



Name(s):	<input type="text"/>
Course & Selection:	<input type="text"/>
Identifier:	<input type="text"/>
Client:	<input type="text"/>

## Chapter 03: Financial Accounting

### Exercise 03-02: Basic Financial Accounting Process

#### Single Company Code

#### Version 1

Rev: 01/03/2011

## Introduction

### General Notes and Information

It is strongly recommended that you read through the entire exercise prior to starting. Not all instructions can be provided in a linear manner.

The following symbols are used to indicate important information as described below:

- ➔ An arrow highlights an important instruction that must not be overlooked.
- A text box prompts you to type-in an important piece of information.

Each student or group will be assigned a unique **three digit identifier**. This identifier is used in all exercises to uniquely identify your data. Whenever you see **###** in these exercises, replace it with your identifier.

- ➔ Always work with your data.

### Business Process Overview

The financial accounting process allows GBI to pay vendors for services or materials acquired. This process can be used to pay for liabilities that GBI has incurred due to normal operations.

This exercise is about paying off liabilities within the accounting statements.

## Exercise Prerequisites

Exercise 3-1 Financial Accounting Master Data-SCC

## Exercise Workflow



## Exercise Deliverables

Deliverables are consolidated into one answer sheet at the end of this exercise. For this exercise you will need the following deliverables.

In the System:

- Journal Entries

On Paper:

- Document numbers for each step.
- Answers to the Questions

➡ You may be assigned additional deliverables. Be sure to check with your instructor!

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## Step 1: Invest in GBI



In this step, an outside investor invests \$60,000 in GBI. You must record this transaction in GBI's books within SAP. You will credit \$60,000 to GBI's common stock (shareholder equity) account and debit the same amount from GBI's bank account.

Step 1.1: Navigate to the transaction to enter in general ledger accounts:

### Navigation


Accounting → Financial Accounting → General Ledger → Posting → Enter G/L Account Document

**Q1:** What is the transaction code to post a journal entry: -----

➔ You may be required to enter in **your** Company Code: US00.

Step 1.2: In the "Enter G/L Account Document: Company Code US00" screen enter the following information:

Field Name	Data Entry
<b>Document Date</b>	Today's Date
<b>Posting Date</b>	Today's Date

➔ In order to search for your Elbow Pads, click on the search box next to the text field.  In the search window, enter \*### in the Material field. This will bring up all of your materials.

Step 1.3: At the bottom of the screen, enter the following information:

Field Name	Data Entry (Line 1)	Data Entry (Line 2)
<b>G/L acct</b>	Bank Account	Common Stock
<b>D/C</b>	Debit	Credit
<b>Amount in doc.curr.</b>	60,000	60,000



(ENTER)



(SAVE)

**Q2:** What is the resulting document number: -----

**Q3:** What type of document is this: -----

### Exercise Deliverables

In the System:

- Completion of general journal entry, investment in GBI

On Paper:

- Answers to the Questions
  - The table with data for your materials
-

## Step 2: View Account Balances




Step 2.1: Navigate to the transaction to view account balances:

### Navigation

Accounting → Financial Accounting → General Ledger → Master Records → G/L Accounts  
→ Individual Processing → Centrally

**Q4:** What is the transaction code to view account balances:-----

Step 2.2: In the "G/L Account Balance Display" screen, enter the following:

- ▶ To search for the Bank G/L Account Number, click on the icon next to the account number field  or press F4. Be sure to specify GL00 in the Chart of Accounts field. This search will show all of the G/L accounts.

Field Name	Data Entry
<b>Account Number</b>	G/L Account Number for Bank Account
<b>Company Code</b>	US00
<b>Fiscal Year</b>	2011


Select  (EXECUTE)


**Q5:** What is the G/L account number for the Bank Account:-----

**Q6:** What is the document currency:-----

**Q7:** What are the current debit balance for the Bank Account:-----

Step 2.3: To view specific transactions for the Bank Account, double-click on the Total Cum. Balance (lowest right field). This will bring you to the "G/L Account Line Item Display G/L View" screen, which lists all of the transactions for the selected month. The "DocumentNo" column breaks down the changes in the Bank Account by separate transactions.

Step 2.4: Within the "DocumentNo" column, search for document number in Step 1. Select the check box on the left of the document number, and click the  (DISPLAY) icon for more details.

Step 2.5: In the "Display Document: Line Item 001" screen, click on the Document Overview icon  to view the journal entries. Two fields to the left of the account number is the posting key field. The posting key describes the type of transaction (expense, credit memo, stock initial entry, etc.) that is entered in a line item.

The Document Overview will bring up the "Display Document: Data Entry View" screen. This page will display the accounts used by the document from step 1 and indicate how they are affected by this transaction.

**Q8:** How many accounts are being affected within this transaction: -----

**Q9:** Which account is being debited: -----

**Q10:** Which account is being credited: -----

**Q11:** Which period did this transaction take place in: -----

### Exercise Deliverables

In the System:

None

On the answer sheet:

Answers to the Questions

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## Step 3: Purchase Assets & Supplies



In this step GBI will purchase supplies with cash. Because it is a cash transaction, GBI will not assume a liability.

Step 3.1: Navigate to the transaction to purchase assets and supplies:

### Navigation

Accounting → Financial Accounting → General Ledger → Posting → Enter G/L Account Document

**Q12:** What is the transaction code to purchase assets: -----

Step 3.2: Purchase Office Supplies with Cash:

In the "Enter G/L Account Document: Company Code US00" screen, enter the following:

Field Name	Data Entry
<b>Document Date</b>	The 20 <sup>th</sup> of the current month and year
<b>Posting Date</b>	The 20 <sup>th</sup> of the current month and year

At the bottom of the screen enter the following information:

Field Name	Data Entry (Line 1)	Data Entry (Line 2)
<b>G/L acct</b>	Supplies Expense	Bank Account
<b>D/C</b>	Debit	Credit
<b>Amount in doc.curr.</b>	500	500
<b>Cost Center Field (scroll to the right)</b>	NAAD1000	(leave blank)



(ENTER) and



(SAVE)

- ➔ A warning (YELLOW) message may occur concerning a future date. If this occurs, then click on Enter to continue. Keep this in mind for Step 3 through Step 5.

**Q13:** What was your document number for the purchase of Supplies: -----

Refer to a previous exercise for instructions on how to review account balances. Review the supplies account and bank account to answer the following questions.

**Q14:** What is the G/L account number for Supplies Expense: -----

**Q15:** What is the G/L account number for Bank Account: -----

**Q16:** What is the posting key for Supplies Expense: -----

**Q17:** What is the posting key for Bank Account: -----

### Exercise Deliverables

In the System:

- Completion of general journal entry to purchase supplies

On Paper:

- Answers to the Questions
-



## Step 4: Purchase Supplies via Payable-Miscellaneous



In this step GBI will purchase supplies via payables-miscellaneous and then pay for them at a later date from its bank account. This is a two-step process, (1) receive the supplies and (2) pay for them later.

Step 4.1: Navigate to the transaction to purchase using payables:

### Navigation

Accounting → Financial Accounting → General Ledger → Posting → Enter G/L Account Document

**Q18:** What is the transaction code to enter a G/L account document:

Step 4.2: Purchase Office Supplies on Account

In the "Enter G/L Account Document: Company Code US00" screen, enter the following information:

Field Name	Data Entry
<b>Document Date</b>	The 10 <sup>th</sup> of the current month and year
<b>Posting Date</b>	The 10 <sup>th</sup> of the current month and year

At the bottom of the screen enter the following information:

Field Name	Data Entry (Line 1)	Data Entry (Line 2)
<b>G/L acct</b>	Supplies Expense	Payable-Miscellaneous
<b>D/C</b>	Debit	Credit
<b>Amount in doc.curr.</b>	500	500
<b>Cost Center Field (scroll to the right)</b>	NAAD1000	



(ENTER) and



(SAVE)

**Q19:** What was your document number for purchase of Supplies on account:

Refer back to the instructions for viewing account balances. Review the supplies expense and miscellaneous payable account to answer the following questions.

**Q20:** What is the G/L account number for Supplies Expense:

**Q21:** What is the G/L account number for Payable-Miscellaneous:

**Q22:** What is the posting key for Supplies Expense:

**Q23:** What is the posting key for Payable-Miscellaneous:

**Q24:** What period did this transaction take place in:

**Step 4.3:** Purchase Office Supplies Five Days after Purchase

In the "Enter G/L Account Document: Company Code US00" screen, enter the following information:

Field Name	Data Entry
<b>Document Date</b>	The 15 <sup>th</sup> of the current month and year
<b>Posting Date</b>	The 15 <sup>th</sup> of the current month and year

At the bottom of the screen enter the following information:

Field Name	Data Entry (Line 1)	Data Entry (Line 2)
<b>G/L acct</b>	Payable-Miscellaneous	Bank Account
<b>D/C</b>	Debit	Credit
<b>Amount in doc.curr.</b>	500	500



(ENTER) and



(SAVE)

**Q25:** What was your document number for the payment of the payable: -----  
(Will Vary)

Using the instructions for viewing account balances, review the supplies expense and miscellaneous payable accounts to answer the following questions.

**Q26:** What is the posting key for Bank Account: -----

**Q27:** What is the posting key for Payable-Miscellaneous: -----

**Q28:** What period did this transaction take place in: -----

### Exercise Deliverables

In the System:

- Completion of general journal entries to acquire assets and consumables.

On Paper:

- Answers to the Questions

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## Step 5: Pay for Rent



In this step GBI will pay the rent on its building for the current month and prepay the rent for the following two months. You must record this transaction in GBI's books within SAP. GBI pays \$5,000 per month, so you need to pay a total of \$15,000 from GBI's cash account. You must debit the current month's rent from the rent expense account and assign it to the cost center for administrative costs. You must then debit the payment for the next two months from the prepaid expense account.

The second part of this exercise step simulates the journal entry that will be made the following month when GBI's rent payment is due. Because the Bank has already received the payment, the journal entry records the reduction in the prepaid expenses rather than as another cash payment.

### Step 5.1: Navigate to the transaction to prepay rent:

#### Navigation

Accounting → Financial Accounting → General Ledger → Posting → Enter G/L Account Document

**Q29:** What is the transaction code to is used to pay the rent:

### Step 5.2: Pay the rent on the Building



In the "Enter G/L Account Document: Company Code US00" screen, enter the following information:

Field Name	Data Entry
<b>Document Date</b>	The last day of the CURRENT month
<b>Posting Date</b>	The last day of the CURRENT month

At the bottom of the screen enter the following information:

Field Name	Data Entry (Line 1)	Data Entry (Line 2)	Data Entry (Line 3)
<b>G/L acct</b>	Prepaid Rent	Rent Expense	Bank Account

<b>D/C</b>	Debit	Debit	Credit
<b>Amount in doc.curr.</b>	10,000	5,000	15,000
<b>Cost Center Field</b>	(Leave Blank)	NAAD1000	(Leave Blank)

Click  (ENTER) and click  (ENTER) again to get through the warning messages about the date being in the future. If no warning messages appear, then simply continue.



(SAVE)

**Q30:** What was your document number for expensing next month's rent: -----

Refer to a previous exercise for instructions on how to check account balances. Review the miscellaneous and bank accounts to answer the following questions.

**Q31:** What is the G/L account number for Prepaid Rent: -----

**Q32:** What is the G/L account number for Rent Expense: -----

### Step 5.3: Pay Rent from the Prepaid Rent Account

In the "Enter G/L Account Document: Company Code CC00" screen enter the following information:

Field Name	Data Entry
<b>Document Date</b>	The last day of the NEXT month
<b>Posting Date</b>	The last day of the NEXT month

At the bottom of the screen, enter the following information:

Field Name	Data Entry (Line 1)	Data Entry (Line 2)
<b>G/L acct</b>	Rent Expense	Prepaid Rent
<b>D/C</b>	Debit	Credit
<b>Amount in</b>	5,000	5,000

<b>doc.curr.</b>		
<b>Cost Center Field</b>  <b>(Scroll to the right)</b>	NAAD1000	(Leave Blank)



(ENTER) and hit



(ENTER) again to get through the warning message



(SAVE)

**Q33:** What was your document number for expensing next month's rent: -----

### Exercise Deliverables

In the System:

- Completion of general journal entry to pay the rent.

On Paper:

- Answers to the Questions

## Attachment 1: Exercise Answer Sheet

Name(s): .....

Course & Selection: .....

Identifier: .....

Client: .....

- Q1:** What is the transaction code to post a journal entry: -----
- Q2:** What is the resulting document number: -----
- Q3:** What type of document is this: -----
- Q4:** What is the transaction code to view account balances: -----
- Q5:** What is the G/L account number for the Bank Account: -----
- Q6:** What is the document currency: -----
- Q7:** What is the current debit balance for the Bank Account: -----
- Q8:** How many accounts are being affected within this transaction: -----
- Q9:** Which account is being debited: -----
- Q10:** Which account is being credited: -----
- Q11:** Which period did this transaction take place in: -----
- Q12:** What is the transaction code to purchase assets: -----
- Q13:** What was your document number for the purchase of Supplies: -----
- Q14:** What is the G/L account number for Supplies Expense: -----
- Q15:** What is the G/L account number for Bank Account: -----
- Q16:** What is the posting key for Supplies Expense: -----
- Q17:** What is the posting key for Bank Account: -----
- Q18:** What is the transaction code to enter a G/L account document: -----
- Q19:** What was your document number for purchase of Supplies on account: -----
- Q20:** What is the G/L account number for Supplies Expense: -----
- Q21:** What is the G/L account number for Payable-Miscellaneous: -----
- Q22:** What is the posting key for Supplies Expense: -----
- Q23:** What is the posting key for Payable-Miscellaneous: -----



- Q24:** What period did this transaction take place in: -----
- Q25:** What was your document number for the payment of the payable: -----
- Q26:** What is the posting key for Bank Account: -----
- Q27:** What is the posting key for Payable-Miscellaneous: -----
- Q28:** What period did this transaction take place in: -----
- Q29:** What is the transaction code is used to pay the rent: -----
- Q30:** What was your document number for the rent payment: -----
- Q31:** What is the G/L account number for Prepaid Rent: -----
- Q32:** What is the G/L account number for Rent Expense: -----
- Q33:** What was your document number for expensing next month's rent: -----