How to create Retained Earnings Account in SAP

In this SAP tutorials, you will learn what is retained earnings accounts and how to create retained earnings account in SAP FICO step by step with real time scenarios.

What is Retained Earnings Account in SAP

In the year end, retained earnings account enables to transfer all the profit & loss account balances to surplus in profit and loss account. Same way all the balance sheet account balances are carry forwarded to next fiscal year as opening balance.

The implementation of retained earnings account in SAP is mandatory. If the retained earnings account is not defined, in the year end you can not transfer the P&L account balances to next financial year.

Scenario

Up to now we have not created any account, however we can assign on account for retained earnings account. It is recommended to specify account from respective account group i.e. reserve surplus account group.

P&L Statement account type	Account
X	100100

The appropriate retained earnings encompasses

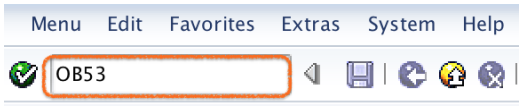
- Yearly net income carried forward
- Distribution of dividends
- Transfers to appropriations and deductions from appropriations
- Transfer to minority interest and deductions from minority interest.

How to create retained earnings account in SAP

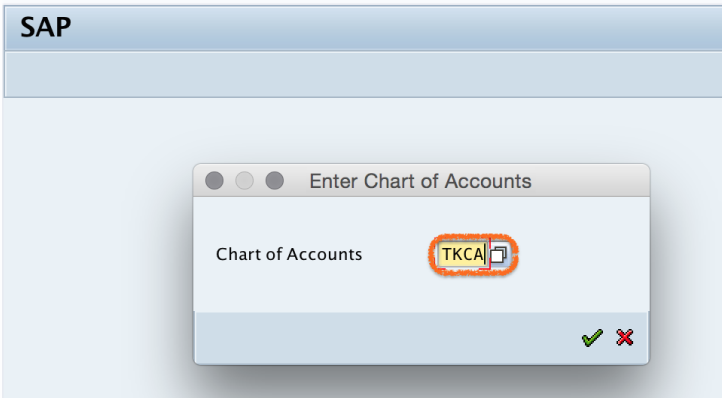
You can define retained earnings account by using one of the following navigation method.

- *Transaction code: – OB53*
- *Menu Path: – SPRO > SAP IMG > Financial Accounting > General ledger accounting >G/L Accounts > Master data >Preparations > Define retained earnings account.*

Step 1) Enter SAP T-Code "OB53" in the command field and enter.

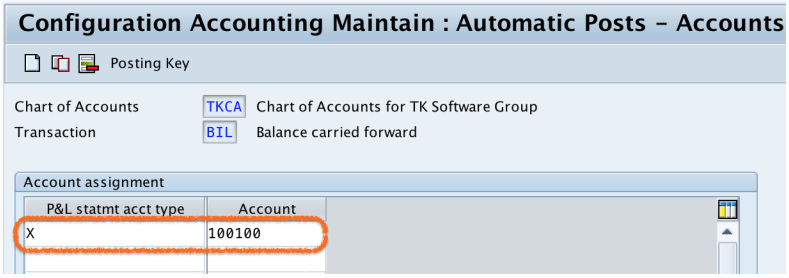


Step 2) Now a pop of window display for entering your chart of accounts. Enter chart of accounts key "TKCA" and press enter to continue.

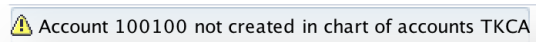


Step 3) On configuration accounting maintain : Automatic Posts – Accounts screen, update the following details.

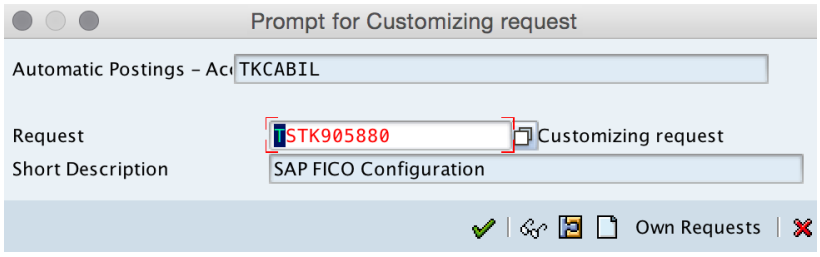
- P&L statement acct type: – Update the P&L statement account type as “X”
- Account: – Give the account number in the reserve surplus account group i.e. “100100”.



Step 4) Click on save button, now you get a message as “Account 100100 not created in chart of accounts TKCA”



Ignore the warning message, press enter to continue. Now you are prompted for customizing request number, select your request and press enter to save in your request.



Successfully we have defined retained earnings account in SAP.

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
- 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

SAP Controlling Training

- SAP CO Tutorials

SAP TCodes

- SAP TCodes
- SAP FI TCodes