



SAP FICO **New G/L** Accounting

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1. SAP:

SAP stands for Systems, Applications and Products in Data Processing. Five German Engineers founded it in 1972. SAP is an ERP software which large organizations use to manage their business. SAP has several modules, each of which represents a business-process. Modules are usually abbreviated for the business process they represent. For instance, HR is Human Resources, FI for Financial Accounting and SD is Sales & Distribution and so on. All together there are some nineteen modules.

These modules are highly integrated in real-time, which means, that if information is shared between modules then the data is entered only once. This reduces the chances of error arising from repetitive entry and also reduces the man-hours. Managers and decision makers always have information at their fingertips and this helps then in effective decision making.

SAP has been around for over three decades. Nine out of ten Fortune-500 companies have already implemented SAP (not counting the thousands of to-be Fortune-500 companies that have SAP). There are well over 10 million SAP users worldwide and jobs keep popping up all around the world.

SAP is the leading ERP (Enterprise Resource Planning) software. Because of it's liberal open-architecture, there are millions of programmers working around the world to provide interaction between thousands of major software and SAP.

SAP is usually implemented in phases. The first phase is when organizational structure and accounting components are configured, tested and then taken live. Gradually more modules are turned on.

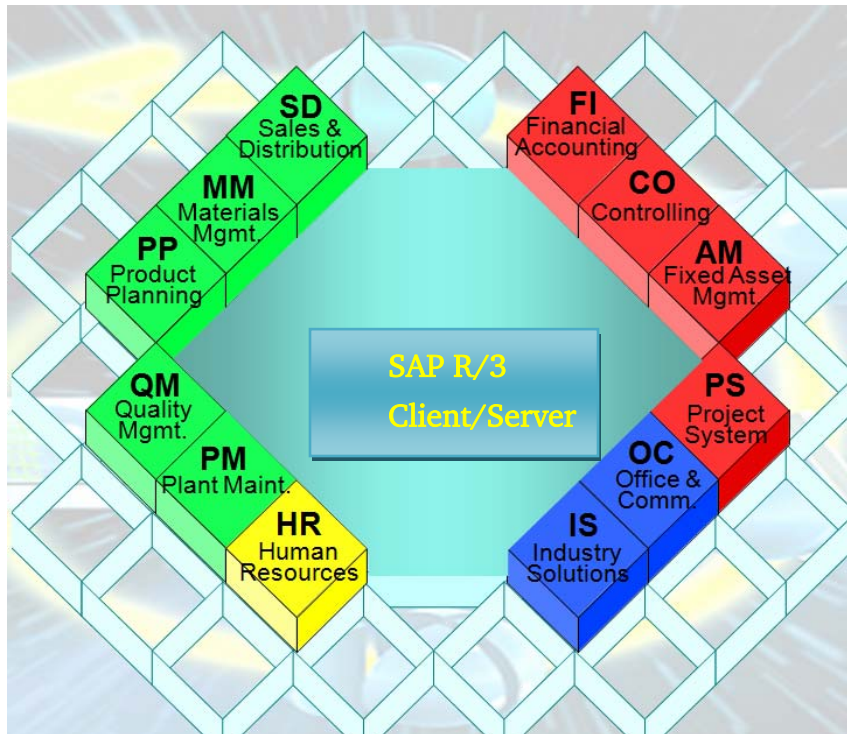
SAP applications, built around their latest R/3 system, provide the capability to manage financial, asset, and cost accounting, production operations and materials, personnel, plants, and archived documents. The R/3 system runs on a number of platforms including Windows 2000 and uses the client/server model. The latest version of R/3 includes a comprehensive Internet-enabled package.

The R/3 architecture is comprised of application and database servers. The application servers house the software and the database servers handle document updates and master file databases. The system can support an unlimited number of servers and a variety of hardware configurations.

SAP R/3 is based on various hardware and software architectures, running on most types of UNIX, on Windows NT and OS/400.

SAP R/3 runs on several databases Oracle, Adabas D, Informix, DB2 for UNIX, DB2/400, Microsoft's SQL Server 6.0.

2. SAP R/3



SAP R/3 is the former name of the main enterprise resource planning software produced by SAP AG. It is an enterprise-wide information system designed to coordinate all the resources, information, and activities needed to complete business processes.

SAP R/3 was arranged into distinct functional modules, covering the typical functions in place in an organization. The most widely used modules were Financials and Controlling (FICO), Human Resources (HR), Materials Management (MM), Sales & Distribution (SD), and Production Planning (PP).

Each module handled specific business tasks on its own, but was linked to the others where applicable. For instance, an invoice from the billing transaction of Sales & Distribution would pass through to accounting, where it will appear in accounts receivable and cost of goods sold.

SAP based the architecture of R/3 on a three-tier client/server model.

1. **Presentation Server:** The presentation server is actually a program named `sapgui.exe`. It is usually installed on a user's workstation. To start it, the user double-clicks on an icon on the desktop or chooses a menu path. When started, the presentation server displays the R/3 menus within a window. This window is commonly known as the SAPGUI, or the user interface (or simply, the interface). The interface accepts input from the user in the form of keystrokes, mouse-clicks, and function keys, and sends these requests to the application server to be processed. The application server sends the results back to the SAPGUI which then formats the output for display to the user.

2. **Application Server:** An application server is a set of executables that collectively interpret the ABAP/4 programs and manage the input and output for them. When an application server is started, these executables all start at the same time. When an application server is stopped, they all shut down together. The number of processes that start up when you bring up the application server is defined in a single configuration file called the application server profile.
3. **Database Server :** A **database server** is a computer program that provides database services to other computer programs or computers, as defined by the client-server model.

3. Overview of Financial Accounting: Financial Accounting and Controlling are some of the core functions of every enterprise. The development on the international capital markets has further raised the status of the financial sphere.

Financial accounting is the field of accountancy concerned with the preparation of financial statements for decision makers, such as stockholders, suppliers, banks, employees, government agencies, owners, and other stakeholders. The fundamental need for financial accounting is to reduce principal-agent problem by measuring and monitoring agents' performance and reporting the results to interested users.

Financial accountancy is used to prepare accounting information for people outside the organization or not involved in the day to day running of the company. Managerial accounting provides accounting information to help managers make decisions to manage the business.

Various **financial applications** offer different views of the financial position and performance of a Company and allow various control levels:

- FI Financial Accounting
- CO Controlling (Managerial accounting)
- TR Treasury
- IM Investment Management
- EC Enterprise Controlling
- RE Real Estate
- PS Project System

The FI Module comprises several sub-modules as follows:

- Accounts Receivables
- Accounts Payable
- Asset Accounting
- Bank Accounting
- Consolidation
- Funds Management
- General Ledger
- Special Purpose Ledger
- Travel Management

Accounts Receivables records all account postings generated as a result of Customer sales activity. These postings are automatically updated in the General Ledger. Accounts Receivables Module that you can monitor aging of the receivables and generate customer analysis. The Accounts Receivable Module also integrates with the General ledger, Sales and Distribution, and Cash Management Modules.

Accounts Payable records account postings generated as a result of Vendor purchasing activity. Automatic postings are generated in the General Ledger as well. Payment programs within SAP enable the payment of payable documents by check, EDI.

Asset Accounting is utilized for managing your company's Fixed Assets. SAP allows you to categorize assets and to set values for depreciation calculations in each asset class.

Bank Accounting allows for management of bank transactions in the system including cash management.

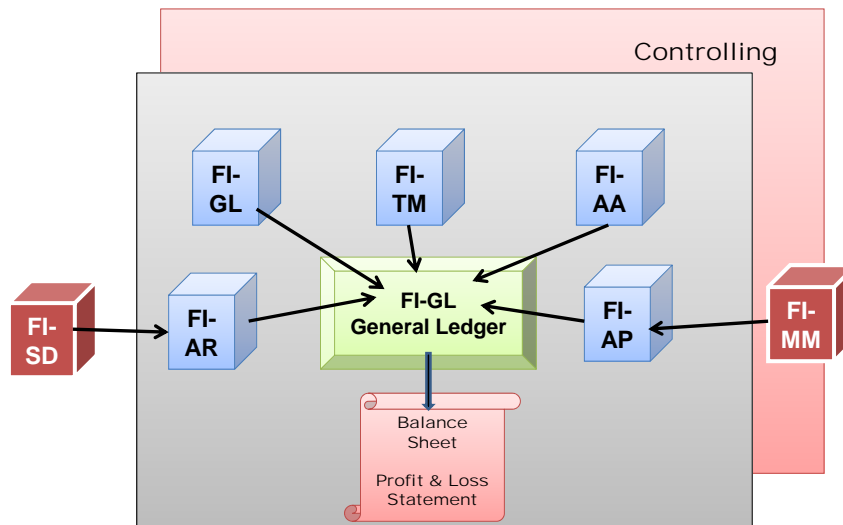
Consolidation enables the combining of financial statements for multiple entities within an organization. These statements provide an overview of the financial position of the company as a whole.

Funds Management allows management to set budgets for revenues and expenses within your company as well as track these to the area of responsibility.

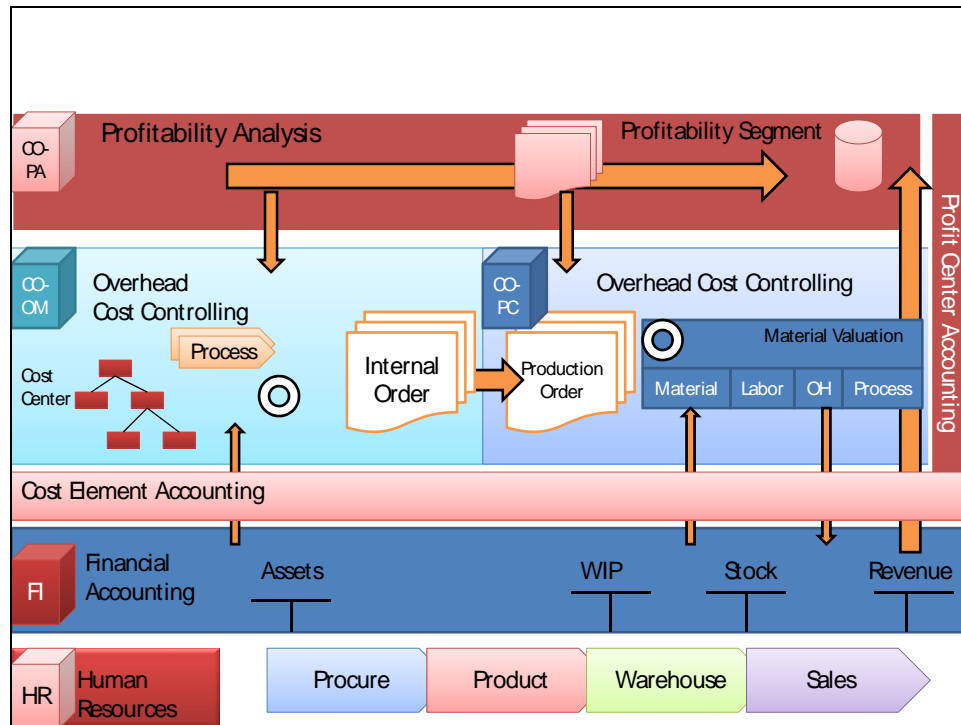
General Ledger is fully integrated with the other SAP Modules. It is within the General Ledger that all accounting postings are recorded. These postings are displayed in real-time providing up-to-date visibility of the financial accounts.

Special Purpose Ledger is used to define ledgers for reporting purposes. Data can be gathered from internal and external applications.

Travel Management provides management of all travel activities including booking trips and handling of expenses associated with travel.



4. Overview of Controlling: The R/3 application component Controlling (CO) contains all the functions necessary for effective cost and revenue controlling. CO covers all aspects of management Controlling.. It offers a broad spectrum of tools which can be used to compile information for the company management which greatly exceeds that required by law.



Some of the components of the CO(Controlling) Module are as follows:

- Cost Element Accounting
- Cost Center Accounting
- Internal Orders
- Product Cost Controlling
- Profitability Analysis
- Profit Center Accounting

Cost Element Accounting component provides information which includes the costs and revenue for an organization. These postings are automatically updated from FI (Financial Accounting) to CO (Controlling). The cost elements are the basis for cost accounting and enables the User the ability to display costs for each of the accounts that have been assigned to the cost element.

Cost Center Accounting provides information on the costs incurred by your business. Within SAP, you have the ability to assign Cost Centers to departments and /or Managers responsible for certain areas of the business as well as functional areas within your organization. Cost Centers can be created for such functional areas as Marketing, Purchasing, Human Resources, Finance, Facilities, Information Systems, Administrative Support, Legal, Shipping/Receiving, or even Quality.

Internal Orders provide a means of tracking costs of a specific job, service, or task. Internal Orders are used as a method to collect those costs and business transactions related to the task. This level of monitoring can be very detailed but allows management the ability to review Internal Order activity for better-decision making purposes.

Product Cost Controlling allows management the ability to analyze their product costs and to make decisions on the optimal price(s) to market their products. It is within this module of CO (Controlling) that planned, actual and target values are analyzed. Sub-components of the module are:

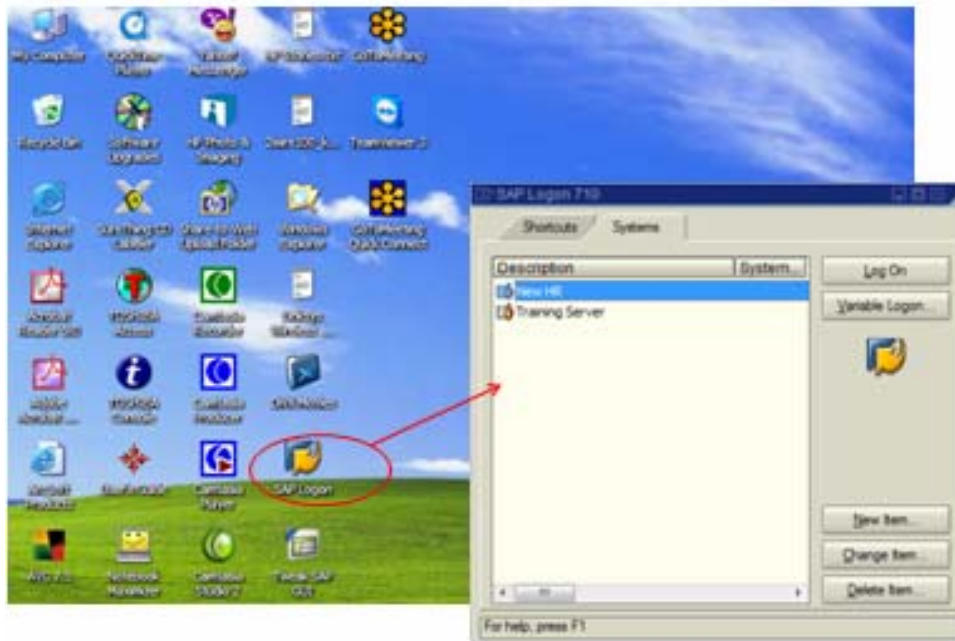
Profitability Analysis allows Management the ability to review information with respect to the company's profit or contribution margin by business segment. Profitability Analysis can be obtained by the following methods:

Account-Based Analysis which uses an account-based valuation approach. In this analysis, cost and revenue element accounts are used. These accounts can be reconciled with FI(Financial Accounting).

Cost-Based Analysis uses a costing based valuation approach as defined by the User.

Profit Center Accounting provides visibility of an organization's profit and losses by profit center. The methods which can be utilized for EC-PCA (Profit Center Accounting) are period accounting or by the cost-of-sales approach. Profit Centers can be set-up to identify product lines, divisions, geographical regions, offices, production sites or by functions

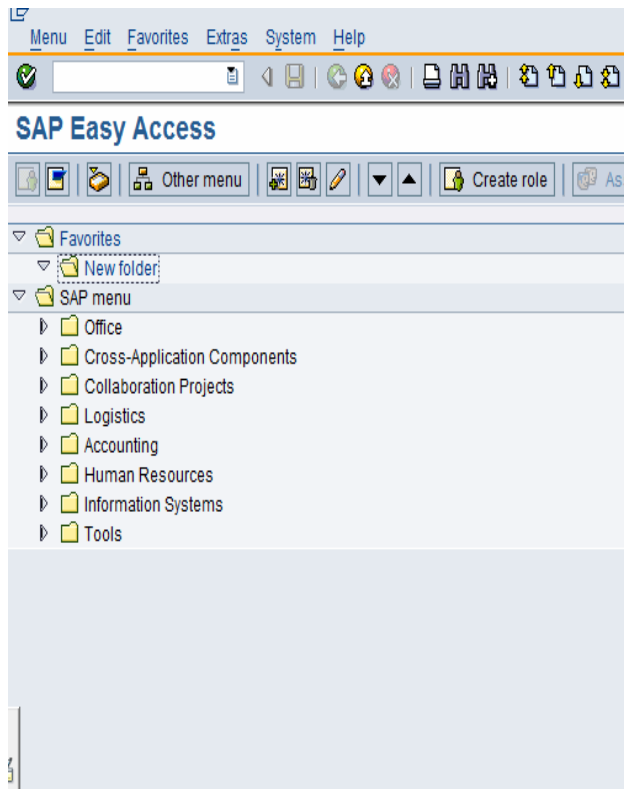
5. Log on to sap system: To Log on to SAP System, you click on SAP log on icon in your desktop.



You see SAP Logon 710 screen. When you select your system server, click on Log on.

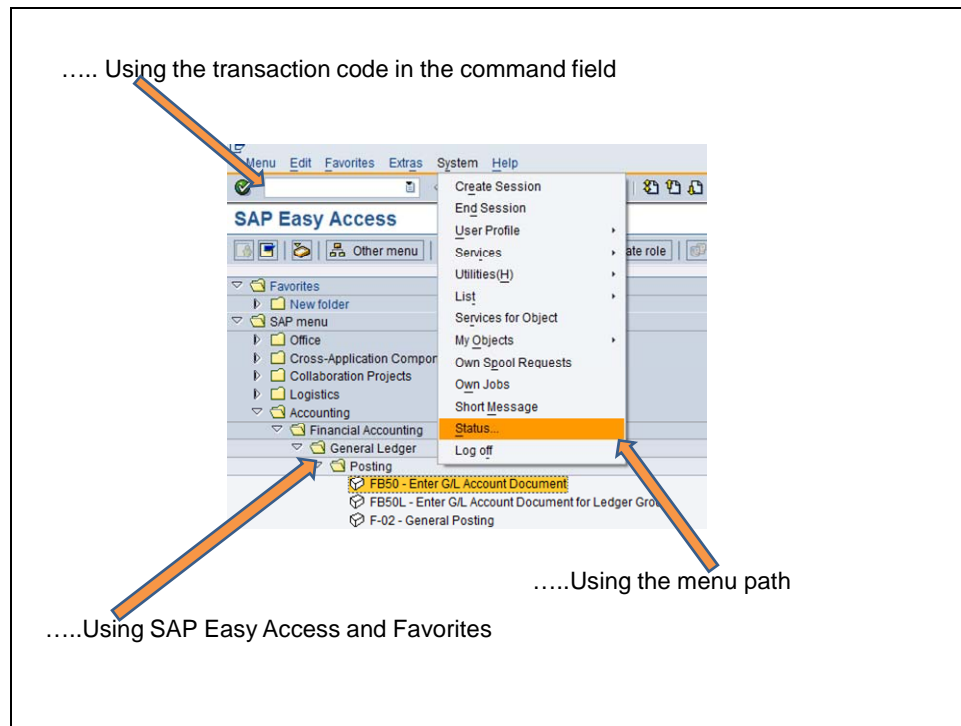
A screenshot of the SAP Logon 710 login screen. At the top, there is a menu bar with 'User', 'System', and 'Help'. Below the menu bar is a toolbar with various icons. The main area of the screen is light blue and contains the SAP logo at the top left. Below the logo, there is a section titled 'New password' with a button. Underneath, there are four input fields: 'Client' with the value '800', 'User' with a yellow background, 'Password' with a masked password '*****', and 'Language' with a dropdown menu.

In this screen you give User name and password and press enter.



The SAP Easy Access user menu appears as a tree structure on the left half of your screen immediately after you log on to an SAP system. It is the user-specific point of entry into the SAP system.

6. Transaction Code:




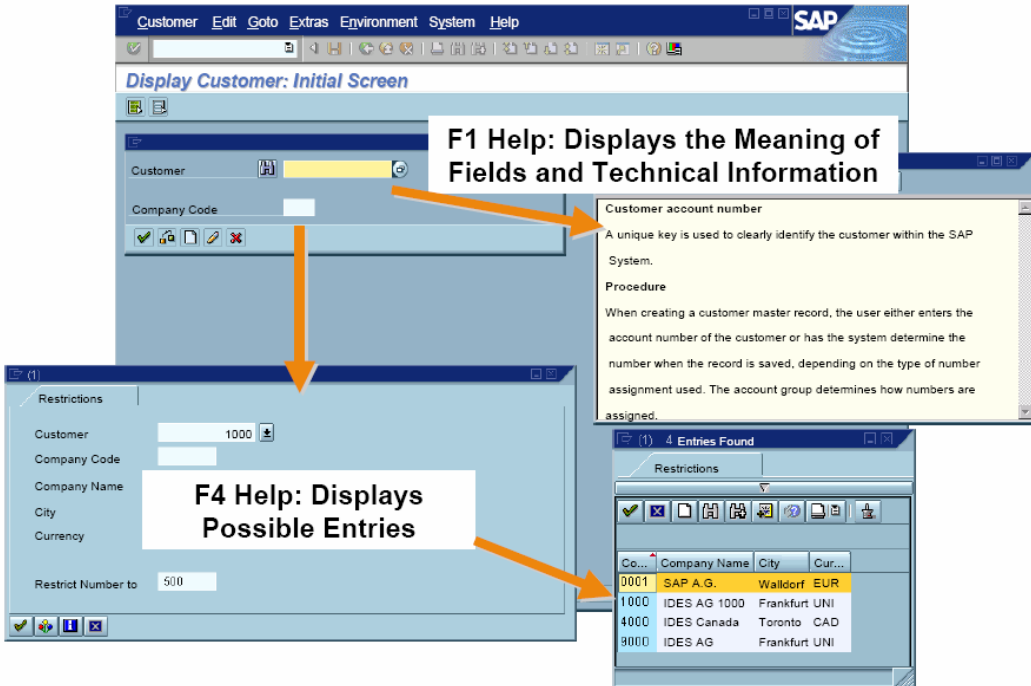
Enter a **transaction code** in the command field:

A transaction code is assigned to each function in SAP R/3 Systems. You can access the assigned transaction code from any screen in the system. For example, to display customer master data, enter /n and the appropriate transaction code (in this case /nfd03). You can find the transaction code for the function you are working in under the *Status* option of the *System* menu. Other possible entries:

- /n ends the current transaction.
- /i ends the current session.
- /oFS00 creates a new session and goes to the transaction specified (FS00).

7. F1 & F4 help:

Field Help: F1 and F4



The screenshot shows the SAP 'Display Customer: Initial Screen' with several help windows open. An orange arrow points from the 'Customer' field to the 'F1 Help: Displays the Meaning of Fields and Technical Information' window. Another orange arrow points from the 'Restrictions' section to the 'F4 Help: Displays Possible Entries' window.

F1 Help: Displays the Meaning of Fields and Technical Information

Customer account number
A unique key is used to clearly identify the customer within the SAP System.
Procedure
When creating a customer master record, the user either enters the account number of the customer or has the system determine the number when the record is saved, depending on the type of number assignment used. The account group determines how numbers are assigned.

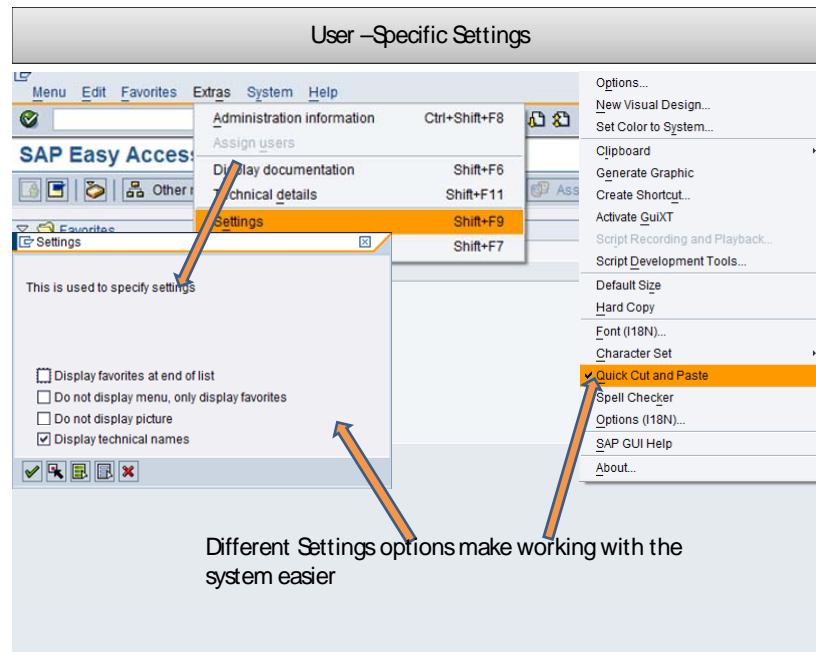
F4 Help: Displays Possible Entries

Restrictions

Co...	Company Name	City	Cur...
0001	SAP A.G.	Walldorf	EUR
1000	IDES AG 1000	Frankfurt	UNI
4000	IDES Canada	Toronto	CAD
8000	IDES AG	Frankfurt	UNI

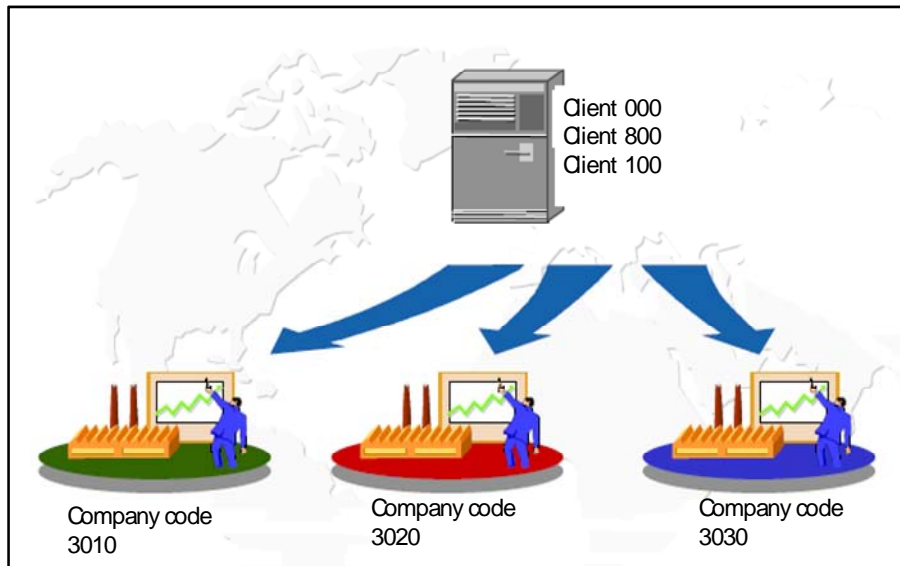
- For help on fields, menus, functions, and messages, use **F1**.
- F1 help also provides technical information on the relevant field. This includes, for example, the parameter ID, which you can use to assign values for your user to input fields, which have to refer to these parameter IDs.
- For information on what values you can enter, use **F4**. You can also access F4 help for a selected field using the button immediately to the right of that field.

8. User Specific Settings:



You can also have User-Specific Personalization settings. You can make different settings.

9. Client:



The client is the highest level in the R/3 system hierarchy. Specifications or data which shall be valid for all organizational units in all R/3 applications are entered at the client level, eliminating the need to enter this information more than once (e.g. exchange rates). Each client is a self-contained unit which has separate master records and a complete set of tables and data. Users must enter a client key and have a user master record in the client in order to log on to the system.

Main FI organizational units:

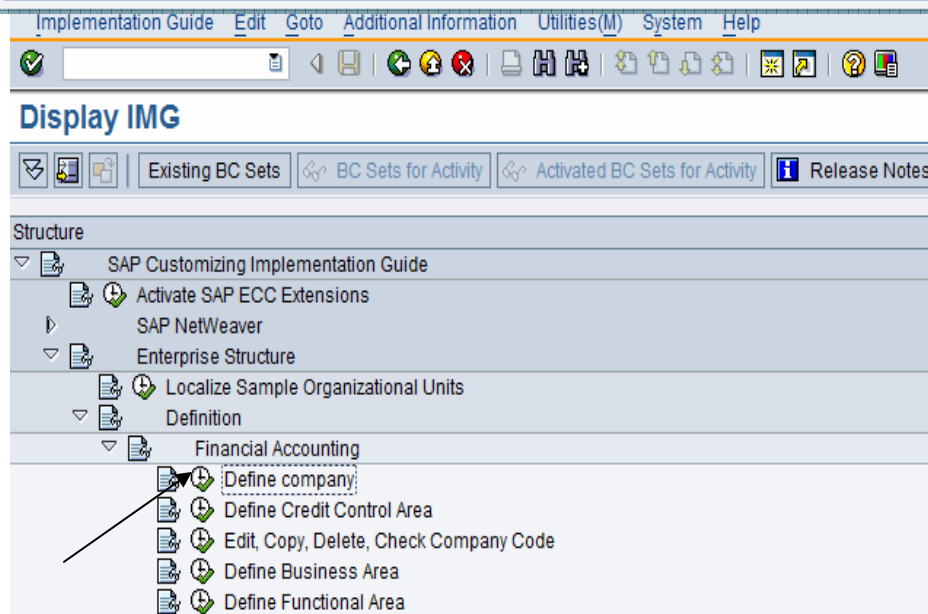
Company code: A Company Code represents an independent balancing/legal accounting entity. An example would be a company within a corporate group. Balance sheets and profit/loss statements required by law, can be created at the company code level. Therefore, a company code is the minimum structure necessary in R/3 FI.

In an international business, operations are often scattered across numerous countries. Since most government and tax authorities require the registration of a legal entity for every company, a separate company code is usually established per country.

Business area: Business areas represent separate areas of operation within an organization and can be used across company codes. They are balancing entities which are able to create their own set of financial statements for internal purposes. The use of business areas is optional.

10. Define Company: A company is generally used in the legal consolidation module to roll up financial statements of several Company-Codes. A company can consist of one or more Company-Codes. It is important to make the distinction that a Company is NOT the same as a Company-Code.

Menu Path : SAP IMG -> Enterprise Structure -> Definition -> Define Company



Click on Execute  button – Define Company.



Click on New Entries.

Table View Edit Goto Selection Utilities(M) System Help

New Entries: Details of Added Entries

Company

Company name

Name of company 2

Detailed information

Street

PO Box

Postal code

City

Country

Language Key

Currency

Give the Following information :

Company: 6 digit identification
 Company name: Name of Company
 Address:

Table View Edit Goto Selection Utilities(M) System Help

New Entries: Details of Added Entries

Company

Company name

Name of company 2

Detailed information

Street

PO Box

Postal code

City

Country

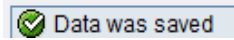
Language Key

Currency

Hit the save  button Button.

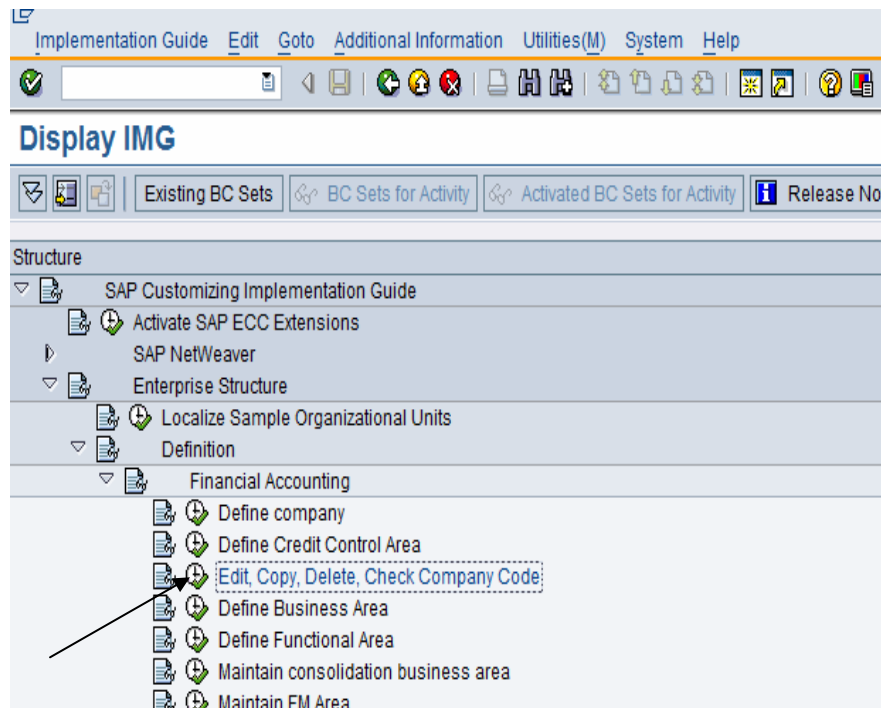


Press enter and you see the below message.



11. Define Company Code: A Company-Code is representative of a stand-alone legal entity that requires its own set of accounting records for reporting purposes. The process of external reporting involves recording all relevant transactions and generating all supporting documents for financial statements such as balance sheet and profit and loss statements.

SAP Reference IMG > Enterprise Structure > Definition > Financial Accounting > Edit copy, delete, check Company Code (double click on execute button)



Click on execute button.

