ACCOUNT DETERMINATION IN SAP® BUSINESS ONE

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This document is still under development. There are some account definitions missing. The recent document can be downloaded at: **www.ggrenacher.ch/downloads**

CHANGE LOG

Date	Remarks
2012-02-12	Creation of document.
2013-12-02	Sales > Down Payment Interim Account
2013-12-12	New section for fixed assets account determination added. The fixed assets section is only in draft status
2013-12-17	Added some account recommendations for Fixed Assets. Changed cover page.
2014-03-19	Added description of Expense clearing account (5.16)

1 INTRODUCTION

A proper account determination is the base of every SAP® Business One project. If there are wrong settings and users are posting documents, it is quite hard to correct the wrong financial transactions, especially in the logistic scope.

1.1 ACCOUNT DETERMINATION IN SAP® BUSINESS ONE

This manual shows the account determination in the administration section of SAP® Business One. New warehouses or item groups inherit their G/L accounts from the general account determination. Also new Business partners inherit their control accounts. Documents like Inventory Revaluation or Period-End Closing contain default accounts, which are defined in the financial account determination.

Our opinion: Better spend some more time into this topic and check carefully all the settings with the accountant of the customer.

1.2 EXAMPLES

This manual shows for every case an example with print screens. For better understanding, the G/L accounts always have exactly the same name like the titles. But how to know, which account in a real project makes sense for a specific title? For this reason there is always a section called "Account Recommendations" with best practice examples.

1.3 ACCOUNT RECOMMENDATIONS

At the moment, there are only recommendations for Swiss accounts available. If somebody is interested to amend the document by adding account recommendations, please feel free to contact us.

1.3.1 SWITZERLAND

For Swiss account recommendations, we used the common "KMU Kontenrahmen". The book "Kontenrahmen KMU" from Walter Sterchi shows all relevant accounts and gives some background information. It's nice to have

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An alternative possibility to receive some information about Swiss chart of accounts is the website www.buchen.ch. It is possible to download a very compact chart of account as PDF file.

2 SALES

This section describes the sales tab of the SAP® Business One account determination. In this tab, there are two sections: The general and the tax section.

2.1 SALES GENERAL TAB

In the general tab, there are all regular account determinations from the sales side of SAP® Business One.
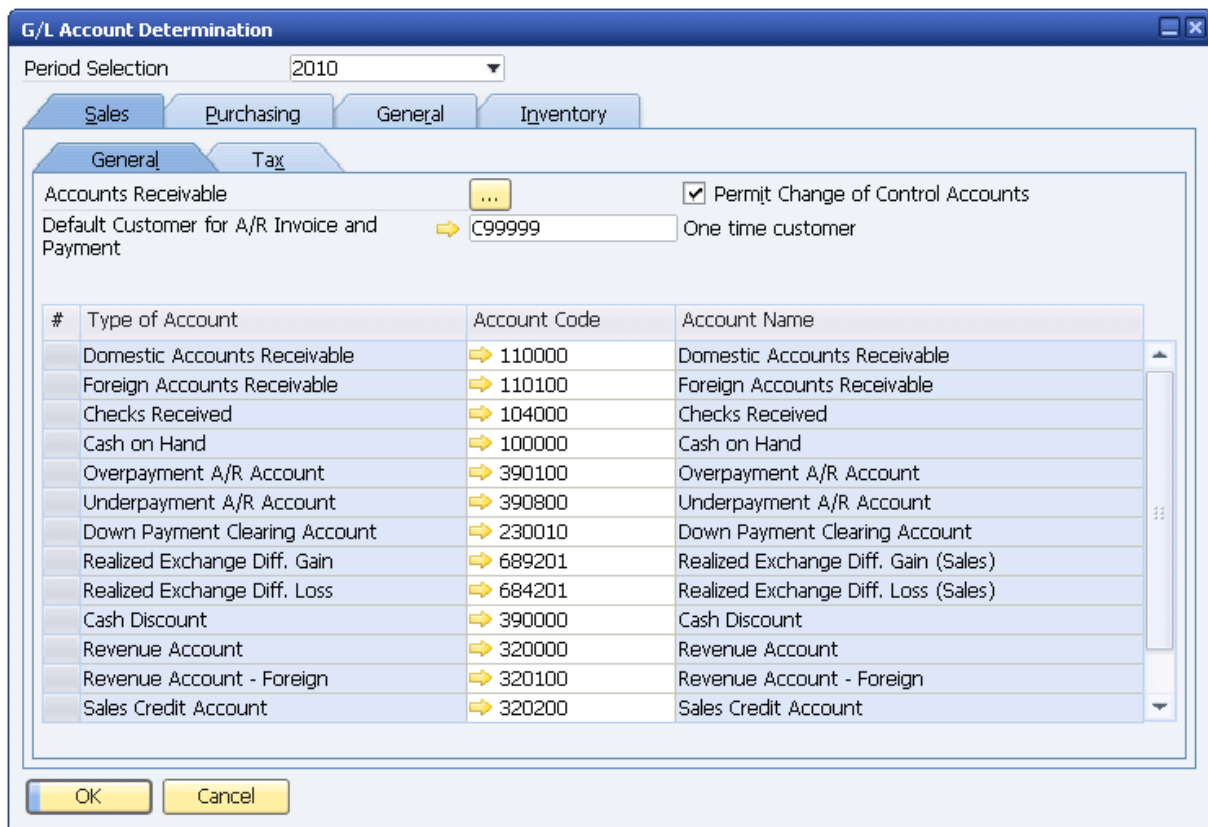
Image 1: Account determination, general sales tab
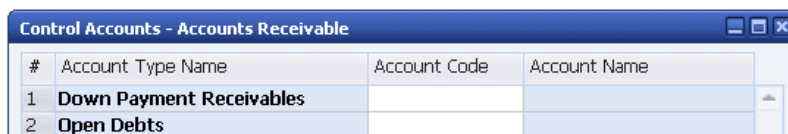
Image 2: Control accounts in general tab

2.1.1 DOMESTIC ACCOUNTS RECEIVABLE

This account is the default control account, when a new local customer is added to the system. The account will be used, when creating a sales document for this business partner.

2.1.1.1 EXAMPLES

By adding the new client (customer / lead), the accounts receivable will be automatically filled in the business partner master data.
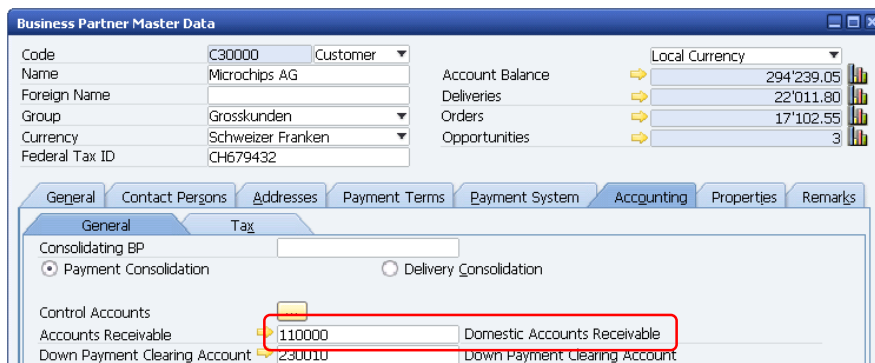
Image 3: New local client, accounting tab

After creating an invoice, this control account will appear in the journal entry in the tab *Accounting*. Also in the journal entry, this account will appear in the column *Control Acct*.
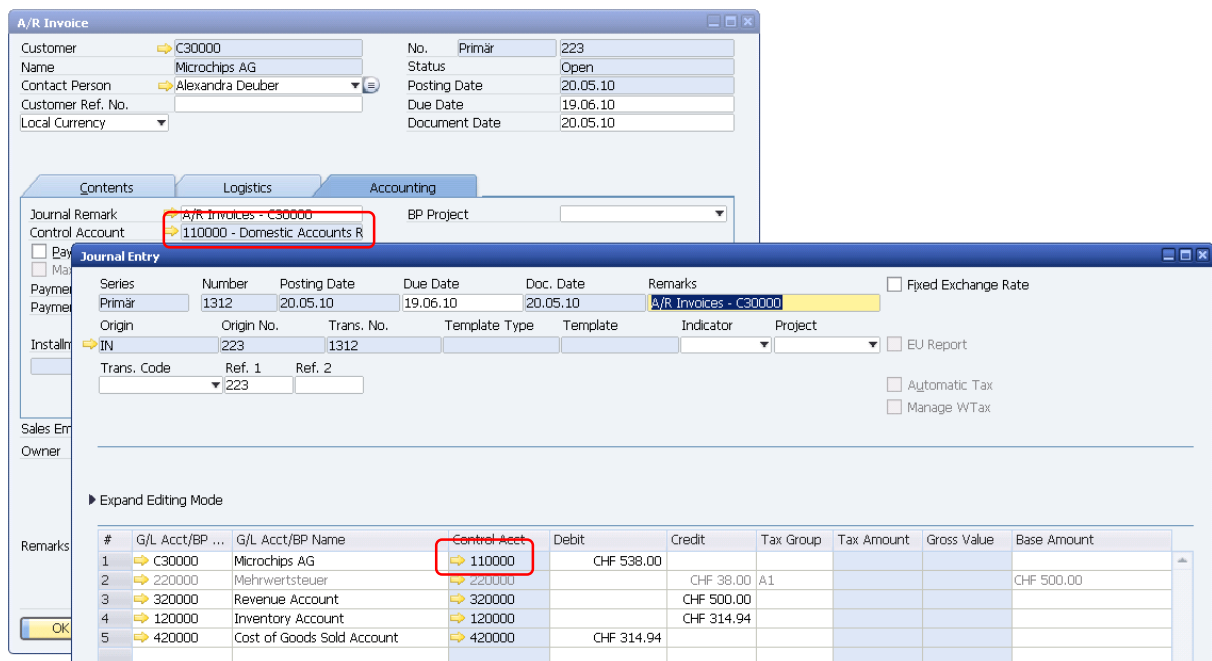
Image 4: Sales Invoice with control account in the accounting tab, Journal entry with control account

2.1.1.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	1100 – Forderungen Schweiz (control account)		x

2.1.2 FOREIGN ACCOUNTS RECEIVABLE

This account is the default control account, when a new foreign customer is added to the system. The account will be used, when a sales document for this business partner will be created.

2.1.2.1 EXAMPLES

By adding the new foreign client (Customer / Lead), the accounts receivable will be automatically filled in.
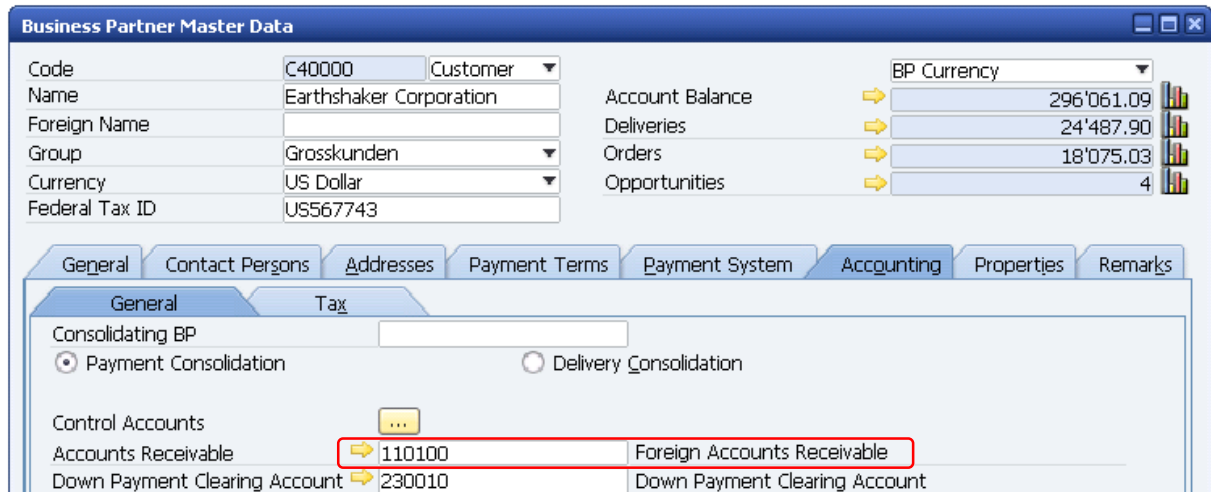
Image 5: New foreign client, accounting tab

After creating an invoice, this control account will appear in the journal entry in the tab *Accounting*. Also in the journal entry, this account will appear in the column *Control Acct*.
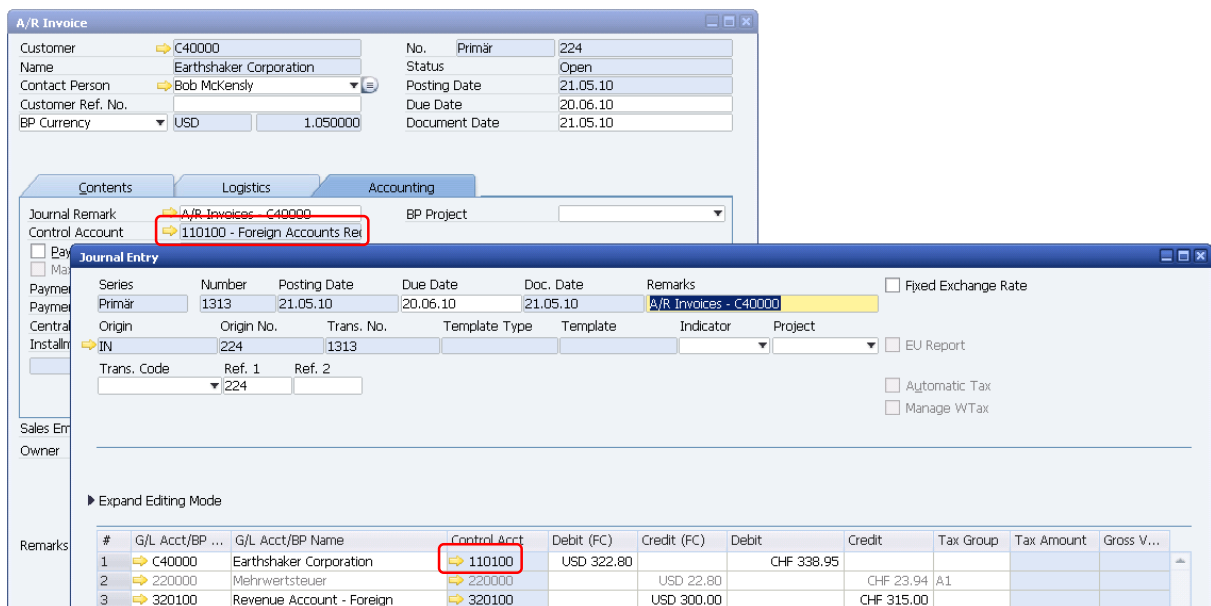
Image 6: Invoice with control account in the accounting tab, Journal entry with control account

2.1.2.2 RECOMMENDED ACCOUNT
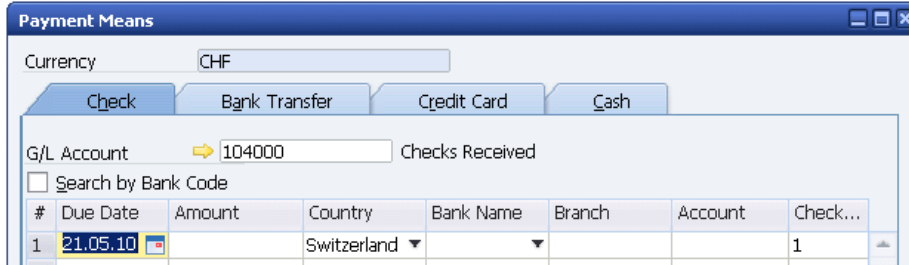
Localization	Description	P/L	Bal
KMU CH	1101 – Forderungen Ausland (control account)		x

2.1.3 CHECKS RECEIVED

This account defines the suggested account when booking an incoming payment by check.

2.1.3.1 EXAMPLES

The following form shows the payment means of an incoming invoice. In the tab *Check*, the defined account is already suggested.

Image 7: Payment means check tab of an incoming payment

2.1.3.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		x

2.1.4   CASH ON HAND

This account defines the suggested account when booking an incoming payment by cash. The finance account must have a *cash* flag in the chart of accounts settings.

2.1.4.1   EXAMPLES

The following form shows the payment means of an incoming invoice. In the tab *Cash*, the defined account is already suggested.
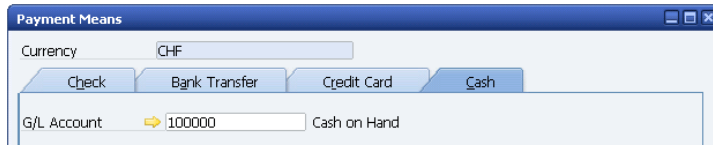
Image 8: Payment means cash tab of an incoming payment

2.1.4.2   RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	1000 – Hauptkasse (Cash account)		x

2.1.5   UNDERPAYMENT A/R ACCOUNT

SAP® Business One compares the amount paid to the amount due, and if the difference is less than the amount defined in the currency settings, the application automatically creates the appropriate transaction. If the amount is less than the amount due, it will take the underpayment account.

2.1.5.1   EXAMPLES

In the currency settings of CHF 2% difference is allowed.

Image 9: Currency settings

There is an invoice in the system with 87.15 CHF. The customer pays only 87 CHF:

Image 10: Incoming payment with underpayment

There will be no popup as usual when adding the document. It makes directly a journal entry with the difference.

Image 11: Journal entry with the correct booking of the underpayment

2.1.5.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3091 – Rabatte und Preisnachlässe	x	

2.1.6 OVERPAYMENT A/R ACCOUNT

SAP Business One compares the amount paid to the amount due, and if the difference is less than the amount defined in the currency settings the application automatically creates the appropriate transaction. If the amount is more than the amount due, it will take the overpayment account.

2.1.6.1 EXAMPLES

Please see chapter 2.1.5 for an example.

2.1.6.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3091 – Rabatte und Preisnachlässe	x	

2.1.7 DOWN PAYMENT CLEARING ACCOUNT

This account defines the default clearing account when posting an A/R down payment invoice. It cannot be a control account.

2.1.7.1 EXAMPLES

In the system, an A/R down payment invoice is added with 50% DPM. The following print screen shows the down payment invoice with the corresponding journal entry, which uses the down payment clearing account.
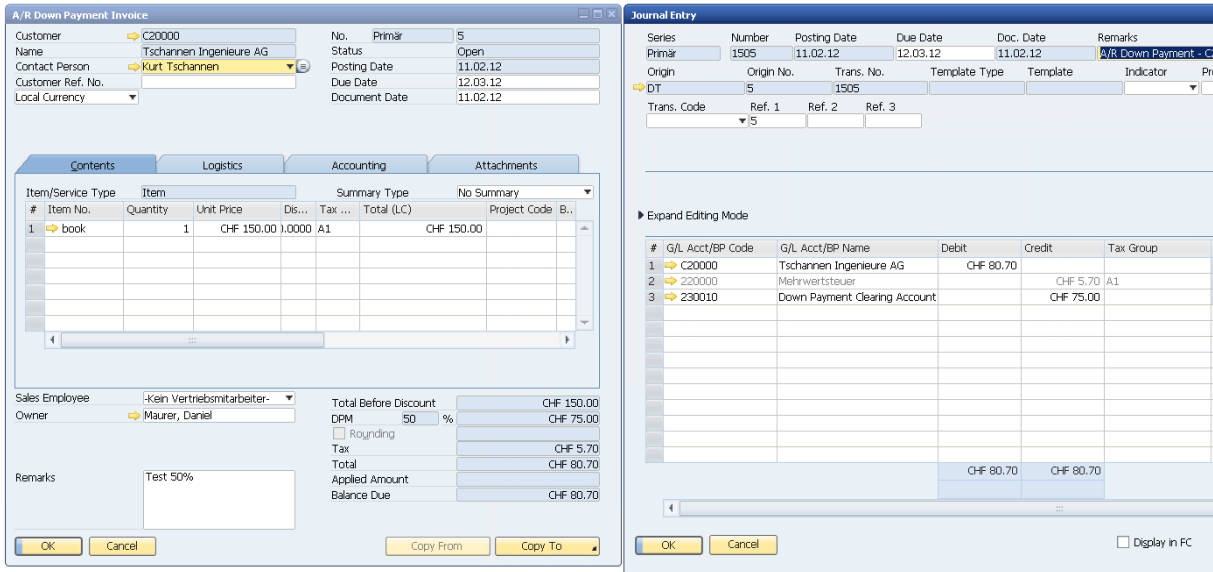
Image 12: Down payment invoice with journal entry

Next step would be copying the down payment invoice into the final invoice. The print screen shows the corresponding journal entry.
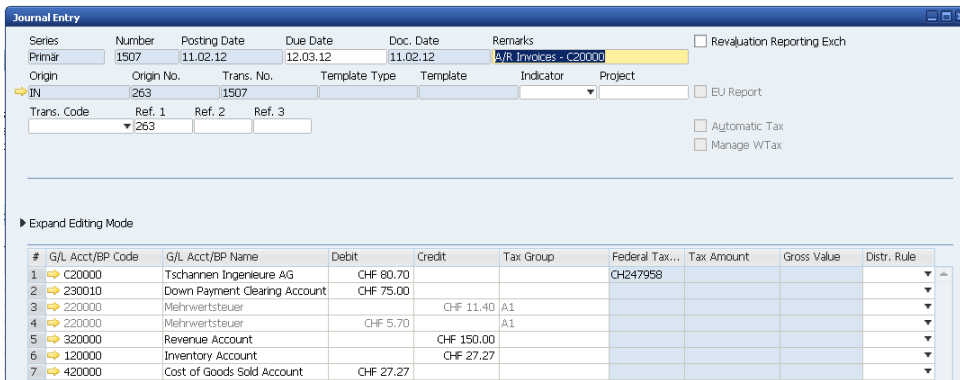
Hint: The final invoice always reverses the vat applied on the down payment invoice. This means: It is possible to change vat or totals in the final invoice, which results in correct bookings.

Image 13: Journal entry after creating the final invoice

2.1.7.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	2030 – Anzahlungen von Kunden		x

2.1.8 REALIZED EXCHANGE DIFF. GAIN

There can be differences between the exchange rate of the invoice and the exchange rate of the incoming payment. If the exchange rate of the incoming payment is bigger than the exchange rate of the invoice, there is an exchange difference gain.

2.1.8.1 EXAMPLES

The USD A/R invoice, dated on May 21 has an exchange rate of 1.05. The incoming payment, dated on May 26 has the exchange rate of 1.06.
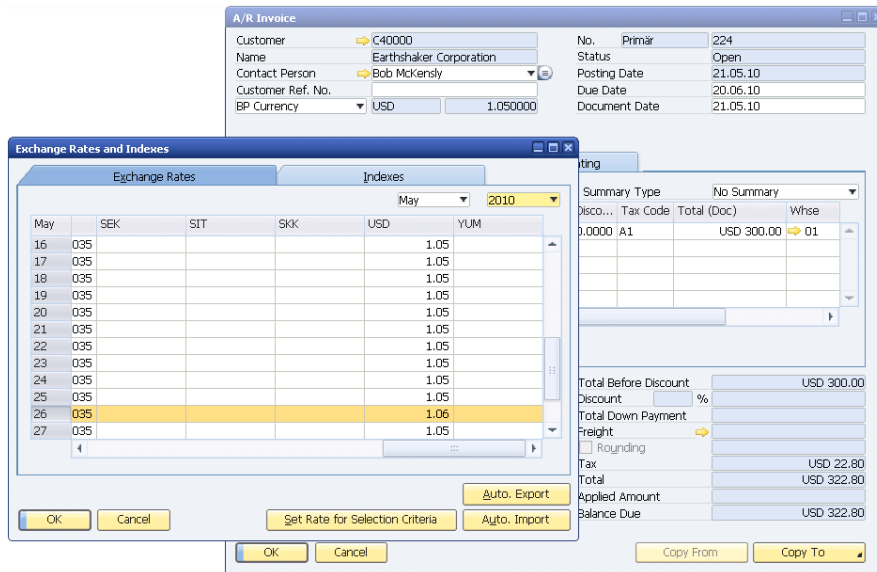
Image 14: A/R invoice with the rate 1.05, but current exchange rate 1.06

In this case, there is an Exchange difference Gain.
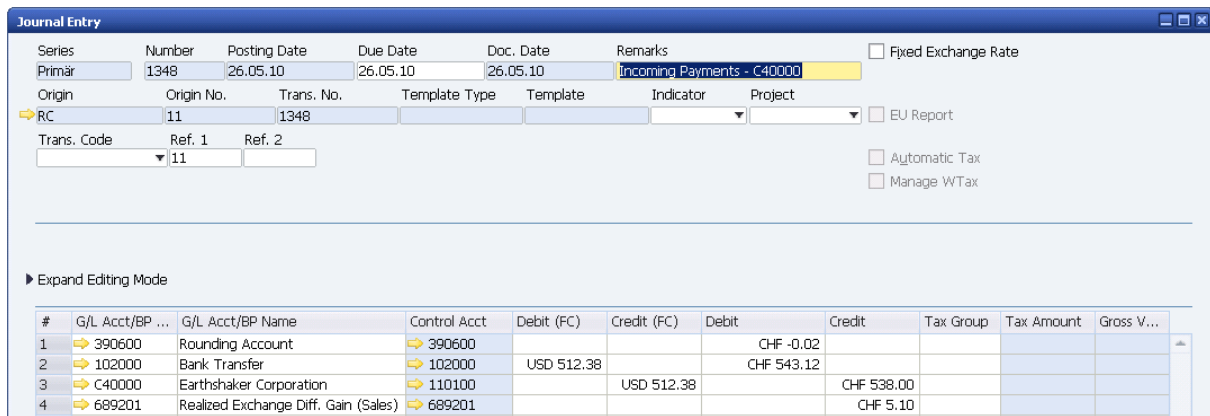
Image 15: Journal entry of the incoming payment with exchange rate 1.6

2.1.8.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3096 – Kursdifferenzen (There are different *Kursdifferenzen* accounts → Ertragsminderung Produktion, Ertragsminderung Handel, Ertragsminderungen Dienstleistung)	x	

2.1.9 REALIZED EXCHANGE DIFF. LOSS

There can be differences between the exchange rate of the invoice and the exchange rate of the incoming payment. If the exchange rate of the incoming payment is smaller than the exchange rate of the invoice, there is an exchange difference loss.

2.1.9.1 EXAMPLES

Please see example of chapter 2.1.8. The exchange difference loss is the result, when the exchange rate of the incoming payment is lower than the exchange rate of the invoice.

2.1.9.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3096 – Kursdifferenzen (There are different *Kursdifferenzen* accounts → Ertragsminderung Produktion, Ertragsminderung Handel, Ertragsminderungen Dienstleistung)	x	

2.1.10 CASH DISCOUNT

When in a payment term a discount is applie (for example 10 days 2%, 30 days net), the cash discount account will be used when the customer pays before the 10 days (in this example).

2.1.10.1 EXAMPLES

The following customer has a payment term with cash discount and received an invoice with the defined payment term.
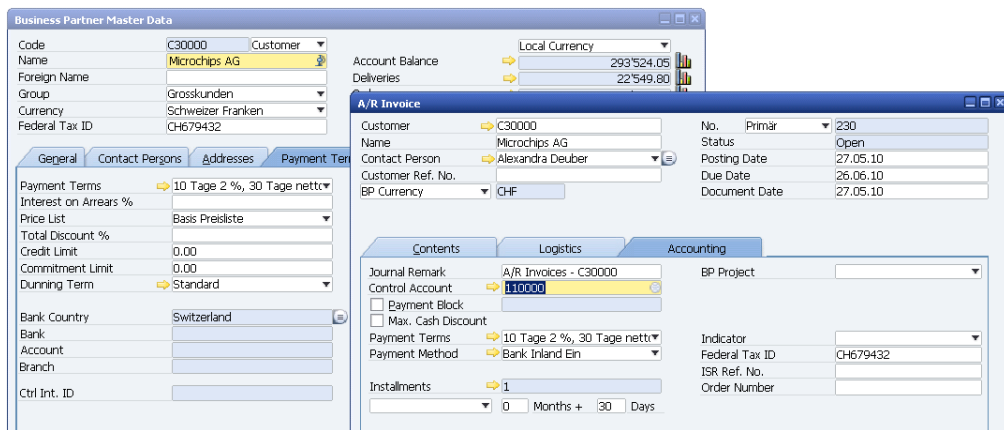
Image 16: Customer with a cash discount payment term and invoice for this customer

If the customer pays the invoice before the 10 days, the system will calculate the cash discount and will use the defined account
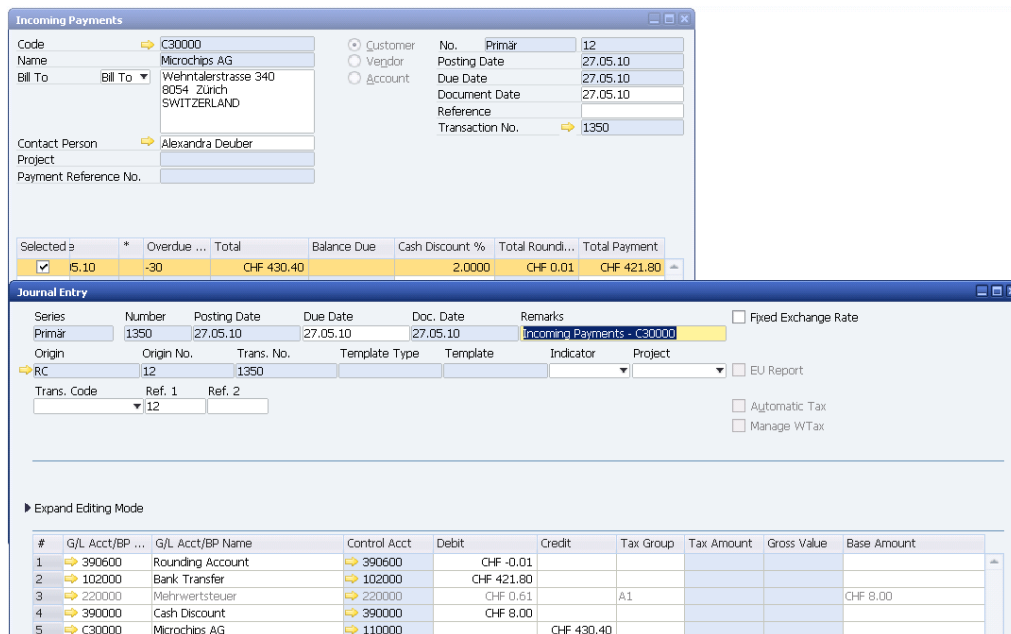
Image 17: Incoming payment within the 10 days, which will book a cash discount

2.1.10.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3290 – Skonti (Ertragsminderung Handel)	x	
	(There are different *Skonti* accounts → Skonti Produktionsertrag, Skonti		

	Handelsertrag, Skonti Dienstleistungsertrag)		

2.1.11 REVENUE ACCOUNT

Account to be used as default when a transaction of revenues is posted, for example an A/R invoice for a local customer.

2.1.11.1 EXAMPLES

The revenue account will be used in this example by an A/R invoice. It doesn't matter, if the item is a stock item or a non-stock item.
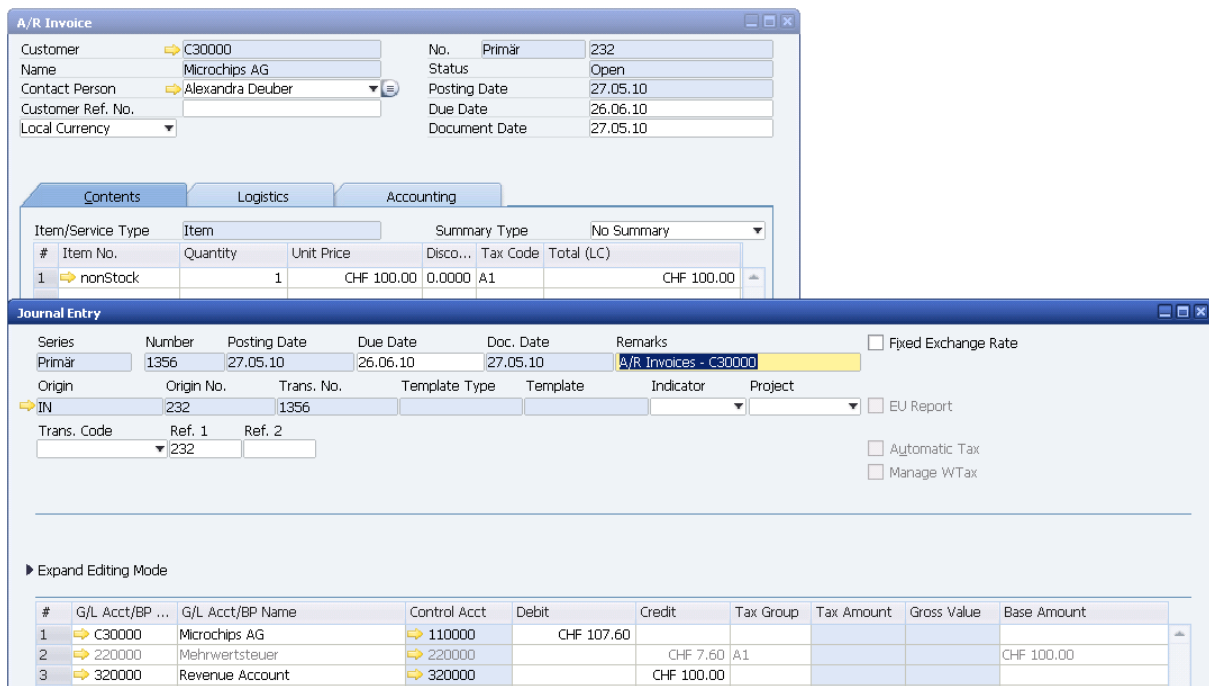
Image 18: A/R invoice of an item

2.1.11.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3000 – Bruttoertrag Produkt X (There are different revenue accounts → Produktionsertrag, Handelsertrag, Dienstleistungsertrag)	x	

2.1.12   REVENUE ACCOUNT – FOREIGN

Account to be used as default when a transaction of revenues is posted, for example, an A/R invoice for a foreign customer.

2.1.12.1   EXAMPLES

This account works in the same way like the standard revenue account, which is shown in the chapter 2.1.11. It will be used, when the customer is a foreign customer (country).

2.1.12.2   RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Usually the same account as Revenue Account is used.	x	

2.1.13 SALES CREDIT ACCOUNT

Account to be used as default when a credit transaction of revenue is created, for example, an A/R credit memo.

2.1.13.1 EXAMPLES

In this example, the invoice of chapter 2.1.11 is copied into a credit note. The credit account will be used. Normally, the sales credit account is the same like the revenue account.
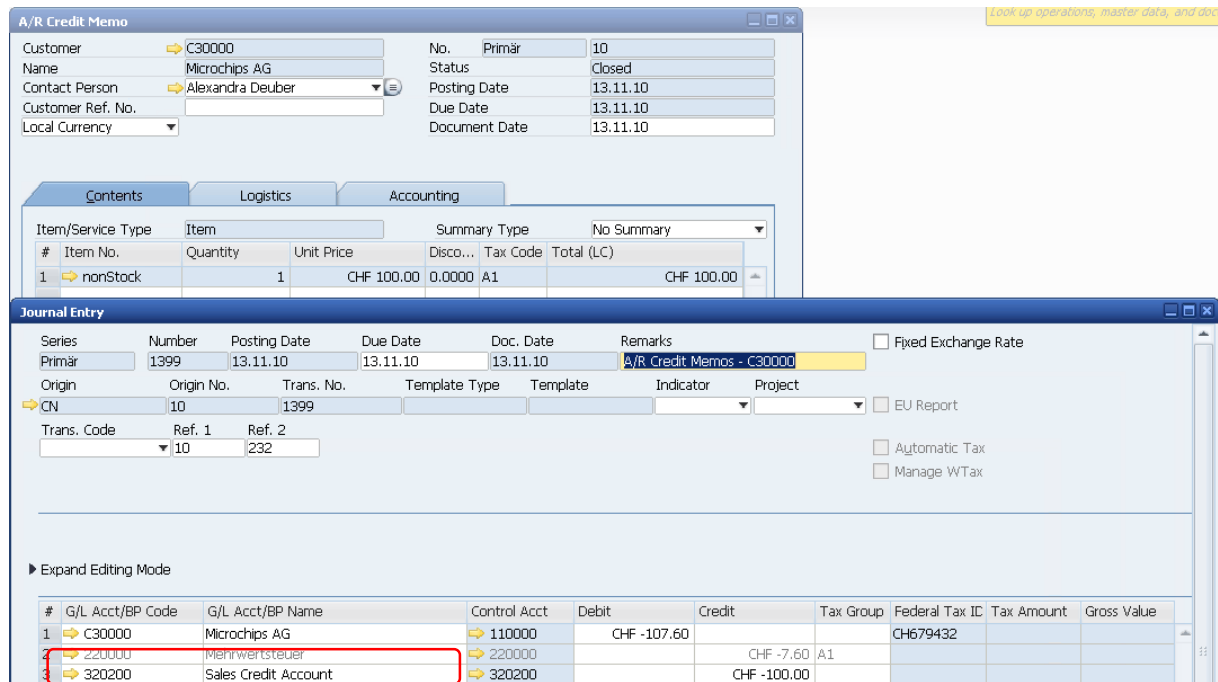
Image 19: Journal booking of a credit note

2.1.13.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Normally the sales credit account is the same as the Revenue Account.	x	

2.1.14   SALES CREDIT ACCOUNT – FOREIGN

Account to be used as default when a credit transaction of revenue is created for a foreign customer.

2.1.14.1   EXAMPLES

Please see chapter 2.1.13 for an example

2.1.14.2   RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Normally the sales credit - foreign account is the same as the Revenue Account – Foreign.	x	

2.1.15 DOWN PAYMENT INTERIM ACCOUNT

The down payment interim account is used when working with sales down payment requests. When booking a down payment invoice request, there will be no journal entry. But when paying the invoice, the Down Payment Clearing Account and also the interim account will be used.

2.1.15.1 EXAMPLES

The first document shows a down payment request with a 30% down payment. There will be no journal entry.
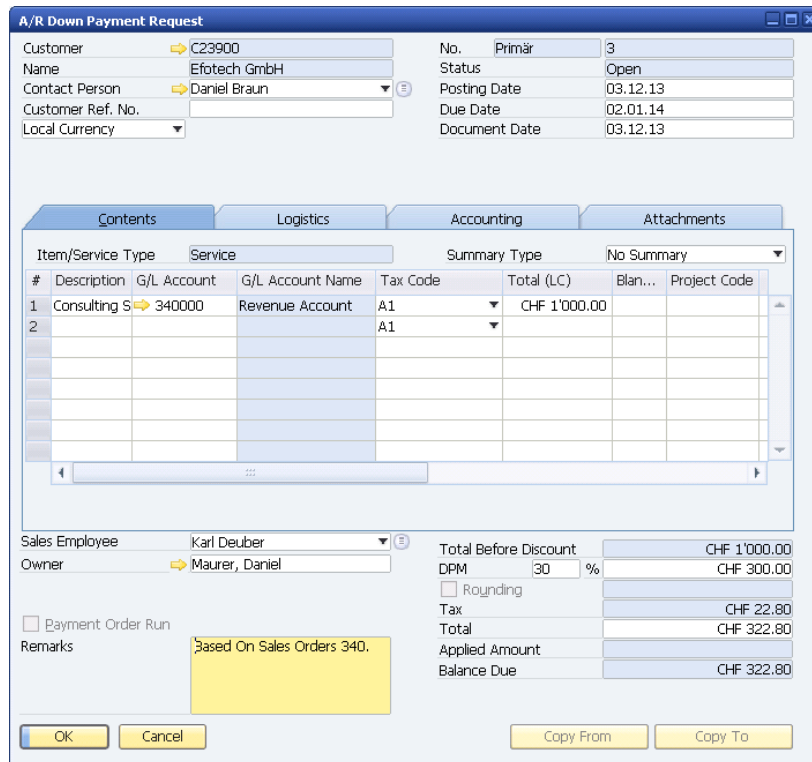

Image 20: A/R Down Payment Request without journal entry

After the customer has paid the down payment, the specific journal entry will be generated in SAP as illustrated in the print screen below. There is a debit on the bank account of 322.80, which was the full amount of the down payment request. The customer has a credit booking, also with 322.80, which means that our company owe him the money. Again, the whole amount will be booked on the debit of the down payment interim account. The 22.80 tax is booked as credit, and the rest (300) is credited to de down payment clearing account.
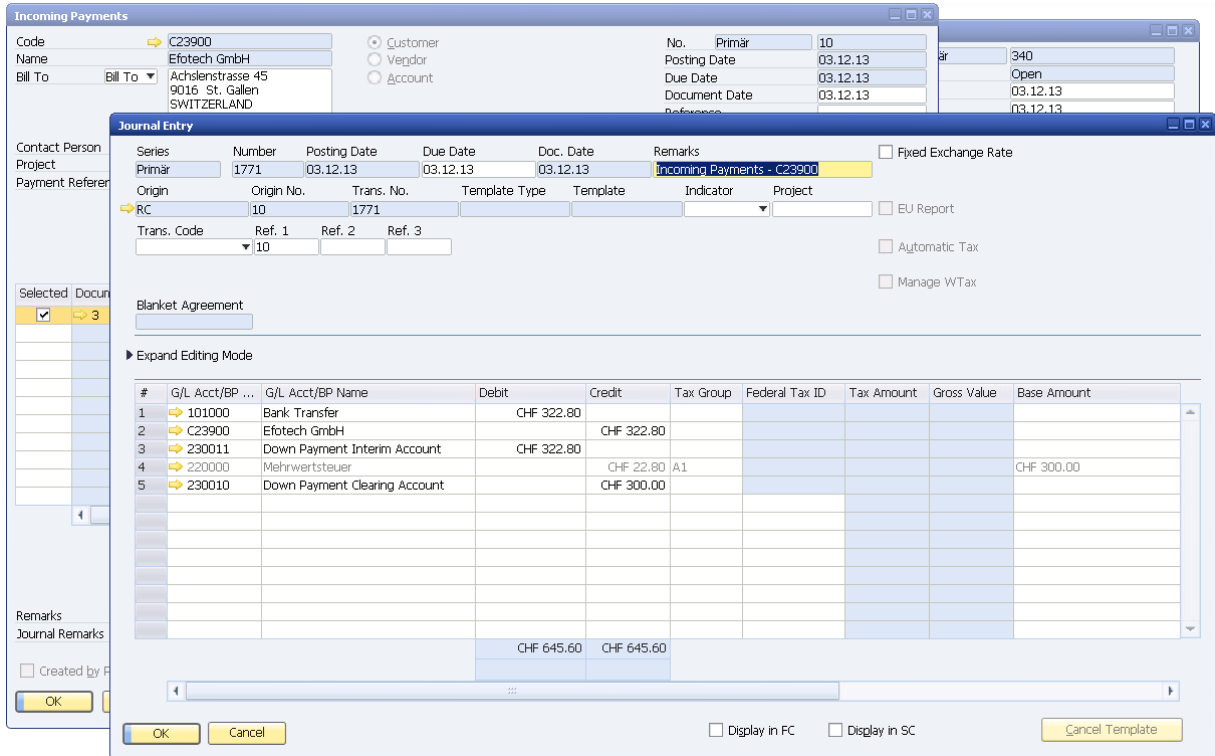
Image 21: Incoming Payment with Journal Entry

The next step is to generate an A/R invoice which includes the down payment. The invoice and its journal entry is illustrated in the print screen below.
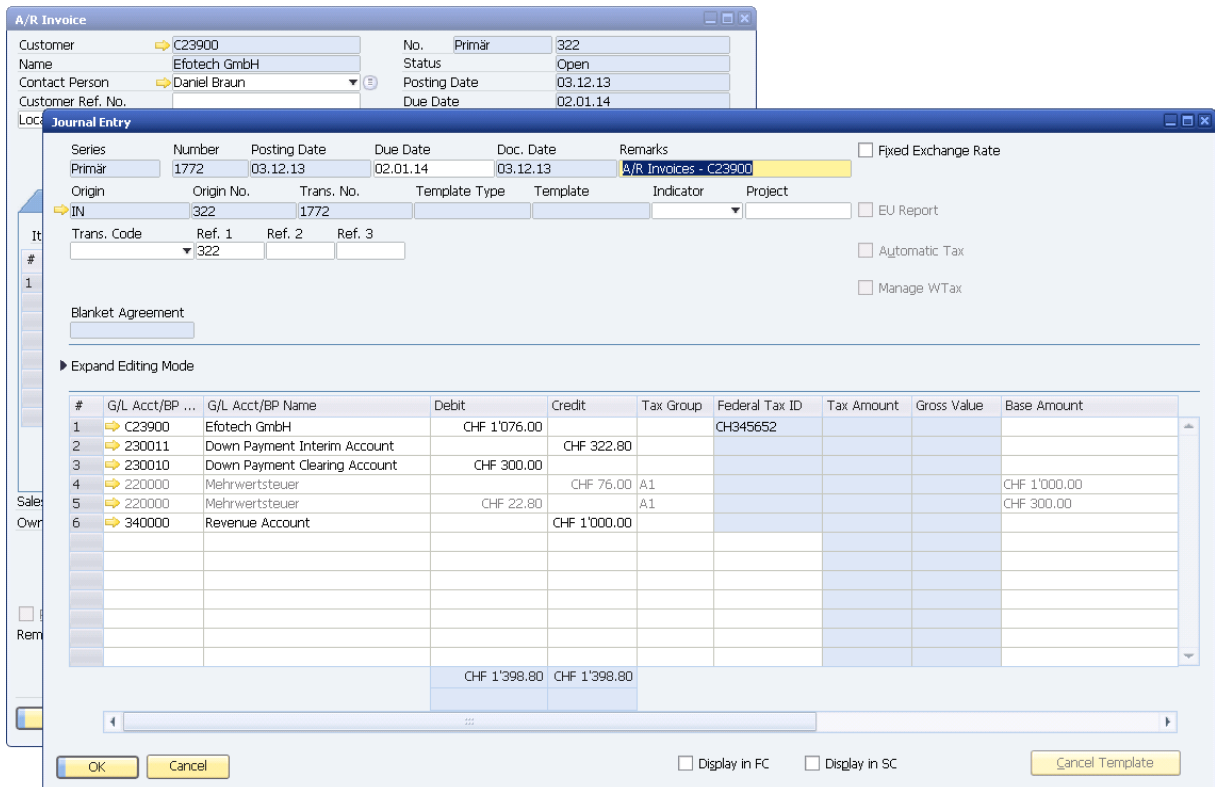

Image 22: A/R Invoice with Journal Entry

Now, the customer owes us the full amount of 1076, which is indicated in the first row of the journal lines. The next 2 lines create reversals for the down payment interim account and also the down payment clearing account, because the down payment request was paid. Also the tax, which was applied on the incoming payment is reversed on row 5. The correct tax amount (of the 100% amount) is applied in row 4. And last, but not least, the 1000 revenue is applied in the last row.

2.1.15.2   RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		x

2.1.16　Control Account: Down Payments Receivables

2.1.16.1　Examples

N/A

2.1.16.2　Recommended Account

Localization	Description	P/L	Bal
KMU CH	N/A		

2.1.17 CONTROL ACCOUNT: OPEN DEBTS

2.1.17.1 EXAMPLES

N/A

2.1.17.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

2.2 SALES TAX TAB

In the tax tab, it is possible to set the default tax code for items or service lines for sales documents. If there is a new item created, the tax code will be set according this definition.
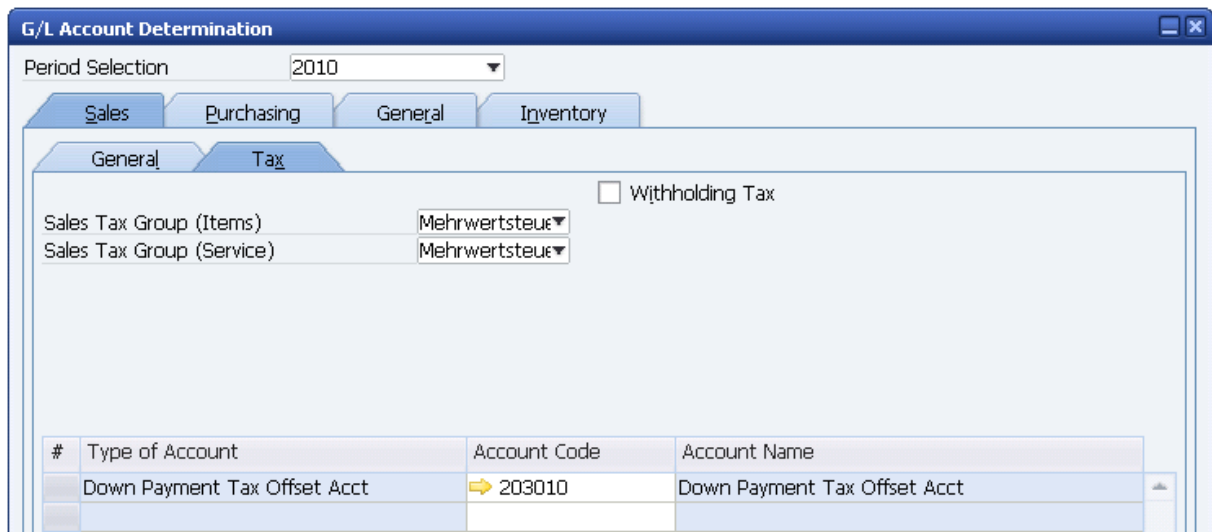

Image 23: Account determination, tax sales tab

2.2.1 DOWN PAYMENT TAX OFFSET ACCT

Account to use when creating an incoming payment based on an A/R down payment request.

2.2.1.1 EXAMPLES

N/A

2.2.1.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

3 PURCHASING

This section describes the purchasing tab of the SAP® Business One account determination. In this tab, there are two sections: The general and the tax section.

3.1 PURCHASING GENERAL TAB

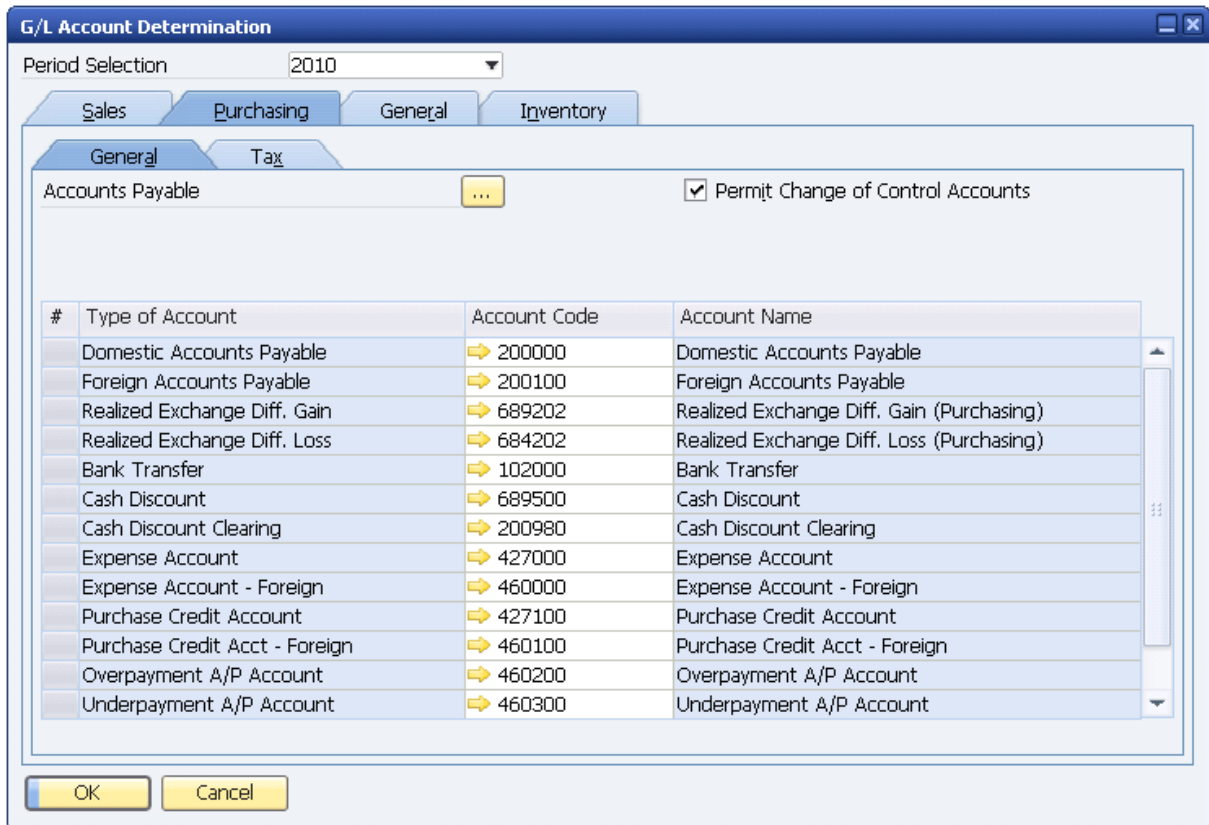In the general tab, there are all regular account determinations from the purchase side of SAP® Business One

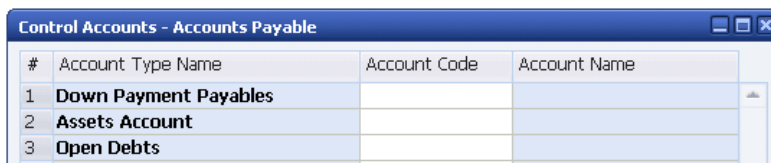Image 24: Account determination, general purchase tab

Image 25: Control Accounts in General Tab

3.1.1 DOMESTIC ACCOUNTS PAYABLE

This account is the default control account, when a new local vendor is added to the system. The account will be used, when a purchase document for this business partner will be created.

3.1.1.1 EXAMPLES

By adding the new vendor, the Accounts Payable will be automatically filled in the business partner master data.
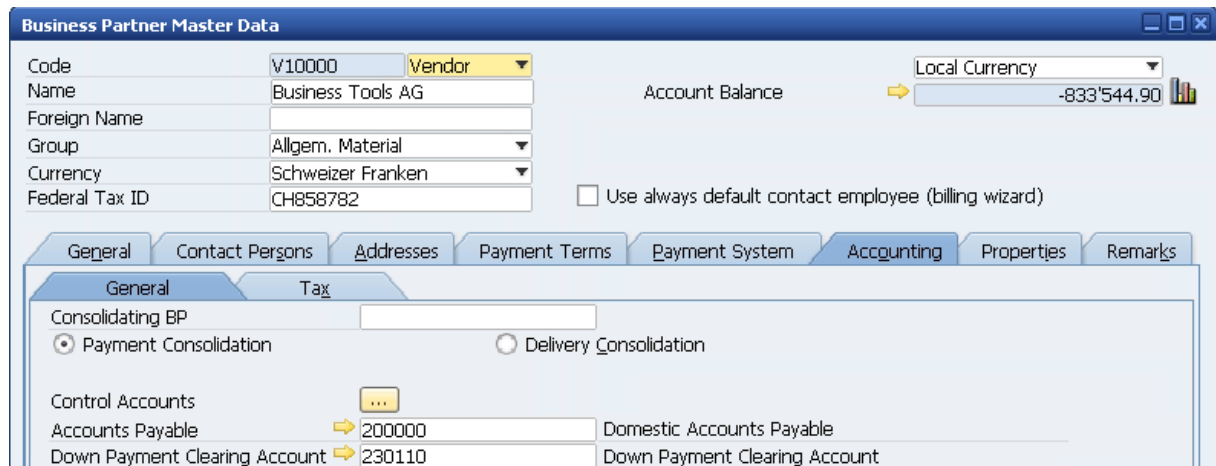

Image 26: Add a new local vendor, accounting tab

After creating a purchase invoice, this control account will appear in the journal entry in the tab *Accounting*. Also in the journal entry in the first line, the account is the BP code of the customer. But in the column *Control Acct*, there is the correct G/L account.
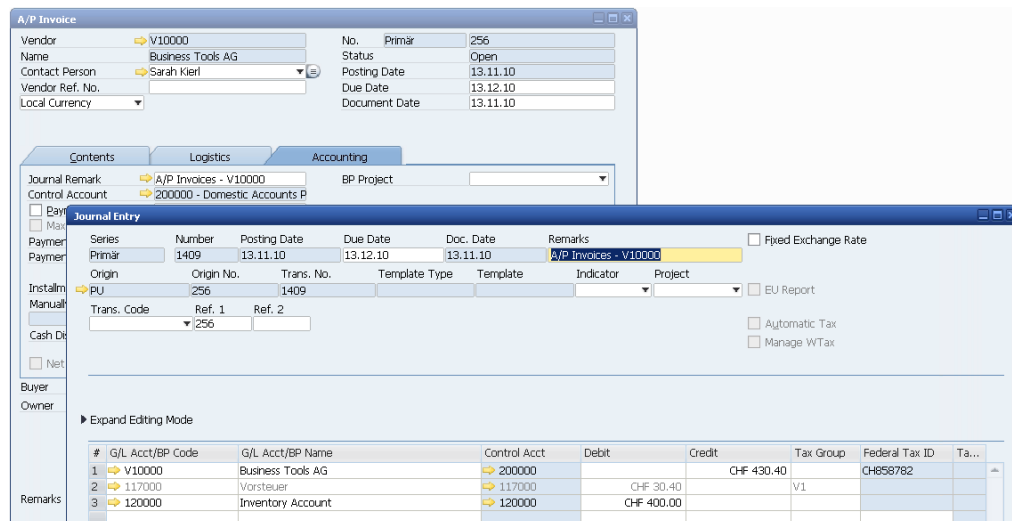

Image 27: Purchase invoice, Journal entry with control account

3.1.1.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	2000 – Verbindlichkeiten für Material- und Warenaufwand (control account) (There are different accounts possible → Materialaufwand, DL-Aufwand…)		x

3.1.2 FOREIGN ACCOUNTS PAYABLE

This account is the default control account, when a new foreign vendor is added to the system. The account will be used, when a purchase document for this business partner will be created.

3.1.2.1 EXAMPLES

Like in the sales, also for vendors, SAP can define a separate account for foreign vendors. To see with print screen the difference from domestic and foreign, see the 2 chapters in the sales topics (2.1.1 and 2.1.2).

3.1.2.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Usually the same account as Domestic Accounts Payable is used.		x

3.1.3 REALIZED EXCHANGE DIFF. GAIN

There are differences between the exchange rate of the invoice and the exchange rate of the outgoing payment. If the exchange rate of the outgoing payment is smaller than the exchange rate of the invoice, there is an exchange difference gain.

3.1.3.1 EXAMPLES

The USD A/P invoice, dated on November 10 has an exchange rate of 1.05. The outgoing payment, dated on November 13 has the exchange rate of 1.00. In this case, there is an Exchange difference Gain.
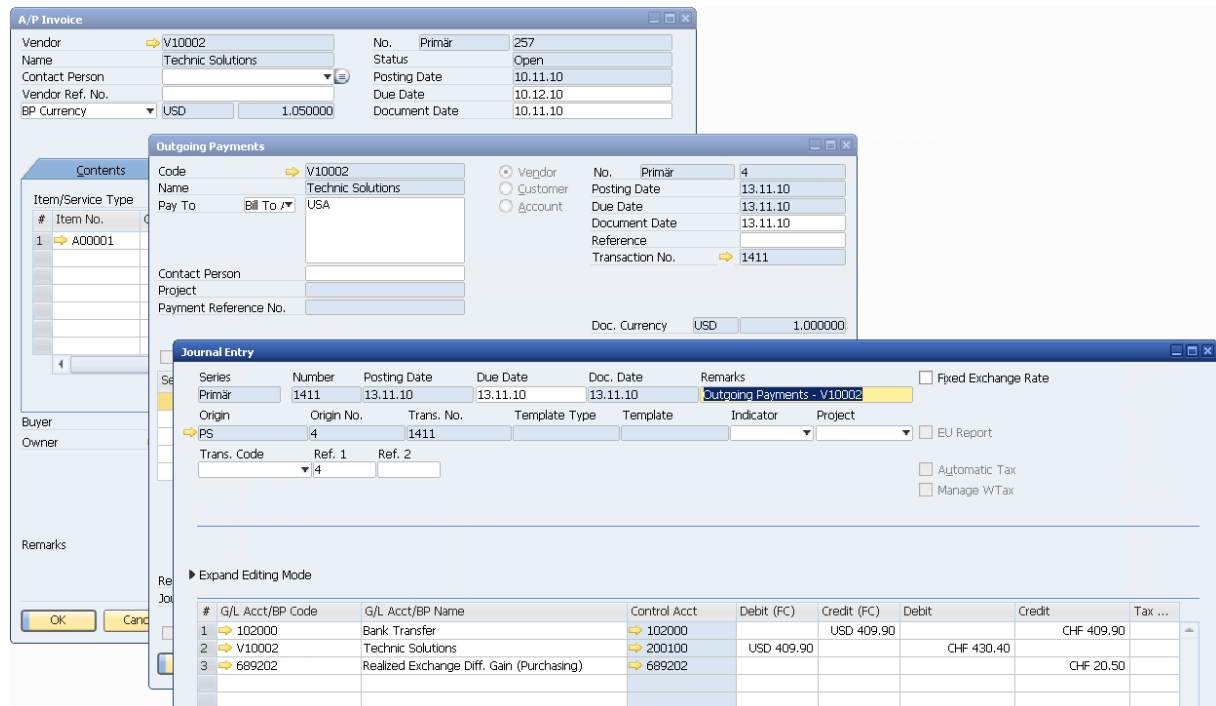
Image 28: A/P invoice on November 10, outgoing payment with journal posting on November 13

3.1.3.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	4096 – Kursdifferenzen (There are different Kursdifferenzen accounts → Handelswarenaufwand, Dienstleistungsaufwand)	x	

3.1.4 REALIZED EXCHANGE DIFF. LOSS

There are differences between the exchange rate of the invoice and the exchange rate of the outgoing payment. If the exchange rate of the outgoing payment is bigger than the exchange rate of the invoice, there is an exchange difference loss.

3.1.4.1 EXAMPLES

Please see example of chapter3.1.3. The exchange difference loss is the result, when the exchange rate of the outgoing payment is bigger than the exchange rate of the invoice.

3.1.4.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Use the same accounts as Realized Exchange Diff. Gain.	x	

3.1.5 BANK TRANSFER

Define a default account to use when paying by bank transfer.

3.1.5.1 EXAMPLES

By clicking to the payment mean *bank transfer* on outgoing payment, the account of bank transfer will be set according this definition.
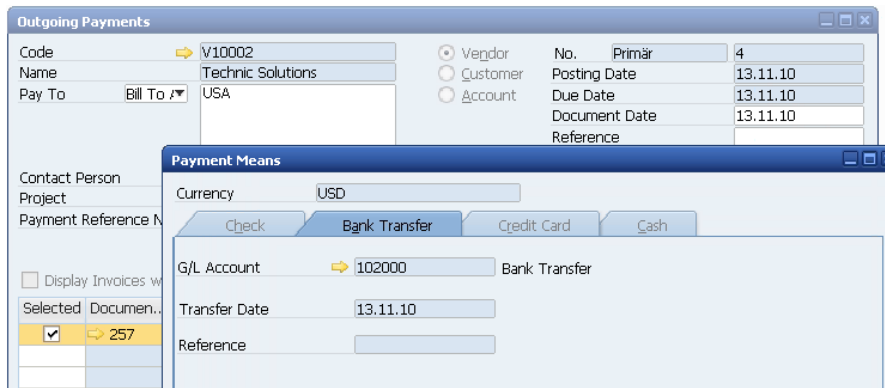
Image 29: Outgoing payment, with payment means bank transfer

To choose the account, the *Cash Account*-Flag must be set in the chart of accounts.
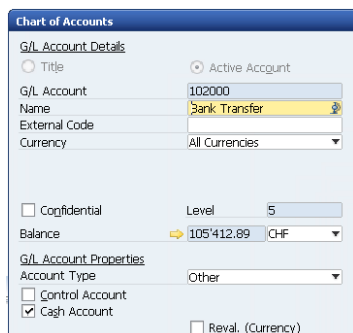
Image 30: G/L account with Cash-Flag

3.1.5.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	For example 1020 – Kontokorrent Hauptbetrieb (cash account)		x

3.1.6 CASH DISCOUNT

When in a payment term a discount is used (for example 10 days 2%, 30 days net), this account will be used.

3.1.6.1 EXAMPLES

In the purchase, this account works in the same way like in the sales. Please see chapter 2.1.10 for print screens and a detailed description.

3.1.6.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	4090 – Skonti (There are different Skonti-Accounts → Produktion, Warenaufwand, DL-Aufwand)	x	

3.1.7 CASH DISCOUNT CLEARING

Define an account to use as the clearing account when a cash discount is used.

3.1.7.1 EXAMPLES

N/A

3.1.7.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		
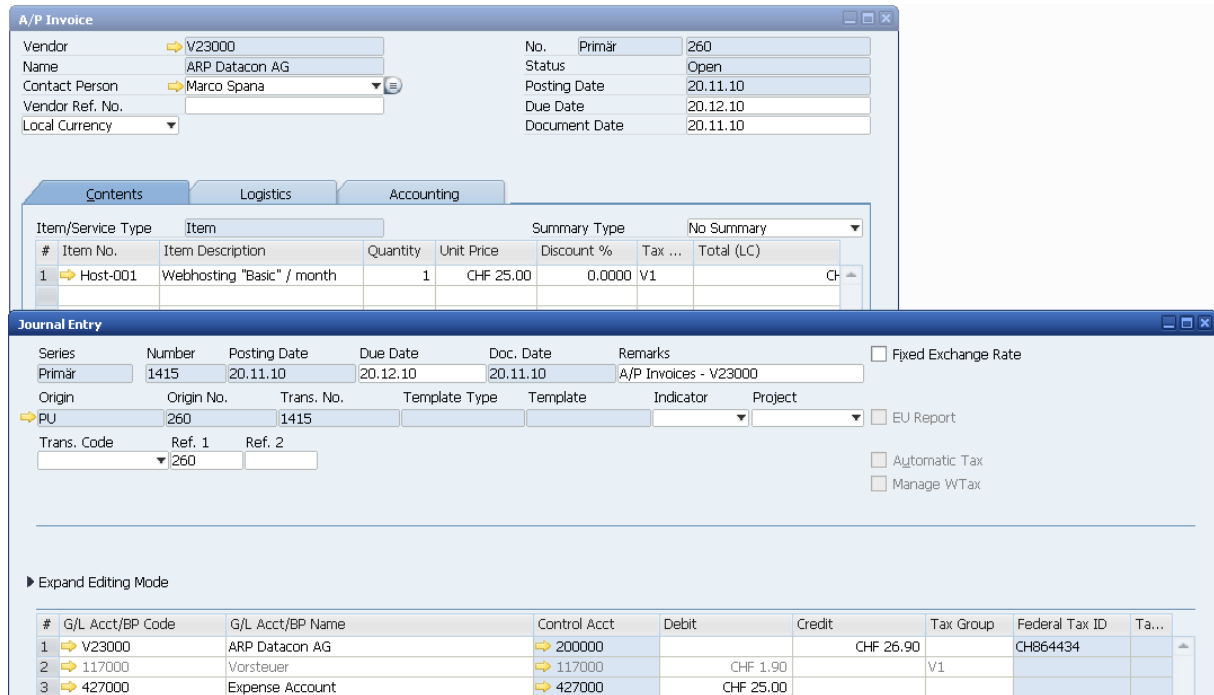
3.1.8 EXPENSE ACCOUNT

The expenses account will be used on purchase invoices when:

- The item is a non-stock item
- The item is a stock item BUT the perpetual inventory in SAP B1 is switched off
- The warehouse chosen in the purchase document is a drop ship warehouse

3.1.8.1 EXAMPLES

The following example is typical for a non-stock item: An A/P invoice with a webhosting fee.

Image 31: A/P invoice with journal entry

3.1.8.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	4400 – Aufwand für Drittleistung Dienstleistung X (There are various expenses accounts possible → Warenaufwand, DL-Aufwand etc…)	x	

3.1.9 EXPENSE ACCOUNT – FOREIGN

The expenses account - foreign will be used on purchase invoices of foreign suppliers when:

- The item is a non-stock item
- The item is a stock item BUT the perpetual inventory in SAP B1 is switched off
- The warehouse chosen in the purchase document is a drop ship warehouse

3.1.9.1 EXAMPLES

This account works in the same way like the standard expense account, which is shown in the chapter 3.1.8. It will be used, when the supplier is a foreign supplier (country).

3.1.9.2 RECOMMENDED ACCOUNT
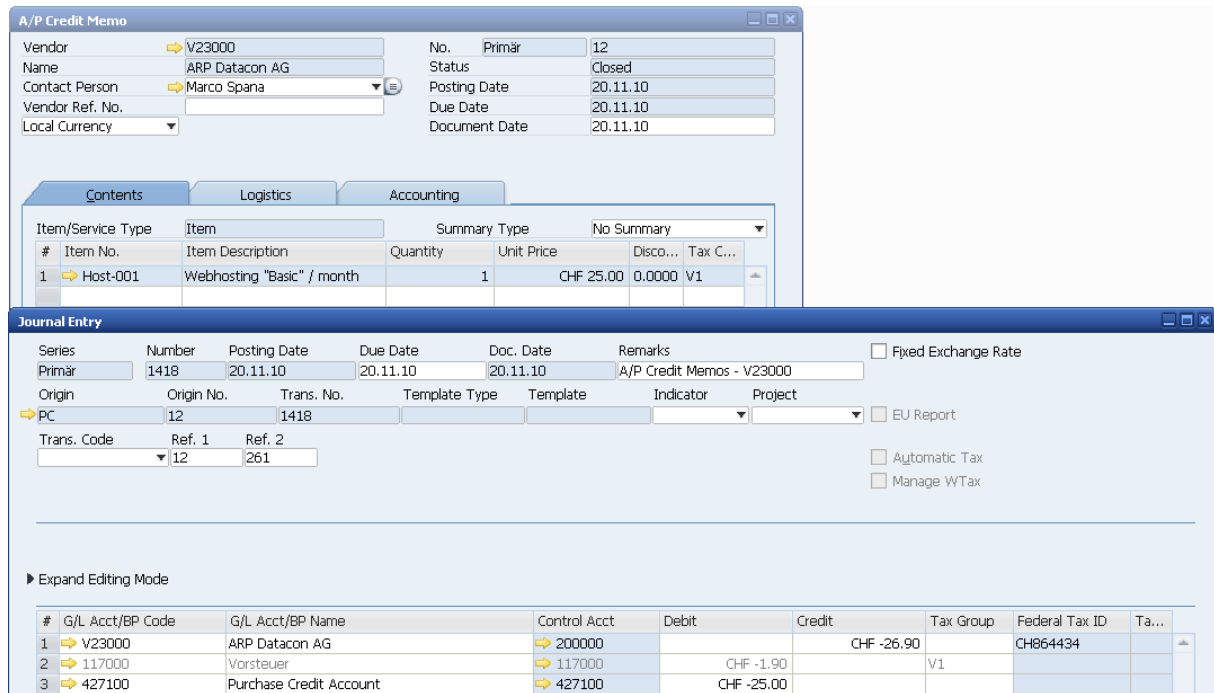
Localization	Description	P/L	Bal
KMU CH	Use the same account as Expense Account.	x	

3.1.10 PURCHASE CREDIT ACCOUNT

A control account to be used as the default when a credit transaction of expenses is created, for example, an A/P credit memo.

3.1.10.1 EXAMPLES

The purchase invoice of chapter 3.1.8 will be copied to an A/P credit memo.

Image 32: A/P credit memo with journal entry

3.1.10.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Normally the purchase credit account is the same account like the Expense Account.	x	

3.1.11 PURCHASE CREDIT ACCT – FOREIGN

A control account to be used as the default when a credit transaction of expenses is created, for example, an A/P credit memo for a foreign supplier

3.1.11.1 EXAMPLES

This account works in the same way like the standard purchase credit account, which is shown in the chapter 3.1.10. It will be used, when the supplier is a foreign supplier (country).

3.1.11.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Normally the purchase credit account - foreign is the same account like the Expense Account – Foreign.	x	

3.1.12 OVERPAYMENT A/P ACCOUNT

SAP Business One compares the amount paid to the amount due, and if the difference is less than the amount defined in the currency settings the application automatically creates the appropriate transaction. If the amount is more than the amount due, it will take the overpayment account.

3.1.12.1 EXAMPLES

The purchasing overpayment account works like the corresponding sales account. See chapter 2.1.6 for examples.

3.1.12.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3901 – Rabatte und Preisnachlässe	x	

3.1.13 UNDERPAYMENT A/P ACCOUNT

SAP® Business One compares the amount paid to the amount due, and if the difference is less than the amount defined in the currency settings, the application automatically creates the appropriate transaction. If the amount is less than the amount due, it will take the underpayment account.

3.1.13.1 EXAMPLES

The purchasing underpayment account works like the corresponding sales account. See chapter 2.1.5 for examples.

3.1.13.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3901 – Rabatte und Preisnachlässe	x	

3.1.14 DOWN PAYMENT CLEARING ACCOUNT

This account defines the default clearing account when posting an A/P down payment invoice. It cannot be a control account.

3.1.14.1 EXAMPLES

In the system, an A/P down payment invoice is added with 20% DPM. The following print screen shows the down payment invoice with the corresponding journal entry, which uses the down payment clearing account.
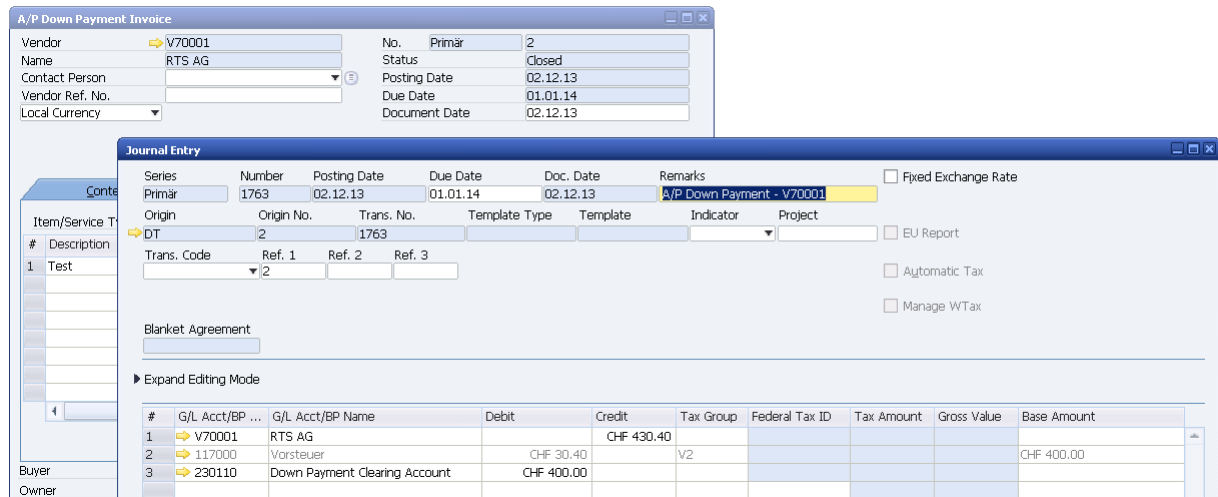
Image 33: A/P Down Payment Invoice with Journal Entry

Next step would be copying the down payment invoice into the final invoice. The print screen shows the corresponding journal entry.
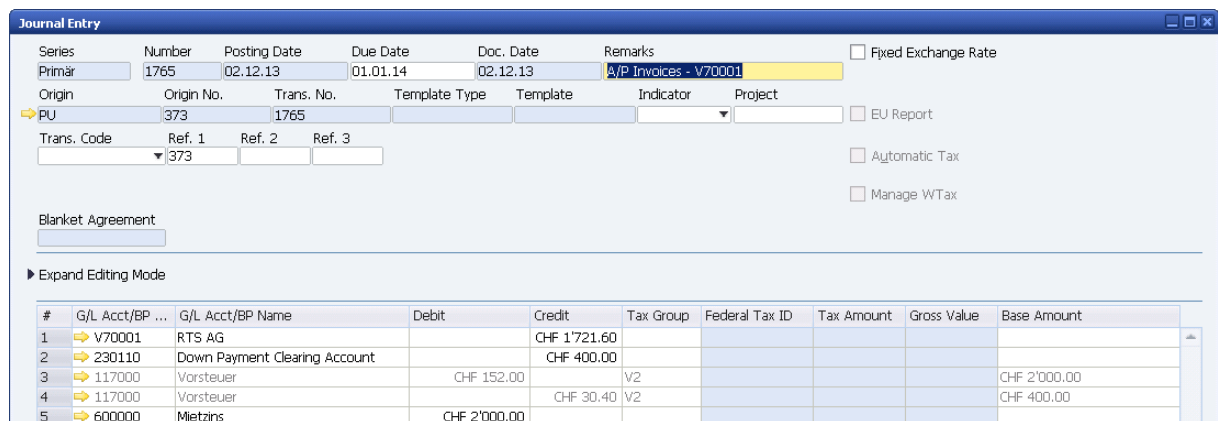
Image 34: Journal entry as result of the A/P Invoice

Hint: The final invoice always reverses the vat applied on the down payment invoice. This means: It is possible to change vat or totals in the final invoice, which results in correct bookings.

3.1.14.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		x

3.1.15 EXPENSE AND INVENTORY ACCOUNT

3.1.15.1 EXAMPLES

N/A

3.1.15.2 RECOMMENDED ACCOUNT
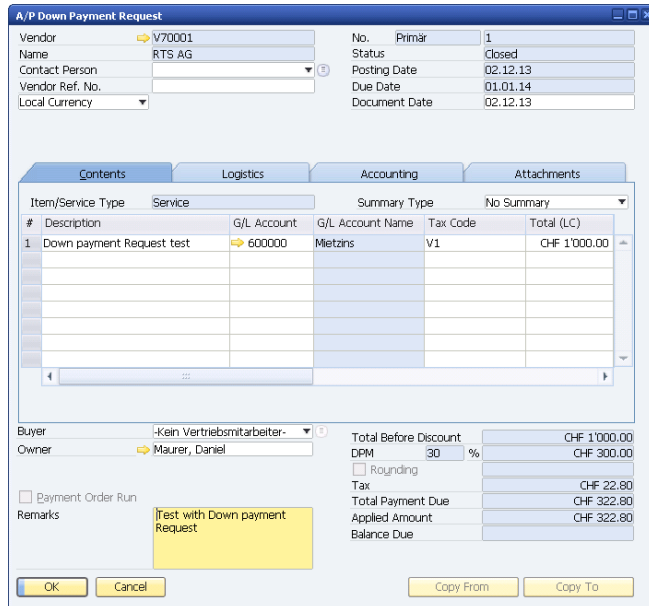
Localization	Description	P/L	Bal
KMU CH	N/A		

3.1.16 Down Payment Interim Account

The down payment interim account is used when working with sales down payment requests. When booking a down payment invoice request, there will be no journal entry. But when paying the invoice, the Down Payment Clearing Account and also the interim account will be used.

3.1.16.1 Examples

The first document shows a down payment request with a 30% down payment. There will be no journal entry.

Image 35: A/P Down Payment Request without Journal Entry

After the down payment request is paid, the specific journal entry will be generated in SAP as illustrated in the print screen below. There is a credit on the cash account of 322.80, which was the full amount of the down payment request. The customer has a debit booking, also with 322.80, which means that he owes our company the money. Again, the whole amount will be booked on the credit of the down payment interim account. The 22.80 tax is booked as debit, and the rest (300) is debited to de down payment clearing account.
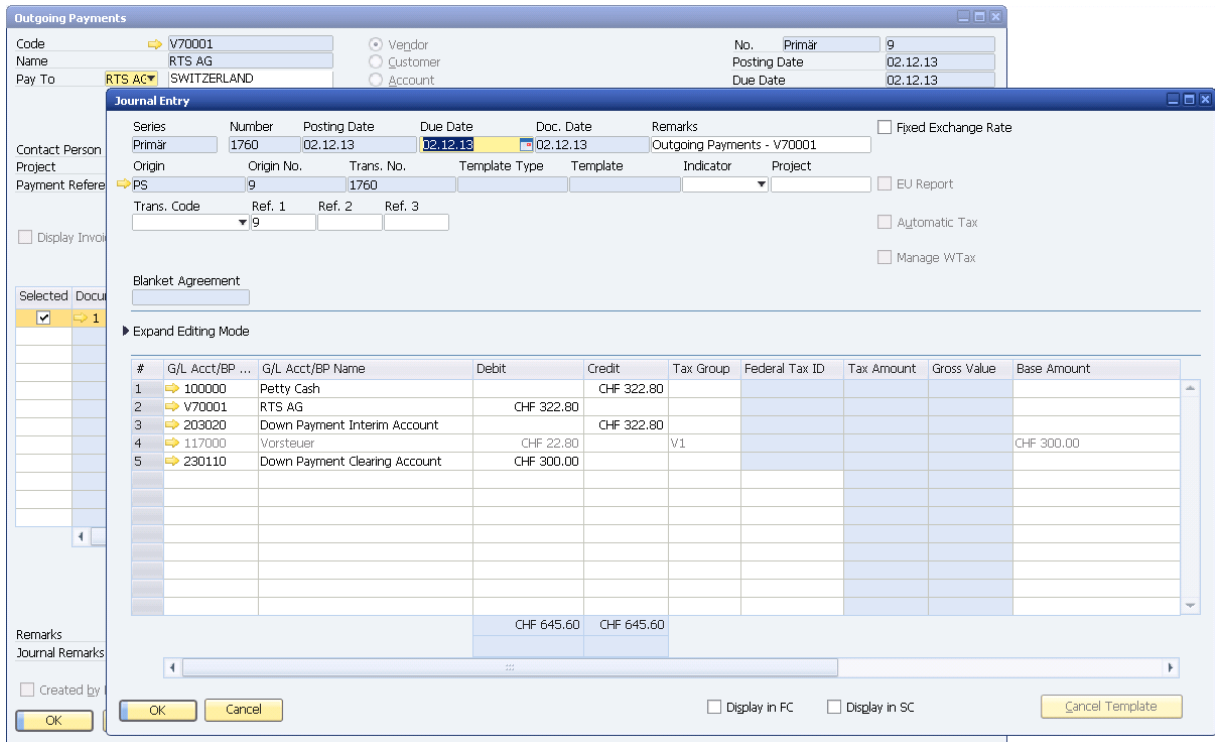
Image 36: Outgoing Payment with Journal Entry

The next step is to generate an A/P invoice which includes the down payment. The invoice and its journal entry is illustrated in the print screen below.
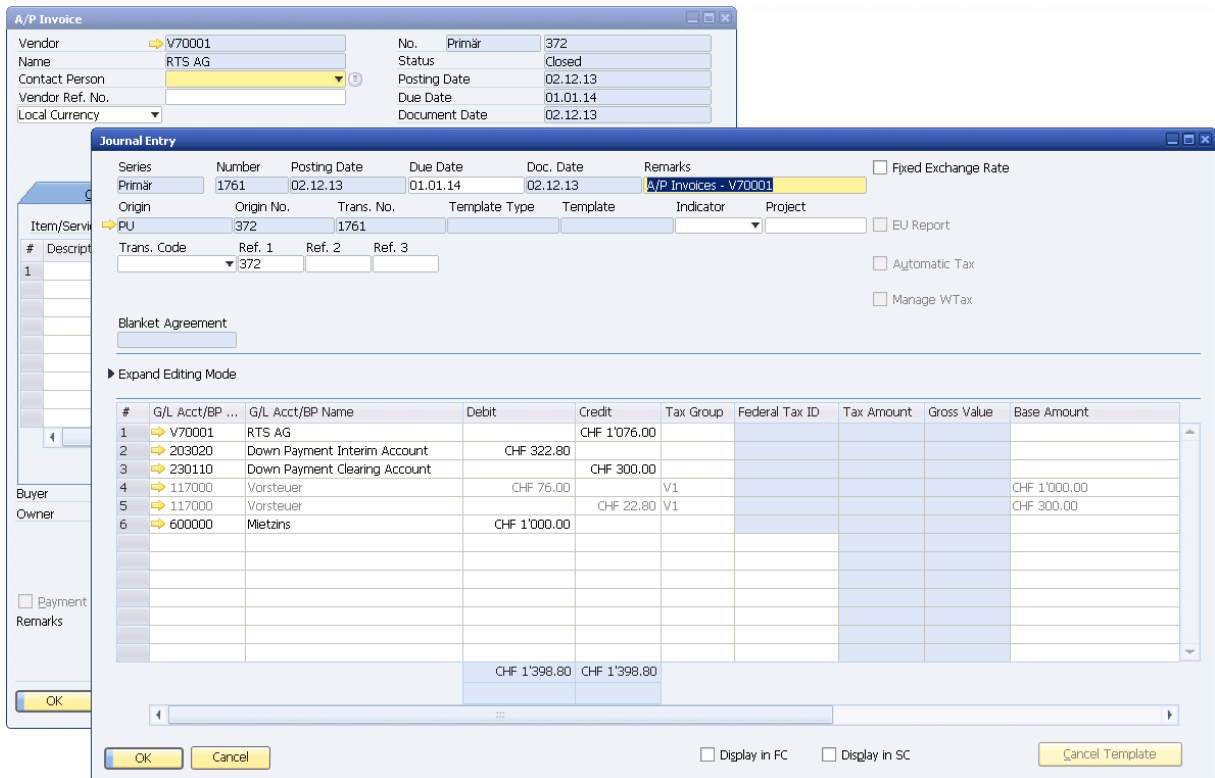
Image 37: A/P invoice with journal entry
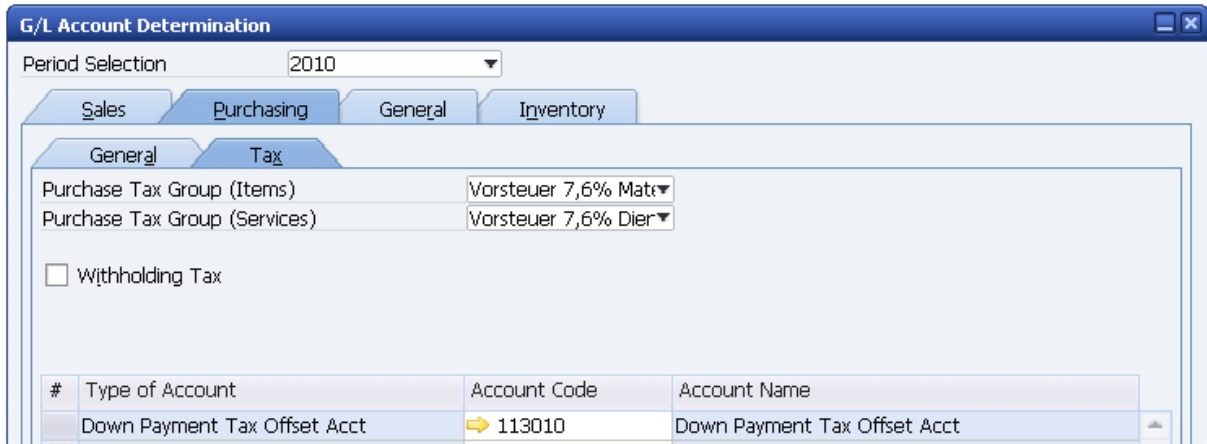
Now, the customer owes us the rest, 1076, which is indicated in the first row of the journal lines. The next 2 lines create reversals for the down payment interim account and also the down payment clearing account, because the down payment request was already paid. Also the tax, which was applied on the incoming payment is reversed on row 5. The correct tax amount (of the 100% amount) is applied in row 4. And last, but not least, the total revenue of 1000 is applied in the last row.

3.1.16.2   RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		x

3.2 PURCHASING TAX TAB

N/A

Image 38: Account determination, tax purchase tab

3.2.1 DOWN PAYMENT TAX OFFSET ACCT

3.2.1.1 EXAMPLES

N/A
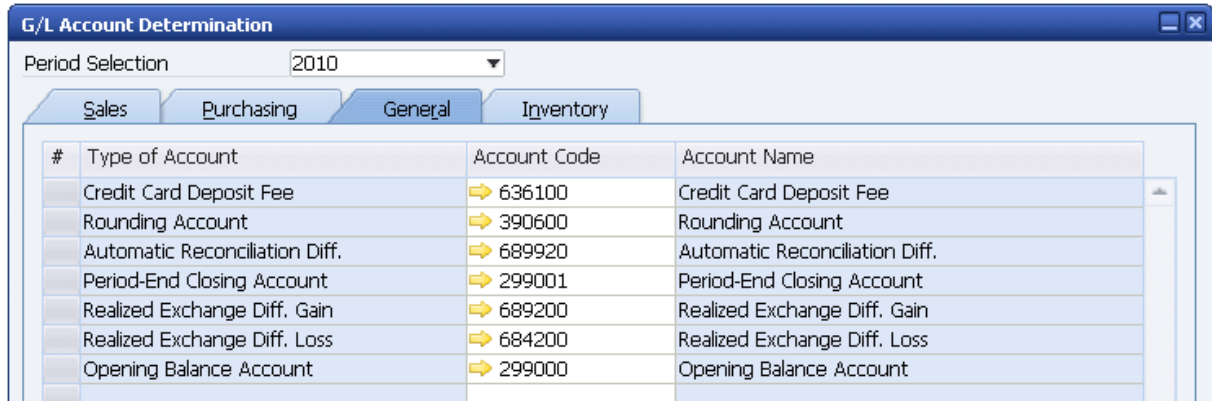
3.2.1.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

4 GENERAL

This section describes the General tab of the SAP® Business One account determination. In this tab, there is a short section with few accounts to be defined. Only two of them are balance sheet accounts. All other accounts in this section are P/L-accounts. In this section are no control accounts.

Image 39: Account determination, general tab

4.1 CREDIT CARD DEPOSIT FEE

A P/L-account on which fees for deposits of credit card vouchers will be posted.

4.1.1 EXAMPLES

Your customer pays an A/R Invoice with a credit card and the credit card company charges you a fee for that transaction. In SAP B1 this occurs when adding a commission in the deposit document. The account Credit Card Deposit Fee will automatically filled in as a suggestion.
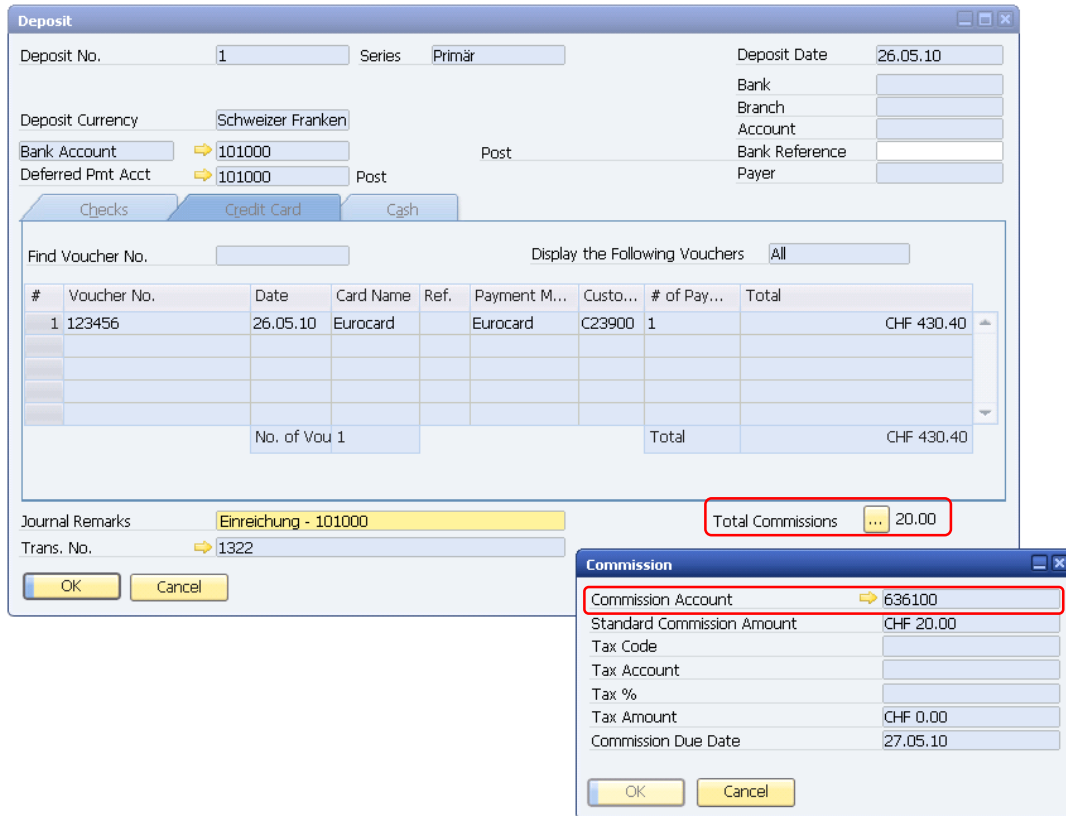
Image 40: Credit card deposit with fees
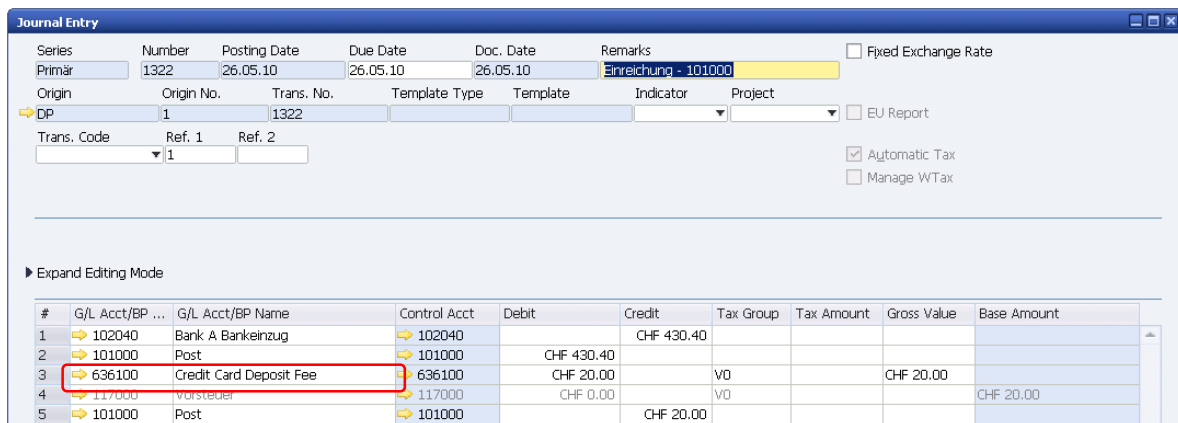
Image 41: Journal entry with credit card deposit fee

4.1.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	6361 - Gebühren	x	

4.2 ROUNDING ACCOUNT

This account is the default account for rounding differences in SAP B1. This may occur when you define rounding for certain currencies. Different document types can contain rounding differences.

4.2.1 EXAMPLES

By adding a new A/R invoice with a currency where a rounding has been defined.

Image 42: A rounding needs to be defined in the currency table

The rounding (if necessary) will appear immediately when creating the document (eg. an invoice)
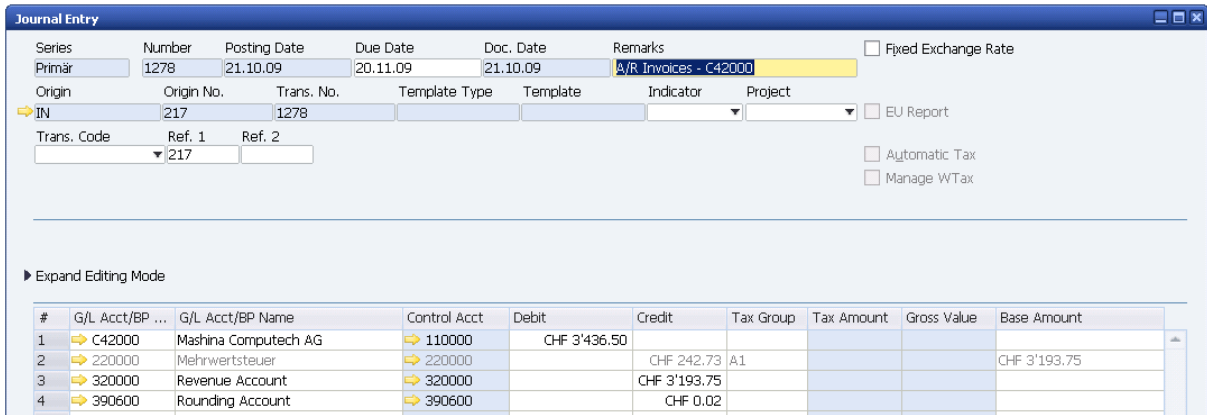
Image 43: A/R invoice with rounding amount

The default Rounding Account occurs in the journal entry posting.

Image 44: Journal entry with rounding posting

4.2.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	3906 – Rundungsgebühren	x	

4.3 AUTOMATIC RECONCILIATION DIFF.

4.3.1 EXAMPLES

N/A

4.3.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

4.4 PERIOD-END CLOSING ACCOUNT

4.4.1 EXAMPLES

N/A

4.4.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

4.5 REALIZED EXCHANGE DIFF. GAIN

When reconciling transactions of foreign currency G/L accounts, an exchange rate differences transaction is performed automatically. Define here the account to which the gained exchange rate difference is posted.

4.5.1 EXAMPLES

Use „*Financials > Exchange Rate Differences*" to valuate foreign currencies of G/L accounts or business partners.
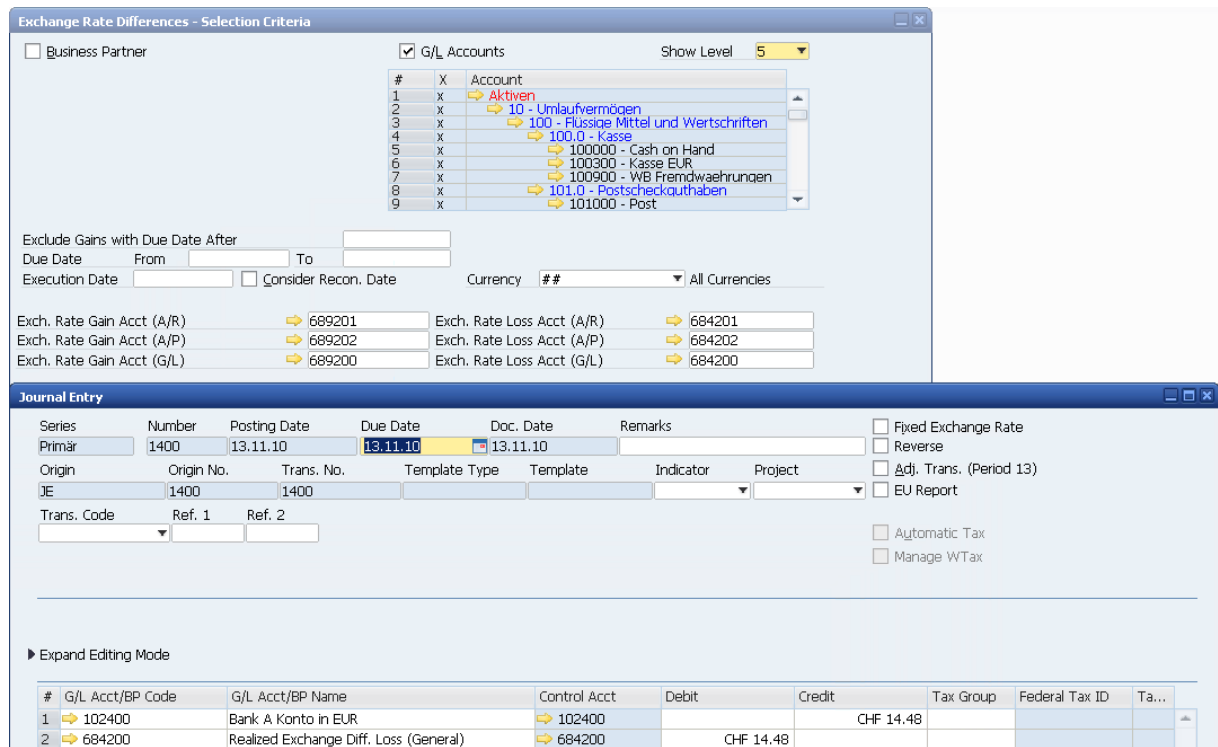
Image 45: Rate differrences form and journal entry

4.5.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

4.6 REALIZED EXCHANGE DIFF. LOSS

4.6.1 EXAMPLES
N/A

4.6.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

4.7 OPENING BALANCE ACCOUNT

4.7.1 EXAMPLES
N/A

4.7.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5   INVENTORY

This section describes the Inventory tab of the SAP® Business One account determination. In this section are no control accounts. The whole section is only relevant, when perpetual inventory is turned on in the SAP® Business One database.
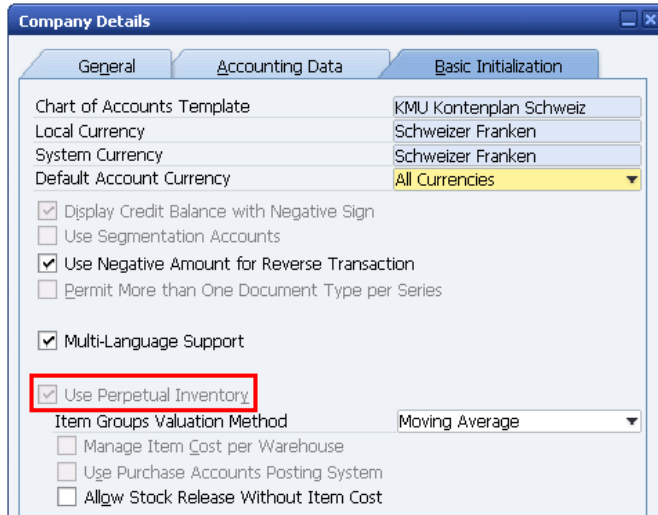
Image 46: Company Details, basic initialization tab
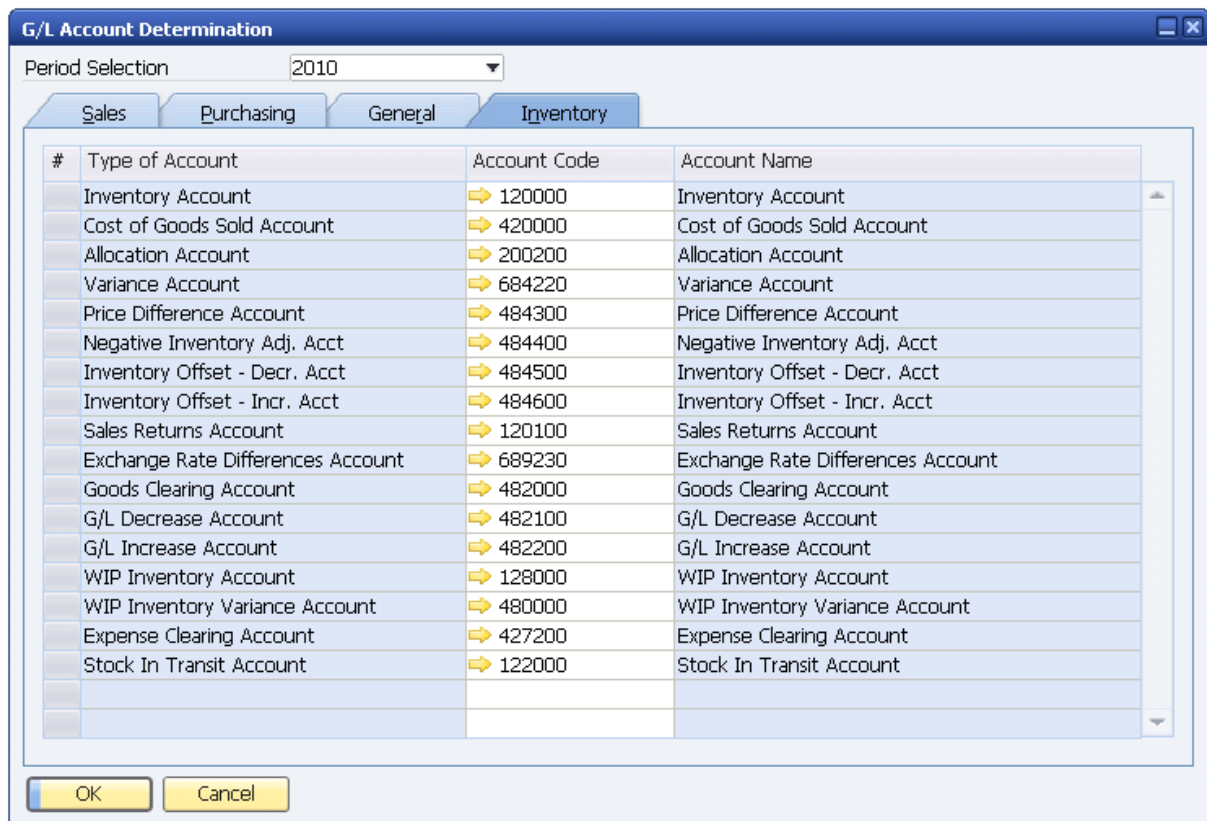
Image 47: Account determination, inventory tab

5.1 INVENTORY ACCOUNT

Reflects the final inventory value and is recorded in every inventory transaction in SAP Business One. If perpetual inventory is used this account coincides with the sum of moving average prices of all inventory items.

5.1.1 EXAMPLES

By adding a sales/purchase document (see list above) that causes a journal entry this account is used. The item must be an inventory item, and perpetual inventory must be activated. Further, the warehouse, which is used in the document, should not be a drop ship warehouse.

5.1.2 RECOMMENDED ACCOUNT
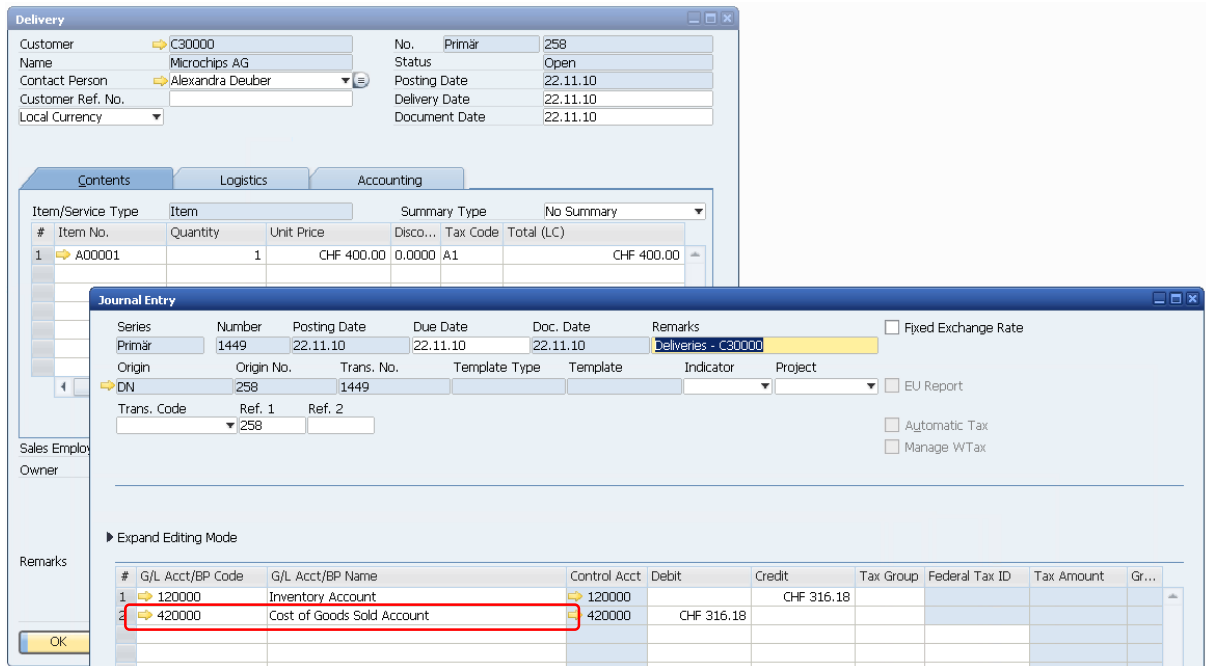
Localization	Description	P/L	Bal
KMU CH	1200 – Vorräte Handelswaren		x

5.2 COST OF GOODS SOLD ACCOUNT

The G/L account *cost of goods sold* is used when inventory-items having a value (e.g. moving average) are delivered.

5.2.1 EXAMPLES

In this example, a printer is sold to a customer. The item costs will be booked to the Cost of Goods Sold Account.

If the delivery is made simultaneously with the invoice, the account is used in the moment of creating the invoice-document.

5.2.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	4200 - Handelswarenaufwand	X	

5.3 ALLOCATION ACCOUNT

This clearing account is used as an offsetting account to the inventory account in goods receipt POs and A/P credit memos. The balance of this G/L account reflects the total amount of open goods receipt POs and goods returns.

5.3.1 EXAMPLES

When purchasing, in a first step, the allocation account will be booked when a goods receipt is posted
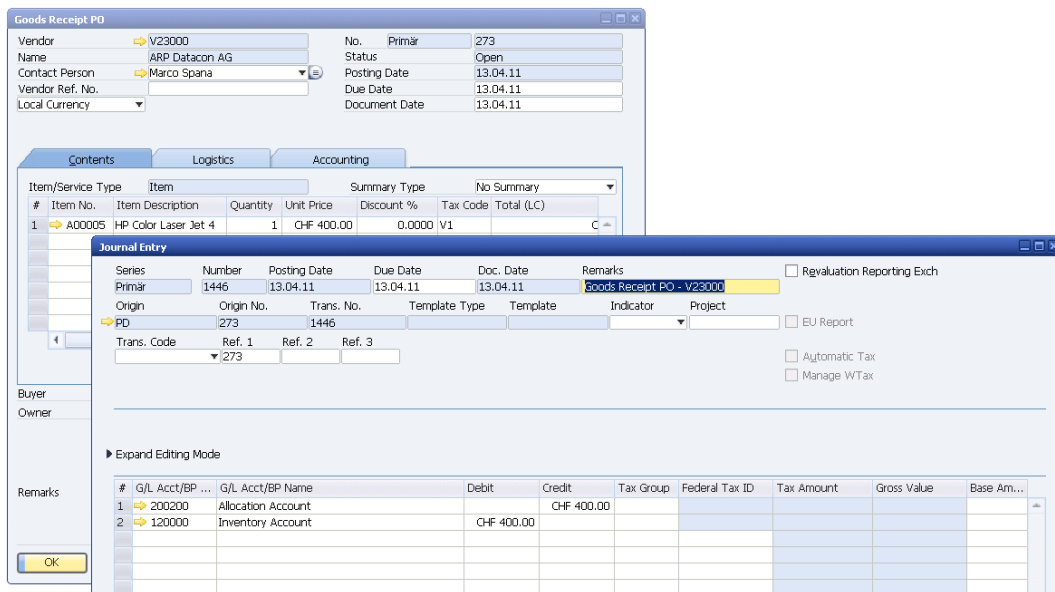
Image 48: Goods receipt PO with journal entry

In a next step, the A/P invoice will be booked. As usual, in an invoice, the control account of the supplier will be booked, and the contra account is the allocation account.
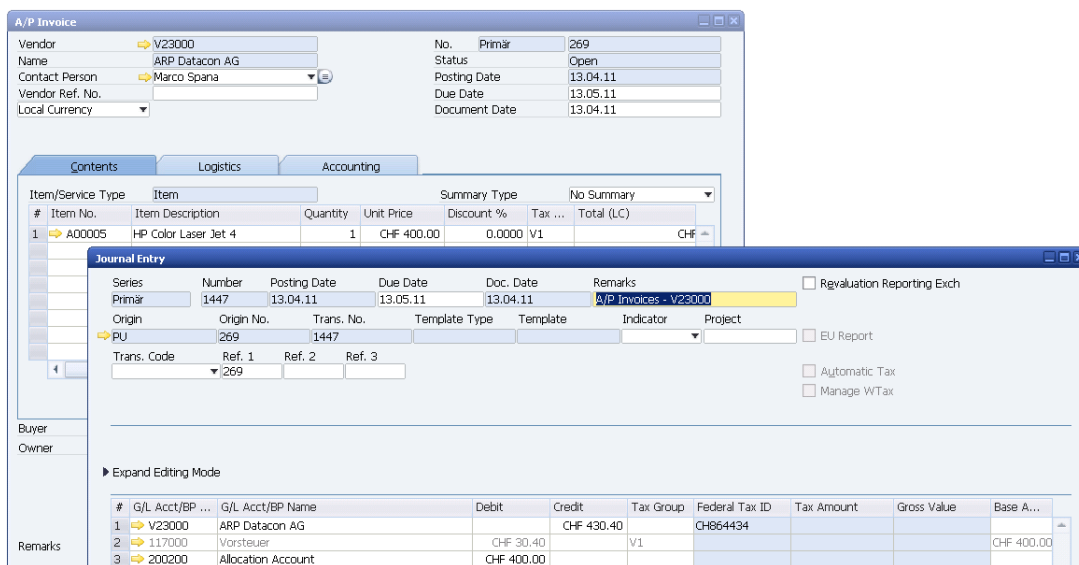
Image 49: A/P invoice with journal entry

5.3.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	2002 – WE/RE-Verrechnung		x

5.4 VARIANCE ACCOUNT

This G/L account is used only in a standard-price inventory system. In certain scenarios, if there are differences between the standard price and the actual price in the purchasing document, these differences are recorded in the variance account.

5.4.1 EXAMPLES

The item in the following form is set to the standard valuation method, and the item costs are 100.

Image 50: Item with standard valuation method

There is a goods receipt using this item, but the price per unit is 110. The difference from the purchase document to the standard cost will always be booked to the variance account.

Image 51: Goods receipt with journal entry

5.4.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5.5 PRICE DIFFERENCE ACCOUNT

This account is used in purchasing transactions only. For certain scenarios, price differences between the base and target documents are recorded in this account.

5.5.1 EXAMPLES

To demonstrate this effect, a goods receipt of a specific item is posted, for example 5x Logitech mouse for 50 CHF each.
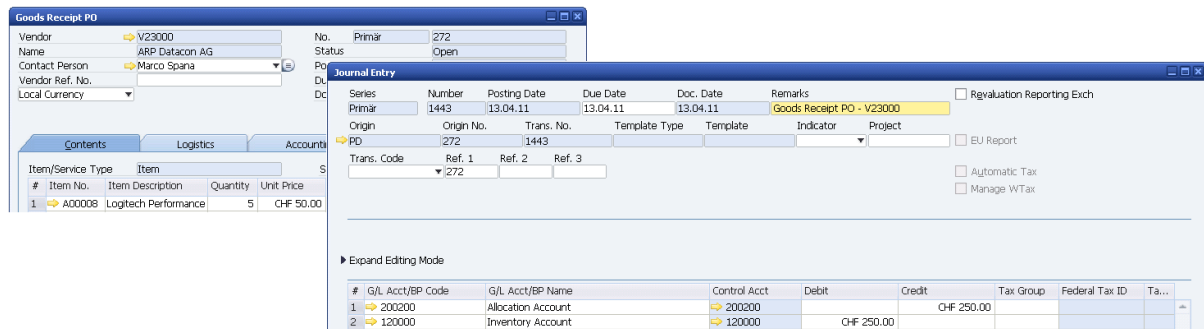
Image 52: Goods receipt of 5 items, new stock quantity

The result is that there are 5 items on stock with the value: 5*50 CHF = 250 CHF.

The next step would be that some of the items are sold. For this, a sales invoice is created with 3x Logitech mouse. New situation: There are only 2 items left in the warehouse.

Next, the supplier sends the invoice of the 5 items which were ordered before. On the invoice, the item price is not 50 CHF anymore, it's now 60 CHF. Normally, SAP books the 10 CHF price difference on the inventory account and adapts the moving average of the item. Please see what happens, if there are not all items on stock.
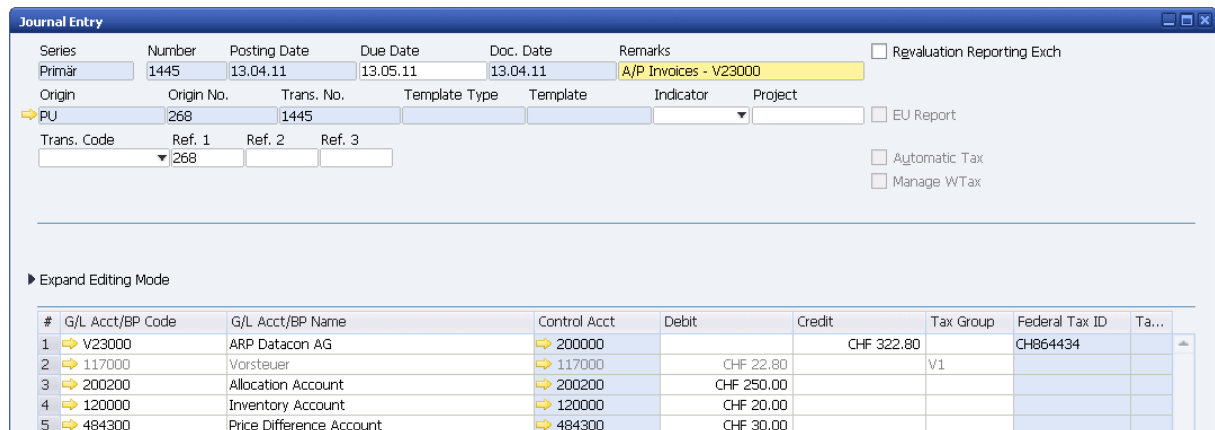
Image 53: Journal entry generated by the A/P invoice

For each of the 5 items, there is a price difference of 10 CHF. Because there are 2 items left, it could book only 20 CHF to the inventory account to increase the moving average. The other 30 CHF were booked to the price difference account.

5.5.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5.6 NEGATIVE INVENTORY ADJ. ACCT

This account is used if inventory quantity is negative when the inventory posting takes place.

5.6.1 EXAMPLES

At the moment, there are 100 books in stock with a price of 20 each.
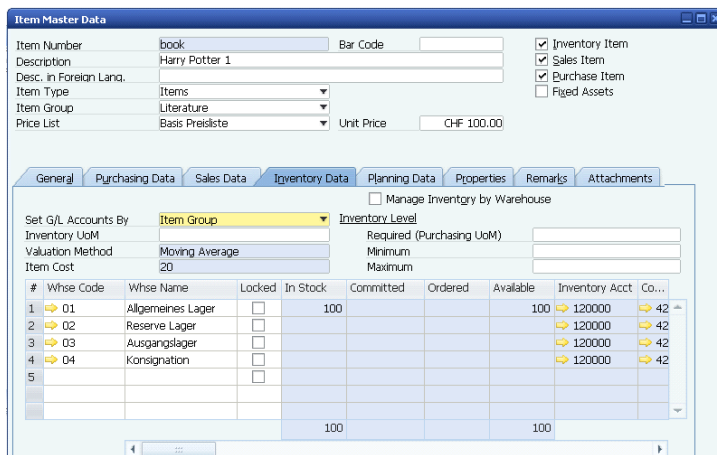
200 books will be sold, and a negative inventory is the result. The inventory account is decreased by 4000 (200 * 20), which means, that it calculated the costs for 200 items also when only 100 items are on stock.
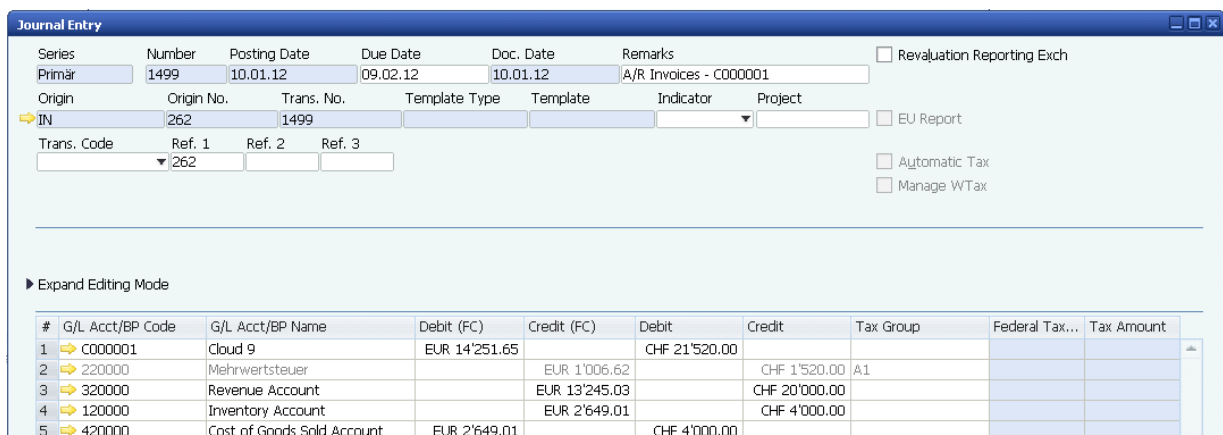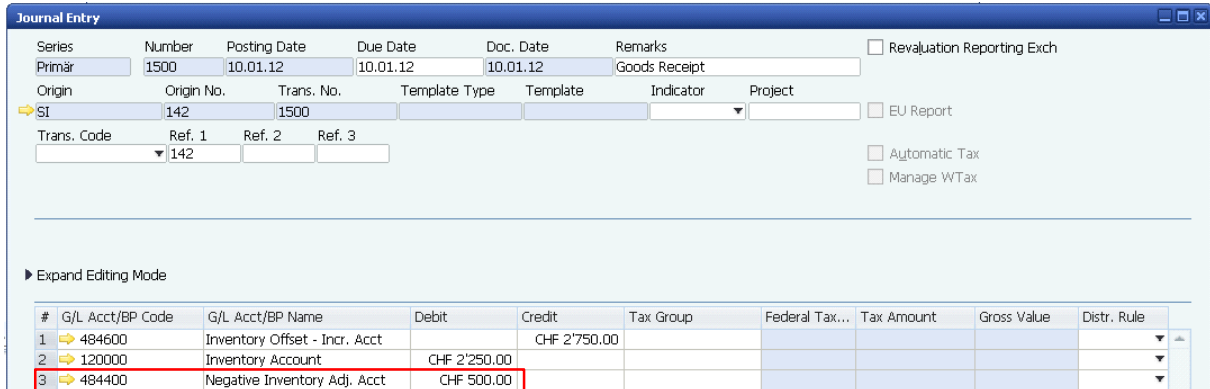
Image 54: Journal Entry, Origin A/R Invoice

Next step is to make a goods receipt with 110 items for 25, which result in a new inventory level of 10 pieces and a moving average of 25.

Because we had negative inventory of 100 items with a value of 20, it books 2000 to the inventory account. It books additionally 10 * 25 to the inventory account. This makes 2000 + 250 = 2250 on the inventory account.

Because we purchased for 25this time, but had a minus of 100 * 20 when selling the item, the system calculates now 100 * (25 - 20) = 500 to the Negative Inventory Account.

Image 55: Journal Entry, Origin Goods Receipt

5.6.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5.7 INVENTORY OFFSET - DECR. ACCT

Accounts used when the inventory value is decreased as a result of creating a goods issue.

5.7.1 EXAMPLES

The account will be filled as default in the column *Account Code* in the goods issue.

Image 56: Goods Issue

5.7.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5.8 INVENTORY OFFSET - INCR. ACCT

Accounts used when the inventory value is increased as a result of creating a goods receipt.

5.8.1 EXAMPLES

The account will be filled as default in the column *Account Code* in the goods receipt.

Image 57: Goods Receipt

5.8.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5.9 SALES RETURNS ACCOUNT

Define the G/L account to use when a transaction for a goods return is created.

5.9.1 EXAMPLES

The example shows a return. If it is an inventory item, which is returned, it will book the sales return account. Normally, this account is the same like the inventory account described in chapter 5.1.
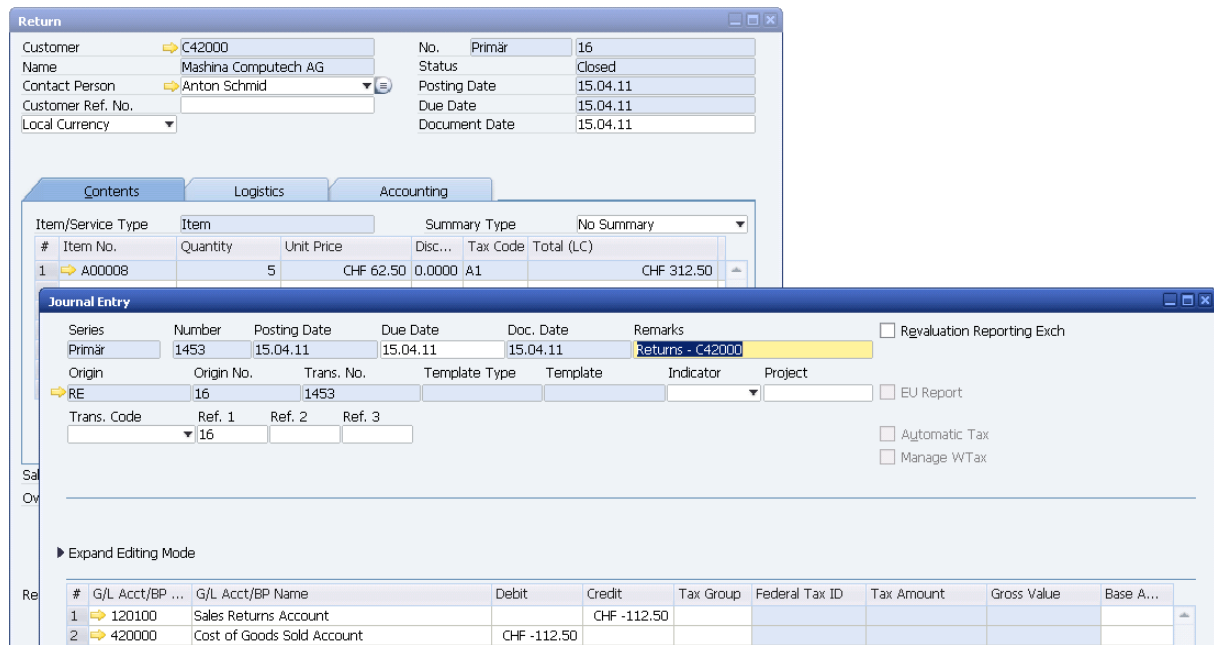
Image 58: Return with corresponding journal entry

5.9.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Normally the sales returns account is the same than the inventory account.		x

5.10 EXCHANGE RATE DIFFERENCES ACCOUNT

This account is used in purchasing transactions only. In certain scenarios, when a target document is created based on a base document whose item price is in a foreign currency, and the target document is connected to a different exchange rate, a difference in local currency occurs.

5.10.1 EXAMPLES

Text

5.10.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

5.11 GOODS CLEARING ACCOUNT

An offsetting account to the allocation costs used when closing goods receipt POs or goods returns.

5.11.1 EXAMPLES

Chapter 5.3 shows, when booking a goods receipt, the allocation account will be used. And when copying the goods receipt into an A/P invoice, the allocation account is relieved.

What happens, when there is no invoice arriving and the user needs to close the goods receipt manually? Then, the contra of the allocation account is the goods clearing account.
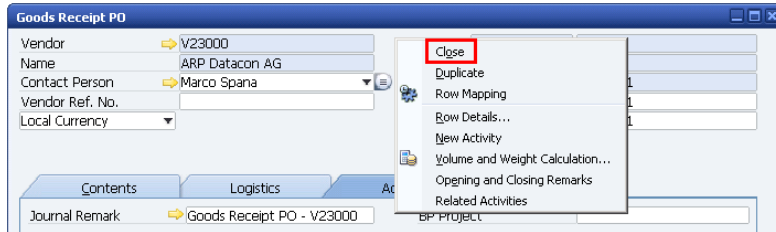
Image 59: Manual closing of goods receipt
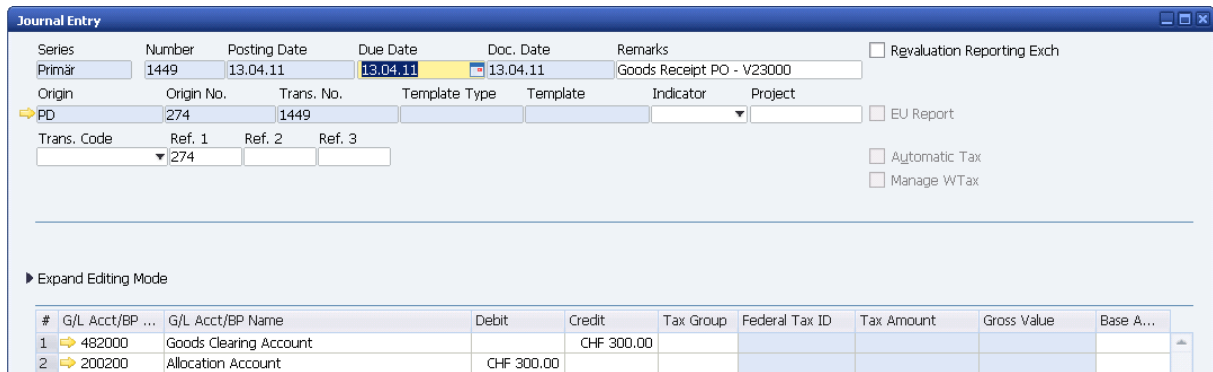
Image 60: Journal entry relieving the allocation account

5.11.2 RECOMMENDED ACCOUNT
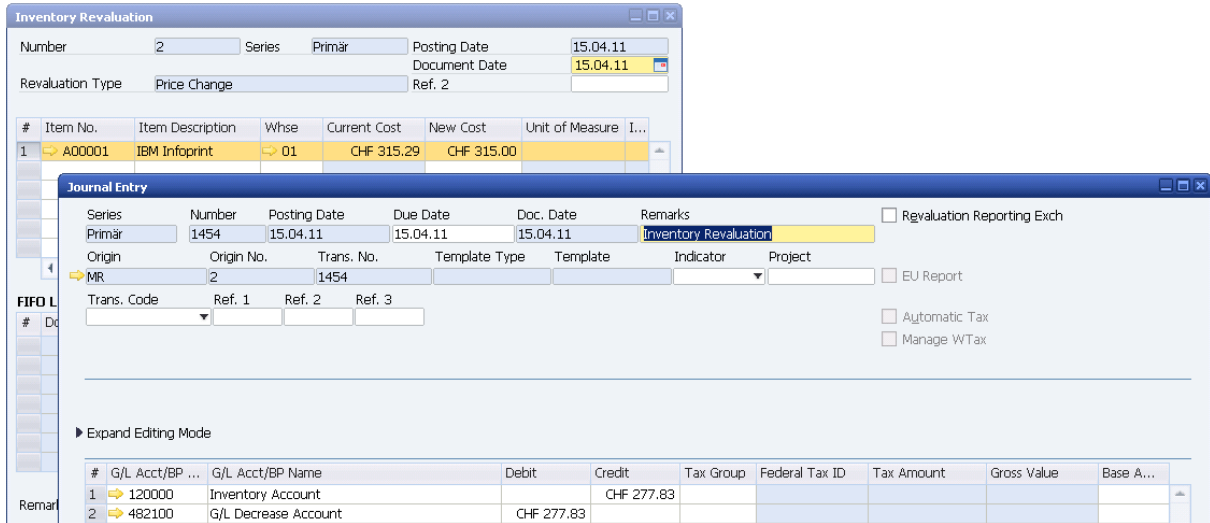
Localization	Description	P/L	Bal
KMU CH	N/A		

5.12 G/L Decrease Account

G/L account used for balancing the change in inventory value resulting from the creation of Inventory Revaluation documents. The account will be used, when decreasing the value of an item.

5.12.1 Examples

The example shows the booking of an inventory revaluation document and the corresponding journal entry. Inventory revaluation documents are used to adapt the moving average or standard price of inventory items.

Image 61: Inventory revaluation which is decreasing the item cost

5.12.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	N/A		

5.13 G/L Increase Account

G/L account used for balancing the change in inventory value resulting from the creation of Inventory Re-valuation documents. The account will be used while increasing the value of an item.

5.13.1 Examples

See chapter 5.12 for an example.

5.13.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	N/A		

5.14 WIP Inventory Account

N/A

5.14.1 Examples

N/A

5.14.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	1280 – Angefangene Arbeiten (WIP)		x

5.15 WIP Inventory Variance Account

This account holds the variance amounts of the items that are part of the production process.

5.15.1 Examples

N/A

5.15.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	N/A		

5.16 EXPENSE CLEARING ACCOUNT

When a Goods Receipt PO is posted in SAP Business One, the stock value goes up and the offsetting account is the Allocation Account (see 5.3). Once the AP Invoice is received, this allocation account is balanced. The Expense Clearing Account also serves as an allocation account which is used to offset the increase in stock value due to freight charges that are defined to affect item cost.

5.16.1 EXAMPLES

To create an example which uses the expense clearing account, the *Stock* flag in the freight setup must be activated.

Image 62: Freight setup

The next step is to create a goods receipt for a stock-item applying the freight position. Because the freight is stock-relevant, 600 are booked to the inventory account. As in other examples, the value of the goods are booked to the allocation account. The 100 of the freight is booked to the expense clearing account.

Image 63: Goods receipt PO with journal entry

The next step would be the invoice of the supplier, which results in following journal entry:

Image 64: Journal entry after booking purchasing invoice

5.16.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	Normally the same account as the Allocation Account (5.3)		x

5.17 STOCK IN TRANSIT ACCOUNT

This account replaces the allocation account for the A/P reserve invoices. When booking inventory items with the reserve invoice, this account will be used. Later, by adding the Goods Receipt document, the amount will be deducted.

5.17.1 EXAMPLES

First, the Stock in Transit account is used by posting the A/P reserve invoice.
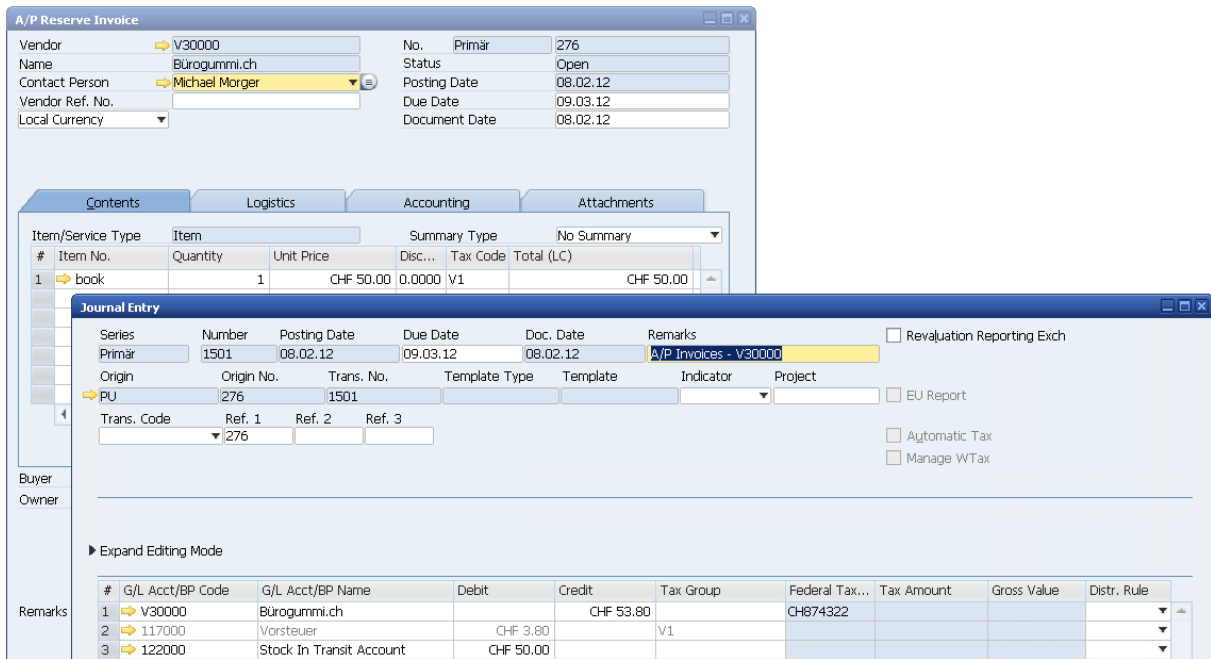
Image 65: A/P reserve invoice with journal entry

There is no inventory booking at this stage. Later, it is possible to copy the A/P reserve invoice to the goods receipt the inventory account will be booked.
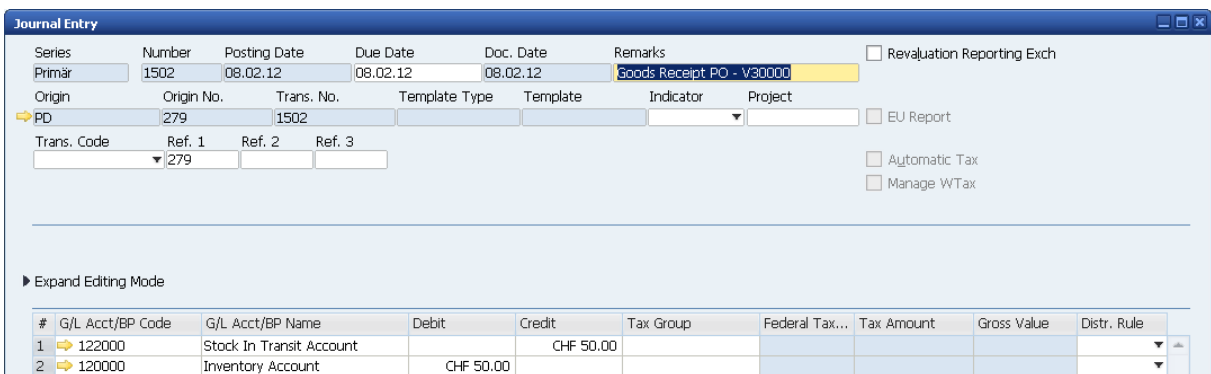
Image 66: Journal entry based on the goods receipt

5.17.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

6 FIXED ASSETS

Actually only DRAFT status

Since SAP 9.0, a new fixed assets module is available. To use the module, it must be enabled in the company details, basic initialization tab. The most important settings which needs to be done are the following:

- Asset class
    - o Depreciation area
    - o Account determination
    - o Depreciation type

Because this manual is focused on account determination, the example accounts are setup like illustrated in the image below.
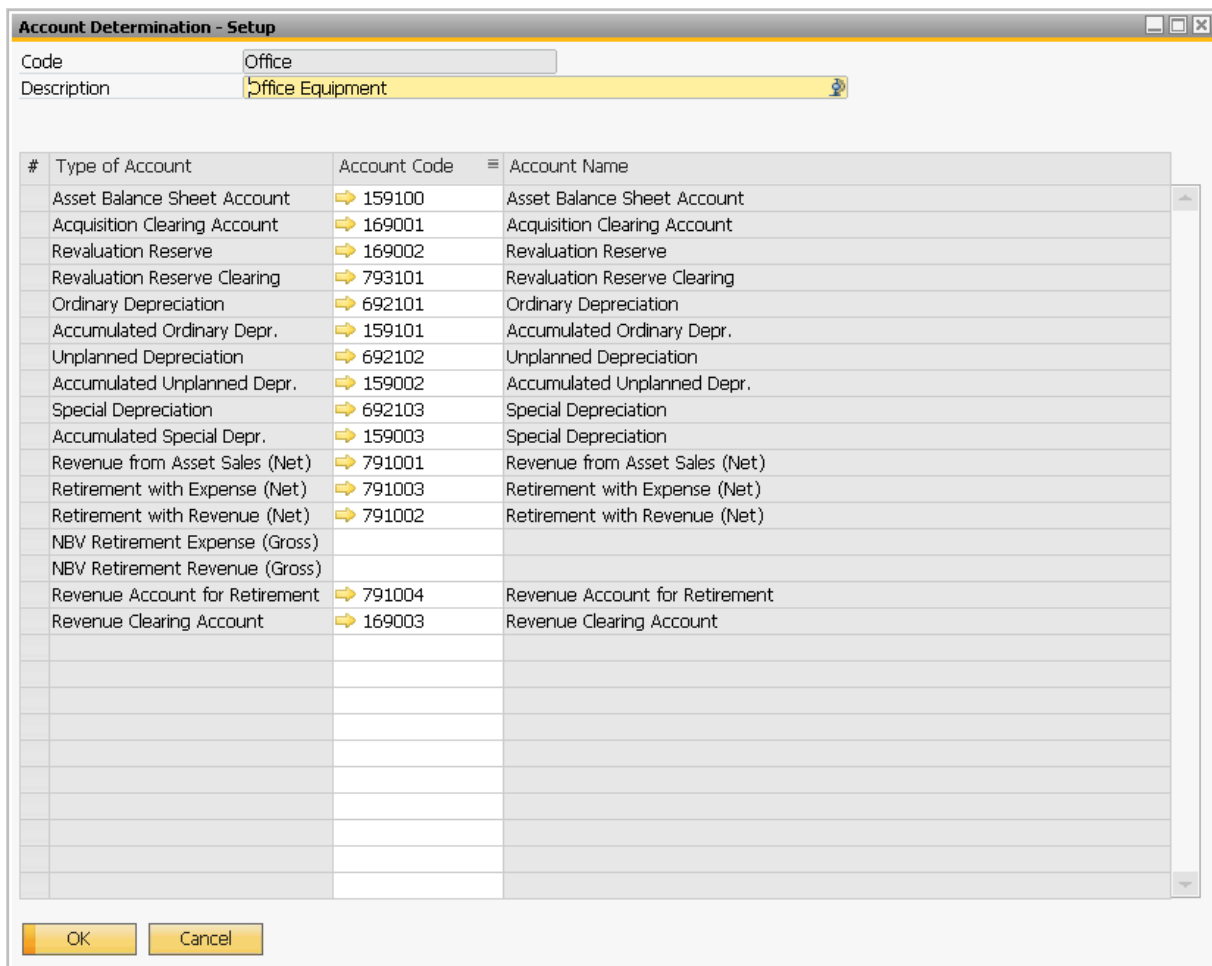
Image 67: Example account determination

6.1 ACQUISITION CLEARING ACCOUNT

This account is the clearing account when using purchasing invoices for buying fixed assets.

6.1.1 EXAMPLES

When buying fixed assets, it is important to know, that a *Goods Receipt PO* is not doing any booking. Only the invoice creates a journal entry. The print screen below shows an invoice of a table which costs 10000 plus tax.

Image 68: Purchase Invoice with Journal Entry

The first journal entry which is generated by the purchase books the value of the table to the Acquisition Clearing Account. And the rest, as usual when working with suppliers to the BP account and tax.

After the booking which is demonstrated in the next page, the acquisition clearing account is zero. Generally: This account is always zero.

6.1.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	It must be a passive account similar to accruals (Passive Rechnungsabgrenzung), for example 2340 – Anlagezugangsverrechnungskonto.		X

6.2 ASSET BALANCE SHEET ACCOUNT

This account is the regular balance sheet account for the values of the assets.

6.2.1 EXAMPLES

The purchasing invoice which was done in section 6.1 created automatically a capitalization document. This document books the asset value from the acquisition clearing account to the asset balance sheet account.

Image 69: Capitalization with Journal Entry

6.2.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	It must be an account of the groups 150, 160 or 170 like for example: • 1500: Maschinen und Apparate • 1510: Geschäftsmobiliar • 1610: Fabrikgebäude		x

6.3 REVALUATION RESERVE

Specifies the account to which the increase in the asset's value, as a result of revaluation, is posted.

6.3.1 EXAMPLES

The example below shows the asset revaluation of a production machine. The machine was bought in November 2013 for 80000 with a useful life of 60 months. The NBV of this machine by end of December, after depreciation for 2 months would be:

$$80000 - 2 * \frac{80000}{60} = 77333$$

In this revaluation, the new NBV is set to 120000. Because this, there is a difference of 42667, which is posted to the revaluation reserve account.
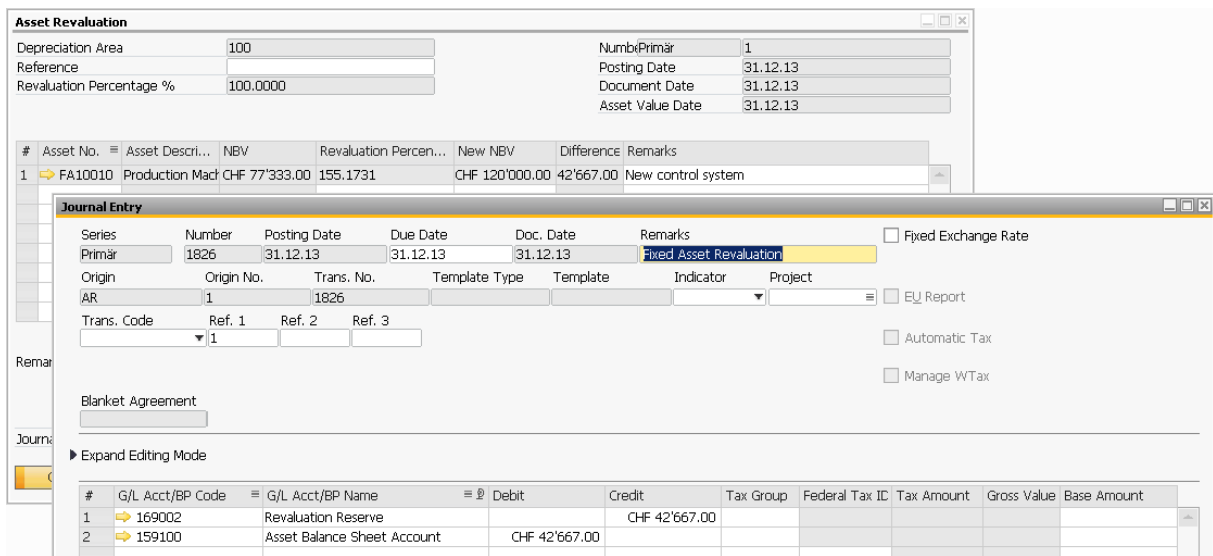
Image 70: Journal entry after increase value of asset

6.3.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	According Swiss law, a revaluation can only be done with a reserve account which is placed in the region common stock, → 2903 Aufwertungsreserve		x

6.4 REVALUATION RESERVE CLEARING

Specify the clearing account to which the increase in the asset's value as a result of revaluation is posted temporarily when an asset is sold.

6.4.1 EXAMPLES

6.4.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

6.5 ORDINARY DEPRECIATION

This account is the P/L account for the ordinary, planned, annual depreciation of fixed assets.

6.5.1 EXAMPLES

The table with the depreciation start date 1st of November, initial value of 10000 and useful life of 20 months will now selected in a depreciation run by end of December (in this example it will depreciate for 2 months, because the run is December and purchase was in November: $10000 / 20 * 2 = 1000$

Image 71: Depreciation run

After executing the run, the depreciation of 1000 for this specific wood table is booked to the ordinary depreciation account.

Image 72: Journal entry after depreciation

6.5.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	It must be an account of the group 69 of the P/L, for example • 6920: Abschreibungen auf Maschinen und Apparaten • 6921: Abschreibungen auf Mobiliar und Einrichtungen • 6930: Abschreibungen auf Geschäftsliegenschaften	x	

6.6 ACCUMULATED ORDINARY DEPR.

Specify the account on the liability side for the accumulated value of ordinary, planned depreciation. This account is the offsetting account for ordinary, planned depreciation.

6.6.1 EXAMPLES

This account is considered, when the depreciation area is set up to indirect posting.

Image 73: Depreciation area with indirect posting

As described in section 6.5 there is an ordinary depreciation. The contra account of the P/L account is a balance account, and in this example, because indirect posting, it is the accumulated ordinary depreciation account.

Image 74: Journal entry with accumulated ordinary depreciation account

6.6.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	It must be an account of the groups 150, 160 or 170 like for example: • 1509: Wertberichtigung Maschinen und Apparate • 1519: Wertberichtigung Mobiliar und Einrichtungen • 1619: Wertberichtigung Fabrikgebäude	x	

6.7 UNPLANNED DEPRECIATION

Beside the ordinary depreciation with the wizard, there is the possibility of an unplanned, manual depreciation by hand. When doing unplanned depreciation, this separate account is considered for expenses.

6.7.1 EXAMPLES

For the wood table, there is an unplanned depreciation of 3000, which is done via a manual depreciation.

Image 75: Manual depreciation

The result is, that the unplanned expenses are booked to the unplanned depreciation account.

Image 76: Journal entry after unplanned depreciation

6.7.2 RECOMMENDED ACCOUNT
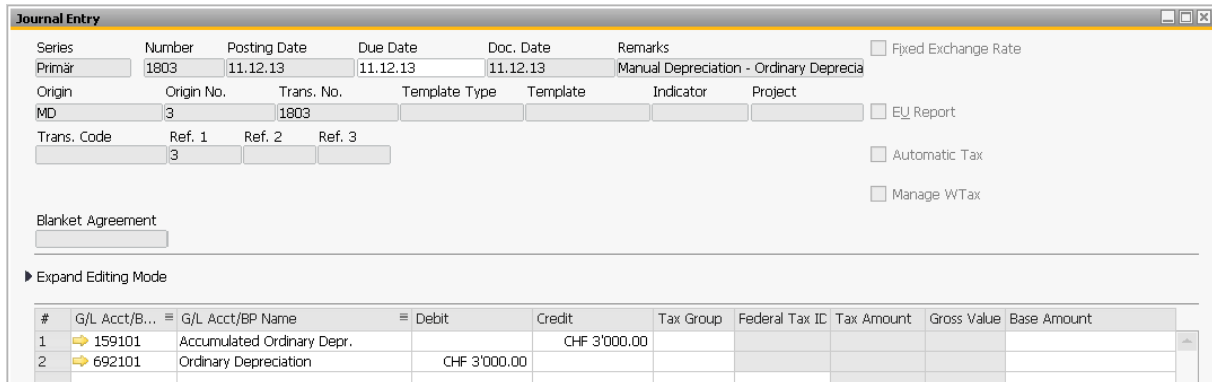
Localization	Description	P/L	Bal
KMU CH	In Switzerland, it is common to set here the same account as when doing ordinary depreciation → Ordinary Depreciation	x	

6.8 ACCUMULATED UNPLANNED DEPR.

This account is the offsetting account for unplanned depreciation.

6.8.1 EXAMPLES

As described in section 6.7 there is an unplanned depreciation. The contra account of the P/L account is a balance account, and in this example, because indirect posting, it is the accumulated unplanned depreciation account.

Image 77: Journal entry after unplanned depreciation

6.8.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	In Switzerland, it is common to set here the same account as when doing ordinary depreciation → Accumulated Ordinary Depr.		

6.9 SPECIAL DEPRECIATION

Specify the expense account for the special depreciation of fixed assets.

6.9.1 EXAMPLES

6.9.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

6.10 ACCUMULATED SPECIAL DEPR.

Specify the account for the accumulated special depreciation of fixed assets.

6.10.1 EXAMPLES

6.10.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A		

6.11 Revenue Clearing Account

Specifies the clearing account for the revenue resulting from asset sales.

6.11.1 Examples

Similar to the purchasing process, the first journal entry after an invoice is booked to a clearing account. On the sales side, the revenue clearing account will be applied.

Image 78: A/R invoice with journal entry

6.11.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	It must be a passive account similar to accruals (Passive Rechnungsabgrenzung), for example 2341 – Anlageerlösverrechnungskonto.		x

6.12 Revenue Account for Retirement

Specifies the account for the revenue resulting from asset retirement.

6.12.1 Examples

The first journal entry after an asset sale (see 6.11) was easy by using the revenue clearing account. But in the same time, the next booking creates a plenty of lines. Always first, it takes the value of the clearing account and books it to the revenue account for retirement.

Image 79: Journal entry moving value from clearing to revenue account

In this case, the next step is to zeroing the values of the asset balance sheet account and all the involved accumulated depreciation accounts. Remember, the table was purchased for 10000 and there was a depreciation run of 1000 plus a manual depreciation of 3000.

Image 80: Zeroing the asset balance accounts

6.12.2 Recommended Account
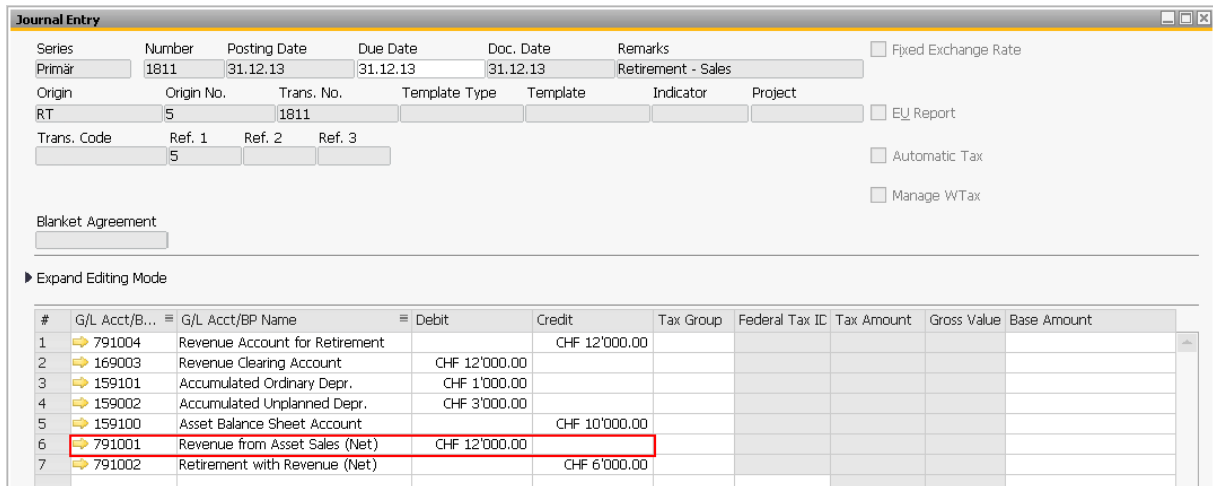
Localization	Description	P/L	Bal
KMU CH		x	

6.13 Revenue from Asset Sales (Net)

Specify the account for the net revenues from asset sales before tax. This account is the offsetting account for the revenue account from asset sales that is specified for sales from the customer account. The net book value and the profits or losses are posted to this account when a sale is made.

6.13.1 Examples

The next step of the journal posting, which was generated by the A/R invoice is the whole revenue without VAT to this account.

Image 81: Journal entry showing revenue from asset

6.13.2 Recommended Account
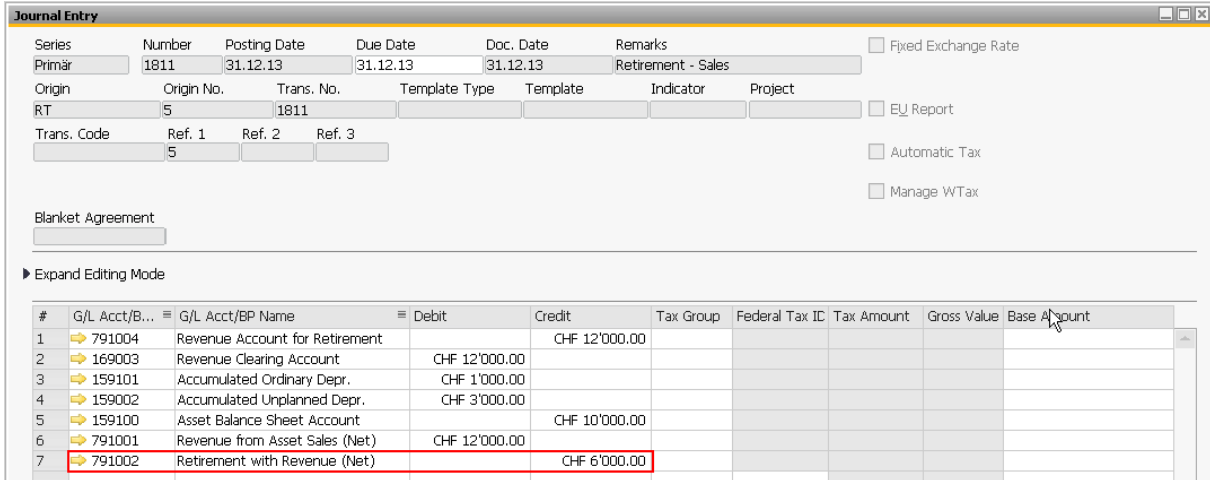
Localization	Description	P/L	Bal
KMU CH	N/A	x	

6.14 RETIREMENT WITH REVENUE (NET)

Specifies the account to which the net profits gained from asset sales are posted.

6.14.1 EXAMPLES

The table which was sold had a value of 6000 which is illustrated in Image 80. Now, it was sold for 12000 which is a revenue.

Image 82: Journal entry retirement with revenue

6.14.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A	x	

6.15 RETIREMENT WITH EXPENSE (NET)

Specifies the account to which the net losses resulting from asset sales are posted.

6.15.1 EXAMPLES

This example shows the sale of exact the same table for 4000. Like in the other postings, the first two lines books the value from the clearing account to the revenue account for retirement. The lines 3-5 set the value of the balance accounts to zero.

6.15.2 RECOMMENDED ACCOUNT

Localization	Description	P/L	Bal
KMU CH	N/A	x	

6.16 NBV Retirement Expense (Gross)

Specify the expense account for recording the net book value of an asset during retirement. When an asset with the gross posting method retires with losses, the account records the net book value of the asset during retirement.

6.16.1 Examples

Not used for the common net method

6.16.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	N/A		

6.17 NBV Retirement Revenue (Gross)

Specify the revenue account for recording the net book value of an asset during retirement. When an asset with the gross posting method retires with profits, the account records the net book value of the asset during retirement.

6.17.1 Examples

Not used for the common net method

6.17.2 Recommended Account

Localization	Description	P/L	Bal
KMU CH	N/A		

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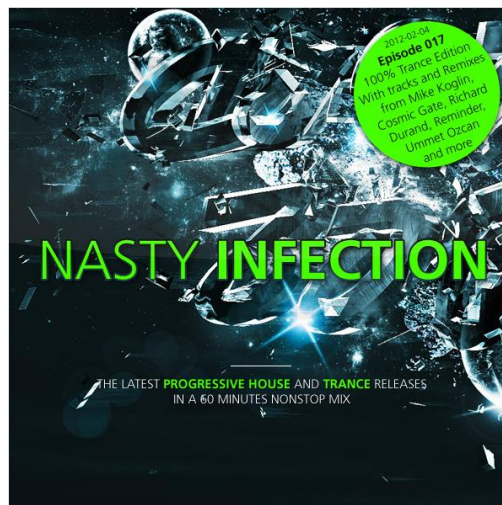
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9 TABLE OF FIGURES