

How to Define Accounting Principles in SAP

In this SAP tutorial, you will learn how to define accounting principles in SAP FI. In previous tutorials we learned how to configure [foreign currency valuation method](#) in SAP.

Note: – You can use predefined accounting principle that was provided by [SAP](#) or you can define your own principles as per your requirements.

Define Accounting Principles in SAP

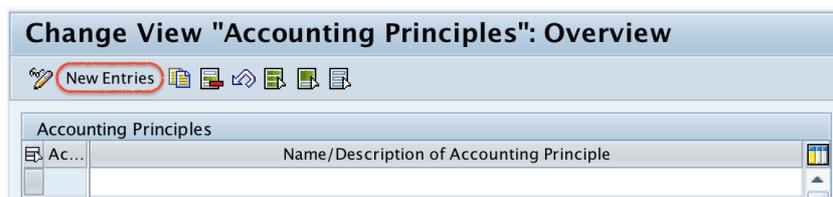
You can maintain accounting principles in [SAP FICO](#) by using the following navigation method.

- **Transaction code:** – SPRO
- **SAP IMG**→ Financial Accounting (New) → General Ledger accounting (New)→ Financial Accounting Global Settings (New) → Ledgers → Parallel Accounting → Define Accounting Principle.

Step 1) Follow the menu path and double click on “Define accounting principles”.

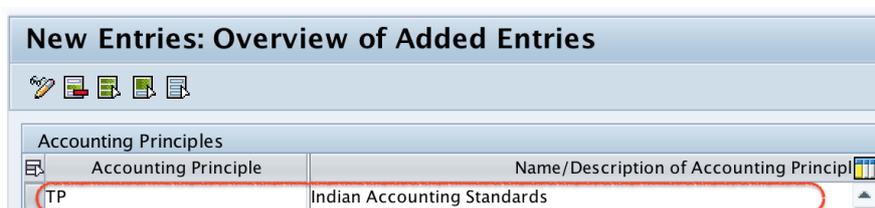


Step 2) On change view Accounting Principle overview screen, click on new entries button.



Step 3) On new entries screen, update the following details.

- **Accounting Principle:** – Enter the two digits key that identifies the accounting principles in SAP.
- **Description:** – Descriptive text of accounting principles as Indian Accounting Standards.



After maintaining all the required details, press enter and save in your request.

Assignment of Accounting principle to ledger groups

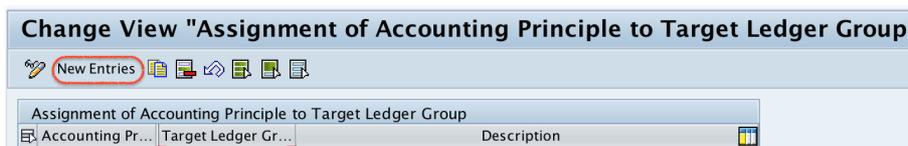
After configuration of accounting principles, you need it assign to the ledger groups. The assignment can be configured by using the following navigation.

- IMG Path: –Financial Accounting (New) → General Ledger accounting (New)→ Financial Accounting Global Settings (New) → Ledgers → Parallel Accounting → Assign Accounting Principle to Ledger Groups.

Step 1) Follow the above path and double click on IMG activity assign accounting principle to ledger groups.



Step 2) on change view assignment of accounting principle to target ledger group screen, click on new entries button.



Step 3) On new entries screen, update the following details.

- Accounting Principle :- Update the accounting principle key for assignment
- Ledger group – Update the ledger group key for assignment.



After maintaining the details, press enter and click on save button and save the configured details.

Successfully we have defined accounting principles and assigned to ledger group.

‡ SAP Financial Accounting

‡ What is SAP FICO

‡ What is client in SAP

SAP FICO - Enterprise Structure

‡ Define Company in SAP

‡ Define Company Code in SAP

‡ Assign company code to company in SAP

‡ Define business area and consolidation business area in SAP

‡ Assign business area to consolidated business area in SAP

‡ Define credit control area in SAP

‡ Assign company code to credit control area in SAP

‡ Define functional area in SAP

‡ Maintain Financial Management Area in SAP

‡ Assign financial management area to company code in SAP

‡ How to create segments in SAP

SAP FICO - Global Parameters

‡ What is Chart of accounts and how to create COA in SAP?

‡ Assign company code to chart of accounts

‡ What is Fiscal year in SAP?

‡ How to maintain fiscal year variant

‡ Assign company code to fiscal year variant

‡ Define account group in SAP

‡ Define retained earnings account

‡ Define posting period variant (PPV)

‡ Assign variants to company code in SAP

‡ Open and closing posting period variants

‡ Define field status variant and field status groups in FICO

‡ Assign company code to field status variant

‡ Define Tolerance group for G/L accounts

‡ Define Tolerance group for employees

‡ Check company code global parameters

SAP FICO - Foreign Currency Transactions

‡ Check exchange rate types

‡ Define translation ratios for currency translation

‡ How to maintain exchange rates in SAP

‡ Define accounts for exchange rate differences

‡ Define foreign currency valuation methods

‡ Define accounting principles and assign to ledger group

‡ Define valuation areas and assign to accounting principles

SAP FICO - New G/L Accounting

‡ How to activate new G/L accounting?

‡ Define ledgers for general ledger accounting

‡ Define currencies for leading currency

‡ Define & Activate Non-Leading Ledgers

‡ Define Zero-balance clearing account

‡ Define interest calculation types

‡ Define interest indicator

SAP FICO - Accounts Receivable

‡ Define account group for customers

‡ Maintain number ranges for customer account groups

‡ Assign number ranges to customer account groups

‡ Define risk categories

‡ Define tolerance group for Customers

‡ Create sundry debtors accounts

‡ Define Customer Master Record

SAP FICO - Accounts Payable

‡ What is Accounts Payable in SAP?

‡ Define vendor account groups

‡ Maintain number range intervals for vendor accounts

‡ Assign number ranges to vendor account groups

‡ Create payment terms

‡ Define accounts for cash discount taken

‡ Define Vendor reconciliation account

‡ Create vendor code

SAP FICO - Tax on Sales and Purchases

‡ What is Sales tax and Purchase tax in SAP?

‡ Define tax calculation procedures

‡ Assign country to calculation procedure

‡ Assign tax codes for non taxable transactions

‡ Maintain tax codes for sales and purchases

‡ Define tax accounts in SAP

SAP FICO - Bank Accounting

‡ What is Bank Accounting in SAP?

‡ Define bank key

‡ Define house bank in SAP

‡ Create check lots

‡ Automatic payment program

SAP FICO - Asset Accounting

‡ What is Asset Accounting in SAP?

‡ Define Chart of Depreciation

‡ Assign chart of depreciation to company code

‡ Specify Account Determination

‡ Number range intervals for Assets

‡ Maintain Asset Classes

‡ Define tax accounts in SAP

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‡ SAP TCodes

‡ SAP FI TCodes