SAP FICO Course Contents

Financial Accounting
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What is SAP FICO

SAP FICO

SAP FICO module refers to the Finance (FI) and Controlling (CO) modules of SAP ERP system. FI and CO are the core modules of SAP. They are tightly integrated with Sales and Distribution Module (SD) and Materials management (MM) module.

What is SAP FI?

SAP Financial Accounting (FI) is the core module where all the financial processing transactions are captured. This is the module that is used to create statutory Financials Statements for external reporting purposes.

Functions in SAP FI can primarily be divided into General Ledger Accounting (G/L), Accounts Receivable and Accounts Payable (AR/AP) processing, and Fixed Asset Accounting (AA).

What is SAP CO?

SAP Controlling module helps provide operational information to the management of a company to support business analysis and decision-making. CO represents the internal accounting viewpoint of an organization. It provides information to managers to help manage costs and operations of the organization.

Prominence

- SAP FI is the important module of all SAP implementations
- SAP FI (Financial Accounting) is used for external reporting i.e. Balance sheet, Profit and Loss statements
- SAP FICO Module integrates with various other SAP Modules such as MM (Materials Management), SD (Sales and Distribution), PP (Production Planning), PM (Plant Maintenance), and PS (Project Systems).
- SAP FI (Financial Accounting) Module receives postings from various other modules such as Materials Management, Sales and Distribution, Human Resource) through integration.
- All accounting-relevant transactions which are made in Logistics (LO) are posted real-time to Financial Accounting by automatic account determination. This data can also be passed on to Controlling (CO).

SAP FI Modules contains the following sub-modules

- General Ledger accounting
- Accounts Receivables
- Accounts Payable
- Asset Accounting
- Bank Accounting
- Consolidation

- Special Purpose Ledger
- Travel Management

General Ledger Accounting :- The general ledger accounting is to provide a complete report for external and internal accounting i.e. Accounts, Journals, Monthly debits and Credit, Balance sheet and Recording all business transactions.

Accounts Payable :- The Accounts Payable records and manages all accounting data related to vendors
Accounts Receivable :- The Accounts receivable records and manages all accounting data related to Customers

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

Bank Accounting :- Bank accounting is used to manage the bank transactions in the systemincluding cash management.

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

Funds Management:- Funds Management manages budgets for revenues and expenses within your company as well as track these in the area of responsibility.

Special Purpose Ledger :- Special purpose ledger is used to define ledgers for reporting purposes.

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

SAP CO Module:

SAP Controlling plays an important role for the management decision making and CO Module is used for the internal reporting purpose. Controlling Area is the organization unit used to represents the controlling activities of Cost Center accounting, Profit Center Accounting, Product Costing, and Profitability etc.

SAP CO Module contains the following sub-modules :

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

INTRODUCTION TO SAP FICO

SAP FICO Stands for FI (Financial Accounting) and CO (Controlling). SAP FICO is the important module of ERP and both FI and CO modules store the financial transactions data.

SAP FI Module

- SAP FI is the important module of all SAP implementations
- SAP FI (Financial Accounting) is used for external reporting i.e. Balance sheet, Profit and Loss statements
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SAP FI – Sub-Modules

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

SAP CO Module

SAP Controlling plays an important role for the management decision making and CO Module is used for the internal reporting purpose. Controlling Area is the organization unit used to represents the controlling activities of Cost Center accounting, Profit Center Accounting, Product Costing, and Profitability etc.

SAP CO Sub-Modules

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

SAP FICO Hard Interview Questions

- **1. How to integrate MM With FICO ?**

a. By using transaction code OBYC we can get the details of MM, Fico integration.
b. Go to IMG settings in financial accounting and do the configuration for MM-FI settings
c. Value from MM to FI is defined in OBYC…. on the material master the flows of values are assigned on the Costing, Accounting, etc. tabs where the system helps to post the necessary stock values into the appropriate GL accounts. Helps to determine, the GL accounts updated when there is a movement of goods.

- **2. What is the main difference between business area and cost center ?**

Business area is a place where the product or the produced components are valued in group or for the total transactions carried out, Right from procurement, production and sales of goods. Whereas Cost centre is a particular area where the production or the project is taken up and expenditure is identified separately with a separate GL account.

- **3. How to create Tax Calculation Procedure ?**

Tax calculation procedures based on the countries depended. One country is using different of tax procedures. We are creating new country also and at what type calculation procedures present is running on the country and it is assigned which country used.

(OR)

Tax calculation procedures based on the country wise using and which country is used at what percent and it is used on the country. We are creating new country also at what percent it is used and it is assigned to using of this country.

- **4. What is the difference between business area and profit center ?**

Business area is where the total business is valuated as a whole Whereas Profit center is an area where the company/work place allows the outside agency to use its machinery for external profits (Ex: A CNC machine which can run 24 hours a day is utilized in our company for 15 hours and the balance 9 hours is let out for addition to the company's profit) is known as Profit Center.

(OR)

Business area is related term to FI module and Profit centre is related to CO module. One business area can have one or more profit centers.

- **5. Explain Legacy System Migration Workbench ?**

LSMW is widely used by EDI programmers. EDI Programmers connect the SAP system to Non SAP system. During this Data migration is a necessity. When data migrates from source to destination the destination code is different from the source code. So what LSMW does is* Converts the data in to batch files* Then converts the batch files in to source code batch files* And then migrates data. Standard Interfaces like BAPI or Idoc are used in this process.

(OR)

LSMW is used for migrating data from a legacy system to SAP system, or from one SAP system to another. Apart from standard batch/direct input and recordings, BAPI and IDocs are available as additional import methods for processing the legacy data.

The LSMW comprises the following main steps:
* Read data (legacy data in spreadsheet tables and/or sequential files).
* Convert data (from the source into the target format).
* Import data (to the database used by the R/3 application.
But, before these steps, you need to perform following steps:
* Define source structure: structure of data in the source file.
* Define target structure: structure of SAP that receives data.
* Field mapping: Mapping between the source and target structure with conversions, if any.
* Specify file: location of the source file.

- **6. What is done by GR/IR regrouping program ?**

The balance in a GR/IR account is basically because of 2 main types of transactions:-
Goods delivered but invoice not received – Here the Goods receipt is made but no invoice has yet been received from the vendor. In such a scenario GR/IR account will have a credit balance.
Invoiced received but goods not delivered – Here the Invoice is received from the vendor and accounted for, but goods have not been received. In such a scenario GR/IR account will have a debit balance. The GR/IR account would contain the net value of the above two types of transactions. The GR/IR regrouping program analyses the above transactions and regroups them to the correct adjustment account. The balance on account of first transactions will be regrouped to another liability account and the balance on account of second transactions will be regrouped to an asset account.

- **7. What are the functionalities available in the financial statement version ?**

In the financial statement version the most important functionality available is the debit credit shift. This is more important in case of Bank overdraft accounts which can have a debit balance or a credit balance. Thus in case of a debit balance you would require the overdraft account to be shown on the Asset side. In case of credit balance you would require the account to be shown on the Liability side.

- **8. What is the difference between profit center accounting and Profitability analysis?**

Profit center accounting is basically done for internal controlling purposes. It lets you determine the profit and loss using the cost of sale approach or period accounting approach. Here you can find the profit from an –area of responsibility or person‖ point of view, this is account based costing. Whereas in Profitability analysis, market segments based on product, customer, order or any combination of these are studied to find outs the profit. PA provides information to the marketing, sales and planning department so that they can make decisions. PA has two forms account based and CO based.

- **9. What are the Different types of ERP ?**

SAP, BAAN, JD Edwards, Oracle Financials, Siebel, People Soft. Among all the ERP's most of the companies implemented or trying to implement SAP because of number of advantages of other ERP packages.

- **10. How do you configure manual bank statement ?**

Configuration is required during electronic bank statement not in manual bank statement. In manual bank statement you just have to enter the data on screen and save it.

- **11. Explain the concept of "Business Content" in SAP Business Information Warehouse ?**

Business Content is a pre-configured set of role and task-relevant information models based on consistent Metadata in the SAP Business Information Warehouse. Business Content provides selected roles within a company with the information they need to carry out their tasks. These information models essentially contain roles, workbooks, queries, InfoSources, InfoCubes, key figures, characteristics, update rules and extractors for SAP R/3, mySAP.com Business Applications and other selected applications.

- **12. Why do you usually choose to implement SAP ?**

There are number of technical reasons numbers of companies are planning to implement SAP. It's highly configurable, highly secure data handling, min data redundancy, max data consistency; you can capitalize on economics of sales like purchasing, tight integration-cross function.

- **13. Explain the process of BW run without a SAP R/3 implementation ?**

Can run BW without R/3 implementation. You can use pre-defined business content in BW using your non-SAP data. Here you simply need to map the transfer structures associated with BW data sources (Info Cubes, ODS tables) to the inbound data files or use 3rd part tool to connect your flat files and other data sources and load data in BW. Several third party ETL products such as Acta, Informatics, Data Stage and others will have been certified to load data in BW.

- **14. What is WF and its importance ?**

Business Work Flow: Tool for automatic control and execution of cross-application processes. This involves coordinating the persons involved, the work steps required, the data, which needs to be processed (business objects). The main advantage is reduction in throughput times and the costs involved in managing business processes. Transparency and quality are enhanced by its use.

- **15. What is SAP R/3 ?**

A third generation set of highly integrated software modules that performs common business function based on multinational leading practice. Takes care of any enterprise however diverse in operation, spread over the world. In R/3 system all the three servers like presentation; application server and database server are located at different system.

- **16. What are presentation, application and database servers in SAP R/3 ?**

The application layer of an R/3 System is made up of the application servers and the message server. Application programs in an R/3 System are run on application servers. The application servers communicate with the presentation components, the database, and also with each other, using the message server. All the data are stored in a centralized server. This server is called database server.

- **17. What should be the approach for writing a BDC program ?**

Convert the legacy system data to a flat file and convert flat file into internal table. Transfer the flat file into sap system called –sap data transfer‖. Call transaction (Write the program explicitly) or create sessions (sessions are created and processed, if success data will transfer).

- **18. Define internal tables check table, value table, and transparent table ?**

Internal table: It is a standard data type object, which exists only during the run time of the program.
Check table: Check table will be at field level checking.
Value table: Value table will be at domain level checking ex: scar table is check table for carried.
Transparent table: - Exists with the same structure both in dictionary as well as in database exactly with the same data and fields.

- **19. What are the major benefits of reporting with BW over R/3 ?**

Would it be sufficient just to Web-enable R/3 Reports? - Performance — heavy reporting along with regular OLTP transactions can produce a lot of load both on the R/3 and the database (CPU, memory, disks, etc.) Just take a look at the load put on your system during a month end, quarter end, or year-end — now imagine that occurring even more frequently. Data analysis — BW uses a Data Warehouse and OLAP concepts for storing and analyzing data, where R/3 was designed for transaction processing. With a lot of work you can get the same analysis out of R/3 but most likely would be easier from a BW.

- **20. How can an ERP such as SAP help a business owner learn more about how business operates ?**

In order to use an ERP system, a business person must understand the business processes and how they work together from one functional area to the other. This knowledge gives the student a much deeper understanding of how a business operates. Using SAP as a tool to learn about ERP systems will require that the people understand the business processes and how they integrate.