

Closing and Reporting (FI)



HELP.FIGLCR

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Icons

Icon	Meaning
	Caution
	Example
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	Recommendation
	Syntax

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Closing and Reporting (FI)

Purpose

Closing operations recur periodically and can be subdivided as follows in *Financial Accounting*:

- Day-End Closing
- Month-End Closing
- Year-End Closing

You can use the closing operations component to support the preparation and carrying out of activities required for closing. For this purpose, the system provides various standard reports that you can use to generate evaluations and analyses directly from the posted account balance. The system supports the following closing operations:

- Periodic accrual and deferral of expenditure and revenue
- Creating the financial statements
- Documenting the posting data

Integration

To carry out closing operations in *General Ledger Accounting*, you must first carry out the closing operations in the subledgers that you use. These include, for example:

- Accounts Receivable and Accounts Payable
- Materials Management
- Asset Accounting
- Payroll

Features

Under certain circumstances, you can produce simplified consolidated financial statements in *Financial Accounting*. However, to create standard, extensive consolidated financial statements, you must implement the *Consolidation (SEM-BCS or EC-CS)* components.

Day-End Closing

Day-End Closing

Definition

Day-end closing includes all activities required at the end of the day to check that business transactions posted have been correctly processed.

No additional postings are required for day-end closing.

Use

You can use the following valuations for day-end closing:

- Correspondence with business partners
- Document journal

To monitor the updating of data in the database, you should generate a list of all the terminated updates each day. For more information, see [Documenting Posting Data \[Page 112\]](#).

Integration

For more information on database back-up, see the *System Administration* documentation (in the SAP Library under *Basis components*), and the documentation for your database.

Month-End Closing

Definition

Month-end closing comprises all activities involved in closing a posting period.

Use

You can carry out the following activities as part of month-end closing:

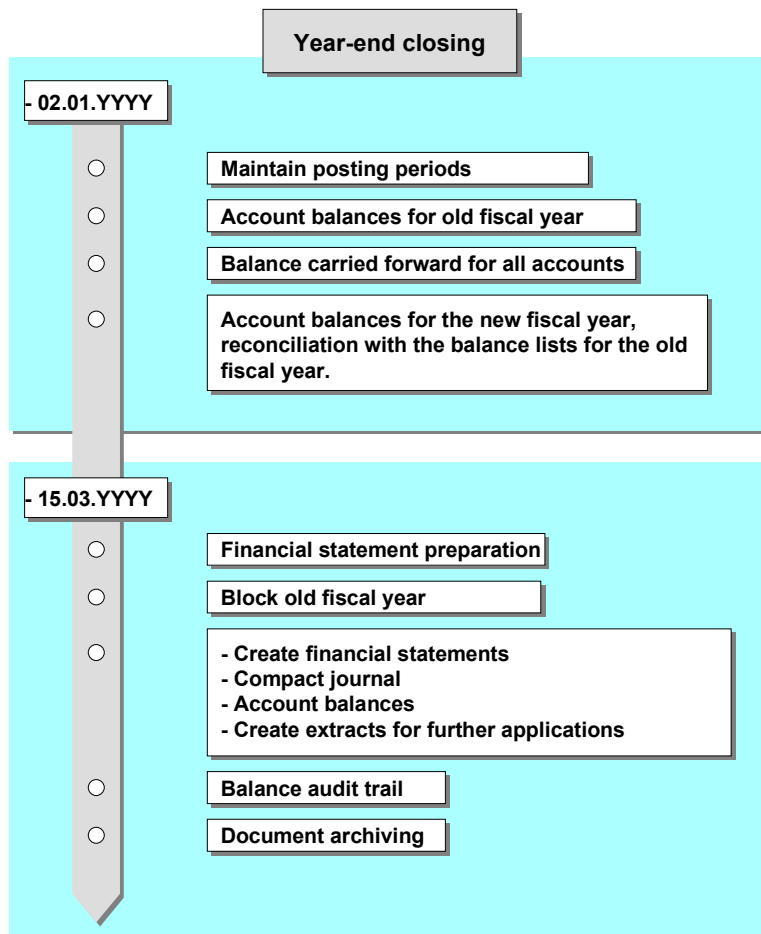
- Open and close posting periods
 - You close one or more posting periods in the past for posting, and permit posting to be made to one or more current or future posting periods. See [Fiscal Year \[Page 16\]](#)
- Create [external reports \[Page 129\]](#)
 - You can use report programs to create the following reports, for example:
 - Financial statements
 - Advance return for tax on sales and purchases
 - Report required by German Foreign Trade Regulations
- [Document the posting data \[Page 112\]](#)
 - This includes the following reports:
 - Compact journal
 - Balance audit trail
 - Accounting reconciliation
 - Account balances
 - Open item list
- Carry out internal evaluations, such as extracts for downstream applications
- Reorganize and archive documents
 - Periodically, you should archive documents no longer needed in the online system. How often you do this (for example, monthly or less frequently) will depend on the volume of data in your system. For more information, see [Archiving FI Documents \(FI-GL, FI-AR, FI-AP\) \[Ext.\]](#)

Year-End Closing

Year-End Closing

Year-end closing is split into two phases:

- At the beginning of the new fiscal year, you open the new posting periods and carry forward the balances from the previous year.
- You then prepare and create the financial statements, document the business transactions using the balance audit trail, and archive those documents you no longer need online.



The first posting in the new fiscal year automatically opens that fiscal year. You must however have opened the relevant posting period first.

The SAP System offers a range of reports with which you can carry forward balances into the new fiscal year. During this process the profit and loss accounts are carried forward to one or more retained earnings accounts. The balances on the balance sheet accounts are simply carried forward into the new fiscal year. You do not have to create special opening financial statements.

Any postings you make in the old fiscal year automatically adjust the relevant carry-forward balance. You **do not** have to close the old fiscal year and make the closing postings before opening the new fiscal year. For more information, see [Fiscal Year \[Page 16\]](#)

Year-End Closing

As with month-end closing, you can create all the external reports required, document the posting data, and carry out the internal evaluations.

Notes on Programs

Notes on Programs

Most programs require no preparation, particularly where the program serves only to document the posting data.

You can, however, create variants for the programs. Variants summarize selection criteria frequently used in programs. By using the variants, you do not have to reenter the criteria individually each time.

You do have to make special preparations, however, if the programs are to carry out postings or create reports which go beyond a basic list. In this case, you must store the information required by these programs in the system. This might include the numbers of the accounts to be posted to, or the forms and addresses required for the balance confirmations.

You make these preparations for the program from the *Financial Accounting Implementation Guide (General Ledger Accounting, Accounts Receivable and Accounts Payable)*. To do this, select the work area *Closing*.

Starting Programs

Use

You can find the relevant programs for closing and reporting in the accounting menus *General Ledger, Accounts Receivable and Accounts Payable* under *Information system → Reports for General Ledger/Accounts Receivable/Accounts Payable*.

You can run the programs in the background, usually online. Background processing allows you to start the programs by themselves, or even on separate computers, to avoid affecting online performance. Once you have started a background session, you cannot interrupt it until it is finished. Background processing is always useful when you are evaluating large volumes of data. For example, to create the document journal or the advance return for tax on sales and purchases, since these programs evaluate the document position.

For more information on starting programs, see the *SAP Library* under *Getting Started with the SAP System → Reports*.

Activities

When processing data in the background, you should note the following:

- To be able to start the program in the background, you need a selection variant.
- When you select a program, the system displays the initial screen. To select a variant for background processing, choose *Goto → Variants → Get*. You start the program by selecting *Program → Execute in background*.
- You can start a background session immediately, or set a date and time for it to start automatically. Processing the background session while you are still working on the data online will have a negative effect on performance. It therefore makes more sense to plan the start of the background session to avoid a clash with online processing. To do this, select the report via one of the *Financial Accounting* menus. Then select *System → Services → Reporting*. You can schedule the start of the program by selecting *Program → Background jobs*.
- Sensible choice of selection criteria allows you to target more exactly the data to be analyzed and helps improve the performance of your system.

Printing Lists**Printing Lists**

You can print lists that you generate for several company codes on separate printers, using list separation. You define the various printers for the individual company codes within the *Financial Accounting* configuration menu.

To set list separation, select the activity *Make list separation settings* in the *Basis Implementation Guide*.

Calling Up Program Documentation

The following sections describe the individual programs only very briefly. For more information, see the program documentation. This is available online. You can access it as follows:

1. Select the program you require from the appropriate financial accounting menu.
The system displays the initial screen.
2. On the initial screen, select *Help* → *Application help*.
The system displays the program documentation.

The program documentation lists any prerequisites to be fulfilled before you can run the program. From here, you can branch directly to the *Financial Accounting* Implementation Guide to check or fulfil the prerequisites.

Fiscal Year

Fiscal Year

Definition

Usually a period of twelve months for which a company regularly creates financial statements and checks inventories.

The fiscal year may correspond exactly to the calendar year, but this is not obligatory.

Under certain circumstances a fiscal year may be less than twelve months (shortened fiscal year).

Structure

A fiscal year is divided into **posting periods**. Each posting period is defined by a start and a finish date. Before you can post documents, you must define posting periods, which in turn define the fiscal year.

In addition to the posting periods, you can also define **special periods** for year-end closing.

In *General Ledger Accounting*, a fiscal year can have a maximum of twelve posting periods and four special periods. You can define up to 366 posting periods in the [Special Purpose Ledger \[Ext.\]](#).

Use

In order to assign business transactions to different time periods, you must define a fiscal year with posting periods. Defining the fiscal year is **obligatory**.

You define your fiscal year as fiscal year variants which you then assign to your company code. One fiscal year variant can be used by several company codes.

You have the following options for defining fiscal year variants:

- Fiscal year same as calendar year
- Fiscal year differs from calendar year (non-calendar fiscal year). The posting periods can also be different to the calendar months.

You define your fiscal year variants in Customizing for *Financial Accounting* as follows: *Financial Accounting Global Settings* → *Fiscal Year* → [Maintain Fiscal Year Variant \(Maintain Shortened Fiscal Year\) \[Ext.\]](#)

Integration

When you enter a posting, the system automatically determines the posting period. For more information, see [Determining Posting Periods During Posting \[Page 23\]](#)

In the general ledger, the system saves the transaction figures for all accounts for each posting period and each special period separately according to debits and credits. In the *Special Purpose Ledger* component (FI-SL), you can save the transaction figures as a balance.

Fiscal Year and Calendar Year

Fiscal Year and Calendar Year

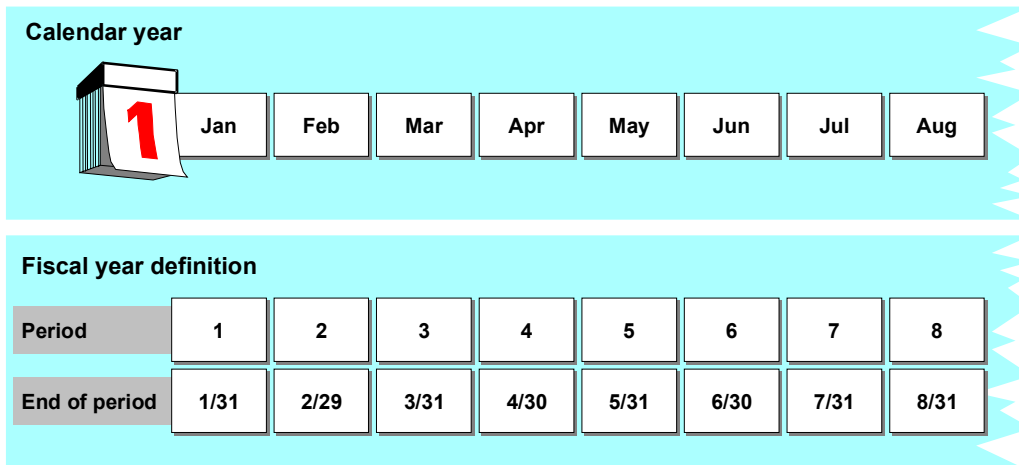
You have the following options for defining your fiscal year variants in relation to the calendar year:

- Fiscal year same as calendar year
- Fiscal year differs from calendar year (non-calendar fiscal year). The posting periods can also be different to the calendar months.
- Your fiscal year is year-dependent. This means that the fiscal year only applies to a specific calendar year.

Fiscal Year Same as Calendar Year

If your fiscal year is the same as the calendar year, the following specifications apply:

- The fiscal year begins on January 1.
- Twelve posting periods are available.
- The periods correspond to calendar months. You do not have to define the individual periods. The system automatically uses the calendar months.



Non-Calendar Fiscal Year

If your fiscal year differs from the calendar year, you must specify:

- How many posting periods you require
- How the system should determine the posting period and fiscal year from the posting date during posting:

Posting Periods

To enable the system to determine the posting period, specify month and day limits for the end of each period.

Fiscal Year and Calendar Year

Enter **29** as the day limit for **February**. This ensures that the system can also determine the posting period correctly in a leap year. If you enter 28 as the day limit for February, transaction figures posted on 29 February will be updated in the next period. If the next period is not open, the system issues an error message.

Fiscal Year

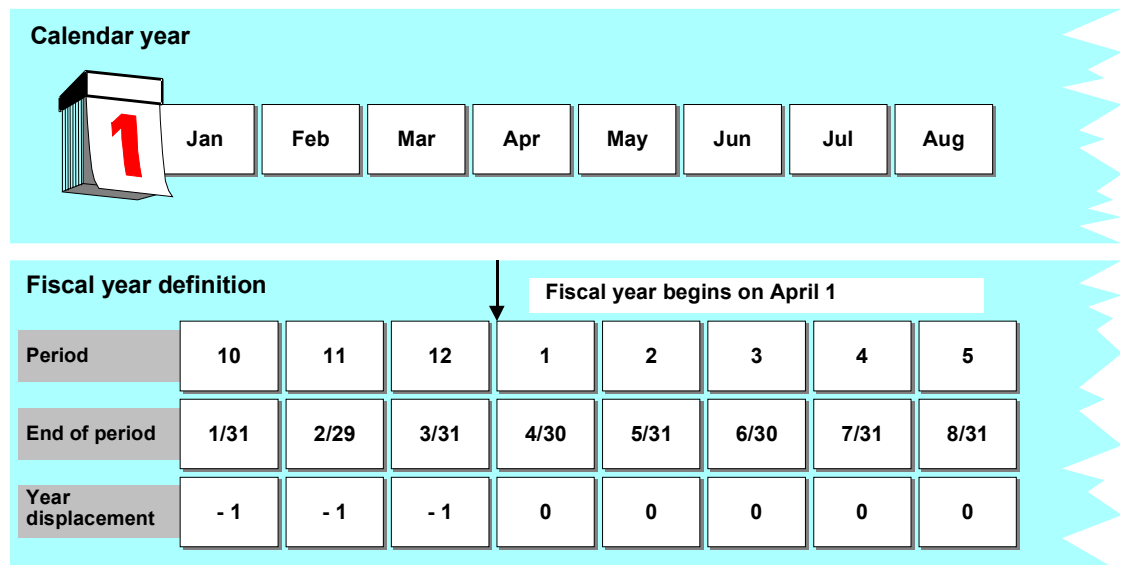
Since your fiscal year is not the same as the calendar year, you have to specify the year displacement for each posting period. You can use the entries **-1**, **0**, and **+1** for this.



In the illustration that follows, your fiscal year begins on April 1 and ends on March 31. The period limits correspond to the beginning and end of the calendar months.

Since the fiscal year does not correspond to the calendar year, you specify how the fiscal year is to be determined by entering the year displacement. If you post with a posting date of 02/03/99, the system uses your definition of the fiscal year variant to determine that posting period 11 is in fiscal year 1998.

Fiscal Year and Calendar Year



Posting Periods Do Not Correspond To Calendar Months

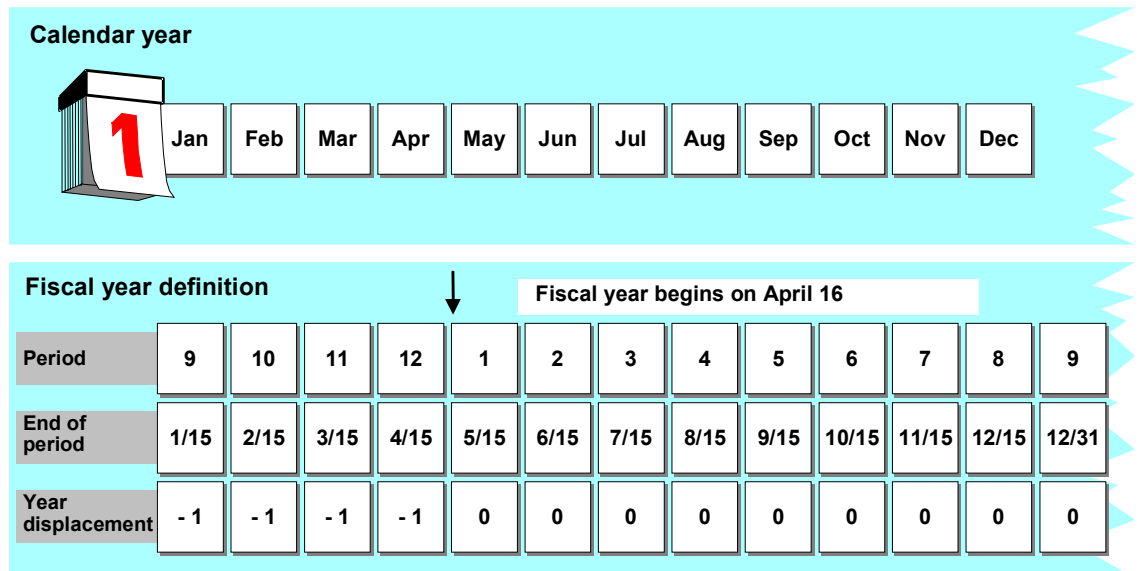
If you are using a non-calendar fiscal year, and your posting periods do not correspond to the calendar months, define the difference by specifying the day of the period end.



Your fiscal year begins on April 16 and ends on April 15. The start and end of your posting periods do not correspond to the start and end of a calendar month.



You must split the period 12/16 to 01/15 in two posting periods, since you require different specifications for the year displacement. This means that for posting period 9, you have to define two posting periods (with year displacements 0 and -1).



In the example given, the system would determine the following posting periods and fiscal years from the posting dates given:

Posting Date	Year Displacement	Period	Fiscal Year
20.12.1998	0	9	1998
13.01.1999	-1	9	1998

Year-Dependent Fiscal Year Variants

You can define a year-dependent fiscal year variant. This is a fiscal year variant that only applies to a specific calendar year.

Fiscal Year and Calendar Year

To do this, select the field *Year-dependent* when you define your fiscal year variants. You then have to enter the period ends, defined by month and day limits, for each calendar year.

In this case, the year displacement specifications refer to the calendar year for which you have defined posting periods. The year is displayed when you maintain the period ends.

Shortened Fiscal Year

Definition

Fiscal year that contains less than twelve months.

A shortened fiscal year could be necessary in the following cases, for example:

- Establishment of a company
- Changeover from a calendar year to a non-calendar fiscal year, or vice versa.

Use

When you define a shortened fiscal year, you have to make the following specifications:

- A shortened fiscal year must always be defined as year-dependent, since it can only apply to a specific year and must be followed by a complete fiscal year.
- You define a shortened fiscal year and the following or previous complete fiscal year in **one** fiscal year variant.

You define a shortened fiscal year in Customizing for *Financial Accounting* as follows: *Financial Accounting Global Settings* → *Fiscal Year* → [Maintain Fiscal Year Variant \(Maintain Shortened Fiscal Year\) \[Ext.\]](#)

Integration

The options available for defining a shortened fiscal year depend on whether you are using *Financial Accounting* with or without *Asset Accounting*.

- If you are using *Financial Accounting* **without** *Asset Accounting*, each fiscal year can start with any period.
- If you use *Financial Accounting* **with** *Asset Accounting*, each fiscal year must start with period 001, so that the depreciation can be calculated correctly.

For more information, see the *Asset Accounting* documentation under [Shortened Fiscal Years \[Ext.\]](#)

Special Periods

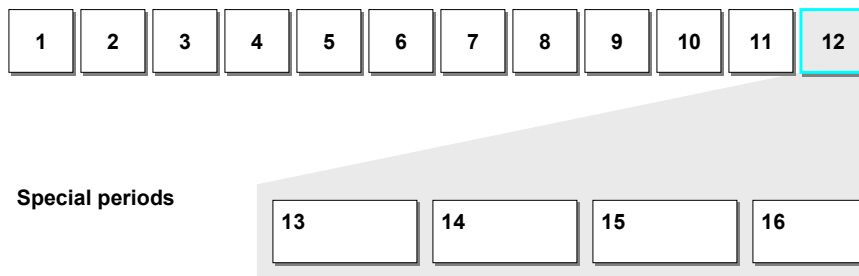
Special Periods

Definition

Special posting periods that subdivide the last regular posting period for closing operations.

Use

Irrespective of how you have defined your fiscal year, you can also use special periods. Special periods subdivide the year-end closing period. They therefore merely divide the last posting period into several closing periods. This enables you to create several supplementary financial statements.



A fiscal year usually has 12 posting periods. In *General Ledger Accounting*, you can define up to four special periods.



If you do not need 12 posting periods, you can use the posting periods that are not required as special periods. If you use these additional closing periods, you must specify the number you require in the field *No. special periods*, when defining the fiscal year variants. You cannot exceed a maximum of 16 periods.

Integration

When posting to special periods, you must take the following into consideration:

- The posting date must fall within the last regular posting period.
- You have to enter the special periods in the document header in the *Period* field, since the special periods cannot be determined automatically by the system.

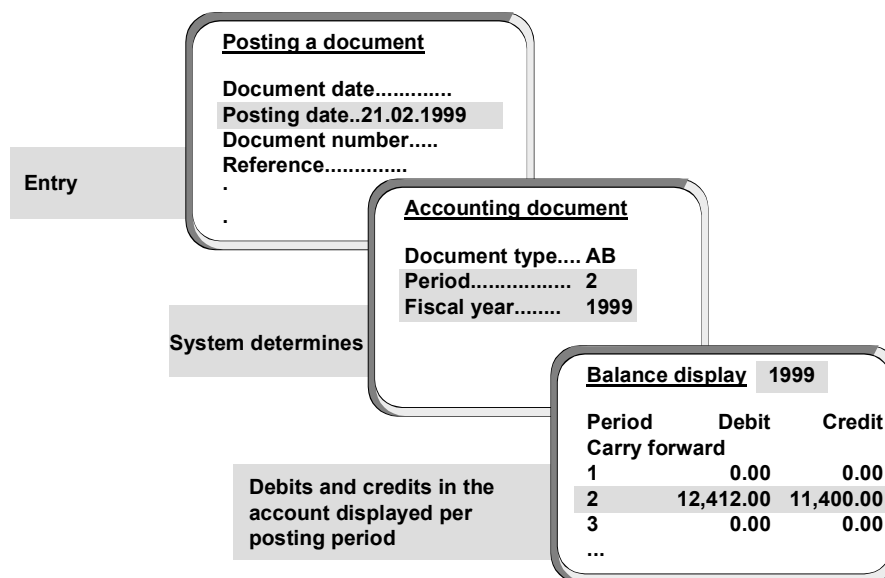
Determining Posting Periods During Posting

Use

When you record a document, you enter the posting date. When you post the document, the system uses the posting date specified to automatically determine the posting period. The posting period consists of a month and a fiscal year.

These are both displayed in the document overview. The posting period determined is entered in the document and the transaction figures for this period are updated.

If you want to display the balance of an account, the transaction figures are displayed separately according to posting periods. This process is illustrated below:



Integration

If you use the *Special Purpose Ledger*, you can define different posting periods per ledger. Only the posting period defined for the general ledger is stored in the document.

Prerequisites

In order for the system to determine posting periods, you must fulfil the following prerequisites:

- Define your fiscal year. For more information, see [Fiscal Year and Calendar Year \[Page 18\]](#).
- The periods in which you want to post must be open. For more information, see [Opening and Closing Posting Periods \[Page 25\]](#)

Features

For postings to the previous fiscal year, the system carries out the following adjustments:

- For **balance sheet accounts**, the system adjusts the carry forward balance of the accounts concerned in the current fiscal year.

Determining Posting Periods During Posting

- For **profit and loss accounts**, the profit or loss carried forward to the retained earnings account is adjusted.

Opening and Closing Posting Periods

Use

You define posting periods in your fiscal year variants. You can open and close these posting periods for posting. As many periods as you require can be open for posting simultaneously.

Usually, only the current posting period is open for posting, all other posting periods are closed. At the end of this posting period, the period is closed, and the next posting period is opened.

Special periods can be open for closing postings during the period-end closing.

Features

You have the following options for opening and closing posting periods.

- **Posting Period Variants**

You can specify which company codes are open for posting in a posting period variant. Posting period variants are cross-company code and you have to assign them to your company codes. The posting periods are then opened and closed simultaneously for all company codes via the posting period variants.

Working with posting period variants is recommended if you are responsible for a large number of company codes. Since you only have to open and close the posting period once for the variant, your work is considerably reduced.

- **Account Type**

You can differentiate the opening and closing of posting periods by account type. This means that for a specific posting period, postings can be permitted to customer accounts, but not to vendor accounts.



For each posting period that should be open, you must always specify at least account type + (valid for all account types). You can exercise more detailed control by specifying further account types.

Using the minimum entry, when you enter the posting date in the document header, the system checks whether the posting period determined in the posting period variant can be posted to. As soon as you then enter an account number, in a second step, the system checks whether the posting period is permitted for the account specified.

- **Account Interval**

You can differentiate the opening and closing of posting periods by account intervals. This means that you only open a posting period for posting to a specific account.

Account intervals always apply to G/L accounts. If you want to open subledger accounts, you have to enter the corresponding reconciliation account and the account type.



During the closing operations, you can, for example, use the reconciliation accounts to close customer and vendor accounts **before** G/L accounts. This allows you to

Opening and Closing Posting Periods

prevent further postings to these accounts after you have confirmed the balances with your customers and vendors. Balance confirmation is one of the prerequisites for further closing operations.

- **User**

You can open and close posting periods only for specific users. To do this, enter an authorization group at document header level.



This authorization group is effective only in time period **1** and prevents users who do **not** have the appropriate authorization for the authorization object F_BKPF_BUP (accounting document: Authorization for posting periods) from posting in periods which are only open for time period **1**.

For more information on assigning authorizations, see the Implementation Guide for *Financial Accounting* under *Financial Accounting Global Settings* → *Maintain Authorizations*.

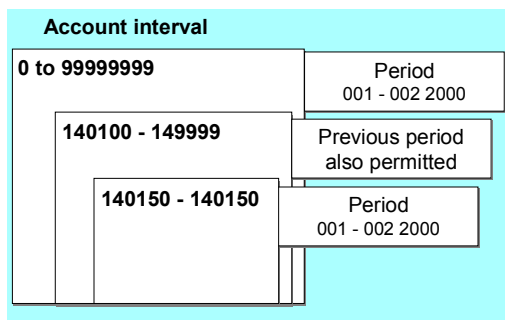
Activities

You make the settings for opening and closing posting periods in Customizing for *Financial Accounting* under *Financial Accounting Global Settings* → *Document* → [Posting Periods \[Ext.\]](#)

Opening and Closing Posting Periods: Example

You want to limit posting to G/L accounts (with a few exceptions) to the current and subsequent period only. The same applies to your customer and vendor accounts. Certain G/L accounts (140100 to 149999), which you need for preparing the financial statements, are to be permitted for the previous period also. Account number 140150, however, is to be excluded from this interval (140100 to 149999). The current period is 01/2000.

You can define the posting periods for these accounts by specifying account intervals. First open all your G/L accounts for posting in the current period and the subsequent period only. You then define your exceptions. by opening accounts 140100 to 149999 for posting in the previous period as well. Enter accounts to be excluded from the interval separately.



You can do this by making the entries shown below.

VAR	A	From acct	To acct	From per.	To per.	From per.	To per.	
0001	+	—	—	0121999	0121999	0012000	0022000	1
0001	D	—	9999999999			0012000	0022000	5
0001	K	—	9999999999			0012000	0022000	
0001	S	140150	00140150			0012000	0022000	4
0001	S	140100	00149999	0121999	0121999	0012000	0022000	3
0001	S	—	99999999			0012000	0022000	2

1. Specify the minimum entry + to open the periods you need for all your accounts.
2. Open the current period and the following period for all your G/L accounts by entering an account number interval containing all account numbers.
3. For the interval 140100 to 149999, specify the current, the following **and** the previous period.
4. For account 140150, specify only the current and the following period.
5. For your customer and vendor accounts, use the reconciliation accounts to specify the permitted posting periods. To do this, enter the account type in the column headed **A**. Then specify the permitted posting periods for the desired account number interval.



Opening and Closing Posting Periods: Example

For account types **D** and **K**, you specify the numbers of the reconciliation accounts rather than those of the customer and vendor accounts themselves. This entry determines the posting periods permitted for the sub-ledger accounts.

Opening New Fiscal Years

Use

The new fiscal year is automatically opened when you make your first posting in the new fiscal year or once the [balance carried forward program \[Page 30\]](#) has been run. You do **not** have to close the old fiscal year before you can post data in the new one. You therefore do not need to create closing or opening financial statements.

Prerequisites

The prerequisites for posting to a new fiscal year are as follows:

- If you are using a fiscal year variant which is year-specific, you first have to create a variant for this fiscal year and assign it to the relevant company code. See [Fiscal Year and Calendar Year \[Page 18\]](#)
- If you have also defined **year-dependent document number assignment**, you must have already set up the document number ranges for the new fiscal year. For more information, see [Document Number Assignment \[Ext.\]](#)
- The relevant **posting periods** must be open in the new fiscal year. See [Opening and Closing Posting Periods \[Page 25\]](#)

Carrying Forward Balances

Carrying Forward Balances

Use

This process involves carrying forward account balances into the new fiscal year. The balance to be carried forward is shown in the account balance display. To carry forward balances, you can use separate programs for G/L accounts, and for customer and vendor accounts.



You therefore do not even have to carry out the balance carry forward manually if you have already posted to the new fiscal year.

The balance carry forward is executed as follows:

Balance Sheet and Customer and Vendor Accounts

- The balances on the balance sheet accounts are simply carried forward into the new fiscal year.
- Additional account assignments are transferred.

Profit and Loss Accounts

- Profit and loss accounts are carried forward to retained earnings accounts. The balances of the profit and loss accounts are set to 0.
- Additional account assignments are **not** transferred.
- Transaction currencies are no longer applicable and the profit and loss accounts are summarized in local currency.

Prerequisites

- **Balance Sheet and Customer and Vendor Accounts**

There are no prerequisites for carrying forward balance sheet and customer and vendor accounts.

- **Profit and Loss Accounts**

The following prerequisites must be fulfilled for profit and loss accounts:

- Specify a profit and loss account type in the master record of every profit and loss account. This is a key, under which you define a retained earnings account for each chart of accounts.
- You must define your retained earnings account.

You can make the setting in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Carrying Forward* → [Define Retained Earnings Account \[Ext.\]](#)

You can make the settings for the Special Purpose Ledger in Customizing for *Financial Accounting* under *Special Purpose Ledger* → *Periodic Processing* → *Balance Carry Forward* → *Retained Earnings Accounts* → *Maintain Local/Global Retained Earnings Accounts*.



Most companies use only one retained earnings account. If you use the profit and loss account type, you can use more than one retained earnings account. This might be useful for example, for international corporations that have to meet various requirements when producing the profit and loss statement. For more information, see [Special Features of Profit and Loss Statements \[Ext.\]](#)

Features

General Functions

- **Automatically Adjusting Balances Carried Forward**

When you carry forward the balances for G/L accounts at the end of a fiscal year, the system automatically adjusts the balances when you post values to the previous year. The system uses an indicator to determine whether the balances have been carried forward. Once this has been done, the balance is automatically carried forward whenever a posting is made, even when a posting is made to the previous year. It is therefore **not** necessary to execute the balance carry forward again.

- **Account Adjustment**

If, in the new fiscal year, you find that a G/L account was mistakenly set up as a P&L account in the prior year instead of as a balance sheet account (or vice versa), you should rerun the balance carry forward program after adjusting the G/L account master record so that the balance carried forward can be adjusted.

Special Features in General Ledger Accounting

- **Parallel Currencies**

If you run parallel currencies in the general ledger, and the second or third currency is the group currency, the balances are run in this group currency in ledger 00, and carried forward as part of the balance carry forward.

If you run parallel currencies in other additional general ledgers than ledger 00, you have to carry out the balance carry forward separately for the parallel general ledgers.

Special Features in the Special Purpose Ledgers

- **User-Defined Field Movements**

If you carry forward additional account assignments, such as profit center or functional area, to the new fiscal year, or you want to summarize using additional account assignments, you must assign field movements for balance sheet and profit and loss accounts to your ledger. To assign the field movements, choose the following in Customizing for *Financial Accounting: Special Purpose Ledger* → *Periodic Processing* → *Balance Carry Forward* → *Assign Field Movements*.



If you want to use a field movement for balance sheet accounts, your field movement **must** contain the dimension *Account*. However, the field movement for profit and loss accounts must **not** contain the dimension *Account* (except for when you want to change the account using a user exit).

- **Secondary Cost Elements**

Carrying Forward Balances

In the standard system, the program only carries forward G/L accounts from *Financial Accounting*. If you also want to carry forward secondary cost elements in your ledger, you do this with a user exit (transaction SMOD/CMOD, enhancement GVTRS001).

Activities

You run the balance carry forward program as follows:

- **G/L Accounts**

From the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger* → *Periodic processing* → *Closing* → *Carry forward* → *Balance carry forward*.

- **Customer and Vendor Accounts**

From the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *Accounts receivable/Accounts payable* → *Periodic processing* → *Closing* → *Carry forward* → *Balances*.



You can only carry forward balances in *Accounts Receivable* or *Accounts Payable* for individual accounts. In *General Ledger Accounting*, however, you have to carry forward balances for all G/L accounts.

- **Special Purpose Ledger**

From the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *Special purpose ledger* → *Periodic processing* → *Balance carry forward*.

Financial Statement Versions

Definition

Hierarchical arrangement of G/L accounts.

The accounts can be arranged in accordance with the legal regulations used to generate your financial statements. Alternatively, you can arrange the accounts in accordance with your requirements.

Use

You need a financial statement version for the following functions:

- To create and print financial statements
- To run various reports, such as a structured list of account balances
- As a basis for planning in *General Ledger Accounting*

You can define several different financial statement versions. This may be necessary if you want to generate the financial statements using different formats.

The standard system is delivered with predefined financial statement versions. You can copy these or modify them for your own versions.



If you want to create financial statements for ledgers of the [Special Purpose Ledger \[Ext.\]](#), define the version using the set method. You can use the Report Writer for printing. For more information, see the *Special Purpose Ledger* documentation.

Special Financial Statement Items

Special Financial Statement Items

In a financial statement version there are certain items that are of special significance in the financial statement program and the general ledger information system.

If you are creating a new version, the system automatically creates a separate item for the following special items in the version:

- Assets
The balance calculated for the financial statement result is displayed here if it is positive.
- Liabilities
- Net result: Profit
The balance calculated for the financial statement result is displayed here if it is positive.
- Net result: Loss
The balance calculated for the financial statement result is displayed here if it is negative.
- P&L result
Here the system displays the balance of all accounts that can be assigned to an item but which are not found under assets or liabilities.
- Not assigned
Here the system displays all accounts which cannot be assigned to a particular item.

The balance sheet net result and the P&L statement result are calculated by the program that creates the financial statements. This program also lists, under the item "Not assigned", those accounts that could not be assigned to an item in the financial statement version.

The balance sheet profit or loss is determined from the assets and liabilities accounts as well as the accounts which are "Not assigned". The balance of all the other accounts produces the P&L statement result.

The program that creates the financial statement does not carry out any postings. It is restricted to calculating the balance sheet and P&L statement profit or loss and displaying this in the financial statements.

Balance-Dependent Account Display

Use

When specifying the accounts to be displayed in a balance sheet item, you can choose whether the account display is balance-dependent or not.

- If you always want to display a particular account under the same item **regardless of the balance** on that account, enter an **X** in **both** the columns marked *D* (debit) and *C* (credit).

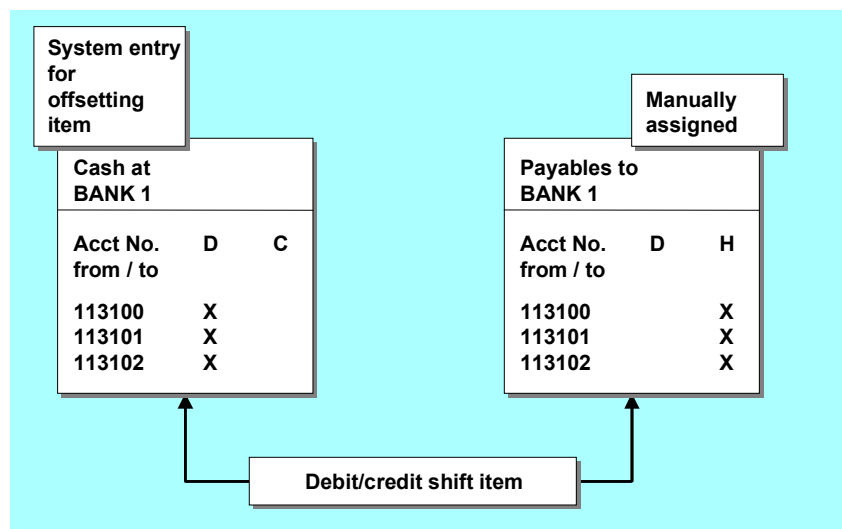


You would use this technique for the fixed asset accounts, which are always displayed under the same item in the balance sheet, irrespective of the balance on the account.

- If you want to have the account displayed under different balance sheet items **depending on whether the balance is in credit or in debit**, enter an **X** in only one of the columns for the relevant item.
- If, as a result of a change in the **total group balance**, you want to display all the accounts assigned to one particular item under a **different** item, you can [assign a debit/credit shift item](#) [Page 37] to this item. This means that the display for the group of accounts summarized in these financial statement items is dependent on whether the total balance of the accounts is in credit or in debit.



If your bank accounts show a debit balance (that is, you have money at the bank), they are to be displayed as assets under the item "Cash at Bank". However, if the accounts show a credit balance (you are overdrawn at the bank), you want them displayed as liabilities under the item "Payables to bank".



Balance-Dependent Account Display

Defining the Debit/Credit Shift

Use

You can assign an item to another item in the financial statement version as a contra item. This means that the display for the group of accounts summarized in these financial statement items is dependent on whether the total balance of the accounts is in credit or in debit.

This item you are referring to is automatically referenced back to the original item; the system enters the same account numbers as were contained in the initial item, and selects the other column for the balance.

If you do not want all the bank accounts to flow automatically into the group balance, you should create a separate item for them.



The bank account at the state central bank can only ever have a debit balance. This account should therefore always be displayed under assets, and the balance should **not** flow automatically into the total balance of all other bank accounts. You therefore create separate items, that is, one for your account at the central bank and one for the total of all your other bank accounts.

Prerequisites

The item you specify must already exist, but must not yet have any accounts assigned to it.

Procedure

To define a debit/credit shift, proceed as follows:

1. Select one of the two items.
2. Place the cursor on the other item.
3. Choose *Edit* → *Debit/credit shift* → *Define*.

A dialog box appears for you to specify which of the two items is the debit item and which is the credit item.

Result

You have defined the debit/credit shift.

To delete a debit/credit shift, select one of the two contra items and choose *Edit* → *Debit/credit shift* → *Delete*.

Defining Financial Statement Versions

Defining Financial Statement Versions

Use

In a financial statement version, you define the format for displaying your accounts. You assign your accounts hierarchically in a tree structure.

Features

The standard system is delivered with predefined financial statement versions. You can copy these or modify them for your own versions.

You can define several different financial statement versions. This may be necessary if you want to generate the financial statements using different formats:

- You can create a financial statement version for different organizational units, such as the corporate group, a company code, or a business area.
- You can create financial statement versions in different languages, for example, in the language of the country in which the company code is based or in the group language.
- You can create the financial statement version in any currency you like or according to a specific currency type. This may be necessary if you want to create consolidated financial statements for a group of company codes with different local currencies, or if you record transactions in other additional currencies in addition to the company code currency.
- You can choose between different types of financial statements, for example, opening financial statements or closing financial statements.
- You can vary the level of detail of your financial statements. For your accounting department, for example, you want to list the individual accounts with their respective balances. For senior management, you might want to summarize this information to create one set of financial statements for the whole group.

Activities

You can define your financial statement versions in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → [Define Financial Statement Versions \[Ext.\]](#).

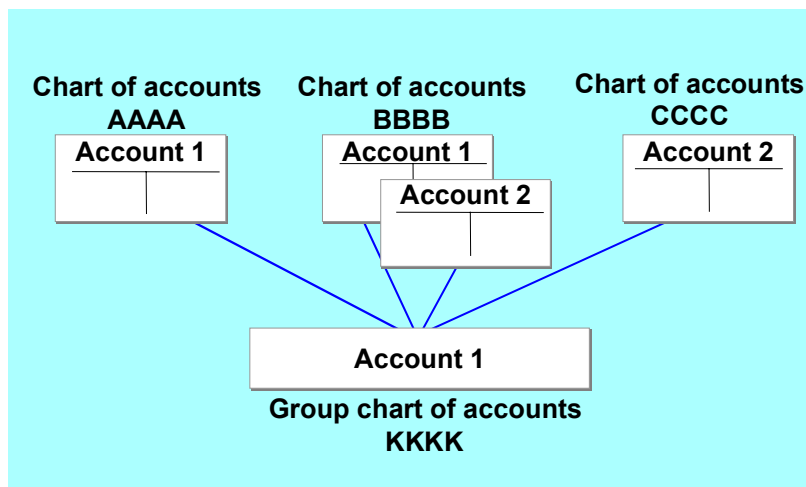
You can find detailed information for creating financial statement versions in the documentation [Creating Financial Statement Versions \[Page 45\]](#).

Financial Statement Versions with Group Account Numbers

Use

You can define a financial statement version by assigning the group account numbers to the items. This gives you the option of creating group financial statements.

The group account number allows you to group together all the accounts from different charts of accounts which are to be displayed under a certain financial statement item. Using the group account number therefore assigns a group of accounts to the same item.



Prerequisites

The following prerequisites must be fulfilled in order for you to be able to use group account numbers:

- You must define a group chart of accounts containing the required group accounts. These accounts must be created in the chart of accounts area, but not in the company code-specific area.
- In the chart of accounts index, you must enter the required group chart of accounts for each of the individual charts of accounts for which you want to define a common financial statement version.
- You enter the group account number you have selected in the master records of the G/L accounts. By using the same group account number, you group together the accounts you want to display under one particular item.

Features

When assigning the group account number, please note the following:

- Accounts of the same type may be stored under different numbers in different charts of accounts. You can group these accounts together under a single group account number.

Financial Statement Versions with Group Account Numbers

- Accounts with the same account number may actually be different types of account in different charts of accounts. You can assign these accounts to different group account numbers.

In the financial statements, the system displays the group account number.

Financial Statement Versions with Functional Areas

Use

You can define a financial statement version by assigning functional areas to the P&L items.

This gives you the option of creating financial statements in accordance with cost of sales accounting.



You **cannot** use a financial statement version with functional areas in the following cases:

- As a basis for planning in *General Ledger Accounting*
- As a basis for creating financial statements using report RFBILA00.

Prerequisites

In order to define a financial statement version with functional areas, you must have defined the functional areas.

You do this in Customizing for *Financial Accounting* under *Financial Accounting Global Settings* → *Company Code* → *Cost of Sales Accounting* → [Define Functional Area \[Ext.\]](#)

Features

There are several functions for defining financial statement versions. However, if you want to define a financial statement version with functional areas, these functions are limited. You **cannot** use the following functions:

- **Balance-Dependent Display**
You cannot display functional areas dependent on the balance, that is, assign them to a different item dependent on the balance.
- **Debit/Credit Shift**
You cannot define items to which you have assigned functional areas as debit/credit shift items.
- **Check for Completeness**
You cannot use the check for completeness for financial statement versions with functional areas.

Activities

To define a financial statement version with functional areas, follow the procedure outlined in [Creating Financial Statement Versions \[Page 45\]](#). You also have to carry out the following additional activities:

1. When you enter the general data, set the *Functional area permitted* indicator.

You then have the option of assigning either accounts or functional areas to an item in your financial statement version.

Financial Statement Versions with Functional Areas

2. Assign the required functional areas or functional area intervals to your P&L items. See [Assigning Accounts \[Page 49\]](#)



If you assign functional area intervals, ensure that the individual intervals do not overlap.

If you have already assigned functional areas to a financial statement version, and then you reset the *Functional area permitted* indicator, all functional areas assigned are deleted.

Functions for Editing Financial Statement Versions

Use

You edit financial statement versions in a tree structure. Various functions are available in the tree structure.

Features

- **Expand or collapse nodes**

You can expand a node, that is, you make the sub-nodes visible. To do so, double-click the plus sign to the left of the node. You can collapse the node by double-clicking the minus sign to the left of the node.

- **Expand a subtree**

You can expand **all** sub-nodes of a node. Place the cursor on the required node and select *Expand subtree*.



The more nodes you expand in the tree, the longer the system requires to display the list. We recommend that you set a section or collapse the node before expanding another one.

- **Set focus**

You can set a focus. By doing so, only the nodes of the section selected are displayed.

Select the node you want to edit using the cursor and choose *Edit* → *Set focus*.

- **Select nodes**

You can select nodes. Select the nodes desired and choose *Select +/-*. To select a block of nodes, select the first node of the block and then the last node. Choose *Edit* → *Select block*.

- **Reassigning nodes**

You can reassign nodes. Select the node you want to reassign, position the cursor on the target node, and choose *Reassign*. You can either assign the node as a subnode or at the same level as the target node.

- **Check structure**

You can check your financial statement version to see if all requirements for creating financial statements have been fulfilled, or if the use of the version is necessary in the G/L account information system. To do so, choose *Check*.

You can make the following checks:

- You can check whether all accounts are assigned to both sides. There should not be any accounts assigned exclusively to debits or credits.
- You can check whether all accounts in a chart of accounts are assigned. At the very least, all the accounts posted to during the period in question must be assigned.

Functions for Editing Financial Statement Versions

- You can check whether the accounts are correctly assigned, that is, if only balance sheet accounts are assigned to the balance sheet section and only P&L accounts elsewhere.



Accounts that have only been assigned as credit (or debit) accounts, or which have not been assigned at all are displayed under the special item *Not assigned* when the financial statement report is run.

- **Find**

You can search for character strings in the structure, for example item names, account intervals, or G/L account names. To do this, choose *Edit* → *Find*.



The system only searches in the expanded section of the tree. If you want to search in the whole tree, you must expand the whole tree. Place the cursor on the highest node of the structure and select *Expand subtree*.

- **Displaying G/L accounts or functional area names**

You can display the G/L account or functional area names. To do so, choose *Settings* → *Change*. A dialog box appears, in which you can set the indicator *With account/functional area texts*.

Creating Financial Statement Versions

1. In Customizing for *Financial Accounting*, choose *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → [Define Financial Statement Versions \[Ext.\]](#).
2. You have two options:
 - You can use an existing financial statement version as a template and adjust it accordingly. The SAP standard system includes predefined financial statement versions. To copy a financial statement version, select the required version and choose *Copy as...*
 - You can define a new version. To do this, choose *New entries*.
The screen for you to enter the general data for your financial statement version appears.
3. Enter the general data.
 - Enter a **key** and **name** for your version.
 - Enter the **language** in which your structure is to be maintained and displayed.
 - You can specify that the keys of the financial statement items are to be assigned **automatically** by the system. If you do **not** select this option, you can assign the keys for the items manually.
 - You can only define your version for one specific chart of accounts. You can thus only assign accounts from this chart of accounts to your financial statement items. If you want to use accounts from multiple charts of accounts, leave this field blank.
 - You can specify that the **group account numbers** are to be used in your version.
 - You can specify that you use **functional areas** in your version. You thereby have the option of assigning accounts, an account interval, functional area, or a functional area interval to a P&L item.
4. Save your entries.
5. Choose *Financial statement items*.

The screen appears in which you create your financial statement items and assign accounts to them.

There are several functions for editing financial statement versions. See [Functions for Editing Financial Statement Versions \[Page 43\]](#).

If you create a new version, the following basic structure is automatically generated:

- Assets
- Liabilities
- Net result: Profit
- Net result: Loss
- P&L result
- Not assigned



Creating Financial Statement Versions

Move the items to the required positions in your financial statements. For more information, see: [Special Financial Statement Items \[Page 34\]](#)

6. To create financial statement items, choose *Create items*.

See [Creating Items \[Page 47\]](#)

7. To assign accounts to a financial statement item, choose *Assign accounts*.

See [Assigning Accounts \[Page 49\]](#)

8. Save your financial statement version.

Creating Items

Use

You can create items for your financial statement version. You enter a text for each item and determine which totals are output.

The texts and totals are displayed in the following evaluations:

- The financial statements
- The G/L account information system
- The structured balance list

You can use the following texts and totals:

- **Short text**
The short text for your item is displayed when you edit the financial statement version.
- **Start of group text**
The start of group text is displayed before the selected item's sub-items. It is only displayed if G/L accounts that show postings for the selected period are assigned under this item.
- **End of group text** and the *Display total* indicator
The end of group text and total (total balance for all sub-items or assigned accounts) are displayed after the sub-items. They are only displayed if the indicator is set and G/L accounts that show postings for the selected period are assigned to the item.
- **Graduated total text** and *Display total* indicator
The graduated total text and total are displayed after any existing end of group total if the *Display total* indicator is selected. The graduated total is the total of all account balances which occur up to this item in the structure, and which do not belong to assets, liabilities, or accounts that are not assigned.

The table below indicates which text is displayed in each evaluation:

Texts and totals	Financial statement	G/L account information system	Structured balance list
Short text		X	X
Start of group text	X		
End of group text	X		
End of group total (optional)	X		X
Graduated total text	X		
Graduated total (optional)	X		

Creating Items**Procedure**

To create an item, proceed as follows:

1. Select an item or create a new item.
2. Enter the required texts and/or select the totals to be output:
3. Choose *Continue*.

Continue editing your financial statement version.

4. Save your entries.

Assigning Accounts

Use

The accounts that you want to display under each item can be specified at the end of each hierarchy level in the financial statement version.



You can also assign functional areas to an item instead of accounts. To do this, set the indicator *Functional area permitted* on the general data screen.

Prerequisites

The item under which the accounts are to appear must already have been created. See [Creating Items \[Page 47\]](#).

Procedure

To assign accounts to an item, proceed as follows:

3. Select the required item and choose *Assign accounts*.
4. Enter the account number or account interval.



If you did **not** enter a chart of accounts in the general section, you must enter the chart of accounts from which the accounts of the account range were taken.

– Account intervals

You can enter an account interval under *From acct* and *To acct*. If you enter the same account number in both fields, only this account is assigned.



In order to avoid newly created G/L accounts not being assigned to an item, you should always enter account intervals.

– Debit/credit indicators

With the *debit/credit indicator* you specify that the account is to be displayed depending on its balance. If you select both indicators, the account is always shown under this item.

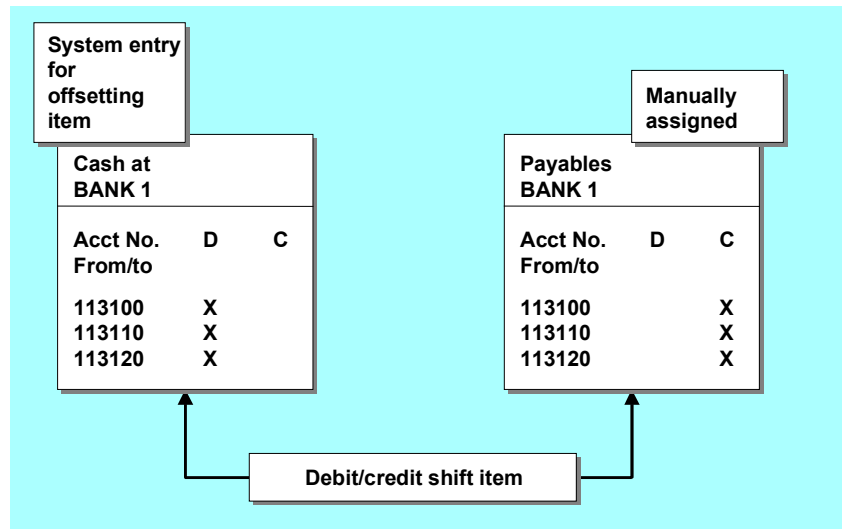
You can assign an account to two items. Depending on the balance, the account is listed under the item for which the debit or credit indicator is selected. For further information, see [Defining the Debit/Credit Shift \[Page 37\]](#).



Accounts 113100, 113110, and 113120 are bank accounts. You assign them to the asset item “Cash in bank” if they have a debit balance, and to the liability item “Payable to banks” if they have a credit balance. Thus, if accounts 113100 and 113120 have a debit balance but account 113110 has a credit balance when the financial statements are created, 113100 and 113120 are assigned to “Cash in bank”

Assigning Accounts

and 113110 to "Payable to banks". The deciding factor in each case is the balance of the **individual** account.



3. Choose *Continue*.

Continue editing your financial statement version.

4. Save your entries.

Changing a Financial Statement Version

Use

You can change all entries except for the key of the financial statement version.



You can only change the explicitly entered chart of accounts to the use of a group chart of accounts if the following condition is met: No accounts may be assigned to the financial statement items.

Procedure

To change a financial statement version, in Customizing choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → [Define Financial Statement Versions \[Ext.\]](#).

1. Select the desired financial statement version and choose *Details*.
2. You can change individual values in a financial statement version. Select the desired financial statement version and choose *Edit* → *Change field contents*.
3. Change the data as needed.
4. Save your changes.

Deleting a Financial Statement Version

Deleting a Financial Statement Version

Use

Financial statement versions consist of general specifications and the items you have defined.

If you want to delete a financial statement version, you can:

- Delete the entire structure with all its items in a single step
- Delete some of the items from the structure

Procedure

Deleting the Entire Financial Statement Version

To delete an entire financial statement version, in Customizing choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → [Define Financial Statement Versions \[Ext.\]](#).

1. Select the version you want to delete and choose *Edit* → *Delete*. If the version contains items, the system will issue a warning.
2. Choose *Table view* → *Save* to save the changes to the table. The version is not deleted until you save the changes.

Deleting Items from the Financial Statement Version

To delete individual items from a version, place the cursor on the item to be deleted and choose *Edit* → *Delete*.

All items below this item in the hierarchy are also deleted. If you want to delete an item that has been defined as a contra item (to be displayed under a different item in the case of a debit/credit shift), you must first delete this assignment. For further information, see [Defining Debit/Credit Shift \[Page 37\]](#).

After making the necessary changes, save the modified version.

Creating Financial Statement Forms Automatically

Use

It is possible to generate a form from the financial statement version and print the financial statements on a SAPscript form. To do this, you must generate a target form from the source forms provided with the standard system. You can modify this target form according to your requirements. Once the modified form is activated, you can use it to print the financial statements.

Procedure

To create these forms, proceed as follows:

3. In Customizing, choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → [Define Financial Statement Versions \[Ext.\]](#).
4. Select the appropriate financial statement version and choose *Goto* → *Generate form* → *One-column form* or *Two-column form*.

If you select the two-column form, the asset and liabilities are displayed next to each other. If you select the one-column form, the assets are displayed before the liabilities and owner's equity.

3. Enter the following information:

- The name of the source form.

Three source forms are provided with the standard system. The format entries (for example paragraphs, pages, and so on) already set up in these forms are copied to the target form.

- The name of the target form.
- Specifications for creating the form.

You can specify whether the texts contained in the financial statements are to be printed. Choose *Text lines*. In this case, the form will contain the symbols from the group start text, the group end text, and the group totals level text. Furthermore, you can specify whether the absolute difference, the relative difference or each totals level is also printed.

4. Choose *Proceed*.

The screen for changing the target form is displayed.

5. Choose *Form* → *Create/Change*.

6. Once you have modified the form according to your requirements, you must save and activate it. To do this, choose *Form* → *Activate*.

Result

You have created the financial statement form.

Run program RFBILA to create the financial statements. To run this program, choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* →

Creating Financial Statement Forms Automatically

Balance sheet/profit and loss statement/cash flow → General → Actual/actual comparisons → Balance sheet/P+L statement.

Enter the name of the target form in the *Print on form* field on the selection screen.

Preparing Financial Statements

Before preparing the financial statements in Financial Accounting, you must first perform some preparatory work in other applications such as Asset Accounting and Materials Management.

In **Asset Accounting**, you need to post the relevant depreciation values for the fiscal year concerned. The asset history sheet is also created in this application. You may be legally required to include this in your financial statements.

In **Materials Management**, you need to complete the physical inventory and material valuation.

In **Sales and Distribution**, you need to post the goods issues and the invoices for all the appropriate delivery notes. You also need to create the required rebate settlements and their corresponding credit notes. All preliminary invoices should be excluded.

In **Human Resources**, you must post all salaries and wages for the last accounting period. You should then transfer this data to Financial Accounting.

The program for creating the financial statements determines the values for the annual net profit or loss as well as the net profit or loss carried forward. No **closing postings** are therefore needed for these items. You can find additional information in [Notes on Closing Postings \[Page 133\]](#).

The following topics describe what tasks you need to carry out prior to creating the financial statements, and how these tasks are supported in the system by programs or special procedures.

The list is by no means exhaustive. Some of the procedures described are optional (for example, balance confirmations) and others depend on the types of business transactions involved (for example, foreign currency valuation).

The preparations in the other applications are all described in detail in the documentation for those applications.

Balance Confirmation

Balance Confirmation

You can check the accuracy of your accounts payable to vendors and your accounts receivable from customers using balance confirmations. These enable you to detect and correct any discrepancies which may exist between your records and those of your business partners and to make any necessary individual value adjustments.

In the R/3 System, there are several different methods of confirming balances, depending on the purpose of the confirmation. These are:

- **Balance confirmation**
Here you notify the business partner of the individual amounts for which you require confirmation. You ask for a reply, irrespective of whether the amounts correspond or not.
- **Balance notification**
Here, as above, you notify the business partner of the individual amounts to be confirmed. However, the partner sends a reply only if he or she **does not agree** with the balance stated.
- **Balance request**
Here, you ask the customer or vendor to notify you of the amount on your account according to his records.

Letter and Reply Slip

For each of these procedures, the system prints a letter and a reply slip. Depending on the procedure used, the reply slip will contain a list of open items, or simply a number of fields for the business partner to fill out (balance inquiry).

You may want the business partner to send the reply slip to different addresses, depending on the purpose of the balance confirmation: If your internal auditing department reconciles the balances, you would ask that the reply be sent directly to your firm. If an external auditor has requested the balance confirmation, you would request that the business partner send the reply to the external auditor. You can specify the address individually for each report. You must define a reply address, even if this is the company code address and you do not use an alternative.

Selecting Customers/Vendors

Generally, you do not send a balance confirmation to every single customer or vendor. The system allows you to select, which business partners you want to write to before running the report. To do this, you specify the following criteria:

- You specify whether head office accounts and branch accounts, one-time accounts, and/or all other accounts are to be included.
- You can make the selection dependent on the overall balance on an account, or on the sales achieved in connection with the account.
- You can specify that only every *n*th customer or vendor out of those which you have selected is to be included.
- Using the other selection fields, such as *Name 1*, you can create further selection criteria. If you have already created a selection variant for the program, you should adjust it accordingly.

Balance Confirmation

By combining these selection criteria you can limit still further the customers and vendors to be included in the balance confirmation.

At the end of each report, the system produces a check list. You can also choose to create a results table and an error list. These lists remain with your accounting department (or with the external auditor) where they are used in evaluating the replies. These lists are described briefly in the sections below:

- **Check list**

The check list contains data on the report, such as the date the letter was issued and the reply date. For each customer/vendor, the list contains the individual address data from the master record, as well as the amount to be confirmed. The list provides a useful overview of all the customers/vendors you have written to, allowing you to keep a record of who has replied to balance confirmations and requests. Otherwise, you may need to send them a reminder note.

- **Results table**

The results table contains general specifications on the report, such as the reconciliation date. It also allows you to summarize the replies in three different categories: No reply received, reply with balance not confirmed, and reply with confirmation. You can further categorize these last two.

You use this table as an aid in evaluating the replies and uncovering weaknesses in your own book-keeping. For example, if a lot of letters are returned without having reached their destination because the customer/vendor's address has changed, you should check whether your master records are being properly maintained.

- **Error list**

If the program discovers errors while running the report, it creates an error list. This list is therefore not always output.

- **Selection cover sheet**

You can choose whether or not a selection cover sheet is issued.

Balance Confirmations: Prerequisites

Balance Confirmations: Prerequisites

You must define standard **forms** in the system for the letter and reply slip, as well as for the various lists. These forms must be allocated to a particular report. Additional forms are also required for the lists and the results table. They determine the content and the layout of the letters and lists. Standard forms are delivered with the SAP System. You can either use these, or copy them and alter them to suit your requirements. The standard forms are described in detail in the program documentation.

The following additional functions are also available:

- You can define standard texts for the letterhead, sender details, page footer, and the signature line. This is useful if these details are not already contained on your company's letter paper.
- The reply address must be defined in the system. It is printed automatically on the reply form.
- You can also choose additional selection criteria from a list. The system then offers these criteria in the selection screen of the program.
- You can also create selection variants for the two programs. If you expand the selection criteria of the program, do not forget to adjust the variant accordingly.

You can configure the balance confirmations using the *Accounts Receivable and Accounts Payable Implementation Guide*. Select the required activities for the work area *Balance Confirmation Correspondence*.

Printing Balance Confirmations

The FI System includes one program for customer balance confirmations and one for vendor balance confirmations. You can print balance confirmations either from the *Accounts Receivable* menu or from the *Accounts Payable* menu as follows:

1. Select *Periodic processing* → *Print correspondence*. → *Balance confirmation* → *Print letters*.

The system displays the screen for entering the selection criteria and parameters. If you want to run the program in the background, call up the appropriate variant or enter your data and create a new variant by saving these entries.

2. Select *Program* → *Execute* or *Execute and print*.

The most important fields on the screen are described below:

- *Customer* and *Company code*: These fields limit the scope of the report.
- *Reconciliation key date*: This field is used to specify up to which date open items are to be included in the report.
- *Date of issue*: This field contains the date on which the balance confirmation was issued.
- *Date for reply*: Here, you enter the date by which you would like the reply.
- *Confirmation procedure*: Here, you specify whether the system is to print a balance request, a balance inquiry, or a balance confirmation.
- *Form set*: Here, you specify the forms to be used for the letter and reply.
- *Sender details*: In this field, you specify which standard texts are to be used for the letterhead, footer, sender details, and signature line.
- *Reply to*: Here, you specify the reply address by entering the address ID.
- Then you select the types of accounting transactions and the customers and vendors to be included in the report. You have the following selection options:
 - *Special G/L indicator*: You can specify any special G/L transactions to be included.
 - You can include or exclude any accounts which contain only open items from the previous fiscal year. To do this, make the appropriate entries in the fields *Accounts without postings* and *Only accounts posted to since*. The system will then include only those customer accounts which have received posting data since the fiscal year entered.
 - You may want to make the selection of customers dependent on the balance of the account. For example, to send a positive inquiry only for accounts where the balance is considerable, and a negative inquiry where the balance is comparatively low. You enter the balance in the field *Total balance*.
 - *Sales/Sales period*: Alternatively, you can make the selection according to sales. To do so, enter a sales amount and, if required, a period and fiscal year.
 - *Every nth customer selected*: Here you can make a further selection for the balance confirmations.
 - You can also select whether head office and branch accounts, one-time accounts, and/or all other vendor and/or customer accounts are to be processed.

Printing Balance Confirmations

- *Sample size*: Here you can generate a random sample. To do so, you enter a number in this field. This system then extracts exactly this number of customers from all the customers selected by the program on the basis of the other specifications. This random sample is determined using the random number method. A random sample is useful, for example, for customers with a low balance.
- If you defined any additional criteria in *Customizing*, they will be displayed in the lower half of the screen. For example, if you had defined the field *Name 1*, you could select objects at random using initial letters.
- You also have to specify the printers to be used for the letter and the reply, as well as for the various lists.

The following functions are also available for balance confirmations:

[Grouping Customers and Vendors \[Page 61\]](#)

[Creating a Head Office and Branch Index \[Page 62\]](#)

Grouping Customers and Vendors

If you have a large number of customers or vendors, you can use the function *Group customers* or *Group vendors* when creating the balance confirmation.

You can find this function in the *Accounts Receivable* or *Accounts Payable* screen under *Periodic processing* → *Print correspondence* → *Balance confirmation* → *Group customers or vendors*.

This program enables you to group your customer and vendor accounts in intervals of a specific size or in a specific number of intervals. The grouping can only ever be applied to one company code.

You could, for example, divide your customers into five equal-sized intervals. The system creates this grouping and then gives you a list of the interval divisions together with the number of customer accounts contained in each division. You can then create five different variants for balance confirmation program by simply entering in the *Customer* field the interval divisions created by the system. You can then let these balance confirmation programs run parallel in the background.

Creating a Head Office and Branch Index

Creating a Head Office and Branch Index

An index of head offices and their branches is compiled as part of the balance confirmation procedure.

The program uses the index to create balance confirmations.

Creating an index is beneficial in cases where several program runs are necessary for creating balance confirmations (for example, customer/vendor intervals are scheduled parallel in the background), because the balance confirmation programs do not then need to generate the index for each separate run and the runtime is therefore reduced.

When creating the index, the reconciliation key date must be the same as the reconciliation key date in the balance confirmation program.

The period between creating the index and creating the balance confirmations should be as short as possible to avoid problems with head office/branch relationships created in that time period.

You can find the function for creating an index in the *Accounts Receivable or Accounts Payable* screen under *Periodic processing* → *Print correspondence* → *Balance confirmation* → *Create index*.

Evaluating Replies

You store the reply status of your balance confirmations in the check list and the results table. For example, in the check list, you can mark those customers or vendors who have not yet replied and can then send them a reminder (see below).

Using the results table, you can evaluate the differences between your records and those of your customers and vendors. This can help you decide on appropriate measures required in your accounting department.

Printing Reminders

Printing Reminders

If the customer (or vendor) does not reply to your balance confirmation or balance request, you can send them a reminder. The system prints a letter along with another copy of the reply slip. The letter reminds the customer (or vendor) that you would like a reply.

To create the reminder, proceed as described in [Printing Balance Confirmations \[Page 59\]](#). Please note the following when printing reminders:

- Enter the name of the customer (or vendor) who is to receive the reminder in the field provided. You can take the names of those needing a reminder from the check list.
- Take care that the reconciliation key date agrees with that of the original balance confirmation.
- Enter a date either in the field *Previous date of issue* or *Previous date for reply*.
- Enter a new *Date for reply*. This is the date you want to receive an answer by. The date is transferred to the reminder.

GR/IR Clearing Account

Definition

An account which is posted to in the following cases:

- Goods received which have not yet been invoiced
- Invoices for goods which have not yet been received

When you receive the goods (or invoice), the system makes an offsetting posting to the GR/IR clearing account. The respective items are not cleared.

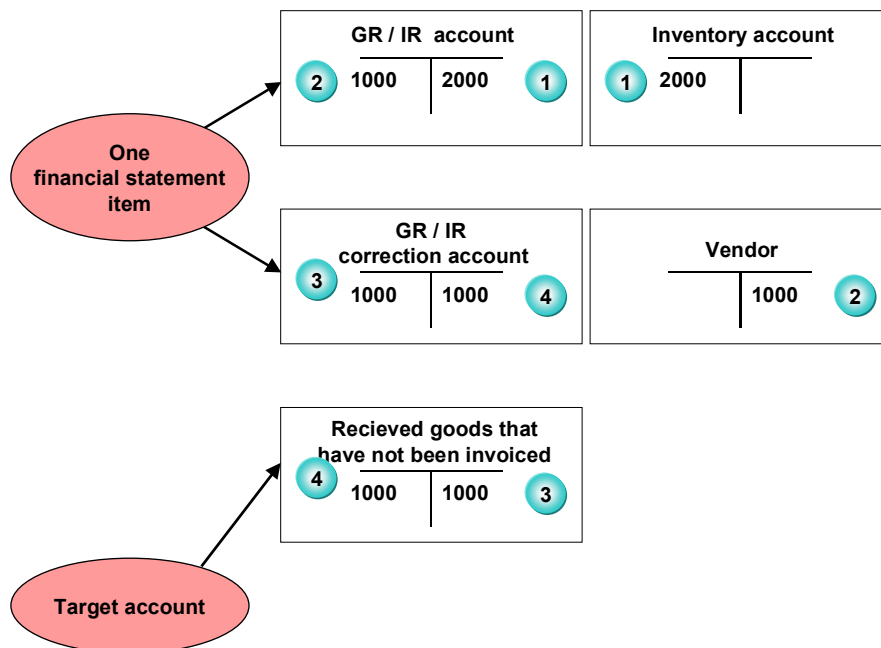
Use

Before creating the financial statements, you need to analyze the GR/IR clearing account so that the transactions posted to it are properly displayed.

The program used for this analysis determines an item balance for each reconciliation account and each assignment number. If the account has a credit balance, goods have been received but not invoiced; if the account has a debit balance, goods have been invoiced but not yet received. The program places any necessary adjustment postings in a batch input session. These postings are made separately per company code, GR/IR clearing account, reconciliation account, and business area. They are then reversed on the day you specify in the program run.



You have received goods from one of your vendors. The vendor has invoiced only part of the delivery.



In this example, you would make the following postings:

GR/IR Clearing Account

1. You post \$2000 of goods received to the inventory account. The system automatically posts the transaction to the GR/IR clearing account.
2. You have been invoiced \$1000 for part of the delivery. You post this amount to the vendor account and to the GR/IR clearing account.

In this example, the program would create the following postings:

1. On the balance sheet key date, transfer postings are required to identify the portion of goods delivered but not yet invoiced. To adjust the GR/IR clearing account, the program used in analyzing the GR/IR clearing account posts \$1000 to the relevant adjustment account. The offsetting entry is posted to the account used for presenting goods delivered but not invoiced (target account).
2. These postings are reversed after the financial statements have been created.

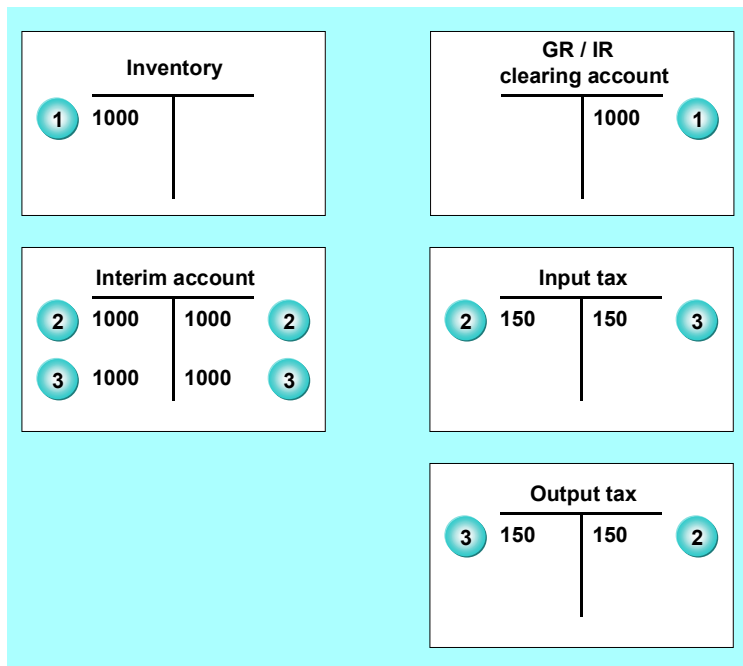
Posting Acquisition Tax

Use

You have to post acquisition tax for deliveries which originated in another EU country. You usually do this when you post the invoice. However, if you have posted a goods receipt without an invoice receipt, you can post the acquisition tax based on the goods receipt. This is done using the program which analyzes the GR/IR clearing account.

Features

The data is posted to an interim account which you specify before you start the program. This G/L account must be tax-relevant. When you post data to this account, it automatically triggers the posting of acquisition tax and input tax. When you post the acquisition tax, the program uses the tax code from the goods receipt posting. For the input tax posting, you should enter a tax code with a zero percent tax rate before the program run.



The following example illustrates the procedure. To accurately display acquisition tax on the delivery of goods for which no invoice has been received, you have to make the following postings:

1. You have posted \$1000 of goods received to the inventory account. The system automatically posts the transaction to the GR/IR clearing account.
2. In analyzing the GR/IR clearing account, the program makes a debit posting to an interim account for the tax base amount. This line item contains the acquisition tax code from the inventory posting.

The posting is reversed with an offsetting entry for the same amount. This posting must be made using a tax code which represents a tax rate of zero percent.

Posting Acquisition Tax

The tax posting is triggered when the interim account is posted to.

3. The postings are then reversed on the date specified.

Prerequisites

For postings, the program requires the entry of the following accounts:

- A correction account for the GR/IR clearing account. This account is listed in the balance sheet along with the GR/IR clearing account. The combined balance of the accounts is zero.
- Offsetting accounts for the goods received but not invoiced and the invoiced but not received goods. These accounts are used to correctly list these transactions in the balance sheet.

The numbers of these accounts need to be entered in the system. To enter the account number, in *General Ledger Customizing*, choose the activity *Define Adjustment Accounts for GR/IR clearing*.

For automatic postings from Materials Management, you also need to specify accounts. To do so, in *General Ledger Customizing*, choose the activity *Define Accounts for Materials Management*.

For the posting of acquisition tax, you need an interim account and a tax indicator using a zero percent tax rate.

Regrouping the GR/IR Clearing Account

To analyze the GR/IR clearing account and carry out the necessary adjustment postings, proceed as follows from the *General Ledger* menu.

1. Choose *Periodic processing* → *Closing* → *Regroup* → *GR/IR clearing*.

The system displays the screen for entering the selection criteria and parameters for the report.

2. Fill in the necessary fields.

Note that when posting acquisition tax, you must specify an interim account and an input tax code. On this screen, you can specify the document type for the postings, as well as general specifications for the output.

3. Under *Program*, select the appropriate execution method.

Value Adjustment**Value Adjustment**

If a particular receivable is doubtful or if it is unlikely you will ever recover it, you can create a bad debt reserve, or write the debt off.

For more information see [Individual Value Adjustment \[Page 71\]](#).

On the balance sheet key date, you can also post a flat-rate value adjustment for the general risk of not recovering receivables.

For more information see [Flat-Rate Value Adjustment \[Page 77\]](#).

Individual Value Adjustment

Using a special G/L transaction, you can post an individual value adjustment for doubtful receivables. In doing so, you post the doubtful receivable to the customer account and to an expense account.

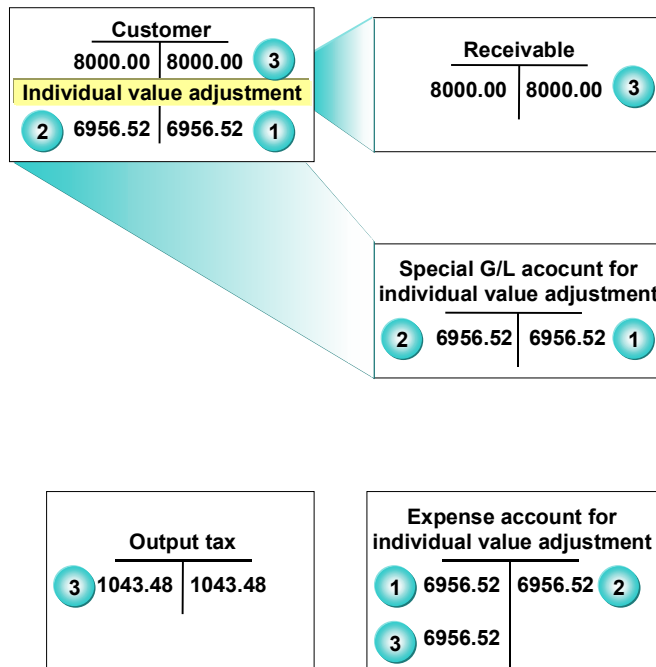
Using a special G/L transaction has the following advantages:

- The receivable remains on the customer account and on the receivables account. You manage the individual value adjustment separately from the receivables themselves on the customer account. This means that you can identify the individual value adjustments posted to any customer account whenever you like.
- In the general ledger, the doubtful receivable is also posted to a separate reconciliation account. You do not have to transfer the doubtful receivable when creating the financial statements.

The following example describes how you use the special general ledger transaction to post doubtful receivables. For more information on special general ledger transactions, see the *FI Accounts Receivable and Accounts Payable* documentation.



You have posted receivables of \$8000. The sales tax portion is \$1043.48. You want to display this as a doubtful receivable at the balance sheet key date. In this example, we will assume that both doubtful and uncollectable receivables are to be displayed in the same account.



You need to make the following postings when creating individual value adjustments and when writing off doubtful receivables:

Individual Value Adjustment

1. You post the individual value adjustment of \$6956.52 (the value of the doubtful receivable) to the relevant expenses account for valuation adjustments, and make the offsetting entry on the customer account. The system automatically posts the same amount to the special G/L account for individual value adjustments. When making this posting, you should use a tax code which represents a tax rate of zero percent.
2. If you decide to write off the receivables, or if they are paid, you can reverse the individual value adjustment.
3. If the receivables are uncollectable, post the amount to the receivables write-off account and clear the receivable on the customer account. For this posting, you should use a tax code which has the same tax rate as the one used when you posted the receivable. This means that the sales tax is automatically adjusted.

Prerequisites

To be able to post individual value adjustments as a special G/L transaction, you must fulfill the following conditions:

- The transaction must have the special G/L indicator. You enter the indicator when posting the individual value adjustment. Using this indicator, the system determines the alternative reconciliation account. The special G/L indicator **E** is defined in the standard system. If you want to define your own special G/L indicator, select the activity *Define alternative reconciliation account for customers* and *Define alternative reconciliation account for vendors* under *Other special G/L transactions* in the *Accounts Receivable and Accounts Payable Implementation Guide*.
- To be able to post the individual value adjustment to an alternative reconciliation account, you must first create this account and the account number in the system. To define the account number, select the activities *Define alternative reconciliation account for customers* and *Define alternative reconciliation account for vendors* under *Other special G/L transactions* in the *Accounts Receivable and Accounts Payable Implementation Guide*.

You will also need an account to which you can post the expenses from the individual value adjustment. This account must be tax-relevant if you want to post the expense and revenue for the individual value adjustment as well as sales tax to this account.

Making Individual Value Adjustments

The following sections describe the individual postings you have to make:

- To post an individual value adjustment
- To reverse or utilize an individual value adjustment
- To write off a receivable

[Posting Individual Value Adjustments \[Page 74\]](#)

[Reversing or Utilizing Individual Value Adjustments \[Page 75\]](#)

[Writing Off Doubtful Receivables \[Page 76\]](#)

Posting Individual Value Adjustments

Posting Individual Value Adjustments

To post an individual value adjustment, proceed as follows from the *Accounts Receivable* menu:

1. Select *Document entry* → *Other* → *Intern.transf.psting* → *Without clearing*.
2. Enter the G/L account item on the expenses account from valuation adjustments.

Since you do not want to post any tax in this case, you should enter a *Tax code* representing zero percent.

3. Enter the accounts receivable item for the individual value adjustment.

To ensure that the individual value adjustment is posted as a special G/L transaction, you have to enter the relevant special G/L indicator in the field provided (*Sp. G/L.*). In the standard system, this indicator is E.

Reversing or Utilizing Individual Value Adjustments

The following options are available for reversing or utilizing an individual value adjustment:

- Partial reversal or utilization of an individual value adjustment
Proceed as described in [Posting Individual Value Adjustments \[Page 74\]](#). The Credit/Debit posting keys and the Expenditure/Income accounts must be varied accordingly.
- Complete reversal or utilization of an individual value adjustment
This is an internal transfer posting with clearing. See [Writing Off Doubtful Receivables \[Page 76\]](#).

Writing Off Doubtful Receivables

Writing Off Doubtful Receivables

Once you are sure that the receivables in question are not recoverable, write them off. To do so, proceed as follows from the *Accounts Receivable* screen:

1. Select *Document entry* → *Other* → *Intern. transf. posting* → *With clearing*.
2. Enter the G/L account item on the expenses account from valuation adjustments.

If you want the tax to be corrected automatically, you should enter the tax indicator you used when you originally posted the receivable in the appropriate field.

Select the receivable you want to write off from the list of open items, and post the document. You will find more information on clearing open items in the *FI Accounts Receivable and Accounts Payable* documentation.

Flat-Rate Valuation Adjustment

You carry out flat-rate value adjustments using a straightforward G/L account posting. To do this, post the amount to an appropriate expense account and to a balance sheet account. You display the balance sheet account under the same balance sheet item as your normal accounts receivable.

To carry out the G/L account posting, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger* → *Document entry* → *Enter G/L account document*.

Flat-Rate Individual Value Adjustments and Discounts

Flat-Rate Individual Value Adjustments and Discounts

Purpose

During financial statement preparation, open customer items are valued. In addition to the foreign currency valuation, you can also calculate a discount for long-term receivables and a flat-rate individual value adjustment for unsecured or overdue receivables.

You can then use the adjusted receivables at a later time as the basis for the sorted list and regrouping of outstanding receivables.

Implementation considerations

Customizing for the flat-rate individual value adjustments and discounts is found in the Implementation Guide under *Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Valuate*. You also find a detailed description of Customizing here.

Integration

The postings that arise from the discounts and flat-rate individual value adjustments are transferred to general ledger accounting.

Features

The process flow of the valuation is provided in a main program. Valuations are created in a proposal run and you can then change these values manually.

After processing, you can either reject these values or transfer them to G/L accounting. During the transfer, the system creates the posting in G/L accounting and saves the valuations for each line item. You can therefore also display the valuation in the document display.

Constraints

Valuations are only possible for customer items. Vendor and G/L accounts cannot be valued.

Process of Individual Value Adjustments and Discounts

Purpose

Run the program for valuating the open customer items as part of the financial statement preparation.

For open items that are first due much later (such as in one year), you calculate a discount.

For open items that are overdue, you calculate a flat-rate individual value adjustment (for example, the receivables of all customers in a certain country are reduced by ten percent).

Prerequisites

You have made the Customizing settings under *Accounts Receivable and Accounts Payable* in the Implementation Guide for individual value adjustments and discounts.

Process Flow

The process flow of an individual value adjustment or discount is defined in a main program. The following describes the process of valuation as predefined in the SAP standard system. You can change the type and the algorithm for the valuation using function modules (business transaction events) that you develop. See [Defining Customer Valuations \[Page 84\]](#).

The process flow of a discount and a flat-rate individual value adjustment in the SAP standard system is as follows:

1. Enter the selection parameters for the valuation process flow.
2. Start the valuation adjustment.

Calculation of the Discount

The system carries out a discount, that is, the value of long-term receivables at the balance sheet key date is calculated. The discounted value is displayed as a cash value.

The value from the foreign currency valuation is the basis for the discount calculation in the SAP standard process. If you are not using a foreign currency valuation, the local currency amount is used for the calculation.

All non-interest bearing receivables or those with too low an interest calculation are discounted if they do not fall due before the balance sheet key date. The percentage values per currency that you enter in Customizing are used for discounting. To enter these values, select the activity *Define interest rates* in the Implementation Guide (IMG) under *Accounts Receivable and Accounts Payable*.

The result of the calculation is the cash value. This is saved per item.

Calculation of the flat-rate individual value adjustment

The R/3 system carries out a flat rate valuation adjustment, that is, certain customer items are valued using a flat rate provided by an SAP standard algorithm.

The cash value of the discount is the basis for the calculation of the individual value adjustment in the SAP standard process. If you are not using a discount, the value from the foreign currency valuation is used. If no foreign currency valuation is available, the local currency amount is used for the calculation.

Process of Individual Value Adjustments and Discounts

For the program run, the customer accounts can be summarized using the group number. The balance per account group is calculated. No calculation is made for a credit balance. Calculations are only made for debit balances. The open items are discounted using the valuation adjustment key in Customizing and the percentage rate entered there.

With a flat-rate individual value adjustment, the net value (not including taxes) is assumed for the calculation.

3. You correct the valuation adjustment or change it manually.

The valuation adjustment generates a value that you can correct or change manually.

If you generally want to manually discount unsecured receivables, in Customizing select the "Valuate manually" indicator for the definition of the valuation adjustment key. In this case, the open items are selected during the valuation process, but no calculation is made. To do this, select the activity *Define valuation adjustment key* in the Implementation Guide (IMG) under *Accounts Receivable and Accounts Payable*.

4. Print the valuation adjustment.
5. Create postings and transfer them to general ledger accounting.

Result

The valuation adjustment displays a list that shows the following values per item:

- Document number
- Customer group
- Valuation adjustment key
- Original local currency amount
- Basis value for the calculation (possibly the discounted amount)
- Valuated gross amount
- Valuation difference (gross)
- Valuation difference (net)

Calculating Individual Value Adjustments and Discounts

Use

The following describes how you can calculate a discount or a flat-rate individual value adjustment when preparing the financial statements.

Procedure

If you want to calculate a discount or a flat-rate individual value adjustment, proceed as follows:

1. From the *Accounts Receivable* menu, select *Periodic processing* → *Closing* → *Valuate* → *Further Valuations*.
2. Enter the execution data and an identification for the valuation run. Select *Maintain*.
3. Enter a key date. All documents that have not been cleared by this due date are not valued.
4. Enter valuation method **02** for a discount and **03** for an individual value adjustment. If you have developed your own function module for the calculation, you can enter it here. See also [Defining Customer Valuations \[Page 84\]](#).
5. Enter a currency type and if needed, an alternative valuation area.
6. You can also enter a target company code and select the “Use group definition” indicator if you want to make the valuation using a customer group rather than individual customer accounts. In this case, the group balance is used for the valuation.
7. Select the “Postings” indicator if you want to update the valuation differences in general ledger accounting. If you do not select this indicator, the valuation differences are calculated by the system, but they are not posted to general ledger accounting.
Also enter a posting date, a posting period, and a document type for the postings.
8. Enter an interest indicator for the discount.
9. Enter the name of a batch input session. Postings containing errors are placed in this session folder. You can correct them there.
10. Enter the selections you require. For example, the affected company codes and/or the affected customer accounts or group number for the customer group.
11. Save your entries and schedule the valuation run.
12. After completion of the valuation run, you can process the data in various ways:
 - You can change or correct the valuation. To do this, select *Edit* → *Valuation run* → *Change valuations*. If you do not want an automatic calculation of the valuation difference, you can enter a flat-rate amount here.
 - You can print the valuations. Select *print*.
 - You can display the valuations. To do this, select *Display* or go to the list display via *Edit* → *Valuation run* → *Valuation list*. Various functions such as summation and sorting are available in the valuation list for your use.
 - You can display the valuation run log. To do this, select *Edit* → *Valuation run* → *Display log*.

Calculating Individual Value Adjustments and Discounts

- You can discard the valuation by deleting the valuation run. To do this, select *Edit* → *Valuation run* → *Delete*.
- You can transfer the valuation differences to general ledger accounting. Here, the amount is posted to the account you have set up for this purpose in Customizing.

Once the valuation differences have been transferred to general ledger accounting, the valuated customer accounts are locked for further valuations or postings.

You can use your own function modules in various parts of the valuation run. See [Defining Customer Valuations \[Page 84\]](#).

Valuation Differences in the Line Item Display

Use

In the customer line item display, you can display the fields with the valuation difference from discounting or from the flat-rate individual value adjustment.

Prerequisites

You create a line layout variant for the special fields in order to display the valuation difference. To do this, select *Customer Accounts* → *Line Items* → *Customer Line Item Display* → *Define line layout* under *Accounts Receivable and Accounts Payable* in the Implementation Guide.

Activities

To display the customer line items, select *Account* → *Display line items* in the *Accounts Receivable* menu. Select the “Open items” indicator and enter a line layout variant for displaying the valuation difference.

Defining Customer Valuations

Defining Customer Valuations

Use

You can change the SAP standard process flow for various callup points of the valuation run by using your own function modules. To do this, use the business transaction events method. You can find information about this method in the Implementation Guide under *Financial Accounting Global Settings*. Select the activity *Use business transaction events*.

Features

You can use your own function modules for the following callup points in the valuation run:

- Selecting open items
- Deselecting open items
- Algorithm for calculating the discounted amount
- Transferring the data, saving the valuation per item, and creating postings
- Group formation of open items

Activities

How you use the business transaction events method is described in *Use business transaction events* in the Implementation Guide under *Financial Accounting Global Settings*.

Foreign Currency Valuation

Use

In order to create your financial statements, you have to carry out a foreign currency valuation. This valuation covers the following accounts and items:

- [Foreign currency balance sheet accounts \[Ext.\]](#), that is, the G/L accounts that you run in foreign currency.

The **balances** of the G/L accounts in foreign currency are valued.

- Open items posted in foreign currency.

The **line items** in foreign currency are valued.

You have the following options for the foreign currency valuation:

- You can carry out the valuation in local currency, (company code currency), or a parallel currency (for example, group currency).
- You can also use different [valuation methods \[Page 87\]](#) (for example, lowest value principle).
- In addition to the foreign currency valuation, you can also carry out a [currency translation \[Page 94\]](#) in accordance with FASB 52 (US GAAP). You can thereby translate your account balances from local currency into group currency, for example.

Prerequisites

To carry out a foreign currency valuation, you must first make certain settings in Customizing. You make the settings in Customizing under *Financial Accounting → General Ledger Accounting/Accounts Receivable and Accounts Payable → Business Transactions → Closing → Valuating → Foreign Currency Valuation*.

- You must define the exchange rates. See [Exchange Rates \[Ext.\]](#)
- You must also define a valuation method. Choose *Define valuation methods*.
- You must also define the expense and revenue accounts for exchange rate differences from valuations. For payables and receivables accounts you must also define the financial statements adjustment accounts. To do this, choose *Automatic postings for foreign currency valuations*.
- If you want to carry out a parallel valuation, you must also have defined a valuation area. Choose *Define valuation areas*.

The exchange rate differences from the parallel valuation are posted in this valuation area. If you carry out a parallel valuation with a different valuation method to the first valuation, you do **not** have to reverse the postings from the first valuation. This information is then available for subsequent closing operations, for example, [Transferring and Sorting Receivables and Payables \[Page 96\]](#)

Features

You can use report SAPF100 for the foreign currency valuation. This report carries out the following functions:

- [Valuation of foreign currency balance sheet accounts \[Page 88\]](#)

Foreign Currency Valuation

- [Valuation of open items in foreign currencies \[Page 90\]](#)
- Saving the exchange rate differences determined from the valuation per document
- Carrying out the adjustment postings required



The following topics describe how to carry out foreign currency valuation using the reports, and how to post valuation differences. You can also make this posting manually. From the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger* → *Document entry* → *Valuate foreign currency*.

Activities

To carry out a foreign currency valuation, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger/Accounts receivable/Accounts payable* → *Periodic processing* → *Closing* → *Valuate* → *Foreign currency valuation*.

Valuation Methods

Definition

Cross-chart of accounts specification that contains the valuation approach to be used for carrying out a foreign currency valuation as part of the closing operations, for example, according to the lowest value principle.

Use

When you carry out a foreign currency valuation, you must specify the valuation method to be used.

You define your valuation methods in Customizing under *Financial Accounting* → *General Ledger Accounting/Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Valuating* → *Foreign Currency Valuation* → [Define Valuation Methods \[Ext.\]](#)

Structure

In a valuation method, you make the following specifications for the foreign currency valuation:

- The valuation procedure to be used, for example, lowest value principle
- How the exchange rate differences determined should be posted, for example, which document type should be used
- The basis on which the exchange rate should be determined, for example, which [exchange rate type \[Ext.\]](#) should be used.

Valuating Foreign Currency Balance Sheet Accounts

Valuating Foreign Currency Balance Sheet Accounts

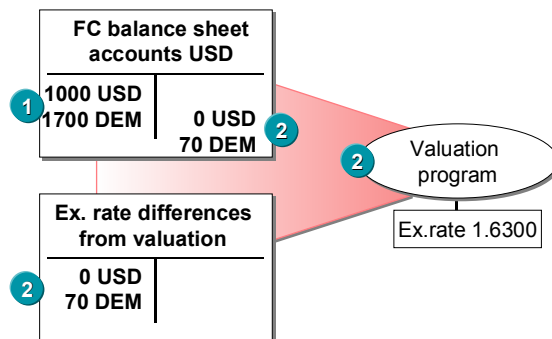
Use

Your foreign currency balance sheet accounts are valuated as part of the foreign currency valuation:

- The balance of the foreign currency balance sheet account, that is, the balance of the G/L account managed in a foreign currency, forms the basis of the valuation.
- The result of the valuation is posted to the valuated account.
- The exchange rate profit or loss from the valuation is posted to a separate expense or revenue account for exchange rate differences as an offsetting posting.



The balance of your fixed term deposit account (foreign currency balance sheet account) has a balance of 1000 USD and 1700 DEM (see the following illustration, 1). An exchange rate devaluation occurs at the time of the valuation. The account balance is now valuated with an exchange rate of 1.6300. The valuation program posts the exchange rate difference to the fixed term deposit account and to the account for exchange rate differences (see following illustration, 2).



As a result of the valuation, a difference arises in your local currency. However, only postings in the foreign currency specified in the master record (account currency) are permitted to foreign currency balance sheet accounts. The exchange rate difference is therefore posted with a foreign currency amount of zero, and a local currency amount equal to the exchange rate difference.

Prerequisites

To value your foreign currency balance sheet accounts, you must define expense and revenue accounts for exchange rate differences. You can make the setting in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Valuating* → *Foreign Currency Valuation* → *Prepare Automatic Postings for Foreign Currency Valuation*.

Valuating Foreign Currency Balance Sheet Accounts

Features

You have the following options when defining the expense and revenue accounts for exchange rate differences:

- If you carry out parallel valuations with different valuation methods, you can also use your account determination from the [valuation of open items in foreign currency \[Page 90\]](#) for a specific G/L account. To do this, enter the G/L account in the account determination for the valuation of open items in foreign currency.
- You can group your foreign currency balance sheet accounts and define expense and revenue accounts for exchange rate differences for each group.

You group the accounts using an exchange rate key in the master record of the foreign currency balance sheet accounts. In Customizing, assign the expense and revenue accounts for exchange rate differences to this exchange rate difference key.



You want to analyze the exchange rate profits and losses arising on foreign currency balance sheet accounts and securities accounts in USD separately. To do this, create separate expense and revenue accounts for exchange rate differences for these USD accounts. Create a joint expense account and joint revenue account for exchange rate differences for all other currencies. You can include the currency and the type of asset (for example, foreign exchange or security) in the exchange rate difference key.

Exchange rate difference key	Name
1USD	Foreign exchanges in USD
1	Foreign exchanges in other currencies
2USD	Securities in USD
2	Securities in other currencies

The following entries would be required in the system for the example:

CofA	Ex.rate dif.key	Expense acct	Revenue acct
AAAA	1 USD	0000230001	0000280001
AAAA	1	0000230002	0000280002
AAAA	2 USD	0000230003	0000280003
AAAA	2	0000230004	0000280004
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Expense and revenue accounts differentiated by the exchange rate difference key

Valuation of Open Items in Foreign Currencies.

Valuation of Open Items in Foreign Currencies.

Use

All open items in foreign currency are valued as part of the foreign currency valuation:

- The individual open items of an account in foreign currency form the basis of the valuation, that is, every open item of an account in foreign currency is valued individually.
- The total difference from all the open items in an account is posted to a financial statement adjustment account. The account therefore retains its original balance.
- The exchange rate profit or loss from the valuation is posted to a separate expense or revenue account for exchange rate differences as an offsetting posting.

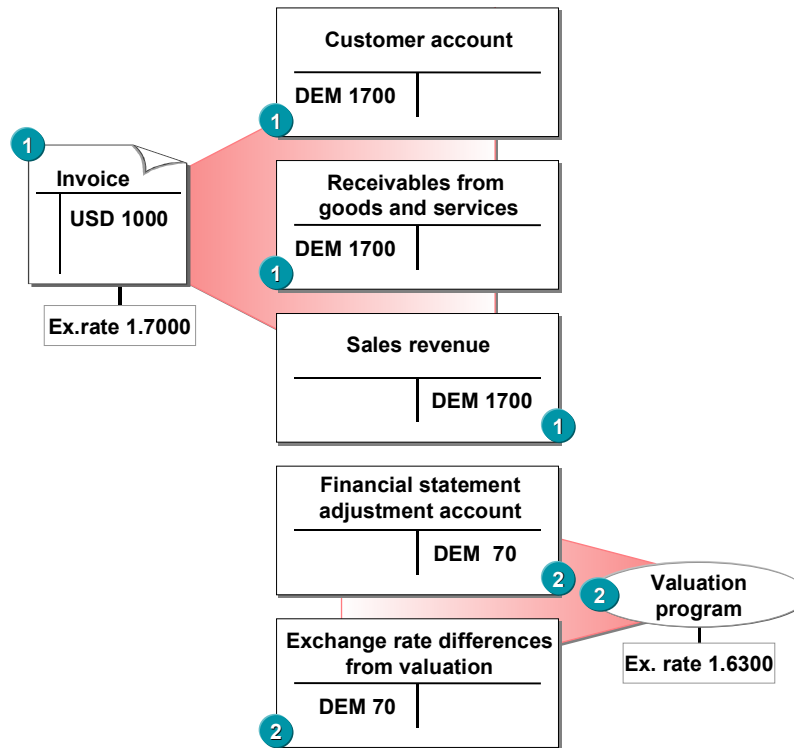


You have posted a receivable in the amount of 1000 USD, at an exchange rate of 1.7000. The local currency is DEM. The system saves the receivable in local currency in the customer and receivables accounts (1700 DEM) (see following illustration, **1**).

An exchange rate devaluation occurs at the time of the valuation and the exchange rate is now 1.6300. The receivable in the amount of 1700 DEM remains in the receivables account. The program posts the reduction to the receivable (70 DEM) to a financial statement adjustment account and the exchange rate difference to the account for exchange rate differences from the valuation as an offsetting posting (see following illustration, **2**).

The receivables account and the relevant financial statement adjustment account are reported in one item in the financial statements. This means that the amount of the receivable in the financial statements is the valued amount (1630 DEM).

Valuation of Open Items in Foreign Currencies.



Prerequisites

To value your foreign currency balance sheet accounts, you must define certain accounts. You define these accounts per [reconciliation account \[Ext.\]](#):

- **Expense and revenue accounts** for the exchange rate differences from the valuation
- A **financial statement adjustment account**, reported in one financial statement item with the valuated account. The valuation is therefore not carried out in the account itself, instead, it is posted to a separate account. This is necessary for example, since the accounts for receivables and payables are only updated by postings to the customer and vendor accounts. However, the valuation must be carried out in the G/L account area for the relevant reconciliation accounts.

You define the required amounts in Customizing under *Financial Accounting* → *General Ledger Accounting/Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Valuating* → *Foreign Currency Valuation* → *Prepare Automatic Postings for Foreign Currency Valuation*.



When carrying out a valuation of open items, you can configure account determination according to the [currency type \[Ext.\]](#), so that, for example, currency gains in the local currency and in the group currency are posted to separate accounts.



Valuation of Open Items in Foreign Currencies.

You can also define expense and revenue accounts to display valuation differences separately (translation). For more information, see [Displaying Valuation Differences \[Page 93\]](#)

Features

You have the following options for valuating open items in foreign currency:

- **Saving the exchange rate difference per document**

You can define that in addition to being posted, the exchange rate differences are saved per document. This information is then available for subsequent evaluations, for example, [Transferring and Sorting Receivables and Payables \[Page 96\]](#)

To do this, select the indicator *Valuation for FS preparations* on the *Postings* tab.

The exchange rate differences saved in the document are taken into account for payment clearing:

- **Unrealized exchange rate differences**

When you value open items in foreign currency, the exchange rate difference determined is posted as an unrealized exchange rate difference.

- **Realized exchange rate differences**

For an incoming payment, that is, when you are clearing the open items, the current exchange rate is determined. The unrealized exchange rate difference determined from the line item is taken into account.



If the first valuation results in an exchange rate difference of 30 DEM, and the current valuation results in an exchange rate difference of 10 DEM, an exchange rate difference of 20 DEM is posted and 10 DEM is saved in the line item as the final valuation difference.

- **Reversing exchange rate difference postings**

You can define that the exchange rate differences posted are automatically reversed one day after the valuation run by an inverse posting.

You therefore have the option of determining exchange rate differences at any point in time without this valuation being taken into account for the creation of financial statements or for payment clearing.

To do this, select the indicator *Reverse postings* on the *Postings* tab.

Displaying Valuation Differences

Use

In some countries, you have to display the total of the valuation differences of all the items cleared in a period. Depending on the +/- sign, these differences are translation gains or losses.

The valuation gains or losses that occurred in previous periods are only taxed after you have cleared the items.

In order to display the translation gains and losses, two additional items are generated during clearing. The items are posted to an account for translation gains and losses and to a clearing account.

Prerequisites

In order to display the valuation differences, you must define separate accounts for translation gains and translation losses, and clearing accounts.

Ct of accts	AAAA	G/L acct	140000	Currency	
Realized exchange rate differences-----					
Expense	0000230000				
Revenue	0000280000				
Valuation area 1 -----			Translation valuation area 1....		
Expense	00002300100	Expense	0000230110		
Revenue	00002800100	Fin.st.adj.expense	0000230120		
Fin.st. Adjust.	00000140099	Revenue	0000280110		
		Fin.st.adj. revenue	0000280120		

Currency Translation

Currency Translation

Use

You can translate your account balances from local currency into group currency. The translation is carried out in accordance with **FASB 52** (US GAAP).

Integration

In *General Ledger Accounting*, you can only carry out a currency translation as part of the [foreign currency valuation \[Page 85\]](#).

Prerequisites

In order to carry out a currency translation, you have to make certain settings in addition to the settings for the foreign currency valuation. You make the settings in Customizing under *Financial Accounting* → *General Ledger Accounting/Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Valuating* → *Foreign Currency Valuation*.

- You must define a valuation area. Choose *Define valuation areas*.
- You must also define the expense and revenue accounts for exchange rate differences from valuations for this valuation area. For payables and receivables accounts you must also define the financial statements adjustment accounts. To do this, choose *Automatic postings for foreign currency valuations*.

Features

You carry out the currency translation as part of your foreign currency valuation:

1. Foreign Currency Valuation

The foreign currency balance sheet accounts and the open items in foreign currency are valued, and the exchange rate differences are posted to the expense and revenue accounts for exchange rate differences in local currency. In addition, the exchange rate differences determined in local currency are translated into group currency and posted to the valuation area.

As part of the valuation of open items in foreign currency, the exchange rate difference in group currency is saved in the valuation area per item.

2. Currency Translation

The account balances are translated from local currency into group currency.

Activities

You can use the *FASB 52* tab to carry out the currency translation.



The procedure described here assumes the simple case where you want to translate from local currency (currency type 10) into the group currency (currency type 30). You can however also carry out the foreign currency valuation and currency translation for other [currency types \[Ext.\]](#).

Foreign Currency Valuation

1. Ensure that currency type 10 (local currency) is specified in the general selection data.
2. On the *Postings* tab, select the indicator *Valuation for FS preparations*. The exchange rate differences are then saved per document.
3. On the *FASB 52* tab, enter the data required for the valuation.
 - Select the indicator *Translate valuation differences*. All the amounts determined by the valuation are then translated into the group currency and saved.
 - Specify the exchange rate [type \[Ext.\]](#) for translating the valuation differences determined, for example, bank selling rate, buying rate, or average rate.
 - Specify the valuation area in which the valuation differences determined are saved in group currency.
4. Choose *Execute*. The valuation is then carried out for the local currency and the valuation differences determined are translated into the group currency.

Currency Translation

5. Call up the foreign currency valuation again and enter currency type 30 (group currency) in the general selection data.
6. On the *FASB 52* tab, enter the data required for the currency translation.
 - Select the indicator *Execute translation*. All account balances are translated from local currency into group currency.
 - Specify currency type 10 for your local currency or your valuation area of the local currency.
7. Choose *Execute* to translate the account balances from local currency into group currency.

Transferring and Sorting Receivables and Payables

Transferring and Sorting Receivables and Payables

Use

Before creating your financial statements, you have to order your receivables and payables according to their remaining term so that they can be displayed correctly. You need to enter adjustment postings to do this.

Adjustment postings are necessary in the following circumstances:

- If you have customer accounts that are in credit. You cannot display this balance as a receivable; it must be displayed as a payable.
- If you have vendor accounts which are in debit. You cannot display this balance as a payable; it must be displayed as a receivable.
- If you have changed the reconciliation account for a customer or vendor, and the payables and receivables posted to the old reconciliation account are to be assigned to the new account before they are displayed in the financial statements.
- In certain countries (France, for example), investments must be displayed separately.

Features

You can use report SAPF100 for transferring and sorting the receivables and payables. This report carries out the following functions:

- Receivables and payables are sorted according to remaining term and the transfer postings required are carried out
- The adjustment postings required are carried out

The program analyzes all the accounts managed on an open item basis. Foreign currency items are always included in this, local currency items only if they contain a due date.

You can also send the adjusted amounts from the discount and/or flat-rate individual value adjustment to the sorted list. In this case, the values that were previously calculated by the discount or flat-rate value adjustment are used for the sorted list and not the foreign currency items. For more information, see [Flat-Rate Individual Value Adjustments and Discount \[Page 78\]](#).

The system first performs all the transfer postings required due to the change of reconciliation account. It then sorts the payables and receivables and, depending on the results, determines the adjustments required. These postings are then made for each G/L account, business area, and currency.

Activities

To transfer and sort receivables and payables, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *Accounts receivable/Accounts payable* → *Periodic processing* → *Closing* → *Regroup* → *Receivables/payables*.

Transferring and Sorting Receivables and Payables

Sorting by Remaining Term

Sorting by Remaining Term

Use

Report program SAPF101 sorts the receivables and payables according to remaining term. The remaining terms are defined in a sort method.

You can define your own sort methods.

The standard SAP system provides the remaining terms of the fourth EU directive in sort method *EG93*. This directive defines the following method of sorting:

Sorted list of receivables and payables according to EG93

Receivables/Payables	Remaining Life
Receivables	Less than 1 year
	More than 1 year
Payables	Less than 1 year
	1 – 5 years
	More than 5 years

Prerequisites

You must make the following Customizing settings so that the system can regroup, or sort, your receivables and payables according to their remaining term.

- You have to define a sort method in which you specify the remaining terms for receivables and payables
- You have to define adjustment accounts and target accounts

You have to define the account numbers in the system, since the program makes the postings automatically. The required posting keys are already defined in the system.



For the sort method *EG93* that is provided in the standard system, you need an adjustment account for each receivables account, and an account for displaying receivables with a remaining term of more than one year. You also need an adjustment account for each payables account, together with separate accounts for payables with a remaining term of between one and five years, and for payables with a remaining term of more than five years.

You make the settings in Customizing under *Financial Accounting* → *Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Regroup*.

Features

The system sorts the open items according to account type. For each account type, the system displays the payables and receivables for the individual accounts according to the amounts in the respective reconciliation accounts.

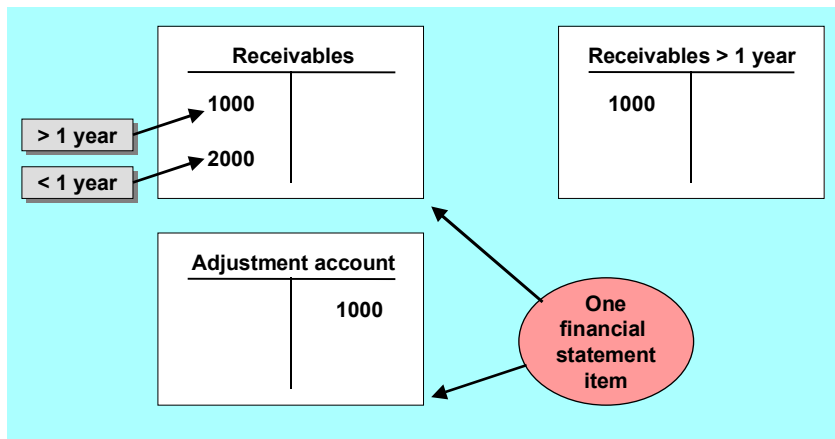
Transfer postings

You have to make some transfer postings to be able to display the payables and receivables correctly by remaining term in the financial statements. The receivables and payables with the smallest remaining term are left in the previous reconciliation account, and the receivables and payables with a longer remaining term are transferred to separate G/L accounts.

When a transfer posting is made to a separate G/L account, the offsetting entry is made to an adjustment account for the previous receivables/payables account. The receivables/payables account is shown in the financial statements together with the adjustment account.



The receivables account contains receivables with a remaining term of more than one year in the amount of \$1000. This amount is transferred to the appropriate G/L account, which displays the receivables with a remaining term of more than a year. The offsetting entry is made to an adjustment account. The adjustment account and the receivables account are displayed together under a single financial statement item. The following figure illustrates this example:

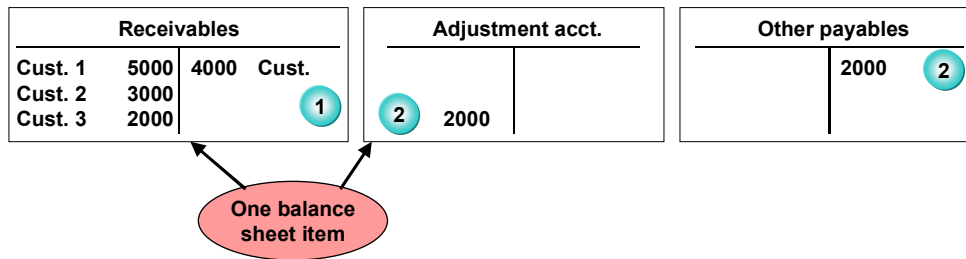


Customers in Credit and Vendors in Debit

Customers in Credit and Vendors in Debit

A credit balance on a customer account should be displayed as a payable; conversely, a debit balance on a vendor account should be displayed as a receivable. If such a situation arises, the program makes the appropriate adjustment postings automatically.

To do this, the system determines the total for each account and reconciliation account. This guarantees that special G/L transactions, for example down payments and bills of exchange are displayed separately from the payables and receivables. Accounts with the same consolidation company ID are considered together.



The receivables account in the figure above identifies a credit balance of \$2000 for Customer 3. This payable is to be displayed in the balance sheet under the item "Other payables". You therefore transfer the amount to the account of that name. The receivables account is adjusted by a posting to the adjustment account.

Prerequisites

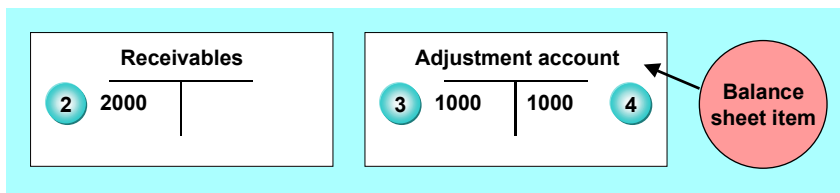
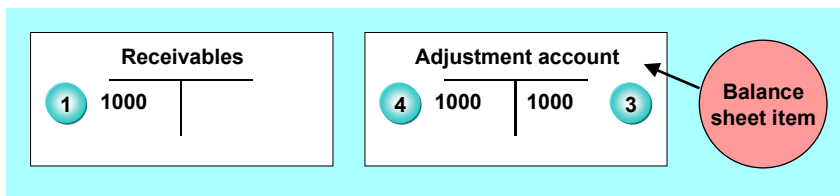
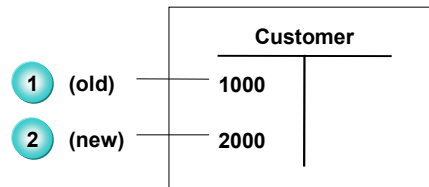
Since you cannot post to the reconciliation accounts directly, the system makes adjustment postings for you. You should display the reconciliation account and the adjustment account under the same balance sheet item. The system posts the offsetting entry to a G/L account, under which the payable (or receivable) is now displayed in the balance sheet. You must have defined the account numbers for the adjustment accounts and the accounts for the offsetting entries in the system already. The posting keys are already defined in the standard system.

To define the account numbers, select the activity *Define adjustment acts for reclassifying payabl./receivables* in the *Accounts Receivable and Accounts Payable Implementation Guide*.

Changes to the Reconciliation Account

Use

This program performs any adjustment postings required due to changes to the reconciliation accounts or G/L accounts. The items from the old reconciliation accounts are assigned to the new accounts. Since you cannot post to the reconciliation accounts directly, the postings are made to temporary adjustment accounts (see the following figure, (3)). These adjustment accounts should be displayed in the balance sheet with the relevant reconciliation account. The postings are then reversed after the financial statements have been created (see the following figure, (4)).



Prerequisites

To enable the program to make the adjustment postings for the regrouping of receivables and payables, you have to set up the adjustment accounts and posting keys for these postings in the system. To do so, in Customizing choose *Financial Accounting* → *Accounts Receivable and Accounts Payable* → *Business Transactions* → *Closing* → *Regrouping* → [Define Adjustment Accounts for Changed Reconciliation Accounts \[Ext.\]](#).



If you purchase and install the *FI-LC Consolidation* application and have bought a previous customer or vendor (thus also taking on their payables and receivables), refer to the note in the report documentation on changed reconciliation accounts.

Changes to the Reconciliation Account

Transfer Postings and Sorting

Procedure

To transfer and sort receivables and payables by remaining term, proceed as follows:

1. Choose *Accounting* → *Financial accounting* → *Accounts receivable or payable* → *Periodic processing* → *Closing* → *Regroup* → *Receivables/payables*.
2. Enter the company code and the sort method.
3. Restrict the data on the tab pages.
4. Choose *Execute*.

Planning

Planning

Purpose

The planning function in the General Ledger enables you to enter plan data based on your financial statement versions. You can use a budgeted financial statement to compare plan data with actual data.

Implementation Considerations

Before you can create plan data and use it for various reports, you have to set up planning. For more information, see [Setting Up Planning \[Page 106\]](#).

Integration

You can use plan data from the following application components in the SAP system for your planning in the General Ledger:

- Overhead Cost Controlling (CO-OM)
- Profitability Analysis (CO-PA)

For more information, see [Copying Plan Data \[Page 107\]](#).

Features

- You enter the plan data per company code. Within a company code, you can plan for accounts and/or a combination of both accounts and business areas.
 - You can plan as follows for each company code:
 - Accounts only, without business areas
 - Accounts and business areas
 - Accounts and selected business areas
- In the planning function, you navigate within one of the financial statement versions that you have already created. You use a financial statement version to define the format of the financial statements.
 - You can enter plan data for:
 - The entire financial statement version
 - Particular sections of the version
- You can define different plan versions. You can use these for entering plan data for different financial statement versions, for example.
- Planning is always made for a year, which means you cannot plan for more than one fiscal year.
- You enter your plan data by entering plan totals and distributing them to the individual plan periods by means of a distribution key. You can also enter plan data for the individual plan periods, and have the system total these amounts.
- You can enter the plan data either in local currency or in transaction currency.

- When entering the plan data, you can also display the actual data of the previous year.
- You can use report program RFBILA00 to create a budgeted financial statement. The budgeted financial statement contains the actual data from the financial statements and also the plan data, for comparison purposes. For more information, see [Creating Budgeted Financial Statements \[Page 111\]](#).

For information on how to enter plan data, see [Entering Plan Data \[Page 109\]](#).

Setting Up Planning

Setting Up Planning

Use

Before you can create plan data and use it for various reports, you have to set up planning.

Activities

Make the following settings in **Customizing**:

- You must define the financial statement version for which planning is to be carried out. For more information, see [Financial Statement Versions \[Page 33\]](#). You make the setting in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Closing* → *Documenting* → [Define Financial Statement Versions \[Ext.\]](#).
- The periods to be planned for must be open for posting. See [Opening and Closing Posting Periods \[Page 25\]](#). You can make the setting in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Planning* → [Define Plan Periods \[Ext.\]](#).
- Define your plan versions. Using the plan version, the plan data for planning is kept separate in several versions in the system. You have the option of posting plan data to an unlimited number of versions for each fiscal year. You can make the setting in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Planning* → [Define Plan Versions \[Ext.\]](#).
- You usually specify the plan data for accounts and/or for the combination of business area/account. These values are then distributed among the individual plan periods using [distribution keys \[Ext.\]](#). Distribution keys are included in the standard system. You can also define your own distribution keys. You can make the setting in Customizing under *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Planning* → [Define Distribution Keys \[Ext.\]](#).

Copying Plan Data

Use

You can copy plan data to the General Ledger from the following application components in the SAP system:

- Overhead Cost Controlling (CO-OM)
- Profitability Analysis (CO-PA)

You copy the plan data from a plan version in the original component to a plan version of the same name in the General Ledger.

Prerequisites

The following prerequisites must be met before you can copy plan data:

- The plan versions in the General Ledger and in the original component must have the same name
- Integrated planning must be activated in the plan version in the General Ledger into which you wish to copy the plan data
- Integrated planning must be activated in the plan version in the original component from which you wish to copy the plan data



You can check which ledger in the General Ledger plan data was copied to from Overhead Cost Controlling (CO-OM). To do so, in Customizing choose *Financial Accounting* → *General Ledger Accounting* → *Business Transactions* → *Planning* → *Integrated Planning* → [Review Integrated Planning \[Ext.\]](#).

Features

- Overhead Cost Controlling (CO-OM)

All data records containing primary costs are copied.

The system copies the existing plan data, and then continues to copy any plan data posted at a later date. This happens as soon as you activate integrated planning in the plan version in Overhead Cost Controlling.



Make sure you have activated integrated planning in the General Ledger plan version and have set up the plan data transfer before you activate integrated planning in the Overhead Cost Controlling plan version.

- Profitability Analysis (CO-PA)

The system only copies the existing plan data. The plan data is **not** updated on a continual basis. If you require current plan data after the first plan data transfer has taken place, you have to delete the plan data you have already copied, and run the plan data transfer again.

Copying Plan Data

Activities

The activities for copying plan data are in Customizing under

Financial Accounting → General Ledger Accounting → Business Transactions → Planning → Integrated Planning.

Entering Plan Data

Use

You can enter plan data in the following ways:

- By entering plan totals and distributing them to the individual plan periods by means of a [distribution key \[Ext.\]](#)
- By entering plan data for the individual plan periods and having the system total these amounts
- By entering plan totals and plan periods

Prerequisites

You must have set up planning before you enter plan data. For more information, see [Setting Up Planning \[Page 106\]](#).

If you wish to carry out planning at **business area level**, you must also make the following settings in Customizing:

- Ensure that your business areas have been defined. You do this in Customizing under *Enterprise Structure → Definition → Financial Accounting → [Define Business Area \[Ext.\]](#)*.
- Ensure that a business area financial statement has been defined for your company code. You do this in Customizing under *Financial Accounting → Financial Accounting Global Settings → Company Code → [Enter Global Parameters \[Ext.\]](#)*.

Procedure

To enter your plan data, choose *Accounting → Financial accounting → General ledger → Periodic processing → Planning → Enter*.

1. On the initial screen, enter the required data:
 - Company code, fiscal year, version key, and the ledger for which you want to carry out planning
 - Financial statement version
 - Whether planning is to be carried out at business area level. You can specify whether planning should be carried out for all business areas, or only for selected business areas.
 - Whether you wish to enter the plan data in local or in transaction currency

If you select local currency, you enter the plan data in the currency that you have defined as the local currency for your company code. If you select transaction currency, you plan in the currency of the relevant G/L account. This currency is defined in the master data of the G/L account.



If, in addition to the local currency and the group currency, you use a third [currency type \[Ext.\]](#), you must enter the ledger for which you are to carry out planning. The third currency type is determined by your Customizing settings. These settings are found under *Financial Accounting → Financial Accounting Global Settings →*

Entering Plan Data

Company Code → *Parallel Currencies* → *Define Additional Local Currencies for Ledgers*.

- Whether you wish to display actual data. If you select this indicator, the actual data of the previous year is displayed, as well as the input fields for the plan data.

2. Choose *Enter*.

Your financial statement version appears.

3. Select the part of the structure for which you want to enter plan data.


You can plan the entire structure or particular sections. Place the cursor on the top node of the required section, and choose *Planning*.

The plan data entry screen appears.

4. Enter your plan data.

You enter the plan data either in local currency or in transaction currency. The values entered are translated into the other currency and displayed.

The following functions are available on the entry screen:

- A number of functions are provided for entering and editing plan data. These are described in [Planning Functions \[Ext.\]](#).
- If you are planning at business area level, the nodes of the selected area are displayed for the first business area. You can scroll between the separate business areas using ▼ and ▲.
- You can change the default distribution key. You use the distribution key to specify how the planned values are distributed to the individual plan periods.
- You can display how a planned value is distributed by placing the cursor on a planned value and choosing .

On the period screen, you can scroll between the period screens of the separate planned values using ▼ and ▲.

You can overwrite the displayed period values if necessary. When you save, the system saves the new distribution under the manual distribution key 0, and calculates the new plan total, if necessary.

5. Save your plan data.

Result

You have entered your plan data.

You can use a budgeted financial statement to compare plan data with actual data. For more information, see [Creating Budgeted Financial Statements \[Page 111\]](#).

Creating Budgeted Financial Statements

Use

You can use report program RFBILA00 to create a budgeted financial statement in which your plan data is compared with the actual data.

You can restrict the report to a certain period if, for example, you report on a quarterly basis.

Procedure

There are two ways of creating a budgeted financial statement:

- Choose *Accounting* → *Financial accounting* → *General ledger* → *Periodic processing* → *Planning* → *Enter*.

Enter your selection criteria and choose *Environment* → *Budg.bal.sheet/P+L*.

- Choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* → *General* → *Actual/actual comparisons* → *Balance sheet/P+L statement*.

Enter your selection criteria and choose *Execute*.



Make sure you have entered your plan version on the *Further selections* tab page. In doing so, you specify that it is a budgeted financial statement.

Result

In the displayed financial statement, you can view the actual data and the plan data for each account or business area. The absolute and the relative difference between the values are also displayed.

Documenting Posting Data

Documenting Posting Data

One of the main tasks in accounting is to record all business transactions according to when they took place and what was involved. The tax authorities and the external auditor can require companies to substantiate the figures they report in their financial statements. In order to be able to meet these requirements, it is important to document **all** posting data. The R/3 System provides programs which allow you to evaluate the following:

- Documents not posted
- Compact journal
- Balance audit trail, which you use to create the general ledger and sub-ledgers
- Bill of exchange list

This section describes these functions in detail. See [Additional Reports \[Page 118\]](#) for more information on other important programs used in Financial Accounting.

Please note that any other evaluations you run in the background may adversely affect the result of these online evaluations.



You post a document online to accounts 000001 and 999999, at the same time as you generate a G/L account balance list. The report has already checked the balances of some accounts before you post the document, and this means that the line item posted to account 000001 is not included in that account balance. The second item (in account 999999) is, however included in the evaluation, as it had already been posted at the time the report checked the balance of 999999. This example would lead to the evaluation showing different total debit and credit postings in the accounts evaluated.

Outstanding Posting Data

You should ensure that all documents have actually been posted by running the program RFVBER00 either daily or once a week. This program evaluates all the documents which have not been posted and displays the most important information on them, such as date, company code, user, and document number. You can then post these documents. To do this, select *Monitor → Posting* from the *Administration* menu. The system posts the document under the number already specified for it. Please note that the list of documents created by RFVBER00 is deleted after a predefined period of time. You set this period using the profile parameters.

Compact Journal

Compact Journal

The compact journal summarizes all business transactions (documents) in chronological order.

To generate the compact journal, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* → *Document* → *General* → *Compact document journal*.

Balance Audit Trail

When you archive a document, it is deleted from the SAP System database. You therefore have to record all postings to an account before archiving the documents, so that you can substantiate the balance of that account at a later date on the basis of the corresponding line items from the archived documents. In the SAP System, this report is called the balance audit trail.

There are several programs available in the system to help you create this report. These programs evaluate the documents and the master data, and list the postings made to each account, the balance carried forward, and the account balance based on each period. The line items are sorted automatically during this process. In addition, the system adds together all the line items from a particular account and compares these to the total account balance. If the totals are not the same, the system issues an appropriate message.

Types of Balance Audit Trail

The tables below list the programs used in producing the balance audit trail.

Balance Audit Trail Programs

Sorting method	Only from the online system	Accumulated audit trail
Chronological	RFHABU00	RFKLET00 (extract)
		RFKLBU10 (print)
Based on open items (Open item accounts)	RFKKBU00	RFKEET00 (extract)
		RFKKBU10 (print)

The programs can be differentiated in two ways:

- Sorting method
 - The SAP System differentiates between chronological sorting and sorting by open item.
 - Chronological: The line items are sorted chronologically according to posting date and document number.
 - Open item basis: This is used for accounts that are managed on an open item basis. The line items are sorted as follows: First the cleared items, sorted by clearing date; then all the open items, sorted by posting date.
- Data origin:
 - Online: You can produce the balance audit trail solely from the online system. The system prints a list of the current state of data. You can create a data set that you can then use for microfilming. The disadvantage of this procedure is that the system can only ever document the **current** data available. It can, however, be useful for producing interim (for example, monthly) balance audit trails during the fiscal year.
 - Extract: You can transfer the extract to a file and then update this file whenever new data becomes available online. This method enables you to keep an up-to-date record of all the online data. This can be useful when you want to save all the data for the fiscal year at the year end.

Balance Audit Trail

The programs for producing the balance audit trail always evaluate **all accounts**. You can, however, only create an online chronological balance audit trail for G/L accounts; you then use it to create the general ledger.



You must always create the accumulated balance audit trail **before** you archive the documents.

Accumulated Balance Audit Trail

When producing the accumulated balance audit trail, you first create a file that contains all the accounts with current items. In each subsequent balance audit trail, the system adds the items available online to those recorded on the file. This ensures that the cleared items on the file and all the items in the online system are included in the report. The system sorts the items automatically when merging the data.

The data is saved in compressed form and you convert the existing balance audit trail data using the program RFKXETUM. Before doing this, you must define the accumulated workfiles in the *G/L Accounting Implementation Guide*.

Creating the Balance Audit Trail

To carry out the balance audit trail, select the required report from the *SAP Easy Access* screen under *Accounting* → *Financial accounting* → *General ledger* → *Periodic processing* → *Closing* → *Document* → *Balance audit trail*.

Bill of Exchange List

In some countries, you are required to create a bill of exchange list for all bill of exchange receivables. The bill of exchange list is a subledger containing all the important data on incoming bills of exchange receivable, (for example the bill expiration date, the debtor's name and address, and so on).

To generate the bill of exchange list, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *Banks* → *Information system* → *Bill of exchange accounting* → *Bill of exchange list*.

There is another report in the system that you can use to monitor bill of exchange deadlines. Whilst in the line item display, you can choose various sort sequences and then branch to the document display screen. To start this report, select the same menu path as described above. You can then select the *Extended bill of exchange information* report from the list.

Additional Reports

Additional Reports

There are a variety of additional programs available for internal reconciliation and controlling tasks. You can find a list of all available reports under *System* → *Services* → *Reporting*. In the field for program name enter **RF***, then select the F4 or Possible Entries key. On the next screen, select: *Program* → *Execute*.

Carry Out Comparative Analysis

The system executes the following consistency checks as part of the monthly closing procedure for the general ledger:

1. Debit and credit transaction figures for customer, vendor and general ledger accounts within a time period are checked against the debit and credit balances of the documents posted in that same period. If the totals of the accounts and the documents match, this confirms that the account balances are documented by the existing documents for that period of time.
2. Debit and credit transaction figures for customer, vendor and general ledger accounts are checked against the debit and credit balances from the secondary indices. Certain types of document data critical to the management of open items are stored redundantly in these indices. If the account balances match those of the secondary indices, this confirms that account balances are documented by the information stored in the indices.

You can carry out the comparison in the company code currency and in the other parallel currencies managed for that company (index currency, group currency, and so on).

You also have access to a report history function, meaning that you can obtain information describing the timing and accuracy of the comparisons carried out in the system.

You start the program from the *G/L* menu by selecting *Periodic processing* → *Closing* → *Check/count* → *Comparison*.

Account Balances

Account Balances

Use

You can create lists of account balances for each account type (general ledger, customer, or vendor accounts).

Activities

To start the program, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger/Accounts receivable/Accounts payable*.

- **General Ledger:** *Information system* → *General ledger reports* → *Account balances* → *General* → *G/L account balances*.
- **Accounts Receivable:** *Information system* → *Reports for accounts receivable* → *Customer balances* → *Customer balances in local currency*.
- **Accounts Payable:** *Information system* → *Reports for accounts payable* → *Vendor balances* → *Vendor balances in local currency*.

Open Item List

Use

You can create a list of all open items contained in your customer and vendor accounts.

Activities

To start the program, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger/Accounts receivable/Accounts payable*.

- **General Ledger:** *Information system* → *General ledger reports* → *Line items* → *General ledger line items* → *G/L line items, list for printing*.
- **Accounts Receivable:** *Information system* → *Reports for accounts receivable* → *Customer items* → *List of customer open items for printing*.
- **Accounts Payable:** *Information system* → *Reports for accounts payable* → *Vendor items* → *List of vendor open items for printing*.

Output Posting Totals**Output Posting Totals**

To start the program, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* → *Document* → *General* → *Posting totals* → *Posting totals*.

Creating Lists Using the Dunning and Payment Programs

You can also create some important accounting lists using the dunning and payment programs.

Lists created by the dunning program include:

- Dunning proposal
- Customers blocked for dunning
- Items blocked for dunning
- Dunning statistics

Lists created by the payment program include:

- Payment proposal list and payment list
- Cash discounts lost
- Accounts blocked for payment
- Items blocked for payment

Creating Extracts for Subsequent Applications

Use

This program creates extracts for further applications by taking all the data from each document header and each line item. This means that the extract usually contains more data than you need. You do not usually need all of the data produced by the report. You should therefore use the standard report as a guide for writing your own report. Potentially, you may need to write your own report for each application to which you want to transfer data. This way, you ensure that each application receives exactly the data required.

Activities

To start the program, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *General ledger* → *Information system* → *General ledger reports* → *Document* → *General* → *Document items extract*.

Summary Data

Definition

Summarized form of posted amounts or quantities used for analysis purposes.

Use

When you post business transactions, the postings are saved as documents. For all reports and analyses made in accounting, you can access the information of these documents. The disadvantage of this is the amount of time required to read a large number of documents, especially if documents have already been archived.

For this reason, amounts and quantities entered in the SAP System are also saved in summarized form for evaluation purposes. This summarized data is immediately available for online reports. For many standard reports, the documents do not have to be read, since the information required is already available in the summary data.

Examples of reports that use summary data are:

- Account balance display
- Trial balance
- Balance sheet and profit and loss statement in G/L account area

Structure

See [Structure of Summary Data \[Page 126\]](#)

Structure of Summary Data

Structure of Summary Data

In the standard system, summary data has a predefined structure for each G/L, customer, and vendor account. The structure is the same for all account types and is made up of client, account number, and company code.

The following totals are saved under this structure:

- The opening balance for balance sheet accounts (balance carried forward from the previous year) and subledger accounts (customer and vendor accounts)
- The sum of all transactions for each posting period, divided into debits and credits (transaction figures)

The following totals are then derived from this data for the account balance display:

- The balance per posting period
- The accumulated account balance

Customer and Vendor Accounts

For each **customer and vendor account**, you can also display gross sales per period. The balances from special G/L transactions are also included, such as bills of exchange and down payments.

G/L Accounts

G/L account summary data is managed in the document currencies and, if necessary, in up to three local currencies for each company code. For foreign currency balance sheet accounts, the summary data is also kept in the foreign currency.

When creating G/L accounts, you can determine whether postings to a G/L account are to be updated only in the local currency (or currencies) or in the different document currencies. For further information, see *Data in the Company Code* in the *FI General Ledger Accounting* documentation.

If you post to an account separately by business areas, you can either display the balances by business area or as a sum of all business areas. The business area then forms part of the structure that affects how summary data is generated.

Summary data from G/L accounts is managed in ledgers which determine how the amounts are to be summarized for reports. Each ledger contains summary data with the same structure. In the standard system, a ledger (the general ledger) is already defined with the structure: Client, G/L account number, company code, and business area. If you post to a G/L account, the corresponding summary record is updated in the general ledger. The system ensures that amounts from all the relevant business transactions in Financial Accounting are updated correctly in this ledger. The programs delivered analyze this ledger.

You can use ledgers other than the general ledger to manage summary data for reporting. You can define the structure of these ledgers yourself. For example, you may want to define additional ledgers if you need to fulfill the following requirements:

- You want to manage summary data under an additional, **more detailed structure** for the combination of G/L account and cost center or G/L account and plant, for example.
- You want to manage summary data not only for the 16 posting periods permitted in the general ledger, but in **smaller time units**, such as once a week.

Structure of Summary Data

- You want to update additional ledgers in **certain circumstances** only, such as when you post to profit and loss accounts or when you assign a line item to a project.
- You want to manage the amounts in up to three **parallel local currencies**, such as the group currency, in addition to the possible currencies of the general ledger.

If you want to manage other ledgers in your company, in addition to the general ledger, you define them using the *Special Purpose Ledger* component. For further information on defining and analyzing additional ledgers, see the *Special Purpose Ledger (FI-SL)* documentation. This is located in the R/3 Library under *Financial Accounting*.

You can define as many plan variants as you require for each ledger. This also applies to the general ledger already defined in the standard system.

Evaluation of Summary Data

Evaluation of Summary Data

You analyze summary data from **customer, vendor, and G/L accounts** to display account balances and balance lists. The account balance display offers you a quick overview of the account balance and any account balance changes made. The balances that are displayed are described in [Structure of Summary data \[Page 126\]](#).

If you want to analyze data from another viewpoint, you can write ABAP/4 reports to do this. When analyzing summary data, you are tied to the structure of client, account number, company code and, with G/L accounts, business area that is predefined. For evaluations requiring a different level of detail, you must evaluate the actual documents.

In the **G/L account area**, you evaluate the summary data in the general ledger for financial statements as well as for account balance display purposes. In addition, with the *Special Purpose Ledger* component, you can define additional ledgers and therefore summary records under another structure for evaluation purposes. This is useful if you constantly require these reports, if you want to retrieve them online immediately, or if you want to refer to the summary data for comparison purposes.

Since you define the structures for the additional ledgers yourself, you cannot evaluate this summary data with the standard functions or programs. You have access to special functions and the *Report Painter* for the evaluation of these ledgers. Using *Report Painter*, you can define how the saved summary data is edited. To evaluate the data, you can assign the key fields of a ledger to the lines and columns of the report as you wish.

For further information on evaluations, see the *Special Purpose Ledger (FI-SL)* documentation. This is located in the R/3 Library under *Financial Accounting*.

External Reports

External reports include:

- The financial statements
- Advance return for tax on sales and purchases
- The EC sales list (relevant only for firms based within the European Union)
- The withholding tax return to the tax authorities and to your customers and vendors
- The payables and receivables report required by German Foreign Trade Regulations (Germany only)

The following topics describe how you create external reports for tax agencies and other authorities and how you print the financial statements. You create these reports using the functions described in the following section.

Financial Statements

Definition

As part of the year-end closing, individual companies create financial statements according to country-specific regulations.

- **Balance Sheet**

Invoice-based closing for a group at a specific point in time (financial statements key date) in the form of a comparison of assets and capital (liabilities and owner's equity). Assets and capital reflect the same total value. This is expressed in the balance sheet (assets = capital).

- **Profit and Loss Statement**

Comparison of revenue and expenditure of a period to determine the results for the company and the sources of these results.

Creating the Financial Statements

Use

You create financial statements as part of the year-end closing in accordance with country-specific legal requirements in order to report assets, liabilities, accruals and deferrals, and revenues and expenses.

Prerequisites

To be able to create the financial statements, you must fulfill the following prerequisites:

- You have defined a financial statement version. This defines the layout of the financial statements. For more information, see [Financial Statement Versions \[Page 33\]](#).
- You must have completed the preparatory postings for the financial statements. These include, for example, the valuation of foreign currency balances and open items in foreign currency. For more information, see [Preparing the Financial Statements \[Page 55\]](#).
- For information about preparations for group financial statements, see [Preparation for Consolidation \[Ext.\]](#).

Features

You can use report RFBILA00 to create the financial statements.

You can configure the financial statements in accordance with your requirements:

- You can create financial statements for different **organizational units**, for example, for the whole group, or for an individual company code, business area, and so on.
- You can create the financial statements in different **languages**, for example, in the language of the country in which the company code is based, or in the group language.
- You can create the financial statements in any **currency** you choose. This might be necessary for example, if you want to create consolidated financial statements for company codes with different local currencies. You can also create financial statements for different currency types you are using as company code currencies (for example, group currency, index-based currency, hard currency).
- You can choose between different types of financial statements, for example, opening financial statements or closing financial statements.
- You can vary the level of **detail** of your financial statements. For your accounting department, for example, you want to list the individual accounts with their balances. For senior management, you might want to summarize this information to create financial statements for the whole group.
- The output list is displayed using the [ABAP List Viewer \[Ext.\]](#), that is, you can configure the output list to meet your requirements. For more information about the editing functions, see [SAP List Viewer \(ALV\): Classic \[Ext.\]](#).

Activities

To create financial statements, choose the following from the SAP Easy Access screen:

Accounting → *Financial accounting* → *General ledger* → *Information system* → *General ledger*

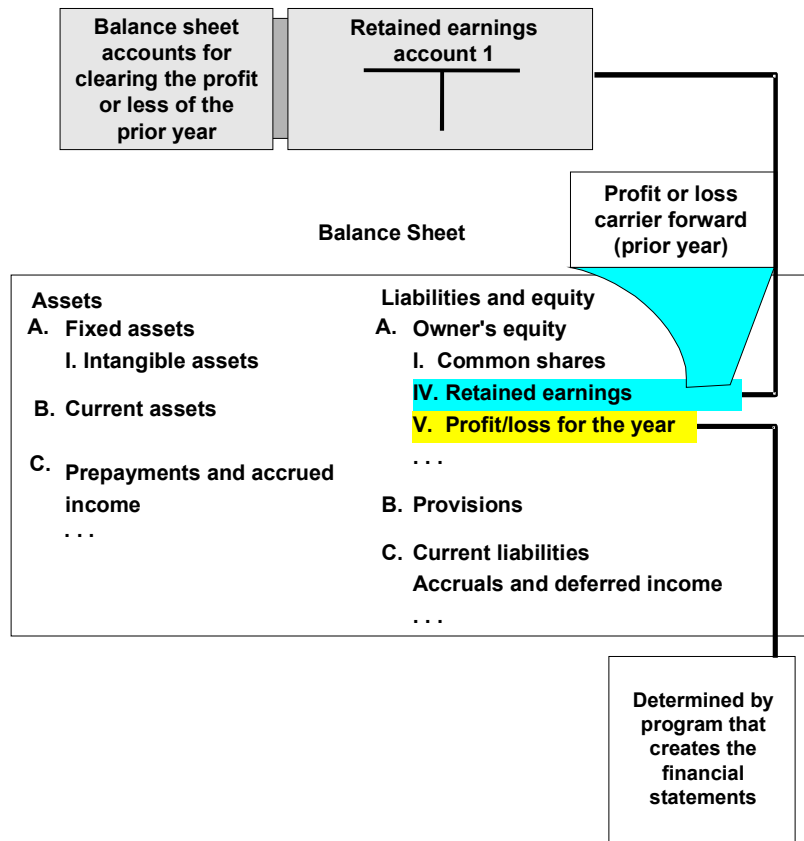
Creating the Financial Statements

reports → Balance sheet/profit and loss statement/cash flow → General → Actual/actual comparisons → Balance sheet/profit and loss statement.

Notes on Closing Postings

You do not have to make any manual postings since the system automatically calculates the following two financial statement items:

- The profit (or loss) for the year
- The profit (or loss) carried forward (retained earnings)



Features

- **Profit or loss for the year**

The profit (or loss) for the year is calculated automatically when you create the balance sheet and P&L statement. You do not have to make the traditional postings of debiting profit account and crediting the equity account (or crediting the loss account and debiting the equity account). In the financial statement version, you define the items that represent asset accounts, liability accounts, owner's equity accounts, and profit and loss statement accounts. Accounts that are not assigned are listed as unassigned items and displayed at the end of the financial statement report. The combined balance of the accounts assigned to balance sheet items (asset, liabilities, and owner's equity) equals the profit/loss for the year. The system also determines the profit and displays it in the appropriate line of the profit and loss statement and equals the profit shown in the balance sheet if all relevant accounts are assigned. You do not have to close out the profit and loss statement accounts using a profit account.

Notes on Closing Postings

- **Profit or loss from previous years**

The profit (or loss) carried forward from previous years is taken from the retained earnings account (see the diagram above), provided you have assigned the account to this item in the financial statement version. The balance from the profit and loss statement accounts is carried forward to this account by the balance carry forward program. No document is created. The retained earnings account is debited in the new year if the company uses the retained earnings.



You can use more than one retained earnings account. You can find further information in the SAP Library under *Accounting* → *Financial accounting* → *G/L Accounting* → *G/L account master data*.

Advance Return for Tax on Sales and Purchases

You can create the advance tax return and the annual tax return in list form using programs directly from the *General Ledger* screen. You can then transfer the necessary data to the official forms for the tax authorities. The evaluation is carried out using these documents.

There are programs in the *General Ledger* menu that print the data on the form for the advance return for tax on sales and purchases automatically for a number of countries.

To run these programs, select *Periodic processing* → *Closing* → *Report* → *Report selection*. You can find the relevant programs in the reporting tree under *Reporting*.

[Posting Tax Payable \[Page 136\]](#)

[Creating the Advance Tax Return \[Page 137\]](#)

[Advance Tax Return for China \[Page 138\]](#)

Posting Tax Payable

Posting Tax Payable

Normally, you cannot post directly to the output tax account, that is, the balance from this account cannot be transferred directly to the tax payable account. You can transfer these amounts in the following ways:

- You generate a batch input session for the transfer posting by using the program for the advance return for tax on sales/purchases.
- You post the tax amounts to a tax payable account manually, using the "Post tax payable" function. The amounts transferred are not included in the advance report for the next month, since the document generated does not contain any tax information. To carry out this step, from the *General Ledger* menu, choose *Periodic processing* → *Closing* → *Report* → *Post tax payable*.

Before you can use the program to post the tax payable, you must fulfill the following prerequisite:

- You must create the tax payable account in the system. The tax payable account itself must not be tax-relevant.

The posting keys for G/L account postings, used to automatically post the tax payable, are already defined in the system. If you have to change them, you can do this from the entry screen for the tax payable account. Select *Define accounts for automatic tax payable transfer posting* in the *General Ledger Accounting Implementation Guide*.

You can also specify a different account for the tax payable transfer instead of the account created in the system.

Creating the Advance Tax Return

To run the program for creating the advance tax return, select the following from the *General Ledger* menu:

Periodic processing → *Closing* → *Report* → *Report selection*.

You can find the relevant program in the reporting tree under *Reporting*.

You can then specify on the selection screen of the program whether tax line items in the system are indicated with the date and the time of the tax return. When rerunning this program, you can limit this date and time in order to generate the same tax return again. This option is mostly used in countries such as France where documents are selected using the document date, not the posting date.

Country-specific Programs

In some countries, you cannot use the general program for tax returns to create the annual tax return because of specific national reporting requirements. For these countries, SAP delivers additional country-specific programs to meet these reporting requirements.

You can find the country-specific programs in the *General Ledger* menu via *Periodic processing* → *Closing* → *Report* → *Report selection*. Expand the *Reporting* node in the reporting tree.

The program RFUSVX10 performs the data medium exchange, allowing you to transfer the DME file to a hard drive or diskette. You can find more information on this topic in the program documentation.

Advance Tax Return for China

Advance Tax Return for China

The program generates the legally required list of VAT receipts or tax documents.

You should use sort version 4 (sorted by receipt number) for China. The receipt number, receipt type and issue date are saved in the field *Doc. header text* when you post the document.

You should have already fulfilled the following prerequisites:

1. Enter the tax number of the operation for which the list is relevant in table T001I (field *Tax code China*).
2. You must have entered the relevant tax number in the field "*Tax code 1*" in the master data of every customer and vendor.
3. You must enter the receipt number, receipt type and the issue date of the tax receipt in the field *Doc. header text* when you post the accounting document.

Example: 10023232 1233 1996/02/14

The entries must be separated by a blank otherwise they will not be accepted. If you do not enter an issue date for the tax document, the document date automatically appears in the list.

EC Sales List

The EC sales list forms the basis of the information passed on by the tax authorities to the other member states of the European Union.

Every company is obliged to send an EC sales list to the relevant tax authority. This list must contain information on all tax-free goods deliveries and goods movements to registered companies within the European Union in the specified time period.

Triangular deals can also be documented in the EC sales list if the relevant indicator is set when you enter the document.

You create the EC sales list using the program RFASLM00. You can find the program in the *General Ledger* menu via *Periodic processing* → *Closing* → *Report* → *Report selection*. Expand the *Reporting* node in the reporting tree.

Withholding Tax Return

Withholding Tax Return

In some countries, the invoice recipient is obliged to withhold a certain proportion of the payment for different groups of vendors. This proportion is then paid to the tax authorities as withholding tax. This is a requirement in the United Kingdom, for example. Other countries stipulate that the withholding tax for certain vendors (for example, self-employed workers) only has to be declared to the tax authority. In these countries, the withholding tax is not posted. This is a requirement in France, for example.

You should report the amounts involved periodically to the tax authorities and to the vendor concerned.

[Reporting to the Tax Authority \[Page 141\]](#)

[Reporting to the Vendor \[Page 142\]](#)

Reporting to the Tax Authority

You have to create a tax return for the tax authorities on a regular basis. In this tax return, you identify: Sales subject to withholding tax, sales partially subject to withholding tax, and sales exempt from withholding tax.

To access the reports for creating withholding tax, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *Accounts payable* → *Withholding tax*.

The reports are created according to the specific procedures of the country in question. The “Country variant” parameter on the selection screen for the withholding tax return controls the way in which withholding tax data is created.

For more information, see the program documentation.

Reporting to the Vendor

Reporting to the Vendor

You should send the vendor a statement of the tax you have withheld on his behalf either monthly or annually. The frequency with which you do this depends on the relevant national legal requirements.

There are country-specific forms defined in the system for this program. The names of these forms are stored in the system. If you do not want to use the standard forms, you can copy them and use them as a reference when creating your own. You then simply define the name of your new form in the system. To do this, select the activity *Define forms for tax on sales/purchases return* in the *General Ledger Accounting Implementation Guide*.

To access the reports for creating tax reports to the vendor, from the *SAP Easy Access* screen, choose *Accounting* → *Financial accounting* → *Accounts payable* → *Withholding tax*.

For more information, see the program documentation.

Reporting as Required by German Foreign Trade Regulations

In Germany, Belgium, and Luxembourg, companies have to declare payables to and receivables from foreign customers/vendors to the relevant state central bank. This information is reported separately for companies which are members of a consolidation group and those which are not. The amounts involved are displayed according to country and currency. Vendor and customer items still open at the key date are broken down further.

You can print the forms you need for this using a program. As a prerequisite, you must have defined the state central bank indicators in the system. To do this, select *Define SCB Indicator for Foreign Trade Regulations* in the *Accounts Payable/Receivable* Implementation Guide.

To run the programs, proceed as follows from the *General Ledger* screen:

Periodic processing → *Closing* → *Report* → *General ledger reports*.

You can find the relevant programs under *Reporting* in the reporting tree.

Valuations**Valuations****Use**

The year-end closing operations can be implemented for different legislative accounting standards, such as US GAAP or the German Commercial Code, which are based on different valuation approaches.

Integration**Prerequisites****Features****Activities**

Additional Valuation Areas in Financial Accounting

The year-end closing operations can be implemented for different legislative accounting standards, such as US GAAP or the German Commercial Code, which are based on different valuation approaches.

The different valuation approach is calculated and posted in the following programs:

- Foreign currency valuation (SAPF100, RFSBEW00)
- Sorting payables and receivables (SAPF101)

The programs can be run using an alternative valuation area. When the valuation of open items is made which affects the balance sheet, the differences are stored in a table (BSBW). These differences are later used for the sorting of payables and receivables.

The additional valuation area must be created in Customizing for *Financial Accounting*. To do so, select the activity *Define valuation areas* in the Implementation Guide (IMG) for General Ledger Accounting.

You must then define the account determination for the alternative valuation areas in Customizing. To do so, define the account numbers for the expense or income from the valuation in the system. You do this under the activity *Prepare automatic postings for foreign currency valuation* in the IMG for *General Ledger Accounting*.

Transfer Prices in Financial Accounting

Transfer Prices in Financial Accounting

In Financial Accounting (FI), you can manage up to three parallel valuation methods to support transfer prices. The valuation bases are stored using the additional currency and the ledger facilities.

You can use the following valuation methods:

Valuation category	Meaning
0	Legal valuation
1	Group valuation
2	Profit center valuation

You can use the following currencies:

Currency	Meaning
10	Company code currency
30	Group currency
40	Hard currency
50	Index-based currency
60	Global company currency

The meanings of the currency and the valuation remain technically separate at ledger level in Financial Accounting.

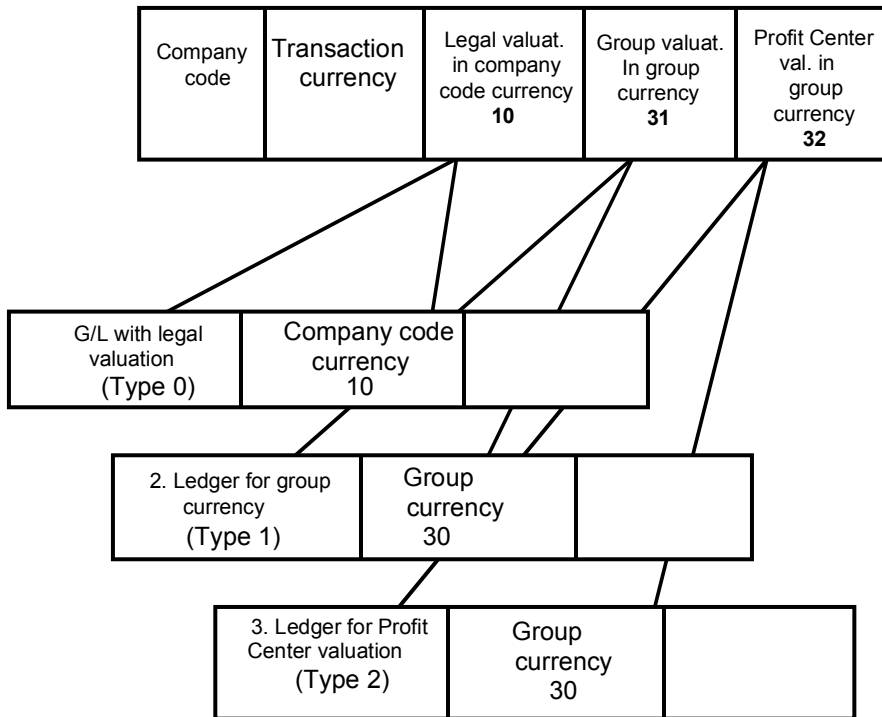
The currency and the valuation method are combined in the financial accounting document to form the currency and valuation type. For example, if you want to make a group valuation in the group currency, you enter currency and valuation type **31** in the company code.

The following example shows a group that wishes to make a group valuation in group currency and a profit center valuation in group currency, as well as the legal valuation in company code currency.

Objective	Currency and valuation type
Legal valuation in company code currency	10
Group valuation in group currency	31
Profit center valuation in group currency	32

The following settings are made in the company code:

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The corporate valuation and the profit center valuation are managed in the second and third ledgers, which you have to create yourself. The valuation category used is stored in the ledger master data. You need to enter the relevant currencies in the ledger master record.

You post complete values to each ledger, not delta values. This presentation has the advantage that the parallel valuation methods can be managed in logically and physically separate ledgers. This enables a simple authorization control when accessing the datasets of the parallel valuation methods.

Different valuations can also be stored in the Special Purpose ledgers, just as in the general ledger.

In each ledger master record, you can define whether the ledger manages a legal valuation, a group valuation, or a profit center valuation.