL

Step 1: Define Chart of Depreciation [EC08]

Definition: chart of depreciation in Asset Accounting (FI-AA)

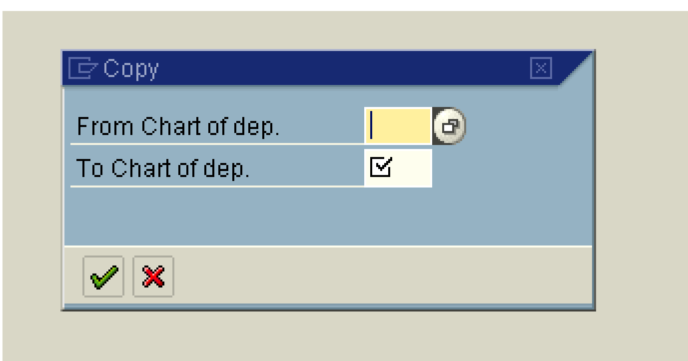
An object that contains the defined depreciation areas. It also contains the rules for the evaluation of assets that are valid in a specific country or economic area. Each company code is allocated to one chart of depreciation. Several company codes can work with the same chart of depreciation. The chart of depreciation and the chart of accounts are completely independent of one another.

Definition: depreciation area

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

Path: Spro→F/A→Asset accounting→Organizational structures →Copy reference Chart of Depreciation /Depreciation areas.

→Double click on Copy reference chart of depreciation
→Select Organizational object menu
→Select copy organizational object



Give from COD: 0DE(Maximum, valuation: Germany)
To COD: (your co-code)Enter and Enter(until the message displays copied)
Select ← onetime

Double click on specify description of chart of depreciation
Select POSITION
Give COD: (YOUR COD)Enter

Chart of Dep	Description
V101	Chart of dep for v101

Save

Select ← One time
Double click on Copy/Delete Depreciation Areas
Give COD: V101 Enter
Select 03,10,15,20,31,32,41,51
Select Delete & Save
Keep on Enter until the save message displays.

<u>Step 2: Assign Chart of Depreciation to company code [OAOB]</u>

Same path→ Next step
Select Position
Give Company code:
Enter

Co-code	Co-Name	COD	Description
V101	Vijaya Manufactures	V101	COD For V101

Save

<u>Step 3: Specify Account Determination</u>

Definition: account determination is An automatic function that determines the accounts for posting amounts in Financial Accounting.

Path: Spro→F/A→Asset accounting→Organizational structures→Asset classes→Specify Account Determination
Select New Entries

Account Determination	Name for Account Determination
V10000	Land
V11000	Buildings
V20000	Plant & Machinery
V30000	Furniture & Fixtures

V31000	Vehicles
V40000	CWP

Save

Step 4:Create Screen Layout Rules

DEF: The screen layout specifies the status of the fields in the asset master record. You use the screen layout to determine if fields are required entry or optional entry fields, or if they are suppressed completely

Same path→ Next step

Select 1000,1100,2000,3000,3100,4000

Select COPY AS

Screen layout	Name of the screen layout rule
V100	Land
V110	Buildings
V200	Plant & Machinery
V300	Furniture & Fixtures
V310	Vehicles
V400	CWP

Save

Step 5: Define Number Range Interval[AS08]

Same path→ Next step

DEF: A range of numbers that you can assign to business objects (or their sub-objects) of the same type. We can roughly classify our asset portfolio using the number ranges.

Give Co-Code: V101 ENTER

→Select Change Intervals

→Select Insert Interval

Number	From Number	To Number
V1	1	1000

ENTER

→Select Insert Interval

Number	From Number	To Number
V2	1001	2000

ENTER

→Select Insert Interval

Number	From	To Number

	Number	
V3	2001	3000

ENTER

→Select Insert Interval

Number	From Number	To Number
V4	3001	4000

ENTER

→Select Insert Interval

Number	From Number	To Number
V5	4001	5000

ENTER

→Select Insert Interval

Number	From Number	To Number
V6	5001	6000

Save

Step 6: Define Asset Classes [OAOA]

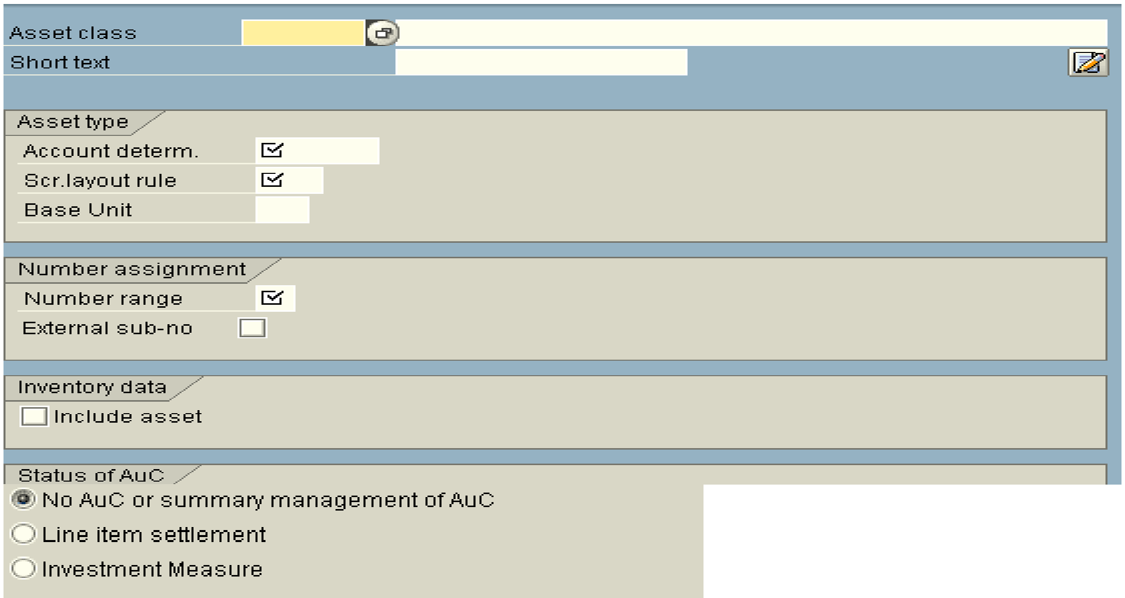
Same path→ Next step

Definition: Asset class in Asset Accounting (FI-AA)

The main criterion for classifying fixed assets according to legal and management requirements. For each asset class, control parameters and default values can be defined for depreciation calculation and other master data. Each asset master record must be assigned to one asset class. Special asset classes are, for example:

Assets under construction
Low-value assets
Leased assets
Financial assets
Technical assets

Same path→ Next step
Select New Entries



Give Asset class: V10000 LAND
Short text: LAND
Account determination: V10000
Screen layout rule: V100
Number range: V1
Select ☑ Include asset Select ● No AuC or summary management of AuC
Select NextEntry
Give Asset class: V11000 BUILDINGS
Short text: BUILDINGS
Account determination: V11000
Screen layout rule: V110
Number range: V2
Select ☑ Include asset Select ● No AuC or summary management of AuC
Select NextEntry
Give Asset class: V20000 Plant & Machinery
Short text: Plant & Machinery
Account determination: V20000
Screen layout rule: V200
Number range: V3
Select ☑ Include asset Select ● No AuC or summary management of AuC
Select NextEntry
Give Asset class: V30000 Furniture & Fixtures
Short text: Furniture & Fixtures
Account determination: V30000
Screen layout rule: V300
Number range: V4

Select ☑ Include asset Select ◉ No AuC or summary management of AuC
Select NextEntry
Give Asset class: V31000 Vehicles
Short text: Vehicles
Account determination: V31000
Screen layout rule: V310
Number range: V5
Select ☑ Include asset Select ◉ No AuC or summary management of AuC
Select NextEntry
Give Asset class: V40000 CWP
Short text: CWP
Account determination: V40000
Screen layout rule: V400
Number range: V6
DeSelect ☐ Include asset Select ◉ Line item settlement
Save

Step 7: Determine Depreciation Areas in the Asset Class [OAYZ]

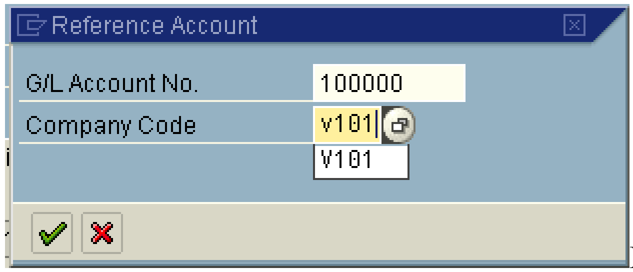
Path: Spro→F/A→Asset accounting→Valuation→ Determine Depreciation Areas in the Asset Class
Give COD: V101
Select Position
Give Asset class: V10000
Select V10000 , D.CLICK on Dep areas folder

Ar.	Dep. area	Deact	DepKy	Use	Per	Index	Layou
01	Book deprec.	☐					2000
02	Spec.tax dep	☑					2000
30	Group DEM	☑					2000

Save
Select ←One time
Same procedure for V11000,V20000,V30000,V31000,V40000

Step 8: Define G/L Accounts [FS00]

1.Creation of Land a/c
Give G/L Account No. 200000
Company Code V101
Select w. Template

Give  Enter

Change A/c Group as Fixed assets, Sort key: 018, F.Status group as G067 Save

G/L account number	Name	Copy from	Sort Key	F.Status group
200005	Buildings	200000	018	G067
200010	Plant & Machinery	‘’	‘’	‘’
200015	Furniture & Fixtures	‘’	‘’	‘’
200020	Vehicles	‘’	‘’	‘’
200025	CWP	‘’	‘’	‘’
100200	Acc dep on buildings	‘’	‘’	‘’
100205	Acc dep on p& m	100200	‘’	‘’
100210	Acc dep on f&f	‘’	‘’	‘’
100215	Acc dep on vehicles	‘’	‘’	‘’
300110	Asset sale	300105	‘’	G052
300115	P.on Asset sale	300110	‘’	G001
400310	L.on asset sale	300115	‘’	‘’
400315	L.on asset scrap	400310	‘’	‘’
400500	Depreciation	‘’	‘’	‘’

Save

Step 9: Assign G/L accounts for automatic posting of asset transactions into FI

[AO90]

Path:Spro→F/A→Asset accounting→Integration with G/L a/c→Assign G/L a/c’s

→ Give COD: V101 Enter
Select V101
D.click on Account determination
Select V10000
D.click on Balance sheet accounts folder

Give Acquisition:Acquis. and production costs 200000 land

Retirement account assignment	
Loss made on asset retirement w/o reven.	400315
Clearing acct. revenue from asset sale	300110
Gain from asset sale	300115
Loss from asset sale	400310

Save
Select ←2 times
Select V101
D.click on Account determination
Select V11000
D.click on Balance sheet accounts folder
Give Acquisition:Acquis. and production costs 200005buildings

Retirement account assignment	
Loss made on asset retirement w/o reven.	400315
Clearing acct. revenue from asset sale	300110
Gain from asset sale	300115
Loss from asset sale	400310

D.click on Depreciation folder

Ordinary depreciation account assignment	
Acc.dep. accnt.for ordinary depreciation	100200
Expense account for ordinary depreciat.	400500

Save
Select ←2 times
Select V101
D.click on Account determination
Select V20000
D.click on Balance sheet accounts folder
Give Acquisition:Acquis. and production costs 200010 plant and machinery

Retirement account assignment	
Loss made on asset retirement w/o reven.	400315
Clearing acct. revenue from asset sale	300110
Gain from asset sale	300115
Loss from asset sale	400310

D.click on Depreciation folder

Ordinary depreciation account assignment	
Acc.dep. accnt.for ordinary depreciation	100205 acc dep on p& m

Expense account for ordinary depreciat. 400500

Save
Select ←2 times
Select V101
D.click on Account determination
Select V30000
D.click on Balance sheet accounts folder
Give Acquisition:Acquis. and production costs 200015 f & fixtures

Retirement account assignment	
Loss made on asset retirement w/o reven.	400315
Clearing acct. revenue from asset sale	300110
Gain from asset sale	300115
Loss from asset sale	400310

D.click on Depreciation folder

Ordinary depreciation account assignment
Acc.dep. accnt.for ordinary depreciation 100210 acc dep on f & f
Expense account for ordinary depreciat. 400500

Save
Select ←2 times
Select V101
D.click on Account determination
Select V31000
D.click on Balance sheet accounts folder
Give Acquisition:Acquis. and production costs 200020 vehicles

Retirement account assignment	
Loss made on asset retirement w/o reven.	400315
Clearing acct. revenue from asset sale	300110
Gain from asset sale	300115
Loss from asset sale	400310

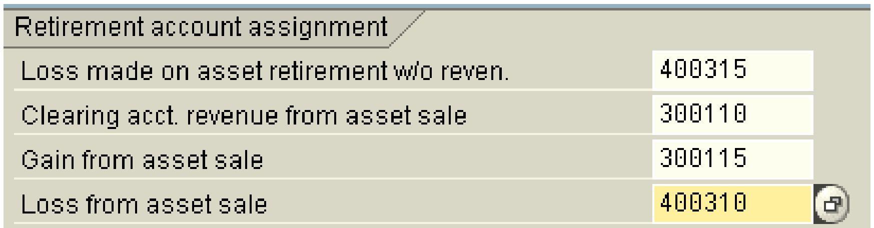
D.click on Depreciation folder

Ordinary depreciation account assignment
Acc.dep. accnt.for ordinary depreciation 100215 acc dep on vehicles
Expense account for ordinary depreciat. 400500

Save
Select ←2 times
Select V101
D.click on Account determination

Select V40000
D.click on Balance sheet accounts folder
Give 

200025 CWP



Save

Step 10: Specify Document type for posting of Depreciation [OBA7]

Select 

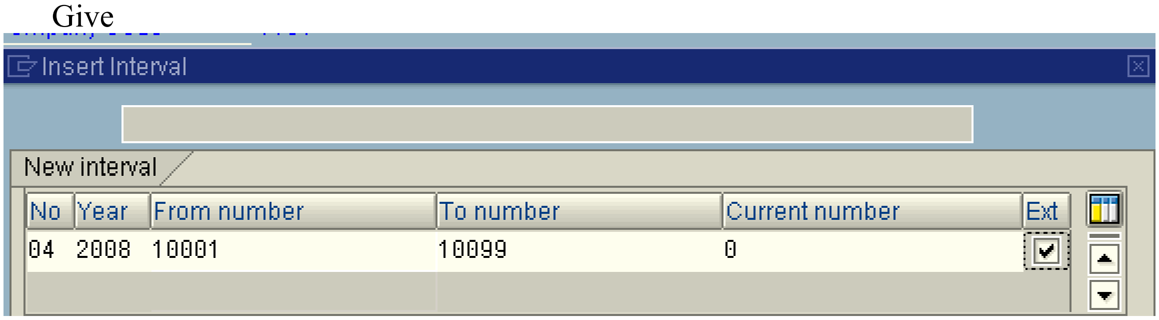
Select 

Select 

Give Co-code: V101

Select 

Select 

Give


Save

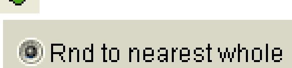
Step 11: Specify Rounding off Net Book value and/or depreciation [OAYO]

Path: Spro→F/A→Asset accounting→Valuation→Amount specifications→ Specify Rounding off Net Book value and/or depreciation [OAYO]

Select 

Give Co-Code: V101 Enter
Select V101
D.Click on Rounding specifications folder
Select 01(Book depreciation)

Select 

Select 

Save

<u>Step 12: Specify Intervals and posting rules [OAYR]</u>

Path: Spro→F/A→Asset accounting→Integration with G/L a/c→Post depreciation to the G/L account→ Specify Intervals and posting rules

Select 

Give co-code: V101 Enter

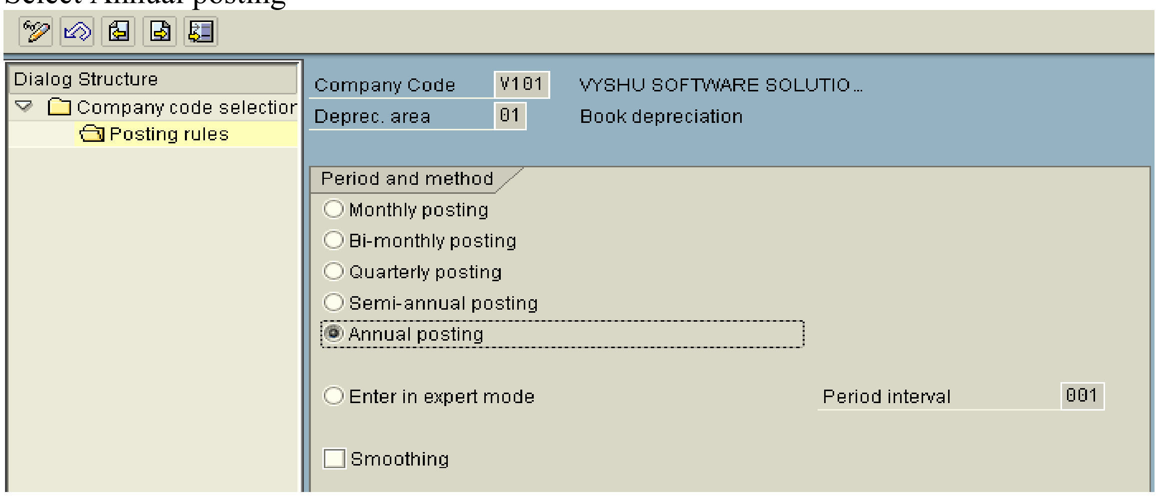
Select V101

D.Click on Posting rules folder

Select 01(Book depreciation)

Select 

Select Annual posting



Save

<u>Step 13: Define Base method</u>

Path:Spro→F/A→Assetaccounting→Depreciation→Valuation methods→depreciation key→Calculation method→Define base method

Check 0014 is there or not

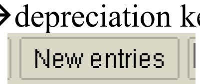
<u>Step 14: Define Declining balance method [AFAMD]</u>

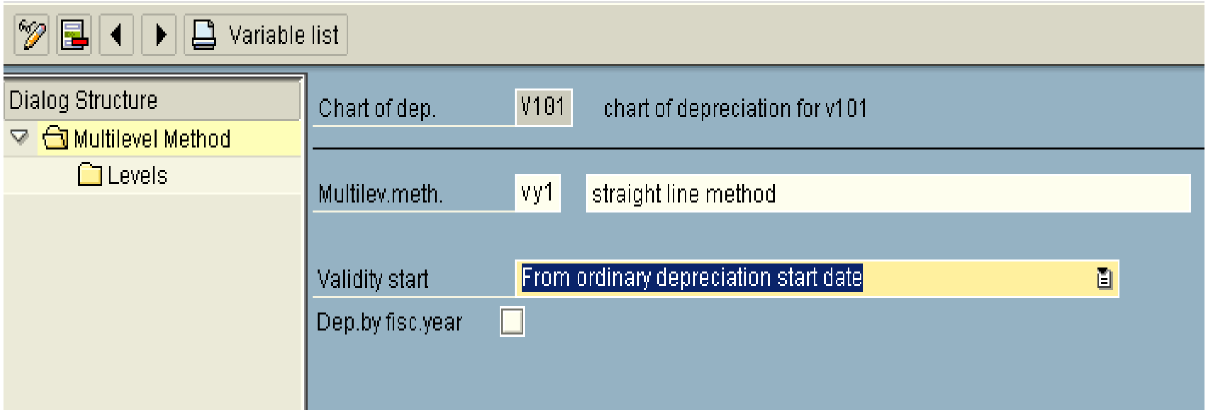
Path:Spro→F/A→Assetaccounting→Depreciation→Valuationmethods→depreciation key→Calculation method→Define DECLINING BALANCE METHOD

Check 001 is there or not

<u>Step 15: Define Multi level method [AFAMS]</u>

Path:Spro→F/A→Assetaccounting→Depreciation→Valuation methods→depreciation key→Calculation method→Define multi level method

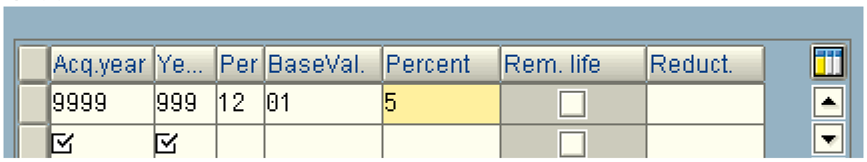
Select 



D.Click on Levels folder

Select 

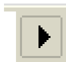
Give

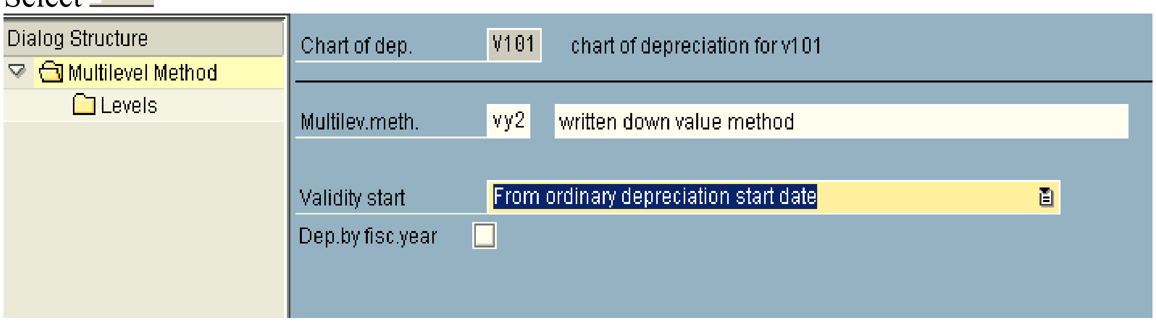


Acq.year	Ye...	Per	BaseVal.	Percent	Rem. life	Reduct.
9999	999	12	01	5	☐	
☑	☑				☐	

Save

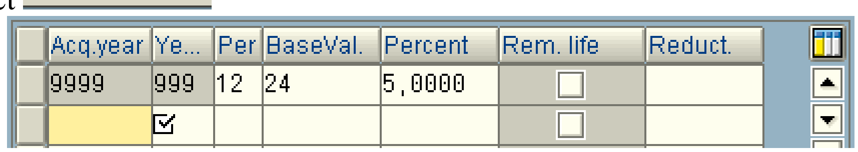
Select ← 1 time

Select 



D.Click on Levels folder

Select 

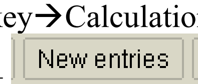
Give 

Acq.year	Ye...	Per	BaseVal.	Percent	Rem. life	Reduct.
9999	999	12	24	5,0000	☐	
	☑				☐	

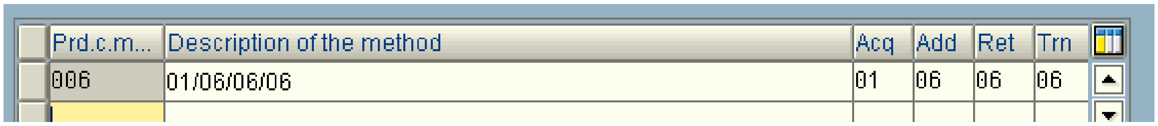
Save

Step 16: Define Period control method [AFAMP]

Path:Spro→F/A→Assetaccounting→Depreciation→Valuationmethods→depreciation key→Calculation method→ Define Period control method

Select 

Give



Prd.c.m...	Description of the method	Acq	Add	Ret	Trn
006	01/06/06/06	01	06	06	06

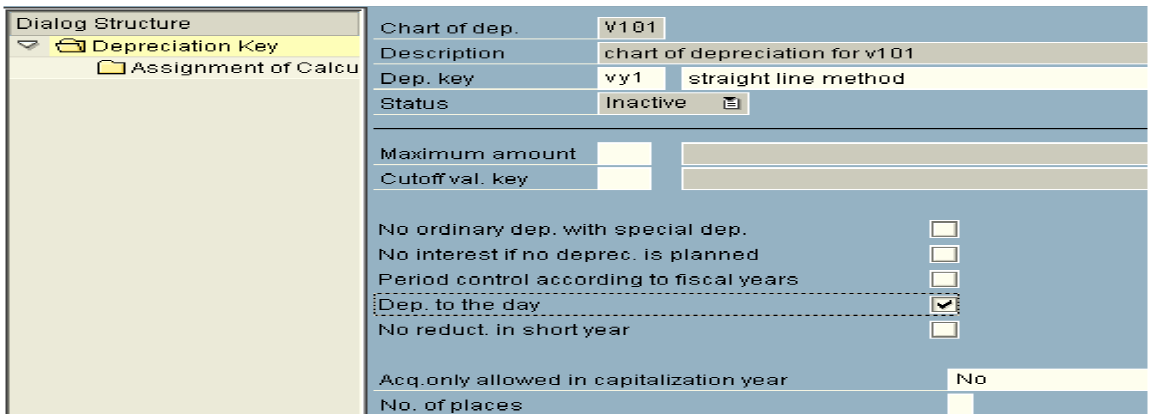
Save

Step 17: Maintain Depreciation Key [AFAMA]

Path:Spro→F/A→Assetaccounting→Depreciation→Valuationmethods→depreciation key→ Maintain Depreciation Key

Select New entries

Give



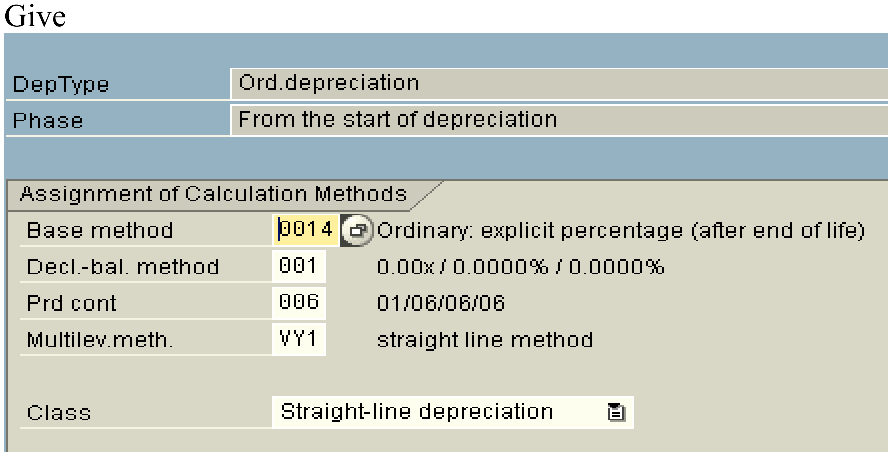
Dialog Structure
Depreciation Key
Assignment of Calcu

Chart of dep.	V101	
Description	chart of depreciation for v101	
Dep. key	vy1	straight line method
Status	Inactive	
Maximum amount		
Cutoff val. key		
No ordinary dep. with special dep.	☐	
No interest if no deprec. is planned	☐	
Period control according to fiscal years	☐	
Dep. to the day	☑	
No reduct. in short year	☐	
Acq.only allowed in capitalization year	No	
No. of places		

D.Click on Assignment of Calculation Methods folder

Select New entries

Give



DepType	Ord.depreciation	
Phase	From the start of depreciation	

Assignment of Calculation Methods

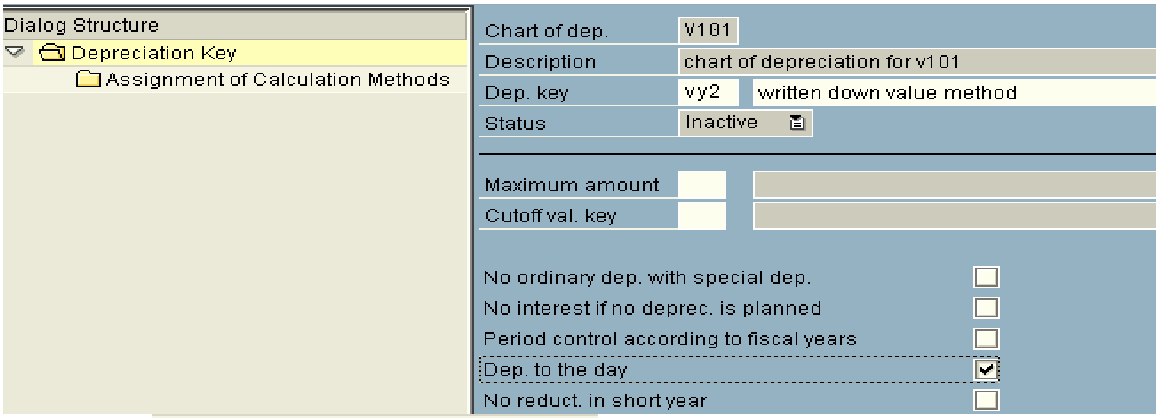
Base method	0014	Ordinary: explicit percentage (after end of life)
Decl.-bal. method	001	0.00x / 0.0000% / 0.0000%
Prd cont	006	01/06/06/06
Multilev.meth.	VY1	straight line method
Class	Straight-line depreciation	

Save

Select ← 2 times

Select New entries

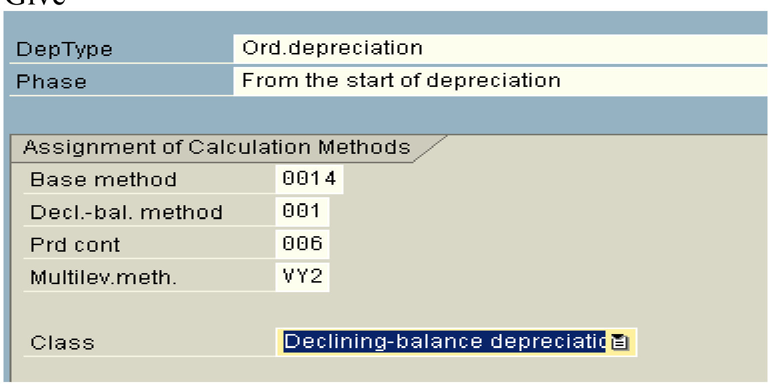
Give like this



D.Click on Assignment of Calculation Methods folder

Select New entries

Give



Save

Select ← 4 times

Select 0000,VY1,VY2

Select Activate Save

Step 18: Define screen layout rules for asset master data

Path: Spro→F/A→Asset accounting→ Master data→screen layout→Define screen layout for asset master data

D.Click on Define Screen Layout for Asset Master Data

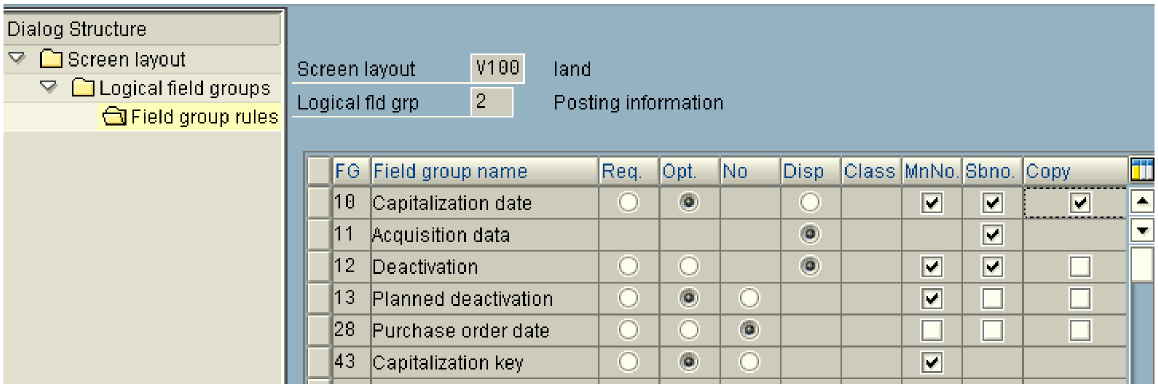
Select Position...

Give V100 land

D.Click on Logical field groups folder

Select 2 Posting information

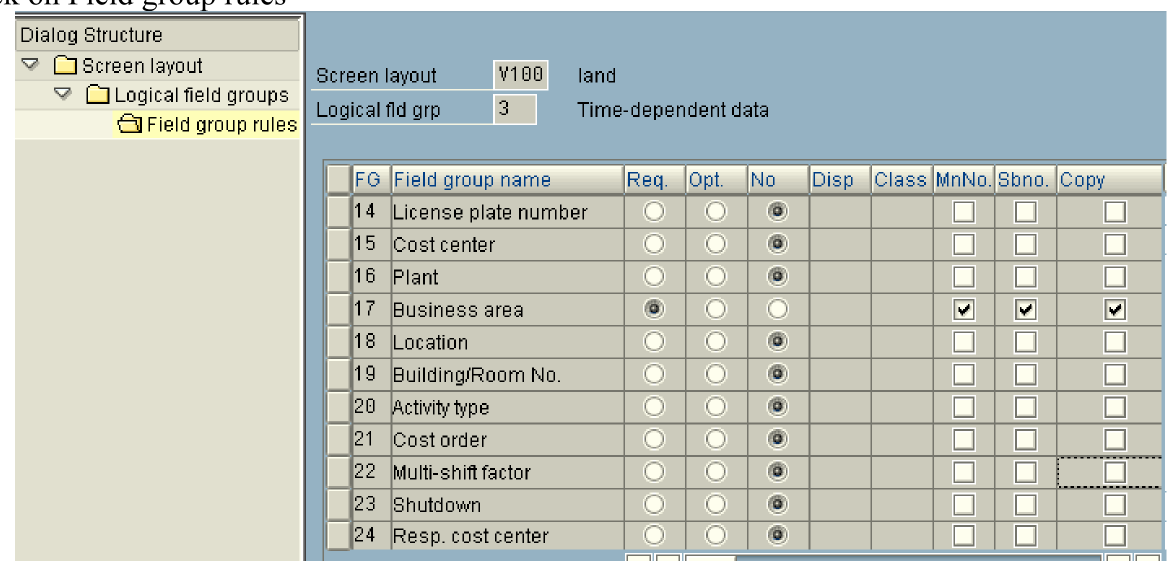
D.Click on Field group rules



Select ← 1 time

Select 3-Time dependent terms

D.Click on Field group rules



Save

Select ← 2times

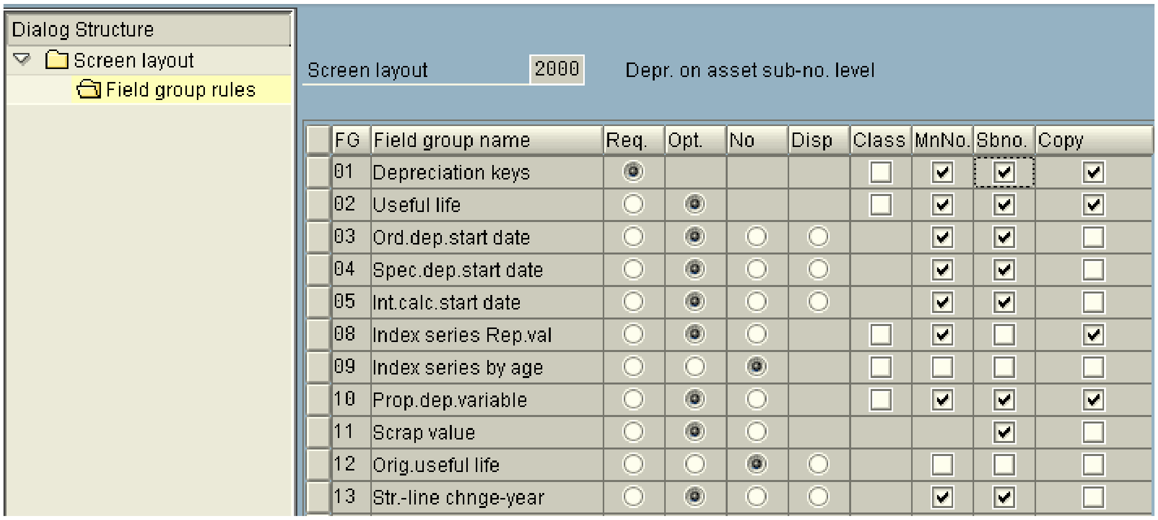
Same procedure for V110, V200, V300, V310, V400

Step 19: Define screen layout rules for Depreciation areas

Path: Spro→F/A→Asset accounting→ Master data→screen layout→Define screen layout rules for Depreciation areas

Select 2000- Depreciation on asset sub no level

D.click on field group rules

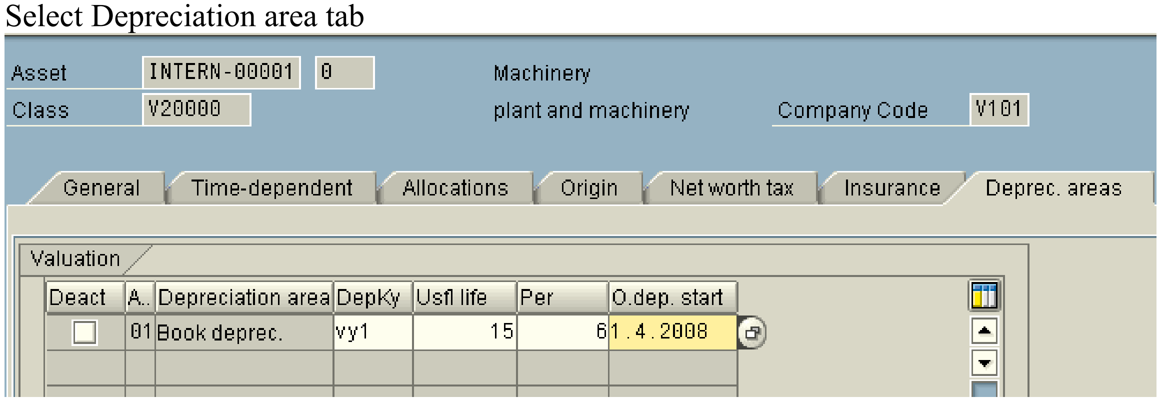


Save

<u>Step 20: Create Asset master record [AS01]</u>

Path: Accounting→F/Accounting→Fixed Assets→Asset→Create→AS01-Asset

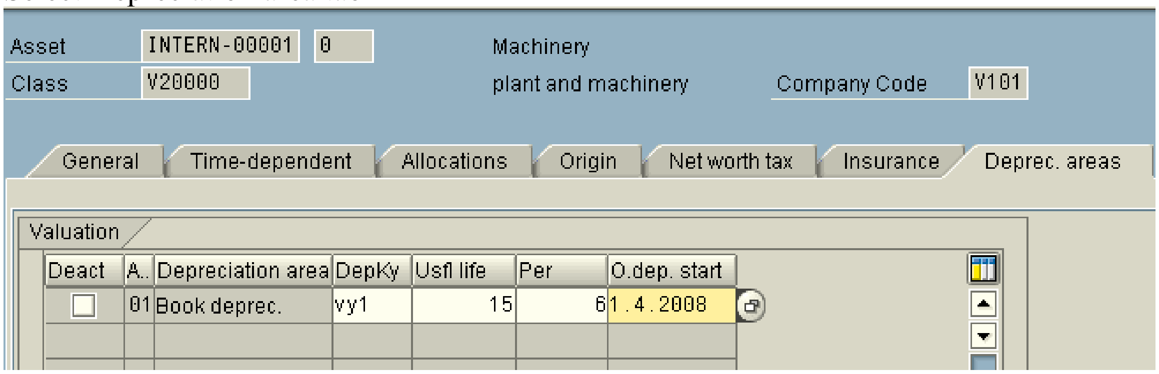
Give Asset class: V20000 (Plant & Machinery)
Company code: V101
Number of similar assets: 1
Enter
Select Master data tab
Give description: Machinery1
Give Capitalisation on 1.4.2008
Select Time dependent tab
B.Area:
Select Depreciation area tab



Save

Create One more Asset master record
Give Asset class: V20000 (Plant & Machinery)
Company code: V101
Number of similar assets: 1
Enter

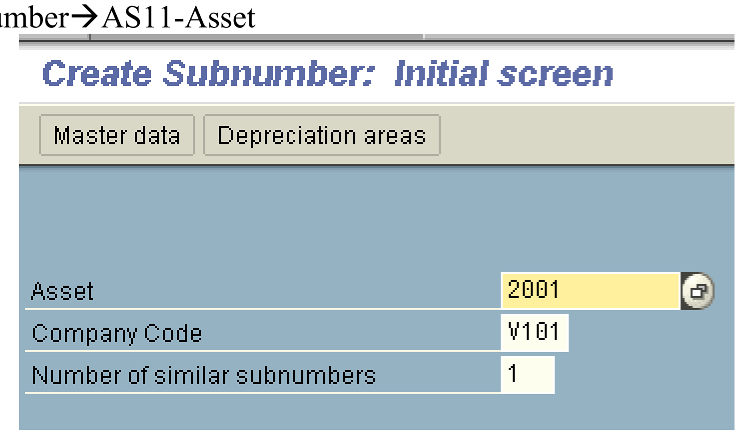
Select Master data tab
Give description: Machinery2
Give Capitalisation on 1.4.2008
Select Time dependent tab
B.Area:
Select Depreciation area tab



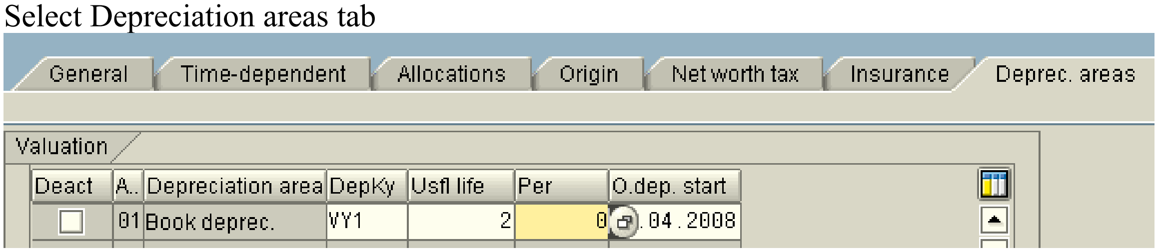
Save
It give message Asset 2001 0 was created

Step 21: Create Sub-Asset master record [AS01]

Path:Accounting→F/Accounting→FixedAssets→Asset→Create→Sub number→AS11-Asset



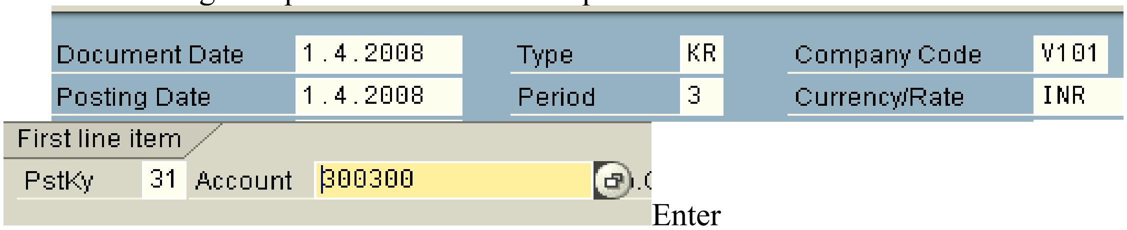
Select Master data
Change Description as Motor-1
Select Depreciation areas tab



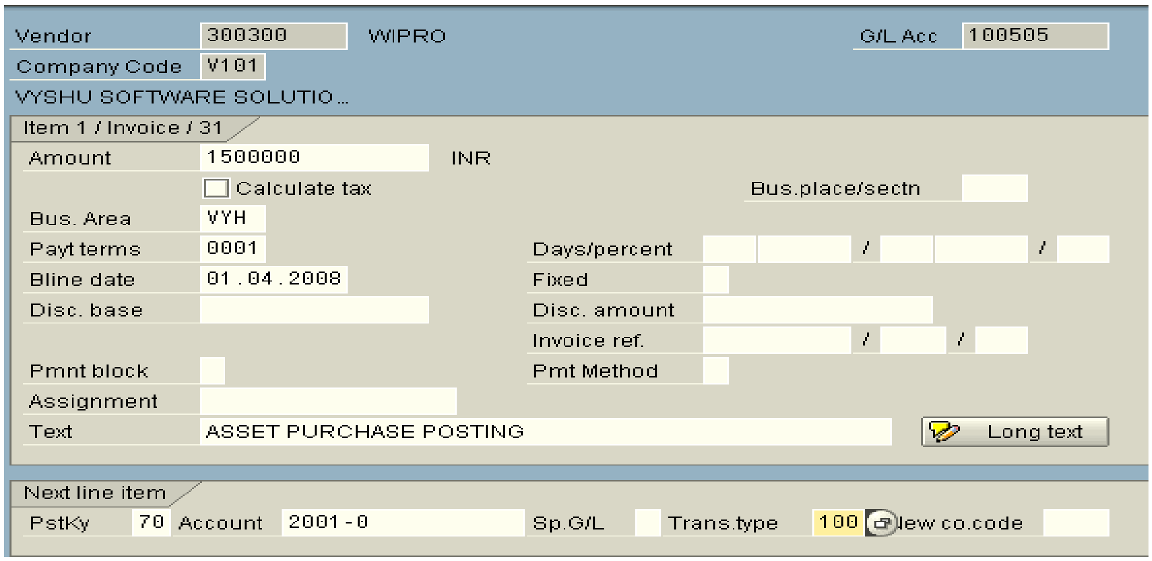
Save
It give message asset was created.

Step 21: Asset Purchase posting [F-90]

Path: Accounting→F/Accounting→Fixed Assets→Posting→acquisition→External Acquisition→F-90 with Vendor



Enter



ENTER

Amount: * , B-area: VYH, Text: +

Save

<u>Step 22: To View Individual asset [AW01N]</u>

Path: Accounting→F/Accounting→Fixed Assets→Assets →Asset Explorer

Give Asset number :

Enter

<u>Step 23: To View Asset balances by business areas [S_ALR_87011965]</u>

Path: Accounting→F/Accounting→Fixed Assets→Information system→Reports on asset accounting→Asset balances→Balance lists→Asset balances→ S_ALR_87011965 by B-area.

Give Co-code: V101

Business area: VYH

Select  list assets

Select 

a) Cost accounting terminology and concepts as used in the SAP R/3 system;
b) Management accounting tools provided within the CO and EC modules; and
c) Building blocks (master data) contained in the CO and EC modules.

Cost Accounting Terminology: SAP R/3 System vs. Traditional Cost Accounting

As you learn about the SAP R/3 system and its controlling (CO) and enterprise controlling (EC) modules, you will find that many cost concepts that you have learned in cost accounting take on new names and interpretations in SAP. Hence, you need to pay close attention to SAP terminology. :

- Cost element
- Primary cost element
- Secondary cost element
- Revenue element
- Activity type
- Activity price
- Statistical key figure (tracing factor)
- Fixed costs
- Lot-size independent costs
- Variable costs
- Marginal costs
- Imputed costs

Management Accounting Tools in SAP R/3

Management accounting tools in SAP R/3 are contained in the controlling (CO) and enterprise controlling (EC) modules. The main tools are:

- Cost center accounting
- Internal orders
- Product costing
- Activity based costing
- Profitability analysis
- Profit center accounting

1. Cost Center Accounting (CCA)

The cost center accounting (CCA) module within CO provides the means for assigning planned costs and actual costs incurred to areas of cost responsibility within an organization. If a manager wants to know how much it costs to run his department for the month of April, this module can be used to provide the answer. The CCA module contains a variety of methods for allocating costs among cost centers and from cost centers to other cost objects (e.g., internal orders, production orders, profitability segments, etc.).

2. Internal Orders (IO)

The internal order (IO) module within CO provides the means for assigning planned costs and actual costs incurred to projects (orders) carried out within an organization. If a manager wishes to track the costs associated with, say, a special trade show or maintenance project, the IO module can be used to do so.

3. Product Costing (PC)

The product costing (PC) module within CO provides the means for developing different types of cost estimates for a particular product or subassembly, such as standard cost, future cost, tax cost, or commercial cost estimate. These estimates may be used for a variety of purposes, including product pricing, production planning and control, inventory valuation, and income measurement (cost of goods sold).

4. Activity Based Costing (ABC)

The activity based costing (ABC) module within CO provides the means for assigning planned costs and actual costs incurred at the cost center level to business processes that cut across areas of responsibility within an organization. The costs assigned to a business process can in turn be allocated to those cost objects (products, services, customers, etc.) that utilize the business process.

5. Profitability Analysis (PA)

The profitability analysis (PA) module within CO provides the means for assigning planned and actual revenues and costs to a variety of profitability segments, including customers, sales territories, sales employee groups, product groups, etc. This module provides great flexibility in defining, both the market characteristics that are of interest to managers, and the related performance measures (e.g., gross margin, contribution margin, segment margin) that managers use to evaluate market segments.

6. Profit Center Accounting (PCA)

The profit center accounting (PCA) module, which is found within the Enterprise Controlling module, provides the means for assigning planned and actual revenues, costs and selected balance sheet account balances to areas of profit and/or investment (rate of return) responsibility within an organization. The module offers flexibility in defining profit centers, which may reflect geographical regions, business functions, or product groups.

Building Blocks (Master Data) Relevant to CO

The basic building blocks in R/3 system that will be of interest in this course include:

various organizational elements (client, group, operating concern, controlling area, company code, business area, profit center, and cost center)

cost elements, and cost drivers (activity types and statistical key figures).

Organizational elements Within the SAP R/3 system, a large number of organizational entities/elements are introduced to serve different business purposes.

Client The term “client” refers to the highest hierarchical level within the SAP system. When a user wishes to work on the SAP system, he/she must log on to a particular client. A client is a self-contained unit with its own set of master records and tables. Data processing and analysis are carried out within a client (and not across clients).

Group Within the context of a “client,” the R/3 system introduces “group” or “consolidated group” as the entity involving a company’s combined, world-wide operations. Balance sheets and income statements may be created at the "consolidated group" level, which brings together all entities within the client. The R/3 system provides numerous different organizational breakdowns of a "group," which are directly relevant to major functions performed by the CO module. The following list identifies some of the relevant organizational elements (the R/3 module in which the element is actually created as master data is shown in parentheses):

· Operating concern (Controlling)
· Controlling area (Controlling)
· Company code (Financial Accounting)
· Business area (Financial Accounting)
· Profit center (Enterprise Controlling)
· Cost center (Controlling)

Operating Concern A "group" (see above) may consist of one or more operating concerns. An operating concern is the highest level organizational entity within CO created for the exclusive purpose of performing profitability analysis (PA). If a group's world-wide sales markets have similar characteristics, then the group may consist of a single operating concern. If not, the group may be divided into two or more operating concerns. Profitability segments within PA are defined in the context of a specific operating concern. An operating concern may contain one or more controlling areas (defined below). Internal financial reporting and analysis focuses on measuring the profitability of specified market segments within an operating concern. External reporting does not take place for an operating concern. Neither income statements nor balance sheets are created for an entire operating concern.

Controlling Area A controlling area is a self-contained unit within a group in which cost accounting can be performed. A controlling area is the highest level organizational entity within CO in which cost and profit analysis takes place (except for PA analysis which takes place within an operating concern - see above). A controlling area may contain two or more company codes (defined below). A controlling area is also broken down into two different "standard" hierarchical structures: 1) standard cost center hierarchy; and 2) standard profit center hierarchy - see below. Internal financial reporting and analysis focuses on measuring the cost or profit results of components of a controlling area, such as cost centers or profit centers. External reporting does not take place for a controlling area. Neither income statements nor balance sheets are created for an entire controlling area.

Company Code A company code is the smallest organizational unit for which a complete, self-contained set of financial accounts can be drawn up for external reporting purposes. Essentially, a company code is used to define a separate, independent legal entity for external financial reporting purposes. (In the R/3 system, the term "company" may also be used for this purpose.) Two or more company codes may be combined into a "consolidated" group, which is the highest level at which financial reporting can take place within the R/3 system. A company code is created in the financial accounting (FI) module and is assigned to a particular controlling area. Balance sheets and income statements may be created within FI for a company code.

Business Area A business area is a component of one or more company codes within the same controlling area that is set up for internal reporting purposes. For example, two or more companies that sell the same product line (among other lines sold) may create a business area to report the combined results of that shared product line. Business areas are created in the FI module. Balance sheets and income statements may be created within FI for business areas.

Profit Center Profit centers are similar to business areas, in the sense that they are set up for internal reporting purposes. However, profit centers are formally defined as components of a controlling area, not as components of one or more company codes. Income statements may be created for profit centers, and selected assets may also be reported for profit centers, but not complete balance sheets (which can be done for business areas –see above).

Cost Center A cost center is the basic organizational/responsibility component of a controlling area. A controlling area is broken down into cost centers, which are organized in a "standard cost center hierarchy." Cost centers may also be linked to a specific business area, company code, and profit center (i.e., business areas, company codes, profit centers and controlling areas may all be viewed as collections of cost centers).

Cost Elements: A chart of accounts is created for a company (company code) within the financial accounting module of SAP R/3. In SAP R/3 terminology, cost and revenue accounts within a chart of accounts that are involved in cost accounting are referred to as "elements," which are further divided into primary cost elements, primary revenue elements, and secondary cost elements (there are no secondary revenue elements). Primary cost and revenue elements are created in the FI module and are used both in the FI and CO modules to account for cost and revenue flows with parties external to the organization. Primary cost and revenue flows are first recorded in FI and then transferred automatically by the R/3 system to a cost or revenue object within the CO module (e.g., cost center, internal order, profitability segment, etc.). Secondary cost elements are created in the CO module and are used exclusively within CO to account for internal cost flows among cost objects within a controlling area (e.g., cost allocations among cost centers).

Cost Drivers:The R/3 system utilizes two different types of cost drivers: i) activity types; and ii) statistical key figures -- SKFs.

Activity types Activity types are production or service activities rendered to a work center or cost center that are used to allocate costs. Activity types generally include different types of labor (e.g., setup, production labor, machine labor, etc.) that are performed by personnel within a work center or cost center. The measure of the activity type quantity (e.g., hours worked), which is essentially a cost driver measure, may be used to allocate all or a portion of the costs of a cost center to other cost objects (e.g., other cost centers, production orders, profitability segments, etc.). The cost center in which the activity is performed is referred to as the "sender," and the cost objects receiving the allocated costs are called "receivers." The allocation is based on an "activity (transfer) price" that is developed for the activity type. The activity price may be set annually by management, or it may be calculated automatically using an iterative routine that explicitly takes into account “cross allocations” (i.e., allocations back and forth among two or more cost centers).

Statistical Key Figures (SKFs) SKFs are a second type of cost driver used in the R/3 system to allocate costs from sender cost objects to receiver cost objects. These cost drivers, which are often referred to as tracing factors, are used in allocation methods (e.g., distribution and assessment) that do not involve the explicit development of activity (transfer) prices. Nevertheless, the allocation approach is quite similar. A lump sum amount associated with the sender cost center is allocated to receiver cost centers in proportion to the relative amounts of the SKF associated with each receiver.

Definition: controlling area

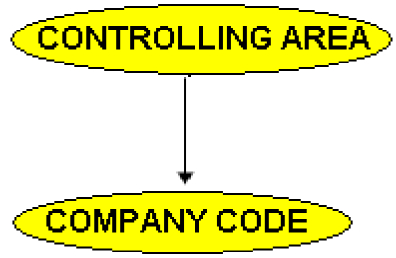
An organizational unit within a company, used to represent a closed system for cost accounting purposes. A controlling area may include single or multiple company codes that may use different currencies. These company codes must use the same operative chart of accounts. All internal allocations refer exclusively to objects in the same controlling area.

Activity Type

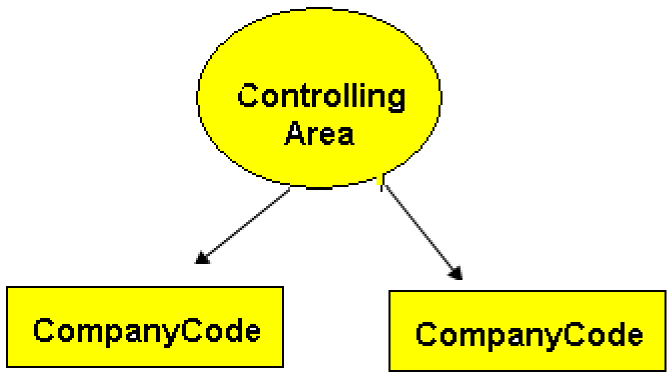
Key identifying an activity types describe the activity produced by a cost center and are measured in units of time or quantity. In activity type planning, control data determines whether the activity price for evaluation of the activity type is manually set or is derived iteratively through activity price calculation.

Relation between controlling area to company code

There may be 1-1 relation or 1-n relation between controlling area to company



code.



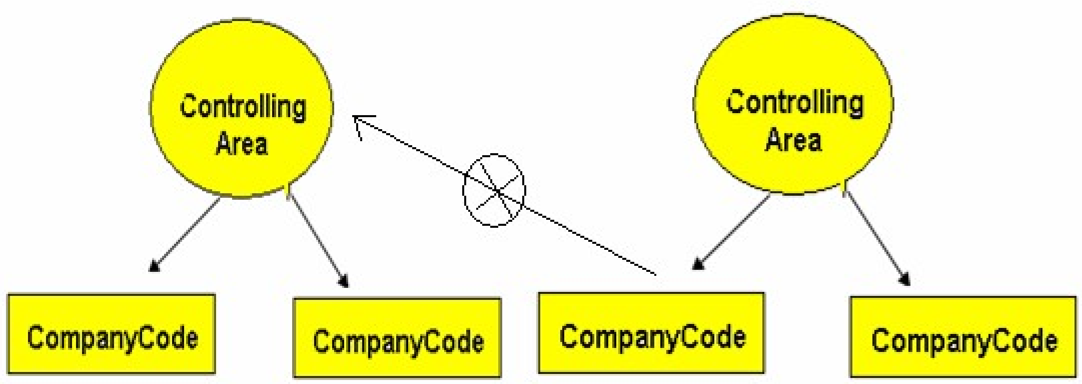
If 1-N relationship wants to maintain between controlling area to company code we should satisfy the following conditions.

All company codes under that controlling area should have same COA.

All company codes under that controlling area should follow same fiscal year.

Relation between company code to controlling area

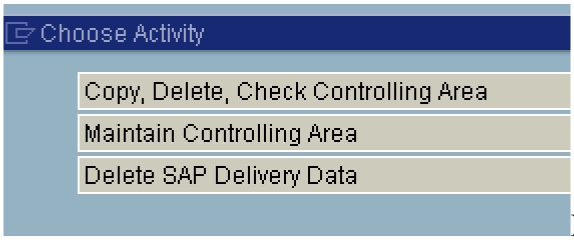
There may be 1-1 relation between company code to controlling area



Note : We can't assign co-code to more controlling areas. We can assign controlling area to more company-codes

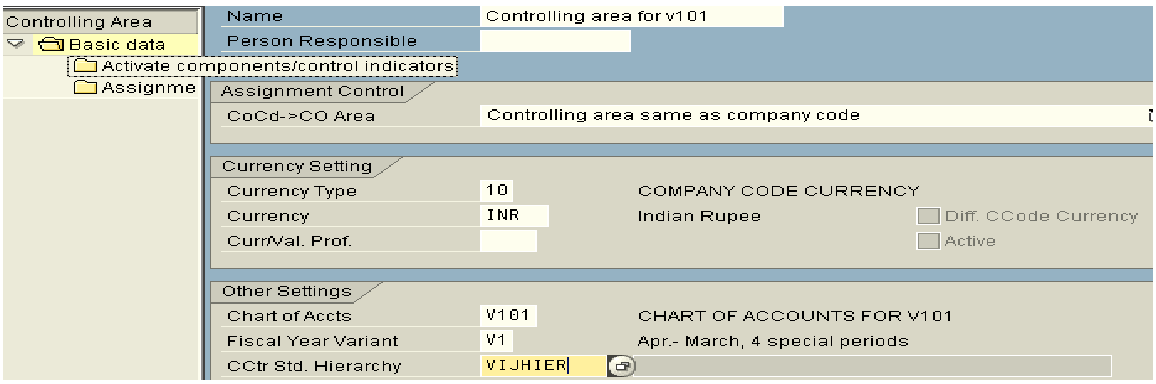
Step 1: Define Controlling area [OKKP]

Path:Spro→Controlling→Gen.Controlling→Organization→MaintainControlling area



Double click on Maintain controlling area

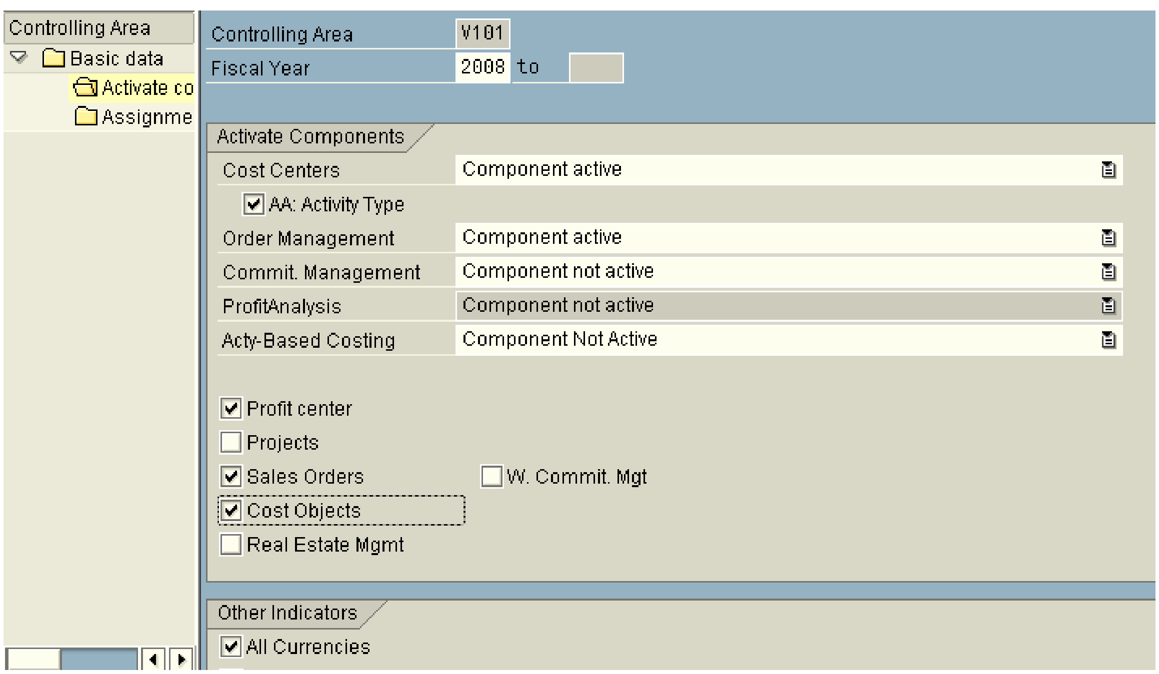
Select New Entries



Double click on Activate components/control indicators

Give YES for the given message

Select New Entries



Double click on Assignment of company codes

Select New Entries

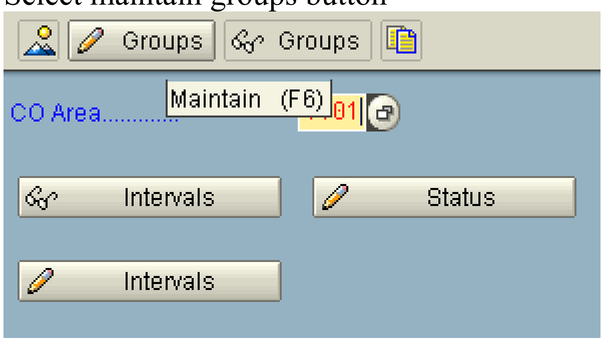
Give Company code :V101
SAVE
Ignore and Enter

<u>Step 2: Maintain number ranges for controlling documents [KANK]</u>

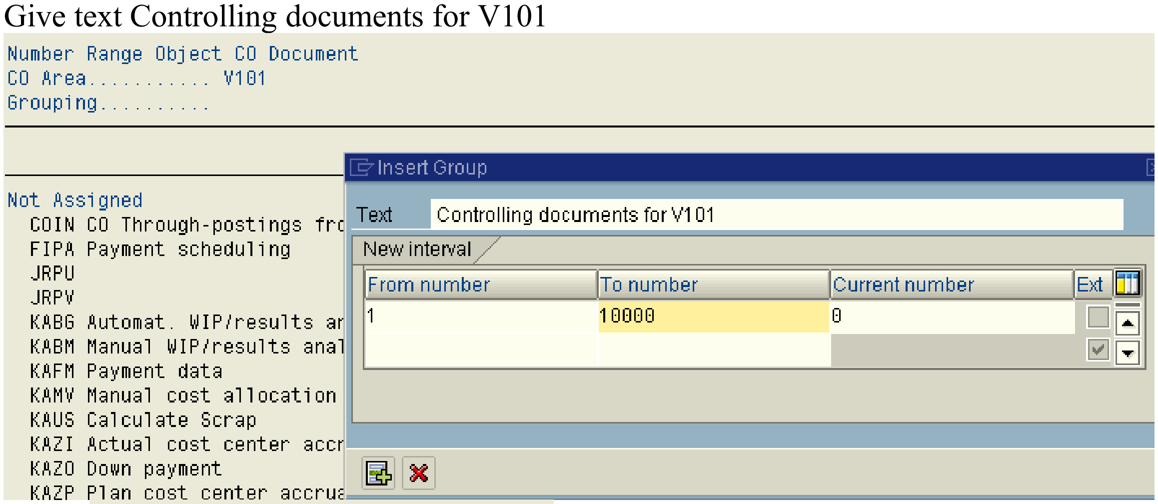
Same path next step

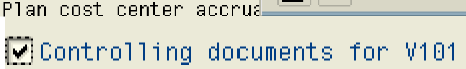
In this IMG activity you create number ranges for business transactions in Controlling or change existing settings.For every posting in CO the R/3 System generates a numbered document. The document numbers are unique to each controlling area, since each number is assigned only once. In CO, there are no legal requirements for a continuous assignment of document numbers. To improve performance, after each restart of an application server, a maximum of 100 document numbers for each number range are not assigned.Every transaction that you carry out on the controlling area level has to be assigned to a number range group.

Give Controlling area : V101
Select maintain groups button



Select Group menu→Select INSERT Option
Give text Controlling documents for V101



Select 

Double click on COIN,RKIU,RKP1,RKU1,RKU3
Select EDIT Menu
Select Assign Element Group button

SAVE

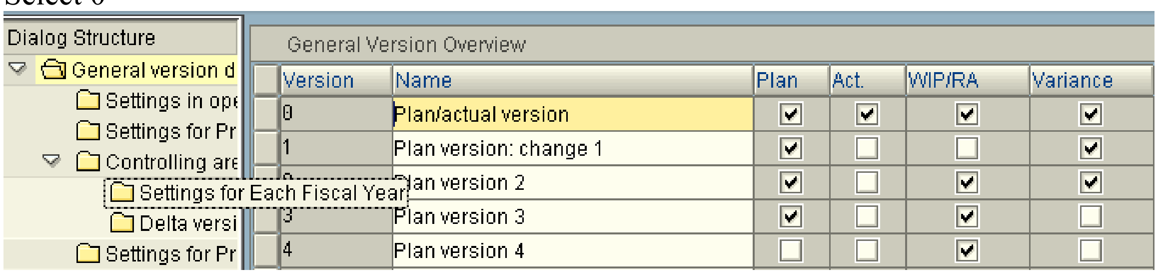
Step 3: Maintain versions [OKEQ]

Same path next step

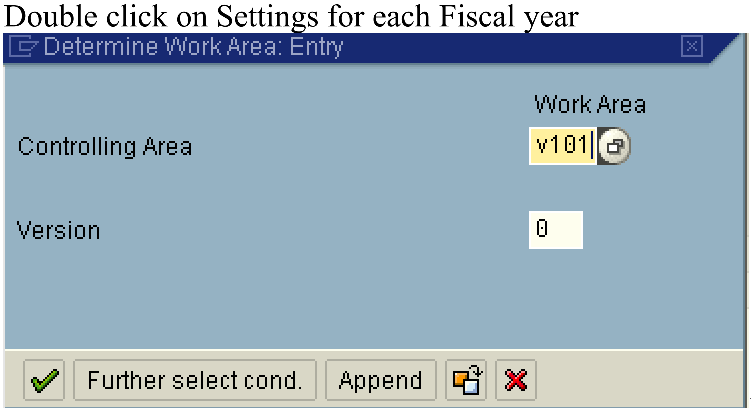
Maintain Versions is used to create independent data groupings in planning and in actual.

In planning, versions display alternative plan scenarios based on different planning assumptions. For example, you can illustrate varying employment markets, price and wage increases, or sales programs in different versions with differing parameters.

Select 0

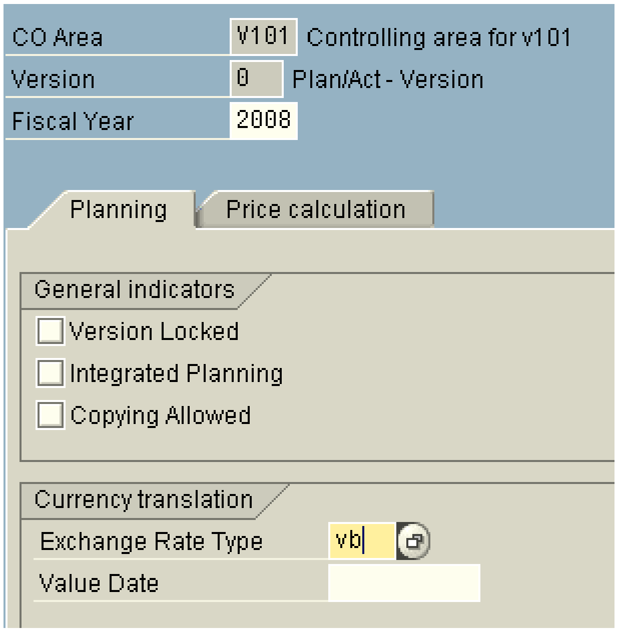


Double click on Settings for each Fiscal year



Enter

Select New Entries



SAVE

COST ELEMENT ACCOUNTING (CO-OM-CEL)

Use

Cost Element Accounting is the area of cost accounting where you track and structure the costs incurred during a settlement period. It is thus not an accounting system as such, but rather a detailed recording of data that forms the basis for cost accounting.

Integration

In an integrated accounting system such as the SAP system, you do not need to enter cost data separately. This is because each business transaction that involves costs updates the CO component with detailed information on the cost element and on the account assignment object itself. Each consumption transaction in Material Management (MM), each billing in Sales and Distribution (SD) (= revenue), and each external transaction for invoice verification flows directly through the G/L Account (= cost element) to the corresponding account assignment object.

Features

You can restrict the entry of cost data to part of the valuation differences and additional costs. While you can transfer depreciation costs from Asset Accounting for the depreciation of fixed assets, for example, you must use accrual calculation in cost accounting for management income.

Cost accounting in the system also has the task of identifying the costs incurred in subareas of the company and tracing the cost flows. The system provides complete information on the costs for all types of account assignment objects (such as cost centers, orders, and projects).

For cross-company-code or cross-business-area cost accounting, the cost flow in Controlling may require reconciliation between internal and external accounting. The necessary reconciliation is also one of the tasks of Cost and Revenue Element Accounting.

Cost element

A cost element classifies the organization's valuated consumption of production factors within a controlling area. A cost element corresponds to a cost-relevant item in the chart of accounts

Primary cost element: A cost element whose costs originate outside of CO and accrual costs that are used only for controlling purposes.

Secondary cost element: A cost element that is used to allocate costs for internal activities.

Secondary cost elements do not correspond to any G/L account in Financial Accounting. They are used only in Controlling and consequently cannot be defined in FI as an account.

Cost Element Accounting, Cost Center Accounting, and Order Controlling are closely linked together in the SAP System. Every posting to a cost element account is assigned to an object in cost accounting.

- **Primary cost element**

You can create a primary cost element, only after you indicate it as a G/L account in the chart of accounts, and create it as a G/L account in Financial Accounting.

A primary cost element must have a corresponding account in Financial Accounting. When you create a cost element, the SAP System checks if a corresponding account was created in Financial Accounting.

- **Secondary cost element**

A secondary cost element is used only in cost accounting, and may not be created in Financial Accounting

Cost element category

The classification of cost elements according to their usage or origin.

Examples of cost element categories are:

- Material cost elements
- Settlement cost elements for orders
- Cost elements for allocating internal activities

The cost element category has a technical control function, which determines whether a cost element can be posted to directly or indirectly.

- **Direct post**ing: You post an amount to each account, specifying the account number. You can make direct postings to all primary cost elements.
- **Indirect posting:** The SAP System always determines the account during the posting transaction. You cannot enter the account number during the posting transaction.You can only make indirect postings to secondary cost elements

There are 3 ways to create Cost elements

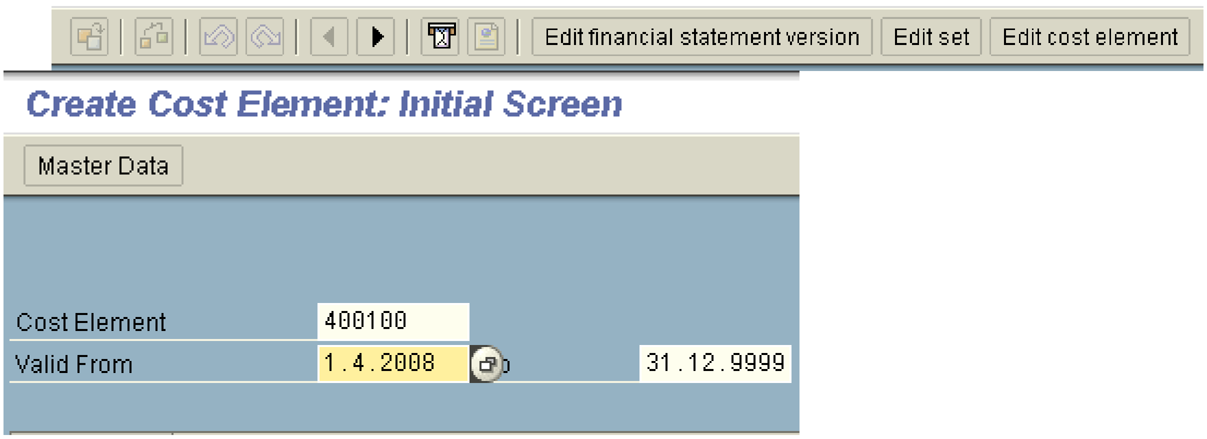
- Through FI (FS00)
- Through CO (KA01)

- Through Automatic creation

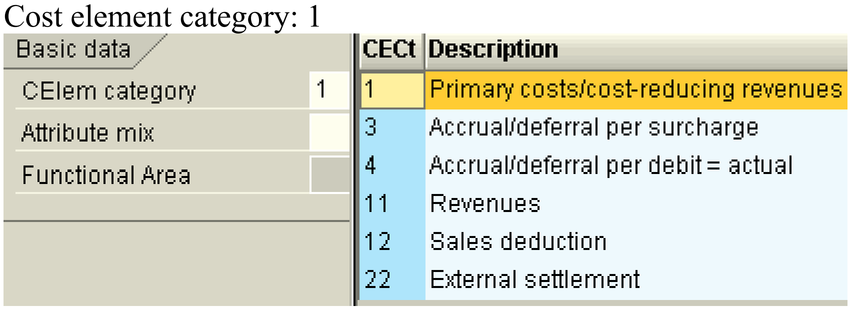
Make default settings (OKB2)
Create Batch input Session (OKB3)
Execute Batch input Session (SM35)

SET CONTROLLING AREA [OKKS]
Give Controlling area : V101

Step 1: Create Cost Elements through FI [FS00]
Give G/L account number: 400100(Salaries a/c)
Company code: V101
Select Edit Cost element

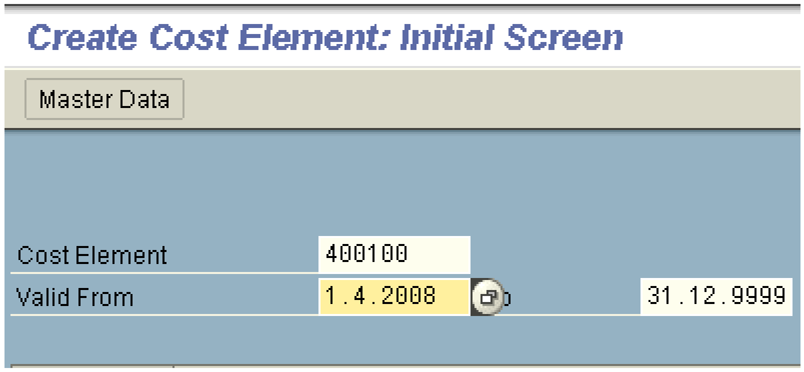


Select Master Data
Give Name: Salaries a/c
Description: Salaries a/c
Cost element category: 1



SAVE

Step 2: Create Cost Elements through CO [KA01]
Path: Accounting→Controlling →Cost Element→Individual processing→KA01 Create Primary



Select Master Data
Give Name: Salaries a/c
Description: Salaries a/c
Cost element category: 1
SAVE

Step 3: Automatic creation of cost elements

- **Make default settings (OKB2)**

Path: Spro→Controlling→Cost element a/c →Master data→Cost elements→ Automatic creation of primary & secondary cost elements→ Make default settings

Give COA: V101 Enter

ACCOUNT FROM	ACCOUNT TO	COST ELEMENT CATEGORY
400000	499999	1

SAVE

- **Create Batch input Session (OKB3)**

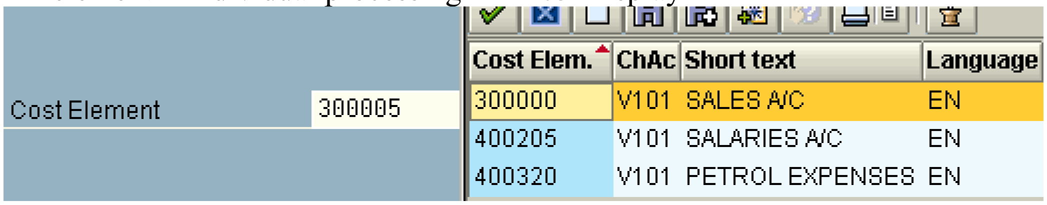
Same path next step
Give Controlling area : V101
Valid from: 1.4.2008
Valid to: 31.12.9999
Select EXECUTE

- **Execute Batch input Session (SM35)**

Same path next step
Select SAPUSER
Select Process
Select Display errors only
Give YES for the given message
Select ← one time
Select NO for the given message
Select EXIT BATCH INPUT

Step 4: To/View or Display of Cost element created [KA03]

Path: Accounting→ Controlling→C.E.A→Master data→Cost element→Individual processing→KA03-Display



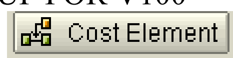
<u>Step 5: Create cost element group [KAHi]</u>

Path: Accounting→ Controlling→C.E.A→Master data→Cost elementgroup→KAHI-Create

Give Cost Element group: ADMIN

Select 

ADMIN- COST ELEMENT GROUP FOR V100

Select INSERT COST ELEMENT 

A/C NUMBER :400300 - 400399

Save

<u>COST CENTER ACCOUNTING</u>

<u>Cost Center: An organizational unit within a controlling area that represents a defined location of cost incurrence. The definition can be based on: Functional requirements, Allocation criteria, Physical location, Responsibility for costs.</u>

Cost Center Groups: A combination of several cost centers. It is used in the information system to create reports for selected cost centers, for process multiple cost centers in a single transaction in Cost center planning, Distribution, Assessment. The cost center groups are used to build cost center hierarchies, which summarize the decision-making, responsibility, and control areas according to the particular requirements of the organization. The individual cost centers form the lowest hierarchical level. There must be at least one group that contains all cost centers and represents the entire business organization. This cost center group is described as the standard hierarchy. You can assign more cost center groups to the standard hierarchy.

Differences between Distribution and Assessment:

DISTRIBUTION	ASSESSMENT
It is a cost allocation tool only for primary cost elements. 2.While allocation of cost receiver side details	1. It is a cost allocation tool for both primary & secondary cost elements 2.While allocation of cost receiver side details does

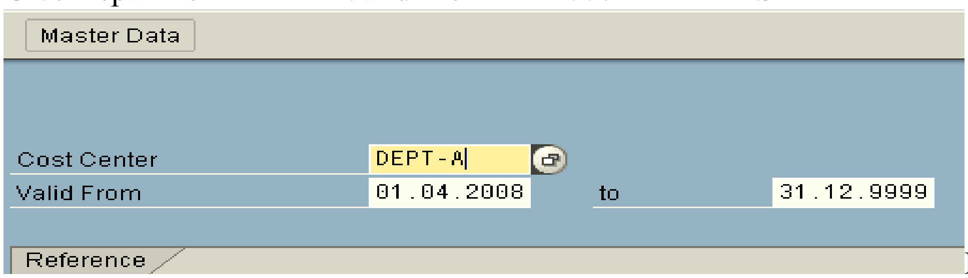
will be appear on the sender side.	not appears on the sender side.

<u>STEP1.Create Cost Center TR.CODE: KS01</u>

Path: - Spro→ Img→ Controlling → Cost Center Accounting→Master Data→Cost Centers→Create Cost Centers

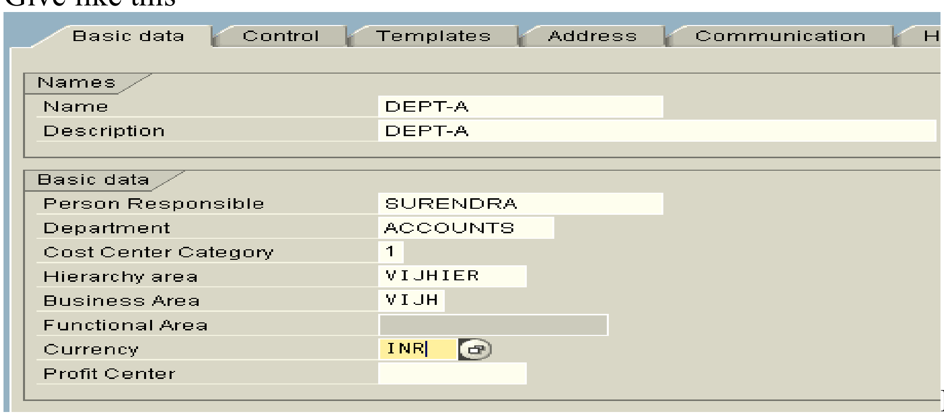
Double Click Create Cost Center

Give Department-A Valid From 1-4-2008 LIKE THIS



Enter

Give like this



ENTER

IGNORE THE WARNING AND SAVE

Again Double Click Create Cost Center

- Give Department-B Valid From 1-4-2008 Enter

Name Department-B

Cost Center Category Production (1) F4

Hierarchy F4 Business Area VIJH Currency INR Save

Again Double Click Create Cost Center

- Give Department-C Valid From 1-4-2008 Enter

Name Department-C

Cost Center Category Production (1) F4

Hierarchy F4 Business Area VIJH Currency INR Save

Again Double Click Create Cost Center

- Give Service Dep-D Valid From 1-4-2008 Enter

Name Service Dep-D

Cost Center Category Production (2) F4

Hierarchy F4   Business Area VIJH   Currency INR   Save

STEP 2. Creation Of Cost Center Group   Tr Code: - KSH1

Path: - Spro→ Img→ Controlling→Cost Center Accounting→Master Data→Cost Centers→Define Cost Center Group

Double Click On Create Cost Center Group
Cost Center Group : VIJPROD

Select 

Give like this

Select 

Insert cost center button

Enter the production cost centers like this

Save

Like this create a number of cost center groups as per the requirement.

STEP3. Create field status group as cost center is required TR. Code: OBC4

Select postion
Give F.S.V.—vija
Double click on field status group folder
Double click on G004 Cost accounts
Double click on additional account assignments
Select cost center as required entry.   SAVE

STEP4. Assign field status group in cost elements   TR. Code: FS00

Give G/L Account : 400100(Primary cost element number)
Co-Code: VIJA
Select change button
Select create/bank/interest tab
Change F.S.G as G004(Cost accounts)
SAVE
Like this assign for the remaining cost elements

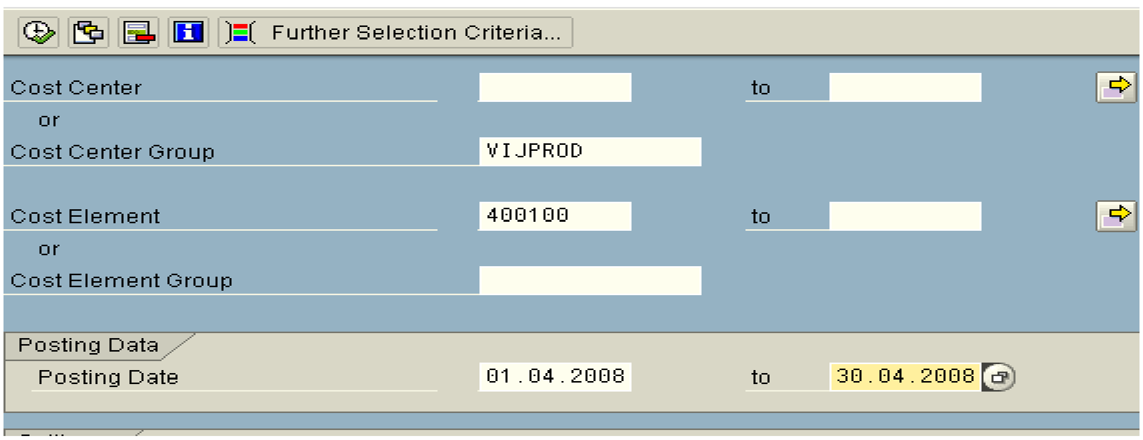
STEP5:Posting Of Transaction   Tr Code: - F-02

Give Doc Date & Posting date
Give Company code

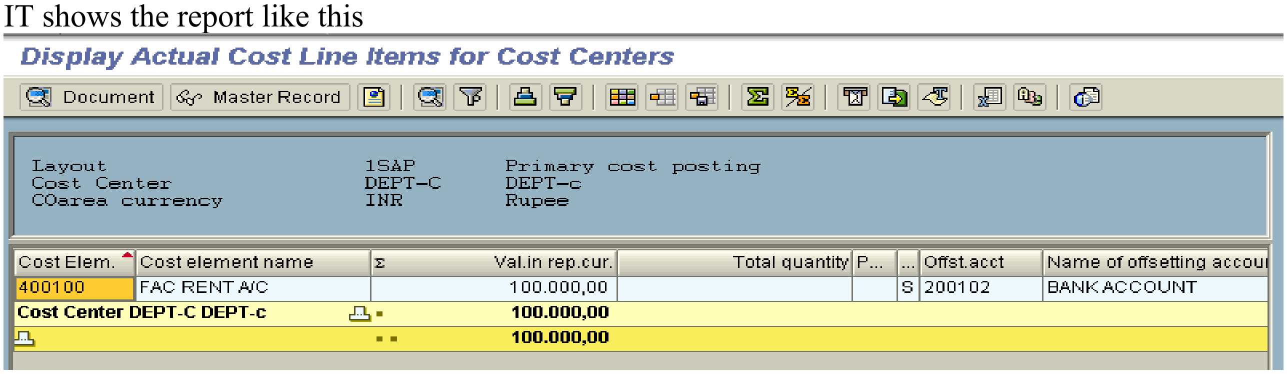
Give posting key 40, Account : Rent A/c(primary cost element) ENTER
Give Amount 100000
Give Cost Center Service Dep_A
Text Rent Posting Key 50 Bank A/c Enter
Amount *, Business Area VIJH, Value Date Text + Save

STEP6. How To View Cost Center Wise Report Tr Code: - KSB1

Path: - Accounting→ Controlling→Cost Center Accounting→Information System→Reports For Cost Center Accounting→Line Items→Cost Center Actual Line Items



Execute
IT shows the report like this

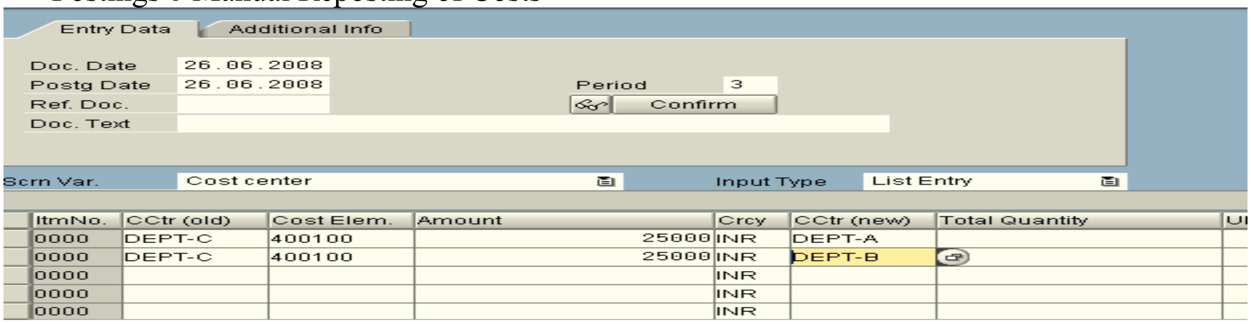


STEP7. Manual Reposting of Cost Tr Code: - KB11N

You can repost primary costs manually using transaction-based reposting, whereby the original cost element is always retained. This function is designed mainly to adjust posting errors.

You should always adjust posting errors in the application component where they occurred. This ensures that external and internal accounting is always reconciled. You can only adjust posting errors involving one cost accounting object (a cost center or internal order for example) using a transaction-based reposting in Controlling (CO).

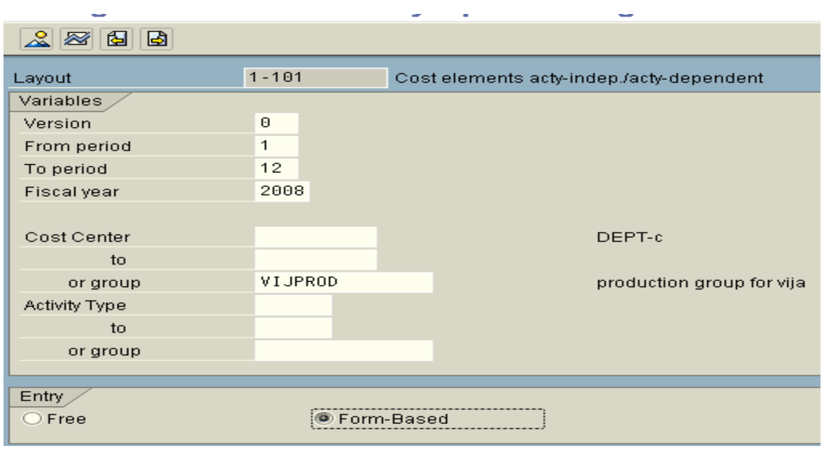
Path: - Accounting→Controlling→Cost Center Accounting→Actual Postings→Manual Reposting of Costs



Save

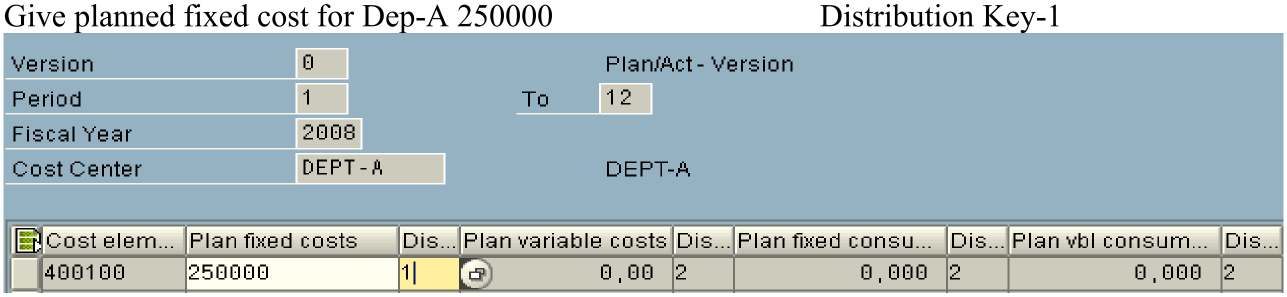
<u>STEP8. Planning Cost Center Wise Tr Code: - KP06</u>

Path: - Accounting→Controlling→Cost Center Accounting→Planning→Cost and Activity Inputs→Change



Select Overview Button On Application Bar

Give planned fixed cost for Dep-A 250000 Distribution Key-1



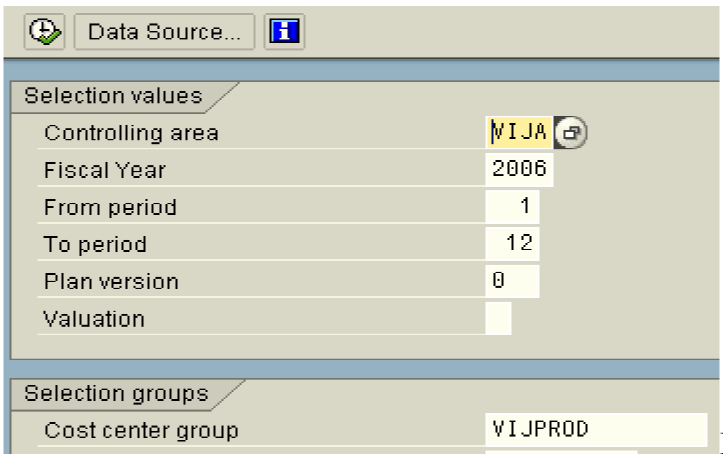
Next Combination on Application Bar

Dep-B 240000 Distribution Key-1

Next Combination on Application Bar
Dep-C 120000 Distribution Key-1
Next Combination on Application Bar
400005,600000 Distribution Key-1
Select Period Screen on Application Bar Save

STEP9.To View Plan/Actual Variance Cost Center Wise Tr Code: - S_ALR_87013611

Path: - Accounting→Controlling→Cost Center Accounting→Information System→ Reports For Cost Center Accounting→Cost Centers Actual/Plan/Variance
Give the fields like this



Execute (F8)

8. Secondary Cost Assessment of overheads Tr Code: - KA06

Path: - Spro→Img→Controlling→Cost Element Accounting→Master Data→Cost Element→Create Cost Elements

Double Click On Create Secondary Cost Elements
Controlling Area VIJA
Give 500005 Valid From 1-4-2008 To 31-3-2006
Name Service to Production Give Assessment Element Category – 42
Save

9. Creation of Assessment Cycle Tr Code: - KSU1

Path: - Spro→Img→Controlling →Cost Center Accounting→Actual Postings→Period End Closing →Assessment→Maintain Assessment

Double Click on Create Actual Assessment
Give Cycle Name VIJA-1
Start Date 1-4-2008 Enter

Text Service To Production
Select Interactive
Select Attach Segment on Application Bar
Segment Name – Segment – 1
Description - Service to Production
Assessment Cost Element -500005
Sender Rule - Posted Amounts
Sharing -100%
Select Actual Value Origin
Receiver Rule – Fixed Percentages
Select Sender/Receivers Tab
Service Cost Element Service – A
Receivers Element VIJA-Hierarch
Select Sender Value Tab Version – 0
Select Receiver Tracing Factor – 30 A, 35 B, 35 C, 0 Save

10. Actual Assessment Tr Code: - KSU5

Path: - Accounting→Controlling→Cost Center Accounting→Period and Closing→Single Functions→Allocations→Assessment
Give Period 1 To 12
Fiscal Year 2008
Select Test Run
Select Details List
Cycle F4 Execute (F8)

VIJA 1-4-2008 Service To Production
Select Receivers Details Button on Application Bar

11. Create Field Status Variant Tr Code: - OBC4

Path: - Spro→Img→Financial Accounting→Financial Accounting Global Settings→ Documents→
Line Item→Controls→Maintain Field Status Variant
Select VIJA
Double Click on Field Status Group
Select G004 Cost Accounts
Select Copy As Button (F6)
Change G004 To G002
Cost Accounts/Internal Orders Enter Save
Double click on G002
Double click Additional Actual Assessment
Make Co/PP Order as Required Entry Save

INTERNAL ORDER

Internal Orders (CO-OM-OPA)

Purpose: Internal orders are normally used to plan, collect, and settle the costs of internal jobs and tasks. The SAP system enables you to monitor your internal orders throughout their entire life-cycle; from initial creation, through the planning and posting of all the actual costs, to the final settlement and archiving:

An instrument used to monitor costs and, in some instances, the revenues of an organization.

Internal orders can be used for the following purposes:

- Monitoring the costs of short-term jobs
- Monitoring the costs and revenues of a specific service
- Ongoing cost control

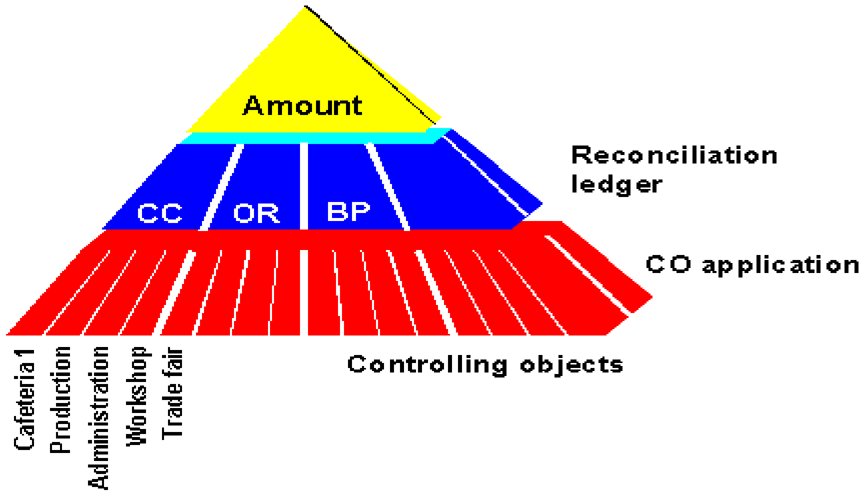
Internal orders are divided into the following categories:

Overhead orders - For short-term monitoring of the indirect costs arising from jobs. They can also be used for continuous monitoring of subareas of indirect costs. Overhead orders can collect plan and actual costs independently of organizational cost center structures and business processes, enabling continuous cost control in the enterprise.

Ex: Paintings to buildings, Trade fair, Exhibition

Investment orders - Monitor investment costs that can be capitalized and settled to fixed assets.

Accrual orders - Monitor period-based accrual between expenses posted in Financial Accounting and accrual costs in Controlling. Use: By Internal orders we can know the unnecessary expenditure and avoid them in future to get more profits.



Object types: CC = Cost center, OR = Internal order, BP = Business process

Order Type

A description of a simple task or measure within a controlling area. Supports action-oriented planning as well as monitoring and allocation of costs The order type contains a range of parameters which affect the way the order is processed.

Order category

The order category determines the technical properties of orders. You need to assign each order type to an order category, which can have more than one order type

Object class

The object class categorizes Controlling objects according to their business function and enables you to analyze cost flows within Controlling from different business perspectives.

The following object classes are available:

- Overhead
- Production
- Investment

Profitability analysis and sales

In General parameters we are having 4 profiles.

1. Settlement profile

A requirement for creating a settlement rule.

Settlement rule:

Rule that determines which portions of a sender's costs are allocated to which receivers.A settlement rule contains distribution rules, one or more of which are assigned to each sender. In most cases, there will be one distribution rule for each receiver.

2. Planning profile

The planning profile brings together the control parameters for cost planning.

You can control planning with the following parameters: Time horizon, Format, Detail planning (internal orders, Project System)
period into the past for which planning is possible
period into the future for which planning is possible
cost planning start year
planning of overall/annual/period values
what value is displayed in addition to the plan when accessing the function
decimal places and scaling factor as default values
Cost element group 1. primary costs 2.revenues
Planning parameters1.costs 2.revenues

3.Budget Profile

The budget profile brings together the control parameters for budgeting.

Order management within a company usually differentiates between sales-oriented orders, and internal orders. Sales-oriented orders (production or sales orders) are intended mainly for the logistical control of input factors and sales activities. Internal orders are categorized as either:

_ Orders used only for monitoring objects in Cost Accounting (such as, advertising or trade fair orders)

_ Productive orders that are value-added, that is, orders that can be capitalized (such as inhouse construction of an assembly line).

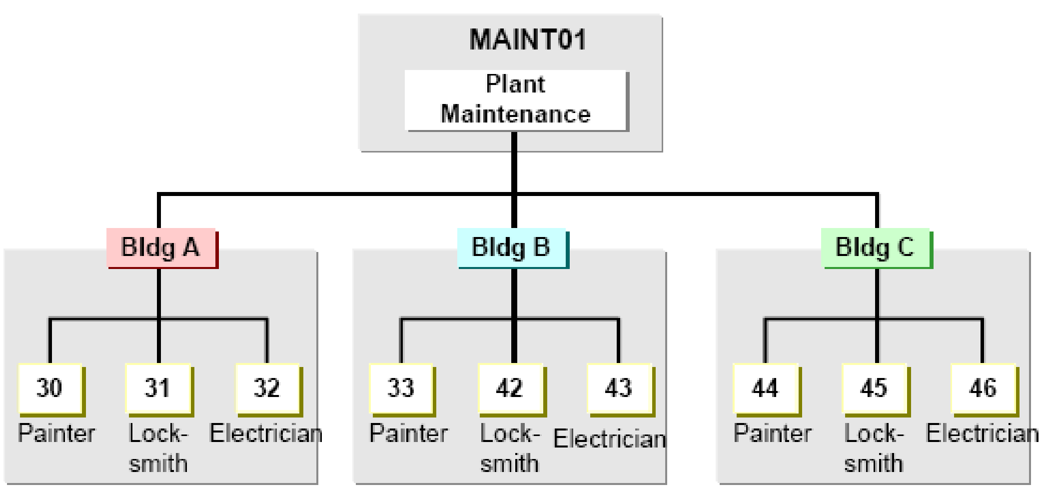
Internal order management is the most detailed operational level of cost and activity accounting.

It can be used for:

_ Cost monitoring, for example, where costs need to be looked at from object-related aspects, unlike in Cost Element Accounting or Cost Center Accounting

_ Assisting decision-making, when you need to decide between in-house production and

external procurement An enterprise's internal orders can be used for different controlling purposes

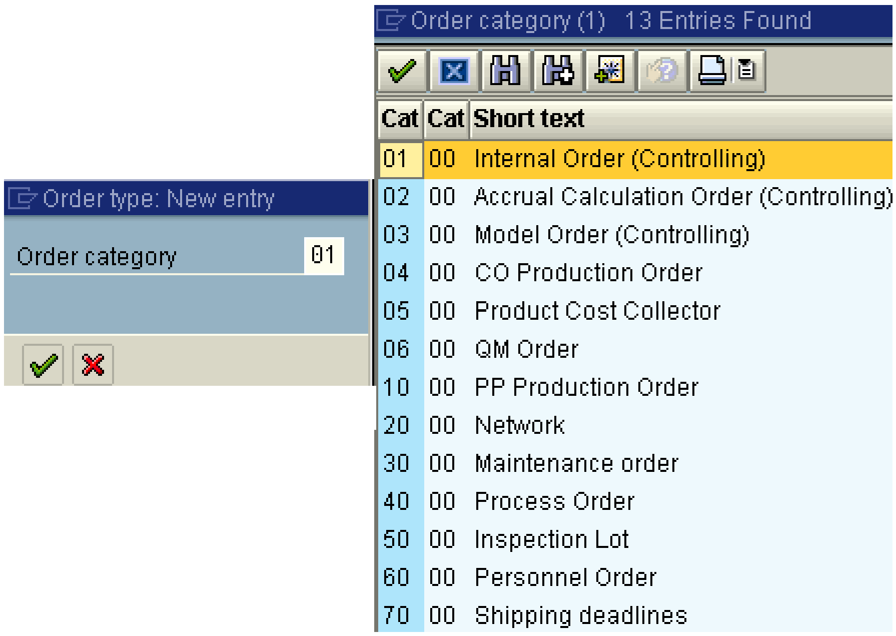


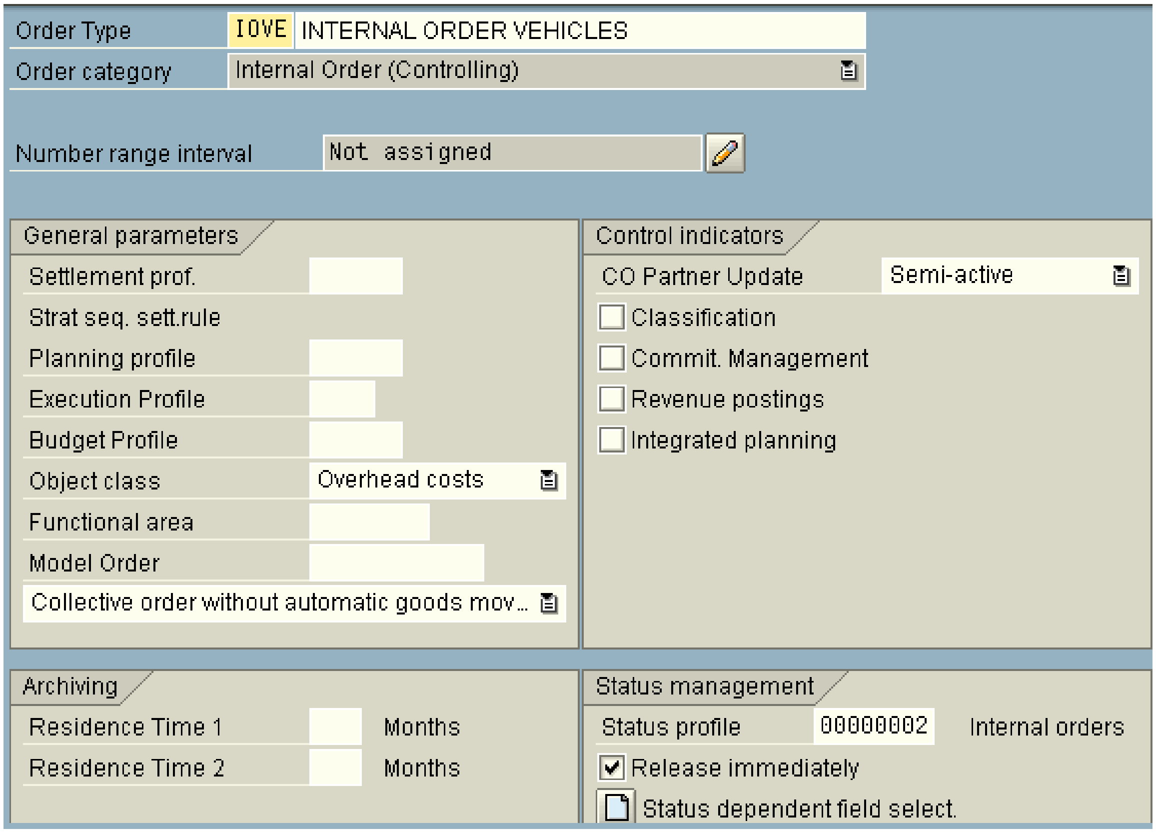
Step 1: Define Internal order type [KOT2_FUNCAREA]

Path:Accounting→Controlling →Internal orders→Master data→Current settings→S_ALR_87005266-Order types

Select New Entries

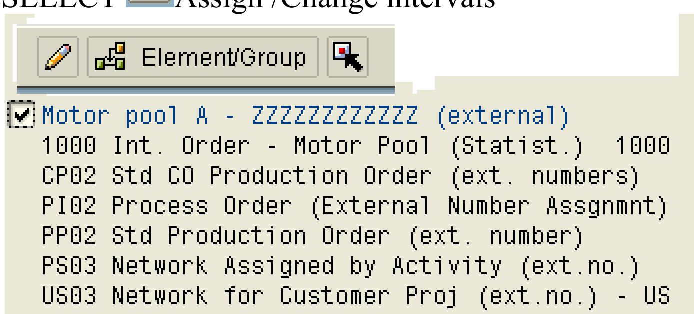
Give Order category: 01 Enter





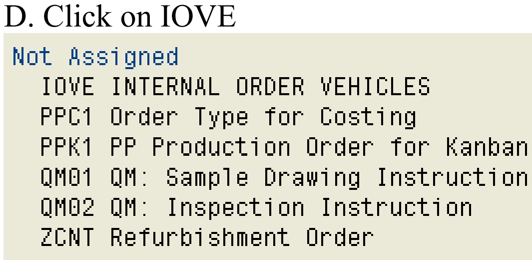
SAVE ,IGNORE AND ENTER

SELECT Assign /Change intervals



Scroll down

D. Click on IOVE



Select EDIT MENU

→ Assign Element group

Select Interval MENU
→Maintain

Step 2: Create Internal order [KO01]

Path: Upto internal order same path→master data → special functions→order→ko01-Create

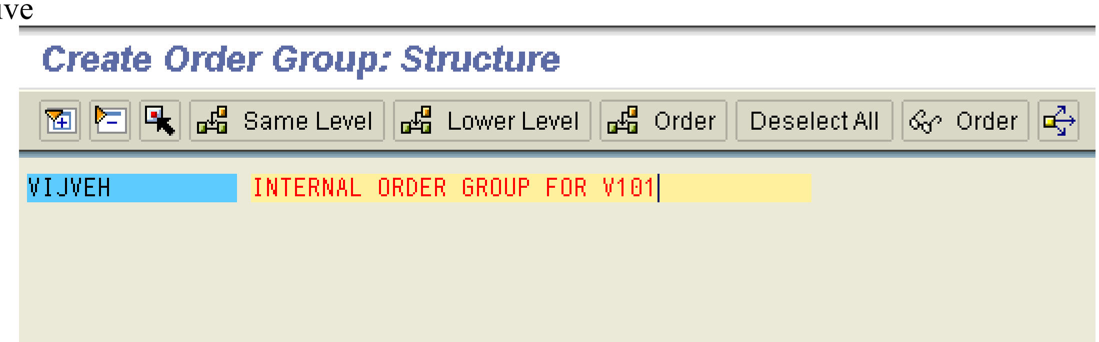
Give Order type: IOVE
Select Master data
Give Controlling area: V101
Enter
Order: AP02 3392(Vehicle number)
Short text: AP02 3392
B-Area: VIJH
Select Control data tab
Give Currency: INR
Select Statistical order
SAVE

Step 3: Create Internal order group [KOh1].

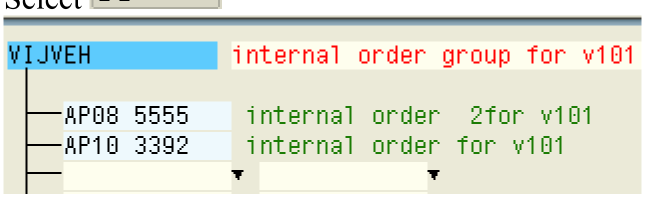
Give Order group: VIJVEH

Select 

Give

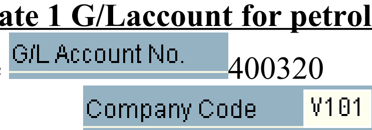


Select 



SAVE

Step 4: Create 1 G/Laccount for petrol expenses [FS00]

Give 

400320

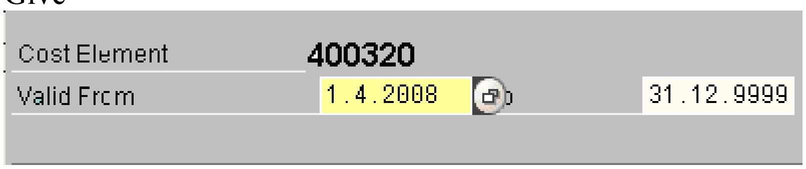
Select

G/L number :400300
Company code: V101 ENTER
Change short and long text: Petrol expenses
SAVE

Step 5: Make petrol expenses as a cost element [FS00]

Give G/L account no: 400320
Company code: V101
Select Edit Cost element

Give



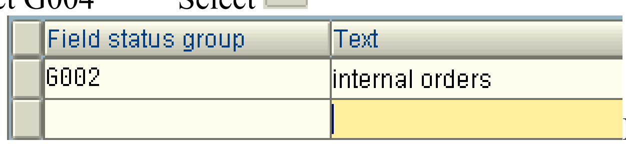
Select Master Data
Cost element category: 1
SAVE

Step 6: Change FSG as internal order is required [OBC4]

Select POSITION
Give FSV: V101 Enter
Select V101
D.Click on Field status groups

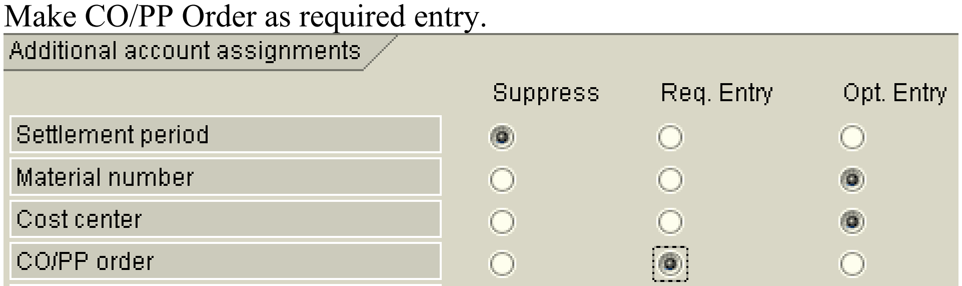
Select G004 Select

Give



Enter

SAVE
Double click on G002
Double click on Additional account assignment
Make CO/PP Order as required entry.



Step 7: Assign FSG (G002) to petrol expenses [FS00]

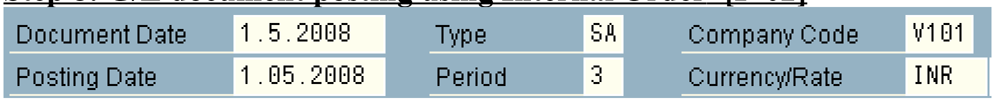
Give G/L account: 400320
Co-code: V101

Select Change
Select Create/Bank/Interest

Give FSG: G002

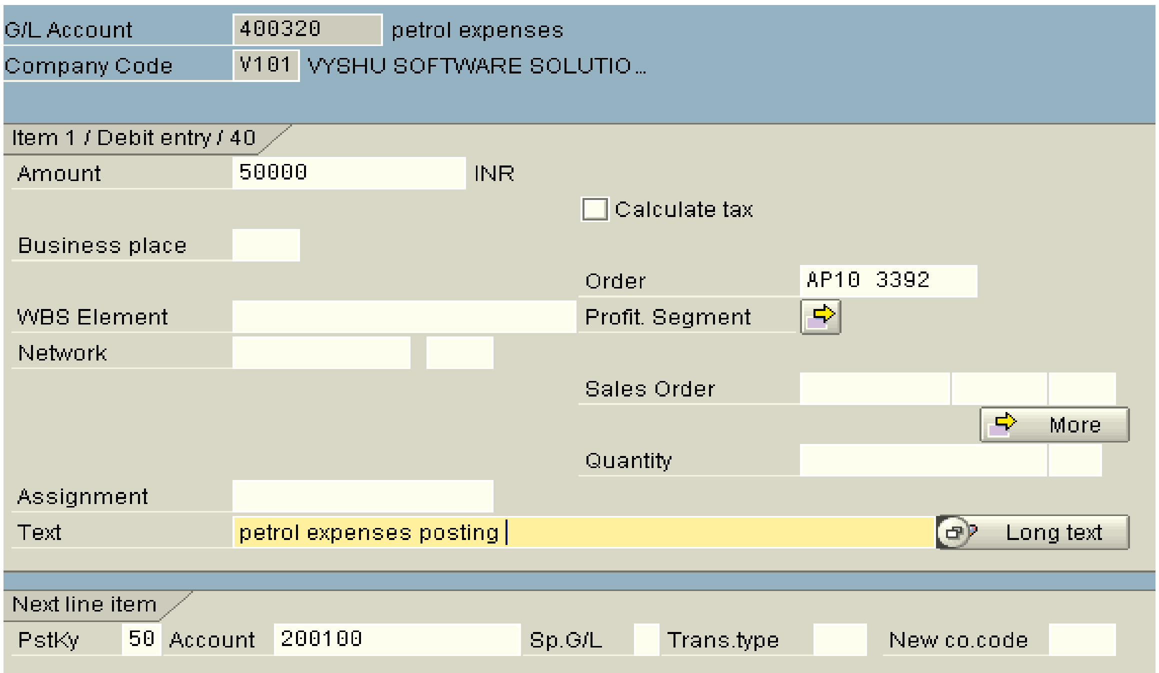
SAVE

Step 8: G/L document posting using Internal Order [F-02]



Enter

Give

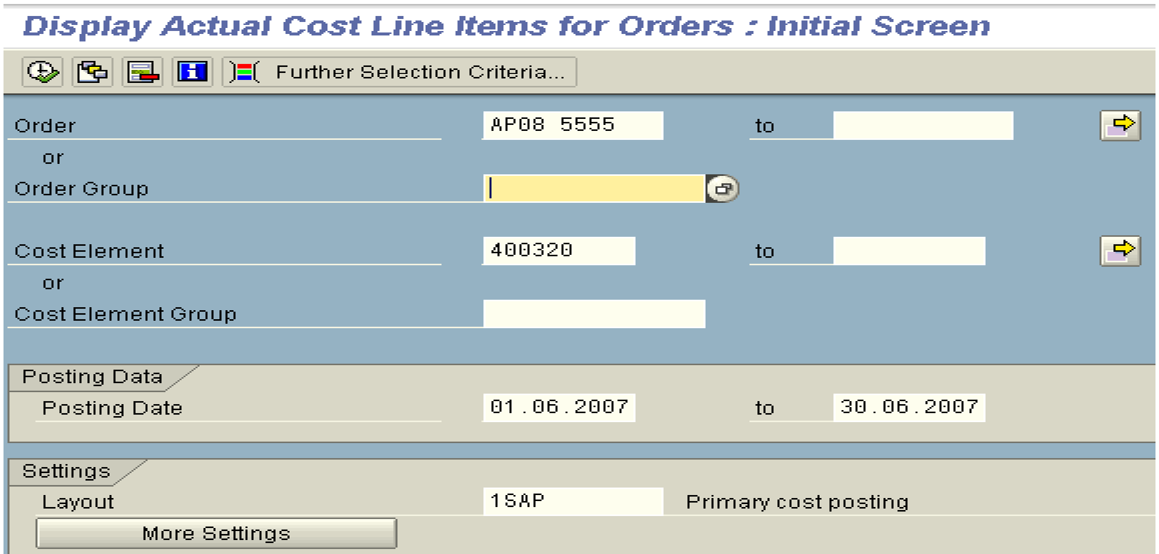


Enter

Amount: * , B-Area: Vijh , Text: + SAVE

Step 9: Go & View Internal order wise report[KOB1]

Path: Upto Internal order same path→Information system→reports per internal order→line items→KOB1-Orders(Actual line items)



Select

Step 10: Repost controlling line items [KB61]

Path: Accounting→Controlling→Internal orders→Actual postings→Repost line items→Enter

PROFIT CENTER ACCOUNTING (PCA)

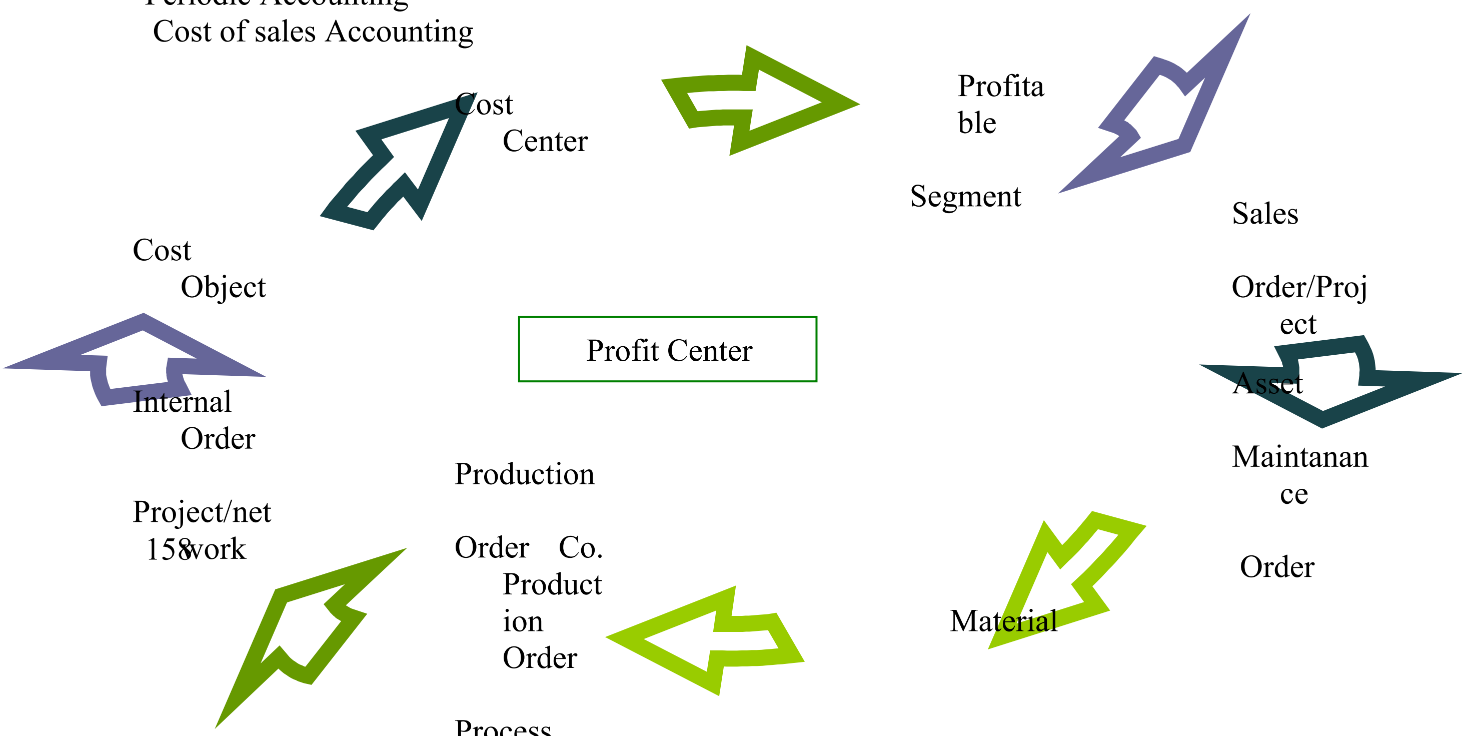
The profit center accounting (PCA) module, which is found within the Enterprise Controlling module, provides the means for assigning planned and actual revenues, costs and selected balance sheet account balances to areas of profit and/or investment (rate of return) responsibility within an organization. The module offers flexibility in defining profit centers, which may reflect geographical regions, business functions, or product groups.

Through PCA we will findout operating profit:

To calculate operating profit there are 2 types of approaches

Periodic Accounting

Cost of sales Accounting



Order

Cost of sales Accounting	Periodic Accounting
1) It is used to clear on the basis of quantity sold or expenditure 2) No false operating profit obtain profit income	1)It is used to calculate operating profit on the basis of period 2) There may be false operating may get because either income or expenditure may consider unsold quantity or last year sold quantity revenue.

SAP suggests that any organization may follow to get proper operating profit, cost sales accounting approach in PCA.

Profit centers are similar to business areas, in the sense that they are set up for internal reporting purposes. However, profit centers are formally defined as components of a controlling area, not as components of one or more company codes. Income statements may be created for profit centers, and selected assets may also be reported for profit centers, but not complete balance sheets

STEP1.Maintain Controlling Area settings: [0KE5]

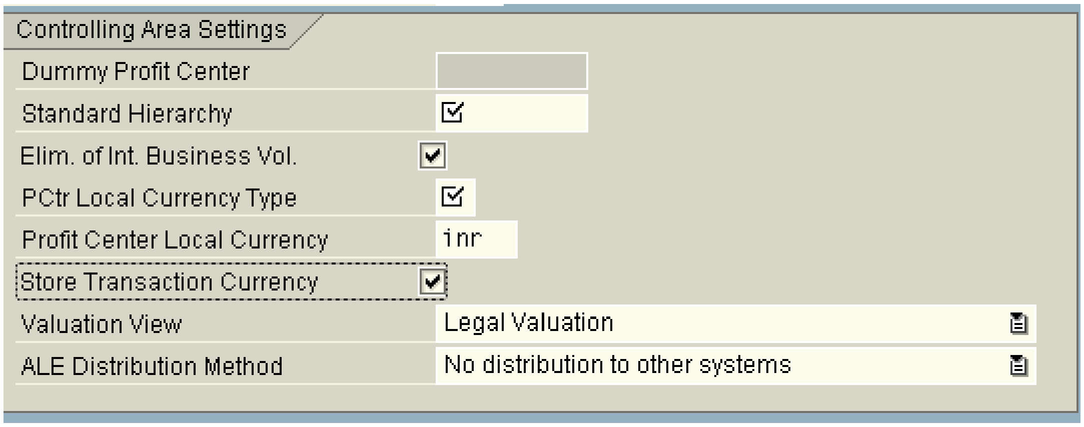
Here we define the the general control parameters for the current controlling area.

The first step you need to take is to enter the name of the standard hierarchy of profit center master data.

The dummy profit center receives all the postings in your system to objects which are not assigned to a profit center. This ensures that your data will be complete in Profit Center Accounting.

Path: Spro→ Controlling→ PCAccounting→ Basic setting→ Controlling Area settings→Maintain controlling area settings.

Give controlling Area - 2011 enter
Standard hierarchy -VIJAYA



The checkbox Elim. of internal business lets you eliminate internal business volume in your controlling area. If you check off this field, the system will not update transaction data between objects which are assigned to the same profit center in account-based EC-PCA.

The field Store transaction currency lets you decide whether the system should also update the transaction data to Profit Center Accounting in the transaction currency

The transaction data in Profit Center Accounting is updated in up to three currencies:

transaction currency (optional): currency in which the transaction was carried out.

company code currency (mandatory)

the so-called third currency (mandatory): a special profit center local currency

Give Profit center local currency type 20

Save

STEP 2.Create Dummy Profit Center [KE59]

The dummy profit center is updated in data transfers whenever the object to which the data was originally posted (cost center, order, and so on) is not assigned to a profit center

The name of the dummy profit center is displayed in the controlling area settings for Profit Center Accounting

PATH: Spro→ Controlling→ PCAccounting→ Master data→ Profit center→create Dummy profit center

D.click on create Dummy profit center

Give Dummy profit center: VIJDUMMY

Description: VIJDUMMY

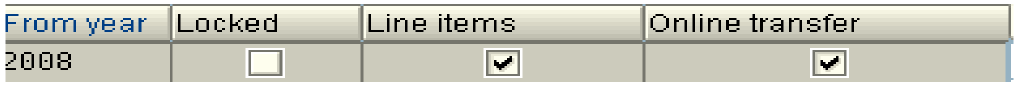
Profit center group: Vijaya

Save

STEP 3.Set control parameters for actual data [1KEF]

PATH: Spro→ Controlling→ PcAccounting→ Basic Setting→ Controlling area settings→Activate Direct postings→ Set control parameters for actual data

Select New Entries

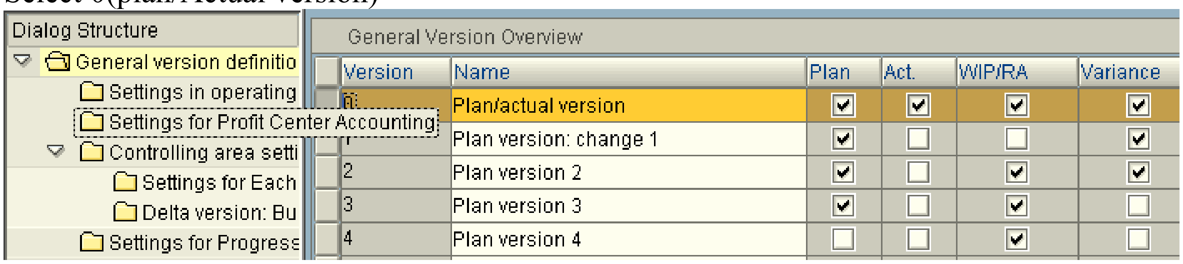


Save

STEP 4.Maintain Plan versions _________________ [0KEQ]

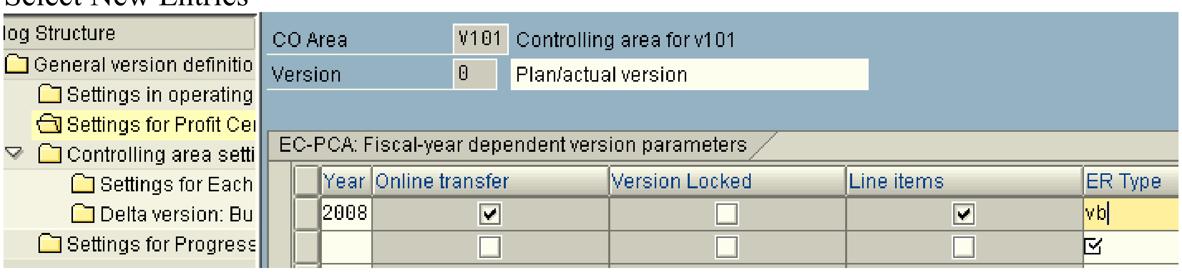
PATH: Spro→ Controlling→ PcAccounting→ Basic Setting→ Controlling area settings→Activate Direct postings→Plan versions→Maintain plan versions

Select 0(plan/Actual version)



D.Click on Settings for PCA

Select New Entries

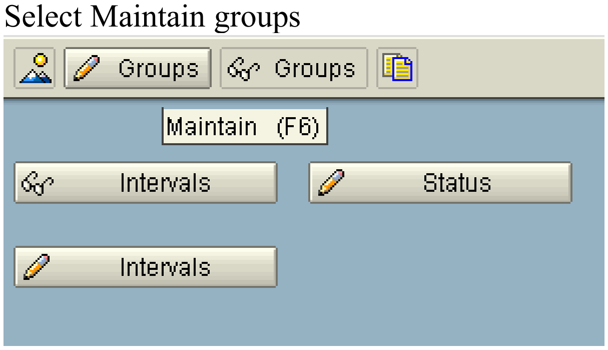


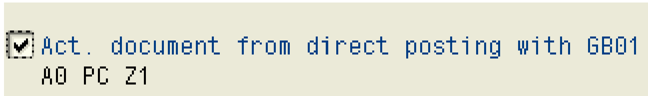
Save

STEP 5. Define number ranges for local documents: __________ [GB02]

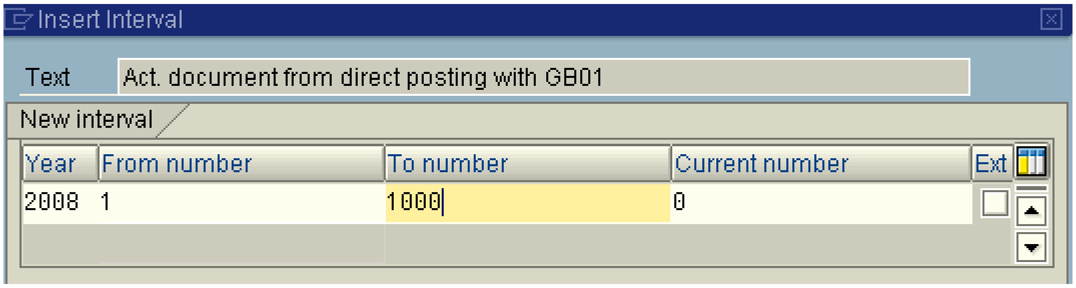
PATH : Spro→ Controlling→ PcAccounting→Actual postings→Basic settings:Actual→Define number ranges for local documents

Select Maintain groups



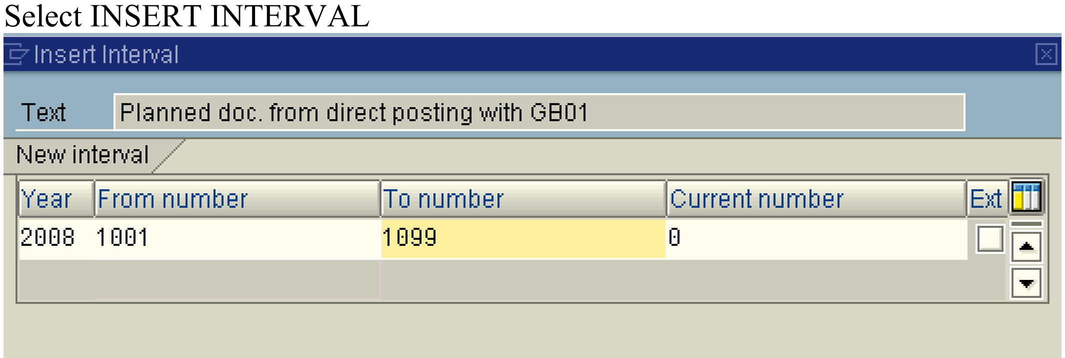
Select 

Select Interval menu
Select Maintain
Give CO-CODE: V101 ENTER
Select INSERT INTERVAL



Save
SELECT ← ONE TIME
Select 

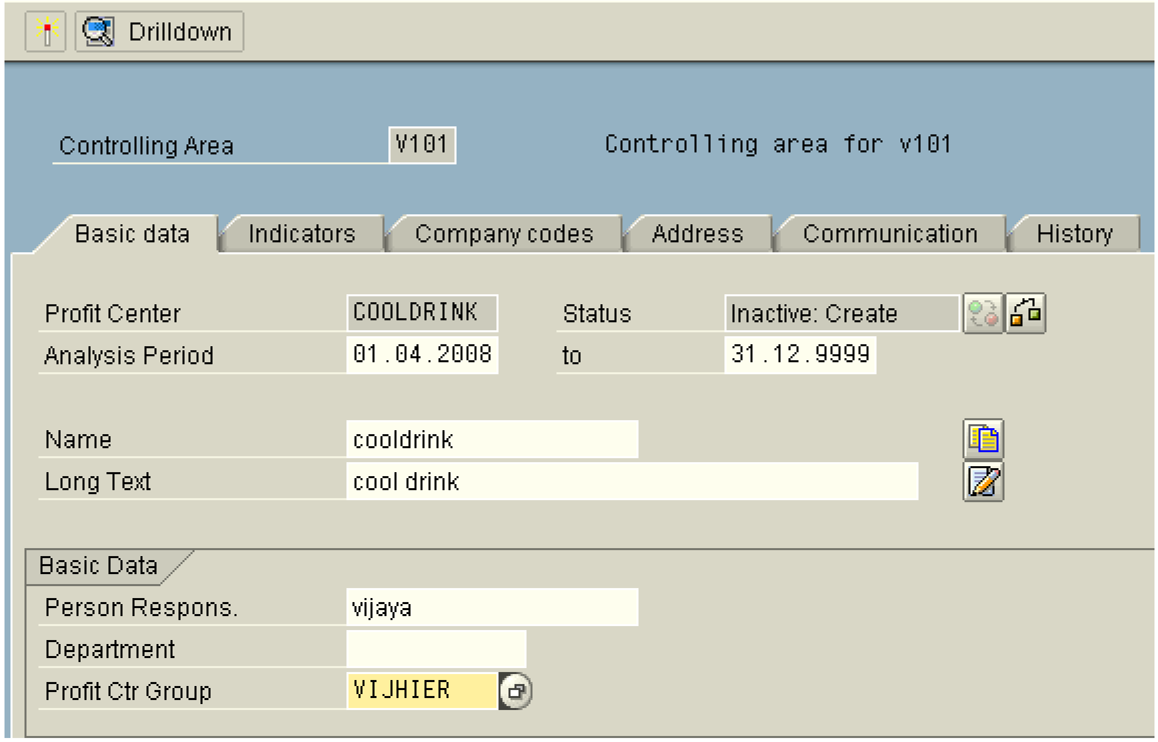
Select Interval menu
Select Maintain
Give CO-CODE: V101 ENTER
Select INSERT INTERVAL



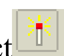
Save

STEP 7. Create Profit center [KE51]

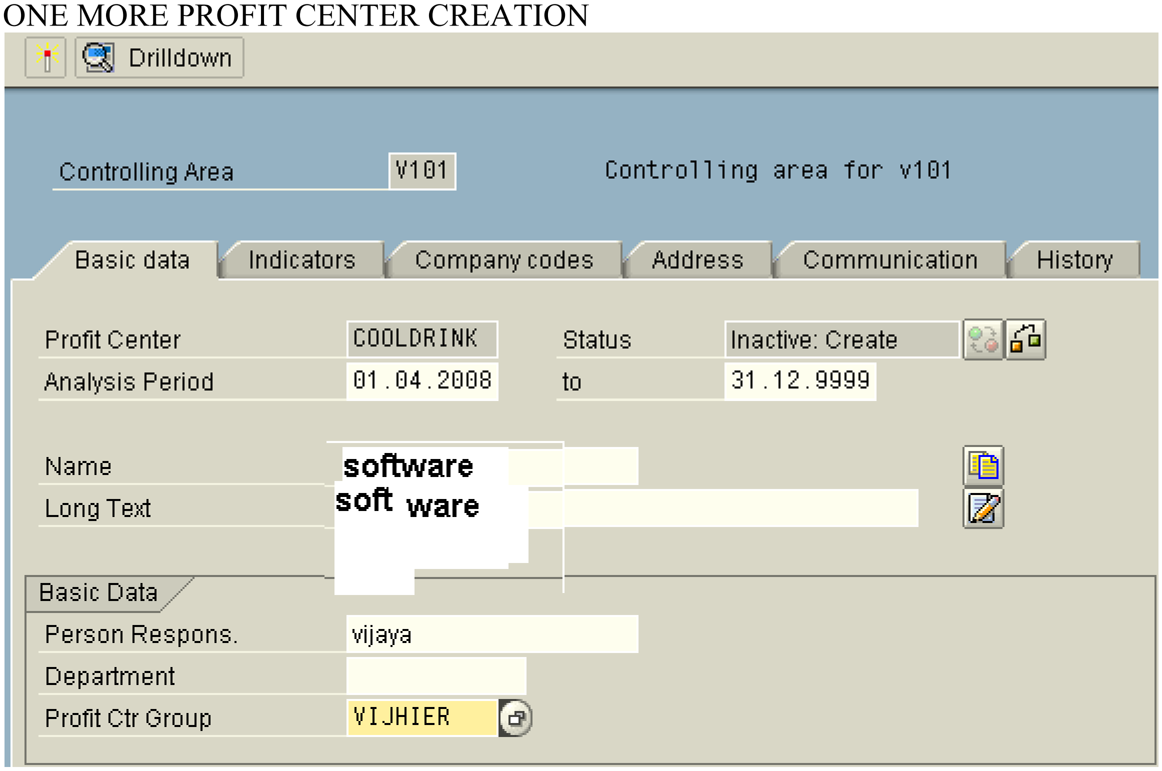
Path: SPRO→Controlling→P.C.A→Master data→Profit center→Maintain Profit center
D.Click on Create profit center
Give Profit center: Cool drink
Select Master data



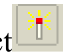
Save

Select 

ONE MORE PROFIT CENTER CREATION



Save

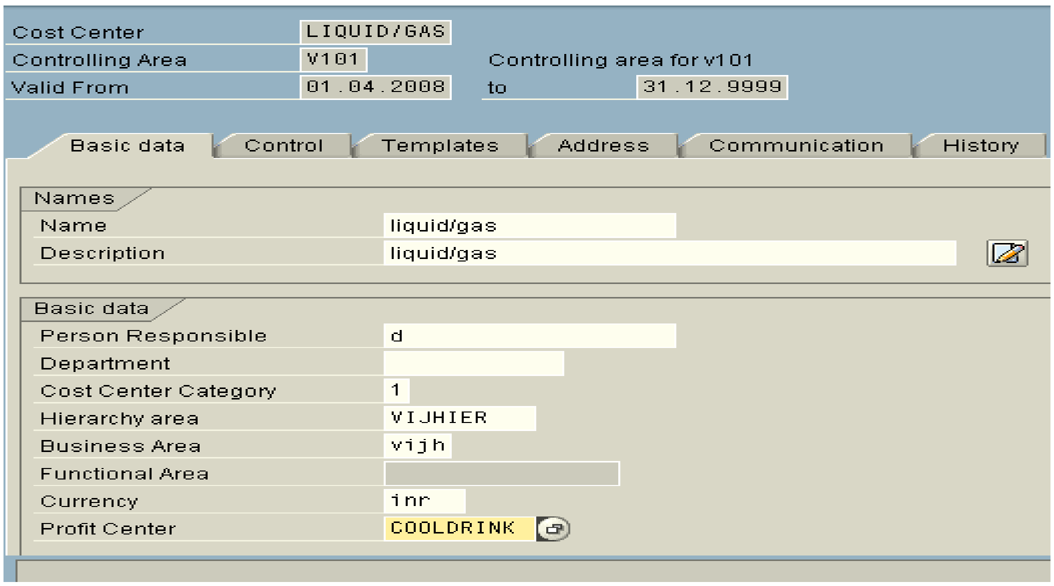
Select 

<u>STEP 8. ASSIGN Profit center in Cost center [KS02]</u>

Path: Accounting→Controlling→C.C.A→Master data→Cost center→Indidividual processing →change

Give Cost Center: Botelling

Select Master data



Save

Give YES for the given message ENTER

Change for all the remaining cost centers.

<u>STEP 9. Make SALES A/C as a Revenue Element [FS00]</u>

Give G/L account number: 300000(Sales a/c)

Company code: V101

Select Edit Cost element

Give cost element: 300000

Valid from: 1.4.2008 to 31.12.9999

Select MASTER DATA

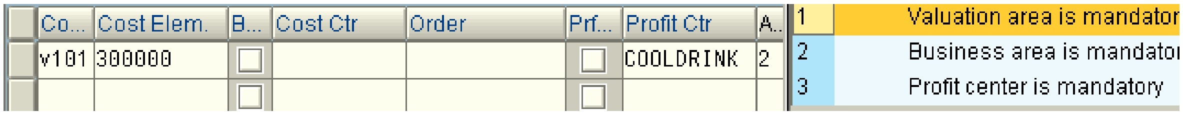
Cost element category: 11(REVENUE).

Save

<u>STEP 10.Maintain Automatic Account Assignment of revenue elements : [OKB9]</u>

PATH: Spro→ Controlling→ PcAccounting→Actual postings→Maintain Automatic Account Assignment of revenue elements

Select New Entries



Save

STEP 11.Choose Additional balance sheets and p&l a/c's : [3KEH]

In this activity, We define which accounts or account intervals you want to transfer to Profit Center Accounting.

WE can define derivation rules that the system should use to find a default profit center for the additional balance sheet/profit and loss accounts.To distinguish profit centers according to derivation rule, you have the following source fields:

Account number or account interval (mandatory)

Company code

Valuation area

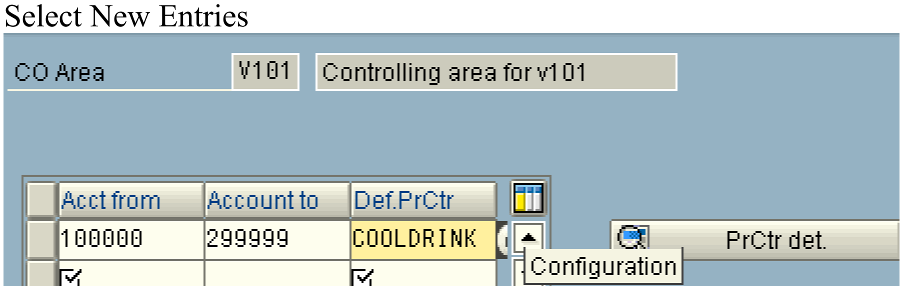
Business area

PATH: Spro→ Controlling→ PcAccounting→Actual postings→ Choose Additional balance sheets and p&l a/c's

Choose Accounts

Give controlling area: V101

Select New Entries

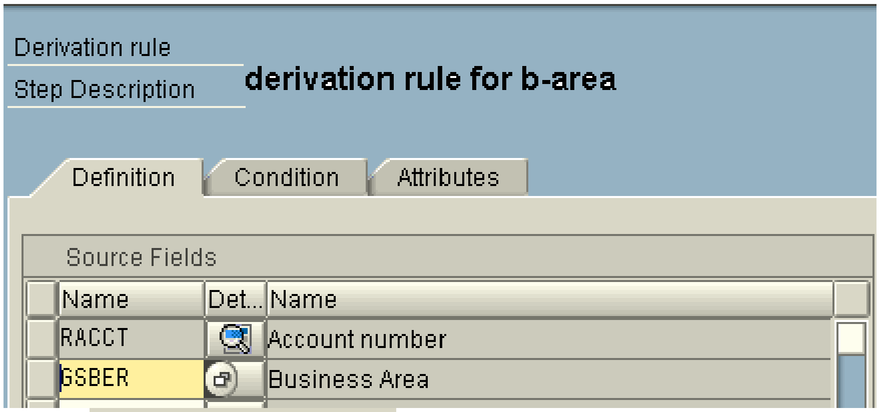


Select 

Select 

Step description: Derivation rule for B-Area.

Under source field Give



Select 

Give YES

Select 

GIVE

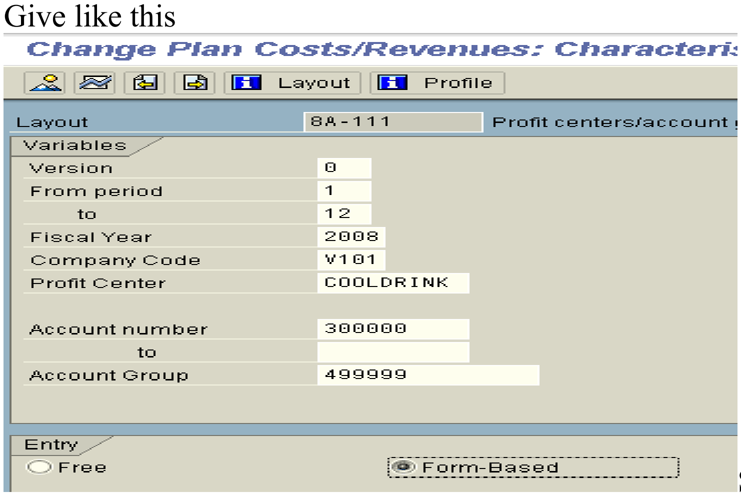
Account number	Acc...	to Account number	to Ac...	Business Area	B...	A...	Profit Center	Profit Center Name
100000		299999		VIJH		=	COOLDRINK	
100000		299999		VIJB		=	COOLDRINK	

Save

STEP 12.Planning Profit center wise report for P&l a/c's : [7KE1]

Path: Accounting→Controlling→P.C.A→Planning→Cost/Revenues→Change

Give like this



Select 

Fiscal Year	2008	
Period	1	To
Company Code	V101	
Version	0	
Profit Center	COOLDRINK	

Account no.		PrCtr repo
300000	SALES A/C	800000
300005	SALES A/C@	
300100	INT RECEIVED	
300110	asset sale	
300115	p.on asset sale	
400200	RENT A/C	600000

Save

STEP 13.Planning Profit center wise report for BS a/c's : [7KE3]

Path: Accounting→Controlling→P.C.A→Planning→Balance sheet a/c's→Change

Layout Profile

Layout	8A-411	Profit Centers/Account Group

Variables

Version	0	Plan/actual version
From period	1	April
to	12	March
Fiscal Year	2008	
Company Code	V101	VYSHU SOFTWARE SOLUTIONS
Profit Center	COOLDRINK	cool drink
Account number	100000	SALES A/C
to	299999	
Account Group		

Entry

Free   Form-Based

Select

100300	Obc bank loan a/c	200000
200115	Obc bank a/c	200000

Save

STEP 14.Expenditure posting for profit center : [F-02]

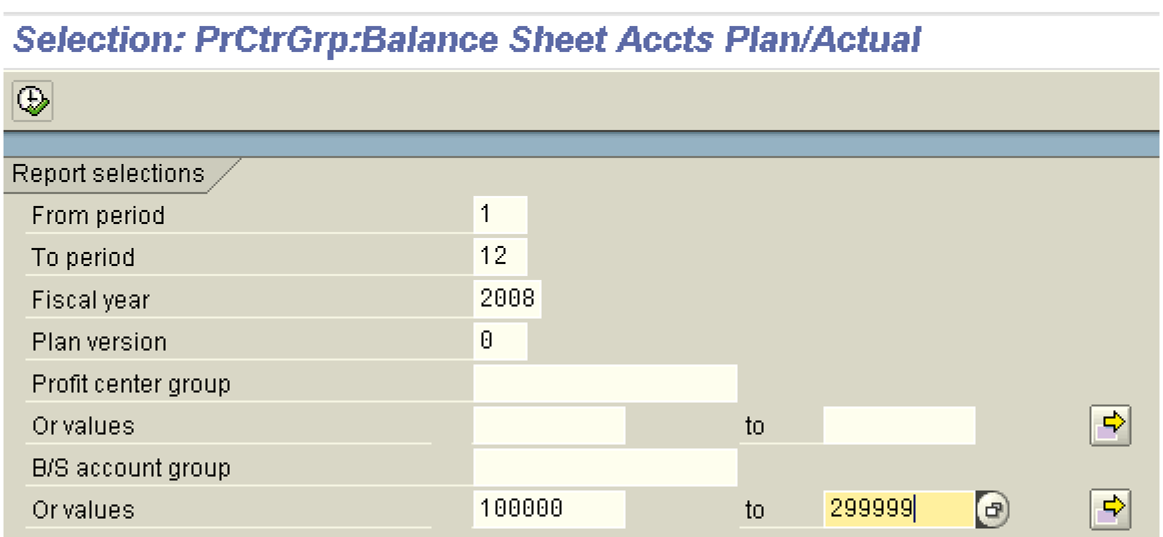
TAKING ONE COST CENTER POST SALARIES A/C

STEP 15.Revenue posting for profit center : [F-02]

Post cash sales

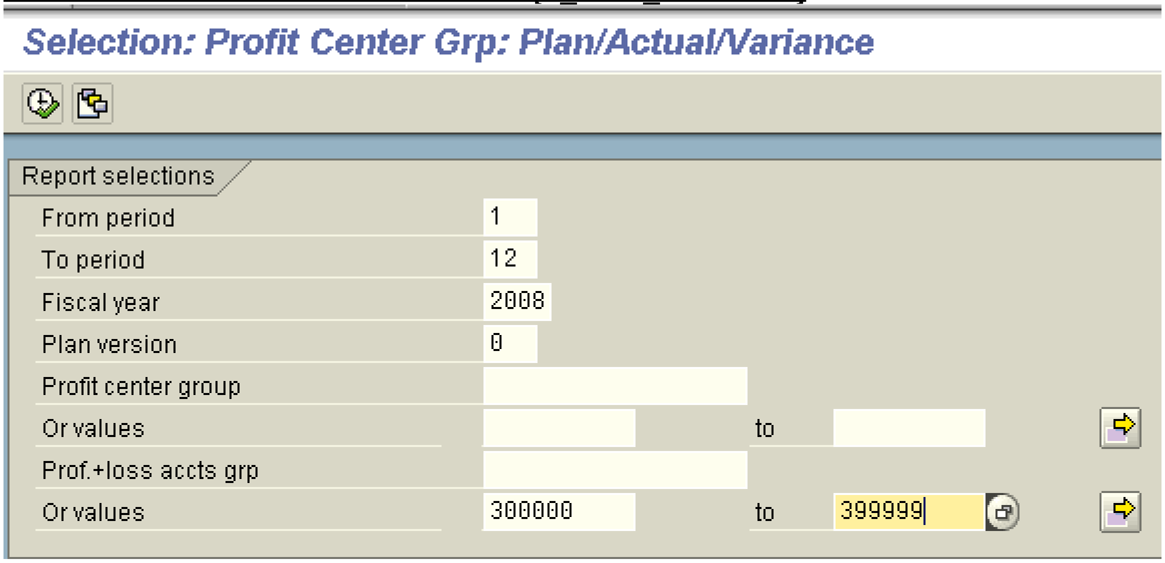
STEP 16.To View Profit center wise variance report for B/Sheet a/c's [S_ALR_87013336]

Path: Accounting→Controlling→P.C.Accounting→Information system→reports for Profit center Accounting→Interactive reporting → S_ALR_87013336-



SELECT EXECUTE

STEP 17.To View Profit center wise variance report for P&L a/c's [S_ALR_87013326]



SELECT EXECUTE

PROFITABILITY ANALYSIS

The profitability analysis (PA) module within CO provides the means for assigning planned and actual revenues and costs to a variety of profitability segments, including customers, sales territories, sales employee groups, product groups, etc. This module provides great flexibility in defining, both the market characteristics that are of interest to managers, and the related performance measures (e.g., gross margin, contribution margin, segment margin) that managers use to evaluate market segments.

Representation of a part of an organization for which the sales market is structured in a uniform manner.

By setting off the costs against the revenues, you can calculate an operating profit for the individual market segments that are defined by a combination of classifying characteristics (such as product group, customer group, country, or distribution channel). The market segments are called profitability segments.

You can assign multiple controlling areas to one operating concern.

Step 1: Define Operating concern [KEA0]

Operating Concern A "group" may consist of one or more operating concerns. An operating concern is the highest level organizational entity within CO created for the exclusive purpose of performing profitability analysis (PA). If a group's world-wide sales markets have similar characteristics, then the group may consist of a single operating concern. If not, the group may be divided into two or more operating concerns. Profitability segments within PA are defined in the context of a specific operating concern. An operating concern may contain one or more controlling areas (defined below). Internal financial reporting and analysis focuses on measuring the profitability of specified market segments within an operating concern. External reporting does not take place for an operating concern. Neither income statements nor balance sheets are created for an entire operating concern.

Characteristics are the segments of your organization for which you want to analyze your data in CO-PA.

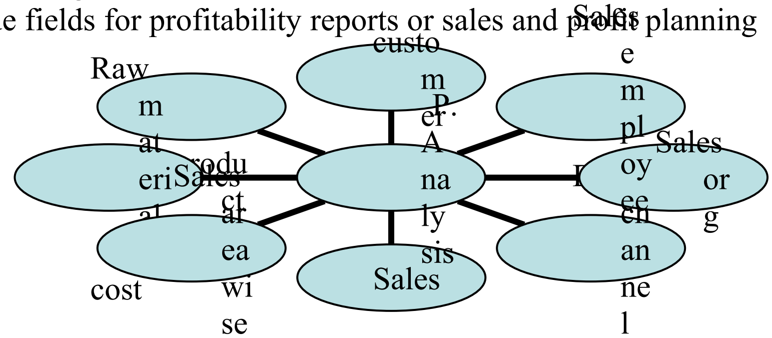
EX: Product wise, Customer wise, Sales employee, sales org, Sales area

The value fields contain values and quantities that were updated or planned for particular objects. EX: Sales, Raw material cost. There are 2 methods in valuation of Profitability analysis.

1. Amount based 2. Cost based

Amount based	Cost based
1. It reconcile between Fi-Co	1. Here we consider all cost elements & Revenue elements to calculate profitability analysis
2. Here we consider all expenditure and revenue accounts to calculate profitability analysis.	2.Here we use both characteristics & value fields to profitability analysis.
3.Here we are not having Value fields only characteristics	3.Both we are having
4.We can n't get up-to date reports.	4.We can get up-to date reports that's the reason SAP recommended to use Cost based P-ANALYSIS

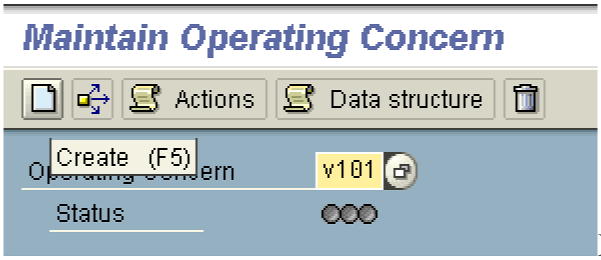
In costing-based profitability analysis, value fields represent the highest level of detail at which you can analyze quantities, revenues, sales deductions, and costs for profitability segments in profitability analysis or contribution margin accounting. You are able to define the revenues and costs that go into specific value fields for profitability reports or sales and profit planning



STEP:1 MAINTAIN OPERATING CONCERN [KEA0]

Path: SPRO→Controlling→Profitability Analysis→Structures→Define Operating Concern→Maintain Operating Concern

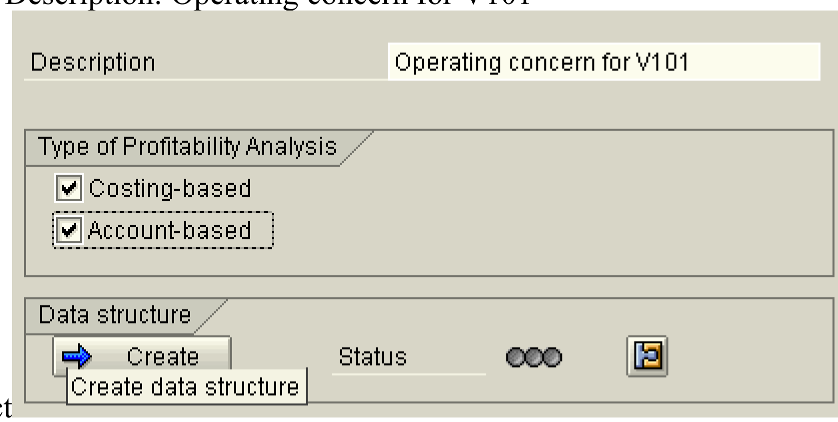
Give



Ignore and Enter

Give Description: Operating concern for V101

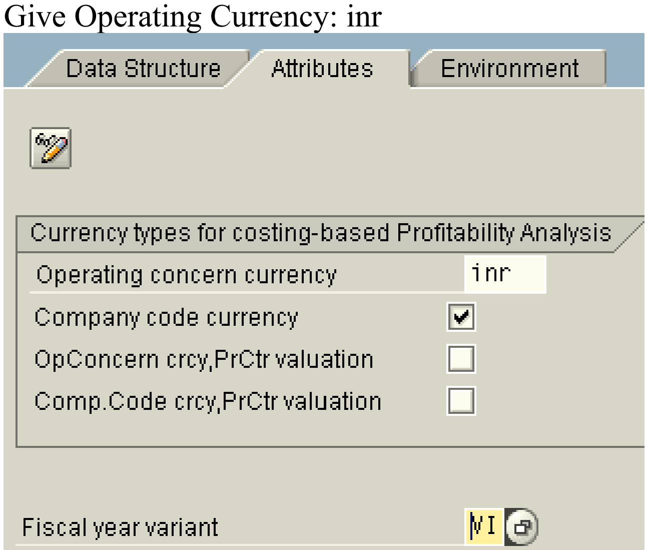
Select



Give YES for the given message

Select Attributes tab

Give Operating Currency: inr

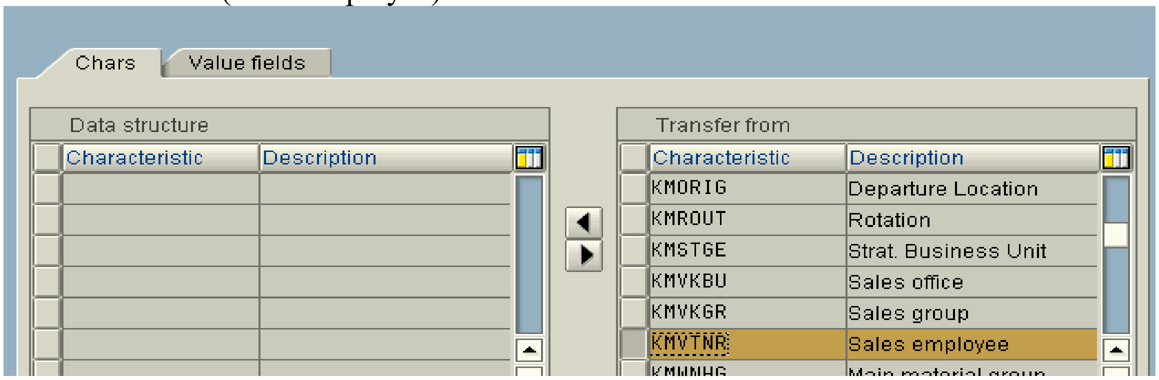


Select DATA STRUCTURES TAB

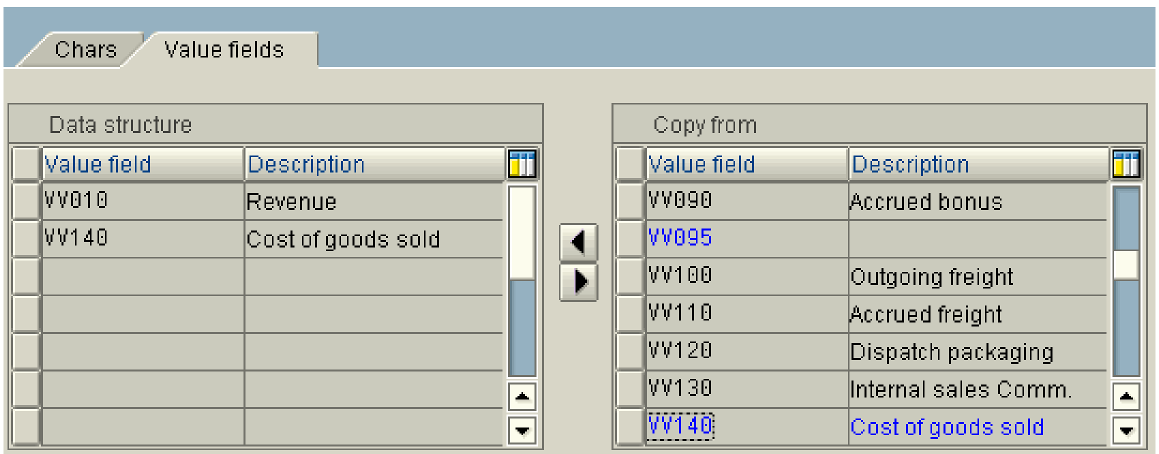
SAVE

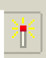
FIRST the status will be in RED

Select Data Structure button under data structure
SelectKMVTNR(Sales employee)



Select left arrow (transfer fields)
Select Value fields tab
Select VV010(revenue) & VV140(cost of goods sold)

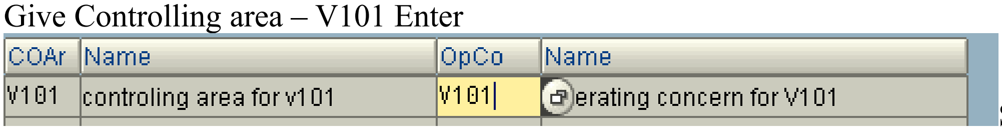


Select 
Select ← onetime give YES for the given message
Ignore and Enter
Now you get the Status in Green colour

<u>STEP:2 Assign Controlling area to OPERATING CONCERN [KEKK]</u>

Path : Upto SPRO→Enterprise Structure→Assignment→Controlling→ Assign Controlling area to OPERATING CONCERN

Select Position
Give Controlling area – V101 Enter



SAVE

STEP:3 Define Profitability segment characteristics [KE03]

Path : Upto SPRO→Controlling→ Profitabilty analysis→structures→ Define Profitability segment characteristics

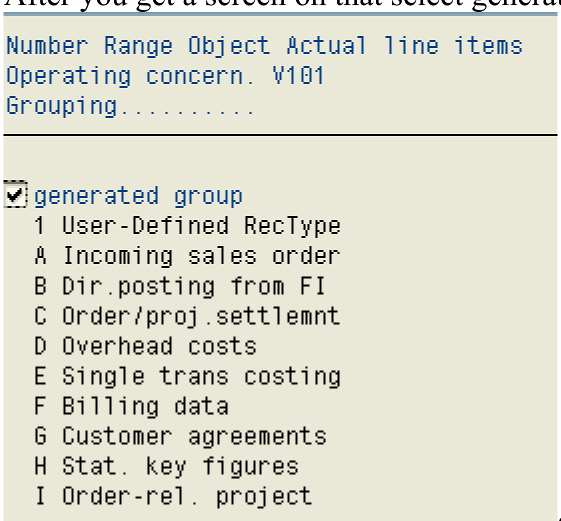
Give Operating concern: V101 ENTER

SAVE S

STEP:4 Define Number ranges for Actual postings [KEN1]

Path : Upto Profitability analysis→flows of actual values →Initial steps→ Define Number ranges for Actual postings

After you get a screen on that select generated group



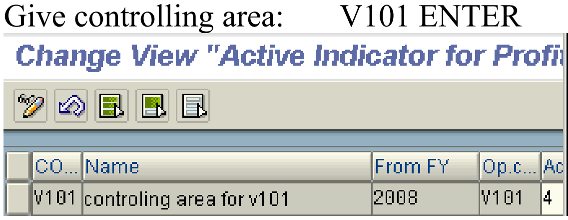
select Interval menu Select Maintain Option and SAVE

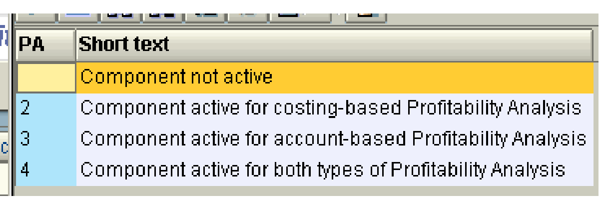
STEP:5 Activate Profitability Analysis [KEKE]

PATH: Same path next step

Select POSITION

Give controlling area: V101 ENTER





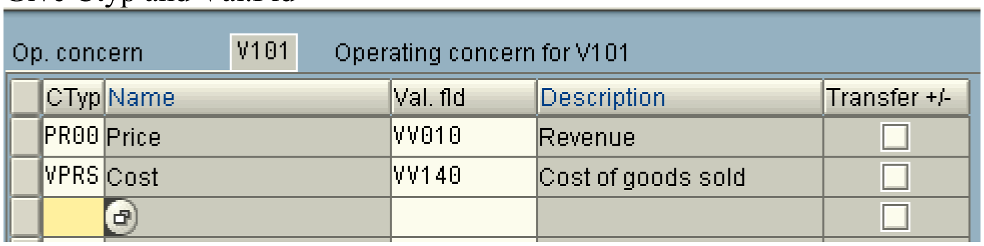
SAVE

STEP: 6 Maintain Assignment of SD Conditions to CO-PA Value fields [KE41]

Path : Upto Profitability analysis→flows of actual values →Transfer of billing documents → Assign Value fields

D.Click on Maintain Assignment of SD Conditions to CO-PA Value Fields

Give Ctyp and Val.Fld



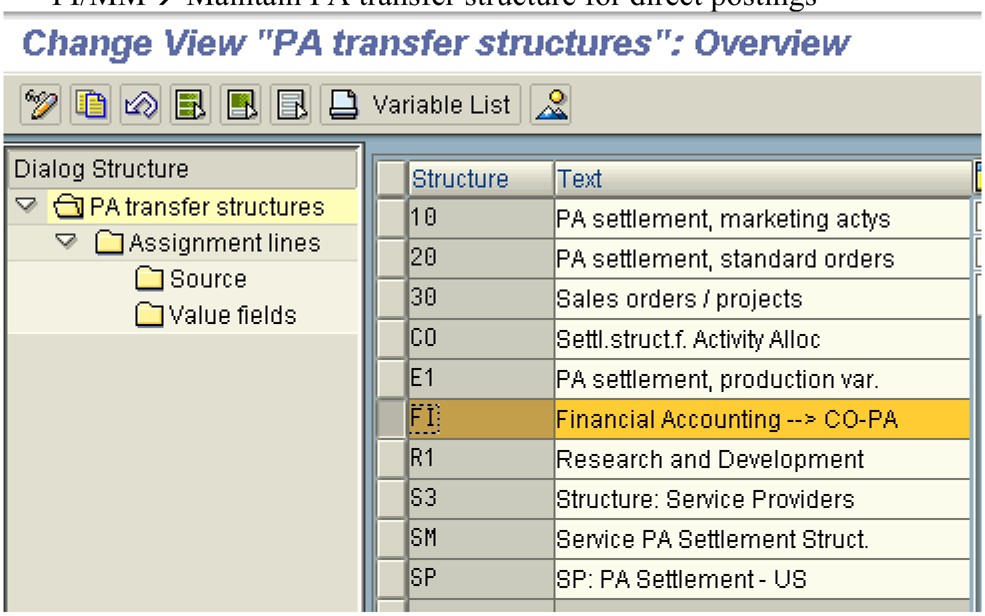
Op. concern V101 Operating concern for V101

CTyp	Name	Val. fld	Description	Transfer +/-
PR00	Price	VV010	Revenue	
VPRS	Cost	VV140	Cost of goods sold	

SAVE

STEP: 7 Maintain PA transfer structure for direct postings [KEI2]

Path : Upto Profitability analysis→flows of actual values →Direct postings from FI/MM→ Maintain PA transfer structure for direct postings



Select FI- Financial accounting to CO-PA

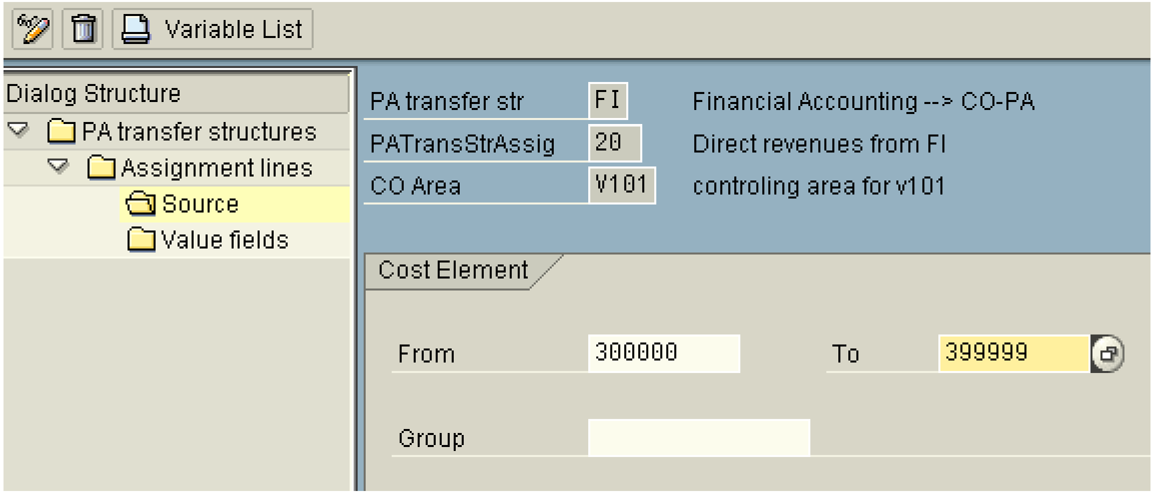
Double click on Assignment lines folder

Give Controlling area – V101 ENTER

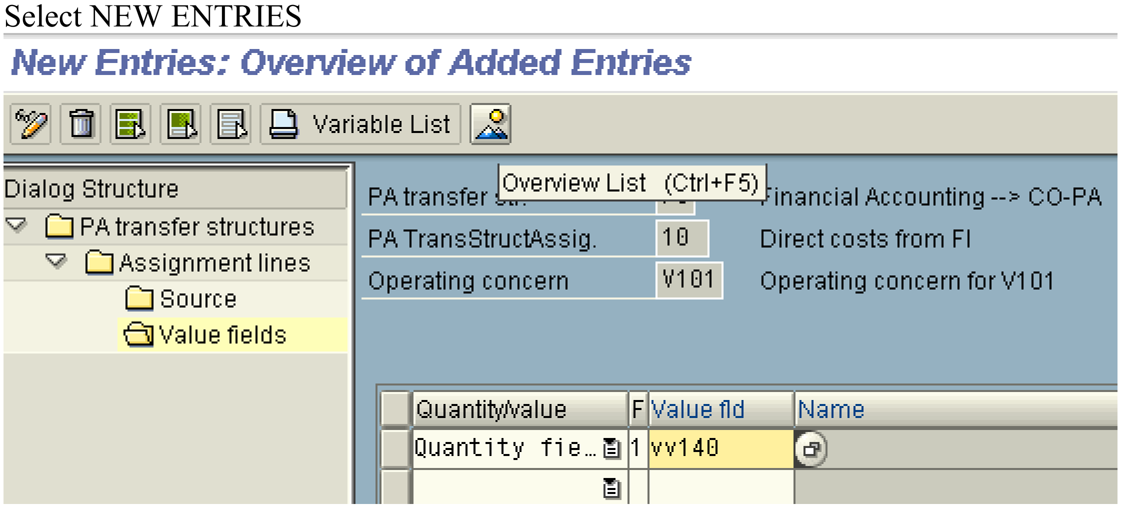
Select 20- Direct revenues from FI

Double click on source folder

Give from -300000 to 399999



Double click on Value fields
Select NEW ENTRIES
Give quantity/Value , fixed/ variable, and value field SAVE
Select ← one time
Select 10- Direct costs from FI
Double click on source folder
Give from -400000 to 499999
Double click on Value fields
Select NEW ENTRIES



ENTER AND SAVE
STEP: 8 Change field status group as profitability segment as required entry [OBC4]

SELECT POSITION
Give field status group :V101
Select V101
D.Click on field status group folder
D.Click on G004 – Cost a/c's
D.Click on additional account assignment
Give Profitability segment required entry

SAVE
D.Click on G029 – Revenue a/c's
D.Click on additional account assignment
Give Profitability segment required entry
SAVE

STEP: 9 Assign field status group in sales account [FS00]
Give G/L Account number: 300000
Co-Code: V101
Select CHANGE BUTTON
SELECT Create/Bank/ int tab
Change field status group as G029
SAVE

STEP:10 Create Sales order [VA01]
Give Order type : OR(Standard order)
Sales organization: VISO
Distribution channel: V1
Division: V1 ENTER

STEP:11 Finished goods transfer to ware house [Mb1C]
STEP:12 Delivery [Vl10N]
STEP:13 Billing [VF01]
STEP:14 Expenditure posting through profitability segment [F-02]
STEP:15 Revenue posting through Profitability segments [F-02]
STEP:16 Define form for profitability report [KE34]
Path: Spro→Controlling→P.A→Information system→Report components→ Define forms→Define forms for profitability reports
D.Click on Create FORM
Give Operating concern: V101 ENTER

INTEGRATION

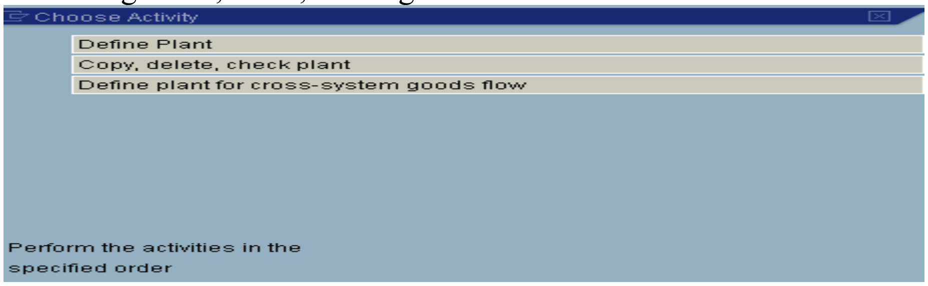
Step1. Define Plant [OX10]

Path: Spro→Enterprise structure→Definition→Logistics general→Define Copy, Delete, Check plant

The plant is an operating area or branch within a company. A plant has the following attributes:

A plant has an address.
A plant has a language.
A plant belongs to a country.
A plant has its own material master data. You can maintain data at plant level for the following views on a material master record in particular: MRP, Purchasing,

Storage, Work scheduling, Production resources/tools, Forecasting, Quality management, Sales, Costing



Double click on Define plant
Select NEW ENTRIES
Give PLANT: VIJP
F/CALENDER: V1
SAVE
Give all the related information on Plant and Press Enter

Step2. Define Division [OVXB]

Same path next step

The division is one of the organizational units in Sales & Distribution and is also required for business area account assignment for logistics transactions in Financial Accounting. The business area for the material is determined via the plant and the division defined in the material master record.

In order to adapt the functional scope of a division to the organization in your company, you should process the following check list:

Allocate a division to one or more sales organizations.

Allocate a division to one or more distribution channels.

Allocate a business area to a division from a plant. This way, business area account assignment can be carried out for transactions in Materials Management. As of Release 3.0, the business area is determined in Materials Management from the division and the valuation area.

A material is always assigned to one division only. You specify the division on the first sales & distribution screen in the material master record.

You can define your own master data within a division for customers as well as your own conditions and pricing.

Double click on Define Division
Select NEW ENTRIES

Division	Name
V1	chemicals

SAVE

Step3. Define REGION [OVK2]

Path: Spro→G/L Settings →Set countries→Insert regions

The region is used for the following functions:

Part of address

Tax reporting in FI
Pricing in SD (only for tax)

The "region" has a different name in the following countries:

BE: province, CA: province, CH: canton, DE: federal state, FR: department, JP: administrative district , NL: province, US: state

Select NEW ENTRIES

Country	Region	Description
IN	AP	Andhra pradesh

SAVE

Step4. Define Sales Organization [OVX5]

Path: Spro→Enterprise structure →Definition→SalesDistribution→Define→ Define Copy, Delete, Check Sales Organization

Sales organization, defines our own master data. This allows a sales organization to have its own customer and material master data as well as its own conditions and pricing.

Define our own sales document types within a sales organization.

Assign sales offices and our own employees to a sales organization.

All items in a sales & distribution document, that is, all items of an order, delivery or a billing document belong to a sales organization.

A sales organization is the highest summation level (after the organizational unit Client) for sales statistics with their own statistics currency.

The sales organization is used as a selection criterion for the lists of sales documents and for the delivery and billing due list.

For each sales organization, determine the printer for output differently based on sales and billing documents. A sales organization cannot share any master data with other sales organizations. The master data must be created separately. The data for a distribution channel or a division can, however, be created for several distribution channels or divisions.

Double click on Define Sales Organization
Select NEW ENTRIES
Give sales Organization: VISO- SALES ORGANIZATION FOR V101
Statistics Currency: INR
SAVE
Give all the information and ENTER

Step5. Define Distribution channel [OVXI]
Same path next step

Within a distribution channel, define our own master data for customers or materials as well as your own conditions and pricing.

create master data for a representative distribution channel which is then also used in other distribution channels. To do this, you have to additionally create the allocation of the representative distribution channel to the other distribution channels.

For a distribution channel, determine own sales document types.

determine sales offices for a distribution channel.

All items of a sales document belong to a distribution channel. The entire sales document is therefore entered for a distribution channel.

The items of a delivery can belong to different distribution channels.

All items of a billing document belong to a distribution channel.

The distribution channel can be used as a selection criterion in lists.

You can determine the printer destination for messages differently for every distribution channel on the basis of the sales and billing documents.

A distribution channel does not fulfill the following criteria:

A distribution channel does not have its own address.

You cannot allocate your own employees to a distribution channel

Double click on Define Distribution channel

Select NEW ENTRIES

Distribution channel	Name
V1	Direct sales

SAVE

<u>Step6. Define PURCHASE Organization [Ox08]</u>

Path: Spro→Enterprise structure →Definition→Material management→ Maintain Purchase Organization

The purchasing organization is integrated within the organizational structure as follows:

A purchasing organization can be assigned to one or several company codes. (= Corporate-group-wide purchasing) (= Company-specific purchasing

A purchasing organization can also exist without being assigned to a company code.

A purchasing organization can be divided into several purchasing groups that are responsible for different operational areas.

Each purchasing organization has its own info records and conditions for pricing.

Each purchasing organization has its own vendor master data.

Each purchasing organization evaluates its own vendors using MM Vendor Evaluation.

Authorizations for processing purchasing transactions can be assigned to each purchasing organization.

All items of an external purchasing document, that is, request for quotation, purchase order, contract, or scheduling agreement, belong to a purchasing organization.

The purchasing organization is the highest level of aggregation (after the organizational unit "client") for purchasing statistics.

Select NEW ENTRIES

Purchase Organization	PO details
VIPO	PO FOR V101

SAVE

<u>Step7.Define Storage location [Ox09]</u>

Same path next step

A storage location is the place where stock is physically kept within a plant. Storage locations are always created for a plant.

A storage location has the following attributes:

There may be one or more storage locations within a plant and has a description of at least one address.

It is possible to store material data specific to a storage location, Physical inventories are carried out at storage location level.

Stocks are managed only on a quantity basis and not on a value basis at storage location level.

A storage location can be assigned to a warehouse number in the Warehouse Management System. You can assign more than one storage location to the same warehouse number within a plant.

Give Plant: VIJP ENTER

Select NEW ENTRIES

STORAGE LOCATION	DESCRIPTION
VISL	SL FOR V101

SAVE

<u>Step8. Define SHIPPING POINT [OVXD]</u>

Path: Spro→Enterprise structure→Definition→Logistics Execution→

Define, Copy, Delete, Check Shipping point

The shipping point is the top level in the organization for shipping. A shipping point has an address A shipping point can be allocated to several plants, It can divided into several loading points.

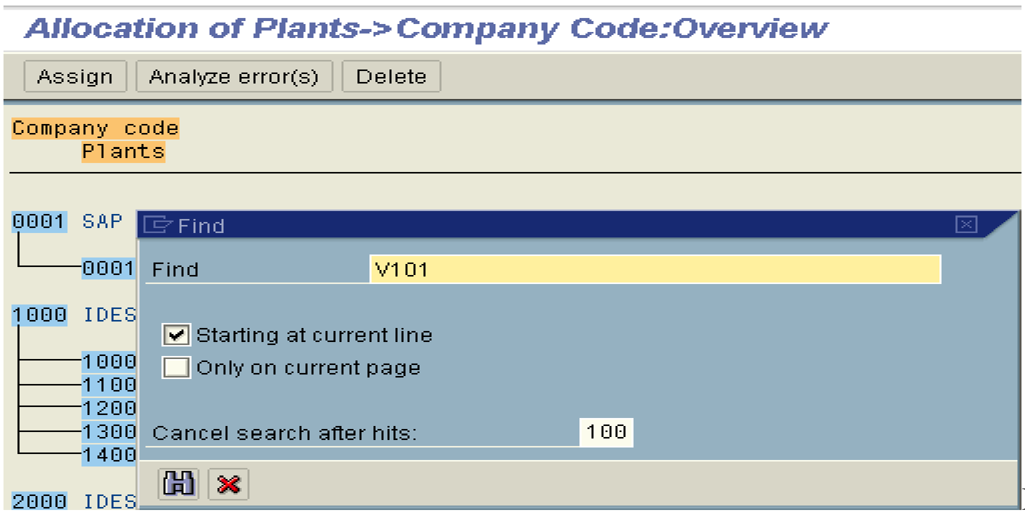
A delivery is always initiated from exactly one shipping point. Thus, all items of a delivery belong to one shipping point. Groups of deliveries also belong to exactly one shipping point.

The shipping point can be proposed automatically during order processing depending on the plant, loading group and shipping condition.

The shipping point is used as a selection criterion for processing deliveries like printing, picking or goods issue.

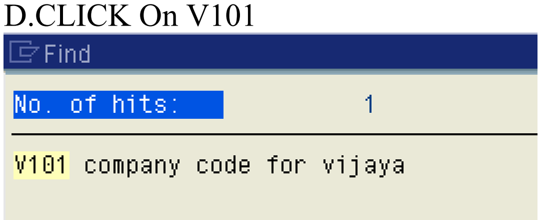
Double click on Define Shipping Point
Select NEW ENTRIES
Give sales Organization: VISP- SHIPPING POINT FOR V101
SAVE
Give all the information and ENTER

<u>Step9. Assign Plant to CO-CODE [OX18]</u>
Path: Spro→Enterprise structure→Assignment→Logistics General→ Assign Plant to CO-CODE

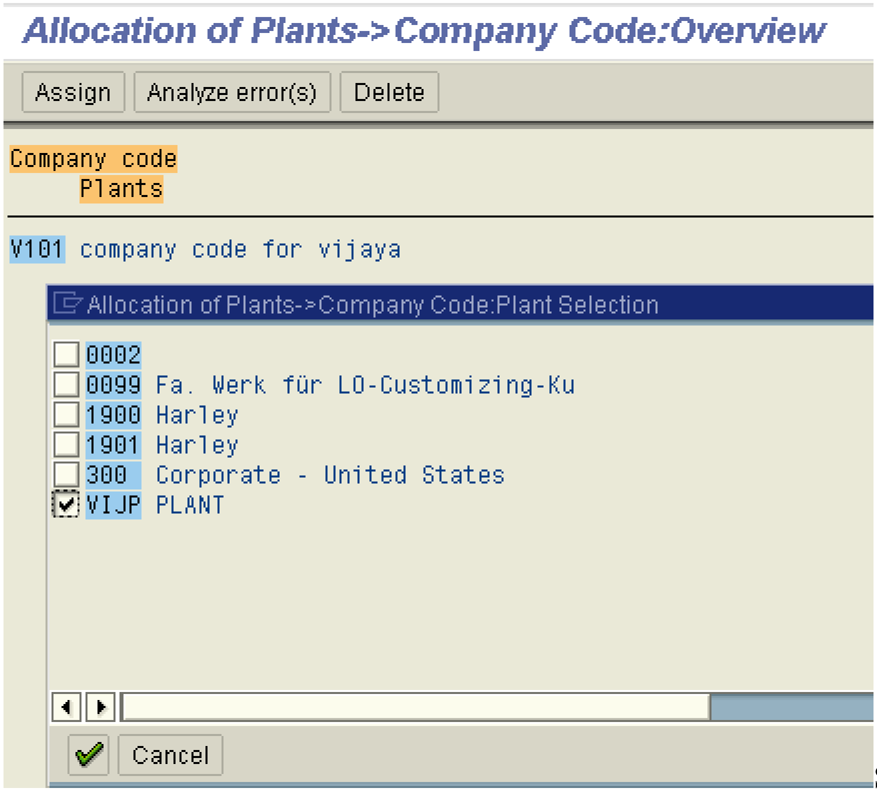


ENTER

D.CLICK On V101



Select ASSIGN



SELECT
VIJP –PLANT
ENTER
SAVE

Step10.Assign B.Area to Plant / Valuation areas [OMJ7]
Same path next step

The R/3 System uses the valuation area and the division to find the relevant business area for account assignment when material postings are made (e.g. goods movements in Inventory Management, invoice receipts in Invoice Verification

Valuation level = company code

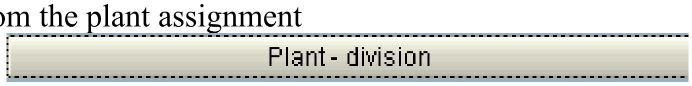
Maintain the business area assignments separately for each individual plant and valuation area.

Valuation level = plant

You can maintain business area assignments for all plants and valuation areas together. To do this, choose *Plant/valuation area - Division*.

If you want to define different business area assignments for revenue postings and material postings, maintain these objects separately.

If any assignments are missing for valuation areas, you can copy these automatically from the plant assignment

Select 

Select NEW ENTRIES
Give

Plnt	Dv	Name	Bu...	Description
VIJP	V1	CHEMICALS	VIJH	HYD B-AREA FOR V101
VIJP	V2	PETROL	VIJH	HYD B-AREA FOR V101
VIJP	V3	PIPES	VIJH	HYD B-AREA FOR V101

SAVE
SELECT ← 2 TIMES
Select Valuation area - division
Select NEW ENTRIES
Give

ValA	Dv	Name	Bu...	Description
VIJP	V1	CHEMICALS	VIJH	HYD B-AREA FOR V101
VIJP	V2	PETROL	VIJH	HYD B-AREA FOR V101
VIJP	V3	PIPES	VIJH	HYD B-AREA FOR V101

SAVE

Step11.Assign Sales Organization to Co-Code [OVX3]
Path: Spro→Enterprise structure→Assignment→Sales Organization→ Assign Sales Organization to Co-Code

Select FIND
Give co-code: V101
D.CLICK On V101

Find
No. of hits: 1
V101 company code for vijaya

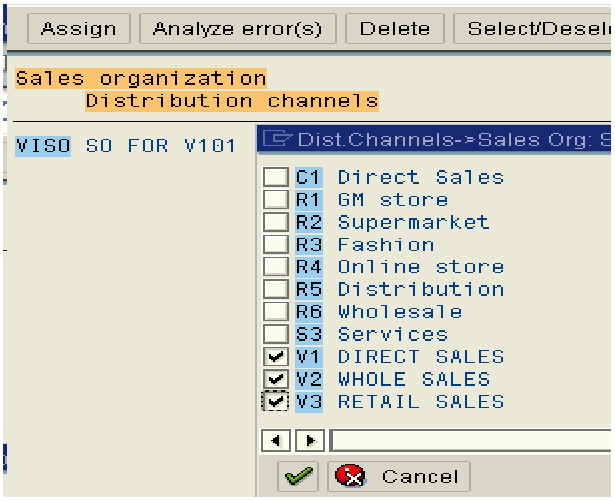
Select ASSIGN

Sales Organizations->Com
Select ☑ VISO SO FOR V101 ENTER
SAVE

Step12.Assign Distribution channel to Sales Organization [OVXK]
Same path next step
Select FIND
Give co-code: V101
D.CLICK On V101

Find
No. of hits: 1
V101 company code for vijaya

Select ASSIGN



ENTER

SAVE

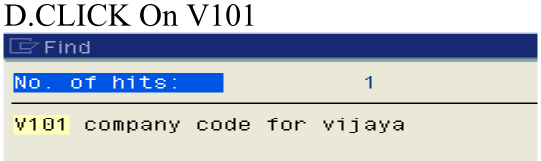
Step13.Assign Division to Sales Organization [OVXA]

Same path next step

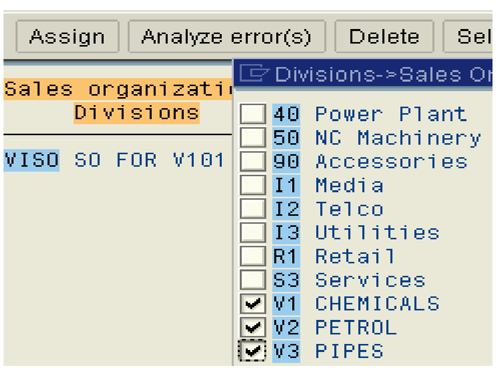
Select FIND

Give co-code: V101

D.CLICK On V101



Select ASSIGN



ENTER

SAVE

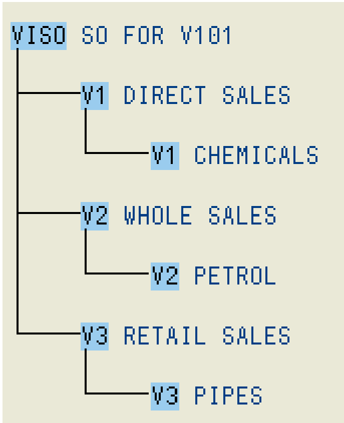
Step14. Setup Sales Area [OVXG]

Same path next step

A combination of sales organization, distribution channel, and division

Select FIND

Give Sales Organization: V1SO
Select ASSIGN

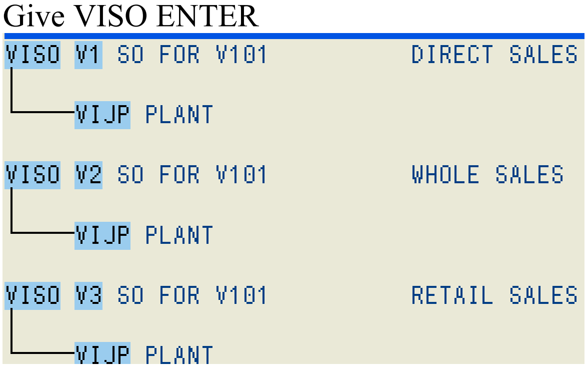


ENTER AND SAVE

<u>Step15. Assign Sales Org-Distribution channel-Plant [OVX6]</u>

<u>Same path next step</u>

Select FIND
Give VISO ENTER



ENTER AND SAVE

<u>Step16. Define Rules by Sales area [OVF2]</u>

UPTO Sales 7 Distribution same path →B-Area Account Assigner→ Define Rules by Sales area

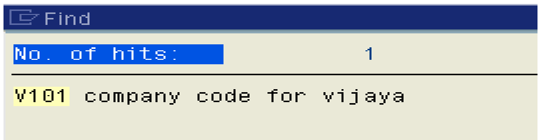
SOrg.	DChl	Dv	Name	Rule
VISO	V1	V1	CHEMICALS	001
VISO	V2	V2	PETROL	
VISO	V3	V3	PIPES	

Rule	Rule	Short text
001	000	Business area determination from plant/division (T134G)
002	000	Business area determination from sales area (TVTA)
003	000	Business area det. from sales org/dist. channel item div.

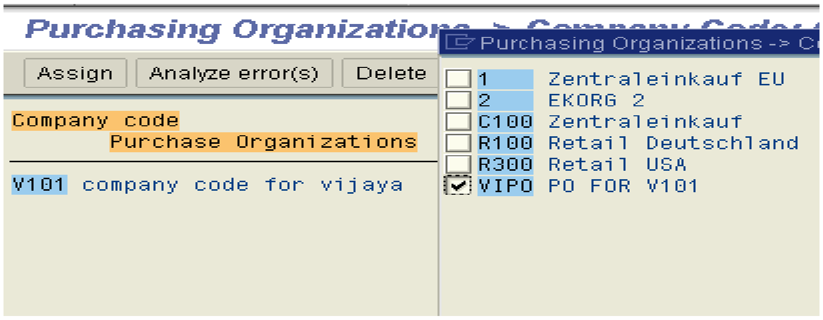
ENTER AND SAVE

<u>Step17.Assign Purchase Organization to Co-Code [OX01]</u>

Path: Spro→Enterprise structure→Assignment→Material management → Assign Purchase Organization to Co-Code
Select FIND
Give co-code: V101
D.CLICK On V101



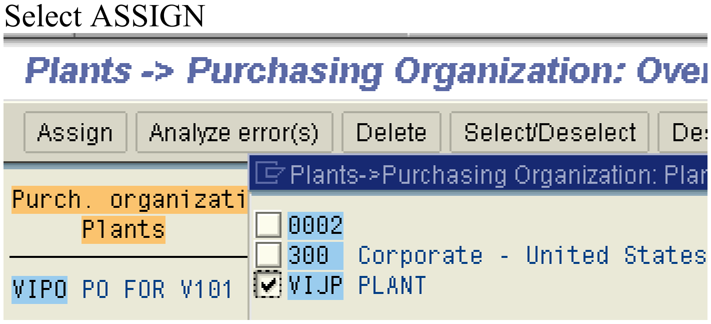
Select ASSIGN



ENTER AND SAVE

Step18.Assign Purchase Organization to Plant [OX17]

Same path next step
Select FIND
Give Purchase Organization: V1PO
D.CLICK On V101
Select ASSIGN



ENTER AND SAVE

Step19.Assign Shipping point to plant [OVXC]

Path: Spro→Enterprise structure→Assignment→Logistics Execution→ Assign Shipping point to plant
Select FIND
Give Plant :VIJP
D.Click on VIJP
Select ASSIGN

Select 

ENTER AND SAVE

Step20. Maintain CO-CODE for Material management [OMSY]

PATH: SPRO→Logistics –General→Material Master→Basic Setting→ Maintain CO-CODE for Material management

To create a material master record, the control record must exist for the company code for which you want to create your master record. To set up a company code, enter the current period here. Alternatively, you can do this with the period closing program.

SELECT POSITION

GIVE CO-CODE: V101 ENTER

Give current period

SAVE

UPDATING OF MATERIAL TYPES

A grouping together of materials with the same basic attributes such as raw materials, semi finished products, or finished products. All materials must be assigned to a material type which determines:

Whether the material is intended for a specific purpose such as a configurable material or process material, Whether the material number can be assigned internally or externally

The number range from which the material number is drawn

Which screens appear and in what sequence

Which user department data you may enter

What procurement type the material has; that is, whether it is manufactured in-house or procured externally, or both

Material types are used in the following neighboring areas, where they are also configured in Customizing:

Profit Center Accounting, Product Cost Planning, Sales and Distribution (availability check)Valuation and Account Assignment (valuation classes),Production: Bills of material, Routings

TRANSACTION KEYS	DESCRIPTION		MATERIAL TYPES
		FINISHED	FERT

		PRODUCTS	
BSX	INVENTORY POSTINGS	RAW MATERIAL	ROH
		SEMI-FINISHED GOODS	HALB
		TRADED GOODS	HAWA
		PACKING MATERIAL	VERP
		SERVICES	DIEN
		PERISHABLES	FRIP
WRX	GR/IR CLEARING		
GBB	INVENTORY OFFSETTING		VOF

Step21. Define Attributes of Material types [OMS2]
By selecting the check boxes we are activating the quantity and value
Path: Upto SPRO same path→ Logistics-General→Material master→Basic Settings→Material types→Define Attributes of Material types

SELECT POSITION
GIVE Material type: ROH ENTER
Select ROH-Raw material
D.Click on Quantity / Value updating folder
SELECT POSITION
Give Valuation area: VIJP ENTER

Val...	Mat...	Qty updating	Value upd...
VIJP	ROH	☑	☑

SAVE

SELECT ←ONE TIME
SELECT POSITION
GIVE Material type: FERT ENTER
Select FERT-Finshed product
D.Click on Quantity / Value updating folder
SELECT POSITION
Give Valuation area: VIJP ENTER

Val...	Mat...	Qty updating	Value upd...
VIJP	fert	☑	☑

SAVE

Step22. Set tolerance limits for Price variances

Upto SPRO same path→Materials management→Purchasing→P. Order→ Set tolerance limits for Price variances

Here we define the tolerance limits for price variances when processing a purchase order, the system checks whether the effective price of a PO item shows variances compared with the valuation price stored in the material master record. In addition, it checks whether the specified cash discount value is admissible. Variances are allowed within the framework of tolerance limits. If a variance exceeds a tolerance limit, the system issues a warning or error message.In the SAP System, the types of variance are represented by the tolerance keys. For each tolerance key, you can define percentage and value-dependent upper and lower limits per company code.

The standard SAP System supplied contains the following tolerance keys:

PE Price variance, Purchasing

SE Maximum cash discount deduction, Purchasing

SELECT 1000 IDES AG PE Price variance: purchasing

Select COPY AS

Give co-code:V101

Enter and SAVE

SELECT 1000 IDES AG SE Max. cash disc. deduction (purchasing)

Select COPY AS

Give co-code:V101

Enter and SAVE

Step23. Define Purchase Groups [OME4]

Upto SPRO same path→Materials management→Purchasing→Create Purchase Groups

A key for a buyer or group of buyers responsible for certain purchasing activities.

The purchasing group is: Internally responsible for the procurement of a material or a class of materialsThe principal channel for a company's dealings with its vendors

Select NEW ENTRIES

PURCHASE GROUP	DESCRIPTION
VIJ	PURCHSE GROUP FOR V101

Enter and SAVE

Step24. Maintain Plant parameters

Upto SPRO same path→Materials management→Inv management & Physical inventory→Plant parameters

Select 1000

Select COPY AS

Give PLANT: VIJP
ENTER & SAVE

Step25. Set tolerance limits [OMC0]

Upto Inv management & Physical inventory same path→Goods receipt→Set tolerance limits

set the tolerance limits for goods receipts.When processing a goods receipt, the system checks each item to determine whether the goods receipt varies from the purchase order or the material master data.The different types of variances are defined by tolerance keys. For each tolerance key, tolerance limits can be set per company code.

The following variances are checked in Inventory Management:

Variance in the purchase order price quantity

For this variance, two tolerance keys are provided:

Tolerance key B1 (error message)

You use tolerance key B1 to define the maximum percentage variance. If the variance is greater than the maximum variance, the system creates an error message. The user cannot post the goods receipt.

Tolerance key B2 (warning message)

Tolerance key B2 defines the percentage variance from which a warning message is to be issued. It is possible to post the goods receipt.

Variance for the moving average price of the material

(Explanation)

You use tolerance key VP to define the percentage variance from which a warning message is issued. This warning message indicates a price change.

SELECT

Co...	Company Name	TlKy	Description
1000	ES AG	B1	Order price qty variance (GR)/E-MSG

Select COPY AS
Give Co-Code: V101 ENTER & SAVE

SELECT

1000	IDES AG	B2	Order price qty variance (GR)/W-MSG

Select COPY AS
Give Co-Code: V101 ENTER & SAVE

SELECT

1000	IDES AG	VP	Moving average price variance

Select COPY AS
Give Co-Code: V101 ENTER & SAVE

Step26. Maintain default values for tax codes [OMR2]

Upto SPRO→M.M→Logistics Invoice Verification →Incoming Invoice→ Maintain default values for tax codes

Here we determine each company code which tax code(s) the SAP System suggests when you enter incoming invoices.

Domestic invoices

You can define tax codes for invoices that you receive from within your own country.

Invoices with unplanned expenses

You can define tax codes for invoices with unplanned expenses. These are used if you post to a separate account in Logistics Invoice Verification

SELECT 1000

SELECT COPY AS

CHANGE TO YOUR CO-CODE: V101

GIVE TAX CODE: A0 ENTER AND SAVE

Step27. Configure Vendor specific tolerances [OMRX]

Same path next step

Select NEW ENTRIES

Give co-code: V101

Tolerance group: A(Anything)

SAVE

Step28. Define Automatic status change [OMRV]

Upto SPRO→M.M→Logistics Invoice Verification→Inv verification in back ground→ Define Automatic status change

For every company code whether an invoice posted in the background is assigned the status *Verified as correct* or *Completed*.

SELECT NEW ENTRIES

Co...	Company Name	Set correct ...
V101		☑

ENTER AND SAVE

Step29. Set tolerance limits for Invoice verification [OMR6]

Upto SPRO→M.M→Logistics Invoice Verification→Invoice block→Set tolerance limits

The system uses the following tolerance keys to check for variances:

AN: Amount for item without order reference

If you activate the item amount check, the system checks every line item in an invoice with no order reference against the absolute upper limit defined.

AP: Amount for item with order reference

If you activate the item amount check, the system checks specific line items in an invoice with order reference against the absolute upper limit defined. Which invoice items are checked depends on how you configure the item amount check.

BD: Form small differences automatically

The system checks the balance of the invoice against the absolute upper limit defined. If the upper limit is not exceeded, the system automatically creates a posting line called Expense/Income from Small Differences, making the balance zero and allowing the system to post the document.

ST: Date variance (value x days)

The system calculates for each item the product of amount * (scheduled delivery date - date invoice entered) and compares this product with the absolute upper limit defined. This allows relatively high schedule variances for invoice items for small amounts, but only small schedule variances for invoice items for large amounts.

VP: Moving average price variance

When a stock posting line is created as a result of an invoice item, the system calculates the new moving average price that results from the posting. It compares the percentage variance of the new moving average price to the old price using the percentage tolerance limits defined.

Select 

Select COPY AS

Change co-code:V101 Enter and Save

Select 

Select COPY AS

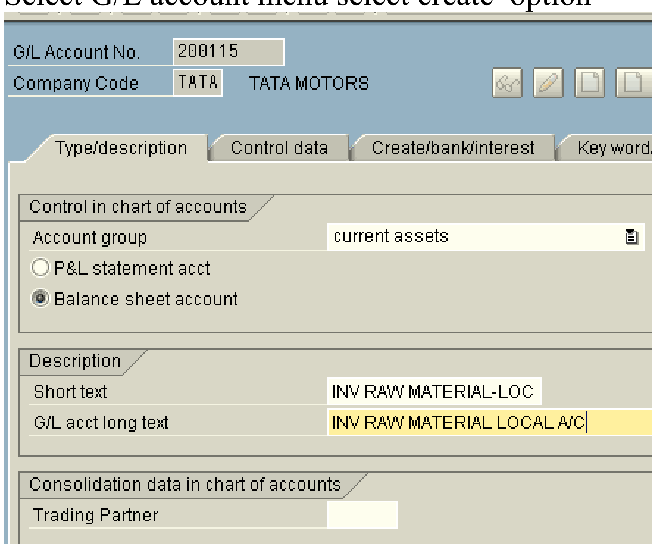
Change co-code:V101 Enter and Save

Step30. Create 3 G/L Accounts [FS00]

Create local purchases(INV Raw Material a/c]

Give G/L Account number and company code

Select G/L account menu select create option



Select create/bank/interest tab give F.Status group as G006

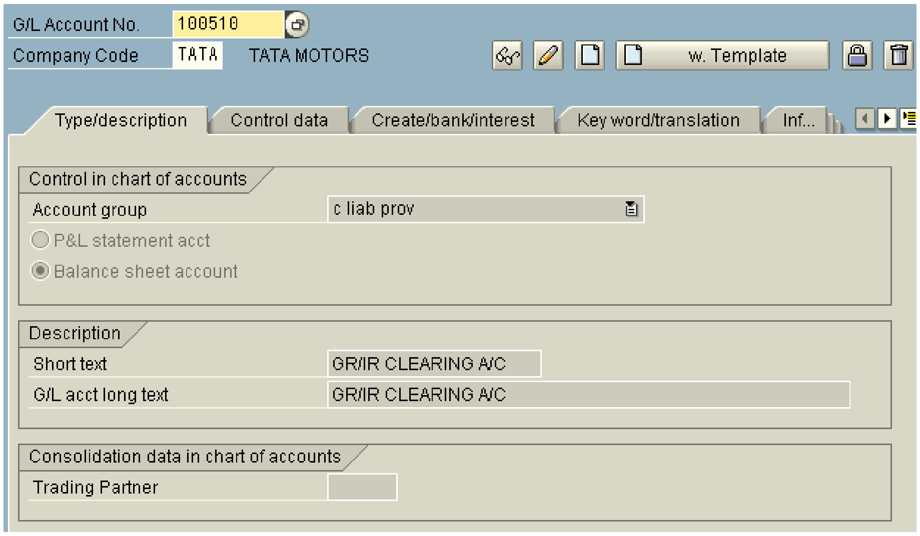
Select Post Automatically only

Save

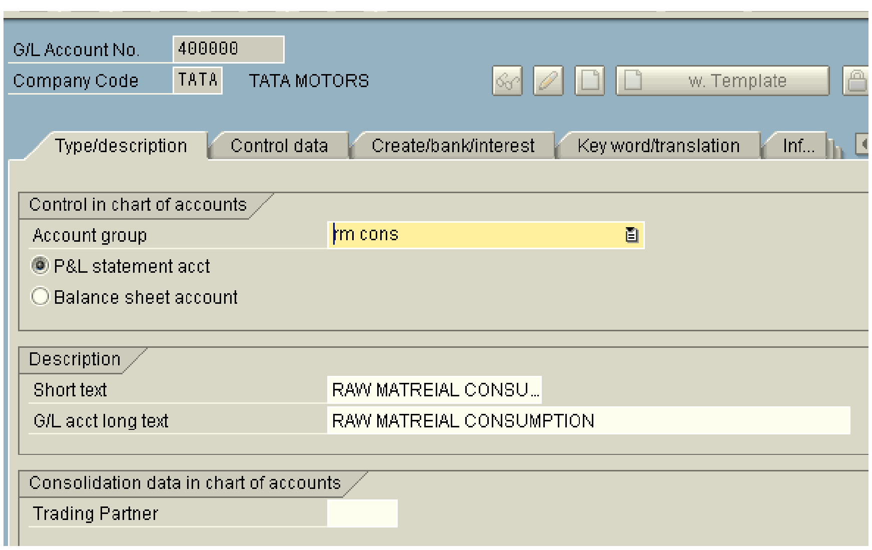
2.Create GR/IR Clearing a/c

Give G/L Account number and company code

Select G/L account menu select create option



Select control data tab, Give Sort key as : 014
Select create/bank/interest tab give F.Status group as G045
Select Post Automatically
Save
3.Create Raw Material Consumption a/c
Give G/L Account number and company code
Select G/L account menu select create option



Select create/bank/interest tab give F.Status group as: G003
Save

Step31. Group together Valuation areas [OMWD]

SPRO→M.M→VALUATION AND A/C ASSIGNMENT→A/C DETERMINATION→ A/C DETERMINATION With out wizard→ Group together Valuation areas

An organizational unit in Logistics subdividing an enterprise for the purpose of uniform and complete valuation of material stocks.

The valuation grouping code makes it easier to set automatic account determination. Within the chart of accounts , you assign the same valuation grouping code to the valuation areas you want to assign to the same account

Select POSITION

Give Valauation area: VIJP ENTER

CO-CODE	COM-NAME	CHT/ ACCOUNTS	VAL.GROUP CODE
V101	VIJAYA FINANCE	V101	VIJA

SAVE AND ENTER

Step32. Define Valuation Classes[OMSK]

Same path next step

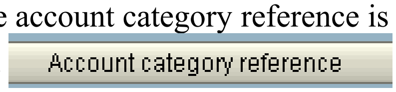
If a user creates a material, he must enter the material's valuation class in the accounting data. The R/3 System uses your default settings to check whether the valuation class is allowed for the material type.

The valuation class is a group of materials with the same account determination. If a transaction is to be posted to different accounts depending on the valuation class, create an account determination for each valuation class in the step Create automatic postings.

The valuation classes allowed depend on the material type. Several valuation classes are generally allowed for one material type. A valuation class can also be allowed for several material types.

The link between the valuation classes and the material types is set up via the account category reference.

The account category reference is a combination of valuation classes. Precisely one account category reference is assigned to a material type.

SELECT 

Select NEW ENTRIES

A/C CATEGORY REF	DESCRIPTION
VIJ1	RAW MATERIAL
VIJ2	FINISHED PRODUCT

SAVE AND ENTER
Select ← 2 times
SELECT Valuation Class
Select NEW ENTRIES

VAL.CLASSES	DESCRIPTION	A/C CATEGORY REF
VIJ1	RAW MATERIAL	VIJ1
VIJ2	FINISHED PRODUCT	VIJ2

SAVE AND ENTER
Select ← 2 times
SELECT Material type/account category reference
SELECT POSITION
Give material type ROH ENTER

MATERIAL TYPE	DESCRIPTION	A/C CATEGORY REF
ROH	RAW MATERIAL	VIJ1

SAVE AND ENTER
SELECT POSITION
Give material type FERT ENTER

MATERIAL TYPE	DESCRIPTION	A/C CATEGORY REF
FERT	FINISHED PRODUCT	VIJ2

SAVE AND ENTER
Step33. Configure Automatic posting [OBYC]
Same path next step

In this step, you enter the system settings for Inventory Management and Invoice Verification transactions for automatic postings to G/L accounts.

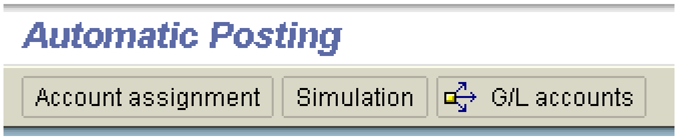
Postings are made to G/L accounts automatically in the case of Invoice Verification and Inventory Management transactions relevant to Financial and Cost Accounting.

Valuation modifier: It is a combination of valuation areas

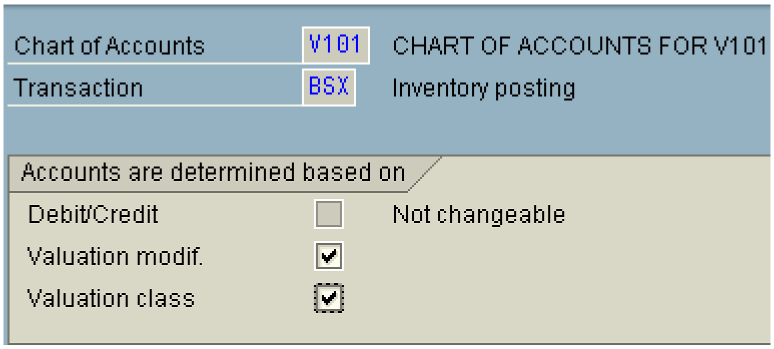
Example:

Posting lines are created in the following accounts in the case of a goods issue for a cost center:

Stock account
Consumption account
SELECT CANCEL BUTTON



SELECT A/C ASSIGNMENT
D.Click on BSX(INV POSTINGS)
Give COA: V101
SELECT

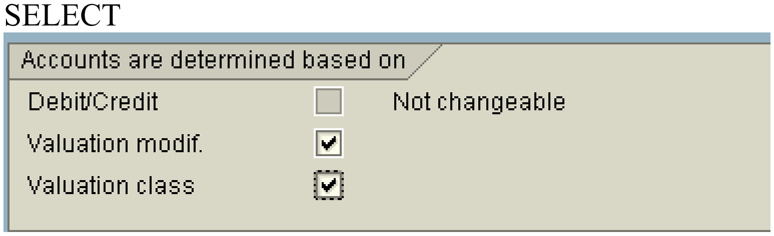


SAVE
GIVE

Valuation ...	Valuation c...	Account
VIJA	VIJ1	200135

SAVE AND ENTER

SELECT ← ONE TIME
D.Click on WRX(GR/IR CLEARING)
Give COA: V101
SELECT

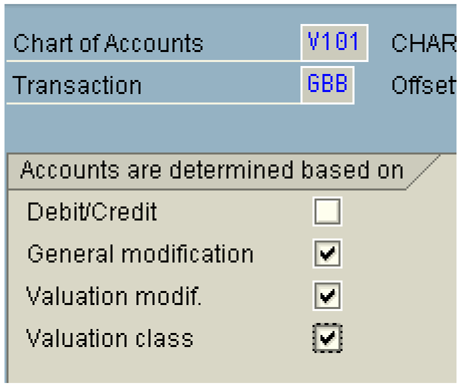


SAVE
GIVE

Valuation ...	Valuation c...	Account
VIJA	VIJ1	100525

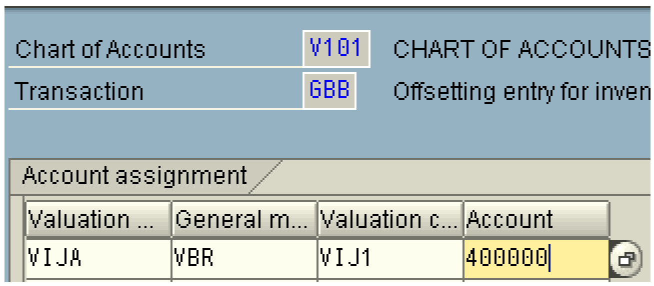
SAVE AND ENTER

SELECT ← ONE TIME
SELECT ← ONE TIME
D.Click on GBB(Offsetting entry for inventory posting)
Give COA: V101
SELECT



SAVE

GIVE



SAVE

Step34. Make raw material consumption as cost element [FS00]
Give g/l account number: 400000
C-Code: V101
Select Edit Cost Element
Give cost element: 40000
Valid from: 1.4.2008 to 31.12.9999
Select MASTER DATA
Give cost element category: 1 (Primary cost)
SAVE
Step35. Define document types
Upto SPRO→M.M→Purchasing→PO→Define document types

Here just we are checking the standard document types
Standard doc.type: NB
External number ranges :41
Internal number ranges :45
SAVE

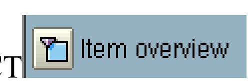
Step36. Define Number ranges for PO [OMH6]
Same path next step
Select change intervals
Check the number ranges
Step37. Define Vendor/Customer tolerance group [OBA3]
Select NEW ENTRIES
Give CO-CODE: V101
Tolerance group: A Tolerance group for V101

Save and ENTER
Step38. Create Vendor master record [xk01]
Give PURCHASE ORG: VIPO
A/C Group: VIJ2
ENTER
GIVE ALL THE DETAILS AND SAVE

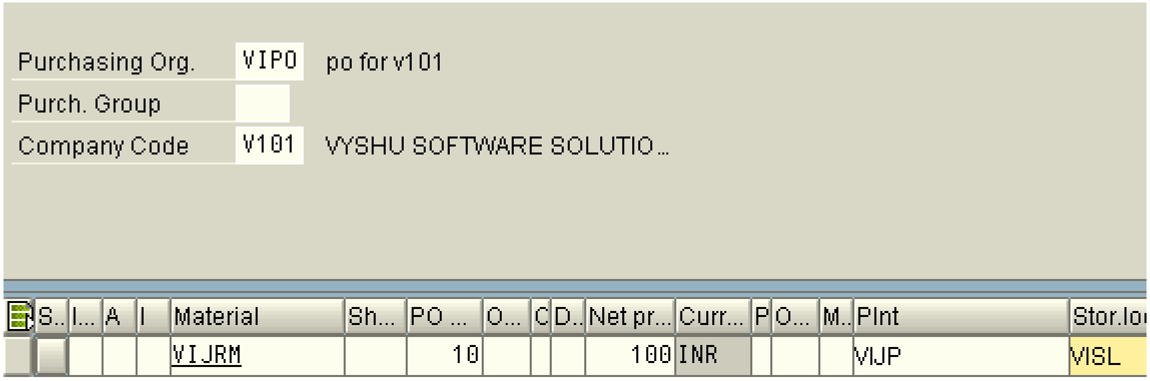
Step39. Create Material master [MM01]
PATH:Logistics→M.M→Materialmaster→Material→Create(general)→
MM01-Immediately
Give material : VIJRM
Industrial Sector; Mechanical engineering
Material types : Raw material
Select VIEWS
Select Basic data1,purchasing,general plant data, Accounting 1
Select ORGANIZATIONAL LEVELS
Give : Plant : VIJP
Storage location: VISL
ENTER

[If any case you are getting any error message goto EC01 and copy]
Under BASIC DATA 1 TAB
Give description: RAW Material for V101
Base unit of measure: KG
Material group : 00101
Select Accounting 1 tab
Giving moving price: 100
SAVE
Step40. Define material document types and number ranges [OBA7]
Give number ranges for WE, WA, RE
Step41. Create purchase order [ME21N]
SAP EASY ACCESS
Upto M.M. SAME →Purchasing→Purchase order→Create→ME21N-Vendor/Supplying plant known

Give Vendor: Vendor account number
Purchase Org: VIPO

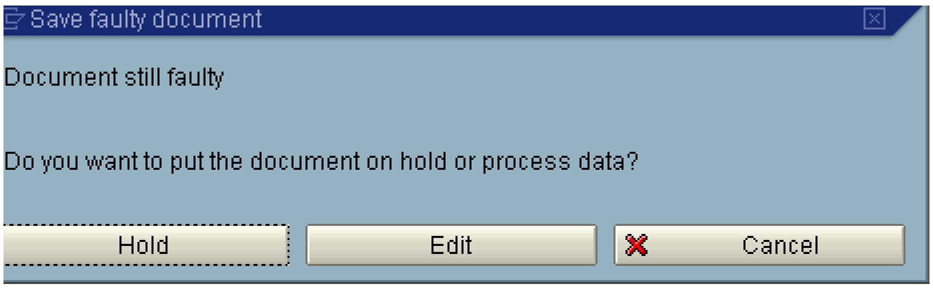
CO-CODE: V101 SELECT 

GIVE THE DETAILS LIKE THIS



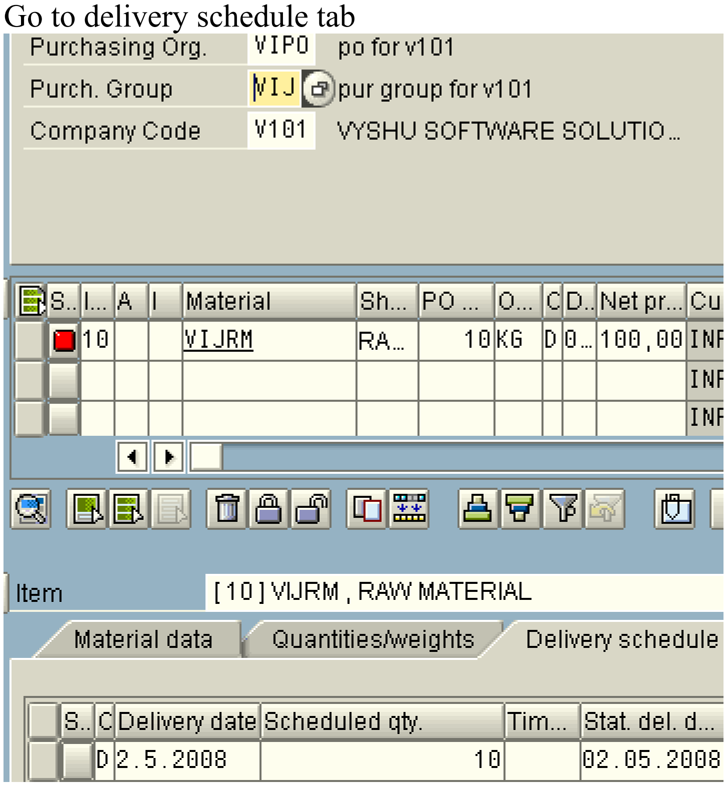
SAVE

Select



CANCEL

Go to delivery schedule tab



Delivery date: Today date

Purchasing group: VIJ

SAVE
PO NUMBER:4500014497

Step42. Create Goods Receipt [MIGO]

Path: Logistics→M.M→Inventory management→Goods movement→MIGO-Goods movement

Give Purchase Order number:

Select EXECUTE
SELECT QUANTITY TAB
Give quantity in delivery note:10
SELECT WHERE TAB
Select 
SAVE
Material document 5000006911 posted

[TO View financial doc posted check in MB03
LOCAL PURCHASES A/C DR
GR/IR CLEARING A/C]

Step43. INVOICE Verification [MIRO]

Path: Logistics→M.M→Logistics invoice verification→DOC.Entry→MIRO-Enter Invoice

Give: Invoice date : Today date
Ref: 12345
Amount:1000
Select PAYMENT TAB
Base line date: Today date
Payment terms: 0001
Select Details TAB
B-Area: VIJH
Under PO REFERENCE
Purchase order/ Scheduling agreement:
SAVE AND ENTER
Ignore the warning message and ENTER
Give text: INV Verification and Invoice posting

Step44. Goods Issue to production/consumption [MBIA]

Path: Logistics→M.M→Inventory management→Goods movement→Goods receipt→MB1A-Goods Issue

Give Movement type : 201(consumption for c.center from ware house)
Plant: VIJP
Storage location: VISL

ENTER
Give a/c no:400000
 B-area: vijh
 Cost center: Botelling

Movement type	201	GI for cost center
G/L Account No.	400000	
Business Area	VYH	
Cost Center	BOTELLING	
		Recipient

Items

Item	Material	Quantity
1	VIJRM	10
2		

SAVE

Step45. Define Pricing procedures [OVKK]

Path: SPRO→S.D→Basic functions→Pricing→Pricing control→-Goods Issue→ Define Pricing procedures

D.Click on define pricing procedures determination
SELECT NEW ENTRIES

SOrg.	DChl	Dv	DoPr	Cu...	PriPr.	Pricing procedure	CTyp	Condition type
VISO	V1	V1	A	1	RVAA01	Standard	PR00	Price

SAVE

Step46. Define Tax determination rules [OVK1]
Path: Upto basic functions same path→Taxes→ Define Tax determination rules
Select POSITION
TAX COUNTRY: IN

Tax count.	Name	Seq.	Tax categ.	Name
IN	India	1	MWST	Output Tax

SAVE
Step47. Define 1 G/L account [FS00]
Give G/L account number: 300005
Co-code: V101
Select W.Template
Give G/L account number: 300005
Co-code: V101
Change S & long text: Local sales a/c
SAVE
Step48. Assign for automatic postings from Sd to FI [VKOA]

Path: Upto basic functions same path→Account assignment costing→Revenue a/c determination→Assign g/l accounts

D.Click on 001

001	Cust.Grp/MaterialGrp/AcctKey

SELECT NEW ENTRIES

App	CndTy.	Ch...	SOrg.	A...	AAG	ActKy	G/L Account No.
V	KOFI	V101	viso	01	03	ERL	300005

SAVE AND ENTER

Step49. PARTNER DETERMINATION [VOPA]

The rights and responsibilities of each partner in a business transaction are defined

Partner functions in Sales and Distribution include:

Sold-to party

Ship-to party

In Materials Management the following partner roles exist:

Ordering address

Supplier of goods

<u>Partner determination procedure</u>

A plan that specifies how, when, and from what sources the system determines partners in a business transaction, what partner functions are mandatory or suggested in this transaction, and what rules apply to these partner functions

Path: SPRO→SD→Basic functions→Partner Determination→Set up partner determination

D.Click on Set up partner determination for customer master

Double click on partner function folder

Select POSITION

Give Partner function SP

Select SP – Sold to party

Double click on A/C's group and function assignment

Select NEW ENTRIES

Account Groups - Function Assignment

Part...	Name	Accou...	Name
SP	Sold-to party	VY2	sd customers for V101
BP	Bill-to party	VY2	sd customers for V101
SH	Ship-to party	VY2	sd customers for V101
PY	Payer	VY2	sd customers for V101

IGNORE AND SAVE

D.Click on Partner Determination procedure

Select NEW ENTRIES

Part...	Name
vy1	PD for VY1

SELECT VY1

D.Click on Partner functions in procedure

Select NEW ENTRIES

Partner Functions in Procedure

Part....	Part...	Name	N...	M...
VY1	SP	Sold-to party	☑	☑
VY1	BP	Bill-to party	☐	☑
VY1	SH	Ship-to party	☐	☑
VY1	PY	Payer	☐	☑

SAVE

D.Click on Partner determination procedure assignment
Select POSITION
Give A/C Group : VY2(SD CUSTOMERS) ENTER

Group	Description	ParPr	Name
VY2	sd customers for V101	VY1	for VY1

SAVE

Step50.Create Customer master record [XD01]
Step51:Create Material master for finished product [MM01]
Give material : VIJFP
Industrial Sector; Mechanical engineering
Material types : Finished product
Select VIEWS
Select Basic data1,Sales organization data1,general / plan data,MRP1, Accounting1,general plant data /storage1
Select ORGANIZATIONAL LEVELS
Give : Plant : VIJP
Storage location: VISL
ENTER
Give Sales organization: VYSO
Distribution channel: V1 ENTER

Under BASIC DATA 1 TAB
Give description: Finished product for V101
Base unit of measure: KG
Material group : 00101
Gross weight: 30 kgs
Net weight: 28 kgs
Select Sales Organisation1 tab
Give Delivery plant: VYSP
Tax category: 1(full tax)
Select Sales Organisation2 tab
Give account assignment group : 03(Finished product)
Select Sales general/Plant
Give availability check : KP(No check)
Transportation group: 0003 (Containers)
Loading group: 0002 (Manual)
Select MRP1 Tab
Give MRP Type : ND(No planning)

Select Accounting 1 tab
Give valuation class:
Price control: S(standard cost)
Give standard price:

SAVE

Step52:Create 2 G/L accounts
1. INV FINISHED GOODS-200145
2. INC/DEC IN STOCK-300200
STEP 53. Make sales a/c as a revenue element [FS00]
STEP 54. Assign accounts for automatic posting of material transaction[OBYC]

D.Click on BSX
Give coa: v101

Valuation modifier	Valuation Class	G/L account
VIJA	VIJ	200145

SAVE
Select ← one time
D.Click on GBB

Valuation modifier	General modifier	Valuation Class	G/L account
VIJA	ZOF	VIJ	300200
VIJA	VAX	VIJ	300200
VIJA	VAY	VIJ	300200

SAVE

NOTE: ZOF: Goods receipt with out production order
VAX: Goods Issue for sales order without A/C assignments
VAY: Goods Issue for sales order with A/C assignments

STEP 55. Assign shipping point [OVL2]
spro→ logistics execution→shipping→basic shipping functions→shipping point & goods receiving determination→assign shipping point
Select NEW ENTRIES

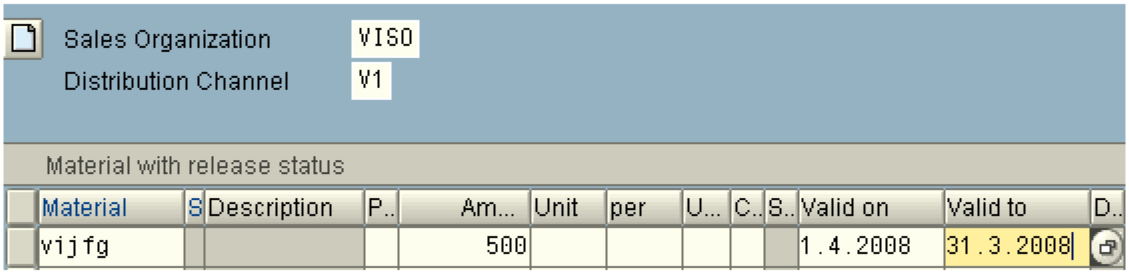
SC	LGrp	Plnt	PrShP
01	03	VIJP	VISP

SAVE
STEP56:CREATE CONDITION TYPES [VK11]
Under SAP EASY ACCESS →Logistics→SD→Master data →Conditions→select using condition type→Create

Give Condition type : PR00 

Select 

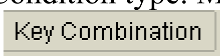
Select 

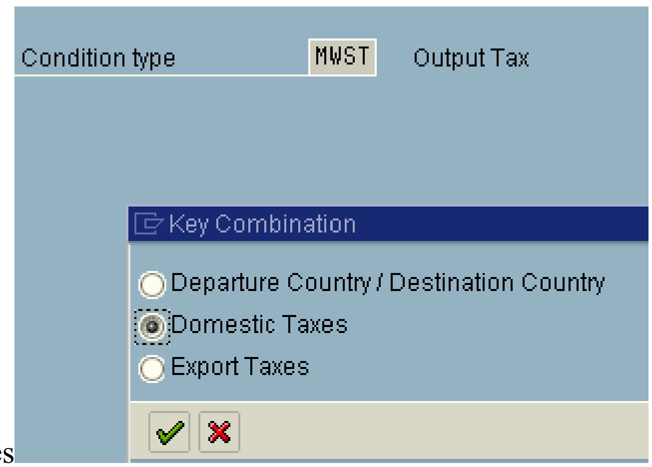


Save

SELECT ← One time

Give Condition type: MWST(Output tax)

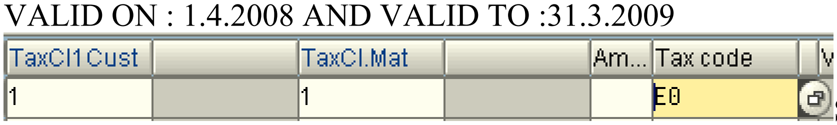
Select 



Select Domestic taxes

Give country : IN

VALID ON : 1.4.2008 AND VALID TO :31.3.2009



SAVE

STEP57:Create sales order [VA01]

Under SAP EASY ACCESS →Logistics→SD→SALES→ORDER→VA01-CREATE

Give Order: OR

Sales organization: VISO

Dis. channel: V1

Division: V1

Give sold to party: Customer name

PO NUMBER:

Delivery plant :

Payment terms:
Material : VIJFG
Order quantity : 10
Select GOTO Menu→Item→Conditions
Select UPDATE
Select B
Change price: 800
Select EDIT MENU, Select INCOMPLETION LOG
8167—sales order

Step 58.Transfer finished goods to ware houses [MB1C]
Path: logistics→material management→inv management→goods movement→goods receipt →MB1C -ORDER
Give movement type: 521
Plant: VIJP
Storage location: VIJP

To open material period : MMPV

Give from co-code: v101
Fiscal year: 2008
Period: 02
Select Check and close period option
Select EXECUTE

Give material : VIJFG
Quantity :10

SAVE IGNORE AND ENTER

To view FI doc posted
Select other goods receipt menu→display

Step59.Delivery [VL01N]

LOGISTICS→SD→SALES→ORDER→SUBSEQUENT FUNCTIONS→VL01N→OUT BOUND DELIVERY

Give Shipping point:
Order: Enter
Select pricing tab:
Give Pick Quantity: 10
Select post goods issue button

To view doc posted

Select outbound delivery:→ Display
Outbound delivery IN 80011319 has been saved

STEP60.BILLING [VF01]

Same path next step
Give Doc number
SELECT EXECUTE
SAVE