



# SAP

# FICO

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## About the Tutorial

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SAP FI stands for Financial Accounting and it is one of important modules of SAP ERP. It is used to store the financial data of an organization. SAP FI helps to analyze the financial conditions of a company in the market. It can integrate with other SAP modules like SAP SD, SAP PP, SAP MM, SAP SCM, etc.

SAP Controlling (CO) is another important SAP module offered to an organization. It supports coordination, monitoring, and optimization of all the processes in an organization. SAP CO includes managing and configuring master data that covers cost and profit centers, internal orders, and other cost elements and functional areas.

This is an introductory tutorial that covers the basics of SAP FICO and how to deal with its various modules and sub-modules.

## Audience

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This tutorial will be extremely useful for professionals who aspire to learn the ropes of SAP FICO and implement it in practice. It is especially going to help consultants who are mainly responsible for implementing Financial Accounting and Cost Accounting with SAP ERP Financials.

## Prerequisites

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It is an elementary tutorial and you can easily understand the concepts explained here with a basic knowledge of how a business deals its Financials. However, it will help if you have some prior exposure to accounting and how to deal with financial data.

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# 1. SAP FI – Overview

SAP FI stands for Financial Accounting and it is one of important modules of SAP ERP. It is used to store the financial data of an organization. SAP FI helps to analyze the financial conditions of a company in the market. It can integrate with other SAP modules like SAP SD, SAP PP, SAP MM, SAP SCM, etc.

SAP FI comprises of the following sub-components:

- Finance Accounting General Ledger
- Finance Accounting Accounts Receivable and Payable
- Finance Accounting Asset Accounting
- Finance Accounting Bank Accounting
- Finance Accounting Travel Management
- Finance Accounting Fund Management
- Finance Accounting Legal Consolidation

## Where Do We Use SAP FI?

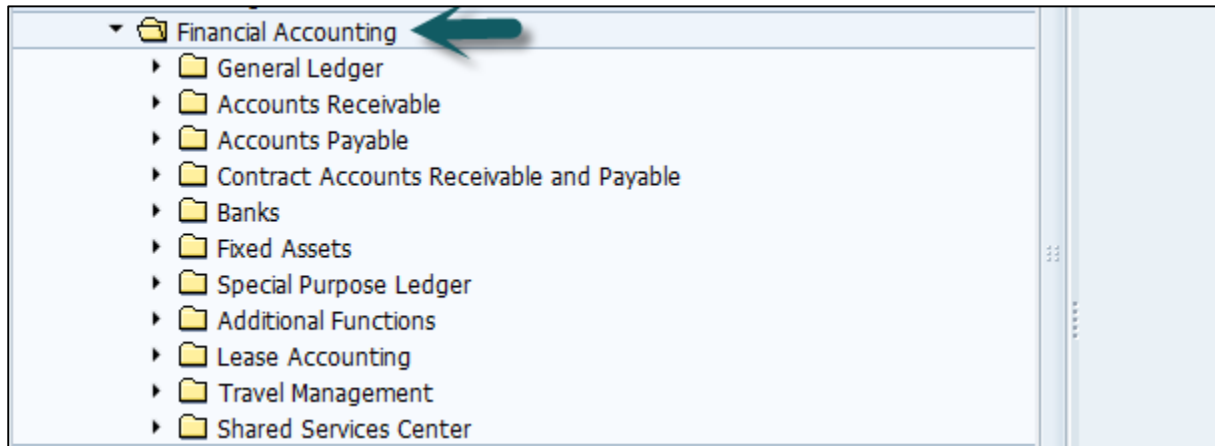
SAP FI module enables you to manage financial accounting data within an international framework of multiple companies, currencies, and languages. SAP FI module mainly deals with the following financial components:

- Fixed asset
- Accrual
- Cash journal
- Accounts receivable and payable
- Inventory
- Tax accounting
- General ledger
- Fast close functions
- Financial statements
- Parallel valuations
- Master data governance

SAP FI consultants are mainly responsible for implementing Financial Accounting and Cost Accounting with SAP ERP Financials.

## 2. SAP FI – Submodules

SAP FI has a collection of submodules, as depicted in the following screenshot:



### Finance Accounting – General Ledger

A General Ledger contains all the transaction details of a company. It acts as the primary record to maintain all accounting details. Common general ledger entries are customer transactions, purchases from vendors, and internal company transactions.

Common **T-codes** that are used to maintain G/L accounting:

- F-06
- F-07
- FBCJ
- FB50
- FB02

### Finance Accounting – Accounts Receivable and Payable (AR / AP)

It includes the details of amount that is paid by the customer and the amount that is paid by company to the vendors. In other words, AP includes all the vendor transactions and AR includes all the customer transactions.

Common SAP AR **T-codes**:

- FD11
- FD10
- FRCA
- VD01



Common SAP AR Tables:

- KNA1
- KNVV
- BSIW

Common SAP AP **T-codes**:

- XK01
- MK01
- MK02
- FCHU

Common SAP AP Tables:

- LFA1
- LFM2
- LFBK

## Finance Accounting Asset Accounting

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Asset Accounting deals with all the fixed asset of the company and provides all the transaction details about fixed assets. The asset accounting module of Finance Accounting works closely with other modules like SAP MM, SAP Plant Management, EWM, etc.

Common **T-codes** used for Asset Accounting:

- AT01
- AT03
- AUN0
- ASEM

**Example:** When a company purchases an item that can be considered as an asset, the details will be passed to Asset accounting module from the SAP MM module.

## Finance Accounting Bank Accounting

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It deals with all the transactions done through bank. It includes all the incoming and outgoing transactions performed, balance management and bank transaction master data.

You can create and process any type of bank transactions using the Bank accounting component.

Common Bank Accounting module tables that are used for this are:

- LFBK
- BNKA
- KNBK

Common **T-codes** with bank accounting:

- FIBLAROP
- OBEBGEN
- FI13
- FF\_6
- RVND

## **Finance Accounting Travel Management**

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This module is used to manage all the travel expenses of a company. It involves all the travels request, their planning and expenses involved in all the requested trips.

It helps an organization to manage travel expenses in an efficient manner, as it provides integration with all the other modules of SAP.

Common Travel Management **T-codes**:

- PR05
- PRTS
- TRIP
- PR00

Common Travel Management tables:

- TA22B
- PTRV\_HEAD
- FTPT\_PLAN
- FTPT\_ITEM

## **Finance Accounting Fund Management**

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This module is used to manage funds in a company. Fund Management module interacts with other modules like Bank accounting, General Ledger (G/L, SAP AR/AP, and SAP Material Management, etc. to get fund details.

It involves all the transactions for fund receiving, fund expenditure, and future expenses. It helps a company to create budget forecasting and to use the funds in a proper way.

Common tables that store Funds management data:

- FMFCTR
- FMIFIIT
- FMIT

Common SAP Funds Management **T-codes**:

- FM5I
- FMWA

- FMEQ

## **Finance Accounting Legal Consolidation**

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It helps an organization to treat its multiple units as a single company, hence it enables to view all the details as a single financial statement for all the companies under that group. An organization can get a clear idea of its financial conditions as a single entity.

Common tables in FI Legal Consolidation module:

- FILCP
- MCDX
- GLT3
- T00K

**Note:** FI-Legal Consolidation module was supported in older versions of SAP ERP implementation. This work is performed by SAP Business Process Consolidation BPC and SEM-BCS now.

# 3. SAP FI – Company Basics

A company is defined as the smallest unit for which financial statements can be created in accordance with commercial legal regulations.

In SAP FI, a company can comprise of multiple codes, however it acts as a single unit for which financial statements are available. All the company codes must use the same chart of accounts list and fiscal year, however each code can have a different local currency.

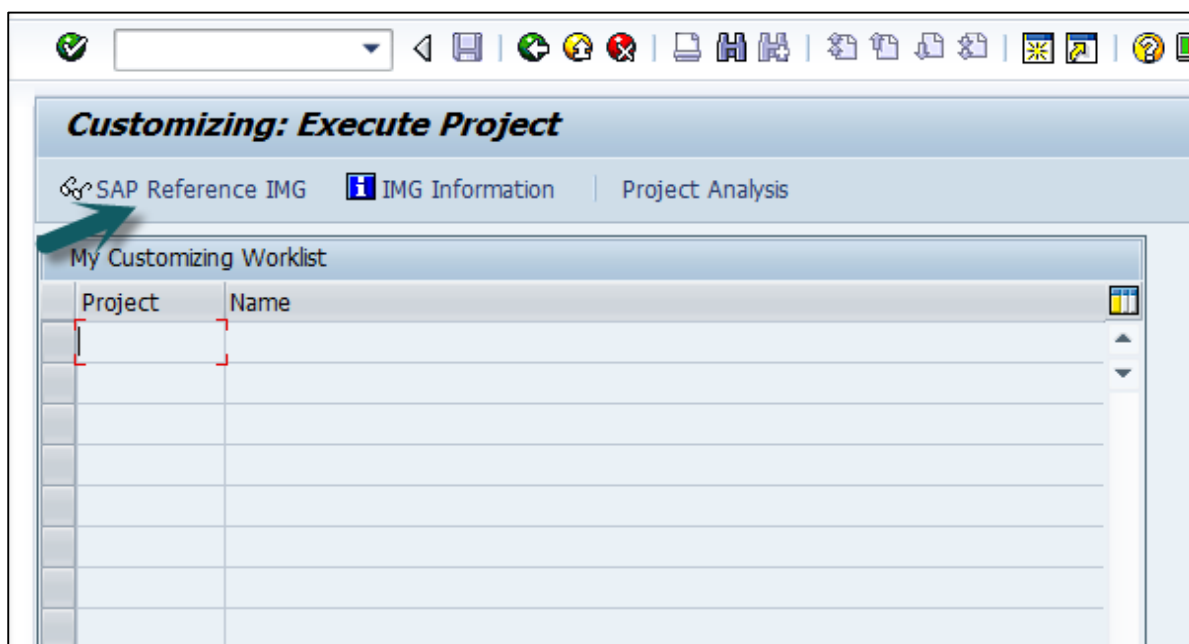
A chart of accounts list consists of all the chart of accounts that can be used and each code must have one chart of account.

A fiscal year normally consists of twelve months' time period where company creates the financial statements.

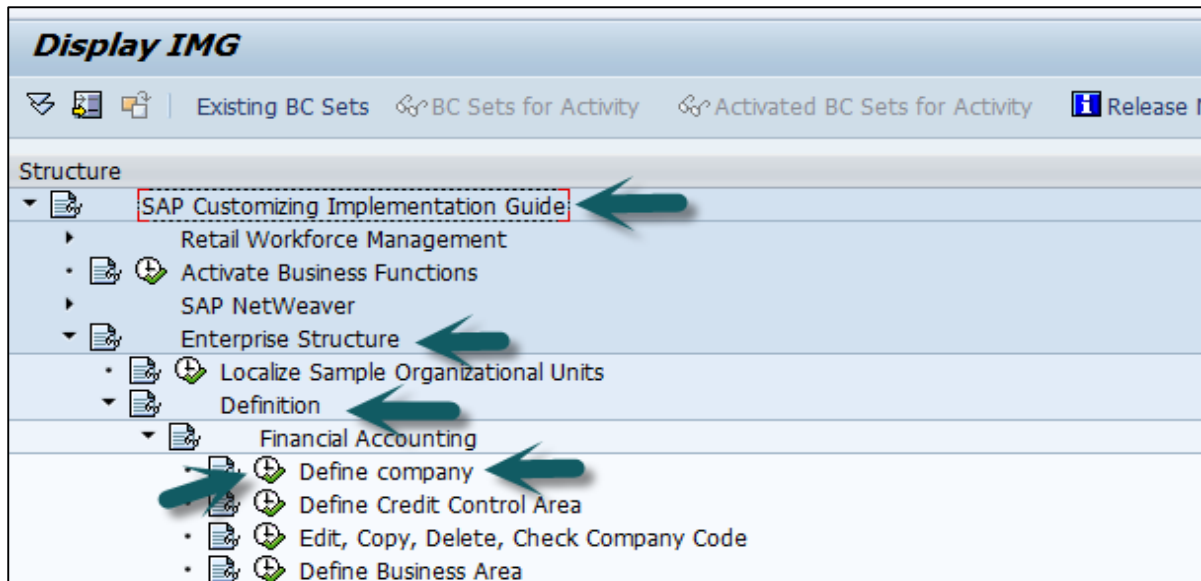
## SAP FI – Create Company

### Login to SAP FICO

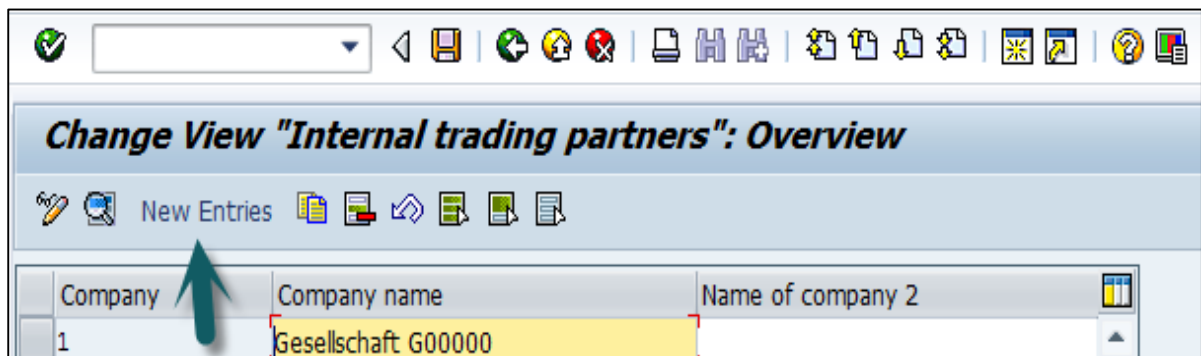
Use **T-code** SPRO -> click on SAP Reference IMG -> New window will open



Expand SAP Customizing implementation guide -> Enterprise Structure -> Definition -> Finance Accounting -> Define Company -> click on Execute (see the pointer in the screenshot).



A new window will open -> click on New Entries -> New Entries: Details of added entry



You need to provide the following details to create a new company:

- Enter the company code to represents group of company.
- Enter the company name
- Enter the full address-street, PO Box, postal code, city
- Enter the Country
- Enter the Language key
- Enter the currency

**New Entries: Details of Added Entries**

Company: XYZ

Company name: XYL Ltd

Name of company 2:

**Detailed information**

Street: 212, Akbar Road

PO Box: 110092

Postal code: 1100069

City: New Delhi

Country: IN

Language Key: EN

Currency: INR

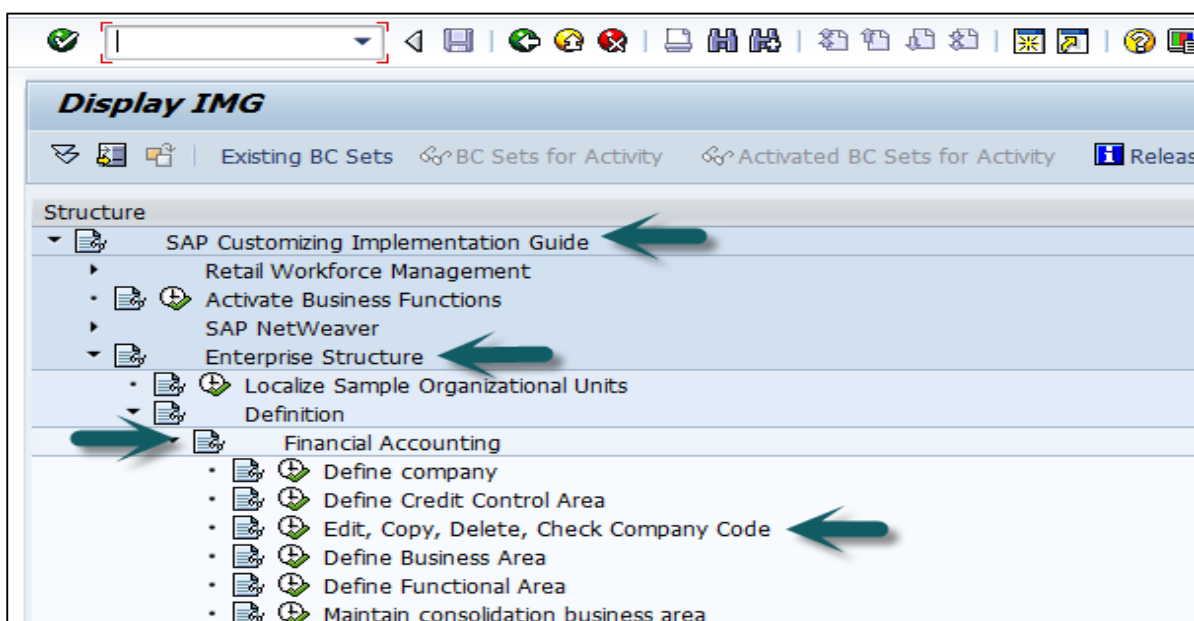
The next step is to save the company details -> CTRL+S or as shown in the above screenshot.

## SAP FI – Create Company Code

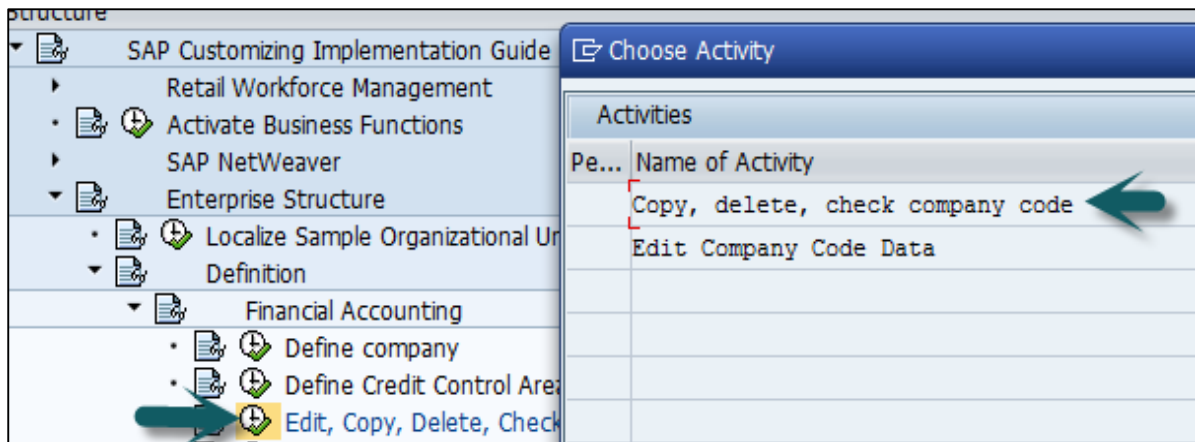
In SAP FI, a company can comprise of multiple codes, however it acts as a single unit for which financial statements are available. Company code is the smallest unit in an organization for which financial statements (profit-loss statement, etc.) can be generated.

### Create, edit, delete a company code

Let us discuss how to create, edit, and delete a company code. Take a look at the following screenshot.

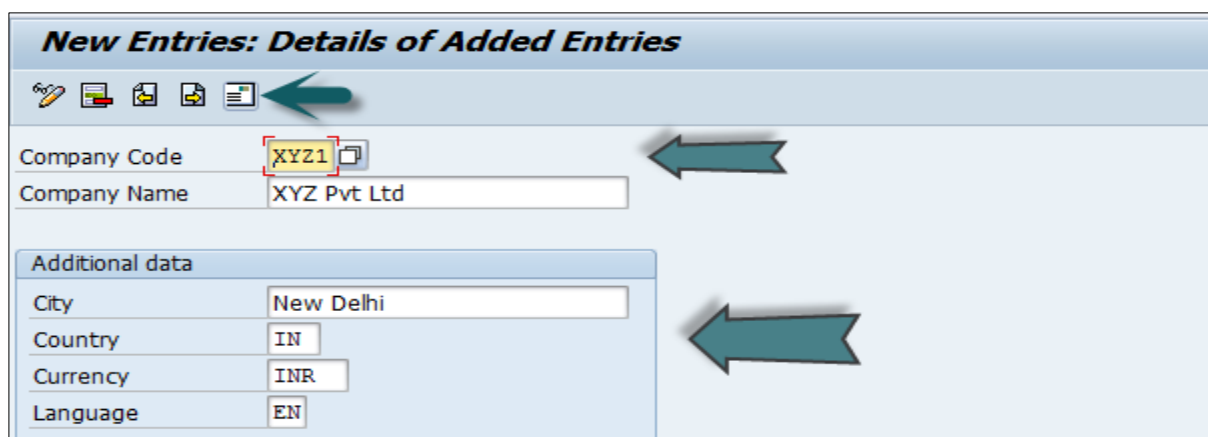
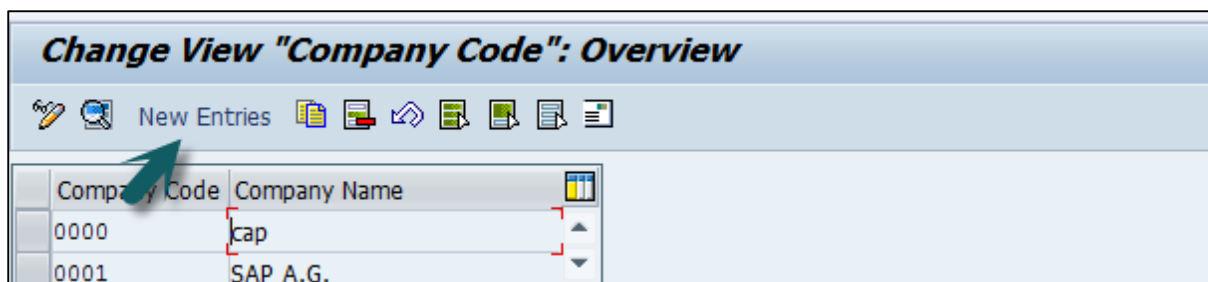


Expand Enterprise Structure as mentioned in the previous topic -> Definition -> Financial Accounting -> Edit, Copy, Delete, check company code -> Execute using click on the watch image -> New window will open -> You can create a new company code by selecting both the options.



Select Edit, Copy, Delete, and Check Company Code. It allows you to copy all the configurations and tables automatically.

If you select Edit company code, you will get the following window -> click on New Entries and update the code details.



You can click on the Address button and update the following fields. Once the Address field is updated, click the Save button.

**Edit address: XYZ1**

**Name**

Title: Mr.

Name: XYZ Pvt Ltd

**Search Terms**

Search term 1/2: XYZ1

**Street Address**

Street/House number: Akbar Road 212

Postal Code/City: 1100069 New Delhi

Country: IN Region:

**PO Box Address**

PO Box: 110092

Postal Code: 1100069

Company postal code:

**Communication**

Language: English

Telephone: Extension:

Mobile Phone: Extension:

Fax: Extension:

E-Mail:

Standard Comm.Method:

**Comments**

Buttons: Save, Cancel, Preview, International Versions



## 4. SAP FI – Define Business Area

Business Areas are used to differentiate transactions that come from different lines of business in a company.

### Example

There is a big company XYZ which runs multiple businesses. Let us assume it has three different domains like manufacturing, marketing, and sales.

Now you have two options:

- First is to create different company codes
- And the other better option is to create each of these business lines into the business areas

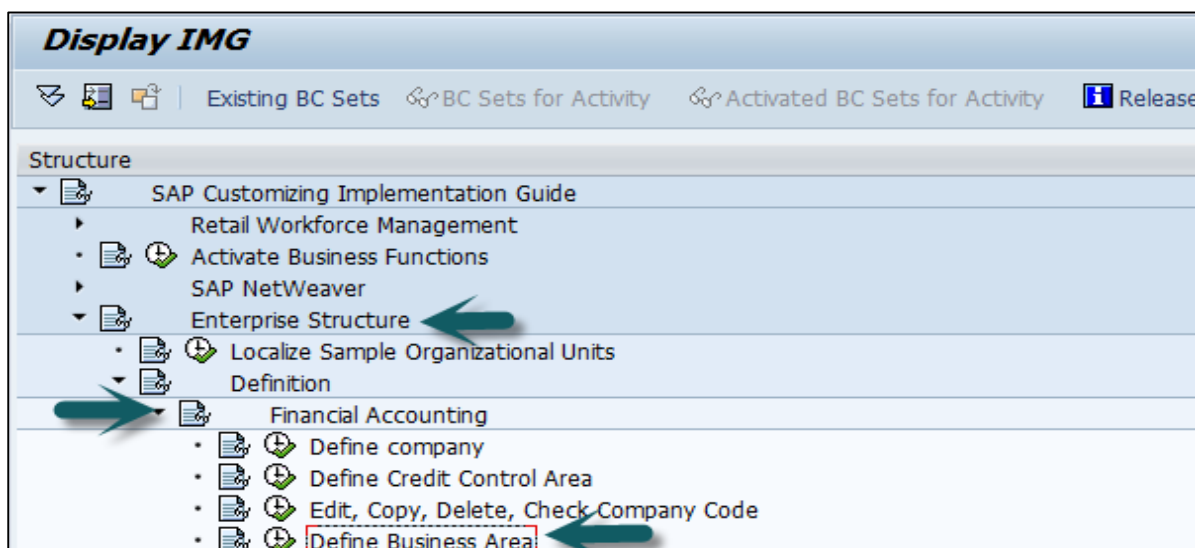
The benefits of using Business Areas in this case are as follows:

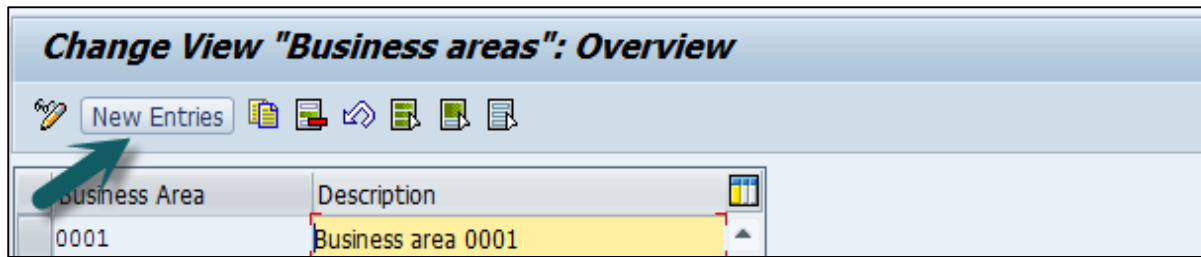
- You can use these business areas if other company codes require the same areas.
- It is easy to configure if you use a Business Area, as you just need to attach to the company code and the other details in that business area will get attached automatically.
- By using Business Areas in controlling, you can create Profit and Loss statement, Balance Sheet, etc. for business areas. Hence it is used for management accounting in a few companies.

**Note:** Business areas are used more in Controlling as compared to Finance Accounting.

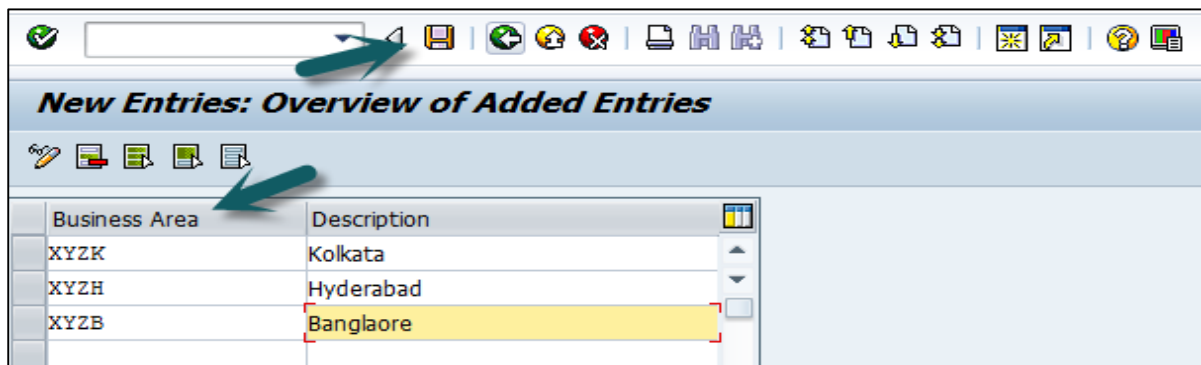
### How to create a new Business Area in SAP FI?

Expand Enterprise Structure as mentioned in the previous topic -> Definition -> Financial Accounting -> Define Business Area -> Execute -> Go to New Entries





Enter the 4 digit Business Area code and save the configuration.



# 5. SAP FI – Define Functional Area

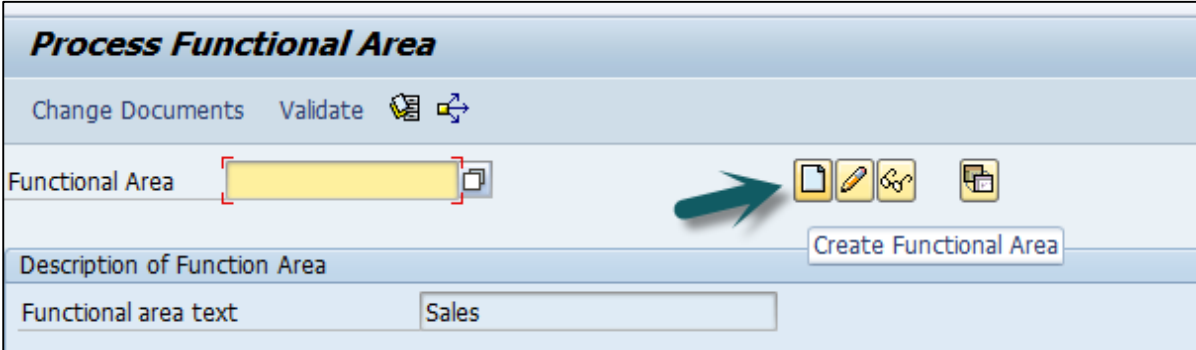
Function Areas in finance accounting are used to define the expenses in a company according to individual function units. The most common Functional Areas are:

- Manufacturing
- Sales and Distribution
- Production
- Administration

## How to Define a Functional area in SAP FI?

You can define a Functional Area using the **T-code** FM\_FUNCTION (Earlier it was OKBD, but this is obsolete). It will open a new window.

Click on Create Functional Area as shown below and a new window will open.





The screenshot shows the SAP 'Process Functional Area' transaction screen. The title bar reads 'Process Functional Area'. Below the title bar are buttons for 'Change Documents', 'Validate', and a refresh icon. The main area has a 'Functional Area' field with a yellow highlight and a copy icon. To the right of this field is a green arrow pointing to a 'Create Functional Area' button. Below the 'Functional Area' field is a 'Description of Function Area' section with a 'Functional area text' field containing the word 'Sales'.





Enter the following details:

- Name of Functional Area
- Description
- Validity to and from date
- Expiration date and Authorization.

Once all the details are provided, click the Save button at the top. Once you click Save, you will see a message at the bottom that a new functional area has been created.

**Create Functional Area**

Validate  

Functional Area     

Description of Function Area

Functional area text

Validity Period

Valid from  Valid to

Expiration Date


Authorization Group

Authorization Group

Change Log

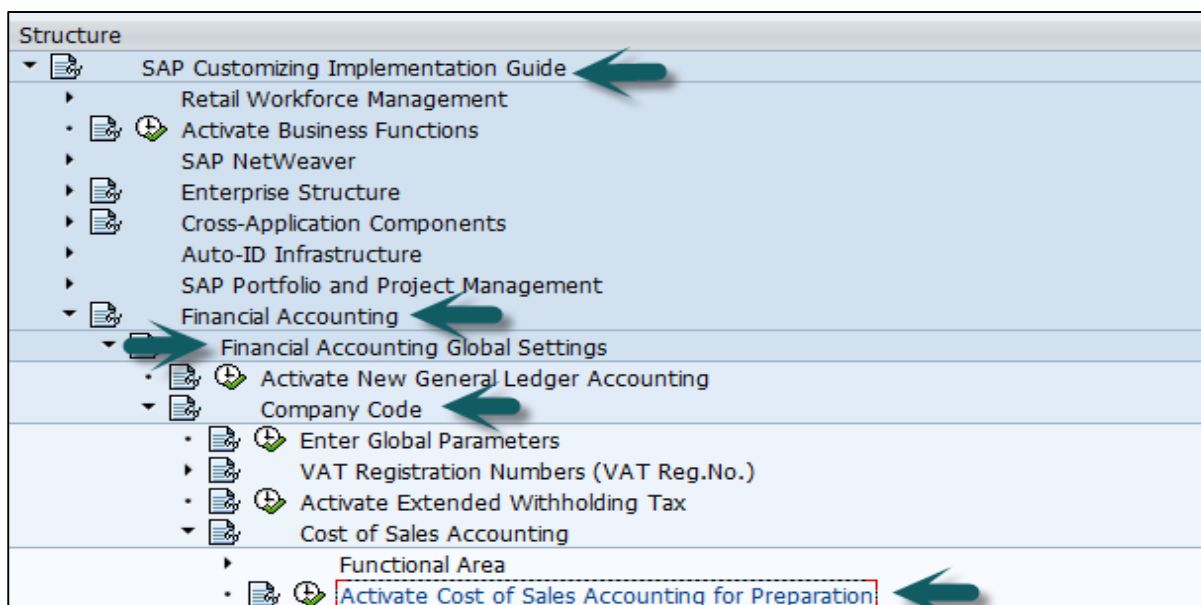
Created by	<input type="text" value="SAPEXT16"/>	Changed by	<input type="text"/>
Entered on	<input type="text" value="14.12.2015"/>	Changed on	<input type="text"/>
Entered at	<input type="text" value="00:14:58"/>	Changed at	<input type="text" value="00:00:00"/>

Functional area XYZP has been saved



Functional Areas are used to create Profit and Loss statements using the cost of sales accounting and they are also used to analyze the cost of sales accounting. For this, you need to activate the cost of sales accounting as follows:

Go to SPRO -> SAP Reference IMG -> Financial Accounting -> FI Global Settings -> Company Code -> Cost of Sales Accounting -> Activate cost of sales accounting for preparation.



# 6. SAP FI – Define Credit Control

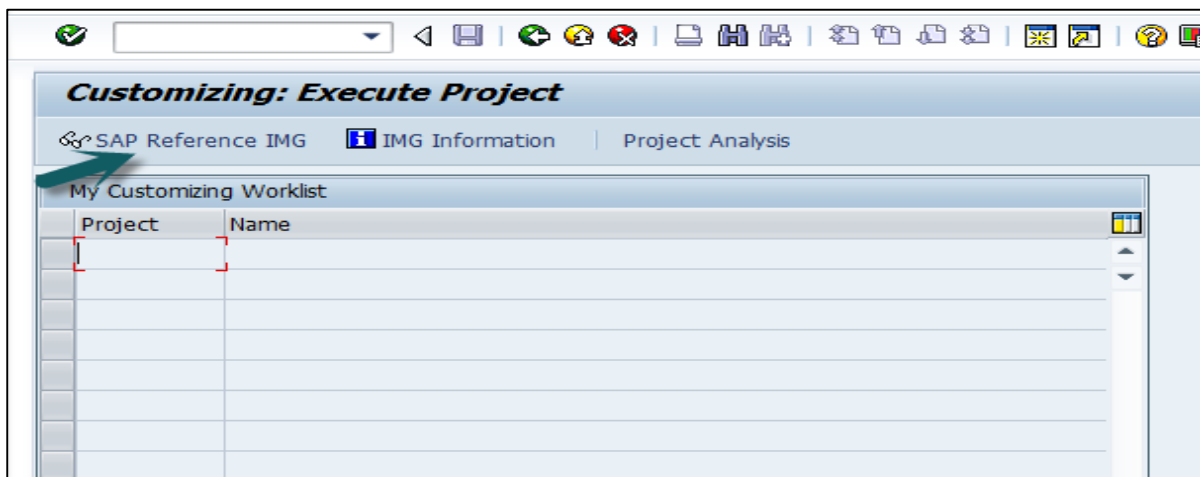
Credit Control in FI is used to check the credit limit for the customer and it can use one or more codes. It is used for credit management in Application components such as Account Receivable (AR) and Sales and Distribution.

The credit control area is determined in the following sequence:

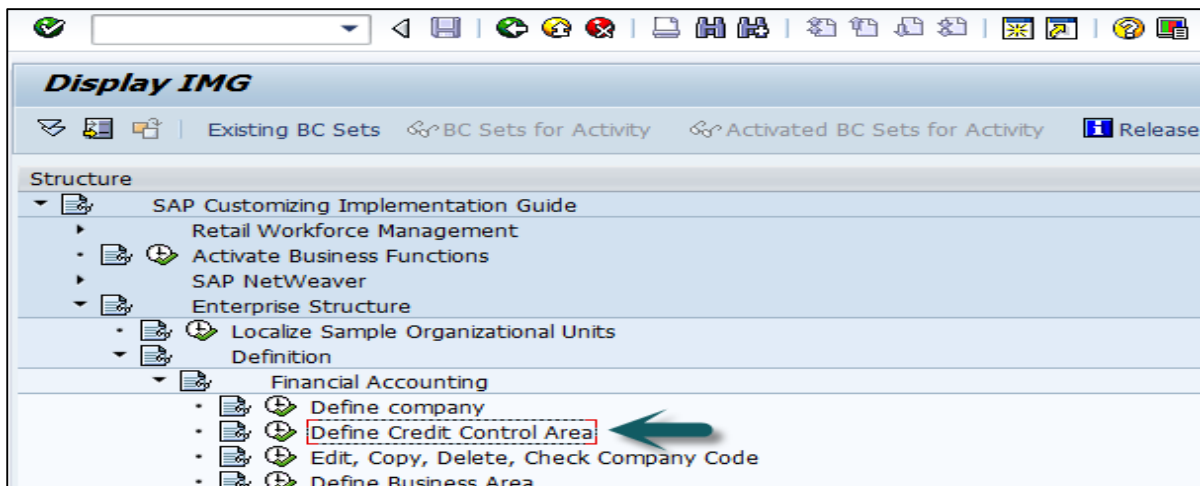
- User exit
- Distribution channel
- Customer master
- Company code for the sales organization

## How to define a Credit Control Area?

A Credit Control Area is defined in accordance with the areas of responsibility for credit monitoring. Use the **T-code** SPRO -> click SAP Reference IMG. It will open a new window.



Expand SAP Customizing implementation guide -> Enterprise Structure -> Definition -> Finance Accounting -> Define Credit Control Area -> Execute.



Click Execute -> New entries -> Enter the below details -> Save. Now you have successfully configured the Credit Control Area.

**New Entries: Details of Added Entries**

Cred.contr.area  ←

Currency

Data for updating SD

Update

FY Variant

Default data for automatically creating new customers

Risk category

Credit limit  ←

Rep. group

Organizational data

All co. codes

Once you create the Credit Control Area, the next step is to assign a company code to the credit control area.

Expand Enterprise structure -> Assignment -> Finance Accounting -> Assign company code to credit control area -> Execute.

**Display IMG**

Existing BC Sets | BC Sets for Activity | Activated BC Sets for Activity | Release

Structure

- ▼ SAP Customizing Implementation Guide
  - ▶ Retail Workforce Management
  - Activate Business Functions
  - ▶ SAP NetWeaver
  - ▼ Enterprise Structure
    - Localize Sample Organizational Units
    - ▶ Definition
    - ▼ Assignment ←
      - ▼ Financial Accounting
        - Assign company code to company
        - Assign company code to credit control area ←
        - Assign business area to consolidation business area
        - Assign company code to financial management area
        - Assign Profit Center to Company Code

A new window will open -> click Position -> it will open another new window. Enter the company code and click Continue.

**Change View "Assign company code -> credit control area": Overview**

CoCd	Company Name	City	CCAr	Overwrite CC...
0000	cap	ahmedabad		<input type="checkbox"/>
0001	SAP A.G.	Walldorf		<input type="checkbox"/>
0005	IDES AG NEW GL	Frankfurt	1000	<input type="checkbox"/>
0	Another entry		3000	<input type="checkbox"/>
0	Company Code	XYZ1	1000	<input type="checkbox"/>
0			3000	<input type="checkbox"/>
0			1000	<input type="checkbox"/>
0				<input type="checkbox"/>
0				<input type="checkbox"/>

Enter the Credit Control Area in CCAr and save the details.

**Change View "Assign company code -> credit control area": Overview**

CoCd	Company Name	City	CCAr	Overwrite CC...
YA02	yashika steel ltd	AHMEDABAD	XY25	<input type="checkbox"/>

# 7. SAP FI – General Ledger

The General Ledger is used to record all the business transactions in a software system.

## SAP FI – Chart of Accounts

The FI chart of accounts represents the list of GL accounts that are used to meet the daily needs and the operating country's legal requirement in a company. The master chart of accounts must be assigned to each company code.

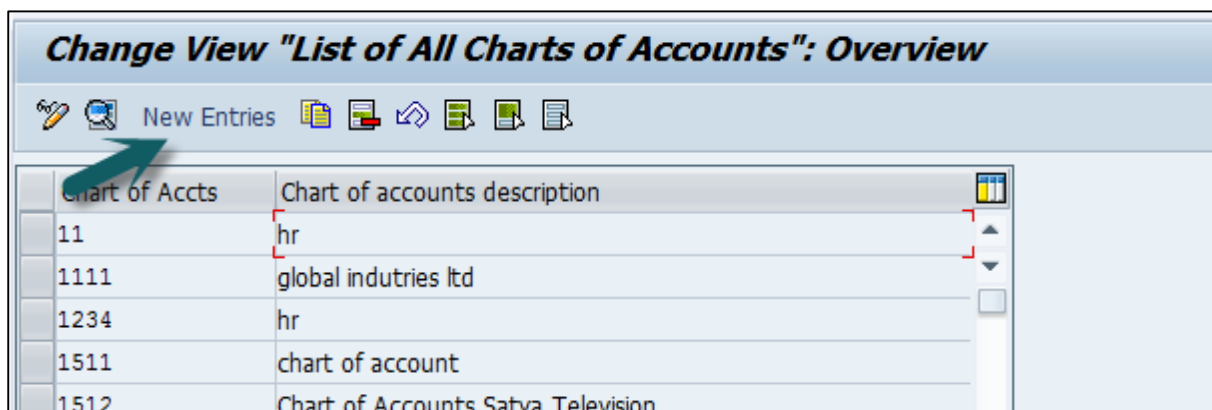
Chart of accounts (COA) can be divided into the following types:

- **Operating Chart of Accounts** – It contains all the General Ledger accounts that are used to meet the daily needs in a company. The operating chart of accounts has to be assigned to a company code.
- **Country Chart of Accounts** – It contains a list of all General Ledger accounts that are required to meet the operating country's legal requirements. You can also assign a company chart of account to the company code.
- **Chart of Accounts Group** – This COA group contains a list of all the G/L accounts that are used by the entire company.

### How to create a new Chart of Accounts?

You can create a new Chart of Accounts by using the **T-code** OB 13 or by going to Finance Accounting -> G/L accounts.

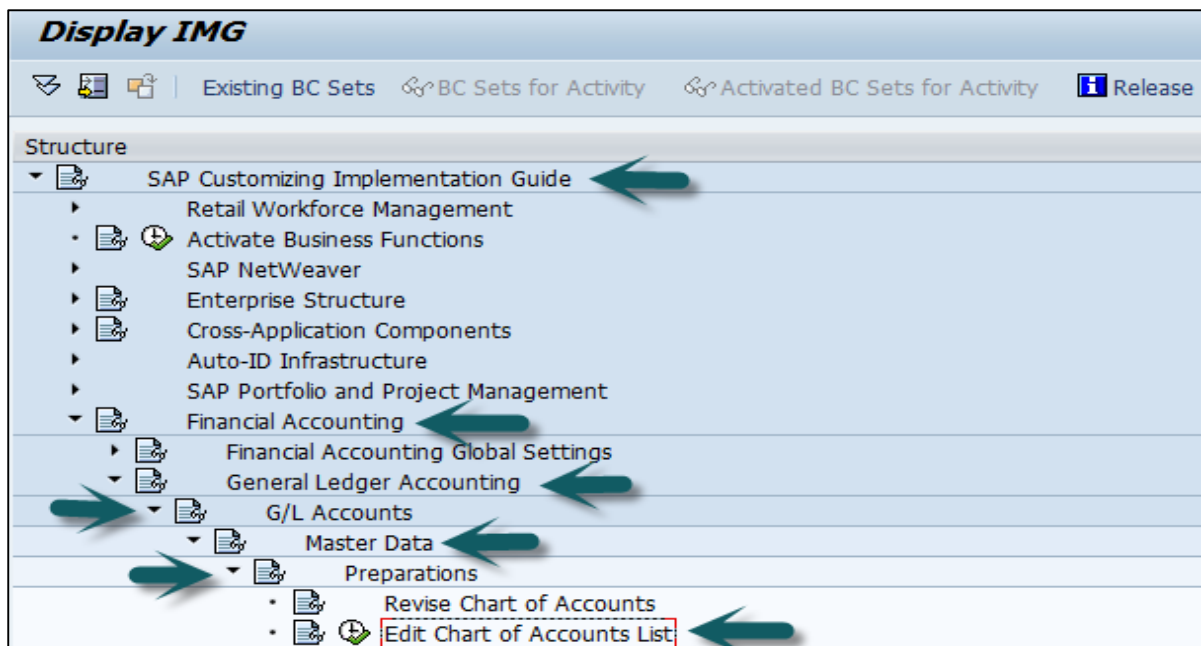
Type the **T-code** OB13 in SAP Easy Access and it will take you to the following screen:



**This window can also be opened by following the path:**

**T-code** SPRO -> SAP Reference IMG -> Financial Accounting -> General Ledger Accounting -> G/L accounts -> master data -> Preparations -> Edit Chart of Account Lists -> Execute -> New Entries to create a new charts of account.





You can choose Controlling Integration as manual creation of cost elements or automatic creation of cost elements. (Recommended to use manual creation).

The screenshot shows the 'New Entries: Details of Added Entries' form. The 'Controlling integration' dropdown is set to 'Manual creation of cost elements'. Red arrows point to the 'Chart of Accts', 'Description', 'Maint. language', 'Length of G/L account number', 'Controlling integration', and 'Group Chart of Accts' fields.

Group Chart of Accounts is used for report consolidation. Uncheck the Blocked checkbox under the status tab and click the Save option.

# 8. SAP FI – COA Group

You can create a SAP FI chart of accounts group as per your requirement. To effectively manage and control a large number of G/L accounts, you should use COA groups.

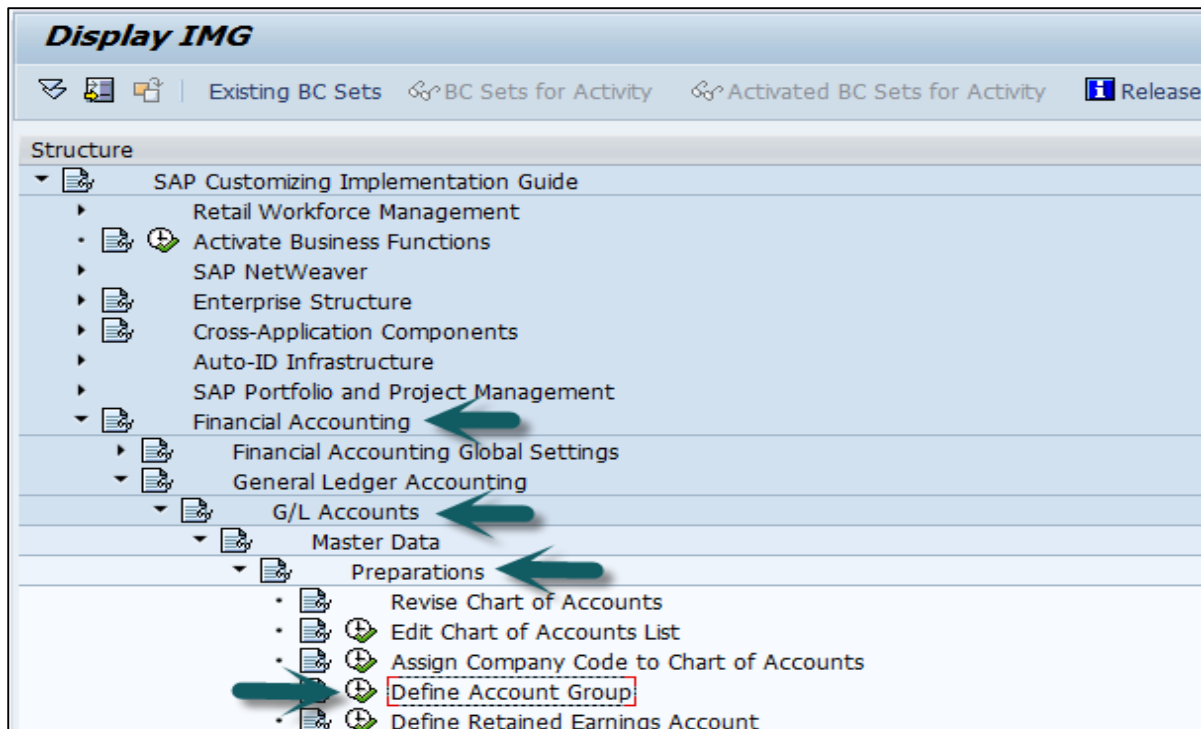
## How to define Chart of Accounts Group?

There are two ways you can create a new COA group. The first method is to use the **T-code** OBD4.

Chrt/Accts	Acct group	Name	From acct	To account
		derrent liability	26001	27000
	ADMI	administrative expenses	3,01,001	3,02,000
	C.A	current assest	10501	10660

You can also reach to this screen by following the path:

**T-code** SPRO -> SAP Reference IMG -> Financial Accounting -> General Ledger Accounting -> G/L Accounts -> Preparations -> Define Account Group -> Execute -> New window will open -> New Entries



Chrt/Accts	Acct Group	Name	From acct	To account
		derrent liability	26001	27000
	ADMI	administrative expenses	3,01,001	3,02,000
	C.A	current assest	10501	10660

Populate the following fields in the COA group: Chart of Account Key, Acct Group, Name, From Acct. and To Account details.

Chrt/Accts	Acct Group	Name	From acct	To account
XYZP	OTIN	Other Income	1902	2103

After providing the required details, click the Save Configuration option to create the COA group.

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