

TB1100 Accounting

SAP Business One, Version 9.3



- SAP Business One
- Collection 98

Contents

Unit 1 Accounting Basics

Unit 2 Financial Setup

Unit 3 Financial Process

Unit 4 Bank Process

Unit 5 Controlling Reports

Unit 6 Fixed Assets

**Unit 7 Cost Accounting and
Budget**

Accounting Basics – Financial Basics

SAP Business One, Version 9.3



SAP Run Simple

Welcome to the Financial Basics topic.

Objectives



At the end of this topic, you will be able to:

- Discuss some general accounting conventions.

In this topic, we will cover some general accounting conventions and give examples of the automatic journal entries that are created during the sales processes.

Business Scenario

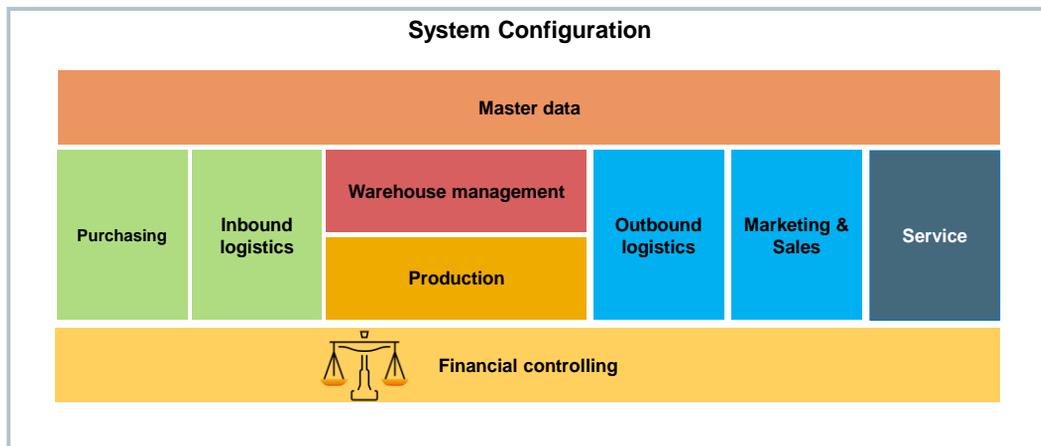


You are implementing SAP Business One at a new customer, OEC Computers:

- Your main contact in the customer site is the accountant, Maria.
- Maria asks about the way SAP Business One handles the financial accounting processes.
- She wants to make sure she understands the big picture so she can report on business results.

Imagine that you are implementing SAP Business One at a new customer OEC Computers. Your main contact is the OEC Computers accountant, Maria. Maria is very interested in the implementation and asks you about how SAP Business One handles the financial accounting process. She wants to make sure she understands the big picture so she can report business results to the company owners each period.

Finance Basics



Let us discuss some financial basics.

Every business transaction is recorded in the company's books.

This allows you:

- To manage your company effectively with the option of producing financial reports.
- To report the business transactions to the authorities.

Every business transaction results in a value exchange:

- A certain account increases value and another decreases value, resulting in the recording of balancing debit side and credit side postings.

Automatic Journal Entries: Reflection Question



Standard



In other topics we learned about the documents in the sales process and their consequences on bookkeeping.

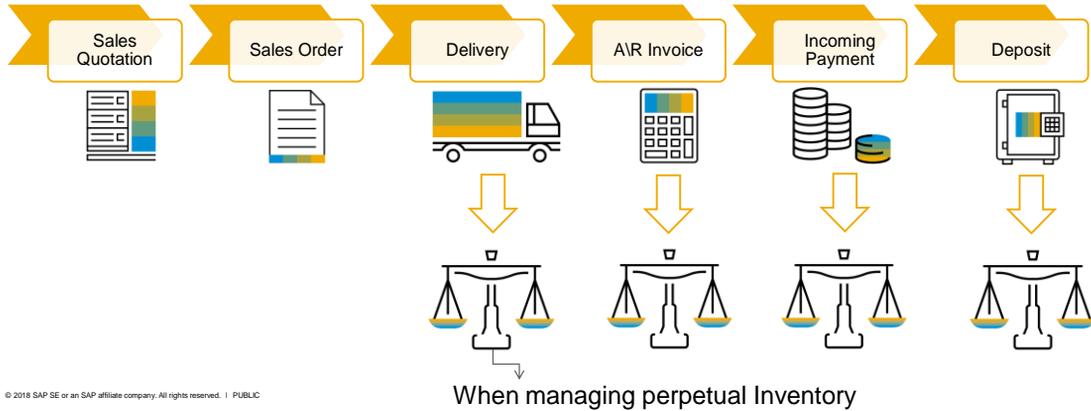
To review this process let us try to answer the following question:

In a standard sales process which documents affect the accounting system?

Automatic Journal Entries: Answer



Standard



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

8

These are the documents in the sales process that create automatic journal entries and therefore affect the accounting system: the delivery, the A/R invoice, the incoming payment and the deposit. Note that the delivery only creates an accounting posting if you are using perpetual inventory.

A/R Invoice Journal Entry



	Debit	Credit
Customer account	105	
Tax account		5
Revenue account		100

In SAP Business One, a journal entry is automatically posted for many documents during the sales, purchasing and inventory processes.

Now let us assume for a moment that we are in a non-perpetual inventory system in order to keep our example simple. In that case, in our sales process example, the A/R Invoice automatically creates the following journal entry:

- There is a debit to the customer account for the total price of the sale.
- There is a credit to the tax account for sales tax and a credit to the revenue account for the sales price (excluding tax).

You have the option to split the journal entry posting by document lines. That is, rows with the same G/L accounts are not grouped in the created journal entry. One row in a journal entry is linked to one row in the marketing document.

To enable this option, in the *Document Settings* window, under the *General* tab, choose the *Split* option in the *Split Journal Entry Posting by Document Lines* field.

Let us focus on the debit side. Each transaction registered for the customer affects the customer account balance. Now let us look at the customer account in more detail.

The Account Balance



Customer XXXX7	Debit	Credit	Origin
	105 Debit		A/R Invoice
	600 Debit		A/R Invoice
	400 Debit		A/R Invoice
		705 Credit	Incoming Payment
	200 Debit		A/R Invoice
	100 Debit		A/R Invoice
Account Balance	700 Debit		

This is an example of the customer account.

The account balance represents the difference between the total debit transactions and the total credit transactions recorded for that account.

The transaction summary or the balance of a certain G/L account or business partner is the initial information the accounting system can provide about the business.

In the graphic, we see that the total debits are greater than the total credits, so the account has a debit balance.

Previously, we mentioned that in each journal entry a certain account increases value and another decreases value, resulting in the recording of balancing debit side and credit side postings.

The effect on the account balance would be:

- Assets, Expenses, and Drawings accounts are generally in debit.
- Liability, Revenue, and Capital (Equity) accounts are generally in credit.

Account Types

		Debit Accounts		Credit Accounts	
		▲ = increase ▼ = decrease	Typical Balance	▲ = increase ▼ = decrease	Typical Balance
Balance Sheet Accounts	Assets	▲	Bank Account, Accounts Receivable	▼	
	Liabilities	▼		▲	Accounts Payable
	Equity/ Capital	▼		▲	Reserves
Profit and Loss Accounts	Expenses	▲	Rent, Electricity	▼	
	Revenues	▼		▲	Sales Revenue

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

11

Here, we see the typical account balance of the different account types.

For example, let us look at the value exchange for assets and liabilities.

For assets:

- Debit transactions always increase the asset value.
- Credit transactions always decrease the asset value.

For liabilities:

- Credit transactions always increase the liability.
- Debit transactions always decrease the liability.

We will discuss the different account types in another course.

Value Exchange: Reflection Question



A/R Invoice



	Debit	Credit
Customer account	440	
Revenue account		440

In a typical A/R invoice, what is the effect of the debit and credit amounts on the involved account balances?

Once again we will make some assumptions to keep the example simple: Let us assume that the customer is tax exempt and that this is a non-perpetual inventory system.

Value Exchange: Answer



A/R Invoice



	Debit	Credit
Customer account	440	
Revenue account		440

The two accounts increase their values: ▲

The answer is that the two accounts increase their values.

The customer account is considered an asset so any debit to this account increases the account's value.

A credit to the revenue account, as we saw on the previous slide, increases the account's value.

Note that you can preview the corresponding journal entry posting and the involved accounts before you add a document that generates journal entry. You can do so by choosing the Journal Entry Preview icon from the toolbar or by right click the document and choosing the Journal Entry Preview option.

Summary



Here are some key points:

The account balance represents:

- The difference between the total debit transactions and the total credit transactions recorded for that account.

In each journal entry:

- A certain account increases value and another decreases value
- The debit side and the credit side balance.

Assets, Expenses, and Drawings accounts are generally in:

- Debit

Liability, Revenue, and Capital (Equity) accounts are generally in:

- Credit

Here are some key points to take away:

The account balance represents the difference between the total debit transactions and the total credit transactions recorded for that account.

In each journal entry a certain account increases value and another decreases value and the debit side and the credit side balance.

Assets, Expenses, and Drawings accounts are generally in debit.

Liability, Revenue, and Capital (Equity) accounts are generally in credit.

Accounting Basics – Automatic Journal Entries

SAP Business One, Version 9.3



SAP Run Simple

Welcome to the Automatic Journal Entries topic.

Objectives



At the end of this topic, you will be able to:

- Give examples of the automatic journal entries created during the sales, purchasing and inventory processes
- Review the financial settings that affect the processes of automatic journal entries.

In this topic, we will give examples of the automatic journal entries that are created during the sales, purchasing, and inventory processes. We will also talk about some financial settings that affect these automatic journal entries.

Business Scenario



You are implementing SAP Business One at a new customer, OEC Computers:

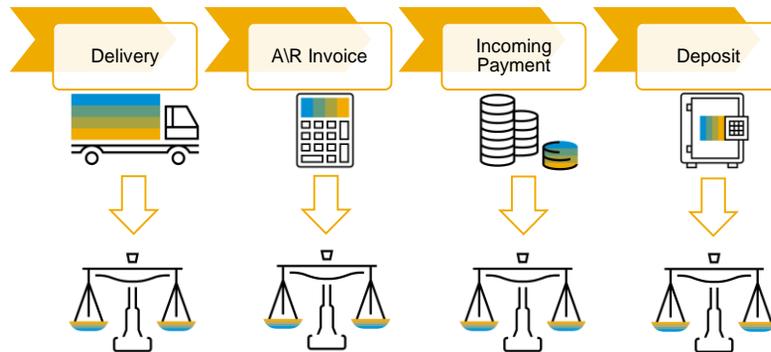
- Your main contact in the customer site is the accountant, Maria.
- Maria asks about the way SAP Business One handles the financial accounting processes.
- She wants to make sure she understands the big picture so she can report on business results.

Imagine that you are implementing SAP Business One at a new customer OEC Computers. Your main contact is the OEC Computers accountant, Maria.

Maria is very interested in the implementation and asks you about how SAP Business One handles the financial accounting process.

She wants to make sure she understands the big picture so she can report business results to the company owners each period.

Financial Settings: Which Accounts to Use Automatically?



- **G/L Account Determination**
- **Control Accounts**

Let us review the necessary financial settings and how they affect the journal entries that are automatically posted by documents.

In the journal entries that are automatically posted by documents in SAP Business One, how does the system “know” which accounts to use?

The system knows which accounts to use because when you initialize SAP Business One, you define default G/L accounts related to a specific business processes in the G/L Account Determination window.

In this window, you also define control accounts that link the business partner sub-ledger accounts to the general ledger.

G/L Account Determination

For Items Used in Documents



- G/L Account Determination Window
 - Sales
 - Purchasing
 - General (for example, Period End Closing)
 - Inventory
 - Resources and WIP Mapping
- Traditional Solution – Default G/L method for an **item**
- Advanced G/L Account Determination

First let us review how accounts are determined for items used in business processes.

As we mentioned, when you first implement SAP Business One you define default G/L accounts to be used when transactions are created during the different business processes, such as sales, purchasing and inventory.

These default accounts are defined in the G/L Account Determination window under the Administration module --> Setup --> Financials.

When items are used in the transactions, there are 2 options for account determination:

- In the traditional solution the system looks for the default accounts based on the account determination set in the item master data.
- Alternatively, you can work with the advanced solution for account determination.
- The advanced solution provides a centralized matrix to determine rules for assigning G/L accounts in journal entries according to a predefined (closed) list of criteria.
- Both options are based on the G/L Account Determination window.
- We will discuss these options in the Default G/L accounts unit.
- Note! It is very important to ensure you make decisions about G/L Account Determination together with the client accountant.

Control Accounts

The Link Between the BP Sub-Ledger and the General Ledger



Control Account	G/L BP	Debit	Credit
Accounts Receivable	Customer	105	
Tax account	Tax account		5
Revenue account	Revenue account		100

In the G/L Account Determination window you also define the **Control Accounts**: Accounts Receivable for the Sales process and Accounts Payable for the Purchasing process.

A control account links the business partner sub-ledger accounts to the general ledger.

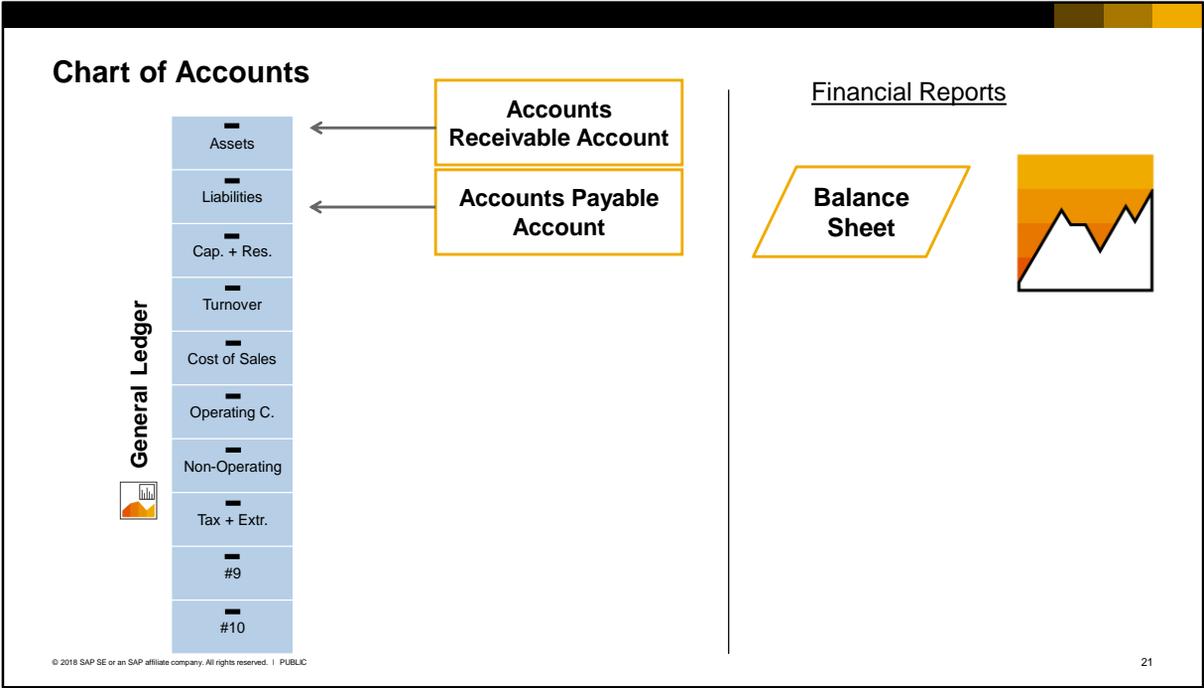
You need to define a G/L account as a Control Account in the Chart of Accounts.

Whenever you post a document to a business partner, the system automatically registers the journal entry to:

- The Business Partner Master Data account balance, and
- The control account balance.
- You cannot post journal entries directly to a control account.

In an A/R Invoice, for example, when the customer is debited the Accounts Receivable account is also debited.

This journal entry appears now in both accounts balances (the customer and the control account).



Note, that the Business Partner Master Data balances do not appear in the Chart of Accounts. Only the receivable and payable control accounts appear. The receivable and payable control accounts accumulate the customers' and vendors' transactions in their balances. Therefore, the Chart of Accounts presents the complete financial status of the company. The Financial Reports also show the full picture. For example, the balance sheet contains the accounts receivable and accounts payable accounts.

Automatic Journal Entry Value

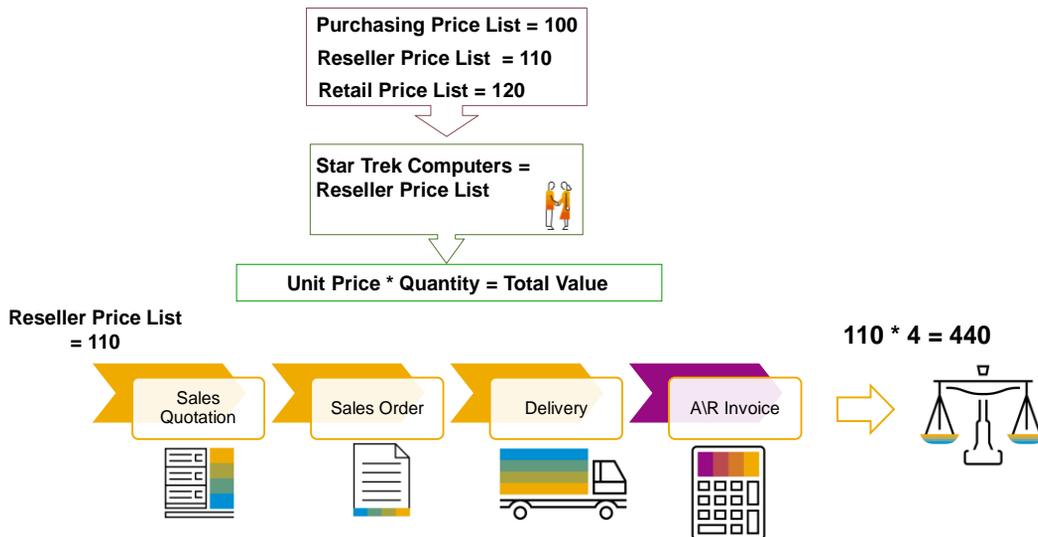
A/R Invoice



	Debit	Credit
Customer account	440	
Revenue account		440

We have learned how the system “knows” which accounts to use in automatic journal entries. This is done using the values defined in the G/L Account Determination window. But, how does the system “know” the value to be credited and debited in those automatic journal entries? For example, in an automatic journal entry created by an A/R Invoice?

Value Calculation – Sales



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

23

Here is a common scenario of how prices are set in SAP Business One during the sales process:
Note! In the following slides we assume that no special prices or discounts were defined for the involved items and business partners.

Our customer Star Trek Computers asks for an offer on 4 portable media players.

Jean creates a sales quotation. She chooses the customer and then the item. The price per unit appears in the quotation. How?

- The Item master data includes 3 optional prices for this item. Each one of them is represented in a different price list.
- Star Trek Computers is a reseller customer and so his default price list as defined in his master data record is the Reseller Price List.
- Therefore, in the Sales Quotation, the unit price for a portable media player is 110, the price from the Resellers Price List.

The sales person Jean enters quantity of 4. The total value of the quotation is 440 (assuming there are no additional items in the quotation and that no discount, freight charges or tax amounts are added).

Star Trek Computers mails us a Sales Order based on the Sales Quotation.

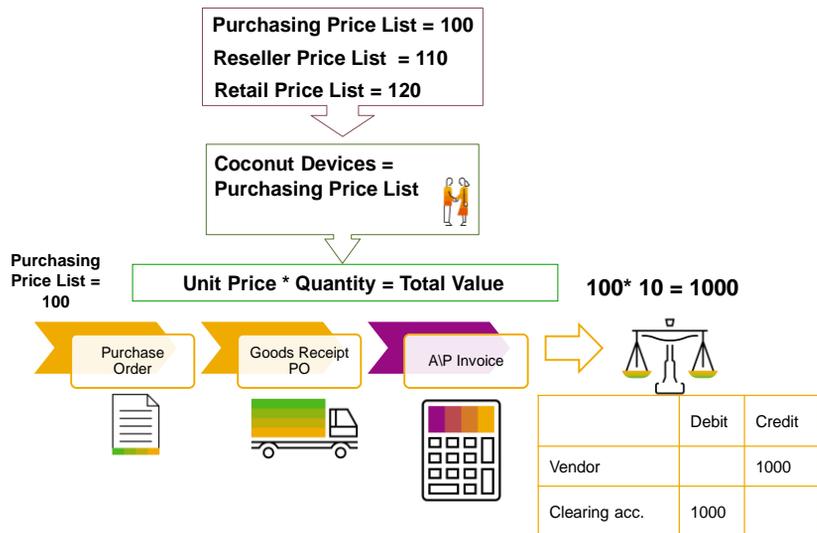
In SAP Business One, Jean copies the Sales Quotation to a Sales Order.

2 days later Joe, the warehouse manager, dispatches the company truck with the weekly deliveries, including 4 portable media players for Star Trek Computers.

Later on the day, the accountant copies the Delivery to an A/R Invoice.

Since no change was done to the price during the Copy To process, the Invoice's total value is 440, and these are the Credit and Debit amounts in the automatic journal entry created by the A/R Invoice.

Value Calculation – Purchasing



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

24

In the Purchasing process a common scenario of how prices are set would be:

Joe, the warehouse manager, issues a purchase order of 10 portable media players. He chooses the vendor Coconut Devices and then the item - portable media player. The price per unit appears in the Purchase Order. How?

- Since Coconut Devices is a vendor, his default price list as defined in his master data record is the Purchasing Price List.
- Therefore, in the Purchase Order, the unit price for portable media player is 100, the price from the Purchasing Price List for the portable media player item master data.

Joe enters a quantity of 10. The total value of the Purchase Order is 1000 (assuming there are no additional items in the Purchase Order and that no discount, freight charges or tax amounts are added).

Joe e-mails the Purchase Order to the vendor.

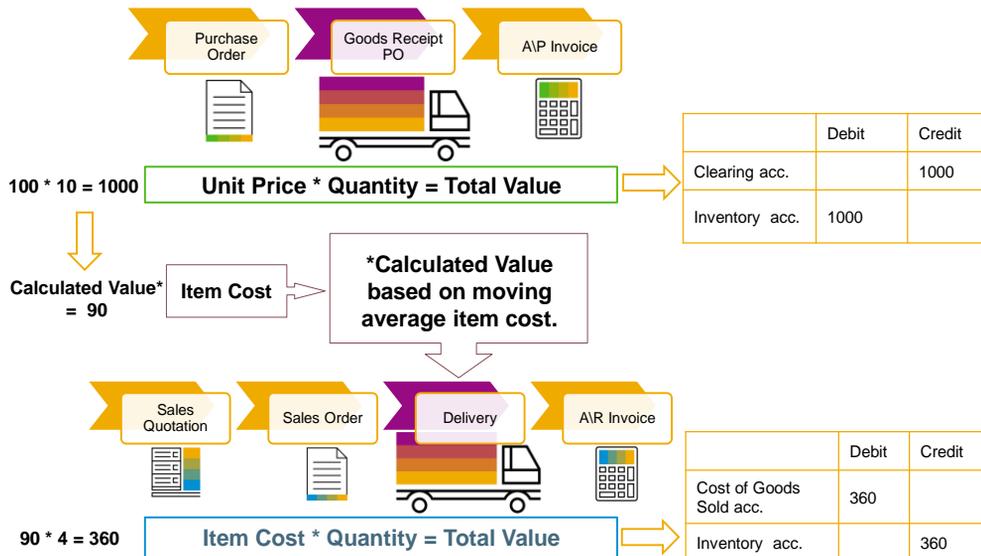
Few days later Joe receives a delivery including 10 portable media players from Coconut Devices.

In SAP Business One, he copies the Purchase Order to a Goods Receipt PO.

A week later, the Invoice from Coconut Devices arrives via mail and the accountant copies the Goods Receipt PO to an A/P Invoice.

Since no change was made to the price during the Copy To process, the A/P Invoice total value is 1000, and these are the Credit and Debit amounts in the automatic journal entry created by the A/P Invoice.

Value Calculation – Inventory



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

25

Let us go one step back, to the Goods Receipt PO that Joe entered based on the Delivery he got from the vendor.

Assuming the company runs perpetual inventory, an item cost value is being calculated automatically in each stock transaction.

More details on perpetual inventory are provided in a separate course.

When Joe entered the Goods Receipt PO to SAP Business One, the Purchasing Price List value (100 per unit) affected the unit price in the Goods Receipt PO and also the item cost value.

The item cost value is calculated automatically, behind the scenes, according to the valuation method chosen for the item (Moving Average, FIFO, or Standard). This particular item was set up as moving average, so based on the total number of items in stock and the purchase prices previously paid, the calculated item cost value after the Goods Receipt PO was 90.

Joe entered a quantity of 10 portable media players. Therefore, the total value of the journal entry created by the Goods Receipt PO was 1000 and these are the Credit and Debit amounts registered to the inventory default accounts.

However, the value of the journal entry linked to the Delivery sent to the customer is 360. That is, the quantity of 4 items multiplied by the item cost value at that moment (90).

Remember that the total value of the Invoice based on that Delivery was 440. It was calculated according to the Reseller Price List (110) that is defined as the default price list in the customer master data record.

Summary



In automatic journal entries the system 'knows' which accounts to use because:	<ul style="list-style-type: none">You defined default G/L accounts in the G/L Account Determination window (including control accounts that link the business partner sub-ledger accounts to the general ledger).
The Business Partner Master Data balances are represented in the chart of accounts in:	<ul style="list-style-type: none">The receivable and payable control accounts that accumulate the customer and vendor transactions in their balances.
In an <i>A/R Invoice</i> the system 'knows' the value to be credited and debited in the automatic journal entry using the:	<ul style="list-style-type: none">Default price list as defined in the customer master record.And the item price in this price list.
In a <i>Delivery</i> the system 'knows' the value to be credited and debited in the automatic journal entry using the:	<ul style="list-style-type: none">Item cost value that is calculated automatically, behind the scenes, according to the valuation method chosen for the item.

In automatic journal entries the system 'knows' which accounts to use because you defined default G/L accounts in the G/L Account Determination window. These default accounts include control accounts that link the business partner sub-ledger accounts to the general ledger.

The Business Partner Master Data balances are represented in the chart of accounts in the receivable and payable control accounts that accumulate the customer and vendor transactions in their balances.

In an *A/R Invoice* the system 'knows' the value to be credited and debited in the automatic journal entry using the default price list as defined in the customer master record and the item price in this price list.

In a *Delivery* the system 'knows' the value to be credited and debited in the automatic journal entry using the item cost value that is calculated automatically, behind the scenes, according to the valuation method chosen for the item.

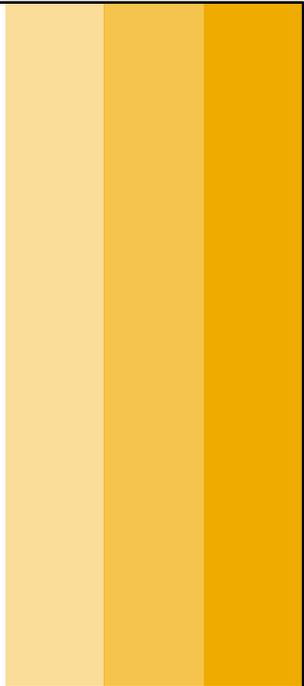
Chart of Accounts - Concepts

SAP Business One Version 9.3



SAP Run Simple

PUBLIC



Welcome to the Chart of Accounts topic.

Objectives



At the end of this topic, you will be able to:

- According to accounting conventions discuss:
 - The Chart of Accounts structure.
 - The effect of the standard processes on the Chart of Accounts

In this session, we will discuss the chart of accounts structure and the effect of standard processes on the Chart of Accounts.

Business Scenario



You are implementing SAP Business One at a new customer, OEC Computers.

- You discuss with Maria, the accountant, the effect of the sales and purchasing processes on the chart of accounts and as a result on the financial reports.
- Maria says that this structure will help her in presenting the financial reports in a clear and structured way.

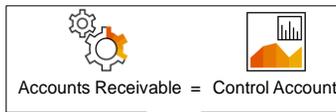
Imagine that you are implementing SAP Business One at a new customer.

- You discuss with Maria, the accountant, the effect of the sales and purchasing processes on the chart of accounts, and as a result, on the financial reports.
- Maria says that this structure will help her in presenting the financial reports in a clear and structured way.

Reflection Question: The Chart of Accounts



- How are the Business Partner Master Data balances presented in the Chart of Accounts?



A/R Invoice



Control Account		Debit	Credit
Accounts Receivable	Customer	105	
Tax account	Tax account		5
Income account	Income account		100

How are the Business Partner Master Data balances presented in the *Chart of Accounts*?

The Business Partner Master Data balances do not appear in the Chart of Accounts.

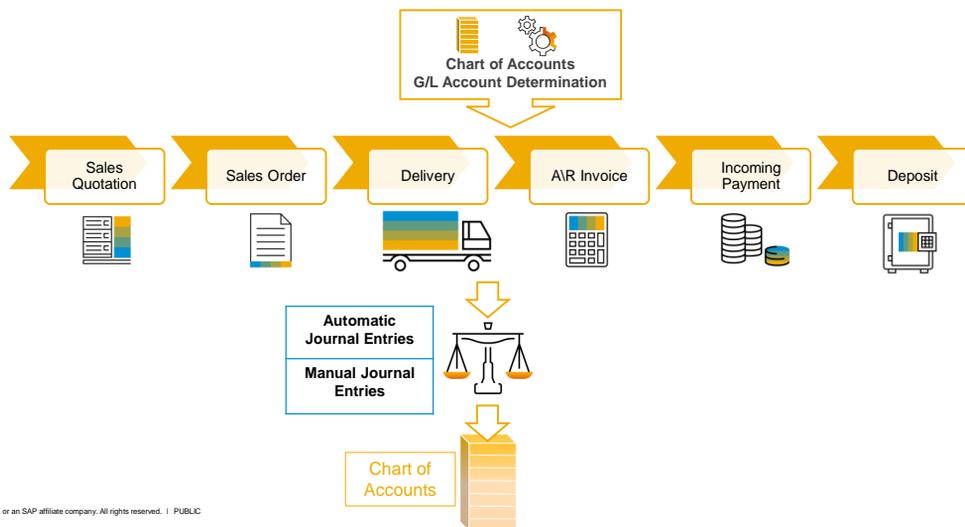
The receivable and payable control accounts accumulate the customer and vendor transactions in their balances.

For example, when you post an A/R invoice, the accounts receivable account related to the customer is used, in addition to the customer account.

Therefore, the Chart of Accounts presents the complete financial status of the company, as well as the Financial Reports (for example, Trial Balance and Balance Sheet).

The Chart of Accounts

The chart of accounts is an index of all G/L accounts used by your business.



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

31

The chart of accounts is an index of all G/L accounts used by your business.

Every G/L account has:

- An account code
- An account description, and
- Additional information that determines the functions of the G/L account.

When you implement SAP Business One you define (or import):

- The Chart of Accounts, and
- Default G/L accounts to be used when transactions are created in the regular business processes: Sales, Purchasing, Inventory and more.

The documents in the Sales and Purchasing processes create automatic journal entries that are registered in the Journal Entry file and affect the account balances.

The account balances are also affected by manual journal entries and other accounting transactions, such as the Period End Closing process that transfers the balances of the Profit and Loss accounts to a Balance Sheet account.

Chart of Accounts Structure

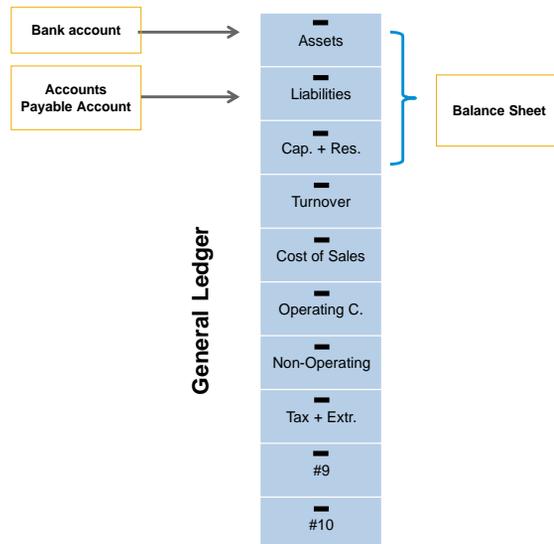
The screenshot displays the SAP 'Chart of Accounts' window. On the left, there are fields for 'G/L Account Details' (Title, Name, External Code, Currency) and 'G/L Account Properties' (Confidential, Balance, Account Type, Control Account, Cash Account, Block Manual Posting, Cash Flow Relevant). Below these are 'Relevant for Cost Accounting' options (Project, Distribution Rule, Departments, Line of Business). The main area shows a hierarchical tree of 'Assets' starting with '90002 - Share Capital' and including various sub-accounts like '100003 - Called Up', '100004 - Called Up', '100000 - Called Up Capital Not Paid', '100001 - Not Called Up', '100002 - Not Called Up', '100010 - Uncalled Share Capital', '100011 - Fixed Assets', and '100012 - Intangible Assets'. A vertical drawer menu on the right contains buttons for 'Assets', 'Liabilities', 'Capital and Reserves', 'Turnover', 'Cost of Sales', 'Operating Costs', 'Non-Operating Income and Expenditure', 'Taxation and Extraordinary Items', and two buttons labeled '#9' and '#10'. A yellow arrow points to the 'Assets' button in the drawer.

The *Chart of Accounts* is organized by drawers and levels.

Let us look at this example of a chart of accounts. The chart of accounts varies according to the company's localization.

The organization of the chart of accounts follows Generally Accepted Accounting Principles (GAAP). The *Chart of Accounts* window organizes your accounts by drawers.

Chart of Accounts Structure – Balance Sheet Drawers

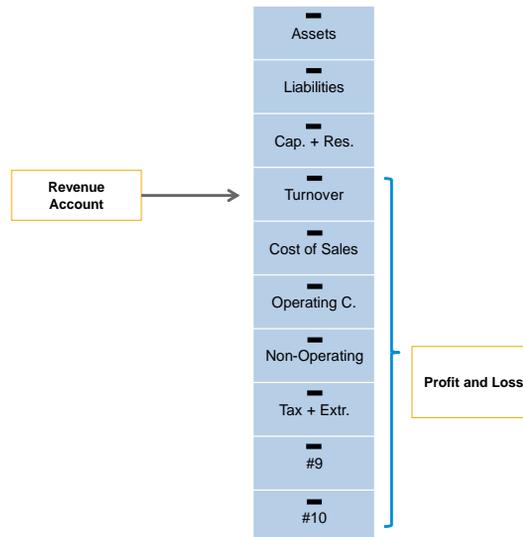


In the *General Ledger*, we distinguish between Balance Sheet drawers and Income Statement drawers, also called Profit and Loss.

Let us start with Balance Sheet Accounts:

- The first 3 drawers: Assets, Liabilities, and Equity (or Capital and Reserves) typically hold the Balance Sheet Accounts, such as the Sales Tax and the Accounts Payable Account.
- The bookkeeping balance of these accounts is kept from one fiscal year to the next.
- The Balance Sheet Accounts – reflect the monetary value of the company - stock, assets, debt, etc.

Chart of Accounts Structure – Profit and loss drawers



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

34

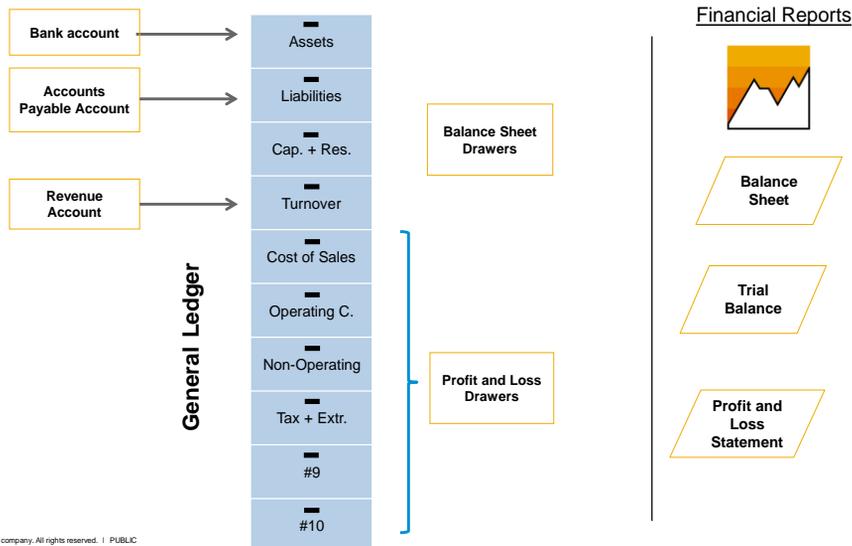
Then, we have the Profit and Loss accounts:

- The next 5 drawers: Revenues (or Turnover), Cost of Sales, Expenses (or Operating Costs), Financing (or Non-Operating Income and Expenditure), and Other Revenues and Expenses (or Taxation and Extraordinary Items) typically hold the Profit and Loss accounts, such as the income or expense accounts.
- The bookkeeping balance of these accounts has to be cleared at the end of each fiscal year during the Period End Closing process.
- The Profit and Loss accounts reflect the changes in the company value, such as: when you sell stock – the cost of goods sold account is affected and increases revenues.

Lastly we have two optional purpose profit and loss drawers.

- These drawers have no fixed predefined purpose and in most cases are empty, depended on localization and chart of account template.
- If needed, each company can designate the additional drawer to a certain accounting area.

Chart of Accounts Structure in Association with Financial Reports

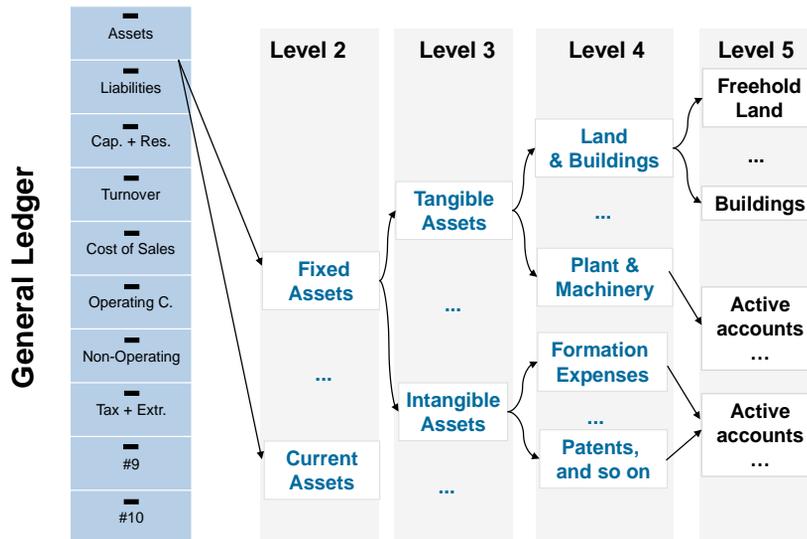


Financial reporting requirements drive most of the initial settings and configuration decisions in the chart of accounts.

The different financial reports run on the account balances relevant to a selected date range and present them according to their drawer level:

- The Balance Sheet summarizes the value of the business' assets liabilities, and owner's equity accounts.
- The Trial Balance displays for each account: beginning balance for a particular period, all of the debits and credits, and the ending balance.
- The Profit and Loss Statement is determined after the end of the fiscal year. The balances of the expense accounts will be subtracted from the balances of the revenue accounts to come up with the profit or the loss for the fiscal year.

Levels in the Chart of Accounts



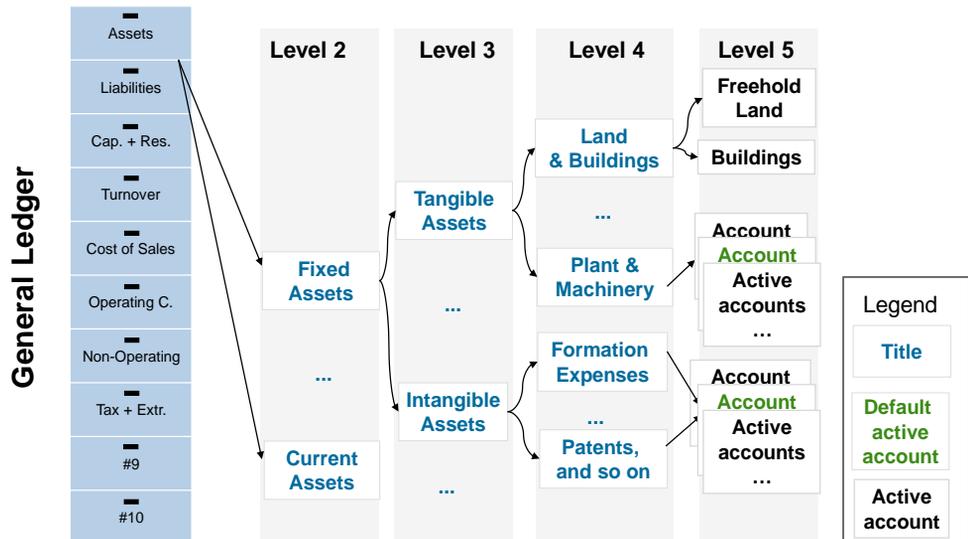
A chart of accounts arranges a company's general ledger accounts in a hierarchical structure. The top level in the structure (level 1) consists of sections or groups for different type of accounts (assets, liabilities, capital and reserves, turnover, and so on).

The system displays the section as a cabinet drawer. Each drawer has a section title. You can change the drawer title if required. The updated name will then appear in the financial reports.

You can define up to 10 levels. While level 1 is the drawer level, the following levels can be used as titles for grouping the accounts and for active accounts.

It is recommended to organize your accounts by level in a logical fashion appropriate to your localization's financial accounting and reporting processes.

Levels in the Chart of Accounts



The system displays titles in blue and active accounts in black. Accounts defined in the *G/L Account Determination* (default accounts) are displayed in green.

A title account summarizes all the balances of the active accounts underneath it.

Let us look at this specific example of Chart of Accounts that contains 5 levels:

Levels 2 through 4 can contain either active accounts or titles that combine several active accounts.

Level 5, in this example, contains only active accounts.

Note that only active accounts can be posted to in SAP Business One.

Financial reports display both title and active account balances.

To have a clear and structured view of the company's financial status in the report, it is recommended to define all active accounts in the same level. In our example all active accounts are defined in level 5.

Account Details

Chart of Accounts

G/L Account Details

Title Active Account

G/L Account: 625200

Name: Summit 17 - travel

External Code:

Currency: British Pound

Confidential Level: 5

Balance: 0.00 GBP

G/L Account Properties

Account Type: Expenditure

Indexed

Reval. (Currency)

Primary Closing Account:

Relevant for Cost Accounting: TR

Project

Distribution Rule

Departments

Line of Business

OK Cancel Account Details

Each account is defined in a specific currency or as suitable for all currencies

Accounts can be related to a financial project, making it possible to run financial reports by project.

In the chart of accounts, there are many definitions related to the account. We will now cover some of them.

Maria, the accountant, has added a few new accounts to record various expenses and revenues related to a big summit they are about to attend. The image shows a travel expense account that Maria added.

- First Maria chose the account currency. Each account in the chart of account can have a different currency or can be set as relevant for all currencies. Refer to the course topic: **Working with Currencies** to learn more about account currencies. Maria confirmed that the new account currency is local.
- Then she linked it to a financial project. This enables Maria to generate financial reports filtered for this project. Maria entered a new financial project code that was created for this summit.

Account Details

The image shows two SAP windows side-by-side. The left window is titled 'G/L Account Details' and has a tab for 'Active'. It shows a date range from '01.03.17' to '31.12.17' in the 'From Remarks' field. Below this, there is a checkbox for 'Account Balance Allowed' which is checked, with 'From' and 'To' fields containing 'GBP 100.00' and 'GBP 5,000.00' respectively. The right window is titled 'Document Settings' and has tabs for 'General', 'Per Document', and 'Electronic Documents'. Under 'General', there are options for 'Calculate Gross Profit' (checked), 'Base Price Origin', and 'Default Gross Profit % for Service Documents'. There are also options for 'Calculate % Gross Profit as:' with 'Profit/Sales Price' selected. Below that, there are options for 'Response to G/L Account Balance Outside Allowed Range:' with 'Block Posting' selected. There are also options for 'Response to Release / Receipt of Inventory Outside Defined Range:' with 'Warning Only' selected. Callout boxes with arrows point to these specific settings.

Callout 1: If needed, an account can be defined as active only in a certain period

Callout 2: Minimum and maximum balances can be defined for accounts for control purposes

Callout 3: A warning or blockage validation can be defined in the *Document Settings* window

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

39

Lastly, Maria chooses *Account Details* to open the *G/L Account Details* window of the **Summit 17 - travel** expense account. In the *Active* field, she sets a period in which the account should be active, starting in March and ending by the end of the year. With this approach, she makes sure no further transactions can be recorded for the account next year.

Note that by default, all accounts are active without period restriction.

Another useful definition on the *G/L Account Details* window is the *Account Balance Allowed*. Maria opened the *G/L Account Details* window to enter minimum and maximum balances allowed for the **petty cash** account. Maria would like to make sure the account does not fall below a balance of **100** and therefore enters the value **100** in the *From* field. In addition, once the **petty cash** balance reaches **5000**, she wants to transfer the cash to the company's bank account. Therefore, she sets the maximum balance to be **5000**.

Maria already defined a blockage validation in the *Document Settings* window, as shown in the image.

Summary



Here are some key points:

The chart of accounts is structured of two types of drawers:

- Balance Sheet drawers that typically contain balance sheet accounts.
- And Profit and Loss drawers (Income Statement) that typically contains profit and loss accounts.

The different financial reports run on:

- The account balances relevant to a selected date range
- And present them according to their drawer, level and type

A chart of accounts arranges a company's general ledger accounts in a hierarchical structure:

- The top level in the structure (level 1) consists of sections or groups for different type of accounts. The system displays the section as a cabinet drawer.
- The following levels can be used as titles for grouping the accounts and for active accounts.
- Only active accounts can be posted to in SAP Business One

The chart of accounts contain many definitions related the account like:

- Account currency
- Related project
- Limited activity period
- Minimum and maximum account balance

Here are some key points to take away:

- The chart of accounts is structured of two types of drawers:
 - Balance Sheet drawers that typically contain balance sheet accounts .
 - And Profit and Loss drawers (Income Statement) that typically contains profit and loss accounts.
- The different financial reports run on:
 - the account balances relevant to a selected date range
 - and present them according to their drawer, level and type.
- A chart of accounts arranges a company's general ledger accounts in a hierarchical structure:
 - the top level in the structure (level 1) consists of sections or groups for different type of accounts. The system displays the section as a cabinet drawer.
 - The following levels can be used as titles for grouping the accounts and for active accounts.
 - Only active accounts can be posted to in SAP Business One.
- The chart of accounts contain many definitions related the account like:
 - Account currency
 - Related project
 - Limited activity period
 - Minimum and maximum account balance

Default G/L Accounts - Overview

SAP Business One, Version 9.3



Welcome to the Default G/L Accounts – Overview topic.

Objectives

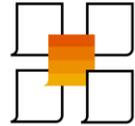


At the end of this topic, you will be able to:

- Discuss the options for defining default G/L accounts

In this session, we will discuss the options for defining default G/L accounts.

Business Scenario



You are implementing SAP Business One at a new customer, OEC Computers.

- James, the CEO, tells you that in the Profit and Loss report, he wants to see what are the profits for each item group (for example, Printers).
- He wants the system to automatically post journal entries to the relevant profit and loss accounts.

Imagine that you are implementing SAP Business One at a new customer.

- James, the CEO, tells you that in the Profit and Loss report, he wants to see what are the profits for each item group (for example, Printers).
- He wants the system to automatically post journal entries to the relevant profit and loss accounts.

Default G/L accounts For **Items** Used in Documents



- G/L Account Determination Window
 - Sales
 - Purchasing
 - General (for example, Period End Closing)
 - Inventory
 - Resources and WIP Mapping



- Traditional Solution –
[Default G/L method for an item](#)
 - At the warehouse level
 - At the item group level
 - At the item level
- Advanced G/L Account Determination

When you first implement SAP Business One you define default G/L accounts to be used when transactions are created during the different business processes, such as sales, purchasing and inventory. This is done in the *G/L Account Determination* window in the Financials Setup area of the *Administration* module.

When choosing a pre-defined Chart of Accounts template, most of the default G/L accounts are already defined. You can change them if required.

When items are used in the transactions, there are 2 options for account determination: the **traditional solution** and the **advanced solution**.

Note! It is very important to ensure you make decisions about G/L Account Determination together with the client accountant.

Both options are based on the accounts defined in the *G/L Account Determination* window.

Default G/L accounts - Traditional Solution



- G/L Account Determination Window
 - Sales
 - Purchasing
 - General (for example, Period End Closing)
 - Inventory
 - Resources and WIP Mapping



- Traditional Solution –
[Default G/L method for an item](#)
 - At the warehouse level
 - At the item group level
 - At the item level
- Advanced G/L Account Determination

The first option is the traditional solution that was available prior to version 9.0.

- According to the traditional solution there are three options to define a default G/L method for an item: warehouse level, item group level, and item level. Each item will have **one** method defined for it. You can set the method in advance for all new items.
- If your company uses the traditional solution, choose the default G/L method for new items in the *General Settings* on the *Inventory* tab. On the sub-tab for items, you will find the *Set G/L Accounts By* field.
- You can then change the method per item.
- The values that you define under the tabs in the *G/L Account Determination* window are defaulted into all 3 levels. You can then change the default accounts for any of the levels. For example, you can manage different inventory accounts for each warehouse the company owns.

Default G/L accounts - Traditional Solution

A/R Invoice

#	Item code	Default G/L method	G/L method value	Inventory Account	Revenue Account	More Accounts...
1	A00002	Item Group	Printers	9001	9002	
2	A00003	Item Group	Printers	9001	9002	
3	S10000	Item Group	Servers	8008	8007	
4	X70007	Item Level	Item Level	7001	7002	



Whenever you add a document that posts a journal entry, an A/R Invoice for example, the system looks at each item in the document to determine the level set for that item and then finds the associated G/L accounts to use from the default accounts.

Each item can have one method defined for it.

Note that although you specify one default G/L method for new items, you can manage different items with different methods if this scenario is necessary in your company. In the presented example you can see that 3 items in the A/R invoice have the item group level defined as the default G/L method. One item has the item level method defined for it and you can assign different G/L Accounts to be used in the monetary transaction created for this item.

Default G/L accounts - Advanced G/L Account Determination



- G/L Account Determination Window
 - Sales
 - Purchasing
 - General (for example, Period End Closing)
 - Inventory
 - Resources and WIP Mapping

▪ Traditional Solution –
Default G/L method for an item



- Advanced G/L Account Determination
 - *G/L Account Determination* window is used to define G/L accounts in the company level
 - You can also **define rules** for assigning G/L accounts in journal entries.

With the advanced solution, the *G/L Account Determination* window is used to define G/L accounts in the company level.

In addition, the advanced solution provides centralized matrix to determine rules for assigning G/L accounts in journal entries according to a predefined (closed) list of criteria.

Therefore, the solution is more flexible and consistent with accounting.

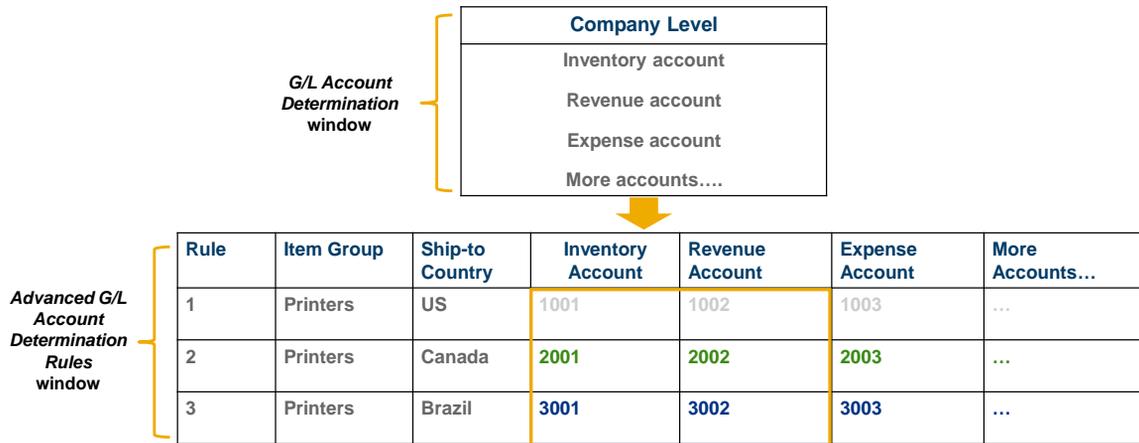
For a new company and for an upgraded company, the advanced solution is not the default option.

This is due to compatibility considerations.

- To activate the advanced solution go to the *Basic Initialization* tab in the *Company Details* window. Select the *Enable Advanced G/L Account Determination* checkbox.
- Once the box is checked and transactions exist, it can be un-checked again, however in this case no accounts will be assigned and the *G/L Account Determination* form will be used to define G/L accounts in all levels: warehouse, item group and item level.

Default G/L accounts - Advanced G/L Account Determination

- Centralized matrix to determine rules for assigning G/L accounts in journal entries:



So, you use the *G/L Account Determination* window for defining the company level accounts in one place.

Many companies will find the company level accounts sufficient.

For tailored business scenarios you have the option to define rules for assigning G/L accounts in journal entries.

Those rules support:

- G/L Account determination for Item Code, Item Group, Warehouse Code, Ship-to Country, Ship-to State, Business Partner Group, user defined fields and more.
- As well as multi determination criteria. That is, a combination of the criteria.

Any rule you define in the advanced form will have a higher priority (than the *G/L Account Determination* window) in determining which account is assigned in journal entries.

So, in our example, OEC Computers can define a separate revenue account for each item group per country (for example, revenues from printers in Canada, Brazil and US).

When they choose an item in a marketing document, for example an A/R Invoice, the system checks the accounts required for the transaction. In our example, the system checks the inventory and the revenue accounts.

Then, the system checks if there are any rules defined for these accounts.

If there are rules defined for the necessary accounts, the system looks for the appropriate rule and picks the rule with the highest priority.

Summary



Here are some key points:

In the *G/L Account Determination* window you define:

• **Default G/L accounts to be used in transactions.**

There are 2 options for account determination in transactions involving items:

- The traditional solution – default G/L method for an item.
- The advanced G/L account determination solution.
- Both options are based on the accounts defined in the *G/L Account Determination* window.

In the G/L Account Determination window, you define the default G/L accounts to be used in transactions.

There are 2 options for account determination in transactions involving items: the traditional solution of setting a default G/L method for an item or the advanced G/L account determination solution. Both options are based on the accounts defined in the G/L Account Determination window.

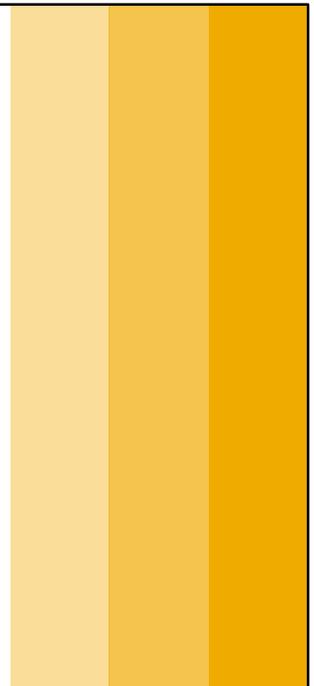
Working with Currencies

SAP Business One Version 9.3



SAP Run Simple

PUBLIC



Welcome to the topic on Currencies.

Objectives



At the end of this topic, you will be able to:

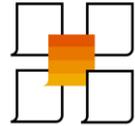
- Define currencies in the implementation process.
- Explain the consequences of the currency definition choices in your company on the financial accounting process.
- Give examples of some currency issues in SAP Business One.

Note!

Decisions about these definitions should always be made together with the client accountant.

In this topic, we will discuss how to define currencies in the implementation process. We will explain the consequences of currency definition choices in your company on the financial accounting process. We will give examples of some currency issues in SAP Business One. Decisions about these definitions should always be made together with the client accountant.

Business Scenario



- You discuss the currencies definition with Maria the accountant:
- Maria says that most of their customers are local customers
- However a few customers and vendors are located in another country.

Imagine that you are implementing SAP Business One at a British customer, OEC Computers. You discuss the currencies definition with Maria, the company accountant: Maria says that most of their customers are local customers, therefore located in the United Kingdom. However a few customers and vendors they work with are located in another country, specifically the US. You tell Maria about the working methods with currencies in SAP Business One.

Agenda

- Currencies in the company level
 - Local and System Currencies
 - Account Currencies
 - Currencies in the Pricelist
- Posting Exchange Rates Differences
 - Exchange Rate Differences
 - Conversion Differences

We will review the currency definitions in the company. Starting at the company level, then the account currency and finally the currencies setup in the pricelist.

Reflection Question



OEC Computers is located in the UK, some of their customers are located in US.

- How can they price their foreign customers?
- What will be the currency of the A/R Invoice total amount?
- What will be the currency in the automatic journal entry created by the A/R Invoice?

OEC Computers is located in the UK, some of their customers are located in US.
How can they price their foreign customers?
What will be the currency of the A/R Invoice total amount?
What will be the currency in the automatic journal entry created by the A/R Invoice?

Answer



- In the additional currency column in the sales pricelist they will enter prices in US Dollars.
- The A/R Invoice currency will be US Dollars.
- In automatic journal entries, the system converts the invoice total amount in foreign currency into local currency and posts both values in parallel.

It is possible to set an item's price in each price list in up to three different currencies – the primary currency and two additional currencies.

This is useful where there is a need to define exact pricing for different countries instead of using currency exchange rates.

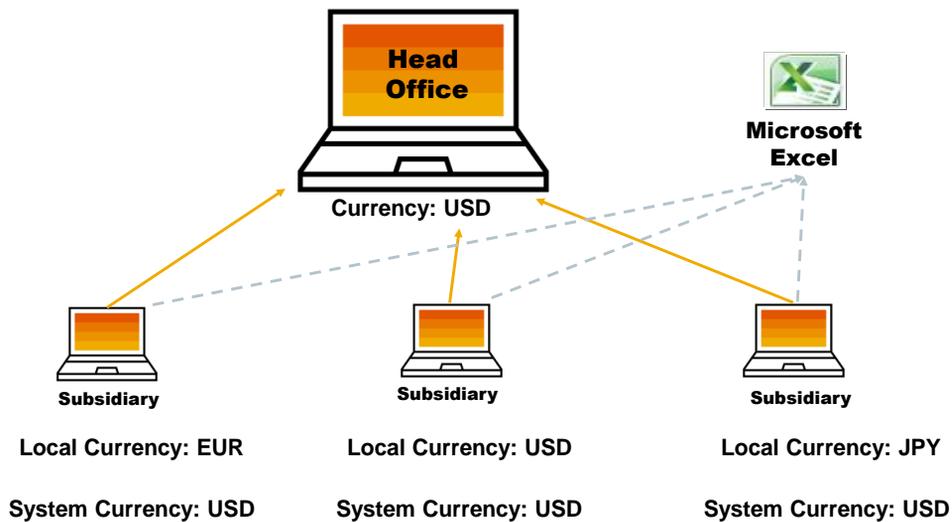
In the sales pricelist at OEC Computers, the primary currency remains the default therefore the British Pound is used in documents for local customers.

In the additional currency column in the sales pricelist they will enter prices in US dollars.

For the US customers, the document currency will be US dollars and the price of the items will be presented in the additional currency, that is in US dollars.

In automatic journal entries, the system converts the invoice total amount in foreign currency into local currency and posts both values in parallel.

Company Level – Local and System Currencies



SAP Business One can handle accounting in two parallel currencies: the local currency and the system currency.

You define this on the *Basic Initialization* tab of the *Company Details* window in the *System Initialization* menu under the *Administration* module.

The Local Currency is the currency in which the company is legally required to keep its books.

The System Currency may be a different currency than the local currency and is especially useful for subsidiaries of global companies whose head office uses a different currency than the subsidiaries (for example, Euros (€) in the subsidiary and US Dollars (\$) in the head office).

In this case, the system automatically calculates all postings in the local currency and manages an additional account balance in the system currency in real time.

This makes it easier to have aggregated reporting on all the subsidiaries and allows better integration with the system of the head office. For example, you could export the financial data in system currency from the SAP Business One systems of the subsidiaries to the head office system.

Alternatively, financial consolidation can be done with Microsoft Excel or any other product based on the financial data in system currency.

Company Level – Local and System Currencies



In our example, OEC Computers would like to generate reports in Euro to be able to present reports to investors that run their accounts in Euro as well. Therefore you set the system currency to be Euro. It is important to remember that you cannot change the local or the system currency once you have started to work with the database.

In addition to the system currency, you have an option to present financial reports in any foreign currency. Use the Revaluation option to choose the revaluation method and currency. The system calculates all the balances in the selected currency, while running the report.

Account Currencies

	Currencies for Typing in Journal Entries	Currencies of the Account Balance
Account Currency = Local Currency	<ul style="list-style-type: none"> ■ Local Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency
Account Currency = Specific Foreign Currency	<ul style="list-style-type: none"> ■ Local Currency ■ Specified Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency ■ Specified Foreign Currency
Account Currency = All Currencies	<ul style="list-style-type: none"> ■ Local Currency ■ Any Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency

Each Business Partner Master Data record and each G/L Account needs to have an account currency definition:

- The system sets the Local Currency as the default currency for all Business Partner Master Data records.
- You can define a default currency for new G/L accounts using the *Default Account Currency* field on the *Basic Initialization* tab under the *Company Details* window in the *System Initialization*.

In our example, the currency for most vendors and customers of OEC Computers will be defined as British Pound (Local Currency). The vendors and customers from the US will be defined in USD (that is, specific foreign currency). The company bank account will be defined as All Currencies since it needs to register journal entries and documents in more than one specific foreign currency (for example, bank transfers).

The table in the slide details the options for typing in journal entries and viewing the account balance for each option of the account currency – Local, Foreign and All Currencies.

Account Currencies

	Currencies for Typing in Journal Entries	Currencies of the Account Balance
Account Currency = Local Currency	<ul style="list-style-type: none"> ■ Local Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency * System currency ≠ local currency
Account Currency = Specific Foreign Currency	<ul style="list-style-type: none"> ■ Local Currency ■ Specified Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency ■ Specified Foreign Currency
Account Currency = All Currencies	<ul style="list-style-type: none"> ■ Local Currency ■ Any Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency

In the first row, we see that if the currency of the account is “local currency” then journal entries are entered in the local currency. Nevertheless, all transaction, in all currencies, are automatically translated to system currency in real time and are displayed in separated system currency columns in the journal entry. Therefore the account balance is shown in both the local currency and the system currency.

Note that internal reconciliation is performed in one currency. This account is reconciled in local currency.

Account Currencies

	Currencies for Typing in Journal Entries	Currencies of the Account Balance
Account Currency = Local Currency	<ul style="list-style-type: none"> ■ Local Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency
Account Currency = Specific Foreign Currency	<ul style="list-style-type: none"> ■ Local Currency ■ Specified Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency ■ Specified Foreign Currency
Account Currency = All Currencies	<ul style="list-style-type: none"> ■ Local Currency ■ Any Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency

In the second row, the account currency has been set to a specific foreign currency. In that case, you can enter journal entries in the local currency as well as the specified foreign currency. You can display the account balance in the specified foreign currency as well as in the local and system currencies.

This account is reconciled in foreign currency.

Account Currencies

	Currencies for Typing in Journal Entries	Currencies of the Account Balance
Account Currency = Local Currency	<ul style="list-style-type: none"> ■ Local Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency
Account Currency = Specific Foreign Currency	<ul style="list-style-type: none"> ■ Local Currency ■ Specified Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency ■ Specified Foreign Currency
Account Currency = All Currencies	<ul style="list-style-type: none"> ■ Local Currency ■ Any Foreign Currency 	<ul style="list-style-type: none"> ■ Local Currency ■ System Currency

In the last row, the account has been set to “All Currencies”. In that case, you can enter journal entries in any foreign currency that has been set up for the company, as well as in the local currency. The account balance will display in the local currency and the system currency.

This account is reconciled in local currency.

You can, at any point, change an account currency to All-Currencies, but once you update the account, you will not be able to change it back to either a local or specific foreign currency.

Using Foreign Currencies in Documents – Additional Currency

Regular Sales Price

#	Item No.	Item Description	Base Price List	Factor	Base Price	Price	Manual	Price Mode	Additional Currency 1	Additional Currency 2
1	A00001	J.B. Officeprint 1420	Base Price	1.5	GBP 200.00	GBP 300.00			USD 450.00	
2	A00002	J.B. Officeprint 1111	Base Price	1.5	GBP 100.00	GBP 150.00			USD 225.00	
3	A00003	J.B. Officeprint 1180	Base Price	1.5	GBP 150.00	GBP 225.00			USD 337.50	
4	A00004	Rainbow ColorJet 5	Base Price	1.5	GBP 250.00	GBP 375.00			USD 562.50	
5	A00005	Rainbow ColorJet 7.5	Base Price	1.5	GBP 200.00	GBP 300.00			USD 450.00	
6	A00006	Rainbow L200 Laser Series	Base Price	1.5	GBP 250.00	GBP 300.00			USD 450.00	
7	R10000	Printer Label	Base Price	1.5	GBP 6.90	GBP 10.35			USD 16.00	
8	CO0001	Mousebareware 1050	Base Price	1.5	GBP 200.00	GBP 300.00			USD 450.00	
9	CO0002	Mousebareware P4 Turbo - All	Base Price	1.5	GBP 150.00	GBP 225.00			USD 338.00	
10	CO0003	Quadcore P4 2.4 GHz	Base Price	1.5	GBP 65.00	GBP 97.50			USD 146.00	
11	CO0004	Tower Case with Power sup	Base Price	1.5	GBP 17.50	GBP 26.25			USD 39.00	
12	CO0005	WiFi Card	Base Price	1.5	GBP 30.00	GBP 45.00			USD 66.00	
13	CO0006	Network Card01/100	Base Price	1.5	GBP 7.50	GBP 11.25			USD 17.00	
14	CO0007	Hard Disk Sata2 400 GB	Base Price	1.5	GBP 80.00	GBP 120.00			USD 180.00	
15	CO0008	Monitor 19" TFT	Base Price	1.5	GBP 100.00	GBP 150.00			USD 225.00	
16	CO0009	Keyboard Comfort USB	Base Price	1.5	GBP 10.00	GBP 15.00			USD 26.00	
17	CO0010	Mouse USB 3.3M 3.15 100	Base Price	1.5	GBP 3.00	GBP 4.50			USD 7.50	

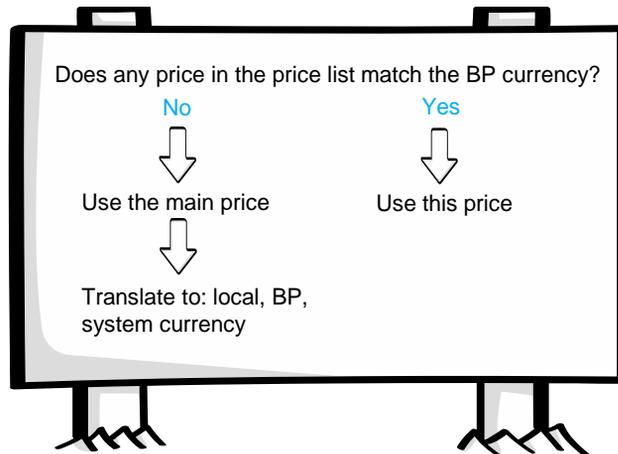
Journal Entry

#	G/L Acct/BP ...	G/L Acct/BP Name	Debit (FC)	Credit (FC)	Debit	Credit
1	C60000	SG Electronics	USD 562.00		GBP 374.67	
2	207000	VAT Payable (output)		USD 0.00		GBP 0.00
3	410000	Sales Revenue (Foreign)		USD 562.00		GBP 374.67

As was mentioned before, it is possible to set an item's price in up to three different currencies – the primary currency and two additional currencies. In the presented example, in the **Regular Sales** pricelist the primary currency is the default currency (that is the British Pound) to go into documents for local customers. In the additional currency in this pricelist, prices were entered in US Dollars. When you choose a US customer in an A/R Invoice, the document currency is set automatically to US Dollars according to the BP Currency. Therefore, the unit price of the item will use the additional currency, that is US Dollars. In the automatic journal entry, created by this invoice, the system converts the invoice total amount in foreign currency into local currency and posts both values in parallel.

Note! You can set a default currency symbol for auto complete purposes when entering prices in the price list. In the initial *Price List* window, in the additional currencies columns, set the desired currency. For example, for the **Regular Sales** price list enter USD in the *Additional Currency 1* column. When you open this price list and type in a price in the *Unit Price* column in the Additional Currency 1 section and choose TAB, the system will automatically add the USD symbol.

Using Foreign Currencies in Documents With No Additional Currency



In some cases, there is no price in the price list with the same currency as the business partner currency.

This can be defined, for example, when you want to price in a fixed currency for both local and foreign customers.

When you choose a business partner in a marketing document, the business partner's currency and price list are automatically copied into the document. By default, if there is NO matching currency in either the main or additional prices of the price list, then the main price is copied to the item row in the document. In this case, the currency of the price is different than the currency of the document. SAP Business One automatically converts the total row value and the total document value to Local Currency, System Currency, and BP Currency, depending on the business partner's currency. You may also manually enter any unit price in any foreign currency defined in the *Currencies – Setup* window.

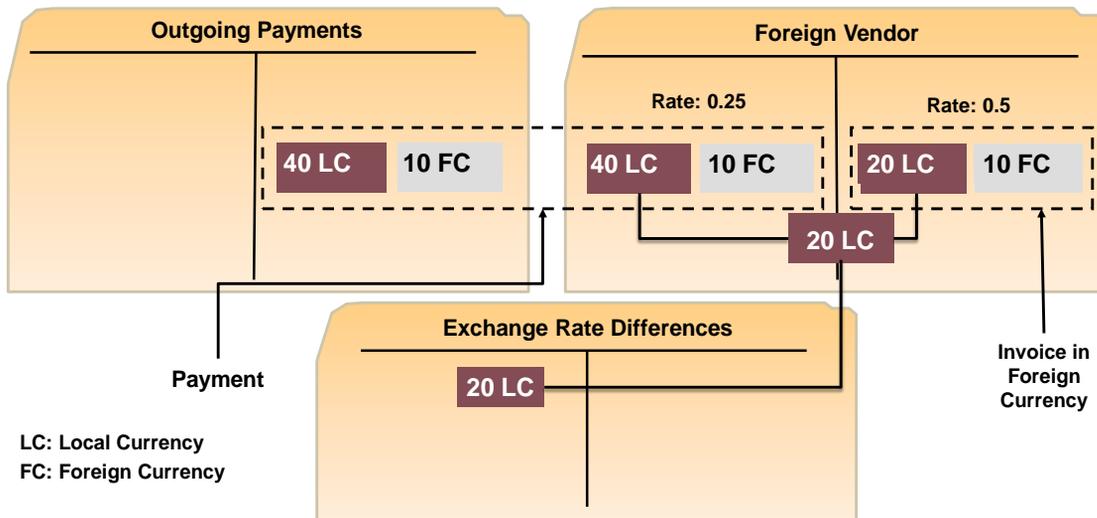
By default, the exchange rate used is based on the posting date of the document.

Agenda

- Currencies in the company level
 - Local and System Currencies
 - Account Currencies
 - Currencies in the Pricelist
- Posting Exchange Rates Differences
 - Exchange Rate Differences
 - Conversion Differences

Next, we handle the exchange rate differences from foreign currency and system currency to local currency.

Exchange Rate Differences Postings



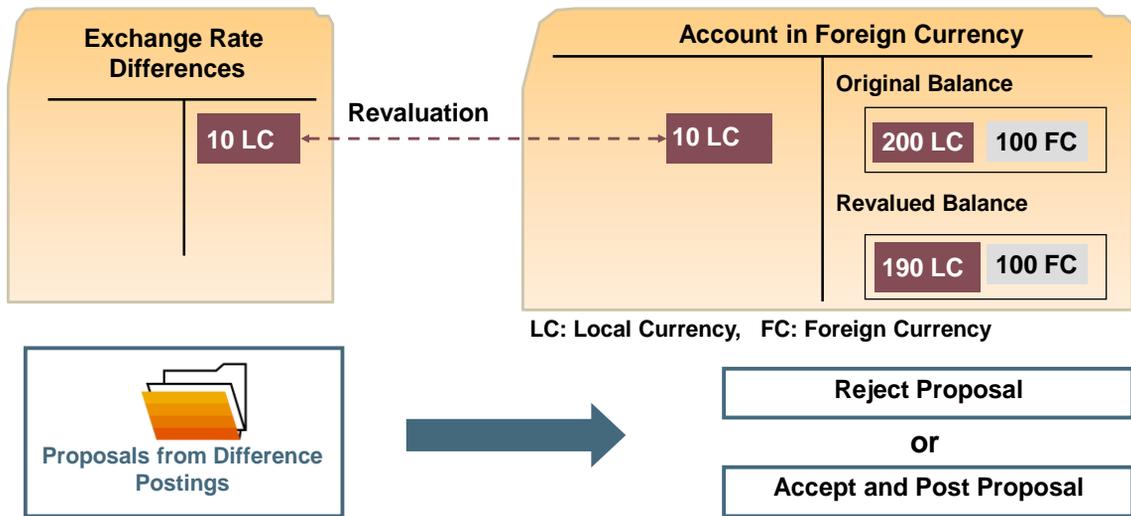
65

Exchange rate fluctuations can cause exchange rate differences when you pay invoices in foreign currencies:

- The figure shows an A/P invoice which has been issued by a foreign vendor in foreign currency. At the posting day of the invoice the exchange rate was 0.5. The system converts the 10 units foreign currency into 20 units local currency and posts both values in parallel on the credit side of the vendor account.
- At the time when you post the payment for this invoice the exchange rate has changed to 0.25. 10 units in foreign currency are now equal to 40 units in local currency.
- Note, that the amounts paid are the same in the foreign currency as they were in the A/P Invoice. The vendor is paid in his local currency so he will not notice the difference. We will see the rate difference in the conversion to local currency.
- In the foreign currency, the amount of the invoice and the payment are the same, that is 10 units.
- But, compared to the value at the time of the invoice there is an exchange rate difference of 20 units local currency. When you post the payment for this invoice, the system automatically posts this exchange rate difference to an exchange rate difference account.

The system posts the exchange rate differences as expense or revenue to the accounts that you have entered in the *G/L Account Determination* window, under the *Purchasing* tab in the *Realized Exchange Diff. Gain* field and the *Realized Exchange Diff. Loss* field.

Exchange Rate Differences Window



© 2016 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

66

Foreign currency accounts and business partners post all transactions in local currency in addition to the posting in foreign currency.

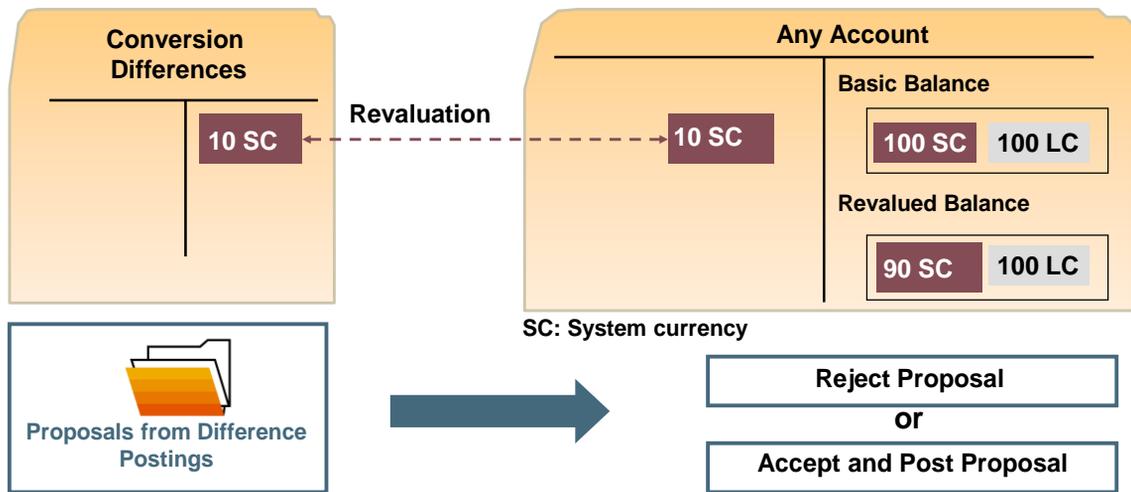
The balance in the local currency comprises the foreign currency items that were translated using the exchange rate (taken from the *Exchange Rates* table) at the posting date or the tax date. In other words, the balance is based on past exchange rates.

Periodically, you have to revalue the foreign currency account balance with the exchange rate of a closing key date. This action is performed in the *Exchange Rate Differences* window in the *Financial* module.

When executing this function, the system generates a list of proposals for difference postings in **local currency**. You can then accept or reject each proposal individually.

Conversion Differences Window

When system currency is different then the local currency



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

67

In addition to the local currency, the system also manages your data in the system currency in parallel. If your company's local currency is different from the system currency, exchange rate differences can arise. The system can revalue these differences to a certain date automatically. This date will typically be a closing day of a certain period. The procedure is carried out using the *Conversion Differences* function under the *Financials* module the same way as the exchange rate differences.

Much like the exchange rate differences functionality, the system proposes journal entries to be posted. Conversion differences are posted in the **system currency only**.

It is recommended to execute the conversion difference function before running the period end closing procedure.

Please refer to the course: **Internal Reconciliation** to learn more about exchange and conversion differences in the internal reconciliation process.

Summary (1/3)



Here are some key points:

SAP Business One can handle accounting in two parallel currencies:

- The local currency – in which the company is legally required to keep its books.
- The system currency which is especially useful for subsidiaries of global companies.

With system currency, the system automatically:

- Calculates all postings in the local currency.
- And manages an additional account balance in the system currency in real time.

Each business partner master data record and each G/L Account need to have:

- An account currency definition:
 - Local currency or
 - Specific foreign currency or
 - All currencies

Here are some key points to take away:

- SAP Business One can handle accounting in two parallel currencies: the local currency (in which the company is legally required to keep its books) and the system currency.
- When the system currency differs from the local currency, the system automatically calculates all postings in the local currency and manages an additional account balance in the system currency in real time.
- Each business partner master data record and each G/L account need to have an account currency definition set to one of these three choices: local currency, a specific foreign currency or all currencies.

Summary (2/3)



It is possible to set an item's price in up to three different currencies in a price list:

- The primary currency and two additional currencies.

When you choose a foreign customer in a sales document.

- The document currency is set automatically according to the BP Currency.
- The unit price of the item is taken from the appropriate additional currency, if one was defined.
- The automatic journal entry converts the total amount in foreign currency into local currency and posts both values in parallel.

When you pay invoices in foreign currencies:

- In the foreign currency, the amount of the invoice and the payment are the same.
- Exchange rate differences can occur due to a rate difference in the conversion to local currency.
- The system automatically posts any exchange rate difference to an exchange rate difference account.

- It is possible to set an item's price in up to three currencies in a price list: the primary currency and two additional currencies.
- When you choose a foreign customer in a sales document, the document currency is automatically set according to the BP currency. The unit price of the item is taken from the assigned price list in the appropriate additional currency if one is defined. The automatic journal entry on the invoice converts the total amount in foreign currency into local currency and posts both values in parallel.
- When you pay invoices in foreign currencies, the amount of the invoice and the payment are the same in the foreign currency. Exchange rate differences can occur due to rate differences in the conversion to local currency. The system automatically posts any exchange rate difference to an exchange rate difference account.

Summary (3/3)



The *Exchange Rate Differences* procedure allows you to clear:

- The difference between the account balance in foreign currency and the account balance in the local currency.

A conversion defERENCE journal entry:

- Balances the system currency
- Is performed in companies where the system currency is different from the local currency.

A conversion defERENCE procedure:

- Balances the system currency to an exchange rate of a certain closing date.

- The *Exchange Rate Differences* procedure allows you to clear the difference between the account balance in foreign currency and the account balance in the local currency to a certain date.
- A conversion defERENCE journal entry:
 - Balances the system currency
 - Is performed in companies where the system currency is different from the local currency.
- A conversion defERENCE procedure balances the system currency to an exchange rate of a certain closing date.

Post a Journal Entry

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the topic on posting a journal entry.

Objectives



At the end of this topic, you will be able to:

- Enter a manual journal entry

In this course, we explain how to enter a manual journal entry.

Business Scenario



- You are implementing SAP Business One at a new customer site.
 - The accountant of the company would like to enter transactions manually for small expenses.
 - She asks you how to record these transactions in the system.
 - You show her the manual journal entries.

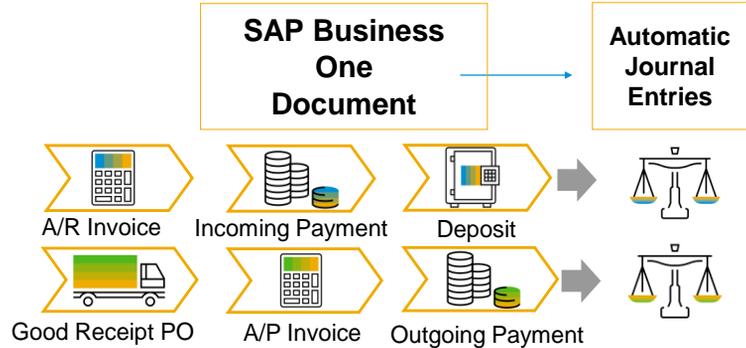
You are implementing SAP Business One at a new customer site.

The accountant of the company would like to enter transactions manually for small expenses.

She asks you how to record these transactions in the system.

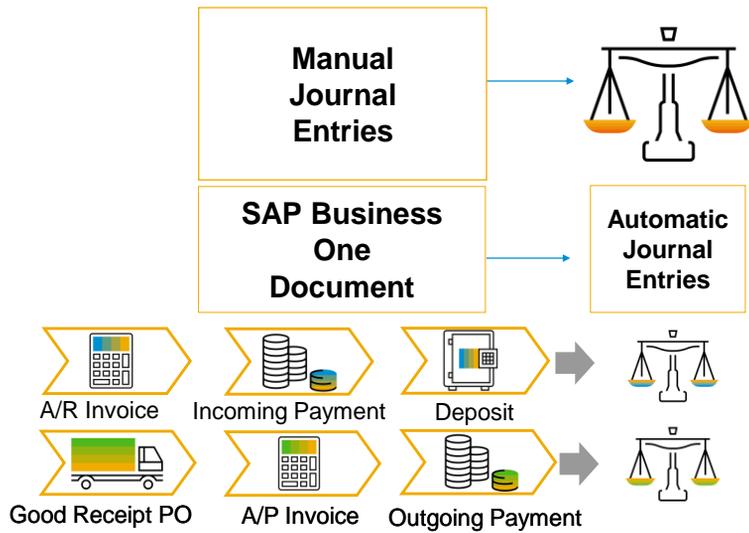
You show her the manual journal entries.

Journal Entry



In SAP Business One, a journal entry is automatically posted from many documents, such as A/R and A/P invoices.

Journal Entry

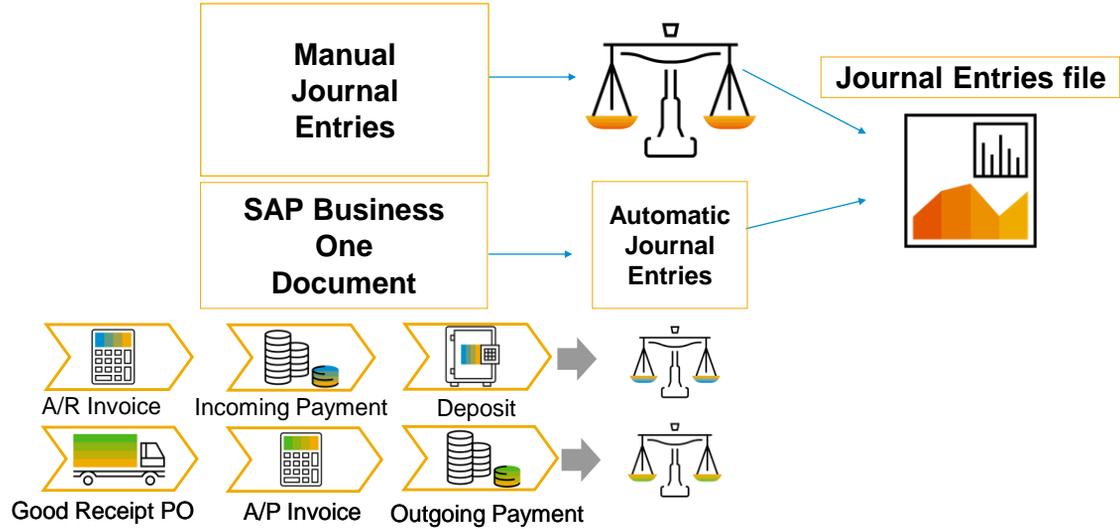


© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

75

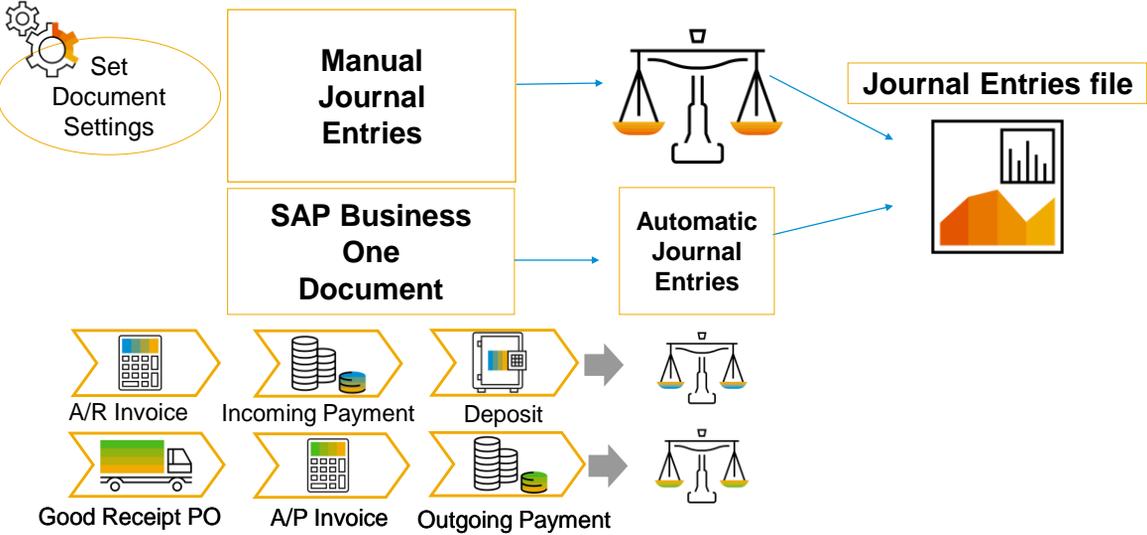
Additionally, you can manually post a journal entry directly to a G/L account or to a business partner sub-ledger account.

Journal Entry



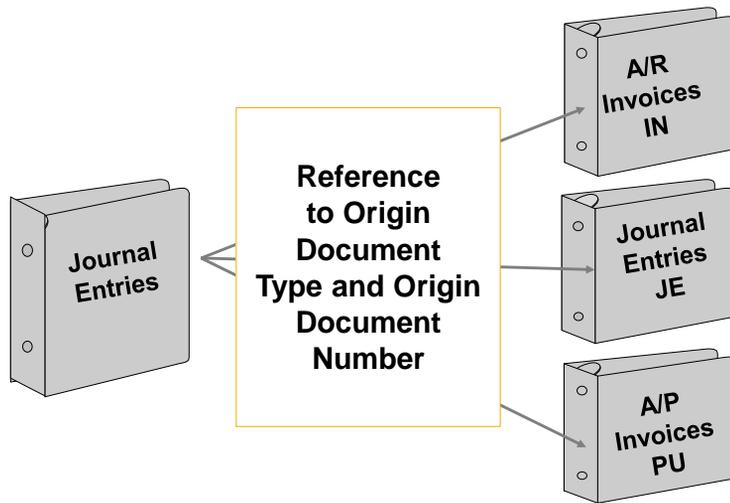
All journal entries are posted to one file in SAP Business One – the Journal Entries file. You can set various defaults for journal entries.

Journal Entry



You can also change some document settings for an individual journal entry.

Origin Documents



All journal entries refer to the type and number of the origin document since frequently journal entries are created automatically from another document.

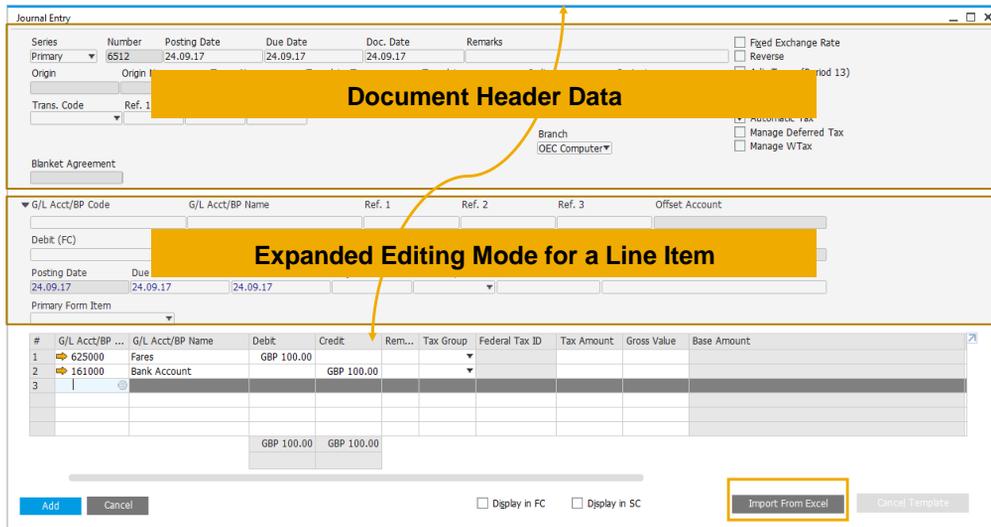
For example, IN is used for customer invoices.

The origin documents of manual journal entries are the journal entries themselves. For this reason, they refer to themselves and are of type JE (which is standard for journal entry).

Most journal entries refer to other document types (for example PU for AP invoices).

Journal Entry Form Fields

 Form Settings



The screenshot shows the 'Journal Entry' window with the following fields and sections:

- Document Header Data:** Includes fields for Series (Primary), Number (6512), Posting Date (24.09.17), Due Date (24.09.17), Doc. Date (24.09.17), Remarks, Fixed Exchange Rate, Reverse, Origin, Trans. Code, Ref. 1, Branch (OEC Computer), and checkboxes for Manage Deferred Tax and Manage WTax.
- Expanded Editing Mode for a Line Item:** Shows a table with columns for G/L Acct/BP Code, G/L Acct/BP Name, Ref. 1, Ref. 2, Ref. 3, and Offset Account. The selected row shows Posting Date (24.09.17) and Due (24.09.17).
- Items Table:** A table with columns: #, G/L Acct/BP Code, G/L Acct/BP Name, Debit, Credit, Rem..., Tax Group, Federal Tax ID, Tax Amount, Gross Value, and Base Amount. It contains three rows: 1 (Fares, GBP 100.00), 2 (Bank Account, GBP 100.00), and 3 (empty).
- Buttons:** Add, Cancel, Display in FC, Display in SC, Import From Excel, and Cancel Template.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

79

The *Journal Entry* window is found in the *Financials* module.

The window for entering journal entries is divided into three areas: document header data, expanded editing mode for an item, and the items table.

You can show or hide the expanded editing mode. The mode always refers to the row that is currently selected and displays all the item fields for you to enter the relevant data.

Using Form Settings, you can define which columns display in the line items table.

Note that you can also import rows of journal entries from excel by choosing the *Import from Excel* button.

To learn more please refer to the **Import from Excel** course.

Journal Entry Working Methods

When entering manual journal entries:

- Press the Tab key to display the accounts list or
- CTRL+TAB to display the business partners list or
- Use the context menu to display either lists



It is possible to look for an account or business partners by using a partial code or name string:

- `*[string]` – To find a name a code that contains or end with this string
- `[string]*` - To find a name a code that begins with this string

You can enter multiple lines with debit or credit amounts. In every line you add SAP Business One will recommend a balancing amount which you can update.

When entering manual journal entries, in each line, place the cursor in the G/L Acct/BP Code field and press Tab to display the accounts list, or CTRL + Tab to display the Business Partners Master Data list.

Alternatively, you can use the context menu to open the list of accounts or list of business partners.

Note that you can search for an account or a business partner using the G/L Acct/BP Name field.

If you know the first character of the customer code or name, specify it, followed by an asterisk. Then, press CTL + Tab to produce a list of all customer codes starting with this character.

If you know a partial customer code or name, place an asterisks (*)first and then the partial code or name. Then press CTL + Tab to display a list of all records that contain the string you entered.

The same goes for an account but with pressing Tab to display the accounts list.

Reverse Transactions

Original journal entry with error

Account	Debit	Credit
Account A	2050	
Account B		2050
Σ	2050	2050

- **Standard Reverse Transaction**
- **Reverse Transactions with Negative Amounts**

- Users can make input errors. As a result, the journal entry created may contain incorrect information. To provide an audit of the correction, the user must first reverse the journal entry in error, and then capture the document correctly.
- To cancel a manual journal entry choose *Cancel* from the *Data* menu or directly from the context menu of the journal entry.
- You can specify whether reversal transactions are performed:
 - As standard reverse transactions, or
 - As reverse transactions with negative amounts
- The method you choose also determines the automatic reversal journal entry created for canceled marketing documents.

Reverse Transactions - Standard Reverse Transaction

Original journal entry with error

Account	Debit	Credit
Account A	2050	
Account B		2050
Σ	2050	2050

Account [A] balance – before reversal

Total Debit	Total Credit	Total balance (C/D)
2050	0	2050

Reversal journal entry

Account	Debit	Credit
Account A		2050
Account B	2050	
Σ	2050	2050

Account [A] balance – after reversal

Total Debit	Total Credit	Total balance (C/D)
2050	2050	0

The standard reversal increases the total of the opposite side

- The standard reverse transaction causes the system to post the debit in error as a credit and the credit in error as a debit. This corrects the balance of the accounts. However, the standard reverse transaction causes an additional increase in the totals on the debit and credit sides, which might be misleading.
- On the left side of the image you can see an example of a journal entry with error and the corresponding reversal entry. On the right you can see the effect of the reversal entry on the balance of account **A**. The total balance is cleared however the debit side was not affected and the credit side is increased.

Reverse Transactions - Reverse Transactions with Negative Amounts

Original journal entry with error

Account	Debit	Credit
Account A	2050	
Account B		2050
Σ	2050	2050

Account [A] balance – before reversal

Total Debit	Total Credit	Total balance (C/D)
2050	0	2050

Reversal journal entry

Account	Debit	Credit
Account A	-2050	
Account B		-2050
Σ	-2050	-2050

Account [A] balance – after reversal

Total Debit	Total Credit	Total balance (C/D)
0	0	0

Reversal transaction with negative amounts resets the totals of the same side

- The reverse transaction with negative amounts causes the system to post the debit in error as a negative debit and the credit in error as a negative credit. This not only corrects the balance of the accounts but also the totals. As you can see in the image in the account balance table.

Reversal settings



Company Details

General Accounting Data **Basic Initialization**

Chart of Accounts Template GB_CoA

Local Currency British Pound

System Currency British Pound

Default Account Currency All Currencies

Display Credit Balance with Negative Sign

Use Segmentation Accounts

Allow Negative Amounts for Reversal Transaction Posting

Permit More than One Document Type per Series

Multi-Language Support

Use Periodical Inventory

This setting is relevant for both automatic and manual journal entries

It depends on the country whether standard reverse transactions or reverse transactions with negative amounts are required.

You can set which type of reversal is used in the *Company Details* window in the *System Initialization* menu area of the *Administration* module. On the *Basic Initialization* tab, you can select the *Allow Negative Amounts for Reversal Transaction Posting* field to switch on the reverse transaction with negative amounts. Otherwise, the system will use the standard reverse transaction. This setting is relevant for both automatic (e.g. A/R Invoice) and manual journal entries.

Scheduled Reversal of Manual Journal Entries

The screenshot shows the 'Journal Entry' window in SAP. A 'Reverse Transactions' dialog box is open, displaying a table of transactions to be reversed. The table has the following data:

Reversed	Transaction	Description	Original Date	Reversal Date	Value
<input checked="" type="checkbox"/>	6516	Deferred Revenue	30.09.17	01.10.17	GBP 125,000.00

Below the table, it indicates 'Number of transactions to be cancelled: 1'. There are 'Execute' and 'Cancel' buttons at the bottom of the dialog. In the background, the 'Journal Entry' window shows the 'Reverse' checkbox checked and the reversal date set to 01.10.17.

When entering a manual journal entry, you can choose the *Reverse* checkbox. This enables you to create a reversal transaction for the current journal entry and define the date on which the reversal transaction should be created.

An example for using this option could be in cases where the company needs to issue a period reporting and have some revenue deferrals.

When the reverse date of the transaction arrives, the *Reverse Transactions* window appears on log-in. Alternatively, you can open the *Reverse Transactions* window from the *Financial* module.

You execute the reverse transaction by choosing the *Execute* button.

As a result, new transaction is created. The *Remarks* field of this transaction displays the text (Reversal) and the number of the original transaction. The *Reverse* option is disabled.

In the original transaction, the *Reverse* option is not visible, and the word *Cancelled* indicates that the transaction was cancelled.

Note!

Reverse transactions can be posted only if the reverse date has already arrived, and

You can reverse each journal entry only once.

Summary



Here are some key points:

All journal entries are posted to the Journal Entries file Including:

- Automatic journal entries posted from documents, such as A/R and A/P invoices.
- Manually posted journal entries.

When entering manual journal entries, in the *G/L Acct/BP Code* field press:

- **Tab** to display the accounts list.
- And **CTL + Tab** to display the Business Partners Master Data list.
- Or use the context menu

Depending on your country standards, you can specify whether reversal transactions are performed:

- As standard reverse transactions
- Or as reverse transactions with negative amounts

The scheduled reversal:

- Is done by entering a future date for cancellation in the journal entry.
- Can be defined to prompt automatically

- Here are some key points to take away:
- All journal entries are posted to the Journal Entries file. Including automatic journal entries posted from documents, such as A/R and A/P invoices and manually posted journal entries.
- When entering manual journal entries, in the *G/L Acct/BP Code* field press **Tab** to display the accounts list. Or **CTL + Tab** to display the Business Partners Master Data list. Remember that you can enter the list of accounts or business partners from the context menu as well.
- Depending on your country standards, you can specify whether reversal transactions are performed as standard reverse transactions or as reverse transactions with negative amounts
- The scheduled reversal is done by entering a future date for cancellation in the journal entry. The cancellation transaction can be defined to prompt automatically.

Posting Templates and Recurring Postings

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the topic on posting templates and recurring templates.

Objectives



At the end of this topic, you will be able to:

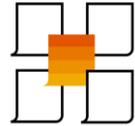
- Set up and use a *Posting Templates*
- Set up a *Recurring Posting*

At the end of this topic, you will be able to:

- Set up and use a *Posting Template*

- Set up a *Recurring Posting*

Business Scenario



You are implementing SAP Business One at a new customer.

- The accountant tells you that she manually records two types of journal entry every month.
- The first is a rent transaction with a fixed amount.
- The second is a bonus payout for the sales employees. Each employee receives a fix percentage of the monthly revenue.
- You show her the *Recurring Posting and Posting Template* tools that can make the process more efficient.

- Imagine that you are implementing SAP Business One at a new customer.
- The accountant tells you that she manually records two types of journal entry every month.
- The first is a rent transaction with a fixed amount.
- The second is a bonus payout for the sales employees. Each employee receives a fix percentage of the monthly revenue.
- You show her the *Recurring Posting and Posting Template* tools that can make the process more efficient.

Recurring Postings

Journal Entry

Series	Number	Posting Date	Due Date	Doc. Date	Remarks
Primary	6512	17.09.17	17.09.17	17.09.17	
Origin	Origin No.	Trans. No.	Template Type	Template	Indicator
			Percentage		
Trans. Code	Ref. 1	Ref. 2	Ref. 3	Branch	
			Recurring Posting	OEC Computer	

Code: Rent

Description: Rental Payment

G/L Account / BP No.	G/L Account / BP Name	Debit	Credit
620000	Property Rent	1000	
161000	Girobank Account		1000

Frequency: Monthly On 10 Valid to

Next Execution: 10/01/16 10/12/21

SAP Business One features a recurring postings function for similar, fixed amount journal entries created on a regular basis.

Recurring postings use a template that is stored with a code and a description. In this template, you define, among other things, the frequency in which the journal entry is supposed to be created and a validity date until when the recurring posting is valid.

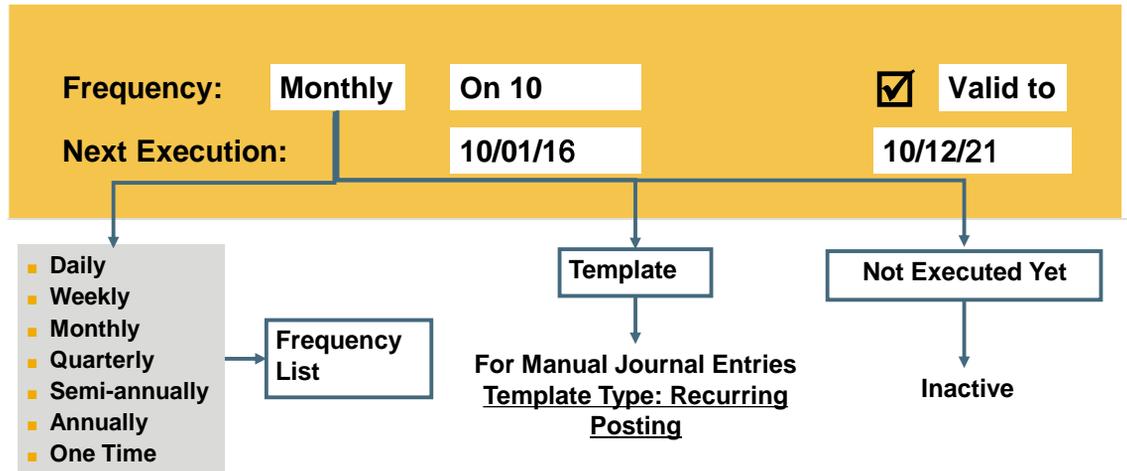
To define a recurring posting template type, use the Recurring Postings window in the Financials module.

The system duplicates the original recurring posting (instance 0) every time the execution date arrives, and presents a report recommending you post the transactions that are due. Once you use this instance and add it to the system, it will be deleted.

You can set the system to display all the recurring transactions available for processing on today's date when you log in. This setting is made in the *General Settings* window under *System Initialization* in the *Administration* module. On the *Services* tab, select the *Display Recurring Postings on Execution* checkbox.

Note that you can add recurring postings to the cash flow, which appear in green in the report.

Options for Recurring Postings



- You have a few options when you set up a recurring posting.
- You can set the frequency for how often the posting will occur.
- You can choose a frequency from a frequency list.
- You can also set a validity date for the posting which specifies the last possible date a posting can be made.
- If you do not wish to post on a regular basis, you also have an option to set up a recurring posting as a template to be used as needed.
- You can create these recurring postings in advance. Set the status to *Not executed yet* until you need to begin the postings. This status can also be used to turn off a recurring posting.

Posting Template with Percentages

Journal Entry						
Series	Number	Posting Date	Due Date	Doc. Date	Remarks	
Primary	6517	27.09.17	27.09.17	27.09.17		
Origin	Origin No.	Trans. No.	Template Type	Template	Indicator	Project
			Percentage			
Trans. Code	Ref. 1	Ref. 2	Ref. 3	Branch		
				OEC Computer		

Code: Utility

Description: Utility Bills

G/L Account / BP No.	G/L Account / BP Name	Debit %	Credit %
6320	Utilities	25	
6321	Electricity	75	
V550	Public service		100

You can create posting templates for journal entries that have a very similar structure. To define a percentage template type, use the *Posting Templates* window in the *Financials* module. These templates can contain account numbers but you can also just specify an account description in a line item if you do not yet know which exact account will be used for this line item. Instead of fixed amounts, only percentages are entered here. These percentages indicate how the total amount is distributed among the line items. The illustration shows an example of how you can allocate a utility expense, like the electric bill, to its component expenses at a specific percentage rate. The posting template is stored under a code and with a description. Then, when you enter a journal entry manually, you can choose the Percentage template type and the relevant template, enter an amount in one of the line items and the template will allocate the amounts to the other lines based on the percentage rate you have defined. Use *the Cancel Template* option to enter amounts without the auto calculation.

Summary



Here are some key points:

There are two types of manual journal entry templates:

You create a **posting template** with percentages for:

- Journal entries that have a very similar structure.
- Choosing it in a journal entry you enter manually.

You create a **recurring posting** for:

- Similar, fixed amount journal entries created on a regular basis.
 - Setting the frequency for how often the posting will occur.
 - Presenting a report recommending you to post the transactions that are due when you logon to the system
-

- Here are some key points to take away:
- There are two types of manual journal entry templates.
- You create a **posting template** with percentages for journal entries that have a very similar structure. You can then choose this posting template in a journal entry you enter manually.
- You create a **recurring posting** for similar, fixed amount journal entries created on a regular basis. You can set the frequency for how often the posting will occur. The system Presents a report recommending you to post the transactions that are due when you logon to the system.

Journal Voucher

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the topic on journal voucher.

Objectives

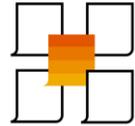


At the end of this topic, you will be able to:

- Use the journal voucher to add journal entries

At the end of this topic, you will be able to use the journal voucher to add journal entries

Business Scenario (1)



- You are implementing SAP Business One at a new customer.
- You are helping the accountant implement her work procedure in SAP Business One.
- The accountant asks how she can save a draft of a journal entry. She enters a very long salary expense journal entry every month and would like to be able to save and close the entry at any time. She would like to reopen it later on, to add more data before posting it to the permanent journal entry file.
- You show her the journal voucher.

- You are implementing SAP Business One at a new customer.
- You are helping the accountant implement her work procedure in SAP Business One.
- The accountant asks how she can save a draft of a journal entry. She enters a very long salary expense journal entry every month and would like to be able to save and close the entry at any time. She would like to reopen it later on, to add more data before posting it to the permanent journal entry file.
- You show her the journal voucher.

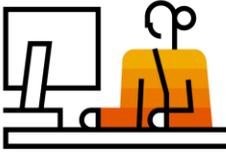
Business Scenario (2)



- A student intern helps the accountant in recording manual journal entries to the accounting system.
- The accountant wants to be able to review the journal entries before they are registered permanently to the journal entries file.
- Best Option: journal vouchers

- Let us look at another business example of how journal vouchers are used.
- A student intern helps the accountant in recording manual journal entries to the accounting system.
- The accountant tells you she really appreciates the help, but she wants to be able to review the journal entries the student is entering before they are registered permanently to the journal entries file.
- You tell the accountant about the option of using Journal Vouchers.

Journal Vouchers



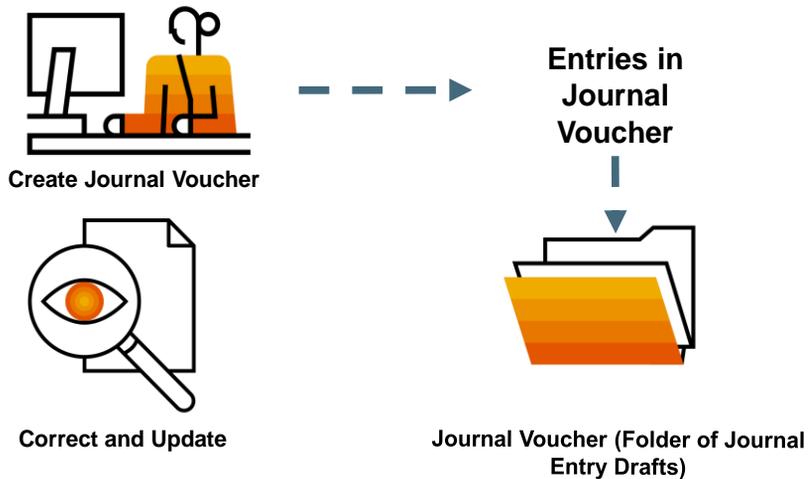
Create Journal Voucher



Correct and Update

- SAP Business One offers a two-stage procedure for creating journal entries. You can create the journal entries as drafts first, correct and post them later.

Journal Vouchers



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

99

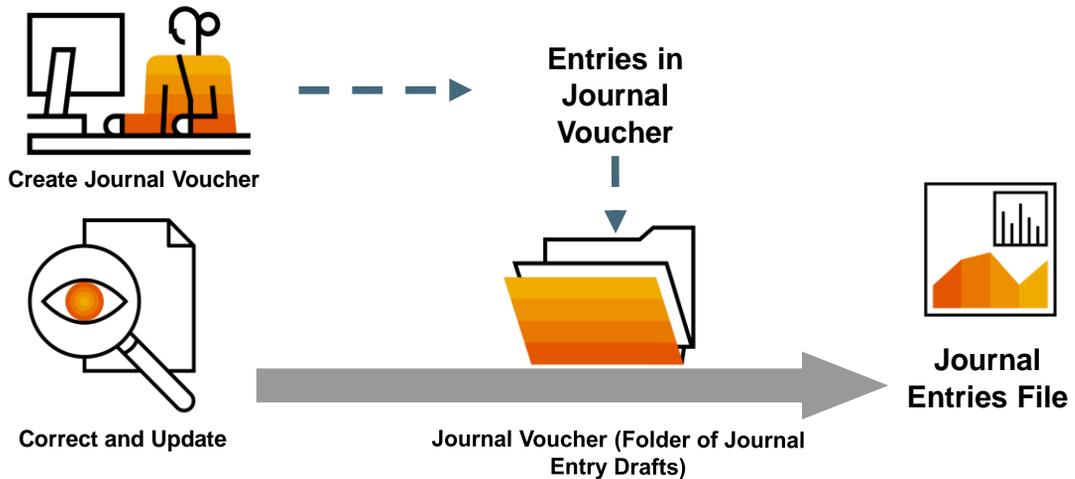
A user creates entries in a journal voucher. The journal voucher is basically a folder for storing several journal entry drafts.

You can save unbalanced journal entries in a journal voucher as long as the journal voucher is in the draft mode.

This is useful when you have entries with many lines that you want to save during the process, before the journal entry is complete and balanced.

Since manual journal entries are not included in the approval process, you can use the journal voucher process to enable reviewing and editing journal entries by another user.

Journal Vouchers



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

100

You can change journal vouchers as long as they have not been posted yet. You can access the journal voucher, make any necessary corrections, and post the journal voucher. You can remove a journal voucher or delete an entry from a journal voucher, as long as they have not been posted yet. To start working with journal vouchers go to: *Financials* → *Journal Vouchers*.

Create and Post a Journal Voucher

The screenshot shows two SAP windows. The 'Journal Vouchers' window on the left has a table with the following data:

Journal Voucher No.	Status	Date	Total (LC)	User
2	Open	27.09.17	GBP 200.00	Jayson Butle
3	Open	27.09.17	GBP 250.00	Jayson Butle

Below this table is another table showing the entries for the selected voucher (No. 2):

Trans. No.	Status	Total (LC)	Total (FC)	Branch	Remarks
1	Open	GBP 200.00		OEC Computers I	

Annotations in the 'Journal Vouchers' window include: 'Step 1' pointing to the 'Add Journal Entry to New Voucher' button, 'Step 3' pointing to the 'Add Entry to Existing Voucher' button, and 'Step 4' pointing to the 'Post Voucher' button. A yellow box highlights the 'Open Only' checkbox.

The 'Journal Voucher Entry' window on the right shows fields for Voucher No. (3), Series (Primary), Number, Posting Date (27.09.17), Origin, and Origin No. It also has a table for entries:

#	G/L Acct/BP ...	G/L Acct/BP N...
1	100000	Called Up Capital I
2		

Annotations in the 'Journal Voucher Entry' window include: 'Step 2' pointing to the 'Add to voucher' button.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

101

The Journal Voucher window has two areas:

The upper table is a list of journal vouchers. When you choose a voucher record in the upper table, the lower table lists the entries of the highlighted voucher.

To add a new voucher:

Step 1 - Choose *Add Journal Entry to New Voucher* to open the *Journal Voucher Entry* window.

Step 2 - Type any data and choose *Add to Voucher*. In case the entry is not balanced yet, the system will prompt a warning. However, you can still add the entry to the voucher.

Do not forget to update the Journal Voucher window after adding any data.

Step 3 - To add a new entry to the same voucher, choose *Add Entry to Existing Voucher*.

You may add numerous entries to the same voucher this way.

Step 4 - When it is time to post the voucher, make sure all entries are balanced and choose *Post Voucher*.

The status of the posted entry or posted voucher is *Closed*. Use the *Open Only* checkbox to see only open items.

The Journal Voucher Report

Journal Voucher Report

Currency: Local Currency From Date: 27.09.17 To Date: 27.09.17

Gr.-No.	Date	G/L Acc./BP Code	G/L Acc./BP Name	Debit	Credit	Branch	Remarks
<input type="checkbox"/> → 2-1	27.09.17						
<input type="checkbox"/>		→ 510000	Salaries & Wages - basi		GBP 5,512.00	OEC Computer	
<input type="checkbox"/>		→ 510010	Salaries & Wages - over		GBP 105.00	OEC Computer	
<input type="checkbox"/>		→ 161000	Bank Account	GBP 5,617.00		OEC Computer	
<input checked="" type="checkbox"/> → 3-1	27.09.17						
<input checked="" type="checkbox"/>		→ 100000	Called Up Capital Not P	GBP 250.00		OEC Computer	
<input checked="" type="checkbox"/>		→ 112530	Accumulated Depreciat		GBP 250.00	OEC Computer	
				GBP 5,867.00	GBP 5,867.00		

Post

From the report you can:

- View, edit or post vouchers
- Post a certain entry out of a journal voucher

After creating entries in a journal voucher you have two options to post them to the journal entry file:

- From the *Journal Voucher* window. Or,
- From the *Journal Voucher Report*. Go to *Financials* → *Journal Voucher Report*.

The *Journal Voucher Report* displays the journal vouchers according to selected criteria.

The Gr-No. column presents the journal voucher number and the specific entry in the journal voucher. From the list of journal vouchers you can review and update a journal voucher details using the linking arrow.

You can specify a certain journal transaction number out of a voucher and register only this entry. This action will leave the journal voucher status open and the relevant entry closed. You can then post the other entries.

Note! The option of posting selected entries out of a journal voucher is available from this report and not from the *Journal Voucher* window.

Summary



You work with **journal vouchers** when you need:

- A two-stage procedure for creating journal entries.
- To create the journal entries as drafts first, correct and post them later.

In the **Journal Voucher Report** you can:

- Post selected entries out of a journal voucher

- You work with journal vouchers when you need a two-stage procedure for creating journal entries and in order to create the journal entries as drafts first, correct and post them later.
- In the Journal Voucher Report you can post selected entries out of a journal voucher.

Posting Periods

SAP Business One, Version 9.3



- Welcome to the course on the posting periods process.

Objectives

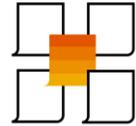


At the end of this topic, you will be able to:

- State how to define and manage posting periods

After completing this topic, you will be able to state how to define and manage Posting Periods.

Business Scenario



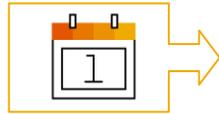
You are implementing SAP Business One at a new customer, OEC Computers.

- You explain to Maria, the accountant, that a mandatory step in creating the company database is defining the company **Posting Periods**:
 - The **Main Posting Period** - the **Fiscal Year**.
 - The **Sub-Periods** in the fiscal year.
- The company creates the annual financial statement once a year. However, they need twelve posting periods for their internal controlling.
- You create a new company database and define the **Fiscal Year** as the **calendar year** and the **sub-periods** as **Months**.
- Maria asks what she needs to do in order to record a certain document or a journal entry to a posting period or sub-period.
- You tell her that SAP Business One determines automatically **which posting period the transaction belongs to** based on the transaction's **posting date**.

- You are implementing SAP Business One at a new customer, OEC Computers.
 - You explain to Maria, the accountant, that a mandatory step in creating the company database is defining the company Posting Periods:
 - You define the Main Posting Period - the Fiscal Year, which usually corresponds to the calendar year.
 - And then the Sub-Periods in the fiscal year.
 - Together you discuss the financial processes in OEC Computers. The company creates the annual financial statement once a year. However, they need twelve posting periods for their internal controlling.
 - You create a new company database and define the Fiscal Year as the calendar year and the sub-periods as Months.
 - Maria asks what she needs to do in order to record a certain document or a journal entry to a posting period or sub-period.
 - You tell her that SAP Business One automatically determines which posting period the transaction belongs to based on the transaction's posting date.

Posting Periods – Process Overview

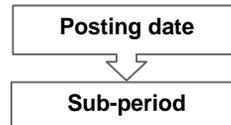
Settings



- Fiscal Year: 2018

- Sub-Periods: Months
 - 2018-01
 - 2018-02
 - 2018-03
 -
- Additional settings

Operational



Period End / Year End Closing

Here, you can see an overview of the Posting Periods Process.

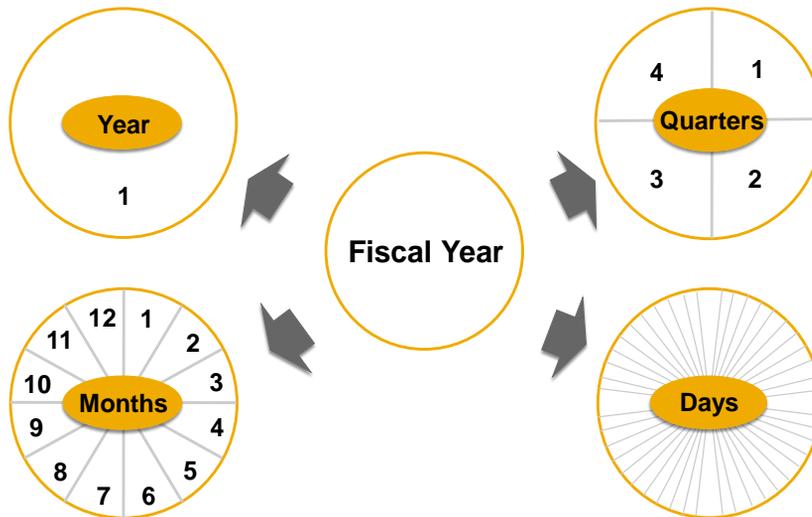
There are three stages in the posting periods process. In this course we will focus on the settings and the operational steps, the first two stages of the process.

In the first stage, we define settings for posting periods. First we define the main posting period for the fiscal year. Then we define the sub-periods in the fiscal year: Year, Quarters, Months, or Days.

The second stage is the Operational stage. In everyday work, we enter documents and manual journal entries with a posting date that will be registered automatically to the appropriate sub-period. Sub-periods allow the user to control posting into them. That way, postings to each month can be controlled.

The third stage is Period End Closing where you move all profit and loss (P&L) account balances to the Retained Earnings account and zero out the P&L accounts. We will discuss the period end closing process in a different topic.

Defining Posting Periods and Sub-Periods



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

108

When you create a new company database, you create the posting periods for the first fiscal year. Sub-Periods are created automatically by SAP Business One in the fiscal year based on your selected type of sub-period. The four available sub-periods are: year, quarter, month and day.

You define the sub-periods based on the company business need:

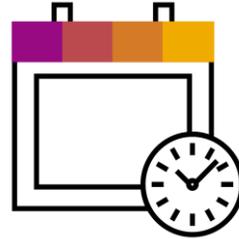
- A Year has one sub-period.
- Quarters have four sub-periods.
- Months contain twelve sub-periods.
- And Days can have any number of sub-periods.

Using your selection, the system automatically creates the corresponding number of posting periods.

A reason for defining sub-periods will be the ability to lock a past period so that no additional postings can be made by any user.

Posting Periods Caveats

- The beginning of the fiscal year can only be the first day of a month.
- Create the oldest posting periods first.
- Create a new posting period in advance.
- No overlapping periods.
- G/L account determination is saved by period and is copied from the previous period to the next.
- Make decisions together with the client accountant.



When creating new posting periods, bear in mind the following important caveats:

- The beginning of the fiscal year can only be the first day of a month. The start of the fiscal year is set automatically on the first day of the month that was entered in the *Posting Date from* field.
- We recommend creating the posting periods from the earliest period onward. Consider the oldest data you would like to migrate to determine the first period.
- Make sure you create a new period in advance to allow validations and possible changes before work starting.
- You cannot have overlapping posting periods.
- By default, the “From date” is the day after the end date of the latest existing posting period, and the “To date” is one year later.
- G/L account determination is saved by period and is copied from the previous period to the next. Therefore it is recommended to create the oldest period, make your primary account selection, and then create additional periods. You can change the G/L account determination before starting to work with a new period.
- Although you could change it mid-period, we do not recommend this because account determination influences the financial reports.
- You need to make decisions together with the client accountant. Together you should consider topics like legal reporting and business consolidation.

Summary



Here are some key points:

When you create posting periods, you define:

- The **main posting period** – the **Fiscal Year**, which usually corresponds to the calendar year.
- The **sub-periods** in the fiscal year (Year, Quarters, Months, or Days).

SAP Business One determines automatically which **sub-period** the transaction belongs to:

- Based on the **transaction's posting date**.

When creating a new posting period:

- Take into consideration the important caveats mentioned in the course.

- Here are some key points to take away:
 - When you create posting periods, you define the main posting period – the Fiscal Year, which usually corresponds to the calendar year.
 - The Sub-Periods in the fiscal year (Year, Quarters, Months, or Days).
 - SAP Business One determines automatically which sub-period the transaction belongs to based on the transaction's posting date.
 - When creating a new posting period take into consideration the important caveats mentioned in the course.

Internal Reconciliation

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the Internal Reconciliation topic.

Objectives



At the end of this topic, you will be able to:

- Utilize the process of internal reconciliation in G/L accounts and business partners
- Review system reconciliations
- Perform internal reconciliation (manual type)

In this topic, we discuss how to utilize the process of internal reconciliation, both system and user reconciliations, in G/L accounts and business partners. You will learn how to review automatic and semi-automatic system reconciliations, and how to perform internal reconciliation manually.

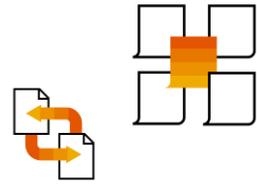
Agenda

- Internal Reconciliation
 - Internal Reconciliation Definition
- System Reconciliations
 - Full Reconciliation
 - Partial Reconciliation
- User Reconciliation
 - User Reconciliation Types
 - Reconciliation Currency

We will present the internal reconciliation topic by looking at the reconciliation process of a business partner master data.

Business Scenario

- Internal Reconciliation Process
- System Reconciliations Statuses:



	Debit	Credit		Debit	Credit
	✓				✓

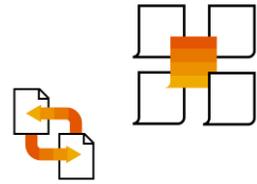
- User Reconciliations Types:

- User Reconciliation Statuses:

Imagine that you are implementing SAP Business One at a new customer, OEC Computers. Maria, the accountant of OEC Computers, asks you more about the Internal Reconciliation Process. She remembers you told her previously, that among other processes, it relates to Period-End Closing. Maria is happy to hear that most internal reconciliations are performed automatically by SAP Business One. These are the **System Reconciliations**. Automatic system reconciliations can be full or partial.

Business Scenario

- Internal Reconciliation Process
- System Reconciliations Statuses:
 - Full
 - Partial
- User Reconciliations Types:



	Debit	Credit		Debit	Credit
	✓				✓

- User Reconciliation Statuses:

You give Maria two examples of full automatic reconciliations:

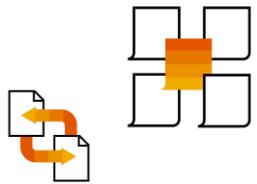
- Firstly, in the Business Partners Master Data accounts when an Incoming Payment is based on an A/R Invoice (or a Credit Memo on an A/R Invoice).
- And secondly, in clearing G/L Accounts when you deposit a check received by an Incoming Payment.

You tell Maria that SAP Business One also performs **Partial System Reconciliations** if, for example, a customer partially pays an A/R Invoice.

Business Scenario

- Internal Reconciliation Process
- System Reconciliations Statuses:
 - Full
 - Partial

- User Reconciliations Types:
 - Manual
 - Automatic
 - Semi-automatic



	Debit	Credit		Debit	Credit
	✓				✓

- User Reconciliation Statuses:

However, there will be cases where Maria will perform internal reconciliations herself – these are the **User Reconciliations**.

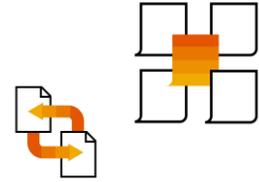
For example, when OEC Computers pays a vendor in advance and receives the A/P Invoice later on, Maria will have to internally reconcile the Vendor Master Data and match the Payment with the A/P Invoice transactions.

Maria can perform user reconciliation using one of the three reconciliation types:

- Manual
- Automatic
- Semi-automatic

Business Scenario

- Internal Reconciliation Process
- System Reconciliations Statuses:
 - Full
 - Partial



	Debit	Credit		Debit	Credit
	✓				✓

- User Reconciliations Types:
 - Manual
 - Automatic
 - Semi-automatic
- User Reconciliation Statuses:
 - Full
 - Partial

Just like with System Reconciliations, user reconciliations can be full or partial.

Reflection Question: Internal Reconciliation Process



- When Maria looks at the vendor's account balance, it reflects the advanced *Outgoing Payment* and the *A/P Invoice* transactions.
- Then why is it important for Maria to reconcile the vendor master data internally?

Let us consider the case we have just discussed, where OEC Computers pays a vendor in advance and receives the A/P Invoice later on.
When Maria looks at the vendor's account balance, it reflects the advanced Outgoing Payment and the A/P Invoice transactions.
Then why is it important for Maria to reconcile the vendor master data internally?

Reflection Question: Internal Reconciliation Process



- When Maria looks at the vendor's account balance, it reflects the advanced *Outgoing Payment* and the *A/P Invoice* transactions.
- Then why is it important for Maria to reconcile the vendor master data internally?

The *A/P Invoice* should appear as closed for:

- The *Outgoing Payment*
- Reports as Aging and Doubtful debts

The reason is that if reconciliation is not done, the *A/P Invoice* will appear as open when creating a new *Outgoing Payment* for the vendor.

Another reason is the effect on reports, such as Aging and Doubtful debts. The *A/P Invoice* will appear as open in those reports if Maria does not reconcile it with the *Outgoing Payment* transaction.

Agenda

- Internal Reconciliation
 - Internal Reconciliation Definition
- System Reconciliations
 - Full Reconciliation
 - Partial Reconciliation
- User Reconciliation
 - User Reconciliation Types
 - Reconciliation Currency

We start with system reconciliation that occur during everyday work.

Internal Reconciliation Definition

Internal Reconciliation:

Matching and clearing
open credit items
to open debit items
within an account.



	Debit	Credit
	✓	
		✓



The term, **Internal reconciliation**, refers to the matching and clearing of open credit items to open debit items within an account (therefore internal). This is necessary for accounts where a business process is not regarded as fully complete until each credit amount has a corresponding debit amount:

- For customer accounts, a receivable (debit) must be followed by an incoming payment (credit).
- For vendor accounts, a liability (credit) must be followed by an outgoing payment (debit).

System Reconciliations



System Reconciliations Statuses:

- Full
- Partial

	Debit	Credit
	✓	

	Debit	Credit
		✓

First let us talk about system reconciliation.

System reconciliation takes place automatically. Let us discuss a few examples:

When you apply a payment to an invoice, create a credit memo for an invoice or cancel a document, the original journal entry is reconciled with the reversal.

When you deposit a check, the payment journal entry is reconciled with the deposits for the clearing account row.

This means for the most part, you do not have to maintain and conduct internal reconciliations in the system.

As we mentioned before, the system can reconcile transactions either fully or partially.

We will take a look at each.

System Reconciliation - Full Reconciliation



A/P Invoice

	Debit	Credit
Vendor ✓		202
Expense / Clearing account	202	



**Automatic Internal Reconciliation
in the Vendor Master Data**

2



**Outgoing Payment based on an
A/P Invoice (or invoices)**

	Debit	Credit
Bank Account		202
Vendor ✓	202	

The system will attempt to automatically perform full reconciliation when you post a payment for a customer or vendor.

The system matches the business row in the journal entry of the payment with the invoice or invoices that you have selected and closes the transactions.

It will also close any selected credit memos and other transactions that were selected in the payment.

In the graphic we show how full system reconciliation occurs with an outgoing payment to a vendor.

On the left we show the A/P invoice with its journal entry. On the right we see the outgoing payment for the invoice. When the invoice is paid, the system automatically performs internal reconciliation in the vendor master record.

In this example, we show only one invoice, but the payment could have paid 2 or more invoices and the automatic reconciliation would still have been performed.

For payments made with the Payment Wizard or Bank Statement Processing, the system automatically proposes (and sometimes automatically matches) payments with invoices or credit memos based on criteria that you supply, such as due date and amount.

System Reconciliation - Partial Reconciliation



1

A/P Invoice

	Debit	Credit
Vendor ✓		202
Expense / Clearing account	202	

Balance Due: Credit = 102

Balance Due in the Vendors Liabilities Aging Report



Automatic Internal Reconciliation in the Vendor Master Data

2



2

Outgoing Payment based on an A/P Invoice (or invoices)

	Debit	Credit
Bank Account		100
Vendor ✓	100	

It is also possible to partially reconcile transactions when issuing incoming or outgoing payments. Partial reconciliation is done when a payment amount does not match the amount of the selected transactions.

For example, a customer may pay a partial amount due. When a partial payment is made, the system adjusts the Balance Due appropriately and partially reconciles the invoice.

When the remaining balance on the invoice is paid the invoice will be fully reconciled and the Balance Due will become zero.

System Reconciliation of Interim Accounts



Allocation account



Good Receipt PO

Credited



A/P Invoice

Debited

SAP Business One automatically reconciles the following interim accounts:

- Allocation Account, Expense Clearing Account, and Stock in Transit Account.
- The Work In Process Inventory Account.
- In some localizations, the Deferred Tax Account (this is relevant for: Austria, Costa Rica, France, Guatemala, Italy, Mexico, South Africa, and Spain)
- The Down Payment Interim Account and Down Payment Clearing Account.

Let us look at the allocation account example:

If your company uses the perpetual inventory system you usually reconcile the *Allocation* account. Remember, an allocation account is credited when you issue a *Goods Receipt PO* and debited in an *A/P Invoice*. The system performs this reconciliation for you in this interim account.

Agenda

- Internal Reconciliation
 - Internal Reconciliation Definition
- System Reconciliations
 - Full Reconciliation
 - Partial Reconciliation
- User Reconciliation
 - User Reconciliation Types
 - Reconciliation Currency

Next, let us present how the user can manage the reconciliation process.

User Reconciliation – Manual Type

Business Partner Account
In this example, Customer Master Data



Selected	Origin	Posting Date	Amount	Balance Due	Amount to Reconcile
<input checked="" type="checkbox"/>	IN	10.07	1000.00	1000.00	1000.00
<input checked="" type="checkbox"/>	IN	17.08	2000.00	2000.00	1500.00
<input checked="" type="checkbox"/>	RC	24.08	(1000.00)	(1000.00)	(1000.00)
<input checked="" type="checkbox"/>	RC	24.08	(1500.00)	(1500.00)	(1500.00)
<input type="checkbox"/>	IN	01.09	3000.00	3000.00	
					0.00

Manual Internal Reconciliation in the Customer Master Data



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

127

Let us look at circumstances where you would perform a user reconciliation:

A customer pays you but you forget to select the invoice when processing the payment. In that case, a payment is made on account rather than against a particular invoice.

If the payment was posted as a *Payment on Account*, because no invoices were selected, the payment and the invoices stay open (and therefore unreconciled).

Another example of a payment on account might be where you have an agreement for a customer to pay a set amount each month regardless of the actual invoice amounts. Once again, because no invoices are selected, the invoices are unreconciled.

In these cases you need to reconcile the business partner account with the **Reconciliation** function – as a **User Reconciliation**.

To perform an internal reconciliation for a business partner, choose the *Reconciliation* option under the *Internal Reconciliation* area of the *Business Partners* module.

You can also perform user reconciliation in a G/L account. For example, on special scenarios of opening balances and when working with deferral accounts. The *Reconciliation* window for G/L accounts is found under the *Internal Reconciliation* area in the *Financials* module.

User Reconciliation Types

- **User reconciliation types:**
 - Manual
 - Automatic
 - Semi-automatic



	Debit	Credit
	✓	

	Debit	Credit
		✓

BP Internal Reconciliation - Selection Criteria

Reconciliation Type: Manual Automatic Semi-Automatic

Multiple BPs

Business Partner: C30000

Date Due Date: [dropdown] From: [] To: 03/14/2013

[Reconcile] [Cancel]

להחליף צילום מסך

You can perform user reconciliation using one of the three reconciliation types: Manual, Automatic, and Semi-automatic.

Manual is useful when working with a small number of transactions or cases where partial reconciliations are required or where transactions are posted to more than one business partner.

Automatic is used to reconcile a large amount of transactions, or a range of business partners, based on user defined parameters and priorities.

Semi-Automatic is used to manually reconcile transactions, based on recommendations provided by SAP Business One.

The Multiple BPs option appears only when the Manual reconciliation type is selected. This option enables the transactions of more than one business partner to be reconciled.

For example, in some localizations, if a specific business partner is a customer as well as a vendor and therefore has two business partner master data records, you can reconcile the transactions created against both business partner master data records.

Multiple Business Partner Reconciliation

BP Internal Reconciliation - Selection Criteria

Reconciliation Type: Manual Automatic Semi-Automatic

Include Inactive Business Partners Multiple Business Partners Consider Connected BPs

Reconciliation Date: 31.10.17

Trans. Selection Criteria

Date

#	BP Code	BP Name	BP Currency	Balance Due (LC)	Balance
1	C20000	Maxi-Teq	GBP	GBP 10,304.20	
2	V80000	Maxi Vendor	GBP	GBP -9,152.00	
3					

Internal Reconciliation

Display SC-Only Transactions

Reconcile

#	Selected	Transaction No.	Origin	Origin No.	Posting Date	Amount	Balance Due	Amount to Reconcile	Details	Payment Order
	<input checked="" type="checkbox"/>	6563	IN	1308	01.10.17	GBP 180.00	GBP 180.00	GBP 180.00	A/R Invoices - C20000	
	<input checked="" type="checkbox"/>	6514	PU	728	20.08.17	GBP (180.00)	GBP (180.00)	GBP (180.00)	A/P Invoices - V80000	
	<input type="checkbox"/>	6515	PU	729	31.08.17	GBP (8,640.00)	GBP (8,640.00)	GBP (8,640.00)	A/P Invoices - V80000	

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

129

It is possible to reconcile several business partners with each other. One of the common scenarios of multiple business partner reconciliation is between a connected customer and vendor. In this scenario, there is a vendor who is also a customer of the company. In this case, the company wants to match the debt for the vendor with the open balance of the customer. When you select the *Consider Connected BPs* checkbox and choose the business partner, the system automatically adds the connected business partner to the selection criteria window. In the image, you can see the *BP Internal Reconciliation – Selection Criteria* window and the *Consider Connected BPs* box is checked. In the table, the records of **Maxi teq** the customer and the connected **Maxi teq vendor** are chosen. After you choose *Reconcile*, both open A/R invoices and A/P invoices are displayed. Now it is possible to clear the balance due of the A/P invoices from the A/R invoices. Refer to the **Customers and Customer Groups** topic to learn how to connect a customer to a vendor.

Note that you can reconcile multiple business partners that are not connected as well. Simply choose the relevant business partners in the table on the selection criteria window.

Multiple Business Partner Reconciliation – Journal Entry

Internal Reconciliation

Display SC-Only Transactions

#	Selected	Transaction No.	Origin	Origin No.	Posting Date	Amount	Balance Due	Amount to Reconcile	Details
	<input checked="" type="checkbox"/>	6563	IN	1308	01.10.17	GBP 180.00	GBP 180.00	GBP 180.00	A/R Invoices - C
	<input checked="" type="checkbox"/>	6514	PU	728	20.08.17	GBP (180.00)	GBP (180.00)	GBP (180.00)	A/P Invoices - V
	<input type="checkbox"/>	6515	PU	729	31.08.17	GBP (8,640.00)	GBP (8,640.00)	GBP (8,640.00)	A/P Invoices - V

Journal Entry

Series	Number	Posting Date	Due Date	Doc. Date	Remarks
Primary	6560	15.10.17	15.10.17	15.10.17	Manual Reconciliation Transaction

Origin: JR Origin No.: 2229 Trans. No.: 6564

Blanket Agreement:

Expand Editing Mode

#	G/L Acct/BP ...	G/L Acct/BP Name	Debit	Credit	Rem...	Tax Group	Federal Tax ID	Tax Amount	Gross Va
1	C20000	Maxi-Teq		GBP 180.00					
2	V80000	Maxi Vendor	GBP 180.00						

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

Any reconciliation between two or more business partners (both connected and non-connected) generates an automatic journal entry.

The journal entry balances the business partners' record.

The image shows the journal entry that was created when the A/R invoice was reconciled with the A/P invoice.

This is a straightforward example in which the reconciled amounts are equal. The customer is credited and the vendor is debited.

Reconciliation Currency



Internal Reconciliation

BP C20000 Maxi-Teq → **BP Currency** → Reconciliation Currency: British Pound
 Reconciliation Date: 18.10.17

Display SC-Only Transactions

#	Selected	Transaction No.	Origin	Origin No.	Posting Date	Amount	Balance Due	Balance Due (LC)	Balance Due (SC)	Cash Discou...	Amount to Reconcile	Details	P...
	<input type="checkbox"/>	2197	IN	357	25.07.16	GBP 11,715.00	GBP 11,715.00	GBP 11,715.00	GBP 11,715.00		GBP 11,715.00	A/R Invoices - C20000	
	<input checked="" type="checkbox"/>	6520	IN	1306	18.10.17	GBP 360.00	GBP 360.00	GBP 360.00	GBP 360.00	GBP 6.00	GBP 354.00	A/R Invoices - C20000	
	<input checked="" type="checkbox"/>	6521	RC	1115	18.10.17	GBP (122.00)	GBP (122.00)	GBP (122.00)	GBP (122.00)		GBP (122.00)	Incoming Payments - C20000	

An internal reconciliation is performed in one currency – the account currency.

This is relevant for both system and user reconciliation and for business partners as well as G/L accounts.

If the currency of the specified business partner is set to **local currency** or **all currencies**, the reconciliation currency is the **local currency**. If one of the **foreign currencies** was specified for the business partner, the reconciliation currency is this **foreign currency**.

In the presented example the local currency of the company is **British Pound** and **Maxi-Teq** is a local customer with **British Pound** defined as the business partner currency. Therefore, the reconciliation currency is the local currency that is **British Pound**.

Reconciliation Currency

Internal Reconciliation

BP C20000 Max-Teq Reconciliation Currency British Pound
 Reconciliation Date 17.03.13

#	Selected	Transactio...	Origin	Origin No.	Posting Date	Amount	Amount (LC)	Amount (SC)	Balance Due	Balance Due (LC)	Balance Due (SC)	Amount to Reconcile	Details
5	✓	IN	IN	4	12.02.13	GBP 500.00	GBP 500.00	USD 390.00	GBP 500.00	GBP 500.00	USD 390.00	GBP 500.00	A/R Invoices - C2000
4	✓	IN	IN	3	02.03.13	GBP 1,250.00	GBP 1,250.00	USD 937.50	GBP 1,250.00	GBP 1,250.00	USD 937.50	GBP 1,250.00	A/R Invoices - C2000
1	✓	IN	IN	1	17.03.13	GBP 1,500.00	GBP 1,500.00	USD 1,200.00	GBP 1,500.00	GBP 1,500.00	USD 1,200.00	GBP 1,500.00	A/R Invoices - C2000
2	✓	IN	IN	2	17.03.13	GBP 2,000.00	GBP 2,000.00	USD 1,600.00	GBP 2,000.00	GBP 2,000.00	USD 1,600.00	GBP 2,000.00	A/R Invoices - C2000
3	✓	RC	RC	1	17.03.13	GBP (3,520.00)	GBP (3,520.00)	USD (2,816.00)	GBP (3,520.00)	GBP (3,520.00)	USD (2,816.00)	GBP (3,520.00)	Incoming Payments -
6	✓	RC	RC	2	17.03.13	GBP (500.00)	GBP (500.00)	USD (400.00)	GBP (500.00)	GBP (500.00)	USD (400.00)	GBP (500.00)	Incoming Payments -

Journal Entry

Series Primary 7
 Number 17.03.13
 Due Date 17.03.13
 Doc. Date 17.03.13
 Remarks Manual Reconciliation Transaction

#	G/L Acct/...	G/L Acct/BP Name	Debit	Credit	Debit (SC)	Credit (SC)	Tax Gr...	Federal Tax IC	Tax Amo...	Gross Value
1	C20000	Max-Teq	GBP 0.00		USD 10.00					
2	700030	Realized Conversion Differences Gains		GBP 0.00		USD 10.00				

SAP Business One can handle accounting in two parallel currencies: the local currency and the system currency.

The **Local Currency** is the currency in which the company is legally required to keep its books. In our example, **British Pound**.

The **System Currency** may be a different currency than the local currency and is especially useful for subsidiaries of global companies whose head office uses a different currency than the subsidiaries (for example **British Pound** in the subsidiary and **US Dollars** in the head office).

All amount columns in the *Internal Reconciliation* window display the updated amount in both the local currency and the system currency. You can then set the amount to reconcile.

All internal reconciliations (system and user) need to **balance** in system currency and local currency.

If they are not balanced in either of them, the system creates a balancing transaction which allows the internal reconciliation to balance in local currency and system currency.

In the example shown, the reconciliation between the invoice and the incoming payment balance in local currency. It is **500 British Pounds** in debit and credit and the balance is zero. However, there is a balance of **10 US Dollars** in the system currency due to rate differences between the invoice and the payment dates. The system automatically created a balancing transaction to balance the system currency.

Balancing Transactions in Internal Reconciliation

When reconciling, the system checks for:

The system automatically creates:

✓ A difference in the local currency when a foreign currency is involved



➤ An exchange rate difference journal entry (in LC and SC)

✓ A difference in the system currency when the company's local currency is different from the system currency



➤ A conversion difference journal entry (in SC only)

There are two types of balancing transactions:

- Exchange rate difference – This journal entry is created automatically when reconciling transactions in a foreign currency, where the local currency amount differs between the reconciled transactions, due to the different exchange rates of the foreign currency. For example: a payment is issued a month after the invoice.
- Conversion rate difference – This journal entry is automatically created when the system currency is different than the local currency and the system currency differs between the reconciled transactions.

Reconciliation Currency

Internal Reconciliation

BP C20000 Maxi-Teq

Display SC-Only Transactions

#	Selected	Transactio...	Origin	Origin No.	Posting Date	Amount	Amount (LC)	Amount (SC)
5	<input type="checkbox"/>		IN	4	12.02.13	GBP 500.00	GBP 500.00	USD 390
4	<input type="checkbox"/>		IN	3	02.03.13	GBP 1,250.00	GBP 1,250.00	USD 937
1	<input checked="" type="checkbox"/>		IN	1	17.03.13	GBP 1,500.00	GBP 1,500.00	USD 1,200
2	<input checked="" type="checkbox"/>		IN	2	17.03.13	GBP 2,000.00	GBP 2,000.00	USD 1,600
3	<input checked="" type="checkbox"/>		RC	1	17.03.13	GBP (3,520.00)	GBP (3,520.00)	USD (2,816)

Reconcile Cancel

G/L Account Determination

Period Selection 2013

Sales Purchasing General Inventory

General Tag

Accounts Receivable ... Permit Change of Control Accounts

Default Customer for A/R Invoice and Payment

#	Type of Account	Account Code	Account Name
	Domestic Accounts Receivable	140000	Trade Debtors (domestic)
	Foreign Accounts Receivable	140030	Trade Debtors (foreign)
	Checks Received	161016	GBP Bank No.1 (cheques received)
	Cash on Hand	161000	Grobank Account
	Overpayment A/R Account	655040	Miscellaneous Expenses
	Underpayment A/R Account	655040	Miscellaneous Expenses
	Down Payment Clearing Account	202010	Advance Customer Payments
	Realized Exchange Diff. Gain	700020	Realised Foreign Exchange Gains
	Realized Exchange Diff. Loss	650040	Realised Foreign Exchange Losses
	Realized Conversion Diff. Gain	700030	Realized Conversion Differences Gains
	Realized Conversion Diff. Loss	700040	Realized Conversion Differences Losses
	Cash Discount	450005	Customer Discounts for Early Payment
	Revenue Account	400000	Sales Revenue (Domestic) - Product No.1

OK Cancel

You must define realized exchange and conversion difference accounts on the *Sales*, *Purchasing*, and *General* tabs of the *G/L Account Determination* window.

You can add unreconciled conversion rate difference transactions to the *Internal Reconciliation* window by choosing the *Display SC-Only Transactions* option.

Selecting this checkbox will add any additional transaction that has a balance due in system currency only. This allows full presentation of the system currency open balance in the *Internal Reconciliation* window.

We will discuss more issues regarding local and system currency in the *Currencies* topic.

Unique Identifiers



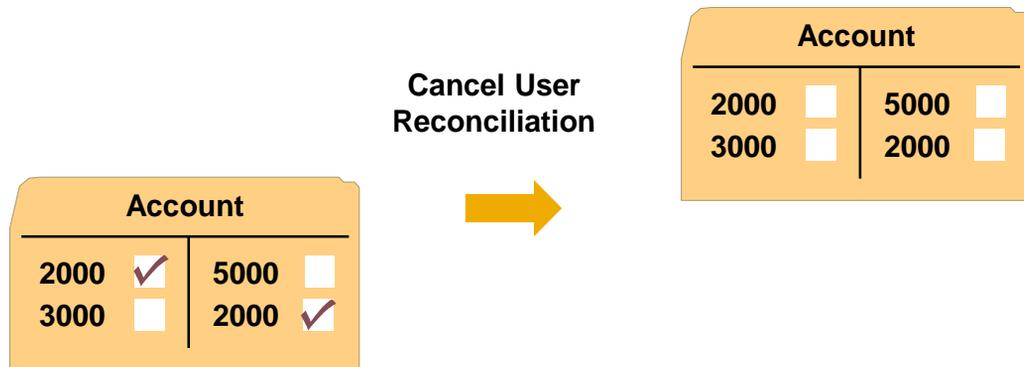
	Debit	Credit		Debit	Credit
	✓				✓

- Unique identifier for internal reconciliations:
 - User Reconciliations:
Manual, Automatic, or Semi-automatic
 - System Reconciliations

The system assigns a unique reconciliation number to each completed internal user reconciliation (whether it is manual, automatic, or semi-automatic).

The system also saves and assigns a unique number to system reconciliations, for example, reconciliations during payment processing.

Manage Previous Reconciliations



The *Manage Previous Reconciliations* function allows you to review or cancel a **user reconciliation**. This function does not allow you to reverse reconciliation postings. The postings still exist even though the reconciliation has been canceled. If you want to reverse these postings, you must reverse them in the general ledger in the usual way by choosing *Data → Cancel* in the journal entry display. To cancel user reconciliations for business partners or G/L accounts, choose the *Manage Previous Reconciliations* option under the *Internal Reconciliations* area of either the *Business Partners* or *Financials* module.

Summary (1/2)



Here are some key points:

The term, **Internal reconciliation**, refers to:

- The matching and clearing of open credit items to open debit items within an account (therefore **internal**).

For vendor accounts:

- A liability (credit) is reconciled with an outgoing payment (debit).

Internal reconciliation can be:

- System reconciliation.
- User reconciliation.

The statuses of both, the system Reconciliation and the user reconciliation are:

- Full
- Partial

User reconciliation types:

- Manual (with the *Multiple BPs* option)
- Automatic
- Semi-automatic

- Here are some key points to take away:
- The term, Internal Reconciliation, refers to the matching and clearing of open credit items to open debit items internally within an account.
- For vendor accounts, a liability (credit) is reconciled with an outgoing payment (debit). For customer accounts, a receivable (debit) is reconciled with an incoming payment (credit).
- Internal reconciliation can be system reconciliation or user reconciliation.
- There are two statuses for both the system reconciliation and the user reconciliation: full and partial.
- There are three user reconciliation types: manual, automatic and semi-automatic. The manual type includes an option for reconciling multiple business partners with each other.

Summary (2/2)



An internal reconciliation is performed in one currency:	<ul style="list-style-type: none">• Local currency (BP/ Account = local currency or all currencies)• Foreign currency (BP/ Account = Foreign currency)
SAP Business One can handle accounting in two parallel currencies:	<ul style="list-style-type: none">• The local currency.• And the system currency.
All internal reconciliations (system and user) need to balance in:	<ul style="list-style-type: none">• The local currency.• And the system currency.
The system assigns a unique reconciliation number to each internal reconciliation for both:	<ul style="list-style-type: none">• System reconciliation.• User reconciliation.
The <i>Manage Previous Reconciliations</i> function allows you to:	<ul style="list-style-type: none">• Review or cancel a user reconciliation.

- An internal reconciliation is performed in one currency. The one currency can be either local currency or a foreign currency. The local currency is used if the business partner account is set as the local currency or set to all currencies. If the business partner is set to a foreign currency, then that currency is used for reconciliation.
- SAP Business One can handle accounting in two parallel currencies: the local currency and the system currency.
- All internal reconciliations, whether system or user reconciliations, need to balance in both the local currency and the system currency.
- The system assigns a unique reconciliation number to each internal reconciliation for both system reconciliations and user reconciliations.
- The *Manage Previous Reconciliations* function allows you to review or cancel a user reconciliation.

Handling Payments

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the handling payments topic.

Objectives



At the end of this topic, you will be able to:

- List the steps of the payment process and perform them in SAP Business One.
- Explain the consequences of each step on the involved G/L accounts.
- Adjust the appropriate payment scenario to the customer needs and localization.

After completing this topic, you will be able to:

- List the steps of the payment process and perform them in SAP Business One including: incoming payments, outgoing payments and deposits.
- Explain the consequences of each step on the involved G/L accounts.
- Adjust the appropriate payment scenario to the customer needs and localization according to decisions made together with client accountant.

Handling Incoming Payments: Business Example



First, let us look at a typical manual payment process:

The customers pay their debts, that is open A/R invoices, according to agreed payment terms: Cash Basic, Installments, Net 30, etc.

In our business example, Maria, the accountant at OEC Computers, deals with incoming payments every afternoon.

She views the company bank account online to see incoming payments received from customers via bank transfer .

In SAP Business One, she checks the credit card accounts (Visa and Master Card) to see the amount of credit card incoming payments issued at the store point of sale and in the customer service center during the day.

Then, Maria enters a credit card deposit in SAP Business One to record the payments Visa and Master Card have transferred to the company bank account.

Note that in this business example, we focus on the manual payments process.

Remember that you also have the *Payment Wizard* and the *Bank Statements Processing* options, which enable you to create incoming and outgoing payments automatically and semi-automatically.

To learn more about batch payment creation please refer to the *Payment Wizard* course.

Incoming payments – Check, Credit Card and Cash Payment Means

Incoming Payment -
Payment Means:

- Cash
- Check
- Credit card



	Debit	Credit		Debit	Credit
Clearing Account: Check/ Credit card/ Cash	105		Clearing Account : Check/ Credit card/ Cash		105
Customer		105	Bank Account	105	

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

142

- There are four payment means options for incoming payments. We will first look at the three payment means that typically have a two-step process: cash, check and credit card.
- Regardless of the payment means, when you issue a full Incoming Payment the open invoice on the customer account is closed.
- Cash, check, and credit card payments are posted to a clearing or temporary account.
- Note that the term “clearing” is used in the US localization. In other localizations the term could be: “Temporary Account” or “Suspense Account”. The clearing accounts must be predefined during the setup.
- In the example shown we see an Incoming Payment on the left for 105 that generates the following automatic journal entry:
 - Debit to a clearing account - cash on hand/ credit card/ checks received.
 - Credit to customer account.
 - External tools like point of sale system and authorization of credit card transactions can be integrated into the standard process.
- The system retrieves the cash and the checks received accounts from the *G/L Account Determination* window.
- The credit card account is retrieved from the *G/L Account* field in the credit cards definition window under the banking setup in the *Administration* module.
- On the right, we see the second posting from a Deposit document used to transfer the funds from the clearing account to the house bank account and clear the clearing account.

Incoming payments – Bank Transfer Payment Means

Incoming Payment –
Payment Means:

- Bank transfer



	Debit	Credit
Bank Account	105	
Customer		105

Another option for the payment means is the bank transfer. When a customer pays using the Bank Transfer payment means the transaction does NOT involve a clearing account. The customer transfers the payment directly to your house bank. Here we see the debit to the house bank account, and the credit to the customer account.

Structure of a Payment Document

Payment Document Header

Open Invoices, Credit Memos and Journal Entries

Totals, Remarks

Incoming Payment / Outgoing Payment

Code: []
Name: []
Bill To: []

Contact Person: []
Project: []
Blanket Agreement: []

Customer No. Primary: 1117
 Vendor Posting Date: 13.11.17
 Account Due Date: 13.11.17
Document Date: 13.11.17
Reference: []
Transaction No.: []

Selected	Documen...	Instalment	Date	Due Date	Overdue ...	Total	Balance Due	B

Payment on Account 0.00

Total Amount Due: []

Open Balance: []

Remarks: []
Journal Remarks: []

Created by Payment Wizard

Add Cancel Deselect All Select All Add in Sequence

The windows for incoming and outgoing payments are almost identical. The window is divided into the following parts:

- The document header area (on the top)
- The area for selecting open invoices, credit memos and journal entries, and for assigning the payment amounts (in the middle).
- The area for entering remarks and displaying totals (at the bottom)

How To Determine the Payment Amount

Sel.	Doc.	Installments	*	Total	Balance Due	Cash Discount	Doc. Type	Total Payment
<input checked="" type="checkbox"/>	101	1 of 2	*	200	180		IN	180
<input checked="" type="checkbox"/>	101	2 of 2		100	100	2%	IN	98
<input checked="" type="checkbox"/>	202	1 of 1	*	-20	-20		CN	-20
<input checked="" type="checkbox"/>	204	1 of 1	*	-98	-98		JE	-98

<input checked="" type="checkbox"/> Payment on Account	25
Total Amount Due	185
Open Balance	25

In the middle area, you select open transactions for payment from the table by using the checkbox in the *Selected* column. The system offers you tools to quickly identify the nature of the documents displayed and to aid in your selection.

How To Determine the Payment Amount

Sel.	Doc.	Installments	*	Total	Balance Due	Cash Discount	Doc. Type	Total Payment
<input checked="" type="checkbox"/>	101	1 of 2	*	200	180		IN	180
<input checked="" type="checkbox"/>	101	2 of 2		100	100	2%	IN	98
<input checked="" type="checkbox"/>	202	1 of 1	*	-20	-20		CN	-20
<input checked="" type="checkbox"/>	204	1 of 1	*	-98	-98		JE	-98

<input checked="" type="checkbox"/> Payment on Account	25
Total Amount Due	185
Open Balance	25

An asterisk (*) after the invoice date indicates that the invoice is currently due. That is, the invoice due date is earlier than or equal to the current date.

The cash discount percentage displays the rate of the cash discount defined for the business partner, depends on the incoming payment date and the invoice date. You can change it if required.

- The *Total Payment* column, displays the amount that is outstanding on an invoice. The system proposes the balance due as the amount to be paid. Change this amount if the payment is only for part of the invoice amount.

How To Determine the Payment Amount

Sel.	Doc.	Installments	*	Total	Balance Due	Cash Discount	Doc. Type	Total Payment
<input checked="" type="checkbox"/>	101	1 of 2	*	200	180		IN	180
<input checked="" type="checkbox"/>	101	2 of 2		100	100	2%	IN	98
<input checked="" type="checkbox"/>	202	1 of 1	*	-20	-20		CN	-20
<input checked="" type="checkbox"/>	204	1 of 1	*	-98	-98		JE	-98

<input checked="" type="checkbox"/> Payment on Account	25
Total Amount Due	185
Open Balance	25

The document type column tells you the origin of each line. For example IN for invoice, CN for credit memo and JE for journal entry.

How To Determine the Payment Amount

Sel.	Doc.	Installments	*	Total	Balance Due	Cash Discount	Doc. Type	Total Payment
<input checked="" type="checkbox"/>	101	1 of 2	*	200	180		IN	180
<input checked="" type="checkbox"/>	101	2 of 2		100	100	2%	IN	98
<input checked="" type="checkbox"/>	202	1 of 1	*	-20	-20		CN	-20
<input checked="" type="checkbox"/>	204	1 of 1	*	-98	-98		JE	-98

<input checked="" type="checkbox"/> Payment on Account	25
Total Amount Due	185
Open Balance	25

Using Form Settings, you can choose to display the BP Reference Number indicator in the table. This allows you to base the payment on the vendor's invoice number rather than your own internal document number when you issue an outgoing payment.

You can choose whether to have the system display all transactions in the table or to restrict the display to invoices and credit memos. The setting to display all transaction by default is found in the document settings for incoming and outgoing payments.

In case you want to document a payment that is not based on an invoice. For example, payment in advance, choose the Payment on Account option.

In the presented example, the Total Amount Due includes the payment on account and the total payment amount of the open transactions from the table.

How To Specify the Payment Means

1. Determine the Payment Amount
2. Split the Payment Amount According to Payment Means



Possible Payment Means:

- Check
 - Bank Transfer
 - Credit Card
 - Cash
- * Bill of Exchange

After you determine the payment amount, you must specify the payment means. You can select one of the following payment means: Check, Bank Transfer, Credit Card, or Cash.

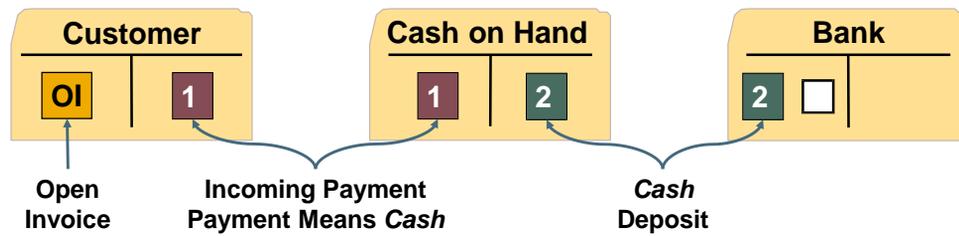
In some countries, you can also use the Bill of Exchange payment mean.

- Choose the *Payment Means* icon to open the *Payment Means* window.

In most cases, the payer pays the amount in full using one means of payment. However, it is possible to split the amount among several means of payment. The system takes the details on the means of payment for incoming payments from the customer master record.

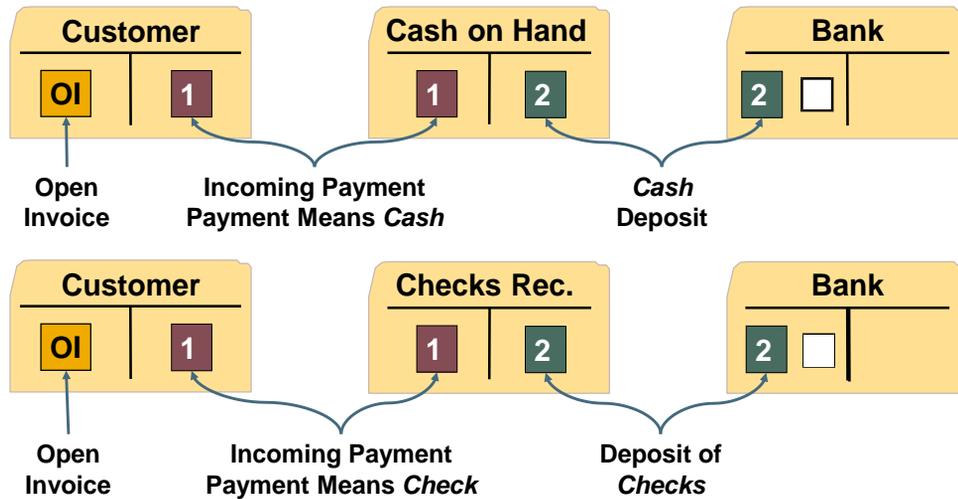
When you post a payment, the system reconciles the payment with the selected invoices, and closes the transactions. If the payment was posted as a Payment on Account, the invoices and the payment stay open. If a partial payment was made, the system adjusts the Balance Due appropriately.

Deposits of Cash and Checks



If you take cash from your cash register or checks from your check drawer and bring them to your bank, you can use the Deposit transaction to post this transfer. In this graphic we see the process for cash payments. The incoming payment credits the customer account and debits the cash on hand account. When the deposit is made, the cash deposit is credited and the bank account is debited.

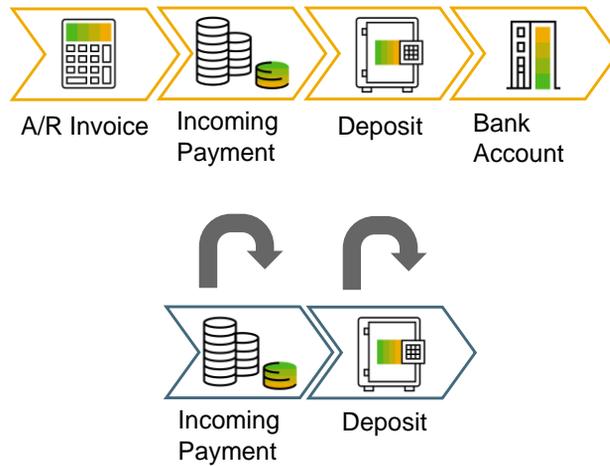
Deposits of Cash and Checks



A deposit of checks is similar.

The incoming payment credits the customer account and debits the checks received account. When the deposit is made, the checks received account is credited and the bank account is debited.

Payments and Deposits Cancellation



SAP Business One supports various scenarios of cancelling payments, deposits and checks. For example:

- In case you enter a wrong payment or deposit,
- In situations where a payment is cancelled, or
- In case you need to cancel a payment or deposit after the check related to a payment was already deposited.
- Note that you can cancel one deposited check out of a deposit with multiple checks.

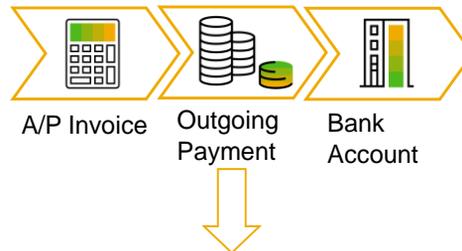
For more details on how to cancel payments, deposits and checks refer to the Online Help.

The Payment Process in SAP Business One – Purchasing

Outgoing Payment:

Payment Means

- Check
- Credit Card
- Cash
- Bank Transfer



	Debit	Credit
Bank Account		202
Vendor	202	

Working with outgoing payments is similar to incoming payments, except of course that you pay money instead of receiving money.

When you create an outgoing payment:

- There is a debit to the vendor account,
- And a credit to the bank account

Unlike incoming payments, typically the process of manual outgoing payments does not involve clearing or temporary accounts for credit cards, checks and bank transfers. Instead, the credit posting is done directly on the bank account.

If you wish to use a clearing or temporary account, an interim account can be manually inserted in the G/L account field in the Payment Means window. Then, when the payment is reduced from the bank, a manual entry should be created to debit the interim account and credit the bank account.

Additionally, the payment wizard can be used to automatically generate payments against a clearing account if you define one in the *House Bank Accounts – Setup* window. Please refer to the Payment Wizard course to learn more about this process.

If you want to set the system to use clearing accounts automatically, you can use the *Bank Statement Processing*. This functionality can be set up to automatically post the transfer between the clearing and bank accounts.

Summary (1/2)



Here are some key points:

In **incoming payments**, cash, check, and credit card payments are usually posted to:

- A clearing or temporary account.

A *Deposit* document must be processed in order to:

- Transfer the funds from the clearing account to the house bank account.
- And clear the clearing account.

When a customer pays using the Bank Transfer payment means:

- The transaction does not involve a clearing account.
- The customer transfers the payment directly to your house bank.

In a payment document, an asterisk (*) after the invoice date indicates that:

- The invoice is currently due. That is, the invoice due date is earlier than or equal to the current date.

Here are some key points to take away:

In **incoming payments** involving cash, check and credit card, payments are usually posted to a clearing or temporary account.

A *Deposit* document must be processed in order to transfer the funds from the clearing account to the house bank account and clear the clearing account.

When a customer pays using the Bank Transfer payment means, the transaction does not involve a clearing account. The customer transfers the payment directly to your house bank.

In a payment document, an asterisk (*) after the invoice date indicates that the invoice is currently due. That is, the invoice due date is earlier than or equal to the current date.

Summary (2/2)



In **outgoing payments** typically the process does not involve:

- Clearing or temporary accounts. Instead, the credit posting is done directly on the bank account.

If you wish to use a clearing or temporary account in outgoing payments, you should:

- Manually insert an interim account in the G/L account field in the *Payment Means* window.
- Use the payment wizard to automatically generate payments against a clearing account.
- use the *Bank Statement Processing* functionality.

In **outgoing payments** typically the process does not involve clearing or temporary accounts. Instead, the credit posting is done directly on the bank account.

If you wish to use a clearing or temporary account in outgoing payments, you can do this in three ways. You can manually insert an interim account in the G/L account field in the *Payment Means* window. You can use the payment wizard to automatically generate payments against a clearing account. Or, you can use the Bank Statement Processing functionality.

The Payment Wizard

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the Payment Wizard topic.

Objectives



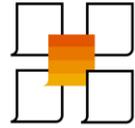
At the end of this topic, you will be able to:

- Run the *Payment Wizard* to create payments in a batch
- Explain different scenarios when running the *Payment Wizard*.

After completing this topic, you will be able to:

- Run the *Payment Wizard* to create payments in a batch
- Explain different scenarios when running the *Payment Wizard*.

Business Scenario



- Maria, the accountant at OEC Computers, wants to make the process of creating payments from both customers and vendors more efficient.
Maria would like to create monthly payments in a batch.
- You introduce Maria to the *Payment Wizard* and show her the settings needed to run the tool.

- Maria, the accountant at OEC Computers, wants to make the process of creating payments from **both** customers and vendors more efficient.
Maria would like to create monthly payments in a batch.
- You introduce Maria **to** the *Payment Wizard* and show her the settings needed to run the tool.

Payment Wizard Overview



The Payment Wizard enables you to create outgoing and incoming payments in batches for bank transfers, checks and bills of exchange. The payments are created according to your selection criteria and payment methods.

The Payment Wizard creates:

- **Incoming** bank transfer payments, and
- **Outgoing** checks and bank transfer payments

Payment Wizard runs over A/P and A/R documents and transactions that are not fully paid, credited, or reconciled. The runs also cover payments on account that are not allocated or reconciled to specific transactions.

If the created payments are bank transfer payments or direct debit payments, the *Payment Wizard* creates payment files in the correct country-specific format.

There is also an option for issuing a *Payment Order Run* that creates a bank file, does not create any journal entry and leaves the invoices open. The invoices will be closed after getting the bank confirmation.

This feature is supported by 2 reports:

- *Payment Orders Report by Business Partner*, and
- *Payment Orders Report by Payment Run*

Payment Wizard – Selection criteria

Selection Criteria



In the Payment Wizard, payments are created according to your selection criteria and payment methods.

This graphic shows the steps in the Payment Wizard.

First, each run of the payment wizard is identified by a payment run name and the date of the payment run.

Then you specify several **selection criteria** as follows:

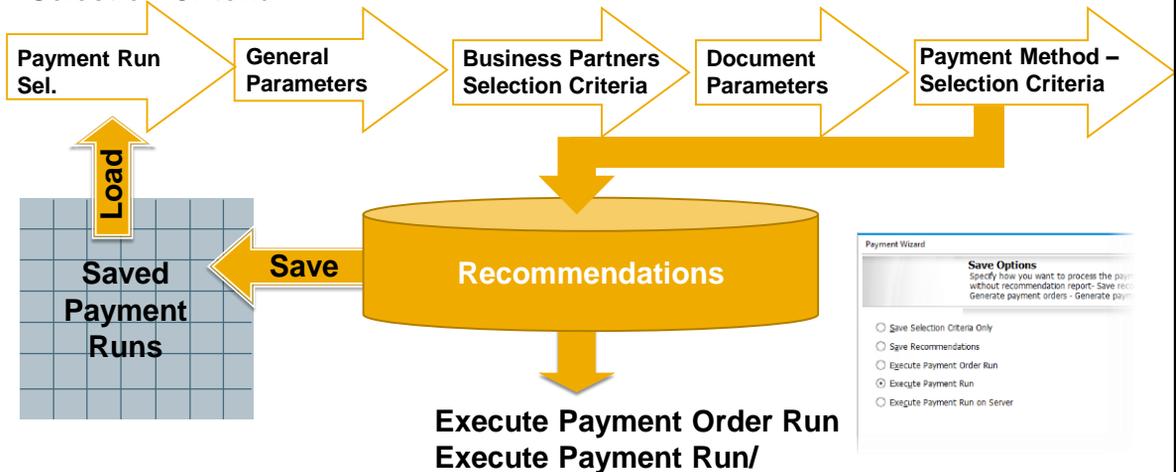
- General parameters, such as the date of the next planned payment run, type (outgoing or incoming), payment means (check or bank transfer), and the document series used to create the payment documents.
- The business partners that the system checks for invoices due. Including expanded selection criteria.
- Selection criteria for the documents that the system includes, such as date ranges.
- And lastly, the payment methods to be used in the payment run.

Based on these selection criteria the system creates a **recommendation** report or a list of suggested payments:

- You can accept or reject the recommendations.
- Using the *Add Manual Row* button, you can create a payment document or a payment order row between a house bank account and a business partner or a target account without referencing any documents in SAP Business One.
- The button *Non-Included Transactions* creates a list of all open items that could not be included in the payment run.

Payment Wizard – Save Options Step

Selection Criteria



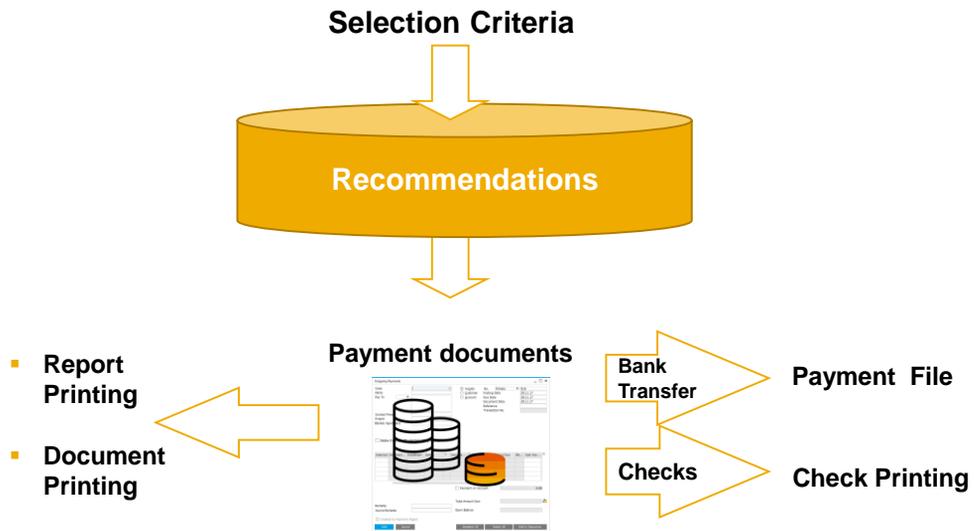
© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

161

At the **Save Options** step, you can:

- Save the selection criteria without the recommendation report. This option does not reserve the selected open transactions for this payment run. You can still clear the transactions either using the incoming or outgoing payment documents or using a new payment run.
- The second option is to save the recommendations and proceed at a later date. This reserves the selected open transactions for this payment run only, which means that open transactions saved by this option cannot be cleared using the incoming or outgoing payment documents or a new payment run.
In order to delete a recommended payment run, in the first step of the payment wizard, select the payment run, right-click and choose *Cancel*.
- There is also an option for issuing a *Payment Order Run* that creates a bank file, does not create any journal entry and leaves the invoices open. The invoices will be closed after getting the bank confirmation.
When getting the bank confirmation you can load the saved payment run, execute the payments and close the invoices.
- The fourth option, *Execute Payment Run*, simply executes the payments.
- And the last option: *Execute Payment Run on Server*, allows the user to set a scheduled time (delayed) time for execution.

Payment Wizard – Payments Creation



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

162

When you execute the payments, the system automatically creates the payment documents for your accepted recommendations.

A payment usually consolidates invoices for a business partner, unless you specify otherwise in the business partner master. For example, you can choose *single payment* to create one payment for each invoice for that business partner.

If the created payments are bank transfer payments or direct debit payments, the *Payment Wizard* can create the payment file in the country-specific format to be sent to the company's bank. To create or adapt file formats use the *Electronic File Manager (EFM)*. This SAP Business One add-on is a graphical tool that lets you define and modify bank file formats.

If the created payments are check payments, they can be printed directly from the system. After the checks are printed, the system assigns the check numbers. Once the process is complete, use the *Check number confirmation* option in the *Banking* module to confirm the numbers assigned.

Payment Methods as Main Control Instrument

Payment Methods - Setup

Payment Method Code: Outgoing BT Active
 Description: Outgoing Bank Transfers

Payment Type: Outgoing Payment Means: Bank Transfer

House Bank
 Country: United Kingdom
 Bank: Barclays Bank(House Ban)
 Account: 12345678
 Branch: 201030
 Control No.:
 IBAN:
 BIC/SWIFT Code:

Bank File Generation
 Key Code:
 Transaction Type:
 File Format: SAPBPUKOPBT_BACS
 Debit Memo

Bank Charges
 Bank Charge Rate (%):

Payment Validation
 Check Address
 Check Bank Details
 Check Collection Authorization
 Foreign Payment Block
 Foreign Bank Block
 Currency Selection
 Post Office Bank

Payment Process
 Group Invoices by Pay-To Address
 Group Invoices by Pay-To Bank
 Group Invoices by Currency
 Group Invoices by Due Date
 Group Invoices by Blanket Agreement
 Post to G/L Interim Account

Report

OK Cancel

Definition

Type

- Outgoing →
- Incoming ←

Payment Means

- Check
- Bank Transfer

House Bank

Validation Options

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC 163

It is very important to define payment methods when configuring the banking setup in the *Administration* module. This data is used by default in every payment run.

With the payment method, you control the entire payment process.

In the definition of a payment method, you define the following:

- First, the type of payment and payment means: for outgoing payments: check or bank transfer, for incoming: only bank transfer.
- Second, the house bank and the bank account that should usually receive or issue the payment made with this payment method. If the company works with additional house bank, define a payment method for each bank or branch.
- Third, validation checks that the system should carry out before using this payment method, as well as amount restrictions.
- And lastly, postings in relation to G/L interim accounts.
- Note! You can define a payment method as inactive by deselecting the *Active* box. This method will not be included in the payment run.

Payment Methods as Main Control Instrument

The screenshot displays two SAP Business One windows: 'Business Partner Master Data' and 'A/P Invoice'.

Business Partner Master Data:

- Code:** Manual V10000
- Name:** Acme Associates
- Account Balance:** -314.46
- Goods Receipt POs:** -6,942.00
- Purchase Orders:** -4.80
- Country:** United Kingdom
- Bank:** Barclays Bank(House Bank 1)
- Account:** 12345678
- Branch:** 201030

Payment Run - Payment Methods Table:

#	Code	Description	Include
1	Outgoing BT	Outgoing Bank Transfers	<input checked="" type="checkbox"/>
2	Outgoing BT 2	Outgoing Bank Transfers HSBC	<input checked="" type="checkbox"/>
3	Outgoing Checks	Outgoing Checks	<input checked="" type="checkbox"/>

A/P Invoice:

- Vendor:** V10000
- Name:** Acme Associates
- Contact Person:** Sarah Klierl
- BP Currency:** GBP
- Payment Method:** Outgoing BT

Diagram: A stack of coins is shown with an arrow pointing to the 'Payment Methods' table and another arrow pointing to the 'Payment Method' dropdown in the invoice.

- All incoming/ outgoing payment methods defined in SAP Business One appear in the master records of the business partners, under the *Payment Run* tab.
- To specify which payment methods you want to use with each business partner, select the *Include* box for the preferred payment method.
 - Note that you might need to scroll to the right to view the *Include* column.
- You can set a default payment method that will be assigned automatically to new business partners on the *BP* tab in *General Settings*.
- In the master record, you can also set one method as the default payment method to be used in all documents for this business partner.
- From the payment methods included in the business partners master records, the system automatically chooses one, based on the settings in the payment run. If you want to use a specific payment method for a certain invoice, you can also directly enter the payment method in the invoice itself.
- Note! To use the payment wizard, make sure you have also set up banks and house bank accounts:
 - You can define the banks with which your company works with in the banking setup area in the *Administration* module.
 - You can define more than one branch or account as house banks in SAP Business One. This is done in the *House Banks Accounts* window in the banking setup area in the *Administration* module.
 - In the vendor business partner master data, under the *Payment Terms* tab, define the business partner bank details. This information will be used for payments created by the payment wizard.

Summary



Here are some key points:

The *Payment Wizard* creates payments in batches for:

- Incoming bank transfer payments, and
- Outgoing checks and bank transfer payments.

In the payment wizard there is also an option for issuing a *Payment Order Run* that:

- Creates a bank file.
- Does not create any journal entry.
- And leaves the invoices open.

With the payment method, you:

- Control the payment wizard process.

In the master record of each business partner, you specify:

- Which payment methods you want to use for the business partner.
- One method as the default payment method to be used in all documents for this business partner.

Here are some key points to take away:

- The *Payment Wizard* creates payments in batches for incoming bank transfer payments, and outgoing checks and bank transfer payments.
- In the *Payment Wizard* there is also an option for issuing a *Payment Order Run* that creates a bank file, does not create any journal entry and leaves the invoices open.
- With the payment method, you control the payment wizard process.
- In the master records of each business partner, you specify which payment methods you want to use for the business partner and one default payment method to be used in all documents for this business partner.

Bank Account Reconciliation - Overview

SAP Business One, Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the Bank Account Reconciliation – Overview topic.

Objectives



After completing this unit, you will be able to:

- Explain the options for the external reconciliation of a G/L bank account.

- In this topic, we discuss the options for the external reconciliation of a G/L bank account.
- Note! a mandatory prerequisite for this topics is a good understanding of SAP Business One financial processes and general accepted accounting principles.

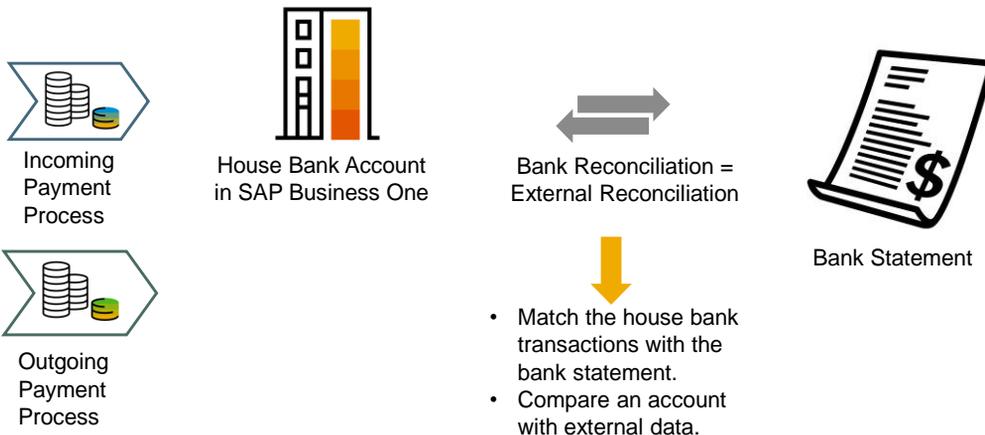
Managing Reconciliations in the Bank Account: Business Example



- Once a week, Maria, the accountant at OEC Computers, receives bank statement from the bank.
- Maria asks you what is the most effective way for her to enter this bank statement in SAP Business One.
- And how to match the transactions the bank recorded for OEC Computers, with the transaction she recorded for the bank G/L account in SAP Business One.
- You should take into consideration that OEC Computers pays and is paid using all payment means (check and cash deposits, checks for payments as well as bank transfer).

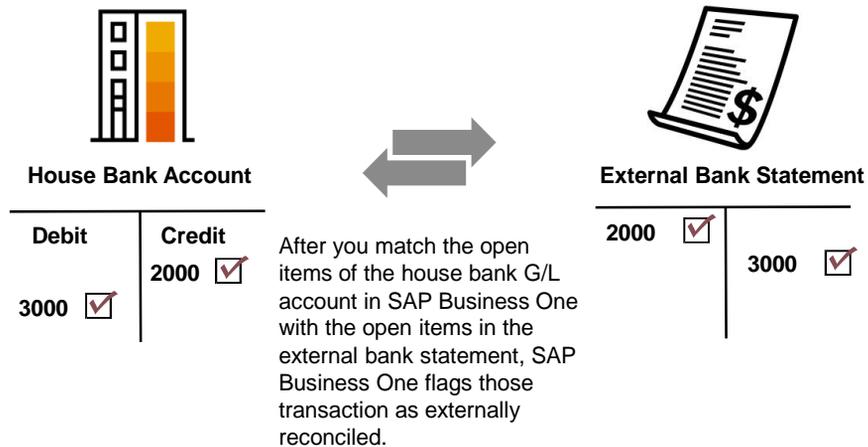
- Here is a business example:
 - Once a week, Maria, the accountant at OEC Computers, receives bank statement from the bank.
 - Maria asks you what is the most effective way for her to enter this bank statement in SAP Business One.
 - And how to match the transactions the bank recorded for OEC Computers, with the transaction she recorded for the bank G/L account in SAP Business One.
 - You should take into consideration that OEC Computers pays and is paid using all payment means (check and cash deposits, checks for payments as well as bank transfer).

The Payment Process in SAP Business One – Bank Account Reconciliation



- Incoming payments, outgoing payments and deposits post journal entries to the house bank account.
- The bank statement serves as a legally binding notification instrument from the bank to its customers.
- You need to match the house bank transactions as registered in SAP Business One with the bank statement data and adjust where needed.
- You should not match these open items until you receive the bank statement showing that the bank has actually made the payment.
- This matching process is called **Bank Reconciliation**, where you make comparison of an account with external data.
- In SAP Business One we call this process **External Reconciliation**.
- Bank reconciliations help business owners ensure all bank transactions are recorded properly on the accounting ledger and bank statement.

External Reconciliations



- When you perform an **external reconciliation**, you match the open items of a bank G/L account in SAP Business One with the open items in an **external account statement**.
- After doing this, SAP Business One flags those transactions as externally reconciled.
- In most cases, the account statement is received from a bank and the account to be reconciled is the associated bank account. The statement, however, can also be received from a business partner that wants to reconcile the business partner account in your books with its own account.
- In SAP Business One we also have the **internal reconciliation** process which is separate to the external reconciliation process.

Internal Reconciliation Definition

Internal Reconciliation:

- Matching and clearing
- Open **credit** items
- To open **debit** items
- **Within** an account.

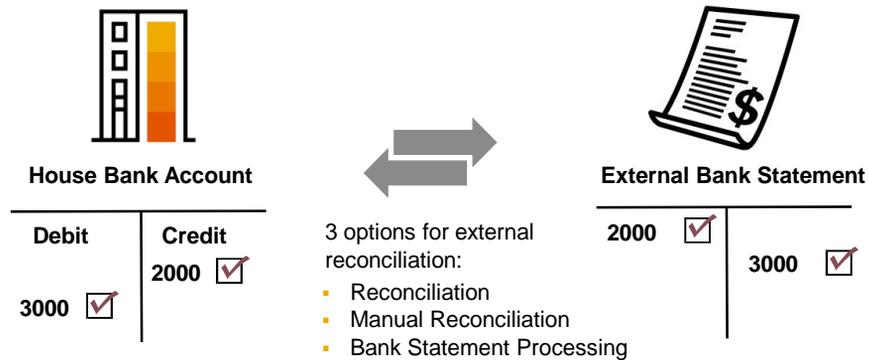


	Debit	Credit
	✓	

	Debit	Credit
		✓

- The term, **Internal reconciliation**, refers to the matching and clearing of open credit items to open debit items **within an account** (therefore internal). This is necessary for accounts where a business process is not regarded as fully complete until each credit amount has a corresponding debit amount:
 - For customer accounts, a receivable (debit) must be followed by an incoming payment (credit).
 - For vendor accounts, a liability (credit) must be followed by an outgoing payment (debit).
 - When using a bank interim account, an outgoing payment to a vendor made by the payment wizard (debit) must be followed by a transfer posting to the bank G/L account (credit).
- In this topic we discuss the external reconciliation process.

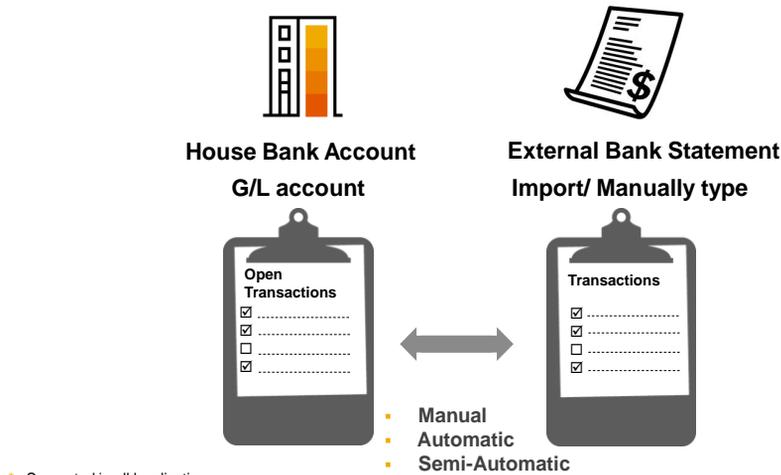
External Reconciliations



*The decision on which option to use when performing external reconciliations is depending on the company localization.

- In SAP Business One you have three options for performing external reconciliation: **Reconciliation**, **Manual Reconciliation**, and the **Bank Statement Processing**.
- Note that these are the names of the windows in SAP Business One.
- To avoid creating duplicate reconciliations, the user should choose **one option** and use it to perform external reconciliations.
- This decision is depending on the company localization.
- Let us review those three options.

1. Reconciliation

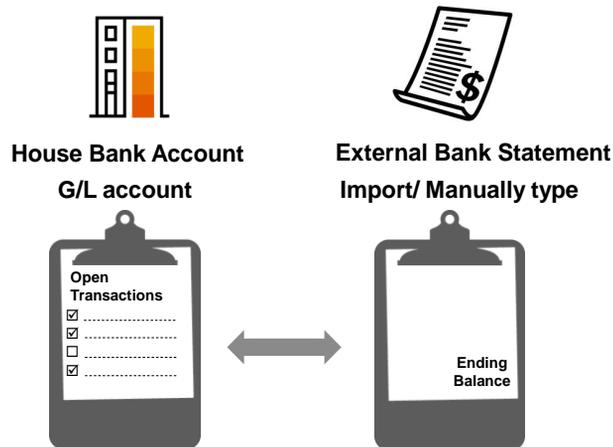


© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

173

- The first option in SAP Business One is called **Reconciliation**. It is supported in all localizations.
- With this option, you first import, or manually type the bank statement transactions into the system using the *Process External Bank Statement* function (if needed, you can add this window using the Form Settings – Main Menu).
- Then, the system displays side-by-side the open transactions from the **G/L account** in SAP Business One and the imported or typed transaction from the **bank** statement. You reconcile between matching transactions in SAP Business One side and the bank side. If required, you can perform balancing transactions to match your data with that of the bank.
- You can choose a reconciliation type: *Manual*, *Automatic*, or *Semi-Automatic*. These work in a very similar manner to the internal reconciliation types.
- To use Reconciliation, choose the menu path: **Banking** → **Bank Statements and External Reconciliations** → **Reconciliation**.

2. Manual Reconciliation



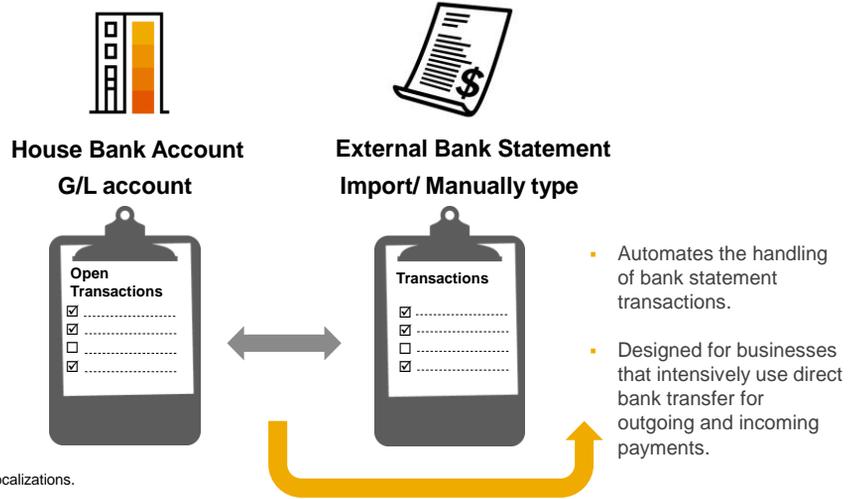
* Supported localizations: Australia, Brazil, Canada, China, Cyprus, India, Japan, Korea, New Zealand, Singapore, South Africa, United Kingdom, and United States.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

174

- The second option is **Manual Reconciliation**. It is supported in Australia, Brazil, Canada, China, Cyprus, India, Japan, Korea, New Zealand, Singapore, South Africa, United Kingdom, and United States.
- With this option, you enter the ending date and balance from the statement received from the bank. The system displays open transactions for the bank G/L account. You manually match them against the balance received from the bank.
- This function enables you to verify and reconcile the transactions recorded in SAP Business One against the balance received from the bank and to create adjustments if required.
- The system tracks the difference between the statement ending balance and the cleared items from the G/L account. The system only allows you to reconcile the account when this difference is 0.
- From the manual reconciliation screen, you can create adjustments to close any discrepancies and bring the difference down to 0. For example, you can deposit cash, check and credit card payments that appear on the bank statement. You can also post journal entries, or create payments. The system keeps track of the statement balance for the next reconciliation. To use Manual Reconciliation, choose **Banking → Bank Statements and External Reconciliations → Manual Reconciliation**.

3. Bank Statement Processing – BSP



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

175

- The last option is **Bank Statement Processing (BSP)**. This option automates the processing and reconciliation of transactions from a bank statement.
- It is designed for businesses that intensively use direct bank transfer for outgoing and incoming payments.
- Since most customers pay by direct bank transfer, the company accountant only becomes aware of an incoming payment after importing the bank file.
- The bank statement processing function lets you automatically generate incoming and outgoing payments, and perform internal and external reconciliations.
- By entering bank statement details, either automatically or manually, you can create transactions that have not yet been posted.
- This process is supported in all localizations.
- The key to the efficiency of the BSP functionality is the setup.
- It is important to emphasize that the automation of the bank statement processing is directly related to the accuracy of the settings as relevant to the business.

Reconciliation: Reflection Question



- Maria, the accountant at OEC Computers issues a bank transfer of **500** to pay an A/P Invoice received from one of the company vendors.
- 2 types of reconciliation should take place for this outgoing payment. What are those reconciliations?



Outgoing
Payment
= 500

- Maria, the accountant at OEC Computers issues a bank transfer of **500** to pay an A/P Invoice received from one of the company vendors.
- 2 types of reconciliation should take place for this outgoing payment. What are those reconciliations?

Reconciliation: Answer



- **Internal reconciliation** - for the **vendor** master data record to match the outgoing payment amount (debit) and the A/P Invoice amount (credit).
- **External reconciliation** - to match the outgoing payment transaction as registered in the **bank account** in SAP Business One with the **bank statement** data that Maria will receive from the bank.

- Internal reconciliation for the vendor master data record to match the outgoing payment amount (debit) and the A/P Invoice amount (credit).
- External reconciliation to match the outgoing payment transaction as registered in the bank account in SAP Business One with the bank statement data that Maria will receive from the bank.

Summary - 1



Here are some key points:

- You need to match the house bank transactions as registered in the bank account in SAP Business One with the bank statement data you receive from the bank and adjust where needed.
- This matching process is called Bank Reconciliation, where you make comparison of an account with external data.
- In SAP Business One we call this process External Reconciliation.
- After doing this, SAP Business One flags those transactions as externally reconciled.

- Here are some key points:
 - You need to match the house bank transactions as registered in the bank account in SAP Business One with the bank statement data you receive from the bank and adjust where needed.
 - This matching process is called Bank Reconciliation, where you make comparison of an account with external data.
 - In SAP Business One we call this process External Reconciliation.
 - After doing this, SAP Business One flags those transactions as externally reconciled.

Summary - 2



- In SAP Business One you have three options for performing external reconciliation:
 - Reconciliation
 - Manual Reconciliation
 - Bank Statement Processing (BSP).
- To avoid creating duplicate reconciliations, the user should choose one option and use it to perform external reconciliations.

- In SAP Business One you have three options for performing external reconciliation:
 - Reconciliation
 - Manual Reconciliation
 - And Bank Statement Processing (BSP).
- To avoid creating duplicate reconciliations, the user should choose one option and use it to perform external reconciliations.

Financial Reports

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the financial reports topic.

Objectives

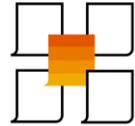


At the end of this topic, you will be able to:

- Discuss the effect of standard processes in SAP Business One on *Financial Reports*:
 - *Balance Sheet*
 - *Trial Balance*
 - *Profit and Loss*
- Describe when to use each report.
- Interpret typical report data.

We will explore the effect of standard processes in SAP Business One on financial reports: such as the *Balance Sheet*, the *Trial Balance*, and the *Profit and Loss* report. We describe when to use each report and how to interpret typical report data.

Business Scenario



You review the *Financial Reports* with Maria the company accountant:

- Maria mentions that you discussed the influence of *Period-End Closing* on the *Balance Sheet* and *Profit and Loss reports*.
- This is because you usually issue the *Financial Reports* for the last day of each financial year/ period to get the financial status of the company.
- You demonstrate the financial reports in SAP Business One.

Imagine that you are reviewing the Financial Reports with Maria the company accountant of OEC Computers:

Maria mentions that you discussed the influence of Period-End Closing on the Balance Sheet and Profit and Loss reports.

This is because you usually issue the financial reports for the last day of each financial year or period to get the financial status of the company.

You demonstrate the financial reports in SAP Business One.

Note that the company usually gets last year's related documents after the end of the financial year or period. Therefore, they also issue the reports for the closing period, during the following period.

Agenda

- Chart of Accounts Structure
 - The influence of the chart of accounts structure on financial reports
- Financial Reports
 - *Balance Sheet*
 - *Trial Balance*
 - *Profit and Loss*
 - *Statement of Cash Flow*

We start by talking about the strong connection between the chart of accounts structure and the different financial reports.

Reflection Question



Balance Sheet :

Assets:

- Fixed Assets: 10.04%
- Current Assets: 89.96%

Total Assets: 100%

- From a financial controller's point of view where is most of the money invested?
 - A. Assets that can be converted into liquid funds at short notice
 - B. Property that a firm owns and uses and is not expected to be consumed or converted into cash in the near future.

At the end of the year you issue the *Balance Sheet* report.

You present the report in a summarized form.

For the *Assets* drawer you see the result showing in the slide.

From a financial controller's point of view where is most of the money invested?

Are they assets that can be converted into liquid funds at short notice or property that a firm owns and uses that is not expected to be consumed or converted into cash in the near future?

Reflection Question



Balance Sheet :



Assets:

- Fixed Assets: 10.04%
- Current Assets: 89.96%

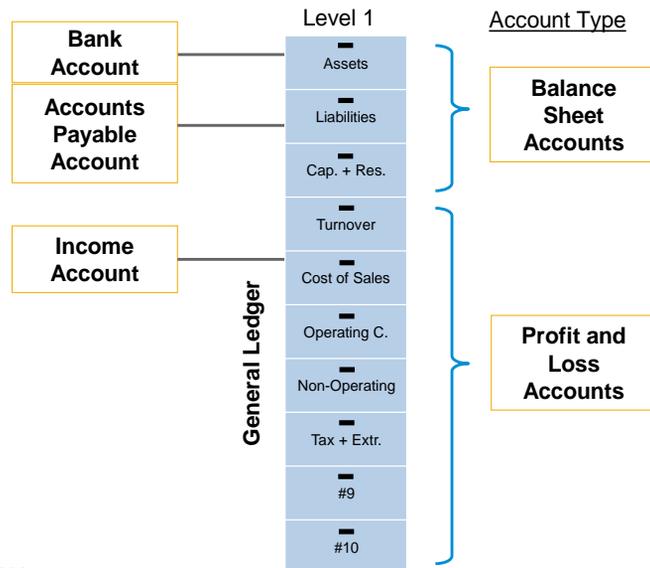
Total Assets: 100%

- From a financial controller's point of view where is most of the money invested?
 - A. Assets that can be converted into liquid funds at short notice
 - B. Property that a firm owns and uses and is not expected to be consumed or converted into cash in the near future.

The correct answer is highlighted.

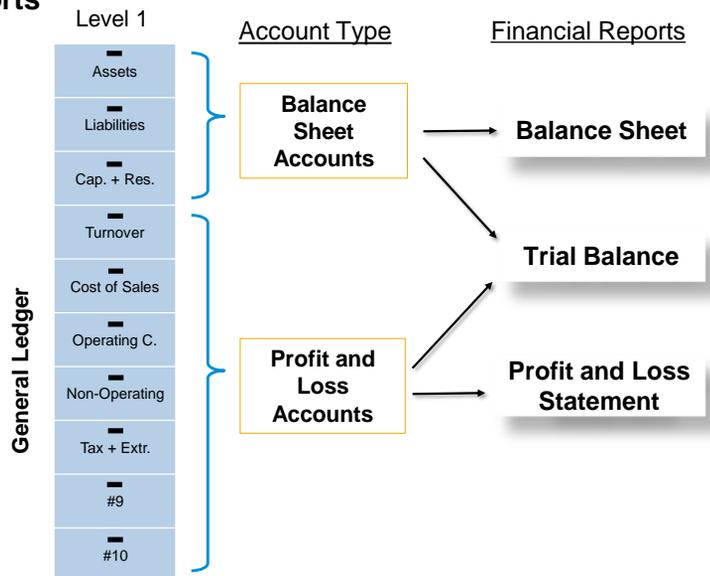
Fixed assets stands for property that the firm owns and Current assets stands for liquid assets that can be easily converted into cash. The Current assets holds almost 90% of the total assets and therefore this is the correct answer.

Chart of Accounts Structure



Let us go back and examine the Chart of Accounts Structure in association with Financial Reports. This subject is discussed in the Chart of Accounts – Concepts topic. Although the chart of accounts will vary according to a company's localization, the structures are very similar around the world. Remember how in the General Ledger you distinguish between Balance Sheet Accounts and Income Statement Accounts, which are also called Profit and Loss Accounts.

Influence on Financial Reports



The different reports run on the account balances relevant to a selected date or date range and the reports present them according to their drawer, level and type.

For example the **balance sheet report** is based on the **balance sheet accounts**, and similarly the **profit and loss statement** is based on **profit and loss accounts**. The **trial balance** shows **all the account types**.

All these reports are typically issued for the last day of each financial year or period.

Let us look closely on each report:

Agenda

- Chart of Accounts Structure
 - The influence of the chart of accounts structure on financial reports
- Financial Reports
 - *Balance Sheet*
 - *Trial Balance*
 - *Profit and Loss*
 - *Statement of Cash Flow*

All financial reports will appear in the *Financials Reports* menu which is found in the *Financials* module

Balance Sheet



Presents the financial position of a business, the company's value.

Dates	Up to a certain date
Drawers/ Type	All Balance Sheet Accounts: Assets, liabilities, and owner's equity accounts
Calculation	<ul style="list-style-type: none">■ Total Assets = Total Liabilities + Equity.■ Also: Relative percentage of each balance in the company's assets, liabilities, and equity set.
Example of documents and accounts affecting the report	A/R Invoice - Accounts receivables, Sales tax account. Outgoing Payment - Bank account. Good Receipt PO - Inventory account

The *Balance Sheet* presents the financial position of a business, the company's value.

Balance Sheet

Presents the financial position of a business, the company's value.

Dates	Up to a certain date
Drawers/ Type	All Balance Sheet Accounts: Assets, liabilities, and owner's equity accounts
Calculation	<ul style="list-style-type: none">■ Total Assets = Total Liabilities + Equity.■ Also: Relative percentage of each balance in the company's assets, liabilities, and equity set.
Example of documents and accounts affecting the report	A/R Invoice - Accounts receivables, Sales tax account. Outgoing Payment - Bank account. Good Receipt PO - Inventory account

You run the *Balance Sheet* up to a certain date, that is from the beginning of the company until that date.

Balance Sheet

Presents the financial position of a business, the company's value.

Dates	Up to a certain date
Drawers/ Type	All Balance Sheet Accounts: Assets, liabilities, and owner's equity accounts
Calculation	<ul style="list-style-type: none">■ Total Assets = Total Liabilities + Equity.■ Also: Relative percentage of each balance in the company's assets, liabilities, and equity set.
Example of documents and accounts affecting the report	A/R Invoice - Accounts receivables, Sales tax account. Outgoing Payment - Bank account. Good Receipt PO - Inventory account

The *Balance Sheet* presents all Balance Sheet Accounts: Assets, liabilities, and owner's equity

Balance Sheet

Presents the financial position of a business, the company's value.

Dates	Up to a certain date
Drawers/ Type	All Balance Sheet Accounts: Assets, liabilities, and owner's equity accounts
Calculation	<ul style="list-style-type: none">■ Total Assets = Total Liabilities + Equity.■ Also: Relative percentage of each balance in the company's assets, liabilities, and equity set.
Example of documents and accounts affecting the report	A/R Invoice - Accounts receivables, Sales tax account. Outgoing Payment - Bank account. Good Receipt PO - Inventory account

When you issue the report, the system runs the report on the account balances of the Balance Sheet accounts and summarizes their values according to the formula: Total Assets equals Total Liabilities plus Equity.

In addition, the relative percentage of each balance in the company's assets, liabilities, and equity is presented.

The equity section includes the profit period. This amount is calculated while the report is being composed, to represent the summary of the profit and loss of the period.

Balance Sheet

Presents the financial position of a business, the company's value.

Dates	Up to a certain date
Drawers/ Type	All Balance Sheet Accounts: Assets, liabilities, and owner's equity accounts
Calculation	<ul style="list-style-type: none">■ Total Assets = Total Liabilities + Equity.■ Also: Relative percentage of each balance in the company's assets, liabilities, and equity set.
Example of documents and accounts affecting the report	A/R Invoice - Accounts receivables, Sales tax account. Outgoing Payment - Bank account. Good Receipt PO - Inventory account

Some examples of documents and their related accounts which affect the report are:

- Accounts receivables and the Sales tax accounts in an A/R invoice.
- The bank account in an Outgoing Payment, and
- The inventory account in a Goods Receipt PO.

Trial Balance



A summary of all accounts and/or business partner balances.
Can comprise a particular cross section.

Dates	Selected period
Drawers/ Type	<u>Selection from:</u> All accounts (Balance Sheet and Profit and Loss) All business partners master data.
Calculation	<ul style="list-style-type: none">■ For each account: total debit and credit amounts, and the ending balance.■ For the entire report: if the trial balance includes all the accounts in a complete period, the debit and credit side totals must be equal. Total report balance = 0.
Example of documents and accounts affecting the report	A/P Invoice - Vendor, Accounts Payable account, Expense/ Clearing/ Inventory account, Input Tax account.

The *Trial Balance* displays a summary of all accounts and/or business partner balances. The report can comprise a particular cross section of accounts and business partners.

Trial Balance

A summary of all accounts and/or business partner balances.
Can comprise a particular cross section.

Dates	Selected period
Drawers/ Type	<u>Selection from:</u> All accounts (Balance Sheet and Profit and Loss) All business partners master data.
Calculation	<ul style="list-style-type: none">■ For each account: total debit and credit amounts, and the ending balance.■ For the entire report: if the trial balance includes all the accounts in a complete period, the debit and credit side totals must be equal. Total report balance = 0.
Example of documents and accounts affecting the report	A/P Invoice - Vendor, Accounts Payable account, Expense/ Clearing/ Inventory account, Input Tax account.

You can issue the report for a selected posting period or periods.

Trial Balance

A summary of all accounts and/or business partner balances.
Can comprise a particular cross section.

Dates	Selected period
Drawers/ Type	<u>Selection from:</u> All accounts (Balance Sheet and Profit and Loss) All business partners master data.
Calculation	<ul style="list-style-type: none">■ For each account: total debit and credit amounts, and the ending balance.■ For the entire report: if the trial balance includes all the accounts in a complete period, the debit and credit side totals must be equal. Total report balance = 0.
Example of documents and accounts affecting the report	A/P Invoice - Vendor, Accounts Payable account, Expense/ Clearing/ Inventory account, Input Tax account.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

196

The Trial Balance presents all selected accounts (Balance Sheet and Profit and Loss) and business partners master data.
If you include business partners in the report, those will be shown at the end, after the list of accounts.
The total balance for customers and vendors is represented in the list of accounts, through the control accounts' balances.

Trial Balance

A summary of all accounts and/or business partner balances.
Can comprise a particular cross section.

Dates	Selected period
Drawers/ Type	<u>Selection from:</u> All accounts (Balance Sheet and Profit and Loss) All business partners master data.
Calculation	<ul style="list-style-type: none">■ For each account: total debit and credit amounts, and the ending balance.■ For the entire report: if the trial balance includes all the accounts in a complete period, the debit and credit side totals must be equal. Total report balance = 0.
Example of documents and accounts affecting the report	A/P Invoice - Vendor, Accounts Payable account, Expense/ Clearing/ Inventory account, Input Tax account.

When you issue the report, for each account the system presents the total debit and credit amounts, and the ending balance which is calculated as the debit amount minus the credit amount.
For the entire report: if the trial balance includes all the accounts in a complete period, the debit and credit side totals must be equal. That is, the total report balance should be zero.

Trial Balance

A summary of all accounts and/or business partner balances.
Can comprise a particular cross section.

Dates	Selected period
Drawers/ Type	<u>Selection from:</u> All accounts (Balance Sheet and Profit and Loss) All business partners master data.
Calculation	<ul style="list-style-type: none">■ For each account: total debit and credit amounts, and the ending balance.■ For the entire report: if the trial balance includes all the accounts in a complete period, the debit and credit side totals must be equal. Total report balance = 0.
Example of documents and accounts affecting the report	A/P Invoice - Vendor, Accounts Payable account, Expense/ Clearing/ Inventory account, Input Tax account.

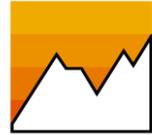
© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

196

Here is an example of a document and its related accounts which affect the trial balance report:

- An A/P Invoice includes the Vendor, the Accounts Payable account, a clearing account or an inventory account, and the Input Tax account.

Profit and Loss Statement



Shows the profit (or loss) of your business for the fiscal year/ selected period, and explains the change in the company's value.

Dates	Selected period
Drawers/ Type	All Profit and Loss Accounts: The last 5 drawers: Revenues, Cost of Sales, Expenses, Financing, and Other Revenues and Expenses
Calculation	The balances of the Expense accounts will be subtracted from the balances of the Revenue accounts to come up with the profit or the loss for the fiscal year/ selected period.
Example of documents and accounts affecting the report	A/R Invoice - Income account. A/P Invoice - Expense account.

The Profit and Loss Statement shows the profit (or loss) of your business for the fiscal year or the selected period. It explains the change in the company's value.

Profit and Loss Statement

Shows the profit (or loss) of your business for the fiscal year/ selected period, and explains the change in the company's value.

Dates	Selected period
Drawers/ Type	All Profit and Loss Accounts: The last 5 drawers: Revenues, Cost of Sales, Expenses, Financing, and Other Revenues and Expenses
Calculation	The balances of the Expense accounts will be subtracted from the balances of the Revenue accounts to come up with the profit or the loss for the fiscal year/ selected period.
Example of documents and accounts affecting the report	A/R Invoice - Income account. A/P Invoice - Expense account.

You run the report for a selected period.

Profit and Loss Statement

Shows the profit (or loss) of your business for the fiscal year/ selected period, and explains the change in the company's value.

Dates	Selected period
Drawers/ Type	All Profit and Loss Accounts: The last 5 drawers: Revenues, Cost of Sales, Expenses, Financing, and Other Revenues and Expenses
Calculation	The balances of the Expense accounts will be subtracted from the balances of the Revenue accounts to come up with the profit or the loss for the fiscal year/ selected period.
Example of documents and accounts affecting the report	A/R Invoice - Income account. A/P Invoice - Expense account.

The Profit and Loss Statement presents all the accounts located in the 5 Profit and Loss drawers: Revenues, Cost of Sales, Expenses, Financing and the Other Revenues and Expenses.

Profit and Loss Statement

Shows the profit (or loss) of your business for the fiscal year/ selected period, and explains the change in the company's value.

Dates	Selected period
Drawers/ Type	All Profit and Loss Accounts: The last 5 drawers: Revenues, Cost of Sales, Expenses, Financing, and Other Revenues and Expenses
Calculation	The balances of the Expense accounts will be subtracted from the balances of the Revenue accounts to come up with the profit or the loss for the fiscal year/ selected period.
Example of documents and accounts affecting the report	A/R Invoice - Income account. A/P Invoice - Expense account.

When you run the report, the system calculates the profit or the loss for the fiscal year or the selected period according to this calculation: The balances of the Expense accounts will be subtracted from the balances of the Revenue accounts.

Profit and Loss Statement

Shows the profit (or loss) of your business for the fiscal year/ selected period, and explains the change in the company's value.

Dates	Selected period
Drawers/ Type	All Profit and Loss Accounts: The last 5 drawers: Revenues, Cost of Sales, Expenses, Financing, and Other Revenues and Expenses
Calculation	The balances of the Expense accounts will be subtracted from the balances of the Revenue accounts to come up with the profit or the loss for the fiscal year/ selected period.
Example of documents and accounts affecting the report	A/R Invoice - Income account. A/P Invoice - Expense account.

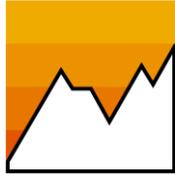
And here are some examples of documents and their related accounts which affect the report:

- The income account in an A/R Invoice.
- And the expense account in an A/P Invoice.

Advanced Reflection Question



- The Balance Sheet calculation is:

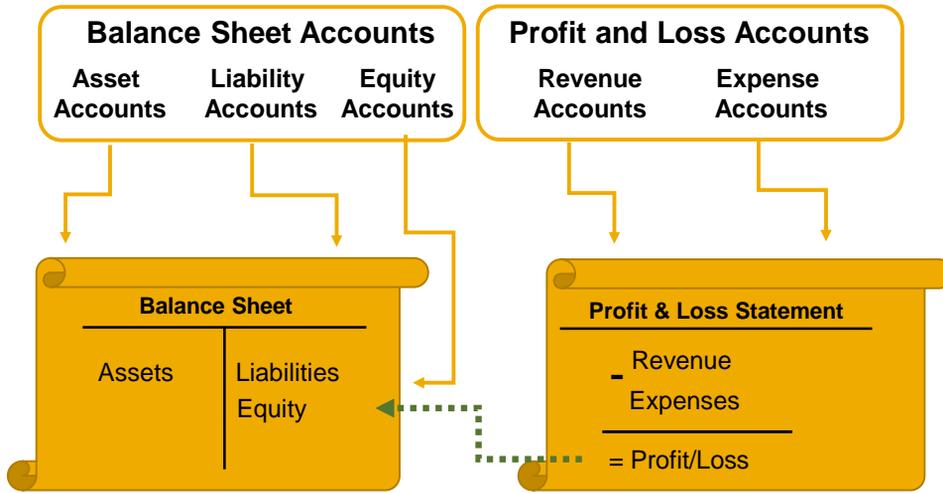


Total Assets = Total Liabilities + Equity.

- How is the calculation balanced if the report considers only the **Balance Sheet** accounts?

Here is a question for those of you with accounting backgrounds:
The Balance Sheet calculation is: Total Assets equals Total Liabilities plus Equity.
How is the calculation balanced if the report considers only the Balance Sheet accounts?

Answer



The profit or loss accumulator is included in the *Balance Sheet* report and will either increase or decrease the Equity on the balance sheet.

Summary (1/2)



Here are some key points:

In the General Ledger you distinguish between:

- Balance Sheet Accounts, and
- Income Statement Accounts, which are also called Profit and Loss Accounts.

The different financial reports run on:

- The account balances.

The financial reports present the account balances according to:

- A selected date or date range
- Their drawer, level and type.

The **balance sheet report** is based on:
And presents:

- The **balance sheet accounts**.
- The company's value.
- Total Assets = Total Liabilities + Equity.
- Also: Relative percentage of each balance

Here are some key points to take away:

In the General Ledger, you distinguish between Balance Sheet Accounts and Income Statement Accounts, which are also called Profit and Loss Accounts.

The different financial reports run on the account balances.

The financial reports present the account balances according to a selected date or range and their drawer, level and type.

Summary (2/2)



The profit and loss statement is based on:

And presents:

- All profit and loss accounts.
- The profit (or loss) of your business.
- Profit or the loss for the selected period =
The balances of the Revenue accounts
- The balances of the Expense accounts

The trial balance is based on:

And presents:

- All account types.
- A summary of all accounts and/or business partner balances.
- For each account: total debit and credit amounts, and the ending balance.
- For the entire report: if the trial balance includes all the accounts in a complete period, the total report balance = 0

The balance sheet report is based on the balance sheet accounts. It presents the company's value using the formula: $\text{Total Assets} = \text{Total Liabilities} + \text{Equity}$. The report displays the relative percentage of each balance.

The profit and loss statement is based on all profit and loss accounts. It presents the profit or loss of your business. The profit or loss for the selected period equals the difference between the balances of the revenue accounts and the balances of the expense accounts.

The trial balance is based on all account types. This report presents a summary of all accounts and/or business partner balances. For each account, the report shows the total debit and credit amounts and the ending balance. If the trial balance includes all the accounts in a complete period, the report balance will be zero.

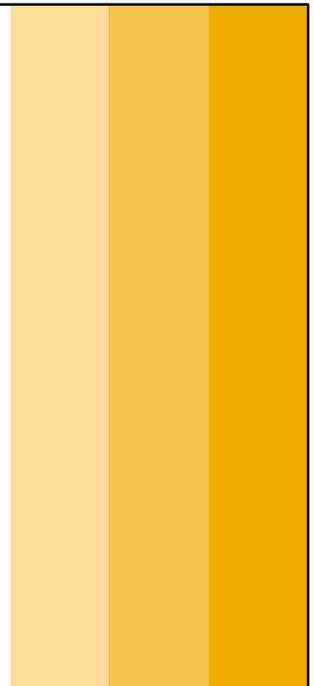
Aging Reports

SAP Business One Version 9.3



SAP Run Simple

PUBLIC



- Welcome to the Aging Reports topic.

Objectives

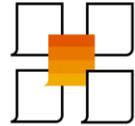


At the end of this topic, you will be able to:

- Generate the *Aging* report for both customers and vendors and interpret typical report data.

At the end of this topic, you will be able to generate the *Aging* report for both customers and vendors and interpret typical report data.

Business Scenario



- Maria the accountant at OEC Computers asks for a tool that can help her monitor customer debts.
- She also needs to monitor the company's debt to vendors.
- You introduce her with the Aging reports:
 - The **Customer Receivables Aging** – enables active tracking of the open balances of customers (debts).
 - The **Vendor Liabilities Aging** - enables active tracking of the open balances of vendors (The company's debt).

Maria the accountant at OEC Computers asks for a tool that can help her monitor customer debts.

She also needs to monitor the company's debt to vendors.

You introduce her with the Aging reports:

- The **Customer Receivables Aging** – enables active tracking of the open balances of customers (debts).
- The **Vendor Liabilities Aging** - enables active tracking of the open balances of vendors (The company's debt).

Reflection Questions



- What kind of definition related to business partners can influence the company's cash flow?
- How can you improve the company cashflow and make it more steady?
- Which report can help you achieve this purpose?

- The sales process affects the cash status of the business.
- What kind of definition related to business partners can influence the company's cash flow?
- How can you improve the company cashflow and make it more steady?
- Which report can help you achieve this purpose?
- Some background to this question: even when it is profitable, a company can go bankrupt due to cash flow problems. Keeping a positive cash flow is crucial.

Answers

- The **Payment Terms** defined for customers set the default due date of the sales invoices.
- Spot late payments customers using the **Customer Receivables Aging** and adjust their payment terms accordingly.



The company can improve the Cash Flow results by:

- Defining the appropriate payment terms for each customer. Payment terms are set for each business partner in the *Business Partner Master Data* on the *Payment Terms* tab.
- Payment terms influence sales documents' due dates and expected payments. You can set default payment terms for customers and vendors in *System Initialization*, under *General Settings* on the *BP* tab. The default payment terms are used when you set up a new customer, but you can adjust the payment terms in a customer master to reflect the payment risk involved with that particular customer.
- Monitor the credit-worthiness of your customers in the *Customer Receivables Aging* report. The *Customer Receivables Aging* report is the monetary controller of the *Sales-A/R* module.
- Let us take a deeper look at what the customer receivables aging report shows us.

Aging Reports



Customer Receivables Aging

Customer	Document	Due Date	Balance Due	Future Remit	Aging Intervals			
					0-30	31-45	46-75	76-100
Funtech	A/R Invoice		1,000		1,000			
	A/R Invoice		20,000	20,000				
	A/R Invoice		500			500		
	A/R Credit memo		(750)				(750)	
Surf O'bello	A/R Invoice		3,100		3,100			
	A/R Invoice		1,500				1,500	
Microchips	A/R Invoice		270					270
	A/R Invoice		4,700			4,700		
	A/R Invoice		11,000	11,000				
The money owed to a company and how long it has been owed →			41,320	31,000	4,100	5,200	750	270
			100%	75.02%	9.92%	12.58%	1.82%	0.65%

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

213

The *Customer Receivables Aging* report shows all open transaction (unreconciled) of customers, typically A/R invoices, and how long it is overdue.

This is a key report for monitoring customers' debt as well as evaluating the credit quality of customers. You can find the aging reports in the *Financials* module. From the *Financial Reports* menu choose *Accounting* and then *Aging*.

The report can be expanded to show each transaction (as shown in the image) or collapsed to show aggregated amounts per customer.

A similar aging report with the same structure exists for vendors. When Maria wants to see open A/P invoices for vendors, she generate the *Vendor Liabilities Aging report*.

After generating the aging report, either for customers or for vendors, you can e-mail the respective aging data to the relevant business partners.

Aging Reports



Customer Receivables Aging

Aging date

Customer	Document	Due Date	Balance Due	Future Remit	Aging Intervals			
					0-30	31-45	46-75	76-100
Funtech	A/R Invoice		1,000		1,000			
	A/R Invoice		20,000	20,000				
	A/R Invoice		500			500		
	A/R Credit memo		(750)				(750)	
Surf O'bello	A/R Invoice		3,100		3,100			
	A/R Invoice		1,500				1,500	
Microchips	A/R Invoice		270					270
	A/R Invoice		4,700			4,700		
	A/R Invoice		11,000	11,000				
The money owed to a company and how long it has been owed →			41,320	31,000	4,100	5,200	750	270
			100%	75.02%	9.92%	12.58%	1.82%	0.65%

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

214

You can specify an aging date after which the due dates are to be calculated. You can also specify intervals in days, months or periods, for grouping receivables by how old they are. As you can see in the graphic, this report gives you a quick look at how overdue your invoices are. At the bottom of the report, you can see the percentages of overdue invoices in each aging interval. Look at the image. The first row represents an invoice with a balance due of **1,000**. This invoice is up to **30** days later than the aging the aging date that was set for the report. The due date of the second invoice, for **20,000** is earlier than the aging date and therefore the amount appears in the *Future Remit* column. The due date of the third invoice for the amount of **500** is **30** days to **45** days pass the defined aging date. As the report can display all open transactions of the business partner, Credit memo, incoming payments and journal entries are also displayed in the report. In the image there is one credit memo for **Funtec**. The amount is displayed in brackets since it is a customer credit amount.

Customer – Vendor Connection in the Aging Report



Customer Receivables Aging

Customer	Connected BP	Document	Due Date	Balance Due	Future Remit	Aging Intervals		
						0-30	31-45	46-75
Funtech		A/R Invoice		1,000		1,000		
		A/R Invoice		20,000	20,000			
		A/R Invoice		500			500	
		A/R Credit memo		(750)				(750)
	Funtech Vendor	A/P Invoice		(500)		(500)		
	Funtech Vendor	A/P Invoice		(200)		(200)		
				19,050	20,000	(700)	500	(750)
				100%	104.99%	-3.67%	2.62%	-3.94%

You can display connected vendor data in the *Customer Receivables Aging* and connected customer data in the *Vendor Liabilities Aging*. To do so, check the *Consider Connected Vendors/Customers* box on the selection criteria initial window.

A connected customer or vendor is used when a business partner is both customer and vendor.

Remember that there is one business partner master data for the customer and one for the vendor.

Refer Please refer to the ***Customers and Customer Groups*** course topic to learn how to connect a customer to a vendor.

Once the two business partners are connected, you can clear open debts of the customer with the open debts for the vendor.

In the image you can see both A/R invoices for Funtech the customer and A/P invoices for Funtech the vendor. The total balance due took into consideration the A/P invoices amount .

Summary



Here are some key points:

The <i>Customer Receivables Aging</i> report shows:	<ul style="list-style-type: none">• Open transaction (unreconciled) of customers, typically A/R invoices, and how long it is overdue.
You can specify:	<ul style="list-style-type: none">• An aging date after which the due dates are to be calculated.• Period Intervals in which overdue items are to be grouped.
The <i>Vendor Liabilities Aging</i> report:	<ul style="list-style-type: none">• Shows open transactions of vendors, typically A/P invoices and their age.• Has the same report structures as the <i>Customer Receivables Aging</i>.
For connected business partners you can display:	<ul style="list-style-type: none">• A connected vendor open transactions in the <i>Customer Receivables Aging</i> report.• A connected customer open transactions in the <i>Vendor Liabilities Aging</i> report.

Here are some key points to take away:

- The *Customer Receivables Aging* report shows open transaction (unreconciled) of customers, typically A/R invoices, and how long it is overdue.
- You can specify:
 - An aging date after which the due dates are to be calculated.
 - Period Intervals in which overdue items are to be grouped.
- The *Vendor Liabilities Aging* report:
 - Shows open transactions of vendors, typically A/P invoices and their age.
 - Has the same report structures as the *Customer Receivables Aging*.
- For connected business partners you can display:
 - A connected **vendor** open transactions in the *Customer Receivables Aging* report.
 - A connected **customer** open transactions in the *Vendor Liabilities Aging* report.

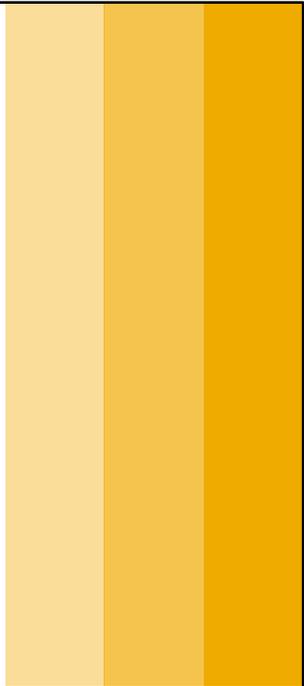
Cash Flow Report

SAP Business One Version 9.3



SAP Run Simple

PUBLIC



- Welcome to the Cash Flow report topic.

Objectives



At the end of this topic, you will be able to:

- Generate the *Cash Flow* reports and interpret typical report data.
- Discuss the effect of standard processes in SAP Business One on the *Cash Flow*

At the end of this topic, you will be able to:

- Generate the *Cash Flow* reports and interpret typical report data.
- Discuss the effect of standard processes in SAP Business One on the *Cash Flow*

Business Scenario



- Maria, the accountant at OEC computers, wants to better control their cash account balances and to forecast expected incoming and outgoing payments.
- You introduce her to the **Cash Flow** and the **Cashflow Forecast** reports, which enable controlling of the monetary status of the company.

Maria, the accountant at OEC computers, wants to better control their cash account balances and to forecast expected incoming and outgoing payments.

You introduce her to the **Cash Flow** and the **Cashflow Forecast** reports, which enable controlling of the monetary status of the company.

Cash Flow Components

Components:

Cash	
Credit Card Vouchers	
Checks Received	
Customer Liabilities	
Debts to Vendors	
Customer Forecast	
Vendor Forecast	

The cash flow is a forecast report that displays expected incoming and outgoing cash transactions

Cash flow is a forecast report –

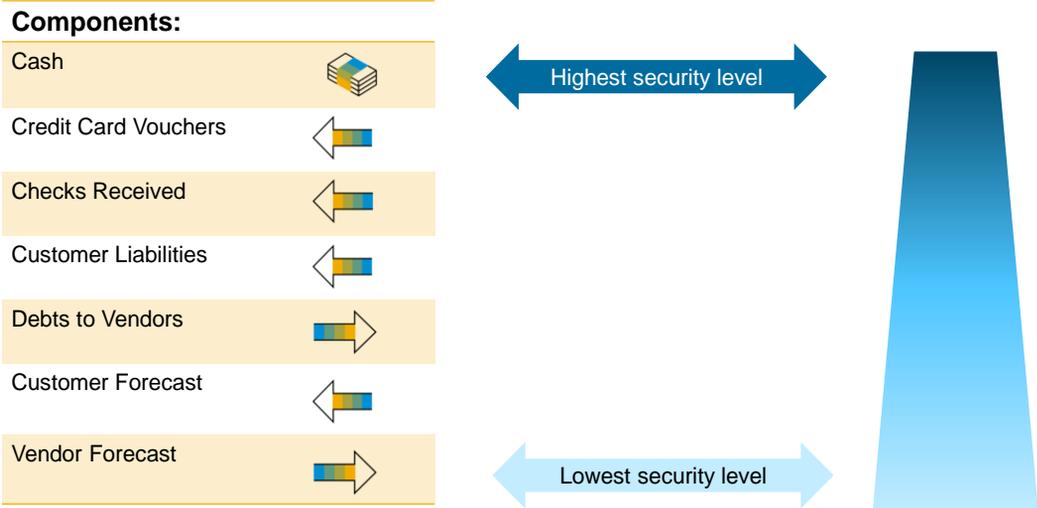
You can find the *Cash Flow* report in the *Financial Reports* menu of the *Financials* module.

The report provides information about the liquidity of your business that goes beyond the scope of a profit and loss statement.

It displays the balance sheet accounts, which reflect the monetary value of the company.

The cash flow report in SAP Business One lists the totals and balances of both the accounts that represent cash holdings and the accounts that expect a cash flow in the future (either incoming or outgoing) for the time interval you have requested. In the image, you can see the list of these cash flow components.

Cash Flow Components and Security Level



- A security level is the level of probability that the transaction will turn to cash (incoming and outgoing). The probability that a cash flow transaction can be expected varies considerably. For this reason, each component balance has a different security level.
- Look at the image. The cash flow components are ordered by security levels:
 - The most certain transactions are derived from cash accounts, such as bank accounts
 - Then the credit card vouchers and checks received
 - The next level is Customer Liabilities (e.g. A/R Invoices) and Debts to Vendor (e.g. A/P Invoices)
 - The lowest security level is the customer and vendor forecast. The customer and vendor forecasts represent the open documents, such as sales and purchasing orders and draft documents.

Cash Flow Report Structure

Time range: Next Month

Within one time interval - week:

Security Level	Due Date (In the future)	Document	Account	Debit	Credit
Cash Accounts	----	Payments to vendor (Bank transfer)	House Bank		5,000
Credit Cards/ Checks	----	Incoming Payments	Credit Card Clearing acc.	10,000	
Customer Liabilities	----	A/R Invoices	Customer acc.	2,000	
Debts to Vendors	----	A/P Invoices	Vendor		3,000
Vendor Forecast	----	Purchase Orders	Vendor		1,000
Cumulative Balance within the time interval:				3,000	

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

222

The *Cash Flow* runs according to:

- Open transactions – **not reconciled** (with the option to display fully reconciled postings).
- The transaction **Due Date**.

The *Cash Flow* is displayed according to:

- Time Intervals (days, weeks, months etc.)
- Security levels

The report lists all time intervals within the date range of the report. Each interval lists the expected transactions (in the future) according to their security level.

In the image, you can see an illustration of one time interval within the cashflow report.

Different transactions are displayed according to their security levels.

Note that there may be several transactions within a security level.

Report Options on the Selection Criteria Window

Cash Flow - Selection Criteria

Date From 01.10.17 To 31.10.17

Time Interval Weekly

Add Recurring Postings
 Add Journal Vouchers
 Consider Delays in Payments
 Display Fully Reconciled Postings
 Add Blanket Agreements
 Add Marketing Documents
 Add Document Drafts
 Add Recurring Transactions
 Tag Monthly

Opening Balance
 Calculate Opening Balance

Project From To
 Blanket Agreement From To

Include Projected Postings

	Date	Description	Project	Incoming Total	Outgoing Amo...	Security Level	Recurrence Pe...	Recurrence ...	Valid Until
1						Cash Account	One Time		
2						Cash Account	One Time		
3						Cash Account	One Time		
4						Cash Account	One Time		
5						Cash Account	One Time		
6						Cash Account	One Time		
7						Cash Account	One Time		

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

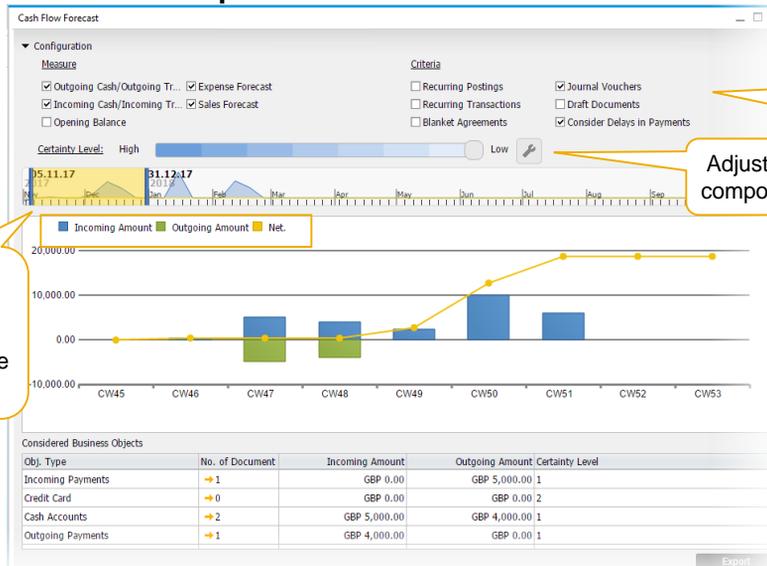
223

On the *Cash Flow Selection Criteria* window, you can add to the cash flow:

- Recurring transactions, which appear in green in the report
- Open journal vouchers, which are displayed in blue in the report
- Marketing documents that do not create journal entries, such as sales order and draft documents.
- You can also add approved blanket agreements to the report calculation.

In the *Include Projected Postings* table, specify future transactions that have not been recorded yet in SAP Business One, such as the purchase of a new car for the business, designated to be executed next month. The report displays the additional transactions in green.

Cash Flow Forecast Report



Another way of presenting the company cash flow data is the *Cash Flow Forecast* report. This is a quick, easy to use, graphical tool that generates the report instantly. Adjusting the time range or changing any configuration data will regenerate the report and graph on the spot. The bar graph shows incoming amounts in blue and outgoing amounts in green. The line graph shows net and accumulated amounts.

Statement of Cash Flow

General Settings

BP Budget Services Display Font & Bkpd Path Inventory Resources Cash Flow Cockpit Cost Accounting

Assignment of Cash Flow Line Item

Mandatory

Optional

Default Primary Form Cash Flow Line Item

Incoming Payment Payments for Invoices from Customers

Outgoing Payment Payments for Invoices to Suppliers

Assignment in Transaction with All Relevant Cash Flow

Ignore Without Warning

Warning Only

Statement of Cash Flows

Company OEC Computers UK Actual Period From 01.01.17 To 31.12.17

Line Items	Line No.	Actual Period
Cash Flow from Operating Activities		
Cash Received from Customers (+)		
Payments for Invoices from Customers	1	5,122
Down Payments Received from Customers	2	
Purchase Credit Notes Paid by Suppliers	3	
Cash Paid to Supplier (-)		
Payments for Invoices to Suppliers	4	-4,000
Down Payments to Suppliers	5	
Sales Credit Notes Paid to Customers	6	
Cash Paid for Rent/Electricity/Phones (-)		
Cash Paid for Rent	7	
Cash Paid for Electricity	8	
Cash Paid for Phones	9	
Cash Paid to Employees(-)		
Payments to Employees, e.g. Wages	10	
Other Operating Payments (+/-)		
Other Operating Payments	11	
Cash Generated from Operations (Summary Line)		1,122
Less Tax Paid (-)		1,122
Corporate Income Tax Paid	12	

- The *Statement of Cash Flow* is a legal document required in many localizations.
- Configure initial settings and set defaults in the *General Settings* window on the *Cash Flow* tab.

The *Statement of Cash Flow* is another report and a legal document that is required by many localizations – just like the profit and loss statement and the balance sheet. You need to configure initial settings on the *General Settings* window and set defaults for assigning transactions to relevant items in the *Statement of Cash Flow*. For more details on how to configure the *Statement of Cash Flow*, refer to the online help.

Summary



Here are some key points:

Cash flow is a:	• Forecast report which reflects the monetary value of the company.
The <i>Cash Flow</i> runs according to:	• Open transactions – not reconciled. • Transactions Due Date.
The <i>Cash Flow</i> displays balances of:	• Cash holdings (for example cash received in the bank). • Expected cash flow in the future (for example future incoming payments and open invoices).
The system assigns the balances to:	• Various security levels - the level of certainty. For example: –Cash holdings belong to the first level - Cash accounts. –Expected incoming payments from open invoices belong to the forth level - Customer Liabilities.
The <i>Cashflow Forecast</i> report is:	A tool that enables generating quick and graphical cash flow report
The <i>Statement of Cash Flow</i> is:	Another report and a required legal document in many localizations.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

226

- Here are some key points to take away:
- Cash flow is a forecast report which reflects the monetary value of the company.
- The cash flow runs based on open transactions (not reconciled) and the transactions' due dates.
- The cash flow report displays balances of cash holdings (such as cash in the bank) and expected cash flow in the future (such as future incoming payments and open invoices).
- The system assigns the balances to various security levels based on the level of certainty. For example, cash holdings belong to the first level (cash accounts), while expected incoming payments from open invoices belong to the forth level - Customer Liabilities.
- The cashflow forecast report is a tool that lets you generate a quick, graphical cash flow report.
- The *Statement of Cash Flow* is another report and a required legal document in some localizations.

Dunning Letters

SAP Business One Version 9.3



SAP Run Simple

PUBLIC

- Welcome to the Dunning Letters topic.

Objectives



At the end of this topic, you will be able to:

- Run the Dunning wizard to generated dunning letters.

At the end of this topic, you will be able to:

- Run the Dunning wizard to generated dunning letters.

Business Scenario



- Maria tells you that controlling customer receivable status and minimizing payment delays is crucial.
- You introduce her with the **Dunning** process that enables sending reminder and warning letters for open A/R Invoices.

- Maria tells you that controlling customer receivable status and minimizing payment delays is crucial.
- You introduce her with the **Dunning** process that enables sending reminder and warning letters for open A/R Invoices.

Reflection Question

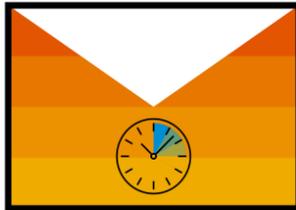


- What proactive steps can OEC Computers take to improve the company's *cash flow*?
- What kind of options does a company have to ensure timely payments?
- How can they prevent "bad debts"?

What proactive steps can OEC Computers take to improve the Cash Flow Results?
What kind of options does a company have to ensure timely payments?
How can they prevent "bad debts"?

Answer – Dunning Letters

- A complementary tool to enhance a positive cash flow will be to:
 - Send debtor statements for outstanding debts.
 - Charge the customer for interest and dunning fees for delayed payment.



To enhance a positive cash flow the first step will be to send debtor statements for outstanding debts. This statement can be printed out from the aging report. Once the customer's debt is overdue the next level of debt collection would be charging the customer interest and dunning fees. The company should activate a multilevel collection process, using the telephone, E-mail or printed reminders, for the remiss customer. This is done by the Dunning process.

Dunning Wizard

OEC Computers UK
 Clockhouse Place
 Feltham
 Middlesex TW14 8HD
 UNITED KINGDOM

1st Dunning Letter

Date: **07.11.17** Page: **1/1**

Customer No.: **C30000** VAT Number: **GB566678935**

Your Contact: **Bill Levine**

Printed by: **Jayson Butler**

Dear Sir/Madam,

The invoices listed below are due for payment.

We would greatly appreciate an early settlement of these invoices.

We considered payments received by: 07.11.17

#	Doc. No.	Doc.Date	Due Date	Level Description	Total Balance	Amount Due	Interest Days	Interest %	Interest Sum
001	IN 1314/1	05.09.17	05.10.17	1	300.00	300.00	32	0.60	1.79
002	IN 1315/1	01.08.17	31.08.17	1	300.00	300.00	66	1.23	3.68

Total Amount Due: **GBP 600.00**

Interest Total: **GBP 5.47**

Dunning Fee: **GBP 5.00**

Amount Total: GBP 610.47

Service Invoice No.: **1316**

A/R Invoice

Customer: C30000 No. Primary: **1316**

Name: Microchips Status: Open

Contact Person: Judy Brown Posting Date: 07.11.17

Customer Ref. No.: Due Date: 07.12.17

Local Currency: Document Date: 07.11.17

Item/Service Type	Service	G/L Acco...	G/L Account Name	Unit Price	Tax Code
1	Dunning Interest	740000	Interest Income	GBP 5.47	01
2	Dunning Fee	740000	Interest Income	GBP 5.00	01

SAP Business One provides a dunning wizard for producing reminder letters.

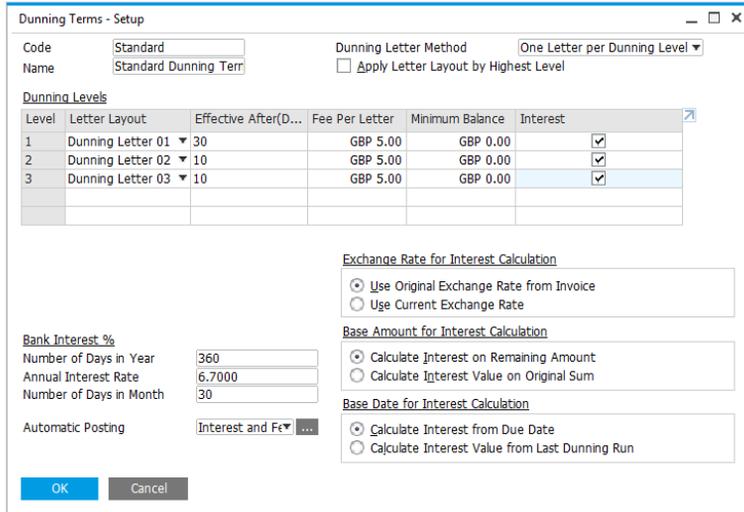
The Dunning Wizard enables you to create and send letters to customers that have not paid their open invoices within a given time range and reminds them of their overdue payments.

Go to **Sales A/R → Dunning Wizard**.

The dunning wizard runs through all the customers, checks all outstanding A/R invoices and transactions that represent debt, and enables you to print and send, or e-mail reminder letters of different levels of severity.

- In addition, service invoices are created automatically for interest and dunning fees during the dunning wizard run.
- This way, dunning interest and fees are reflected in the business partner account balance.
- For this purpose you need to configure the Dunning system.

Configuring the Dunning System (1/3)



Dunning Terms - Setup

Code: Standard Dunning Letter Method: One Letter per Dunning Level
 Name: Standard Dunning Term Apply Letter Layout by Highest Level

Dunning Levels

Level	Letter Layout	Effective After(D...	Fee Per Letter	Minimum Balance	Interest
1	Dunning Letter 01	30	GBP 5.00	GBP 0.00	<input checked="" type="checkbox"/>
2	Dunning Letter 02	10	GBP 5.00	GBP 0.00	<input checked="" type="checkbox"/>
3	Dunning Letter 03	10	GBP 5.00	GBP 0.00	<input checked="" type="checkbox"/>

Exchange Rate for Interest Calculation

Use Original Exchange Rate from Invoice
 Use Current Exchange Rate

Base Amount for Interest Calculation

Calculate Interest on Remaining Amount
 Calculate Interest Value on Original Sum

Base Date for Interest Calculation

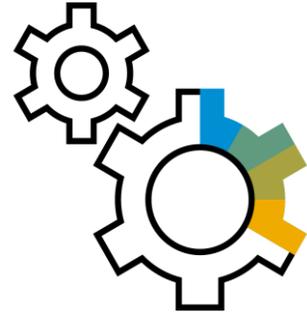
Calculate Interest from Due Date
 Calculate Interest Value from Last Dunning Run

Bank Interest %

Number of Days in Year: 360
 Annual Interest Rate: 6.7000
 Number of Days in Month: 30

Automatic Posting: Interest and Fee

OK Cancel



To configure the dunning system, go to the *Administration* module. In the *Setup* menu, choose the *Business Partners* sub-menu and then the *Dunning Terms* option.

In each dunning term, you can define multiple levels of dunning letters. This definition will set the automatic creation of dunning letters.

For each level, you can define when to send the letter, how much fee to charge per letter, and whether to charge interest or not.

A best practice would be to make each level more severe.

Let us examine the example shown in the image:

- In the first dunning letter, the *Effective After* field states the value 30. This means that 30 days after the due date of the open invoice, dunning letter 01 will be recommended for issue.
- Dunning letter 02 will be issued 10 days after dunning letter 01 was issued.
- Dunning letter 03 will be issued 10 days after dunning letter 02 was issued.
- You can also see that every letter will invoice the customer a fee of 5, plus an interest amount.

Configuring the Dunning System (2/3)

Dunning Terms - Setup

Code: Standard Dunning Letter Method: One Letter per Dunning Level
 Name: Standard Dunning Term Apply Letter Layout by Highest Level

Level	Letter Layout	Effective After(D...)	Fee Per Letter	Minimum Balance	Interest
1	Dunning Letter 01	30	GBP 5.00	GBP 0.00	<input checked="" type="checkbox"/>
2	Dunning Letter 02	10	GBP 5.00	GBP 0.00	<input checked="" type="checkbox"/>
3	Dunning Letter 03	10	GBP 5.00	GBP 0.00	<input checked="" type="checkbox"/>

Exchange Rate for Interest Calculation
 Use Original Exchange Rate from Invoice
 Use Current Exchange Rate

Base Amount for Interest Calculation
 Calculate Interest on Remaining Amount
 Calculate Interest Value on Original Sum

Base Date for Interest Calculation
 Calculate Interest from Due Date
 Calculate Interest Value from Last Dunning Run

Bank Interest %
 Number of Days in Year: 360
 Annual Interest Rate: 6.7000
 Number of Days in Month: 30

Automatic Posting Interest and Fee:

Automatic Posting
 Interest Account: 241000
 Fee Account: 240010

Report and Layout Manager

#	Layout ID	Layout Name	Type	Language
1	DUN00001	Dunning Letter 01 (System)	PLD	English (UK)
2	DUN00002	Dunning Letter 01 - CR (CR) (Use Crystal Reports)		English (UK)

Selected Layout: DUN00002
 Name: Dunning Letter 01 - CR
 Layout Type: Crystal Reports
 Last updated: 22.07.17
 Author: System
 Status: Active
 01 Version
 08 Location
 English (UK) Language

When you select at least one interest option in one of the levels, the *Bank Interest %* section appears at the bottom with the relevant fields for you to define.

In the *Annual Interest Rate* field define the rate to be used in calculations in the dunning letter.

In the *Automatic Posting* field, specify whether to automatically post interest and fee, interest only, or fee only when creating a dunning letter for a customer. If you choose to automatically post interest and/or fee, a service invoice is created in the dunning run that posts the interest and/or fee.

To enable this, accounts for posting interest and fee must be specified. The default accounts are taken from the G/L account determination. However, you can change this setting by choosing the browse icon and specifying different accounts.

You can also choose not to post any interest or fee.

You can edit the default dunning letters in the *Report and Layout Manager* which is found in the General Setup area of the Administration module.

Configuring the Dunning System (3/3)

The screenshot displays the SAP Business Partner Master Data configuration for a customer. The interface is divided into several tabs: General, Contact Persons, Addresses, Payment Terms, Payment Run, and Accounting. The Payment Terms tab is currently active, showing fields for Payment Terms (2P10Net30), Dunning Term (Standard), and Automatic Posting (Interest and Fee). The Accounting tab is highlighted, showing fields for Block Dunning Letters (unchecked), Dunning Level (1), Dunning Date (07.11.17), and Connected Vendor. A cartoon character is overlaid on the screen, pointing to the Accounting tab.

Each customer must be assigned a dunning term. It is possible to set up a default dunning term for new customers on the *BP* tab in the *General Settings*.

The dunning term will appear in the customer master data record on the *Payment Terms* tab.

Once a dunning term is selected for the business partner, the *Automatic Posting* field appears. The value in this field is taken from the definition in the *Dunning Terms – Setup* window but can be changed for each customer.

Now you can run the *Dunning Wizard* to view delinquent customers and send dunning notices, as well as service invoices for interest and dunning fees.

After running the *Dunning Wizard*, you can also track the last level of dunning letters in the *Accounting* tab of the master data.

Connected Vendors in the Dunning Wizard

Consider Connected Vendors

Check this box when selecting customers in the wizard

Dunning Wizard Filter table

Recommendation Report
In this step you can set the date by which you expect payment from the customer, modify the relevant columns, and change the selection of invoices to be dunned.

Time: 11:13 User: Jayson Butler
New Due Date: 09.11.17

#	Customer Code	Letter No.	Level	BP Name	Doc. No.	Due Date	Document Amou...	Open Amount (LC)	Interest Days	Interest %	Interest Amount (LC)	Total incl. Interest
1	▼ C20000			➔ Maxi Teq								
2		▼ 1					GBP 42,200.00	GBP 42,200.00				GBP 116.43
3			0		➔ IN 1318/1	31.10.17	GBP 24,200.00	GBP 24,200.00	8	0.15		GBP 36.03
4			0		➔ IN 1319/1	15.10.17	GBP 18,000.00	GBP 18,000.00	24	0.45		GBP 80.40
5		▼ 2					GBP -9,000.00	GBP -9,000.00				GBP 0.00
6			0	➔ Maxi Vendor	➔ PU 729/1	02.10.17	GBP -8,640.00	GBP -8,640.00				GBP 0.00
7			0		➔ PU 732/1	17.10.17	GBP -360.00	GBP -360.00				GBP 0.00

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

236

SAP Business One can display open transactions of connected vendors in the dunning wizard recommendation report.

When Maria, the accountant, runs the dunning wizard, she also considers the debts of OEC Computers to connected vendors, before sending dunning letters.

Look at the image. This is a recommendation report for the business partner Maxi Teq, which is both a customer and vendor of OEC Computers. The customer and the vendor master data are connected.

Therefore the recommendation report displays the open transactions of Maxi Teq the vendor as well.

Note that to display transactions of connected vendors, you have to check the *Consider Connected Vendors* box while running the wizard.

Also note that the open balance of vendors and the open balance of customers are displayed separately and thus do not affect any customer dunning calculation or the content of letters.

To learn more about connected business partners, refer to the ***Customers and Customer Groups*** topic.

Summary



Here are some key points:

The **dunning wizard** runs through:

- All the customers and checks all outstanding A/R invoices and transactions that represent debt.

The dunning wizard enables you to:

- E-mail or print and send reminder letters with different levels of severity.
- Automatically create service invoices for interest and dunning fees.
- View connected vendors open transactions.

In the *Dunning Terms* window you set:

- The dunning letter levels.
- The fee and interest for each level.
- Interest level and G/L account for creating the automatic invoices.

In the Business master data you can:

- Configure and monitor dunning information of a customer.

Here are some key points to take away:

- The dunning wizard runs through all customers and checks all outstanding A/R invoices and transactions that represent debt.
- The dunning wizard enables you to:
 - E-mail or print and send reminder letters with different levels of severity.
 - Automatically create service invoices for interest and dunning fees.
 - View connected vendors open transactions.
- In the *Dunning Terms* window you set:
 - The dunning letter levels.
 - The fees and interest for each level.
 - Interest level and G/L account for creating the automatic invoices.
- In the business master data, you can configure and monitor dunning information of a customer.

Fixed Assets - Introduction

SAP Business One, Version 9.3



SAP Run Simple

- Welcome to the fixed assets – introduction topic.

Objectives

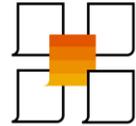


At the end of this topic, you will be able to:

- Explain the process of managing fixed asset items.
- Recognize key terms in the Fixed Assets solution.

- After completing this topic, you will be able to:
 - Explain the process of managing fixed asset items.
 - Recognize key terms in the Fixed Assets solution.

Business Scenario

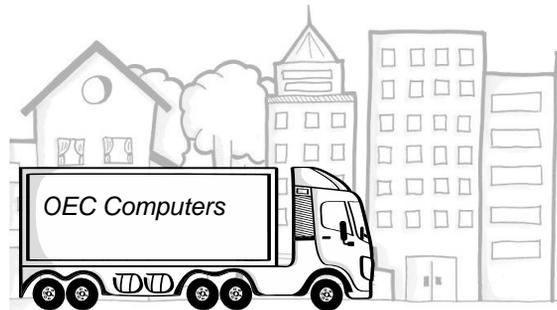


OEC Computers utilizes a small fleet of delivery trucks.

Therefore, they own a few trucks.

Bryce, the accountant, wants to have the option to manage and monitor the trucks' value.

You tell him about the *Fixed Assets* solution in SAP Business One.



- Let us look at a business example:
 - OEC Computers utilizes a small fleet of delivery trucks.
 - Therefore, they own a few trucks.
 - Bryce, the accountant, wants to have the option to manage and monitor the trucks' value.
 - You tell him about the Fixed Assets solution in SAP Business One.

Enable the Fixed Assets Solution

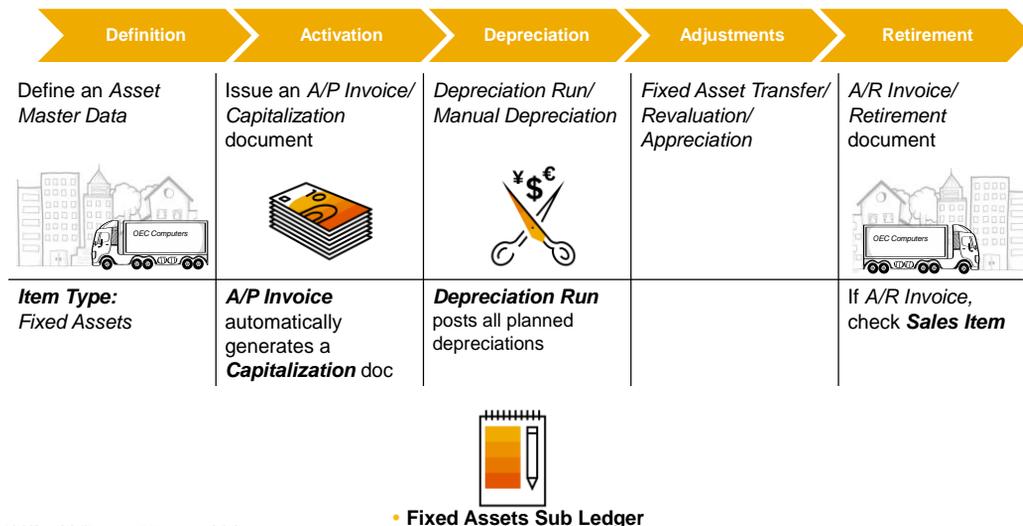
- **Administration → System Initialization → Company Details → Basic Initialization**
- Check the *Enable Fixed Assets* box:

New windows and fields will be available for the user:

- **Administration → Setup → Financials → Fixed Assets.**
- **Financials → Fixed Assets.**

- Let us start by reviewing the sub-menu and windows in SAP Business One.
- To enable the fixed asset solution go to the Basic Initialization tab in Company Details window.
- Select the Enable Fixed Assets checkbox.
- Once the user checks the box, the Fixed Assets functionality will be activated and new windows and fields will be available under Administration → Setup → Financials → Fixed Assets.
- And under Financials → Fixed Assets.
- In this Fixed Assets sub-menu you can find the Asset Master Data window.
- This window is very similar to the Item Master Data window, but with the addition of the Fixed Assets Item Type and the Fixed Assets tab.
- Once the solution is activated, you cannot deactivate it.
- Note that you need to make decisions about legal and industry requirements together with the client accountant.

The Life Cycle of an Asset Master Data in SAP Business One

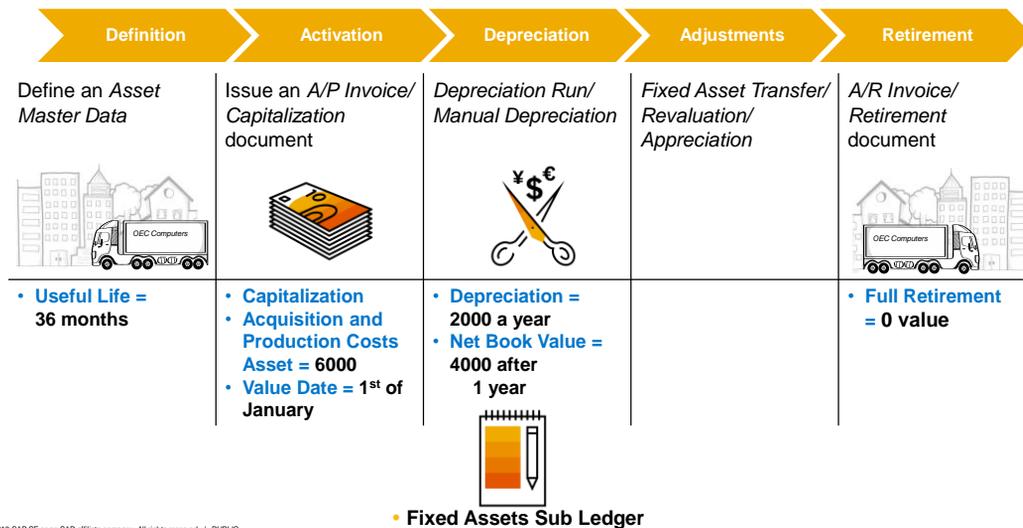


© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

242

- Let us review the life cycle of a fixed asset item in SAP Business One from purchasing through capitalization, then depreciation and until zero net book value.
- This is the process at a glance. In the next slides, we will talk more about the different steps.
- The first step is set up a fixed asset in the Fixed Assets Master Data window. This window allows you to define and manage all fixed assets item types. In our example, we will set up a fixed asset record for a new truck that OEC Computers purchased at the beginning of the fiscal year.
- An Asset Master Data record is activated when the user purchases a fixed asset using an A/P Invoice. The A/P Invoice automatically generates a Capitalization document.
- The user can choose whether to generate the Capitalization document directly, or to automatically generate it from the A/P Invoice.
- When a user executes a depreciation run, the system carries out the depreciation planned up to the specified date.
- Additional fixed assets documents support the need for adjustments, if necessary, during the life cycle of a Fixed Assets item type: Fixed Asset Transfers, Revaluation, or Appreciation of an asset.
- In order to decide which of the adjustment documents to use, you need to verify, together with the client accountant, what the legal and industry requirements are.
- And finally, the user can retire a fixed asset using an A/R invoice. The A/R Invoice automatically generates a Retirement document.
- In order to retire the asset on an A/R invoice, the user should mark the Asset Master Data record as a Sales Item.
- All transactions are registered to the fixed assets sub-ledger and can be followed in the various dedicated reports.

The Life Cycle of an Asset Master Data – Terminology Context

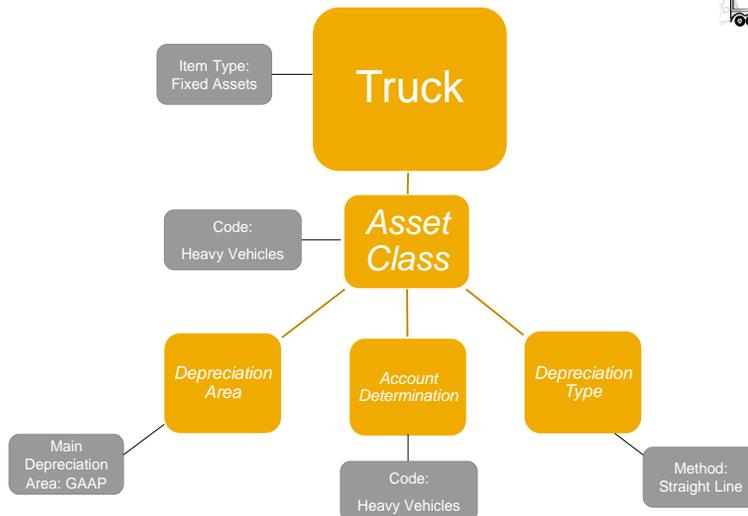


© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

243

- Let us look at the life cycle of an asset master data with reference to standard accounting terminology. The terminology is highlighted in blue in the slide.
- In our example, when we define the new truck that OEC Computers purchased, we define the asset's **Useful Life**. An asset's useful life is the period during which an asset is expected to be usable for the purpose for which it was acquired. Useful life may, or may not, correspond with the asset's actual physical life, or economic life. Before the end of an asset's useful life, the asset should be written off completely. We define this truck's useful life as **36 months**.
- The Asset Master Data record is activated when the user purchases a fixed asset using an A/P Invoice. The A/P Invoice automatically generates a Capitalization document.
- Capitalization** is the process of recording an **acquisition and production cost as a fixed asset**. The acquisition value of the truck is **6000**.
- The **Asset Value Date** sets the Capitalization Date in the Asset Master Data.
- In the A/P Invoice, the Asset Value Date (under the Accounting tab) is set by default to be the same as the A/P Invoice posting date. This date can be changed before adding the A/P Invoice to update the Asset Value Date in the Capitalization document. For the truck we enter the **1st of January**.
- Each period the company calculates the **Depreciation** on the asset. Depreciation is the reduction in the book value of an asset over its useful life for both tax and accounting purposes. Depreciation would be included in the company expenses. The truck is planned to reduce its value by **2000** each year.
- During the asset's useful life, the system calculates the item's **Net Book Value**. The net book is the calculated value of an asset using the historical cost of the asset minus any accumulated depreciation. So in our case, after the first year the truck's value will be **4000**.
- Retirement** is the removal of an asset or part of an asset from the asset portfolio.
- There are two ways to retire a fixed asset: by A/R invoice if you are selling the asset or by a Retirement document if there is no customer involved and you need to write off the fixed asset. After the asset is fully retired, its value in the asset balance sheet account, in the **Fixed Assets Sub Ledger**, will be registered as zero.
- Note, that in the Retirement document there is an option for a partial retirement. In this case, the asset will hold the remaining value until the end of the item useful life.

Fixed Assets Definition



- Let us look at our example. We have the new truck that OEC Computers purchased at the beginning of the fiscal year. Which definitions are required to manage the asset life cycle?
- First, we define this truck as an Asset Master Data.
- Then, we attach a set of definitions relevant to this kind of asset to the asset master data. In our example we use the Heavy Vehicles set of definitions.
- The main definition in the Asset Master Data is the Asset Class which includes the association to the other definitions: Depreciation Area, Account Determination and Depreciation Type.
- Each fixed asset will be assigned to one asset class. In our example, the **Truck** belongs to the **Heavy Vehicles** asset class.
- Each asset class includes the default definition of the other settings.
- The Depreciation Area is a financial dimension showing the valuation of the asset for a given purpose, for example: book depreciation, tax depreciation, or depreciation for cost accounting.
- You need to define one depreciation area as the main area.
- In our example, the main area is **GAAP** that is, Local **G**enerally **A**ccepted **A**ccounting **P**inciples
- The user can define an additional area if necessary. In our example, we define the **IFRS** as the additional area that is, **I**nternational **F**inancial **R**eporting **S**tandards.
- The main depreciation area (GAAP in our example) posts transactions to the system.
- The additional area (IFRS in our example) can be used for reports.
- The Account Determination definition enables the system to automatically select the relevant G/L accounts for assets accounting.
- The Depreciation Type classifies the depreciation based on the reason for the value adjustment. Including the option to define the method for the value calculation. In our example we choose the Straight Line method.

Asset Master Data



Asset Master Data

Item No. Manual Transit van
 Description Transit van
 Foreign Name
 Item Type Fixed Assets
 Item Group Vehicles
 UoM Group Manual
 Price List Base Price Unit Price Primary Cure*

Inventory Item
 Sales Item
 Purchase Item
 Virtual Item

General Purchasing Data Sales Data Inventory Data **Fixed Assets** Planning Data Production Data Properties Remarks Attachments

Overview Values Depreciation Cost Accounting Attributes

Status Active
 Asset Class **Heavy Vehicles**
 Asset Group
 Depreciation Group
 Inventory No.
 Serial Number
 Location
 Technician
 Employee
 Constitution Date 01.18
 Statistical Asset
 Cession

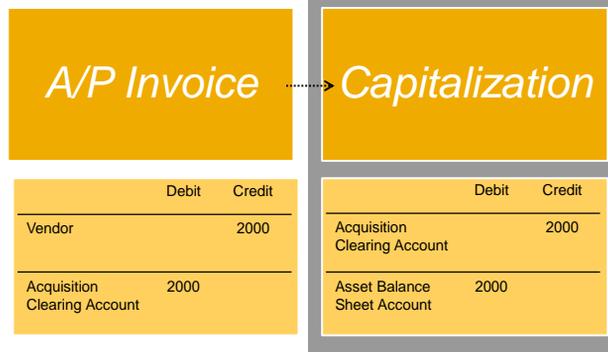
Depreciation Area GAAP
 Fiscal Year 2018
 Historical APC GSP 0.00
 Acquisition and Production Costs GSP 2,000.00
 Net Book Value GSP 1,500.00
 Historical NBV GSP 1,500.00
 Ordinary Depreciation GSP 500.00
 Unplanned Depreciation GSP 0.00
 Special Depreciation GSP 0.00
 Write-Up GSP 0.00
 Salvage Value GSP 0.00
 Quantity

Depreciation Area	Depreciation Start Date	Depreciation End Date	Useful Life (Months)	Remaining Life (Months)	Depreciation Type
GAAP	01.01.18	31.12.21	48	48	SL
JFRS	01.01.18	31.12.21	48	48	MY_DB

OK Cancel

- Once you attach the Asset Class to the Asset Master Data window all related definitions will apply to the selected asset.
- In the example shown, you can see that the Depreciation Areas and the Depreciation Types defined for the **Heavy Vehicles** Asset Class apply to the Asset Master Data record displayed.
- You can follow the process of managing an asset by using the different sub-tabs in the Asset Master Data. Besides the Overview tab, there are tabs for values, depreciation, cost accounting and Attributes.

Fixed Assets Activation



- The user can purchase a fixed asset using an A/P Invoice. The A/P Invoice automatically generates the Capitalization document.
- The user can choose whether to generate the Capitalization document directly, or to automatically generate it from the A/P Invoice.
- In both options the Asset Master Data is **activated**.
- The graphic shows the automatic journal entries created during the process with the associated accounts.
- If a vendor is not involved, then the user can generate a Capitalization document directly. In this case, only the Capitalization journal entry will be created and therefore the clearing account will appear as an obligation in the Balance Sheet.
- Remember that the accounts are derived from the definition in the Asset Master Data.
- Note that the Asset Value Date is set by default to be the same as the A/P Invoice Posting Date. This date can be changed before adding the A/P Invoice to update the Capitalization Asset Value Date.

Fixed Assets Depreciation



Asset Master Data

Item No. Manual Transit Van
Description Transit Van
Foreign Name
Item Type Fixed Assets
Item Group Vehicles
UoM Group Manual
Price List Base Price

Bar Code
Unit Price
Primary Curre*

Inventory Item
 Sales Item
 Purchase Item
 Virtual Item

General Purchasing Data Sales Data Inventory Data Fixed Assets Planning Data Production Data Properties Remarks Attachments

Overview Values Depreciation Cost Accounting Attributes

Depreciation Area: GAAP
Fiscal Year: 2018

#	Period	Planned Depreciation	Posted Depreciation	Automatic Depreciation	Manual Depreciation
1	1	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
2	2	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
3	3	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
4	4	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
5	5	GBP 41.67	GBP 208.35	GBP 208.35	GBP 0.00
6	6	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
7	7	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
8	8	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
9	9	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
10	10	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
11	11	GBP 41.67	GBP 0.00	GBP 0.00	GBP 0.00
12	12	GBP 41.63	GBP 0.00	GBP 0.00	GBP 0.00
		GBP 500.00	GBP 208.35	GBP 208.35	GBP 0.00

OK Cancel

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

247

- **Depreciation** is used to write off the cost of an asset over its useful lifetime.
- It represents the reduction in the book value of an asset for both tax and accounting purposes.
- Depreciation would be included within the company expenses.
- The system predicts the yearly expected depreciation rate according to the Asset Master Data definitions (that is Asset Class, Depreciation Area, Account Determination and Depreciation Type).
- You can view this information in the Asset Master Data and in the Asset Depreciation Forecast Report.

Depreciation Run



Depreciation Run - Results

Depreciation Area: GAAP Status: Depreciation Posted

Depreciate To: 31.05.18

Posting Date: 22.05.18

Remarks: _____

Consolidate Journal Entry Rows by Projects

Consolidate Journal Entry Rows by Distribution Rules

#	Asset Class	Journal Entry	Cancellation Journal Entry	Asset No.	Asset Description	Ordinary Depreciation	Special Depreciation
▼	Heavy Vehicles	2258					
				→	Semi Trailer	GBP 833.35	GBP 0.00
				→	Transit Van	GBP 208.35	GBP 0.00
				→	Truck	GBP 250.00	GBP 0.00

Expand Collapse

Journal Entry

Series: Primary Number: 2258 Posting Date: 22.05.18 Due Date: 22.05.18 Doc. Date: 22.05.18 Remarks: Depreciation Run - GAAP - Heavy Vehicles

Origin: 3 Origin No.: 2286 Trans. No.: Template Type: Template: Indicator: Project:

DR: Trans. Code: 3 Ref. 1: Ref. 2: Ref. 3:

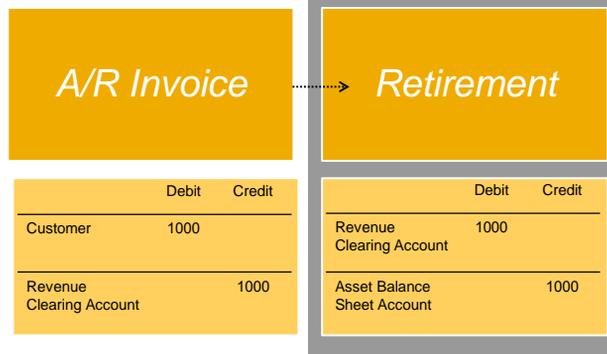
Blanket Agreement: _____

Expand Editing Mode

#	GL AcctBP Code	GL AcctBP Name	Debit	Credit	Tax Group	Federal Tax ID	Tax Amount
1	644509	Vehicles Ordinary Depreciation	GBP 833.35				
2	124709	Vehicles Accumulated Ordinary Dep		GBP 833.35			

- The user can execute the **Depreciation Run** option to update the asset's value with the actual depreciation.
- Only when you execute a depreciation run does the system carry out all depreciation planned up to a specified date.
- In order to trigger the posting of a planned depreciation it is usually sufficient to start one depreciation run for several posting periods. However, it is possible to execute several depreciation runs for the same depreciation period.
- A depreciation run can be repeated as often as necessary, provided no depreciation run has been executed for the following periods. A repeat depreciation run may be necessary, if the asset values have changed once again after posting planned depreciation. When repeating a depreciation run, only the value differences to the postings of the last depreciation run are considered.
- Note!
- In the example shown, we use the indirect depreciation, the system uses the accumulated depreciation account to post the depreciation. The asset balance sheet account is affected only when the asset is purchased or retired.
- In direct posting method for depreciation, the system posts the depreciation directly to the asset balance sheet account specified for the asset.

Fixed Assets Retirement



- There are two ways to retire a fixed asset: by A/R invoice if you are selling the asset or by a Retirement document if there is no customer involved.
- In case the company sells the asset at the end of its useful life (or before), the user can retire the item using an A/R invoice.
- The A/R Invoice automatically generates a **Retirement** document.
- A Retirement document can be issued directly in case a customer is not involved and you need to write off the fixed asset.
- In this case, different accounts will be involved in the journal entry attached to the Retirement document.
- If you use the A/R Invoice option, make sure you define the Assets Master Data as a Sales Item.
- Now, the Net Book Value of the Asset Master Data is set to zero.
- Note, that in the Retirement document there is an option for a partial retirement. In this case, the asset will hold the remaining value until the end of the item useful life.

Asset History Sheet



Asset History Sheet

#	Balance Sheet...	Account Name	Asset Class	Asset No.	Asset Description	Capitalization Date	Useful Life	Remaining Life	Depr. Type	Capitalization	Depreciation	APC on End Date	NBV on End Date	Depr. on End ...	Accum. Depr. on End Date
	124591	Vehicle Balance Sheet Acc	Heavy 1							GBP 8,000.00	GBP 833.35	GBP 8,000.00	GBP 7,166.65	GBP 833.35	GBP 833.35
			Semi Tra Semi Trailer		01.01.18	48	42	SL		GBP 8,000.00	GBP 833.35	GBP 8,000.00	GBP 7,166.65	GBP 833.35	GBP 833.35
			Transit V Transit Van		01.01.18	48	42	SL		GBP 3,600.00	GBP 375.00	GBP 3,600.00	GBP 3,225.00	GBP 375.00	GBP 375.00
			Truck		01.01.18	48	42	SL		GBP 2,000.00	GBP 208.35	GBP 2,000.00	GBP 1,791.65	GBP 208.35	GBP 208.35
										GBP 2,400.00	GBP 250.00	GBP 2,400.00	GBP 2,150.00	GBP 250.00	GBP 250.00
										GBP 8,000.00	GBP 833.35	GBP 8,000.00	GBP 7,166.65	GBP 833.35	GBP 833.35

OK Expand Collapse

The *Asset History Sheet* report:

- Can be issued for all fixed assets,
- Displays all posted asset transactions in a fiscal year,
- Presents the assets for each Balance Sheet account.

- The Asset History Sheet is the most important supplement to the balance sheet from the fixed assets point of view.
- The report can be issued for all fixed assets.
- It displays all posted asset transactions in a fiscal year and presents the assets for each Balance Sheet account.

Summary (1/2)



Here are some key points to take away:

The main definition in the *Asset Master Data* is:

- The *Asset Class* which includes the association to the other definitions: *Depreciation Area*, *Account Determination* and *Depreciation Type*.

The asset master data is activated when:

- The user purchases a fixed asset using an *A/P Invoice*.
- The *A/P Invoice* automatically generates the *Capitalization* document.
- The user can generate the *Capitalization* document directly.

Depreciation is:

- Used to write off the cost of an asset over its useful lifetime.
- Included within the company expenses.

- Here are some key points to take away:
 - The main definition in the Asset Master Data is the Asset Class which includes the association to the other definitions for Depreciation Area, Account Determination and Depreciation Type.
 - The asset master data record is activated when a user purchases a fixed asset using an A/P invoice. The A/P invoice automatically generates the Capitalization document. A user also has the option to generate the Capitalization document directly.
 - Depreciation is used to write off the cost of an asset over its useful life. Depreciation is included as a company expense.

Summary (2/2)



The *Depreciation Run* option:

- Carries out all depreciation planned up to the a specified date.
- Updates the asset master data value with the actual depreciation.

A fixed asset is retired by:

- An *A/R invoice* if you are selling the asset, or
- By a *Retirement* document if there is no customer involved.
- The *A/R Invoice* automatically generates a *Retirement* document which sets the net book value of the asset to zero.

The *Asset History Sheet* displays:

- All posted asset transactions in a fiscal year.
- The assets for each *Balance Sheet* account.

- The Depreciation Run option carries out all depreciation planned up to a specified date and updates the asset master data value with the actual depreciation.
- A fixed asset is retired by an A/R invoice if you are selling the asset, or by a Retirement document if there is no customer involved. The A/R Invoice automatically generates a Retirement document which sets the net book value of the asset to zero.
- The Asset History Sheet displays all posted asset transactions in a fiscal year and the assets for each balance sheet account.

Virtual Fixed Asset

SAP Business One, Version 9.3



SAP Run Simple

- Welcome to the Virtual Fixed Asset topic.

Objectives



At the end of this topic, you will be able to:

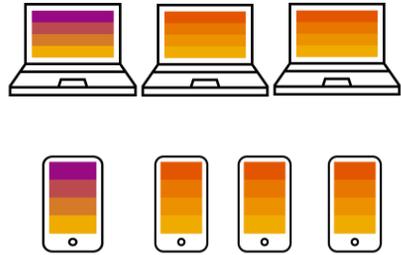
- Explain the process of managing virtual fixed assets.

- After completing this topic, you will be able to explain the process of managing virtual fixed assets.

Virtual Fixed Asset

Fixed assets with the virtual item function:

- Allows definition of a template item representing the fixed asset.
- Enables the company to purchase identical fixed assets in large quantities for internal use.
- Automatically creates the same quantity of asset master data records, and capitalize them for you.
- Optionally, you can manage serial numbers for the generated virtual fixed assets.



- When your company needs to purchase identical fixed assets in large quantities for internal use, create a virtual item representing the fixed asset.
- In the *A/P Invoice* choose this template item and enter a certain quantity in the item row.
- Then, SAP Business One automatically creates the same quantity of asset master data records, and capitalizes them for you.
- Using this function can free you from having to manually enter large amounts of repeated information; hence helping to improve your company's efficiency in managing fixed assets.
- Optionally, you can manage serial numbers for the generated virtual fixed assets.
- You can use the virtual item definition for cases where the company purchases identical assets for office usage, such as laptops, mobile phones or chairs.
- Let us see how to work with virtual fixed assets.

Creating a Virtual Fixed Asset

The screenshot shows two SAP windows. The top window is 'Series - Items - Setup' with the following data:

#	Name	First No.	Next No.	Last No.	Prefix	Suffix	Remarks	Group	No. of Digits	Lock
1	Manual									<input type="checkbox"/>
2	Auto	1000001	1000030		I	FA		1	7	<input type="checkbox"/>
3	FA	4000001	4000037		Virtual	FA		1	7	<input type="checkbox"/>

The bottom window is 'Asset Master Data' for item 'FA'. The 'Description' is 'Mobile Phone'. The 'Item Type' is 'Fixed Assets'. The 'Item Group' is 'Company Equipment'. The 'UoM Group' is 'Manual'. The 'Price List' is 'Base Price'. The 'Virtual Item' checkbox is checked, and the 'Enforce Serial Numbers' checkbox is also checked. The 'Status' is 'New' and the 'Asset Class' is 'IT Equipment'. The 'Depreciation Area' is 'GAAP' and the 'Fiscal Year' is '2018'.

- The virtual Item checkbox is available only if you use numbering series for the asset master data.
- Using the numbering series, enables the system to create several new assets when a virtual item is purchased in a single transaction row.
- Note that both master data, that is fixed asset and items, use the same numbering series setup.
- Once you define an asset master data as a virtual item, you can start using it as a template for purchasing a bulk of identical assets.
- OEC Computers defined a virtual item for the mobile phones they purchase for their employees.
- Selecting the Enforce Serial Numbers box means that when you purchase assets by using virtual items in A/P invoices, you must specify a serial number for each generated asset.

Capitalizing Virtual Fixed Assets

Without Enforce Serial Numbers

Item/Service Type	Item	Quantity	Unit Price	Disc...	Tax Code	Total (LC)
1	Virtual4000038FA Mobile Phone	9	GBP 300.00	0.00	X1	GBP 2,700.00
2						

Asset Master Data:

Item No.: FA Virtual4000047FA
 Description: Mobile Phone
 Item Type: Fixed Assets
 Item Group: Copmany Equipment
 UoM Group: Manual
 Price List: Base Price
 Status: Active
 Asset Class: IT Equipment
 Depreciation Area: Fiscal Year
 Depreciation Area: GAAP
 Fiscal Year: 2018
 Historical APC: GBP 0.00
 Acquisition and Production Costs: GBP 300.00
 Net Book Value: GBP 150.00
 Historical NBV: GBP 150.00
 Ordinary Depreciation: GBP 150.00
 Unplanned Depreciation: GBP

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

- Virtual items can be capitalized by A/P invoices only.
- The quantity of the automatically created asset master data is the same as the quantity you specified in the A/P invoice (9 in our example).
- The item numbers are automatically assigned to newly created asset master data, according to the rules you have defined for the series used in the master data of the virtual fixed asset.
- In our example, when OEC Computers enter a quantity of 9 mobile phones in the A/P Invoice row, the system automatically creates 9 asset master data, one for each mobile phone.
- The information in the asset master data of the virtual fixed asset is copied to the newly created asset master data, except the Virtual Item checkbox which stays unselected.
- The assets created are regular fixed assets with monetary values. The virtual item functions as a template and therefore will not have any values under the Fixed Assets tab.

Capitalizing Virtual Fixed Assets

A/P Invoice

Vendor: V22000
 Name: Ocean Computers
 Contact Person: Joe Wilson
 Vendor Ref. No.:
 BP Currency: GBP

No.: Primary 731
 Status: Open
 Posting Date: 01.01.18
 Due Date: 31.01.18
 Document Date: 01.01.18

Without Enforce Serial Numbers

#	Item No.	Item Description	Quantity	Unit Price	Disc...	Tax Code	Total (LC)
1	Virtua4000038FA	Mobile Phone	9	GBP 300.00	0.00	X1	GBP 2,700.00
2					0.00	11	

Capitalization

Origin: PU Origin No.: 731 No.: Primary 6
 Status: Posted
 Posting Date: 01.01.18
 Depreciation Area: * Document Data: 01.01.18
 Reference: Asset Value Date: 01.01.18

#	Asset No.	Asset Description	Total (LC)	Quantity	Remarks
3	Virtua4000041FA	Mobile Phone	GBP 300.00		
4	Virtua4000042FA	Mobile Phone	GBP 300.00		
5	Virtua4000043FA	Mobile Phone	GBP 300.00		
6	Virtua4000044FA	Mobile Phone	GBP 300.00		
7	Virtua4000045FA	Mobile Phone	GBP 300.00		
8	Virtua4000046FA	Mobile Phone	GBP 300.00		
9	Virtua4000047FA	Mobile Phone	GBP 300.00		

Remarks: Total GBP 2,700.00

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC 258

- A Capitalization document including the created assets is issued automatically as well as a journal entry against the asset account.
- Note that you can include multiple virtual fixed assets in the same A/P invoice, but you **cannot** include both virtual fixed assets and normal fixed assets in the same A/P invoice.

Capitalizing Virtual Fixed Assets

Fixed Asset \neq Inventory item

259

- If you chose to enforce serial numbers then you will have to define these numbers when purchasing the assets in the A/P invoice.
- In the A/P invoice, right click and choose the Asset Serial Numbers option. In the Asset Serial Numbers – Setup window enter serial numbers for each asset purchased through the A/P invoice row.
- The rest of the process is the same as described in the previous slides. The only difference is that the created asset master data will include the serial number you entered in the A/P Invoice. You can track the serial number in the asset master data. The A/P Invoice also holds the created serial numbers and you can view them by right clicking the created A/P invoice.
- Note that you cannot define an asset master data as an inventory item and therefore these are not regular serial numbers. They are asset serial numbers saved in the asset master data for tracking purposes.

Capitalizing Virtual Fixed Assets – Tip!



List of - Settings

#	Field Name	Displayed Name	Group	Visible	Dis...
1	Item No.	Item No.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	Item Description	Item Description	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	In Stock	In Stock	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	Virtual Asset Item	Virtual Asset Item	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Sort Order: Ascending

Buttons: OK, Cancel, Restore Default

List of Items

#	Item No.	Item Description	In Stock	Virtual Asset Item
27	100009	PCM PowerShot A15	348.000	No
28	100080	PCM SLK 3000	351.000	No
29	100011	KG 4-Port USB 2.0 Travel H...	333.000	No
30	100012	KG PC-to-Mac Transfer Kit	348.000	No
31	100013	SDHC 64 GB microSD 10	0.000	No
32	1100001FA	Laptop	0.000	Yes
33	1100002FA	Laptop	0.000	No
34	1100003FA	Laptop	0.000	No
35	1100004FA	Laptop	0.000	No
36	1100005FA	Laptop	0.000	No
37	1100006FA	Laptop	0.000	No
38	1100007FA	Comouter	0.000	Yes
39	1100008FA	Comouter	0.000	No
40	1100009FA	Comouter	0.000	No

Buttons: Choose, Cancel, New

- When issuing an A/P invoice, to facilitate spotting a virtual item out of the list of items and fixed assets, modify the list of items settings and display the Virtual Asset Item field.
- To do that, after opening the List of Items window, choose the Form Setting icon from the upper menu bar to modify the list display.

Summary (1/2)



When your company needs to purchase identical fixed assets in large quantities for internal use:

- Create a virtual item representing the fixed asset.
- In the A/P Invoice choose this template item and enter a certain quantity in the item row (virtual items can be capitalized by A/P invoices only).

Once you add the A/P invoice with the virtual item:

- Asset master data records are automatically created in the same quantity you have specified in the A/P invoice row.
- A *Capitalization* document including the created assets is issued automatically as well as a journal entry against the asset account.

- When your company needs to purchase identical fixed assets in large quantities for internal use, create a virtual item representing the fixed asset.
- In the A/P Invoice choose this template item and enter a certain quantity in the item row (virtual items can be capitalized by A/P invoices only).
- Once you add the A/P invoice with the virtual item:
 - Asset master data records are automatically created in the same quantity you have specified in the A/P invoice row.
 - A Capitalization document including the created assets is issued automatically as well as a journal entry against the asset account.

Summary (2/2)



Few facts about virtual fixed assets:

- The Virtual Item checkbox is available only if you use numbering series for the asset master data.
- **If you chose to enforce serial numbers for an asset master data**, you will have to define these numbers when purchasing the asset in the A/P invoice.
- **You cannot define an asset master data as an inventory item** therefore these are not regular serial numbers. They are asset serial numbers saved in the asset master data for tracking purposes.

- Few facts about virtual fixed assets:
 - The Virtual Item checkbox is available only if you use numbering series for the asset master data.
 - If you chose to enforce serial numbers for an asset master data, you will have to define these numbers when purchasing the asset in the A/P invoice.
 - You cannot define an asset master data as an inventory item therefore these are not regular serial numbers. They are asset serial numbers saved in the asset master data for tracking purposes.

Cost Accounting

SAP Business One, Version 9.3



- Welcome to the Cost Accounting topic.

Objectives



At the end of this topic, you will be able to:

- Describe how to manage cost accounting

- In this topic, we will look at the benefits of using cost accounting and describe how to manage it.

Business Example



You are implementing SAP Business One at a new customer, OEC Computers.

The company is divided into departments:

- Sales
- Support
- Development

The sales department generates more revenues than the other departments.

On the other hand, they also have a lot of expenses: travel, hotel, dinner, conferences, advertising, bonuses, and so on



How can the accountant of the company find out the bottom line for each department? How can they issue a profit and loss report for a department?

- Let us look at a business example:
 - Assuming you are implementing SAP Business One at a company with three departments: sales, support, and development.
 - Naturally, the sales department generates more revenue than the other departments. On the other hand, they also have a lot of expenses: travel, hotel, dinner, conferences, advertising, bonuses, and so on.
 - The accountant of the company asks you how they can find out the bottom line for each department. How can they issue a profit and loss report for a department?

What is Cost Accounting in SAP Business One?

- In addition to their regular bookkeeping, many businesses perform expense and revenue analyses that measure the profitability of each of their business activities or departments.
- For this purpose, you define company units for each business activity or department. These are the **cost centers** which are used to consolidate the expenses and revenues resulting from the ongoing activity of the specific organizational unit.
- A **distribution rule** is a cost accounting method used to allocate direct and indirect expenses and revenues to one or more cost centers. It contains information regarding the portion or the fixed amounts of the expenses or revenues to be allocated to each cost center.

Before diving into the cost accounting process, let us review the relevant terminology as it is defined in SAP Business One.

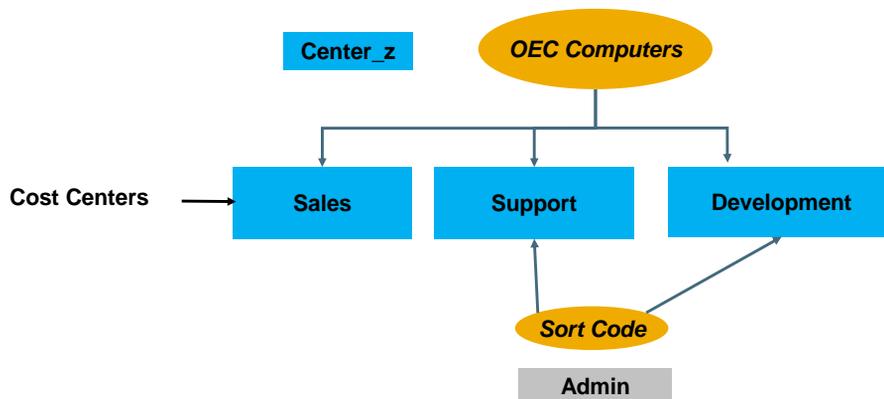
- In addition to their regular bookkeeping, many businesses perform expense and revenue analyses that measure the profitability of each of their business activities or departments.
- For this purpose, you define company units for each business activity or department. These are the **cost centers** which are used to consolidate the expenses and revenues resulting from the ongoing activity of the specific organizational unit.
- A **distribution rule** is a cost accounting method used to allocate direct and indirect expenses and revenues to one or more cost centers. It contains information regarding the portion or the fixed amounts of the expenses or revenues to be allocated to each cost center.

What is Cost Accounting in SAP Business One? Cont.

- When working with the cost accounting process, costs submitted to the general ledger are automatically distributed to the cost centers using the defined distribution rules.
- The cost accounting function in SAP Business One enables you to define sets of cost centers and distribution rules. Generating respective reports provides important cost-related information. The system collects the data posted to accounts and presents it in different ways in reports.

- When working with the cost accounting process, costs submitted to the general ledger are automatically distributed to the cost centers using the defined distribution rules.
- The cost accounting function in SAP Business One enables you to define sets of cost centers and distribution rules. Generating respective reports provides important cost-related information. The system collects the data posted to accounts and presents it in different ways in reports.

Cost Centers



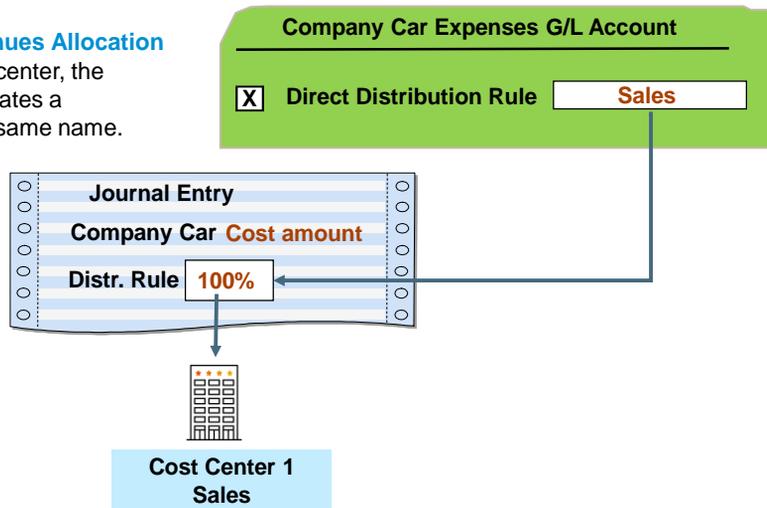
- To use the cost accounting functions in SAP Business One, you must define the profit centers or departments in the company as **cost centers**. You can then compile a profit and loss statement for each cost center in every period.
- In our example, OEC Computers defined their three departments: sales, support, and development as cost centers.
- You can combine your cost centers into groups by using a **sort code**.
- Choose **Financials** → **Cost Accounting** → **Cost Centers** to define and maintain cost centers.
- The system automatically creates a center zero cost center (*Center z*) that collects the costs and revenues that cannot be clearly distributed to other cost centers because not enough information is available. The *Center_z* cost center can also record costs that are not to be reported in internal cost accounting. For example, if you want to show only 80% of your rental expenses as costs, you can assign the remaining 20% to *Center_z*.

Distribution Rules

Link Between General Ledger and Cost Accounting

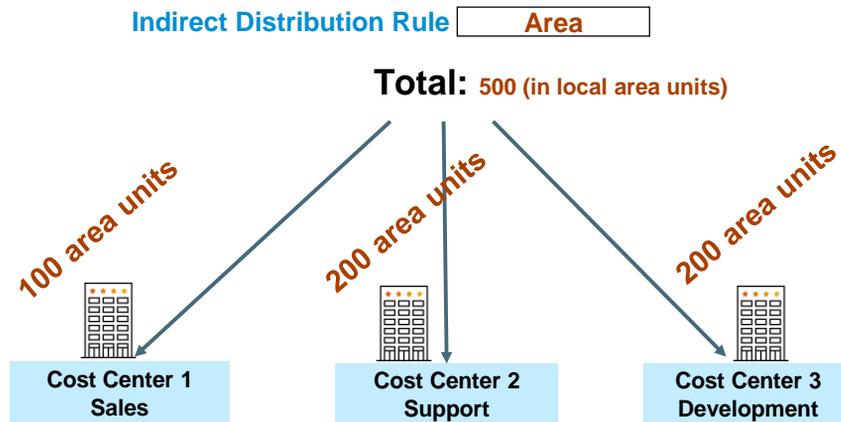
Direct Costs and Revenues Allocation

When you create a cost center, the system automatically creates a distribution rule with the same name.



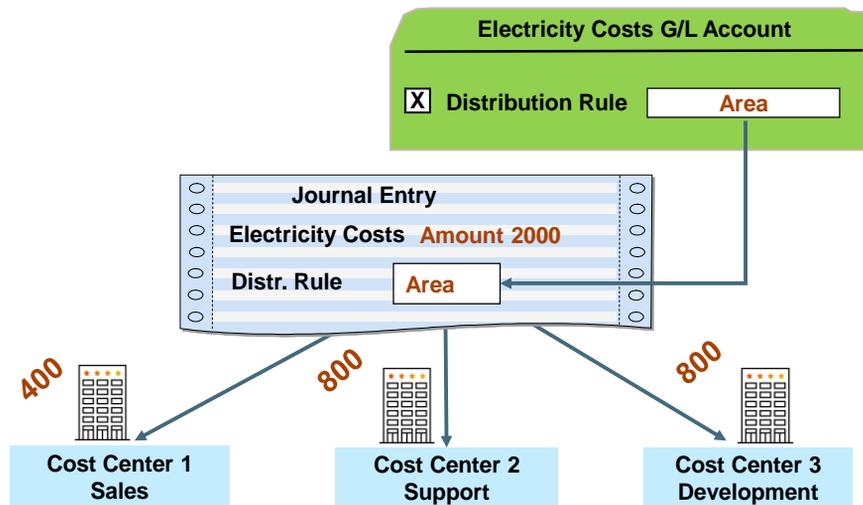
- If you want to include costs submitted to the general ledger in cost accounting automatically, you should link an account to a distribution rule in the *Chart of Accounts*.
- You can only link accounts with the account type **Sales** or **Expenditure** in the chart of accounts.
- Distribution rules define how the costs or revenues posted for an account are distributed to the cost centers.
- In everyday work, you post journal entries or marketing documents to a G/L account that is linked to a distribution rule.
- When you create a cost center, the system automatically creates a distribution rule with the same name. This rule (which cannot be changed) is configured so that the system posts all the costs or revenues to the relevant cost center. In other words, the system does not split the amounts. You can use these distribution rules for direct costs and revenues, which you can assign uniquely and in full to a specific cost center.
- For example, in OEC Computers, company car expenses are assigned directly to the **Sales** cost center, since only sales employees have company cars.
- After linking the car expenses account to the **Sales** distribution rule, each time you issue an expense to the company car expense account, the full amount will be allocated directly to the sales cost center.

Indirect Cost and Revenue Allocation



- Indirect costs and revenues are not allocated directly to a cost center. Instead, you allocate them to one or more cost centers using a distribution rule. In the distribution rule, you specify how the amount is to be allocated amongst the cost centers. You can allocate by percentage or ratio. For example, you can distribute costs to the cost centers in accordance with the size of the department areas. Similarly, you can distribute voluntary employee benefits among the number of employees.
- If you cannot define the total allocation (because you do not have enough information at the time), the system allocates any unassigned costs or revenues to the *Center_z* cost center. When you have the information you need, you can change the distribution rule so that the system corrects the distribution accordingly.
- Choose **Financials** → **Cost Accounting** → **Distribution Rules** to define and maintain distribution rules.

Indirect Cost and Revenue Allocation



© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

271

- As you do with direct costs and revenues allocation, link the relevant accounts to an indirect distribution rule in the *Chart of Accounts*.
- Post a journal entry or marketing document to a G/L account that is linked to a distribution rule.
- In our example, each time you issue an expense to the electricity expense account, the amount will be automatically allocated to the different departments according to the distribution rule definition.

Cost and Revenue Allocation

The screenshot displays two SAP screens. The top screen is the 'A/P Invoice' header, showing vendor 'V99998' (Electricity company) and a total amount of GBP 2,000.00. The bottom screen is a journal entry for 'Electricity' with a total debit of GBP 2,000.00. A blue arrow points from the 'D1_Space' distribution rule in the journal entry table back to the 'D1_Space' field in the invoice item's 'Departments' field.

Journal Entry Table:

#	G/L Acc't/BP	G/L Acc't/BP Name	Debit	Credit	Gross Value	Base Amount	Departments	Line of Business
1	V9998	Electricity company	GBP 2,000.00		GBP 2,000.00		D1_Space	
2	143030	VAT Receivable (Input)	GBP 0.00		GBP 2,000.00			
3	610000	Electricity	GBP 2,000.00					

Invoice Item Table:

#	Description	G/L Account	G/L Account Name	Unit Price	Tax Code	Total (LC)	Departments	Line of Business
1	Electricity Bill	610000	Electricity	GBP 2,000.00	X1	GBP 2,000.00	D1_Space	

- You can change the distribution rule set in the G/L account while issuing a marketing document or a manual journal entry.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC 2/2

- You can change the distribution rule set in the G/L account when you issue a marketing document or a manual journal entry.
- For journal entries created from marketing documents and for manual journal entries, you can change the allocated distribution rule at any time.
- This distribution rule takes priority over the rule defined in the G/L account and in the marketing document.
- In the journal entry, choose the G/L account row and use the distribution rule field in the table or in the Expand Editing Mode.

Manual Distribution Rule

The screenshot shows three overlapping SAP windows. The top window is 'Journal Entry' with a table containing one row: # 1, G/L Acct/BP Name: 640000 Postage, Debit: GBP 500.00, and Line of Business: 1. The middle window is 'List of Distribution Rules' showing a list of rules with '01_Sales' selected. The bottom window is 'Define Manual Distribution Rule' with 'Code: M0000005', 'Description: Manual Distribution Rule', 'Dimension: Departments', and 'Total: GBP 500'. It also shows a table for distribution percentages: 01_Sales (60%) and 03_Supp (40.00%).

Journal Entry

Series	Number	Posting Date	Due Date	Doc. Date	Remarks
Primary	6532	12.03.18	12.03.18	12.03.18	

List of Distribution Rules

Distribution Rule	Distribution Rule Name
01_Sales	Sales
02_Dev	Development
03_Supp	Support
D1_Empl	No of Employees
D1_Fix	Fixed Rent Amount
D1_Fix_S	Fixed Sales
D1_Space	Office Space

Define Manual Distribution Rule

Code: M0000005
 Description: Manual Distribution Rule
 Dimension: Departments
 Total: GBP 500 Direct Allocation

Center Code	Center Name	Amount	Percent(%)
01_Sales	Sales	GBP 300	60
03_Supp	Support	GBP 200	40.00

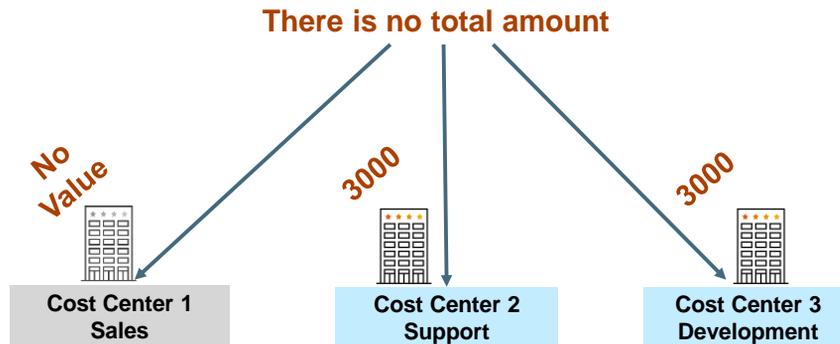
© 2018 SAP SE or an SAP affiliate company. All rights reserved. PUBLIC

273

- When posting a **manual journal entry**, you have the option to define a **manual distribution rule**.
- The amount you enter in the journal entry row is the total amount to be distributed.
- In the Define Manual Distribution Rule window, choose the cost centers and allocate the amount between them.
- You will NOT be able to use this manual distribution rule in future journal entries.
- You can see the amounts of this distribution rule in the Distribution Report and the Cost Accounting Summary Report.

Allocation by Fixed Amount

Fixed Amount Distribution Rule Monthly Rent



* Differences will be allocated to either the cost center with no value or to Center_z.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

274

Sometimes fixed amounts are required to be allocated to specific cost centers. For example, the sales employees are in the field a lot; however, the support and development employees are not. So, the company wants to allocate a fixed amount of the monthly rent expense to the support department and the development department. To achieve this, in the distribution rule setup you can define a fixed amount of **3000** for support and development cost Centers.

You can include the sales cost center too with no cost value to absorb any differences.

Note!

- When issuing costs, the fixed allocated amounts will remain the same. In case there is a difference between the defined total amount (**6000** in our example) and the cost amount submitted every month, the rest of the cost will be submitted to the cost center with no defined value (the sales cost center in our example).
- In case you keep only the support and development cost centers defined. Any difference will be allocated to the zero cost center (Center_z).
- This refers to both cases - when the cost amount is higher or lower than the total defined amount.

Table of Cost Centers and Distribution Rules

* Cost Center (CC)

Distribution Rules for DIRECT Costs and Revenues

Distribution Rules for INDIRECT Costs and Revenues

Cost Center	Total	Center_z	CC 1	CC 2	CC 3
Dist. Rule			Sales	Support	Dev.
CC 1 Sales	100	0	100	0	0
CC 2 Support	100	0	0	100	0
CC 3 Development	100	0	0	0	100
Area	500	0	100	200	200
Employees	20	2	4	8	6

- Once OEC Computers has set up their cost centers and distribution rules, they can view the allocations in a table format.
- Choose **Financials** → **Cost Accounting** → **Table of Cost Centers and Distribution Rules** to display the allocations for distribution rules.
- Here we see an example of how OEC Computers could set up their distribution rules to distribute costs to the appropriate department cost centers.

Summary - 1



Here are some key points:

- To use the cost accounting functions, you must define the profit centers or departments in the company as cost centers.
- When you create a cost center, the system automatically creates a distribution rule with the same name. This rule is configured so that the system posts all the costs or revenues to the relevant cost center.
- Indirect costs and revenues are not allocated directly to a cost center. Instead, you allocate them to one or more cost centers using an indirect distribution rule. In the distribution rule, you specify how the amount is to be allocated among the cost centers.

- Here are some key points:
 - To use the cost accounting functions, you must define the profit centers or departments in the company as cost centers.
 - When you create a cost center, the system automatically creates a distribution rule with the same name. This rule is configured so that the system posts all the costs or revenues to the relevant cost center.
 - Indirect costs and revenues are not allocated directly to a cost center. Instead, you allocate them to one or more cost centers using an indirect distribution rule. In the distribution rule, you specify how the amount is to be allocated among the cost centers.

Summary - 2



- To automatically include costs from the general ledger in cost accounting, link a distribution rule to accounts in the *Chart of Accounts*.
- Each time you issue an amount to these accounts, the amount will be automatically allocated to the different departments according to the distribution rule definition.
- You can change the distribution rule set in the G/L account when you issue a marketing document or a manual journal entry.
- For journal entries created from marketing documents and for manual journal entries, you can change the allocated distribution rule at any time.
- This distribution rule takes priority over the rule defined in the G/L account and in the marketing document.

- To automatically include costs from the general ledger in cost accounting, link a distribution rule to accounts in the *Chart of Accounts*.
- Each time you issue an amount to these accounts, the amount will be automatically allocated to the different departments according to the distribution rule definition.
- You can change the distribution rule set in the G/L account when you issue a marketing document or a manual journal entry.
- For journal entries created from marketing documents and for manual journal entries, you can change the allocated distribution rule at any time.
- This distribution rule takes priority over the rule defined in the G/L account and in the marketing document.

Multi Dimensions in Cost Accounting

SAP Business One, Version 9.3



- Welcome to the Multi Dimensions in Cost Accounting topic.

Objectives



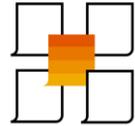
At the end of this topic, you will be able to:

- Describe how to use multi dimensions when working with cost accounting

Note! this topic is based on the cost accounting topic.

- In this topic, we will look at the option of using multi dimensions when working with cost accounting.
- Note that this topic is based on the cost accounting topic.

Multi Dimensions - Business Example



OEC Computers uses the cost accounting option in SAP Business One. In the past, they defined their three departments: sales, support, and development as cost centers.

OEC Computers also runs two lines of business:

- Hardware
- Applications

When they analyze revenues and expenses, they want to see the bottom line for each product line.

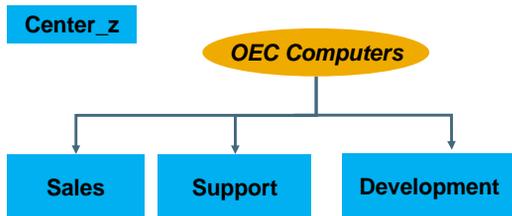
They want to issue the *Cost Accounting Summary* report both by department (sales, support and development) and by line of business.



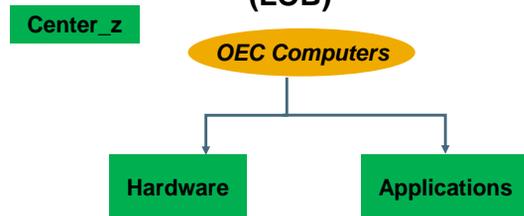
- OEC Computers uses the cost accounting option in SAP Business One. In the past, they defined their three departments: sales, support, and development as cost centers.
- Now, while discussing the products OEC Computers sell, the CEO tells you that they want to analyze revenues and expenses by the two lines of business they run: hardware and applications.
- They want to see the bottom line for each product line.
- The accountant claims that a better analytic view will be according to departments. That is sales, support and development.
- You tell them that they can analyze the same data according to the company departments and also per line of business.

Multi Dimensions

Dimension 1: Departments



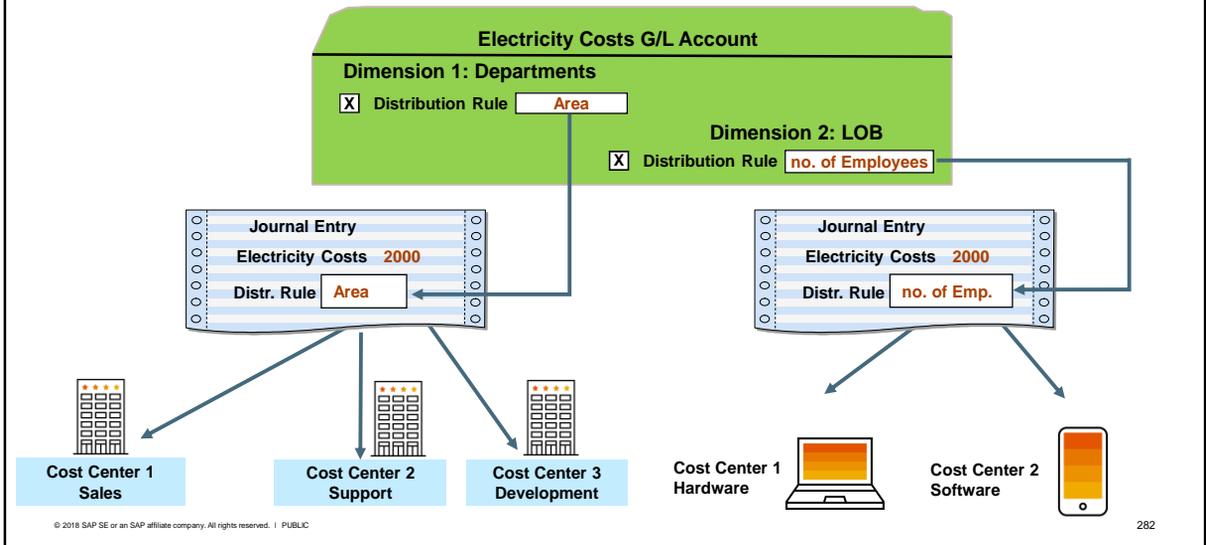
Dimension 2: Line of Business (LOB)



- Multiple dimensions enable up to five different views to be generated on the **same** data.
- Note that each cost center and a distribution rule belong to only **one** dimension.

- Multiple dimensions enable up to five different views to be generated on the same data.
- This option appears only after the *Use Multidimensions* checkbox is selected on the *Cost Accounting* tab of the *General Settings* window under **Administration → System Initialization → General Settings**.
- To define dimensions choose **Financials → Cost Accounting → Dimensions** .
- In our example you can define the departments in the company as dimension 1 and the lines of business as dimension 2.
- For each dimension create cost centers and distribution rules that will match your reporting requirements. Note that each cost center and distribution rule belongs to only one dimension.
- When issuing the various reports choose the relevant dimension.

Link Between General Ledger and Cost Accounting With Multi Dimensions



- Let us look at the company electricity cost:
 - In the *Chart of Accounts* window, link the electricity costs account to the 2 dimensions: **Departments** and **Lines of business**.
 - For each dimension define the relevant distribution rule. In the departments dimension it is the indirect rule that distributes the costs in accordance with the size of the department areas. In the line of business dimension the costs will be distributed among the number of employees in each cost center.
 - In everyday work, each time you issue an expense to the electricity expense account, the amount will be automatically allocated to the different departments according to the distribution rule defined in dimension 1. And in parallel, the **same** amount will be allocated according to the number of employees working for each line of business as defined in dimension 2.
 - You can then run the various reports and compare the analysis of costs and revenues per department versus per line of business.

Dimensions Settings

The screenshot shows the 'General Settings' window with the 'Cost Accounting' tab selected. Under 'Display Distribution Rules', there are two radio buttons: 'In a Unified Column' and 'In Separate Columns'. The 'In Separate Columns' option is selected. A table below shows a journal entry for 'Electricity' with a debit of 'GBP 5,000.00'. The 'Distr. Rule' column contains 'D1_Space;L1_Empl'. A second table below shows the same entry with 'D1_Space' under 'Departments' and 'L1_Empl' under 'Line of Business'. Blue arrows point from the radio buttons to the respective tables.

G/L Acct/BP Name	Debit	Credit	Distr. Rule	Paym
Electricity	GBP 5,000.00		D1_Space;L1_Empl	N

G/L Acct/BP Name	Debit	Credit	Departments	Line of Business
Electricity	GBP 5,000.00		D1_Space	L1_Empl

- You can set the distribution rules display in marketing documents and journal entries.

© 2018 SAP SE or an SAP affiliate company. All rights reserved. | PUBLIC

283

- In the General Settings window – Cost Accounting tab, you can set the distribution rules display in marketing documents and journal entries. Select whether to display distribution rules of several dimensions in one column, separated by semicolon (;) or to display all active dimensions in separate columns. For more information regarding these two options, refer to the Online Help.
- You can change the radio button status at any time. The change only affects the way in which distribution rules are displayed; it does not affect the database.

Cost Accounting Reports

- Standard reports for a specific dimension and distribution rule:
Profit and Loss Statement, Trial Balance, Budget Report.
- Cost Accounting reports:
 - Cost Center Report
 - Distribution Report
 - Cost Accounting Summary Report

Note that you can also run these reports according to a selected financial project.



- You can produce some standard reports for a specific dimension and distribution rule, for example, Profit and Loss Statement, Trial Balance, and Budget Report.
- Choose Financials → Cost Accounting to run cost accounting specific reports:
 - *Cost Center Report* to display an overview of the posted costs and revenues.
 - *Distribution Report* to get a picture of overhead expenses posted by specific transactions and the distributed amounts in each cost center.
 - *Cost Accounting Summary Report* which includes Journal vouchers and use hierarchies for desired report structure.

Note that you can also run these reports according to a selected financial project.

Cost Center Hierarchy

Cost Center Hierarchy

Hierarchy Details
 Dimension: Departments
 Profitability: Profitability
 Template: Customer service

Item Details
 Item Name: Customer service total
 Item Location: Customer service
 Parent Article: Customer service
 Loc. on Tree: After Support
 Financial W/Factors: After Support

Group Data
 Text Title
 Subtotal

Buttons: OK, Cancel, Add Same Level Cost Center, Add Child Cost Center

Cost Accounting Summary Report

Cost Center Hierarchy	Cost Center	G/L Acct	Trans. No.	Origin	Rem.	Amount(C)	Dist. Rule Code	Dist. Rule Desc.	Cost Total(C)
▼ Profitability									
▼ Customer service									
▼ Sales									
▼ Sales - Sales Department									
▼ 610000 - Electricity			2236	JE		GBP 2,000.00	Area	Area	GBP 6,300.00
▼ 620020 - Accommodation - international			2238	JE		GBP 4,300.00	Area	Area	GBP 4,300.00
▼ 625111 - Flight Costs			2238	JE		GBP 5,000.00	Sales	Sales Department	GBP 900.00
▼ Support									
▼ Support - Support Department									
▼ 610000 - Electricity			2236	JE		GBP 2,000.00	Area	Area	GBP 5,000.00
▼ 620020 - Accommodation - international			2238	JE		GBP 4,300.00	Area	Area	GBP 3,600.00
▼ 630000 - Vehicle Hire			2218	JE		GBP 1,000.00	Support	Support Department	GBP 800.00
Customer service total									GBP 9,900.00
▼ Dev									
▼ Development									
▼ Dev - Development Department									
▼ 610000 - Electricity			2236	JE		GBP 2,000.00	Area	Area	GBP 3,900.00
▼ 620020 - Accommodation - international			2238	JE		GBP 4,300.00	Area	Area	GBP 3,900.00
▼ 625100 - Travel Costs - Other			2238	JE		GBP 900.00	Dev	Development Department	GBP 1,800.00
▼ 630000 - Vehicle Hire			2218	JE		GBP 400.00	Dev	Development Department	GBP 900.00
Dev total									GBP 9,000.00

- Use the *Cost Center Hierarchy* to define cost accounting report templates according to company needs.
- You can then use these templates in various reports.
- The template enables the data to be grouped in different ways. Based on how the data is grouped, management gets a better view of how the different parts of the organization are performing.
- Each hierarchy is directly related to one dimension (if dimensions are used in the company).
- For each dimension multiple templates can be created.
- You can define hierarchies with up to three levels.
- Cost centers can only be attached to the lowest nodes in the hierarchy.
- You can also use formulas to aggregate various cost centers.
- In the example presented, for the **Departments** dimension, the **Sales** and the **Support** cost centers are grouped under the text title **Customer service** and summed up using the *Subtotal* option.
- Choose **Financials** → **Cost Accounting** → **Cost Center Hierarchy** to define and view cost accounting report templates.

Summary - 1



- Multiple dimensions enable up to five different views to be generated on the **same** data. This option appears only after the checkbox is selected on the *Cost Accounting* tab of the *General Settings* window.
- For each dimension create cost centers and distribution rules that will match your reporting requirements.
- In the Chart of Accounts window, link the relevant accounts to the dimensions. For each dimension define the relevant distribution rule.

Here are some key points:

- Multiple dimensions enable up to five different views to be generated on the **same** data. This option appears only after the checkbox is selected on the *Cost Accounting* tab of the *General Settings* window.
- For each dimension create cost centers and distribution rules that will match your reporting requirements.
- In the Chart of Accounts window, link the relevant accounts to the dimensions. For each dimension define the relevant distribution rule.

Summary - 2



- In everyday work, each time you issue an amount to the expenditure or sales account, the **same** amount will be automatically allocated to the dimensions and their distribution rules in parallel.
- You can set the distribution rules display in marketing documents and journal entries.
- When issuing the various reports choose the desired dimension.

- In everyday work, each time you issue an amount to the expenditure or sales account, the **same** amount will be automatically allocated to the dimensions and their distribution rules in parallel.
- You can set the distribution rules display in marketing documents and journal entries.
- When issuing the various reports choose the desired dimension.

© 2018 SAP SE or an SAP affiliate company. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP SE or an SAP affiliate company.

The information contained herein may be changed without prior notice. Some software products marketed by SAP SE and its distributors contain proprietary software components of other software vendors. National product specifications may vary.

These materials are provided by SAP SE or an SAP affiliate company for informational purposes only, without representation or warranty of any kind, and SAP or its affiliated companies shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP or SAP affiliate company products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

In particular, SAP SE or its affiliated companies have no obligation to pursue any course of business outlined in this document or any related presentation, or to develop or release any functionality mentioned therein. This document, or any related presentation, and SAP SE's or its affiliated companies' strategy and possible future developments, products, and platforms, directions, and functionality are all subject to change and may be changed by SAP SE or its affiliated companies at any time for any reason without notice. The information in this document is not a commitment, promise, or legal obligation to deliver any material, code, or functionality. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, and they should not be relied upon in making purchasing decisions.

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. All other product and service names mentioned are the trademarks of their respective companies.

See <http://global.sap.com/corporate-en/legal/copyright/index.epx> for additional trademark information and notices.