Accounting in SAP

Exercise Introduction

In this exercise, you will be processing accounting transactions for the fictitious Fitter Snacker company—a manufacturer of snack bars. Fitter Snacker has two products, the NRG-A and NRG-B bars. The NRG-A bar touts “Advanced Energy,” while the NRG-B bar touts “Body Building Proteins.”

Multiple versions of the Fitter Snacker Company have been configured in SAP ERP system. Depending on which class you are in, you will be assigned to a particular client. In SAP, the term "client" has a different meaning than the typical usage of client in the computer world. In the beginning, while not technically correct, the easiest way to understand the SAP usage of client is to think of a client as a separate database. Information in one client is not accessible from other clients. When you log into the SAP system, you have to choose which System/Server you are logging into, then when you log in to that particular server, you have to specify which client you are logging into.

Within each client in the system, there are 100 copies of the Fitter Snacker data. You have been assigned to one of these sets of data. On your SAP System User ID sheet, you have been given the system and client your account is on. You have also been given a Data Set Number, which tells you which set of data you should be using within your client.

IT IS CRITICAL THAT YOU USE ONLY YOUR DATA SET. FAILURE TO DO SO WILL CAUSE YOU PROBLEMS AS WELL AS OTHERS IN YOUR CLASS.

All of the data in the Fitter Snacker database begins with a Data Set Number. For example, the NRG-A bars are entered as 00 NRG-A, 01 NRG-A, 02 NRG-A, etc. This will allow you to use the search function in SAP to find your particular snack bar. In the instructions that follow, the pound symbol (##) will be used to represent the Data Set Number. For example, in creating a purchase requisition, the instructions will ask you to search for your materials using ##*. You will need to replace the ## with your Data Set Number. For example, if you are data set number 09, then you will be searching using 09*, and you will find all materials that begin with 09.

The screen shots in the instructions were created using Data Set Number 00, which is reserved for instructors. Do not use Data Set Number 00 in any transactions.

FI – Financial Accounting

In the SAP ERP system, each transaction that has a financial impact is recorded in a general ledger (G/L) account or sub-ledger accounts that are posted to the G/L via reconciliation accounts. The central task of G/L accounting is to provide a comprehensive picture for external accounting and accounts. Recording all business transactions (primary postings as well as settlements from internal accounting) in a software system that is fully integrated with all the
Accounting in SAP

other operational areas of a company ensures that the accounting data is always complete and accurate.

The SAP FI General Ledger has the following features:

- Automatic and simultaneous posting of all subledger items in the appropriate general ledger accounts (reconciliation accounts)
- Simultaneous updating of general ledger and cost accounting areas
- Real-time evaluation of and reporting on current accounting data, in the form of account displays, financial statements with different financial statement versions and additional analyses.
- Can take some getting used to as reports can change continuously

Essentially, the general ledger serves as a complete record of all business transactions. It is the centralized, up-to-date reference for the rendering of accounts. Actual individual transactions can be checked at any time in real-time by displaying the original documents, line items, and transaction figures at various levels such as:

- Account information
- Journals
- Totals/transaction figures
- Balance sheet/profit and loss evaluations

General Ledger (G/L) Accounts

For the Fitter Snacker company, the G/L accounts are in three groups:

<table>
<thead>
<tr>
<th>Account Group</th>
<th>Number Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>BS – Balance Sheet</td>
<td>100000 – 399999</td>
</tr>
<tr>
<td>PL – Profit and Loss</td>
<td>400000 – 999999</td>
</tr>
<tr>
<td>RA – Reconciliation</td>
<td>110000 – 310000</td>
</tr>
</tbody>
</table>

The Balance Sheet accounts keep track of accounts that show up on the balance sheet:

**Assets**
This represents things that the company owns, like cash, receivables, plant and equipment and inventory.

**Liabilities**
This represents the things that the company owes, like payables and bank loans

**Equity**
This represents the net value of the company owned by the shareholders.
Remember that the fundamental balance sheet equation is Assets = Liabilities + Equity.
The **Profit and Loss (P&L)** accounts are used to track the income and expenses of the company. **Revenue** accounts record revenues obtained from selling goods and services to customers. **Expense** accounts represent money spent to produce the goods and services, like salaries, materials purchases and overhead, selling and administrative expenses. At the end of the fiscal year, the **P&L** accounts are “closed” to the **Retained Earnings** balance sheet account.

**Reconciliation Accounts** are used to keep track of changes to sub-ledger accounts. For example, if you make a payment to a vendor, that payment needs to be recorded to the vendor sub-ledger account so that the accounts payable to that vendor are properly tracked. When you post the payment to the vendor sub-ledger account, a posting is also made automatically to the **Reconciliation** G/L account so that the general ledger remains balanced.

**G/L Master Records**

G/L accounts are maintained as **Master Data**. Master data describes items or objects used in the business like accounts, materials, customers, vendors, etc. Master data is data that does not change over an extended period of time. For example, the address of a customer is master data, while the information about a particular order for that customer is not master data, it is **Transactional Data**. Transactional data is regularly removed from the system and archived, while master data is always kept in the system.

To view the G/L accounts for the Fitter Snacker Company, follow the menu path:

Accounting ➤ Financial Accounting ➤ General Ledger ➤ Information System ➤ General Ledger Reports ➤ Master Data ➤ G/L Account List ➤ SAP minimal variant

This will produce the following screen:

<table>
<thead>
<tr>
<th>G/L Account List</th>
</tr>
</thead>
<tbody>
<tr>
<td>General selections</td>
</tr>
<tr>
<td>Company Code</td>
</tr>
<tr>
<td>Further selection</td>
</tr>
<tr>
<td>Only with plan</td>
</tr>
</tbody>
</table>

Enter company code, then click on the execute icon.
This will produce the following screen:

![G/L Account List](image)

**CO-Controlling**

While there are different requirements for internal and external users of accounting data, the underlying data is usually the same for both purposes and can be “captured” while recording business transactions—purchase orders, goods receipts, material withdrawals, etc. The data can then be presented in different ways for different users.

**Primary Cost Elements**

Expenses in FI that are relevant to cost accounting are recorded in CO using primary cost element. Primary cost elements can only be created when a G/L expense account exists. Thus, there is a one-to-one relationship between primary cost elements and G/L expense accounts. When an FI posting occurs in a G/L account for which a primary cost element has been defined, a valid controlling object (cost center, order, etc.) is required before posting.

**Secondary Cost Elements**

Secondary Cost Elements are used exclusively for certain types of CO transactions. Secondary cost elements have no corresponding G/L account. Secondary cost elements can be used in transferring costs from one cost center to other cost centers. Primary costs are grouped together and transferred to receiver cost centers using a secondary cost element.
Cost Centers

Cost centers are used to track WHERE costs occur in the organization. As costs are incurred, they are assigned or posted to the appropriate cost center. The posting and assignment of costs to cost centers is a critical step in using the CO module. Cost centers are organized in a *Standard Hierarchy*.

Cost Center Standard Hierarchy

The Cost Center Standard Hierarchy is used to structure the cost centers in an organization. All cost centers must be entered in the Standard Hierarchy. To display the standard hierarchy for Fitter Snacker, follow the menu path:

```
Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Master Data ▶ Standard Hierarchy ▶ Display
```

Which will produce the following screen:

![Set Controlling Area](image)

Which will produce the following screen:
Click on the arrow (►) next to ##HQ to expand the group:

Which shows the six cost centers that make up the group. Click on the exit icon (🇽) to return to the main screen.
Display Cost Elements

Expenses in the G/L accounts of the FI module that are relevant to cost accounting are recorded in the CO module using cost elements. Primary cost elements must first exist as a G/L expense account before being created in CO. When a primary cost element is defined for a G/L expense account, any posting to the G/L account will require a posting in CO.

Secondary cost elements are used exclusively for internal CO transactions. They have no corresponding G/L account: they are only defined in CO. Secondary cost elements are used for allocations and settlements. For example, the computing department may provide services to other departments, and the costs associated with the computing departments expenses could be allocated to the departments that use the computing services by some representative measure of usage (like CPU hours) using a secondary cost element.

To display the primary cost elements for Fitter Snacker, follow the menu path:

Accounting ▶ Controlling ▶ Cost Element Accounting ▶ Master data ▶ Cost Element ▶ Collective Processing ▶ Display

which will produce the following screen:

Display Cost Elements: Initial Screen

Select All cost elements, then click on the execute icon (_execute_icon_)

Select All cost elements, then click on the execute icon (execute_icon_), which will produce a screen that shows all of the Primary Cost Elements for Fitter Snacker:
Note that the cost elements in the range 700000-799999 are primary cost elements, while costs elements in the range 800000-899999 are secondary cost elements. Click on the exit icon ( çı ) to return to the main screen.

Transactions

In the next sections, we will enter transactions in the SAP ERP system to see how the FI and CO modules operate. To make entering transactions easier, we can set up standard default values for common data entry fields like company code, purchasing group, currency, etc. To do this, Parameter IDs (PID) can be given default values so that these entries are made automatically. Default values should only be set for those parameters that do not change frequently.

To set up parameter ID values, follow the pull-down menu path:

System→User profile→Own data

to call up the following screen:
Click on the **Parameters** tab to produce the following screen:
Enter the following parameter ID’s and default values:

<table>
<thead>
<tr>
<th>Parameter ID</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUK</td>
<td>##FS</td>
</tr>
<tr>
<td>EKO</td>
<td>##PR</td>
</tr>
<tr>
<td>FWS</td>
<td>USD</td>
</tr>
<tr>
<td>GJR</td>
<td>Current Year</td>
</tr>
<tr>
<td>KPL</td>
<td>CHFS</td>
</tr>
<tr>
<td>WRK</td>
<td>##PT</td>
</tr>
</tbody>
</table>

then click the enter icon (⏎) to see the text entries that describe the parameters you entered. Click on the save icon (✓), then click on the back icon (🔙) to return to the SAP Easy Access screen.

If you find yourself entering the same parameter value over and over again and want to set up a default Parameter ID value, you can determine the parameter fairly easily. For example, suppose we are frequently entering purchase orders. If you follow the menu path:

**Logistics ▶ Materials Management ▶ Purchasing ▶ Purchase Order ▶ Create ▶ Vendor Unknown**
you will get the following screen:

Suppose that you wanted to set a default value for the purchasing group. To find the parameter ID, click on the Purchasing group data entry field, then press the F1 key to get the Performance Assistant:

Click on the Technical information icon to get the following screen:
The Technical information window tells you that the Parameter ID for Purchasing group is **EKG**. You could set a default value for this item just like you did for the other parameters, but in our case it is probably not a good idea as you will be buying materials under both purchasing groups.
Transaction No. 1: G/L Document Entry

We will begin testing the Fitter Snacker configuration by making a G/L Document entry to record the cash purchase of office supplies by the marketing department. To make a G/L Document entry for this transaction, follow the menu path:

Accounting ➤ Financial Accounting ➤ General Ledger ➤ Posting ➤ Enter G/L Account Document

which will produce the following screen:

Enter today’s date for the document date, then enter the following accounting entries to record the supplies purchase:

<table>
<thead>
<tr>
<th>G/L acct</th>
<th>D/C</th>
<th>Amount in doc. curr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>740000</td>
<td>Debit</td>
<td>500</td>
</tr>
<tr>
<td>100000</td>
<td>Credit</td>
<td>500</td>
</tr>
</tbody>
</table>

You can enter the current date easily by clicking on the date field and then pressing the F4 key to call up the calendar, then clicking on the F2 key to select today’s date.

Note that the Currency and Company code were entered automatically because of the Parameter ID settings.

Enter 740000 for the first account, select Debit, then enter 500.
Enter 100000 for the second account, select Credit, then enter 500.
This information tells the SAP system the appropriate G/L accounts to record the transactions to, but to tell the CO module the cost object that is responsible for this expense (in this case, the Marketing department), we need to enter a cost center. To do this, scroll over until the Cost center column is visible, then enter cost center **A040** in the first line:

![Cost center entry](image)

Scroll over until **Cost center** is visible, then enter cost center **A040** for the marketing department.

then click on the simulate icon (simulate) to see if the postings are correct (at least as far as the SAP system is concerned). If everything goes correctly, you should get a screen like the following:

![Document Overview](image)

If everything looks good, click on save (post) icon (save). You should be returned to the **Enter G/L account document** screen and have a message at the bottom like the following:
To get out of this screen, click on the exit icon (Exit). Because people who will be working with this screen will be spending most of their time making G/L account entries, the SAP system gives you a blank screen after saving your entry so that you can immediately enter another G/L account transaction. As a result, SAP considers this screen a second transaction, so that when you click on the exit icon, SAP gives you a warning about losing data from this “second G/L transaction:”

As you had no intention of entering more than one G/L document, click on Yes to leave the Enter G/L account document screen.

Verifying the G/L Document Entry

To verify that the G/L Document we just entered was recorded, follow the menu path:

Accounting ▶ Financial Accounting ▶ General Ledger ▶ Account ▶ Display Balances

NOTE: DO NOT SELECT Display Balances (New). The new report does not support drill-down capability demonstrated in this exercise.
Enter account **100000** then click on the execute icon (=image) to get the following screen:

Double-click on the 500 credit to get more information on the transaction

Note: this report may have different values there have been other transactions performed with your data set that have accounting implications

If that is the case, double-click on the credit line for the current month
To get more detail on the 500 dollar credit item you just created, double-click on it. In SAP-speak, this is called **drilling down**. When you double-click on the 500 dollar credit, you should get the following screen:

Select the document by clicking on the check-box, then click on the display icon ( ), which will produce the following screen:

Check the document, then click on display. Again, there may be more than one item if other transactions have been performed in your system. Display each document until you find your office supplies invoice payment.
Click on the header icon (Occurred) to get basic information on the G/L Document. Documents can get fairly complicated, and the SAP programmers typically define **header data** as global data like name, company code, transaction date, etc. Specific details are frequently called **line item** data. For example, a purchase order will have information like plant, requesting department, vendor, etc. in header data, and each item ordered will be a line item.

Looking at the header data for the G/L Document, you can see that the SAP system knows what you have been up to:
The SAP system has been designed to be stable, robust and auditable. Thus, it keeps track of who did something and when. That also explains why you usually cannot just delete data: If you delete data, you create the opportunity for mischief. Rather than just deleting data, the SAP system requires that you either make a correcting entry or mark something for deletion so that a record of the creation and deletion will be archived.

To get out of this transaction display, click on four cancels ( or ). Repeat the above process for account 740000, then exit to the SAP Easy Access screen.

**Checking the default tolerance**

The Fitter Snacker SAP system has been configured with a default tolerance group for all employees that limits the value of a transaction that an employee can record to $10,000, again to avoid mischief. To check whether the default tolerance is in effect, we will try to record another G/L Document with an amount in excess of the tolerance limit.

To enter another G/L Document, again follow the menu path:

```
Accounting ➤ Financial Accounting ➤ General Ledger ➤ Posting ➤ Enter G/L Account Document
```
then enter the following information:

Doc. date: Today

Account debits and credits:

<table>
<thead>
<tr>
<th>G/L acct</th>
<th>D/C</th>
<th>Amount in doc. curr.</th>
<th>Cost Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>740000</td>
<td>Debit</td>
<td>15000</td>
<td>A040</td>
</tr>
<tr>
<td>100000</td>
<td>Credit</td>
<td>15000</td>
<td></td>
</tr>
</tbody>
</table>

Remembering that our transaction limit was set for the default tolerance group at $10,000, this transaction should not go through. To verify this, click on the simulate icon (Simulate) and your should get the following message:

![Image: You may only post documents up to USD 10,000.00]

Click on the error icon to get an explanation of this error:

![Image: Performance Assistant]

You may only post documents up to USD 10,000.00

Message no. F5011

Diagnosis

You are allocated to a user group of the accounting department to which the specified amount restriction applies.

Procedure

If you entered an incorrect amount, correct the entry, otherwise, you can only enter the desired transaction if you are allocated to a different user group or the amount authorization of the user group is changed.
Accounting in SAP

Note that this error message is a result of a configuration setting. If a $10,000 posting is correct and the employee (you, in this case) should be authorized to do it, then you would need to create a tolerance group with a higher limit and assign yourself to this group. Use the cancel (\(\text{X}\)) and then the exit icon (\(\text{X}\)) (and click Yes to the warning message) to get back to the SAP Easy Access screen.

Transaction No. 2: Vendor Invoice Payment

Next, we will input the data for Lansing Leasing, then post an invoice from Lansing Leasing to the Rent Expense P/L (Profit and Loss) account.

Create New Vendor Master Record

We enter the data for Lansing Leasing as a vendor master record in the SAP ERP system. To create the vendor master record, follow the menu path:

Accounting ▶ Financial Accounting ▶ Accounts Payable ▶ Master Records ▶ Create

which will produce the following screen:

Leave the vendor blank. The company code should already be entered for you because of the Parameter ID entry. Enter KRED for account group, then click on the enter icon (\(\text{X}\)) to get the following screen:
Enter the information given below. Remember to use your data set number, not 00, in the Name and for the search term.
Enter the following information:

Title: Company
Name: Lansing Leasing
Search term 1/2: 
Street/House number: 536 Abbott Rd.
Postal Code: 48824
City: E. Lansing
Country: US
Region: MI
Language: English

Next, click on the more fields icon in the street address panel to enter the Jurisdiction code M10000000 (MI followed by 7 zeros):

Click on the enter icon, then click on the next screen icon three times until you get to the Create Vendor: Accounting Information Accounting screen
Enter Reconciliation account **300000**, then click on the enter icon (✓), then click on the next screen icon (✓) until you get to the **Create Vendor: Payment Transactions Accounting** screen:

Enter payment term **0001 – Payable immediately Due net**. Also, check the item **Chk double inv.** box. Click on the save icon (✓) to save the new vendor master record. Click on the exit icon (✓) to exit to the SAP Easy Access screen.
Post Vendor Invoice

Lansing Leasing has just sent the invoice for the current month. To post this invoice, follow the menu path:

Accounting ▶ Financial Accounting ▶ Accounts Payable ▶ Document Entry ▶ Invoice

Which will produce the following screen:

![Invoice Entry Screen](image)

The first thing we need to do is to enter our vendor, Lansing Leasing. The SAP ERP system wants us to enter the Vendor Number for Lansing Leasing, something we probably don’t remember off the top or our heads. Fortunately, when we created the vendor master record for Lansing Leasing, we entered our data set number, ##, in the search term field. That means we can use the search function in SAP to quickly find our vendors. To use the search function, click in the vendor field, then click on the search icon:
Clicking on the search icon (🔍) will produce the following pop-up window:
This window provides a number of ways to search for vendors. Make sure the Vendors(General) tab is selected, then enter your data set number (##) in the search field and click on the start search icon ( jsonObject) and you will get the following screen:

All vendors with search term ## are listed. Double click on Lansing Leasing, and the vendor number will automatically be entered in the Enter vendor invoice screen. Fill in the rest of the screen as shown below:
then click on the simulate icon (simulate) to see if the postings are correct. If they are, you should get a screen like the following:

Vendor Lansing Leasing (from search)
Enter today’s date for invoice date
Enter 4875 for amount

Enter 780000 for G/L acct
Select Debit
Enter 4875 for amount
Scroll to find Cost Enter and enter A060
click on save icon (保存) to post the invoice, then the exit icon (退出). Say Yes to the warning message to return to the SAP Easy Access screen.

**Post Outgoing Payment**

Now that the invoice from Lansing Leases has been posted, we can pay them, then post the outgoing payment. To do this, follow the menu path:

**Accounting ➤ Financial Accounting ➤ Accounts Payable ➤ Document Entry ➤ Outgoing Payment ➤ Post**

which will give you the following screen:

Enter the following data:

- **Document date:** Today’s date
- **Bank data**
  - **Account:** 100000
  - **Amount:** 4875
  - **Bank Charges:**
  - **Value date:**
  - **Text:** Lease
  - **Vendor:** Lansing Leasing

Some material © SAP AG
It is very common to have more than one outstanding invoice for a vendor. In this case, the screen above would display all of the outstanding invoices for this vendor and you would then allocate the payment to any or all of the invoices. As our payment is for the exact amount of the only open invoice, allocating this payment is simple. If it is not assigned, just double-click on USD Gross amount for the invoice to allocate the payment. Use double-clicking on the USD Gross Amount to make sure the payment is assigned as shown below:
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click on save ([ ]) to post the payment, then click on the exit icon ([ ]). You will get the following message:

After clicking save, our invoice for Lansing Leasing was saved. The SAP ERP system returned us to the invoice entry screen to start entering another invoice. This message refers to the new invoice we could enter, so clicking Yes will not lose any data related to the Lansing Leasing invoice. Click Yes to return to the SAP Easy Access screen.

To see the invoices that are in the SAP ERP system for the vendor ## Lansing Leases, follow the menu path:

Accounting ▶ Financial Accounting ▶ Accounts Payable ▶ Account ▶ Display/change line items

which will produce the following screen:

## Lansing Leasing should already be entered. If not, use search
Open item should already be selected
Click on execute
The vendor account for **Lansing Leasing** should already be entered, and **Open items** should be selected. Click on the execute icon (窦) and the following message should appear:

![No items selected (see long text)](image)

which makes sense as we just created this vendor, only entered one invoice and cleared it. Change the entry from **Open items** to **Cleared items**:

![Line item selection](image)

then click on the execute icon (窦) and the following screen will appear:

![Vendor Line Item Display](image)

Note the invoice we just closed

The vendor line item display allows us to see the status of invoices for one or a number of vendors and helps us to process invoices before they are overdue.

Click on the exit icon (窦) until you to return to the SAP Easy Access screen.
Transaction 3: Posting and Reposting

In this set of exercises, we will demonstrate how the CO module functions by entering transactions. In the first transaction, we will post another invoice for the rent expense to the incorrect cost center, and then we will repost it to the correct cost center.

To enter the rent invoice, follow the menu path:

**Accounting ➤ Financial Accounting ➤ Accounts Payable ➤ Document Entry ➤ Invoice**

which will produce the following screen:

Enter Vendor Invoice: Company Code 00FS

Enter the following information for the rent invoice:

- **Vendor:** ## Lansing Leasing (find using search term ##)
- **Invoice date:** today’s date
- **Amount:** 10000
- **G/L Account:** 780000
- **D/C:** Debit
- **Amount in doc. curr.:** 10000
- **Cost center:** A010 (this is not the correct cost center)

Enter the following information for the rent invoice:

- **Vendor:** ## Lansing Leasing (find using search term ##)
- **Invoice date:** today’s date
- **Amount:** 10000
- **G/L Account:** 780000
- **D/C:** Debit
- **Amount in doc. curr.:** 10000
- **Cost center:** A010 (this is not the correct cost center)
Then click on the save icon ( ). If successful, you will get a message like the following:

![Document 1900000001 was posted in company code 00FS](image)

Click on the exit icon ( ) and click Yes on the warning message to return to the SAP Easy Access screen.

**Review Invoice Posting**

To review the posted invoice, follow the menu path:

**Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Information System ▶ Reports for Cost Center Accounting ▶ Line Items ▶ Cost Centers: Actual Line Items**

which will produce the following screen:

Enter Cost center **A010** and cost element **780000**. Make sure Cost center group and Cost element group are blank. Leave the default values in other fields, then click on execute icon ( ) to get the following screen:
We can see from this screen that the rent expense has been recorded under cost center **A010**, which is the Finance cost center. Double-click on the Rent Expense line to drill-down and get more detail on the transaction that created this cost for center **A010**:

Click on the exit icon (🌈) twice, then say yes to the following message:
Repost the Cost to the Correct Cost Center

Unfortunately, if you did what you were told in the last exercise, you posted the rent expense to the wrong cost center: You posted it to cost center A010 (Finance) and you should have posted it to A060 (Administration). In an auditable and secure system like SAP, you can’t go back and delete an entry. We can correct this mistake, however, by reposting the cost to the correct cost center.

To repost the cost, follow the menu path:

Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Actual Postings ▶ Repost Line Items ▶ Enter

which will produce the following screen:
With the required information entered, click on the execute icon (/button), which will result in a warning message:

![Warning Message]

The message is not particularly clear, but you can click on the exclamation mark icon (/button) to view the details of the message:
unlike a production SAP ERP system, we do not have a lot of FI documents, so this process won’t take a long time. Click on the cancel icon (×), then click on the enter icon (✓) to produce the following screen:

Change Acct assgt1 (cost center) to A060
Then click on save

Change the cost center from A010 to A060, then click on the save (post) icon (✓), then click on the exit icon (✓) to return to the SAP Easy Access screen.

To verify that the cost has been reposted to cost center A060, follow the menu path:
which will produce the following screen:

Enter **A010** to **A060** for Cost center and **780000** for Cost Element. Make sure Cost Center Group and Cost element group are blank. Leave the default values for Posting date and Settings, then click on the execute icon (_execute_icon__) to get the following screen:

Double-click on Rent on the second line
Double-click on the second Rent line to get the following screen:

![Display Reposting of Line Items: List]

This screen shows that the rent expense has been reposted from cost center A010 to A060. Click on the exit icon (Exit) and you will get the following message:

![End Reposting of Line Items]

Click Yes and then click on the exit icon (Exit) again and you will get another warning message:

![Display Actual Cost Line Items for Cost Centers]

Click Yes and then click on the exit icon (Exit) again to return to the SAP Easy Access screen.
Transaction 4: Allocation via Statistical Key Figures

SQFT has been defined as a statistical key figure to allocate the rent expense. To be able to allocate the rent expense to the appropriate cost centers, we need to define the square footage for each cost center. To do this, follow the menu path:

Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Actual Postings ▶ Statistical Key Figures ▶ Enter

which will produce the following screen:

With the controlling area set, the following data should be entered:

Click on Extras, then set controlling area
Make sure that the controlling area is set to ##FS
This data is the square footage of office space used by each of the cost centers. The $10,000 rent expense will be distributed from cost center A060 to each administrative cost center according to its proportion of the office space. After entering the data above, click on the save icon (.), then click on the exit icon (.) to return to the SAP Easy Access screen.

### Create Distribution Cycle

Next, we need to set up the distribution cycle, which tells the SAP system when to distribute the rent expense. To set up the distribution cycle, follow the menu path:

```
Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Period-End Closing ▶ Single Functions ▶ Allocations ▶ Distribution
```

will produce the following screen:

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Rec. Ctr</th>
<th>Stat KF</th>
<th>Cat.</th>
<th>Total Quantity</th>
<th>UM</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>0000</td>
<td>A010</td>
<td>SQFT</td>
<td></td>
<td>480</td>
<td></td>
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<tr>
<td>0000</td>
<td>A020</td>
<td>SQFT</td>
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<td>520</td>
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<tr>
<td>0000</td>
<td>A030</td>
<td>SQFT</td>
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<tr>
<td>0000</td>
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<td>590</td>
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<td></td>
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<tr>
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<td>310</td>
<td></td>
<td></td>
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<tr>
<td>0000</td>
<td>A060</td>
<td>SQFT</td>
<td></td>
<td>460</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Enter periods 1 through 12 and the current year as fiscal year, then follow the pull-down menu path:

**Extras → Cycle → Create**

which will produce the following screen:

**Enter ##DIST for Cycle and 01/01/current year for starting date, then click on the enter icon**
Enter **#DIST** for the distribution cycle and **01/01/current year** for the Starting date. **Note: it is important that the cycle start from the first of the current year.** Click the enter icon (✓) and the following screen will appear:

Enter **Monthly Distributions** for Text and **MAKE SURE ITERATIVE IS NOT CHECKED**! Then, click on the attach segment icon (Attach segment) and the following screen will appear:
Enter the following information:

Segment name: RENT  Distribution of Rent

Sender/receiver tab
  Sender Cost center: A060
  Sender Cost Element: 780000
  Receiver Cost center group: ##HQ

Then click on the Recvr tracing factor tab to get the following screen:
After selecting **Actual Statistical Key Figure** an information message will appear. Click on the enter icon (✓) for the information message, enter the following information:

Select **Actual stat. key figures**, which will produce an information message. Click on the enter icon for the message.
Enter **SQFT** for Stat. key fig. under Selection criteria, then click on the save icon ( ). This will produce the following message:

![Cycle saved message]

Click on the exit icon ( ) to get to the **Execute Actual Distribution: Initial Screen:**
Enter the cycle **##DIST** with start date 1/1/current year. Make sure Test run is checked, then click on the execute icon (_execute_icon) to get the following screen:

Click on the red Warning to see messages:

```
<table>
<thead>
<tr>
<th>Cycle</th>
<th>Start Date</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y_BDIST</td>
<td>01/01/2008</td>
<td>Monthly Distributions</td>
</tr>
</tbody>
</table>
```

Click on the red **Warning** to see the messages:
These messages point out that there were no expenses to distribute in previous periods—they are only warnings. Click on the cancel icon (×) to close the message window.

Note that the distribution process shows 1 sender and 6 receivers. That indicates that one cost center (A060) in this case, will distribute costs to 6 receiving departments (A010 to A060) according to their portion of the square footage. To see the dollar amount of the distributions, double-click on Monthly Distributions:
This screen shows the distribution of rent expense from cost center A060 to all of the administrative cost centers—including A060.

Click the back icon ((nrimg)), clicking Yes on the warning message window, then click the sender (Sender) and receiver (Receiver) icons to view additional information about the distribution.

Click on the back icon (nrimg), clicking Yes on the warning message window, to get to the *Execute Actual Distribution: Initial Screen*. Remove the Test run check mark and then execute (nrimg) the distribution program to distribute the rent expense to the administrative departments.
Transaction 5: Allocation via Assessments

Another way to distribute costs is through assessments. In this exercise, we will distribute a utility expense to the three production departments using fixed percentages.

To create the G/L Document entry for the rent expense, follow the menu path:

Accounting \> Financial Accounting \> General Ledger \> Posting \> Enter G/L Account Document

which will produce the following screen:

Enter the following information:

Doc. date: **today’s date**
First line of items:
- G/L acct: 750000
- D/C: Debit
- Amount in doc. curr.: 10000
- Cost center: A060 (you will have to scroll to find this field)

On the second line enter:
- G/L acct: 100000
- D/C: Credit
- Amount in doc. curr.: 10000
Second line of items:
- G/L acct: 100000
- D/C: Credit
- Amount in doc. curr.: 10000

Once you have entered this information, click the enter icon and then click on the simulate icon to verify the account postings. You should get the following screen:

If your account postings are correct, click on the save icon. Click on the exit icon to return to the main screen.

**Note:** In practice we wouldn’t enter utility bills as G/L account postings, but the purpose of this exercise is to show how to allocate costs, not post invoices.

**Create an Assessment Cycle**

We posted the $10,000 utility expense to cost center A060. We need to distribute this cost to the production cost centers using a fixed percentage. To set up this distribution process, we need to create an assessment cycle. To set up the assessment cycle, follow the menu path:

Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Period-end closing ▶ Single Functions ▶ Allocations ▶ Assessment

which will produce the following screen:
If it isn’t already there, enter period 1 to 12 and the current year for the fiscal year in the parameters area. Then follow the pull-down menu path Extras→Cycle→Create to get to the following screen:

Enter ##ASSM for Cycle and 01/01/current year for Starting date, then click on the enter icon to get the following screen:

Enter ##ASSM for Cycle and 1/1/current year for Starting date, then click on the enter icon to get the following screen:
Enter Monthly Assessments for Text and MAKE SURE ITERATIVE IS NOT CHECKED. Then click on Attach segment.

Click on the Attach segment icon (Attach segment) and the following screen will appear:
Enter UTILITIES and Assessment of Utilities for Segment name, 800100 for Assessment CEle (assessment cost element), Posted amounts for Sender rule and Fixed percentages for Receiver rule, then click on the Sender/receiver tab:
Enter **A060** for the Sender Cost center, **750000** for the Sender Cost element and **##MFG** for the Receiver Cost center Group, then click on the **Recvr tracing factor** tab:

Enter **A060** for the Sender Cost center, **750000** for the Sender Cost element and **##MFG** for the Receiver Cost center Group, then click on the **Recvr tracing factor** tab:
Enter the following percentages:

- **P010** (Production): 85
- **P020** (Warehouse): 10
- **P030** (Receiving): 5

Then click on the save icon. Then click on the exit icon to get to the **Execute Actual Assessment: Initial Screen**:
Enter the cycle **##DIST** with start date **1/1/current year**. Make sure **Test run** is checked, then click on the execute icon (✓) to get the following screen:

Enter cycle **##ASSM**

Start date **1/1/current year**

Make sure **Test run** is checked

Click on the execute icon (✓)
Print a copy of this document to hand in.

To set up the SAP ERP system to do printing, use the following menu path from the pull-down menu at the top of the window:

System → User profile → Own data

Click on the Defaults tab of the Maintain User Profile screen:
Enter **LOCL** for Output Device to select the local printer, which will be the Windows™ default printer and check **Output Immediately** and **Delete After Output**, then click on the save icon ( ).

Setting up the printer will create a new session, so switch back to the session with the screen 
**Display CCA: Actual Assessment Basic List** and click on the print icon ( ). You will get the following pop-up window:
Click on the enter icon to send your output to your Windows printer. You If your printing is successful, you should get a message like the following at the bottom of the screen:

```
> Spool request (number 0000016103) sent to SAP printer LOCL
```