

Define Functional Area in SAP | Create Functional Area

How to define functional area in SAP FICO

The following SAP tutorials explain how to define functional area in SAP financial accounting step by step based on real time business scenarios.

Before referring to these configuration steps, we recommend to read how to [define company code in SAP](#) and [how to create business area in SAP](#).

What is Functional Area?

In [SAP](#), functional area is an organizational unit that sorts operating expenses incurred based on the activities. For example Production, Administration, sales, research & development, etc.

- Functional areas allow to create financial statements to meet the US GAAP requirements.
- If the organization is following cost of sales accounting, it is mandatory to create functional area in SAP and properly assign in various master data.
- You can enter functional area in the master data of
 - G/L account
 - Cost element
 - Cost center
 - Orders
 - WBS elements, etc.

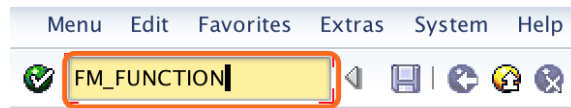
Scenario: – In this configuration, we are going to define the following functional areas in order to meet the organizational requirements.

Functional Area	Description
TK11	Production
TK12	Administration
TK13	Sales
TK14	Research & Development

You can define functional area in SAP by using any one of navigation method or transaction code.

- SAP Menu Path: – [SPRO](#) – [IMG](#) – Enterprise Structure – Definition – [Financial Accounting](#) – Define functional Area
- T – code: – [OKBD](#), [FM_FUNCTION](#)
- Database Table: – [TFKB](#), [TFKBT](#).

Step 1) Enter [transaction code](#) “[FM_FUNCTION](#)” in the sap command field and enter to continue.



Step 2) From process functional area screen, enter the four digits key that identifies functional area in SAP and click on create functional area button to define the functional areas as per the organizational requirements.

A screenshot of the 'Process Functional Area' screen. The title is 'Process Functional Area'. Below the title are two buttons: 'Change Documents' and 'Validate'. Below these buttons is a field labeled 'Functional Area' containing the text 'TK11'. To the right of this field are three icons: a document icon, a pencil icon, and a refresh icon. Below the 'Functional Area' field is a section titled 'Description of Function Area' with a sub-label 'Functional area text' and an empty input field.

Step 3) Now update description of functional area.

A screenshot of the 'Create Functional Area' screen. The title is 'Create Functional Area'. Below the title is a 'Validate' button. Below the button is a field labeled 'Functional Area' containing the text 'TK11'. To the right of this field are three icons: a document icon, a pencil icon, and a refresh icon. Below the 'Functional Area' field is a section titled 'Description of Function Area' with a sub-label 'Functional area text' and an input field containing the text 'Production'. The input field is highlighted with a red rectangle.

Step 4) Click on save button and save the configured functional area details. You get a message as “Functional area TK11 has been saved.”

Functional area TK11 has been saved

Successfully we have created new functional area “TK11” in SAP system.

SAP FICO Training

↳ [SAP FICO Tutorials](#)

SAP FICO - Introduction

↳ [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](#)

▸ 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

create checkbook

‡ 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

SAP Controlling Training

‡ SAP CO Tutorials

SAP TCodes

‡ SAP TCodes

‡ SAP FI TCodes