

Journal Entries in an ERP

This assignment reviews basic accounting entries for a series of transactions, emphasizes the integration of journals to the financial statements, and introduces students to these journal entries in SAP ERP

Product

SAP ERP GBI
Release 6.04

Level

Undergraduate
Graduate
Beginner

Focus

Accounting Entries in
Manual and
Automated Systems
Integration of
Accounting Journals

Authors

Jim Mensching
Nancy Jones

Contributors

Patti Brown

Version

1.0

MOTIVATION

This assignment is a review of general financial accounting principles and procedures. In the first part of the assignment, you will create general journal entries for a series of transactions in Excel. For the last part of the assignment you will enter your “manual” journal entries into the SAP ERP system. The SAP system will then be used to produce a set of financial statements (balance sheet and income statement).

Primary learning objectives are:

- Experience concepts of beginning financial accounting
- Review the accounting cycle
- Work with a manual accounting information system
- Experience how an ERP system handles the steps of the accounting cycle

PREREQUISITES

Before you use this case study, you should be familiar with navigation in the SAP system.

You should also be familiar with Excel or other spreadsheet programs.

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NOTES

This case study uses the Global Bike Inc. (GBI) data set, which has exclusively been created for SAP UA global curricula.

Assignment Overview

This assignment is a review of general financial accounting principles and procedures. In this assignment you will create general journal entries for a series of transactions. You will also show the impact of these transactions on a set of t-accounts and create a trial balance and adjusted trial balance. You will then close out the income statement accounts as you would at year end. For the last part of the assignment you will explore how your journal entries might be created in an automated system by entering your “manual” journal entries into the SAP ERP system. The SAP system will then be used to produce a set of financial statements (balance sheet and income statement).

Global Bike Inc. (GBI)

We will be working with a company called Global Bike Inc., (GBI). You may have seen GBI in other classes if you have completed other SAP assignments. Information regarding GBI follows.

Company History

Global Bike Inc. has a pragmatic design philosophy that comes from its deep roots in both the off-road trail racing and long-distance road racing sports. Nearly 20 years ago, its founders designed their first bikes out of necessity—they had races to win and the bikes that were available at the time did not perform to their extremely high standards. So, they took matters into their own hands and built legendary bikes that would outlast and outperform the competition. From these humble origins, Global Bike Incorporated was born and continues to deliver innovative high-performance bicycles to the world’s most demanding riders.

This heritage of entrepreneurial spirit and quest for design perfection is still the cornerstone of GBI’s corporate philosophy. GBI produces bikes for the most demanding competitors—whether the competition is on pavement or dirt, for money, fame or just bragging rights.

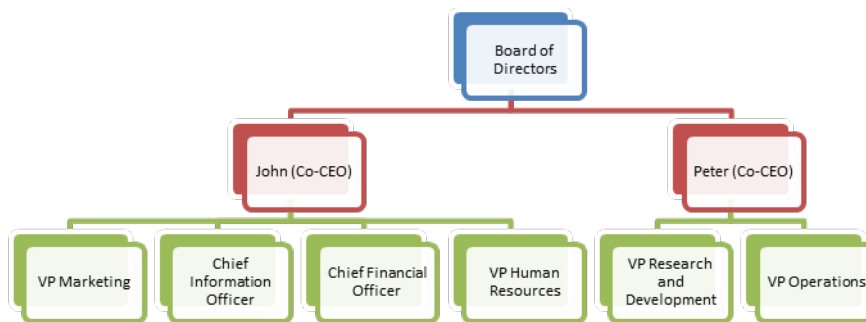
John Davis earned his racing scars in the mountain racing circuit in America, where he won numerous downhill and cross-country championships. Early on, John realized that the mass-produced bicycles available were inadequate in many ways for the type of racing he was doing. So, John stripped four of his old bikes down to the bare metal and rebuilt them into a single “Frankenstein” bike that he rode to win the national championship. Once news of his Frankenstein bike got out, John’s friends and even his competitors began asking him to build them a Frankenstein bike too. While recovering from an injury in 1990, John started producing the first series of Frankenstein bikes in his garage—each one custom-built from cannibalized parts from other bikes. As more and more orders came in, John successfully expanded Frankenstein Bikes from his garage operations into a full-blown manufacturing facility in Dallas and began producing custom trail bikes which he sold through a network of specialized bike dealers throughout the country.

At nearly the same time, halfway around the world in Heidelberg, Germany, Peter Schwarz was studying engineering and competing in regional touring races on weekends. In between his races and studies, Peter worked at a bike shop in Heidelberg, fixing student bikes and tuning the touring bikes that he and his friends rode for competitions. As Peter’s reputation as a fierce competitor and mechanical wizard grew, he also began to design and build road bikes based on an ultra-light composite frame that he had created for one of his engineering courses. Peter’s innovative use of carbon composite materials allowed him to build a frame that was significantly stronger and one tenth the weight of competing frames. As a student, Peter did not have a great deal of financial resources,

so he partnered with a local company that manufactured his frame designs as a contract manufacturer. Soon, Peter's frames were being used by racers all over Europe and he started Heidelberg Composites to market and design frames which would be fabricated by a contract manufacturer on a larger scale. Heidelberg Composites sold its frames to specialized bike stores throughout Europe and directly to racing teams, eventually becoming the leader in lightweight touring frames in Europe.

Through a twist of fate, Peter and John met each other in 2000 and immediately recognized their mutual passion for performance and complimentary business models. Each had been looking for a partner in another racing field and each had been looking for a partner in a different market. They quickly realized that a merger between their two companies would be extremely synergistic and that the combination of their product lines and regional distribution channels would generate a great deal of efficiencies.

So, in 2001, Heidelberg Composites and Frankenstein Bikes merged to form Global Bike Incorporated. Today, John and Peter share the responsibilities for managing GBI's growing organization as co-CEO's. John is responsible for sales, marketing, service & support, IT, finance and human resources groups and Peter is responsible for research, design, procurement and manufacturing groups from an organizational reporting perspective.



GBI is a world class bicycle company serving the professional and “prosumer” cyclists for touring and off-road racing. GBI's riders demand the highest level of quality, toughness and performance from their bikes and accessories.

Product Development

Product development is the most critical element of GBI's past and future growth. GBI has invested heavily in this area, focusing on innovation, quality, safety and speed to market. GBI has an extensive innovation network to source ideas from riders, dealers and professionals to continuously improve the performance, reliability and quality of its bicycles.

In the touring bike category, GBI's handcrafted bicycles have won numerous design awards and are sold in over 10 countries. GBI's signature composite frames are world-renowned for their strength, low weight and easy maintenance. GBI bikes are consistently ridden in the Tour de France and other major international road races. GBI produces two models of their signature road bikes, a deluxe and professional model. The key difference between the two models is the type of wheels used, aluminum for the basic model and carbon composite for the professional model.

GBI's off-road are also recognized as incredibly tough and easy to maintain. GBI trail bikes are the preferred choice of world champion off-road racers and have become synonymous with performance and strength in one of the most grueling sports in the world. GBI produces two types of off-road bike, a men's and women's model. The basic difference between the two models is the smaller size and ergonomic shaping of the women's frame.

GBI also sells an accessories product line comprised of helmets, t-shirts and other riding accessories. GBI partners with only the highest quality suppliers of accessories which will help enhance riders' performance and comfort while riding GBI bikes. The accessories list is shown here as trading goods.

| | | |
|------------------------------------|----|----------|
| DELUXE TOURING BIKE (BLACK) | EN | DXTR1000 |
| DELUXE TOURING BIKE (RED) | EN | DXTR3000 |
| DELUXE TOURING BIKE (SILVER) | EN | DXTR2000 |
| MEN'S OFF ROAD BIKE | EN | ORMN1000 |
| PROFESSIONAL TOURING BIKE (BLACK) | EN | PRTR1000 |
| PROFESSIONAL TOURING BIKE (RED) | EN | PRTR3000 |
| PROFESSIONAL TOURING BIKE (SILVER) | EN | PRTR2000 |
| WOMEN'S OFF ROAD BIKE | EN | ORWN1000 |

GBI Finished Products

| | | |
|-------------------|----|----------|
| AIR PUMP | EN | PUMP1000 |
| ELBOW PADS | EN | EPAD1000 |
| FIRST AID KIT | EN | FAID1000 |
| KNEE PADS | EN | KPAD1000 |
| OFF ROAD HELMET | EN | OHMT1000 |
| REPAIR KIT | EN | RKIT1000 |
| ROAD HELMET | EN | RHMT1000 |
| T-SHIRT | EN | SHRT1000 |
| WATER BOTTLE | EN | BOTL1000 |
| WATER BOTTLE CAGE | EN | CAGE1000 |

GBI Trading Goods

Information System

When the company first started, a manual accounting system was put in place. However, the company has decided that it needs to computerize its accounting process to be more efficient. In addition, in order to expand their sales to additional wholesale markets, Global Bike, Inc. (GBI) must have EDI (electronic data interchange) capabilities by July 1. A project team has been established to meet this deadline and the computerization of the accounting system is the first step in implementation of the company's new information system and their link to global partners. GBI uses a perpetual inventory system to account for both product line inventories, bicycles and accessories, as well as raw materials and work-in-process.

Consultants have configured the new computer system and it is ready to use. The books of the company were closed on December 31st to prepare for the transition to the new system. The account balances are now ready to be transferred to the new computer system. GBI will run parallel systems during January; that is, they will record transactions in both the manual system and their new computerized system to make sure the new system is set up properly. This is a standard business practice that reduces the risks associated with implementing new systems.

Chart of Accounts for Global Bike, Inc.

The chart of accounts is a means of organizing general ledger accounts for grouping or sorting and to generate financial statements. Generally a unique numeric code (although alphanumeric can also be used) is given to an account based on its type. A block of code may be set aside for specific types of accounts. For instance, in the case of GBI, account numbers 100000 through 109999 are reserved for "cash" or liquid asset accounts. The entire set of codes and blocks of code is called the chart of accounts. Global Bike's chart of accounts follows:

| G/L Account | G/L Acct Long Text |
|----------------|---|
| 100000 | Bank Account |
| 110100 | Accounts Receivable (Direct Posting Account) |
| 110150 | Allowance for Bad Debt |
| 110200 | Interest Receivable |
| 200600 | Inventory-Operating Supplies |
| 200900 | Inventory-Raw Materials (Direct Post) |
| 200910 | Inventory-Finished Goods (Direct Post) |
| 200920 | Inventory-Trading Goods (Direct Post) |
| 200930 | Inventory-Semi-finished Goods (Direct Post) |
| 210000 | Prepaid Insurance |
| 211000 | Prepaid Supplies |
| 212000 | Prepaid Advertising |
| 215000 | Prepaid Rent |
| 216000 | Deposits |
| 220000 | Notes Receivable |
| 220110 | Land |
| 220210 | Production Machinery, Equipment and Fixtures |
| 220310 | Accumulated Depreciation –Production mach, Equip. |
| 220400 | Office Furniture |
| 220500 | Accumulated Depreciation–Office Furniture |
| 220600 | Office Equip and Computers |
| 220700 | Accumulated Depreciation- Office Equipment |
| 300100 | Payables-Income Taxes |
| 300200 | Accounts Payable (Direct Posting Account) |
| 300300 | Payables-Interest |
| 300400 | Payables-Short-Term Notes |
| 300500 | Payables-Long-Term Notes |
| 300600 | Payables-Commissions |
| 300700 | Payables-Salaries and Wages |
| 300800 | Accrued Expense |
| 310000 | Goods Receipt / Invoice Receipt Account |
| 320000 | Accrued Tax – Output |
| 321000 | Accrued Tax- Input |
| 322000 | Unearned Revenues |
| 329000 | Common Stock |
| 329100 | Additional Paid-in-Capital |
| 330010 | Retained Earnings (Direct Post) |
| 600000 | Sales Revenue |
| 610000 | Sales Discount |
| 620000 | Miscellaneous Revenue |
| 630000 | Revenue Deductions |
| 640000 | Gain or Loss on Sale of Assets |
| 650000 | Customer Service Revenue |
| 650100 | Customer Service Revenue Settlement |
| 720000 | Raw Material Consumption Expense |
| 720100 | Finished Product Consumption Expense |
| 720200 | Trading Good Consumption Expense |
| 720300 | Semi-Finished Consumption Expense |

| | |
|--------|---|
| 740000 | Supplies Expense |
| 740100 | Utilities Expense |
| 740200 | Legal and Professional Expense |
| 740300 | Rent Expense |
| 740400 | Insurance Expense |
| 740500 | Payroll Expense-Office |
| 740600 | Payroll Expense-Administrative |
| 740700 | Sales Expense |
| 740800 | Tax Expense - Property |
| 740900 | Tax Expense- Income |
| 741000 | Miscellaneous Expense |
| 741100 | Labor Expense |
| 741200 | Bad Debt Expense |
| 741300 | Information Technology Expense Account |
| 741400 | Production Order Variance Expense Account |
| 741600 | Manufacturing Output settlement |
| 741700 | Manufacturing Output Settlement Variance |
| 741800 | Depreciation Expense |
| 741900 | Advertising Expense |
| 742000 | Vendor Discounts Missed |
| 742100 | Shipping Expense |
| 760000 | Purchase Price Difference |
| 760100 | Production Variance |
| 770000 | Research and Development |
| 780000 | Cost of Goods Sold |

Detailed Assignment Requirements

The next few pages show the balances in GBI accounts as of January 1st and then the descriptions of events occurring during January for which you are to make general journal entries in a manual accounting system. Your manual accounting system needs to include a general journal, t-accounts, and a trial balance, all of which will be generated in Excel, (see the sample problem for the format). Don't forget to include your beginning and ending balances in your t-accounts.

After you have created your entries in your manual system, you will enter all the data into the SAP ERP system. When you enter your data into the SAP system the resulting financial information from the manual system and the SAP system should **match exactly**.

Assignment Steps

- Record the daily transactions if appropriate, (some events may not involve journal entries), as general journal entries into Excel.
Review the posting of these journal entries into t-accounts (Excel automation) and the calculated account balances using cell formulas in Excel.
Review t-account balance flow into the trial balance Excel worksheet tab.
Assure validity of the links between your spreadsheet that expedites the process and minimize the risk of an error in data entry.

2. Record the adjusting entries into the general journal and then post them into the t-accounts and trial balance into Excel.
Review the posting of these journal entries into t-accounts (Excel automation) and the calculated account balances using cell formulas in Excel.
Review t-account balance flow into the trial balance Excel worksheet tab.
Assure validity of the links between your spreadsheet that expedites the process and minimize the risk of an error in data entry.
3. Review closing entries in your trial balance as if this were a year-end close. (Do not enter the closing entries in your t-accounts.)
4. Now use the SAP ERP system to make all above entries using the general ledger system in SAP. This should be done in a series of steps as follows:
 - i. Examine the **GLXX** chart of accounts where **XX** is your assigned SAP student login ID#. (Whenever you see **XX** in the instructions, substitute your SAP login ID#.)
 - ii. Record beginning account balances in the SAP general ledger. This should be done as one composite journal entry (the first journal entry). Use January 1, as the journal entry date for the beginning account balances. Be sure to compare this to your Excel spreadsheet to make sure the entries are correct.
 - iii. Record the daily transactions for January in the SAP general ledger (do each journal entry as a separate entry, not as one giant composite entry, be sure to use appropriate dates – this allows for a good audit trail).
 - iv. Display the trial balance (you should compare this to your manual entries). If the trial balance does not match your manual entries, research the errors and make necessary corrections.
 - v. Record the adjusting entries.
 - vi. Simulate closing the books as of January 31 using the SAP utility. (Do not enter closing entries into the general ledger. These entries would be done automatically through the SAP month-end closing function.)

Instructions for using the SAP ERP system start on page 13 of this document.

Account Balances as of December 31st

| | Debit Balance | Credit Balance |
|---|----------------------|-----------------------|
| 100000 Bank Account | \$252,518 | |
| 110100 Accounts Receivable (Direct Posting Account) | 108,420 | |
| 110150 Allowance for Bad Debtg | | 2,500 |
| 110200 Interest Receivable | | |
| 200600 Inventory-Operating Supplies | 750 | |
| 200900 Inventory-Raw Materials (Direct Post) | 32,000 | |
| 200910 Inventory-Finished Goods (Direct Post) | 281,298 | |
| 200920 Inventory-Trading Goods (Direct Post) | 66,474 | |
| 200930 Inventory-Semi-finished Goods (Direct Post) | | |
| 210000 Prepaid Insurance | 5,000 | |
| 211000 Prepaid Supplies | | |
| 212000 Prepaid Advertising | 1,000 | |
| 215000 Prepaid Rent | | |
| 216000 Deposits | | |
| 220000 Notes Receivable | | |
| 220110 Land (Direct Post) | 425,000 | |
| 220210 Production Machinery, Equip & Fixtures(Dir.Post) | 915,000 | |
| 220310 Accumulated Depreciation-Machinery (Direct Post) | | 305,000 |
| 220400 Office Furniture | | |
| 220500 Accumulated Depreciation-Office Furniture | | |
| 220600 Office Equip and Computers | | |
| 220700 Accumulated Depreciation- Office Equipment | | |
| 300100 Payables-Income Taxes | | |
| 300200 Accounts Payable (Direct Posting Account) | | 47,900 |
| 300300 Payables-Interest | | |
| 300400 Payables-Short-Term Notes | | |
| 300500 Payables-Long-Term Notes | | |
| 300600 Payables-Commissions | | |
| 300700 Payables-Salaries and Wages | | 110,000 |
| 300800 Accrued Expense | | 988 |
| 310000 Goods Receipt / Invoice Receipt Account | | |
| 320000 Accrued Tax – Output | | 3,063 |
| 321000 Accrued Tax- Input | | |
| 322000 Unearned Revenues | | |
| 329000 Common Stock | | 1,000,000 |
| 329100 Additional Paid-in-Capital | | |
| 330010 Retained Earnings (Direct Posting) | | 618,009 |

Events During January

| Event | Date | Description of Event |
|-------|------------|---|
| 1 | January 3 | Employees are paid monthly on the first business day of the month for work done in the previous month. The total payroll for the previous month is \$110,000. (Ignore payroll taxes for this assignment.) Accounting wrote and distributed the paychecks. |
| 2 | January 7 | GBI's advertisement in the English language edition of Italian Cycling Journal was published today. This ad was prepaid at the end of July for six months of advertising, August through January, (Five months of advertising have already been used.) |
| 3 | January 11 | The office manager in San Diego ordered \$350 of office (operating) supplies from Staples. While on the way back from a delivery, one of the warehouse staff picked up the Staples order and brought it to GBI's office. GBI has an account with Staples and payment terms are net 10. Operating supplies expense is figured at the end of the month determined by the amount of supplies used during the month. |
| 4 | | GBI ordered \$99,418 in raw materials from Space Bike Composites in Houston, TX. Terms of payment to Space Bikes are net 30. |
| 5 | | GBI received payment from Windy City Bikes for their order from January 3. Windy City paid the invoice amount less the discount for paying within 10 days. |
| 6 | January 12 | GBI paid \$92,820 via bank transfer for the inventory order that they received from Dallas Bike Basics January 3. |
| 7 | January 13 | In order to better track inventory, GBI ordered a bar-coding and tracking system which will be installed and tested by Computer Specialists, Inc. (CSI). The system will allow employees to track inventory using mobile devices and special software which will link into their new computerized accounting system. The barcode system costs \$5,995 (including sales tax) and CSI will charge GBI \$1,200 for the installation and tests. GBI paid a deposit of \$3,000 on the system and the remainder is due and payable when the system is installed. GBI will classify the bar-coding system as "Production Machinery, Equipment and Fixtures". |
| 8 | | The city of Denver will be hosting a decathlon at the end of February. The event is expected to create demand for high quality bikes. Rocky Mountain Bikes in Denver, CO placed an order with GBI for \$128,130 worth of bicycles to be delivered immediately. Rocky Mountain will pay the shipping. The bikes cost GBI \$79,441. GBI shipped the order immediately so that Rocky Mountain can start promoting the bikes. Because Rocky Mountain is a good customer, GBI is giving them special terms of net 45 days on this order. |

| | | |
|----|------------|---|
| 9 | | GBI received raw materials inventory ordered from Space Bike Composites January 11. Shipping charges of \$802 were included in the \$100,220 invoice from Space Bike. |
| 10 | | GBI received notice that Bunky's Bicycle Emporium had declared section 13 bankruptcy which meant GBI would not be able to collect the \$1,610 that Bunky's owed them. |
| 11 | January 25 | GBI has been offered the opportunity to advertise in the Bicycle Times online magazine for a reduced price if they pay for three months in advance. In light of the upcoming Tour de France, the advertising is a great opportunity for GBI to get additional recognition. The advertising will start in February. GBI wrote a check for \$15,000 for three months of advertising. |
| 12 | January 27 | The county approved GBI's building plans for their new warehouse. Estimated building costs are \$1,050,000 which will be funded via a mortgage from Bank of America. GBI plans to break ground on the new building April 18 th of this year. |
| 13 | | Big Apple Bikes in New York City is expanding to another location in New York and needs to stock the new location. GBI received a phone order from Big Apple for \$232,315 in bicycles and \$108,490 in bicycle accessories and safety gear at special discount prices. The cost of the bicycles in this order is \$169,586 and the cost of the accessories is \$65,094. Big Apple will have a contract trucking company pick up the order when it is ready. The order is sent to GBI's warehouse for picking and packing which may take a couple days. Payment terms to Big Apple for this order are net 30. |
| 14 | | CSI installed and tested the new barcode system. The warehouse manager approved the installation and commented that she thinks it works great. GBI wrote a check to CSI for \$4,195 and gave it to the installer. |
| 15 | January 30 | Big Apple's truck arrived at GBI's warehouse and picked up the order from January 27 th . |

Adjustment information as of January 31, not already given in the original transaction(s):

1. Based on prior experience, GBI estimates that approximately 1/2 % of the net credit sales (gross credit sales minus returns of credit sales) for the month will become bad debt. GBI writes off bad debts as they occur and recognizes bad debt expense based on anticipated bad debts as an adjusting entry each month.
2. GBI counted the office supplies on hand after the close of business on the last day of the month and determined the cost of the unused office supplies to be \$620.

3. Production Machinery, Equipment and Fixtures were placed in service on January 1, 2008, are expected to last 15 years with no salvage value. The bar-code system has a 5 year life and no salvage value. GBI depreciates fixed assets on a straight-line basis and those assets acquired in the first half of the month are depreciated for the entire month, while fixed assets placed in service during the last half of the month are not depreciated until the second month. Depreciation is rounded to the nearest dollar and assets are depreciated on a monthly basis (i.e. number of days in the month is not of consequence).

4. GBI needs to recognize the wages expense for the month. Since all employees are paid salaries and no changes have been made, this amount is the same as the previous month salaries. (For purposes of this assignment, ignore manufacturing and assume all labor costs will be expensed.)

SAP ERP Detailed Instructions

Following are the instructions for entering the accounting data into the SAP system:

Use the same Global Bike Inc. server assignments provided for prior exercises.

Your **company code is USXX** (where the **XX** is your assigned number). **Do not use any company code other than the one assigned to you.**

The first thing that you should do is to examine the chart of accounts. You will find that the SAP system chart of accounts has more general ledger accounts than those listed above. For simplicity, we have limited the number of accounts used in this assignment. This does not mean that you need to use all the accounts above, but that they are potentially the accounts you will use for this assignment. In addition, normally Accounts Receivable (A/R), Accounts Payable (A/P), Fixed Assets and Inventory accounts should not be posted to via journal entries in the general ledger. These accounts are linked to subsidiary accounts which are posted via other functions within the order-to-cash, production, and procure-to-pay business processes. For instance, a sale will be processed in the order-to-cash process and when the sale is billed on account, it will process directly through the customer's account in the A/R sub-ledger (subsidiary account).

The GBI configuration of SAP does not allow users to post directly to the general ledger for A/R, A/P, Fixed Assets and Inventory. Instead the system passes the subsidiary ledger data on to the general ledger automatically. By disallowing direct posts, the system maintains the integrity of these accounts; that is, the total of the subsidiary accounts will always match the totals of the accounts in the general ledger. For purposes of this assignment, we have created accounts that will allow you to post directly to A/R, A/P, Fixed Assets and Inventory. They are noted by a suffix in the description, “(Direct Post)” or “(Direct Posting Account)”.

Even though any of the accounts in the system chart of accounts could be used by the GBI accounting system, limit yourself to the accounts listed in the chart of accounts on pages 5 and 6 of this assignment document.

To Look at the Chart of Accounts

Note: The transaction code is noted in parenthesis following the explicit menu path for this and subsequent menu instructions. For example, the transaction code for this task is S_ALR_87012326.

Accounting → *Financial Accounting* → *General Ledger* → *Information System* → *General Ledger reports* → *Master Data* → *Chart of Accounts* → *Chart of Accounts (S_ALR_87012326)*

| Field | Input |
|-------------------|-------|
| Chart of accounts | GLXX |

Execute 

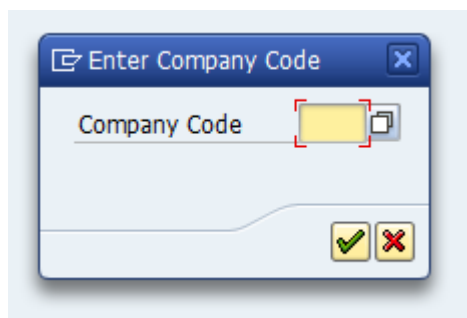
Think about the following: Examine your chart of accounts. What are some of the accounts that are shown in your chart of accounts in SAP, but not listed on pages 5 and 6 of this document? Why do you think those accounts are included in the SAP chart of accounts?

To enter transactions in General Ledger

The next step is to enter the beginning balances and the transactional journal entries. In SAP this is called general ledger accounting because as you enter the journal entries into the system they are immediately posted to the general ledger accounts.

Accounting → *Financial Accounting* → *General Ledger* → *Posting* → *Enter G/L Account Document (FB50)*

The first time you log in and start doing journal entries or anything else that requires designation of a company code, you may see an input box as follows. *Note: Make sure the company code is your assigned company code.*



Enter Your Beginning Balances before you begin entering the January transactions! Use a **January 1** document and posting date for your beginning balances. Note: You do not need to enter anything for accounts with zero balances.

GL Account Posting



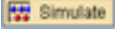

| Field | Input |
|--------------|----------------------------------|
| Doc. Date | the transaction date |
| Posting Date | same as the document date |
| Currency | USD |

1st Line and as many lines as you need to enter your transaction:

| Field | Input |
|-------------------------|---|
| G/L account | the account number for posting the transaction |
| D/C | Debit or Credit depending on the transaction |
| Amount in Doc. Currency | the transaction amount |

Note: GBI has configured SAP to allow for assignment of expenses to cost centers for purposes of managerial accounting reports. If the system asks you for a cost center while you are entering transactions, enter cost center NAAD10XX (administration) in the cost center field for the pertinent expense account. (You may have to scroll to the right to see the cost center field.)

... and so on for each part of your journal entries. Note: typically in business, debits are entered before credits.

- **Click on Enter** 
- Read any messages and then click on Enter  again to acknowledge the messages.
- Look at the total debits and total credit fields. Debits should be equal to credits and the green light in the upper right part of the screen should be lit.
- **Click on Simulate**  button.
 - This shows the accounting transaction you are going to post.
 - The period should be 1 which is January for GBI
- **Save or Post**  the document icon. **Do Not Park your document by mistake.**

The system will assign each journal entry a unique document ID number. This is similar to what you did in your manual journals. **Write down the document numbers as you enter each transaction.**

If you parked your documents by mistake, then here is the procedure you use to release these documents:

Accounting → Financial Accounting → General Ledger → Document → Parked Documents → Post/Delete (FBV0)

Click on Document list on the application tool bar

Enter Company code: USXX

Fiscal Year: *this year*

If you are not the user who parked the document, clear the field “entered by”

Execute.

A list of parked documents will appear.

Select the document you wish to post by highlighting it

Click on the details icon.

Click on the Save as Completed icon.

As you make the entries into the system, you should check to be sure that they were entered correctly. I would suggest that you first enter the beginning balances and then check them by viewing the journal entries using one of the reports below or a report of your choosing. If an entry states that it is parked, that means you made a mistake and must un-park the document (see above for the unparking procedure). A parked document will not show in the general ledger until you unpark it and post it. Also, if you post the transaction with a date outside of the proper reporting period, it may not show in your report or will show in the incorrect month.

After you check the correctness of the beginning entries, then you can enter the journal entries for the month and compare the results to your unadjusted trial balance in Excel. If the results don't match, then resolve the issue before posting the adjusting entries. Remember that you cannot delete erroneous entries in SAP. Deletion of the journal entry would erase the audit trail and make it more difficult to track transactions and analyze the results. If you make a mistake, you have to reverse the entry and then enter the correct entry.

Do not enter or post the closing entries. They will be handled automatically by the system close procedure.

Viewing Journal Entries

Following are three different ways in which you can display your journal entries:

1. Document Journal

Information System → General Report Selection → Financial Accounting → General Ledger Reports → Document → General → Compact Document Journal → Compact Document Journal (S_ALR_87012289)

| Field | Input |
|--------------|---------------------|
| Company Code | USXX |
| Fiscal Year | current fiscal year |

Execute 



2. Drill down to the source document

Accounting → Financial Accounting → General Ledger → Account → Display/Change Line Items (FBL3N)

| Field | Input |
|--------------------------------|-------------------------|
| Company Code | USXX |
| In the Line Item Selection Box | Select All Items |
| Posting Date | January 1 through today |

Execute 

A list of cleared and open accounting documents is displayed

- Select any document
- Click on **Display Document**  icon on the application tool bar to display line items
- Click on **Call up Document overview**  button to display the source document.

3. Line Item Journal

Information System → General Report Selection → Financial Accounting → General Ledger Reports → Document → General → Line Item Journal → Line Item Journal (S_ALR_87012291)

| Field | Input |
|--------------|----------------------------|
| Company Code | USXX |
| Fiscal Year | current fiscal year |

Execute 

To Look at the Balance Sheet and Profit and Loss Statement

Accounting → Financial Accounting → General Ledger → Information System → General Ledger Reports → Balance Sheet/ Profit and Loss statement/Cash Flow → General → Actual/Actual Comparisons → Balance Sheet/ Profit and Loss Statement (S_ALR_87012284)

| Field | Input |
|-----------------------------|----------------------------|
| Chart of Accounts | GLXX |
| Company Code | USXX |
| Financial Statement Version | GL00 |
| Language | EN |
| Reporting Year | Current fiscal year |
| Reporting Periods | 1 to 16 |
| Comparison Year | Last fiscal year |
| Comparison Periods | 1 to 16 |

Execute 

You may even want to print your financial statements if you have access to a printer for SAP or you can save the reports in Excel, Word or html formats.

Simulating the Closing of the Profit and Loss accounts

For a manual accounting system at the end of an accounting period, it is necessary to make a journal entry that zeroes out the nominal accounts and eventually closes them to the retained earnings account. However, in a computerized system the system can essentially do this by the push of a button. In this section you will simulate this process. In SAP the closing is done by executing the following transaction:

Accounting → Financial Accounting → General Ledger → Periodic Processing → Closing → Carry Forward → Balance Carryforward (New) (FAGLVTR)

| Field | Input |
|---------------------------|---------------------|
| Ledger | 0L |
| Company Code | USXX |
| Carry Forward Fiscal Year | Current fiscal year |
| | Select Test Run |

Execute 

Note that nothing transfers during this procedure because we are not at the end of the year yet. However, this activity shows just how easy it is to close the books with a fully-integrated ERP system. Had we actually been at year end, all the closing entries for the nominal (income statement) accounts and the transfer of the annual profit/loss to retained earnings would have posted automatically in the general ledger. In addition, the balance sheet account balances would have been moved forward to the new fiscal year.

Assignment Submission

Save your Excel workbook with all four spreadsheets: General Journals, T-accounts, Trial Balance, and COA. Submit to pr as *lastname_firstname_SAPloginID.xlsx*. (Your SAP loginID is the three-digit number you were assigned in order to access the system; for instance 050.) Submit your Excel workbook electronically prior to the due date. There is nothing to submit for your SAP work. I will grade it from the system directly.