SAP Business One

GL Account Determinations – US Localization
Version 2007A

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SAP

Document Change Log

Version	Date	Author	Changes
1.0	11/21/2008	Dan Love	Initial Draft : Detail tables
1.1	12/31/2008	Dan Love	Introduction
1.2	01/05/2009	Dan Love	Table of Contents
1.3	01/28/2009	Dan Love	Added Definitions section.
1.4	02/04/2009	Dan Love	Updates based on suggestions from US LPE's
1.5	02/17/2009	Dan Love	Copyright and Table formatting changes
1.6	03/19/2009	Dan Love	Inventory Price Difference Account new scenarios

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Introduction

One of the key advantages of SAP Business One is its ability to create journal entries automatically as your business transactions take place. In many ERP systems, the accounting transactions are "batched" for execution at the end of the day, week or accounting period. In SAP Business One, the accounting entries are executed in "real-time" as each appropriate, sales, purchasing or inventory transaction requires them.

In order for SAP Business One to make this happen, your clients accountant must define these default account entries in what SAP Business One designates as GL Account Determinations. These determinations or system wide defaults are defined by Fiscal Period and module; Sales, Purchasing, General and Inventory. Once defined they are used by SAP Business one as the starting point for the journal entries associated with master records and each transaction.

System Level Defaults

These system wide GL account determinations are also used to populate the GL accounts used at the Warehouse, Item Group, or Item Level master records. These more detailed master records, allow your client to define specific revenue, expense, inventory, cost of goods sold (COGS) and clearing accounts as required. When these records are defined, your client has the ability to override these system wide determinations to reflect the specific GL accounts required at the location (warehouse), product group (item group) or item (Item Level). In addition to these overrides to the system level defaults, there are also overrides for the Accounts Receivable (AR), Accounts Payable (AP) control accounts and AR and AP Payment Advances accounts at the Business Partner master record.

The following account determinations are only defined at the system level.

General Tab

- Credit Card Deposit Fees
- Period-End Closing
- Rounding Account
- Automatic Reconciliation Diff
- Opening Balance

Sales Tab

- Cash Discount
- Overpayment A/R Account
- Underpayment A/R Account

Purchasing Tab

- Expense and Inventory Account
- Cash Discount
- Overpayment A/P Account
- Cash Discount Clearing
- Underpayment A/P Account

GL Determinations by Fiscal Periods

It is important to note that these GL Account Determinations are saved in the company database (Table: OACP) by fiscal period. Before defining the accounts on each tab, your accountant must define their fiscal period(s) first. This allows your accountant to makes changes to these GL account defaults for each financial period.

Another thing to note, when you define a new fiscal period (Administration>System Initialization>Posting Periods>New) SAP Business One will copy the current period's GL Account Determination settings to any new period created. Care must be taken by the accountant to review these default GL accounts each time a new period (typically new fiscal year) is added to the company database.

Therefore, SAP Business One best practices do not recommend setting up future financial periods until they are required for financial transactions.

Navigation

To define your GL Account Determinations at the system level use the following Main Menu option:
Administration → Setup → Financials → G/L Account Determination.
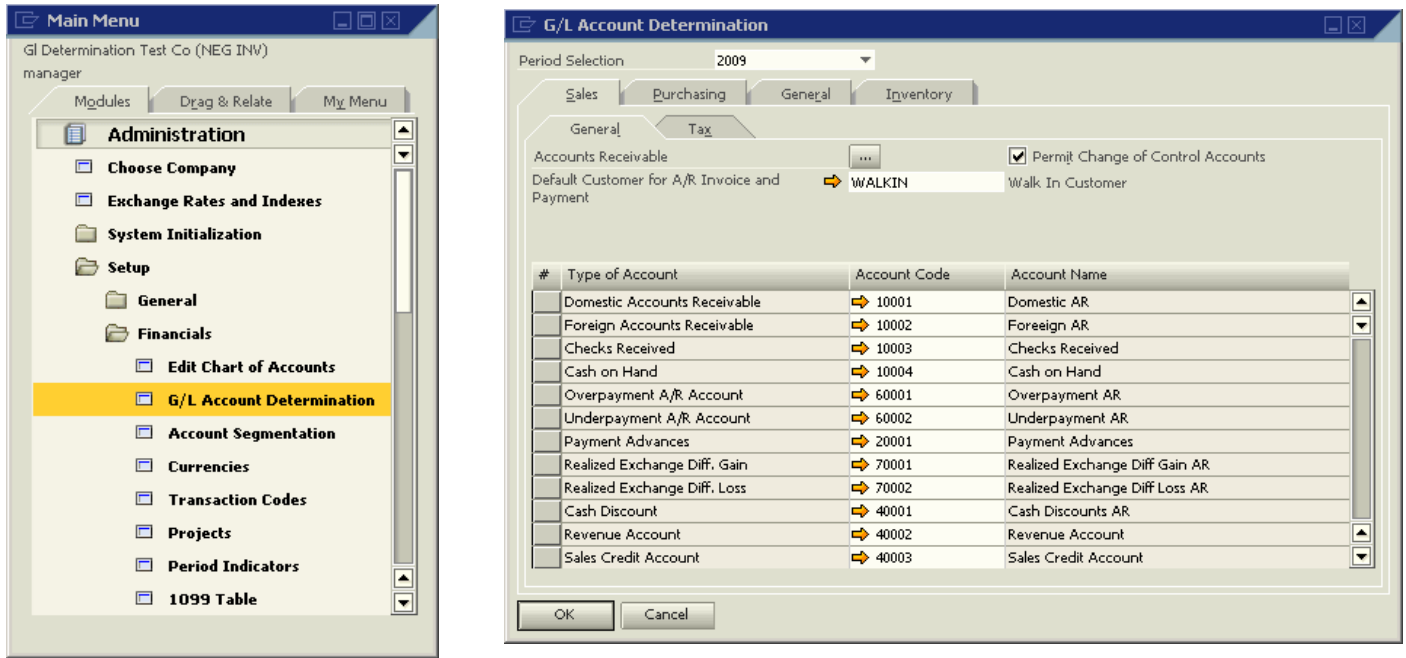
Determinations by Module

There are four main tabs on the G/L Account Determination window; Sales, Purchasing, General and Inventory. In each tab there are multiple GL accounts to be defined as defaults. Before this screen can be completed by the accountant, at least one fiscal period the majority of the posting accounts must be defined. After selecting the period, or using the default (current period based on system date) you may choose each tab to begin entering the specific defaults.

The Sales and Purchasing tabs both have two (2) sub tabs, General and Tax. The Tax sub tab on the Sales and Purchasing tabs is not applicable in the US Localization because the Withholding Tax option is not applicable in this localization.

Template Chart of Accounts

If a Chart of Accounts Template (US-CoA) was selected on the Basic Initialization tab (Administration → System Initialization → Company Details), or when defining the new Company database, most of the default accounts on each tab will be automatically selected by SAP Business One.
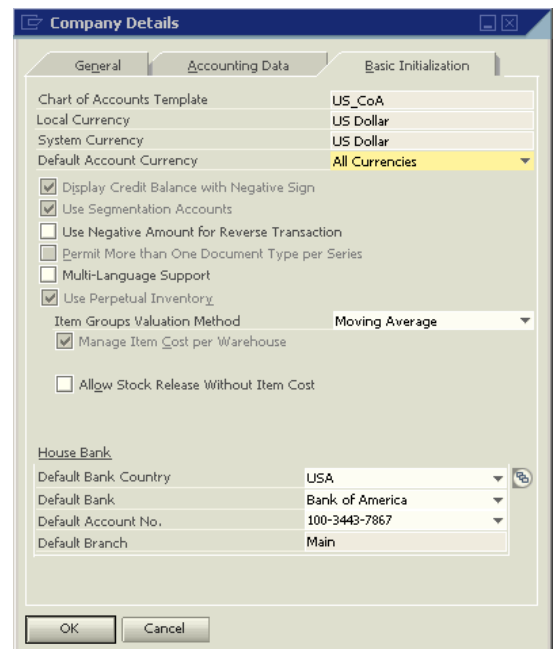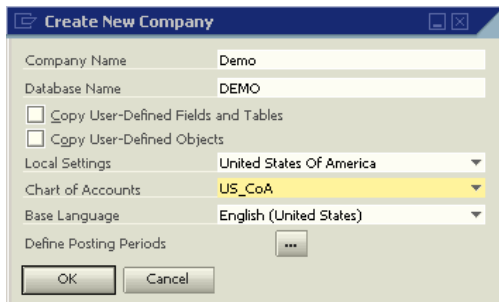
GL Determinations and Master Data Conversion

Since many of these system level GL determinations are included in the definition of master data records, it is important to define these GL determinations prior to loading your master data records. Business Partners, Inventory Items, Warehouses and Item Groups contain default GL account information that is derived from these GL Determinations settings.

When initially defined, Business Partners, Item Groups and Warehouses get their default GL accounts directly from the GL Determination (OACP) record. At the time these master records are defined, these system level defaults may be overridden as required by the user. The Item Warehouse (OITW) record attached to the Item master, can pull it's default GL accounts from either the Item Group or Warehouse record based on the "Set G/L Accounts By" setting. If you are using the "Item Group" or "Warehouse" option, then the default accounts will come from the Item Group (OITB) or Warehouse (OWHS) record that has be previously defined. If the "Set G/L Accounts By" option is set to "Item Level", then the user will have to define the individual inventory accounts on the OITW record as the item is added to the database.

In some cases these GL account determinations are required before you can successfully add a master record, in others you may add the master record and update these default GL accounts later.

Business Partners

The following GL Determinations settings must be defined prior to loading (manually, Excel Import, or Data Transfer Workbench (DTW)) Business Partners master records

- Domestic Accounts Receivable   - Customers and Leads
- Domestic Accounts Payable   - Vendors

The following GL Determinations settings are not mandatory, but should be defined in the GL Determination record before Business Partners master records are added.

- Payment Advances   - Sales Tab for Customers and Leads
- Payment Advances   - Purchasing Tab for Vendors

Inventory Items

The following GL Determinations settings from the Inventory Tab must be defined prior to loading (manually, Excel Import, or Data Transfer Workbench (DTW)) Item master records. The mandatory accounts are different depending on the "Set G/L Accounts By" setting of the item master.

If the item setting is "Item Level" then the following GL accounts are required on the OITW record to successfully add an item warehouse record:

- Revenue Account
- Expense Account
- Purchase Credit Account
- Sales Credit Account

If the item setting is "Item Group" or "Warehouse" then the following GL accounts are required on the OITB(Item Group) or OWHS (Warehouse) record respectively to add a item:

- Inventory Account
- Allocation Account
- Cost of Goods Sold Account
- Price Difference Account

Note: Item Master records maybe added to the company database using the default '01' warehouse and "Items" items group that are defined when a New database is created even though these records may not have these minimum accounts defined on their master record. Both of these default records may not be updated until these accounts have been defined. SAP does not recommend that these default and incomplete records be used in a production database.

Definition of Terms

Term	Definition
Cash Account	Is a active GL account with the "Cash Account" property selected on the Chart of Accounts setup record (OACT). (Menu: Financials>Chart of Accounts) The Cash Account attribute may only be selected for an active account in the Assets or Liabilities drawer.
	The SAP Business One Cash Flow report (Menu: Financials> Financial Reports> Financial> Cash Flow) will only include those GL accounts that have this attribute selected. Typically only bank accounts (current and short-term deposits) and cash based accounts should have this attribute selected.
Clearing Account	A clearing account is a posting account, that holds a transactions debit or credit until a subsequent transaction would clear or reverse this debit or credit. Ideally at the end of a transaction cycle, this clearing account should have a zero balance.
Control Account	Is a active GL account with the "Control Account" property selected on the Chart of Accounts setup record (OACT). (Menu: Financials> Chart of Accounts). The Control Account attribute may only be selected for an active account in the Assets or Liabilities drawer.
	A account marked as a Control Account may not have any Journal Entries (JE) posted directly to the account. Meaning, you cannot select this account in a manual JE, Journal Voucher, Posting Template, or Recurring Posting transaction. You will also not see this account used in any system generated journal entries (JDT1), even though a control account may have a balances and related JE transactions. In SAP Business One the Accounts Receivable (AR) and Accounts Payable (AP) accounts are typically the only accounts marked as Control Accounts. These Accounts are then associated to the Business Partner (AR for Customers and AP for Vendors) via the Business Partner Master record (OCRD). Then AR or AP journal entries are posted to the Business Partner code, and the associated control accounts are debited or credited.
Drawer	SAP Business One divides the Chart of Accounts into seven (7) categories or drawers. Three (3) for the balance sheet (Assets, Liabilities, and Equity) and four (4) Profit and Loss (P&L) (Revenues, Cost of Sales, Expenses, Financing and Other Revenues and Expenses). These drawers and their titles are pre-defined and cannot be changed.
Expenditure Account	In SAP Business One, this is a active GL account marked with a Account Type of "Expenditure". Typically expenditure accounts are found in the Expenses, Financing, or Other Revenues and Expenses drawers and represent appropriations, obligations, and outlays incurred by the company.
Sales Account	In SAP Business One, this is a active GL account marked with a Account Type of "Sales". Also referred to as revenue accounts, they are typically found in the Revenues, Financing, or Other Revenues and Expenses drawers and represent income recorded by the company. Only accounts marked as a Sales Account will presented in a Choose from List when the user is required to select a revenue account. (i.e. GL Account on a Sales Transaction)
Other Account	In SAP Business One, this is a active GL account marked with a Account Type of "Other". These accounts typically represent balance sheet accounts that are found in the Assets, Liabilities and Equity drawers. Those active accounts not defined as "Expenditure" or "Sales" type accounts should be defined as Other.

GL Account Determination – Sales Tab

This tab controls the default system level GL accounts used on SAP Business One Sales – A/R transaction menu. These system level accounts maybe overridden at the transaction, warehouse, item group or item level depending on the item master record configuration. Note: Not all Sales – A/R transactions will generate accounting entries.
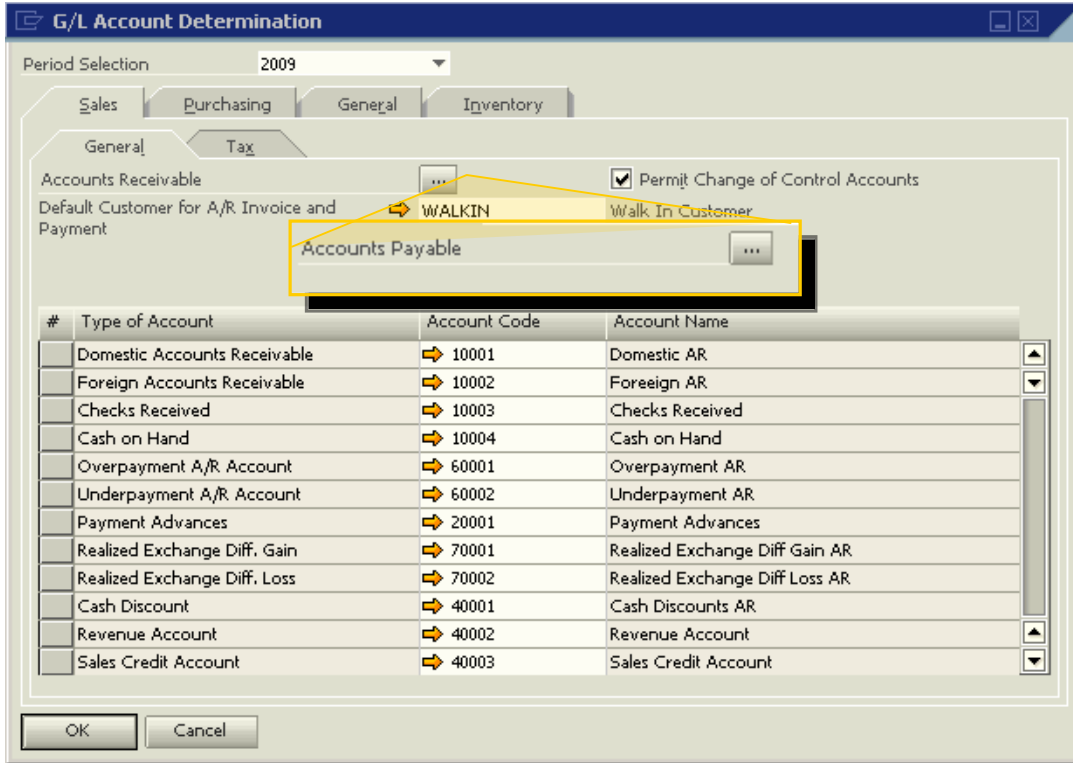
The Accounts Receivables ellipse button [...] opens the Control Accounts – Accounts Receivable window, in which you can define additional Accounts Receivable control defaults. These account are not required, and can be to set an additional control account as default to accommodate the SAP Business One doubtful debts feature. It becomes the default for the open debts account of the Business Partner (customer) master record.

The accounts have to be defined as Control Accounts in the Chart of Accounts, Assets drawer. Separate documentation is available for the doubtful debts and the bill of exchange features of SAP Business One.
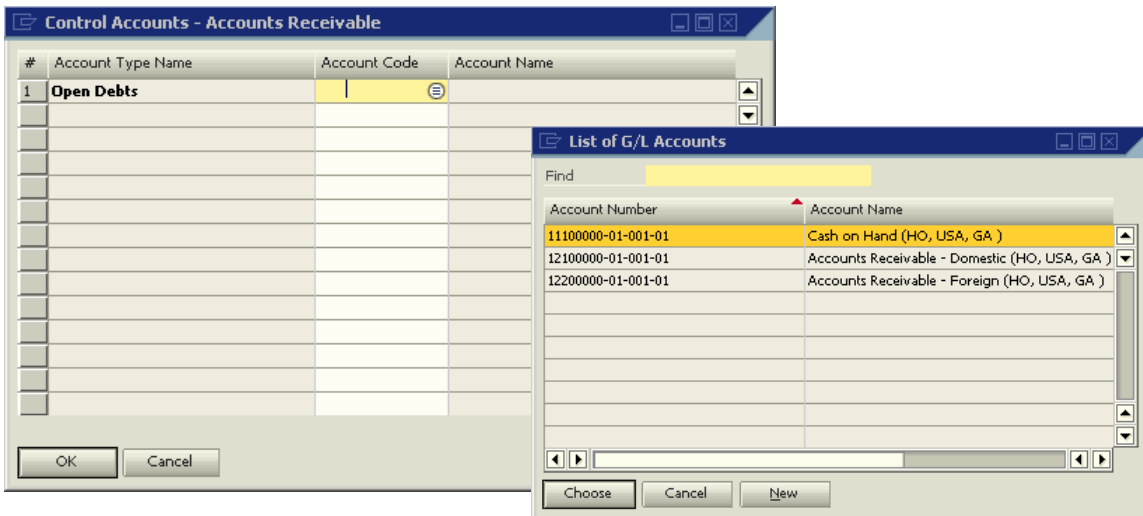
Us the Permit Change of Control Accts checkbox option can be selected to assign different Accounts Receivable (AR) control accounts to customers. You assign control accounts to each customer in the Accounting tab of the Business Partner Master record. If you do not select this option, the control account defined on the Sales Tab > General Tab> Domestic Accounts Receivable field is used for all customers in the company. In both cases, after you post an accounting transaction for the customer, you cannot modify the assigned AR control account on the Business Partner master record.
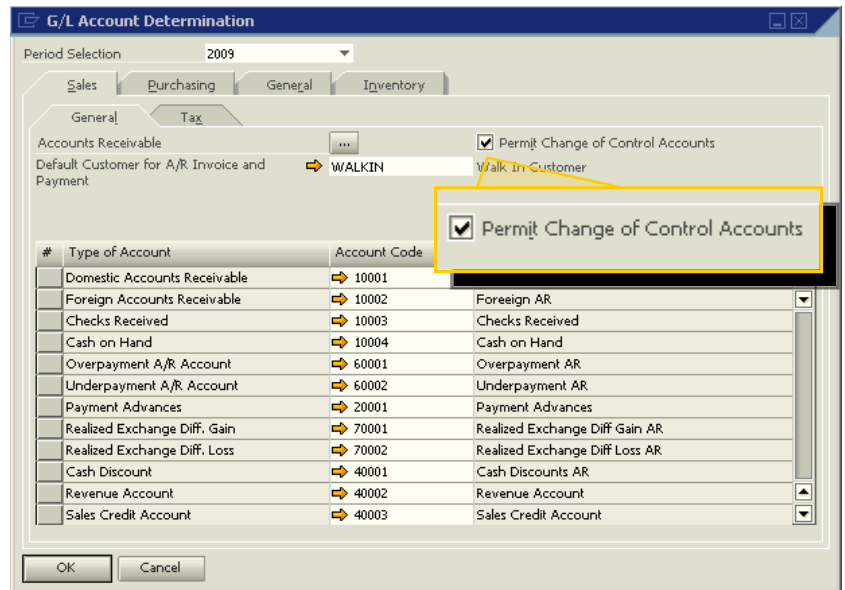
The Default Customer for A/R Invoice and Payment field is used to define the customer BP code used for all *A/R Invoice + Payment* transactions located under the Sales - A/R module. SAP Business One will only use this BP code defined here for this transaction. This customer is used to record a sale and a payment in one step and in those cases were your client does not want to track the sales details by the individual customer. The *A/R Invoice + Payment* transaction window will not open without a customer code defined in this field.

Accountant Sign Off

Before the final cut over to SAP Business One, it is imperative that the clients internal or external accountant must sign-off on these GL Account Determinations before going live.

Detail Entry Documentation

The following table documents the specifics of each default account on the GL Account Determinations: Sales > General Tab. The details of each column are as follows:

Account Name: This is the SAP Business One label used for each entry the GL Account Determinations screen.

Description: As short description for how the account is used in SAP Business One and any special requirements.

Drawer: This is the suggested Drawer of the Chart of Accounts that this default account should be placed in. These recommendations are Best Practices and are not mandatory.

Override @: This column documents where this default account maybe overridden on the transaction or master level record, if at all. Many of these accounts will default into transactions but maybe overridden at the time of execution.

Account Property: This column defines if the GL account specified is a Control Account, Cash Account or neither which is designated by the value "(NA)". These properties are defined on each posting accounts master record.

Clearing Account: This documents if this account should be treated as a clearing account. A clearing account is a posting account, that holds transaction a debit or credit until a subsequent transaction would clear or reverse this debit or credit. Ideally at the end of this transaction cycle, this account should have a zero balance.

Documents: List the SAP Business One transaction and the accounting entry (debit (DR) or credit (CR)) were this default GL Account Determination is used.

Not all accounts are required in order to save the record. Some times these entries are left blank by the client if the transaction type will not be used in SAP Business One. The fields may be edited at any time, and if changes are made, only future transactions will be affected by these GL Account Determination changes.

Sales Tab Details

Account Name	Description	Drawer	Override @	Acct Property	Clearing Account	Document(s)
Domestic Accounts Receivable	Defines the system default account for recording Accounts Receivables (AR) amounts for a domestic customer. If you permit the changing of AR control accounts, then you may individually override this default AR account on each Business Partner master record. The system records every posting against a customer with this AR account. This account is linked to each Customer, via the Accounting Tab on the Business Partner master record, so each time you see a JE to the business partner code, this control account will be impacted. Make sure the account is defined as a Control Account. Because this account is a defined as a Control account, you will not be able to post manual journal entries directly to this account.	Assets	@ BP Master	Control Account	No	DR - AR Invoice* DR - AR Down Pay Inv* DR – AR Reserve Invoice* CR - AR Credit Memo* CR - Incoming Payment* DR – Outgoing Payment to Customer* DR/CR – Manual JE to BP * - Via JE to BP
Foreign Accounts Receivable	Defines the system default account for recording Accounts Receivables (AR) amounts for a foreign customer. Typically in US databases this is the same account as that used in the Domestic Accounts Receivable GL Determination entry (above). The system assigns this foreign control account to business partners with a bill-to country different than the company database country.	Assets	@ BP Master	Control Account	No	DR - AR Invoice* DR - AR Down Pay Inv* DR – AR Reserve Invoice* CR - AR Credit Memo* CR - Incoming Payment* DR – Outgoing Payment to Customer* DR/CR – Manual JE to BP * - Via JE to BP
Checks Received	Defines the system default clearing account for Incoming Payments where the Payment Means is "Check". SAP recommends using a separate clearing account, rather than the GL Account tied to the House Bank Account. This will make it easier to identify and resolve timing difference, and to reconcile the House Bank. This account should not be defined as a cash account. The system debits this account on the incoming payment and credits the account when you deposit the check into the appropriate bank account using the Deposit transaction. You can override this account on the incoming payment (check) if you desire.	Assets	Manual @ transaction	NA	Yes	DR - Incoming Payment CR - Deposit
Cash on Hand	Defines the system default clearing account used for Incoming Payments, where the Payment Means is "Cash". You must define the account as a cash account. The system debits this account on the incoming payment and credits this account when you deposit the cash into the bank using the Deposit transaction.	Assets	Manual @ transaction	Cash Account	Yes	DR - Incoming Payment CR - Deposit

Account Name	Description	Drawer	Override @	Acct Property	Clearing Account	Document(s)
Cash on Hand (cont)	You must use a separate foreign currency Cash on Hand account for foreign currency payments, in order to complete the Deposit document. You can override this account on each incoming payment (cash) if you desire.					
Overpayment A/R Account	Define this account if you want SAP Business One to handle cases in which the Incoming Payment or Manual Internal Reconciliation amount is higher than the AR invoice(s) you have selected to be paid. The system compares the amount paid (Payment Means) to the amount due (Incoming Payment). If the difference is less than the amount defined in the Under/Overpayment Amt Allowed field (under Administration → System Initialization → Document Settings → Per Document tab → Incoming Payment), SAP Business One automatically posts this difference to this account. By setting the Under/Overpayment Amt Allowed amount each client defines their threshold for this variance. If the difference exceeds the amount defined on the Under/Overpayment Amt Allowed field, then the system prompts you to post this difference as a Payment On Account and the entire payment amount will be credited to the Business Partner (AR Control Account). Typically the Over and Under payment accounts are defined as the same GL account.	Expenses	None	NA	No	CR – Incoming Payment CR – Manual Internal Reconciliation
Underpayment A/R Account	Define this account if you want SAP Business One to handle cases in which the Incoming Payment or Manual Internal Reconciliation amount is lower than the AR invoice(s) you have selected to be paid. See the Overpayment A/R Account above for processing details. Typically the Over and Under payment accounts are defined as the same GL account.	Expenses	None	NA	No	DR – Incoming Payment DR – Manual Internal Reconciliation
Payment Advances	Defines the default system account used to record Down Payment or payment advances when using the AR Down Payments or Deposit On Order transactions. This account is used to record the potential or "deferred revenue" represented by these down payments. This account is credited when these transactions are added and cleared with a debit when the final AR Invoice records the revenue. Multiple liability accounts maybe defined, and each Business Partner may be assign a different account on the BP master record under the Accounting tab.	Liabilities	BP Master	NA	Yes	CR – AR Down Payment, DR – AR Invoice

Account Name	Description	Drawer	Override @	Acct Property	Clearing Account	Document(s)
Realized Exchange Diff. Gain	Defines the default system account used to reflect a Gain caused by exchange rate differences between the exchange rate defined on the AR Invoice or Manual Internal Reconciliation and the exchange rate defined on the Incoming Payment document. If you are not working with multiple currency documents in your company database then these default accounts can be left blank. The typical classification of Exchange Rate Gains/Losses is below the line as Other Income/Expense or Financing. The same account can be used for gains and losses if your client wants to net these financing differences. If you are not using multiple currencies in your transactions, then you can leave this GL Determination blank.	Financing	Manual @ Exchange Rate Diff BP transaction	NA	No	CR – Incoming Payment CR – Manual Internal Reconciliation
Realized Exchange Diff. Loss	Defines the default system account used to reflect a Loss caused by exchange rate differences between the exchange rate defined on the AR Invoice or Manual Internal Reconciliation and the exchange rate defined on the Incoming Payment document. See the Realized Exchange Diff. Gain account above for processing details. If you are not using multiple currencies in your transactions, then you can leave this GL Determination blank.	Financing	Manual @ Exchange Rate Diff BP transaction	NA	No	DR – Incoming Payment DR – Manual Internal Reconciliation
Cash Discount	Defines the default system account used to record sales cash discounts your customers have <u>taken</u> on Incoming Payment documents or Manual Internal Reconciliations. Discounts may be pre-defined on the Payment Terms associated with an Invoice or be manually entered on each invoice selected on the Incoming Payment document.	Revenue or Financing	None	NA	No	DR – Incoming Payment DR – Manual Internal Reconciliation
Revenue Account	Defines the default system account used to record sales revenue. This JE amount does not include sales tax liabilities or additional freight revenue that might be included on the sales document. These amounts are recorded to GL default accounts defined via the Freight and Sales Tax Jurisdiction master definitions. This GL Determination account is also copied to the Revenue Account default on a Warehouse or Item Group record when those master records are defined. If you want to assign a different Revenue account on these records, you must manually change this account on the Accounting tab before adding/updating this record. Care should be taken to validate this account at the Warehouse and Item Group level when these new master records are defined. Some client chose leave this account at the GL Determination level blank so it cannot be inadvertently used on the Item Group or Warehouse level.	Revenue	Warehouse, Item Group, Item Level, Manual @ sales transaction	Sales	No	CR – AR Invoice CR – AR Invoice + Payment CR – AR Reserve Invoice

Account Name	Description	Drawer	Override @	Acct Property	Clearing Account	Document(s)
Sales Credit Account	Defines the default system account used to record a sales credit for a customer transaction. This default account is used regardless of the "reason" for the Credit Memo. Credit Memos maybe used to reverse incorrect transactions (mistakes) or to refund dollars to customers for defective product. This contra revenue account should reflect the type of dollars used the majority of the time. This account can be overridden by the user at the time the AR Credit Memo is created to reflect the right account. If you do not want to post the sale credits to a distinct sales credit, the Sales Credit account is often defined to be the same as the Revenue account on the GL Determinations. This way the sales credits will offset the revenue posted. This GL Determination account is also copied to the Sales Credit Account default on a Warehouse or Item Group record when those master records are defined. If you want to assign a different Sales Credit account on these records, you must manually change this account on the Accounting tab before adding/updating this record. Care should be taken to validate this account at the Warehouse and Item Group level when these new master records are defined. Some client chose leave this account at the GL Determination level blank so it cannot be inadvertently used on the Item Group or Warehouse level.	Revenue	Warehouse, Item Group, Item Level, Manual @ transaction	Sales	No	DR – AR Credit Memo

G/L Account Determination – Purchase Tab

This tab controls the default system level GL accounts used on SAP Business One Purchasing – A/P transaction menu. These system level accounts maybe overridden at the transaction, warehouse, item group or item level depending on the item master record configuration. Note: Not all Purchasing – A/P transactions will generate accounting entries.
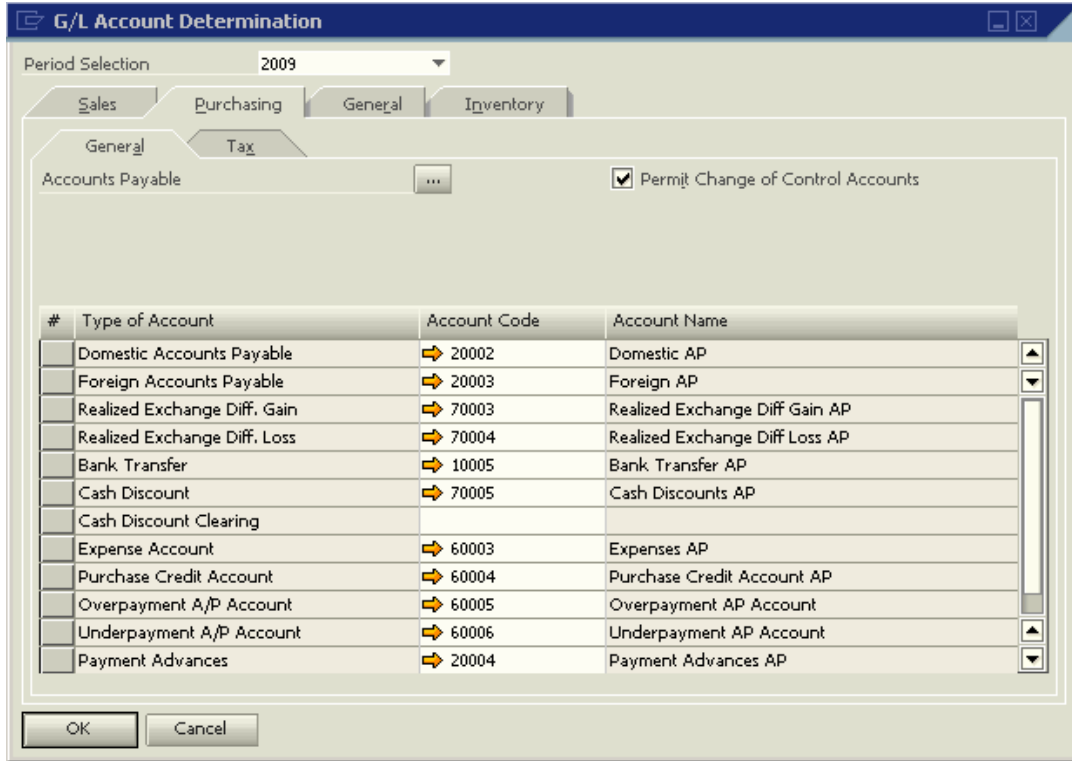
Like on the Sales>General tab, the Accounts Payable ellipse button [...] opens the Control Accounts – Accounts Payables window, in which you can define additional Control accounts for Assets and Accounts Receivable defaults that maybe assigned to vendors. These accounts are not required, and can be used to set an additional control account as default to accommodate the SAP Business One doubtful debts feature.

The accounts have to be defined as Control Accounts in the Chart of Accounts, Liabilities drawer. Separate documentation is available for the doubtful debts and the bill of exchange features of SAP Business One.
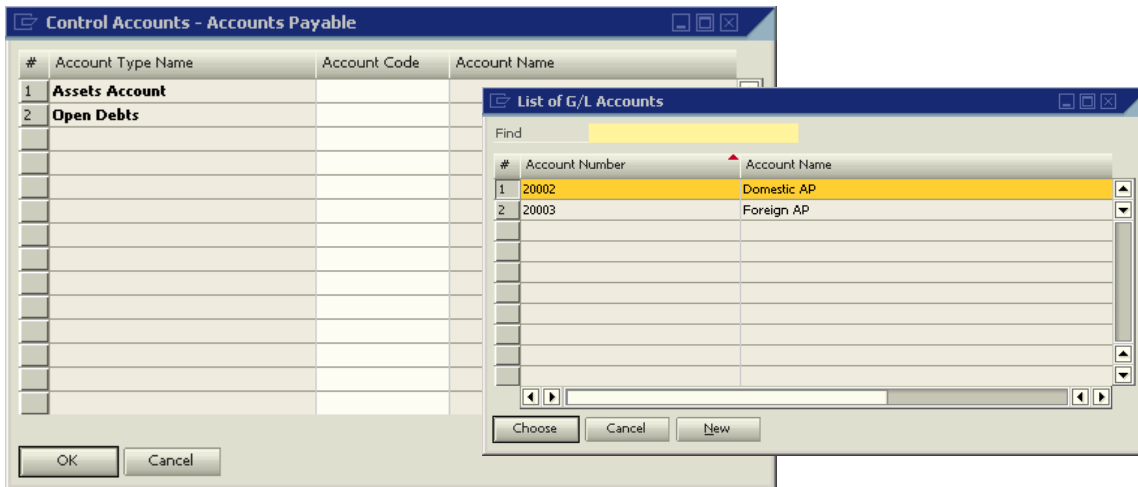
Us the Permit Change of Control Accts checkbox option can be selected to assign different Accounts Payable (AP) control accounts to vendors. You assign control accounts to each vendor in the Accounting tab of the Business Partner Master record. If you do not select this option, the control account defined on the Purchasing Tab > General Tab> Domestic Accounts Payable field is used for all vendors in the company. In both cases, after you post an accounting transaction for the vendor, you cannot modify the assigned AP control account on the Business Partner master record.
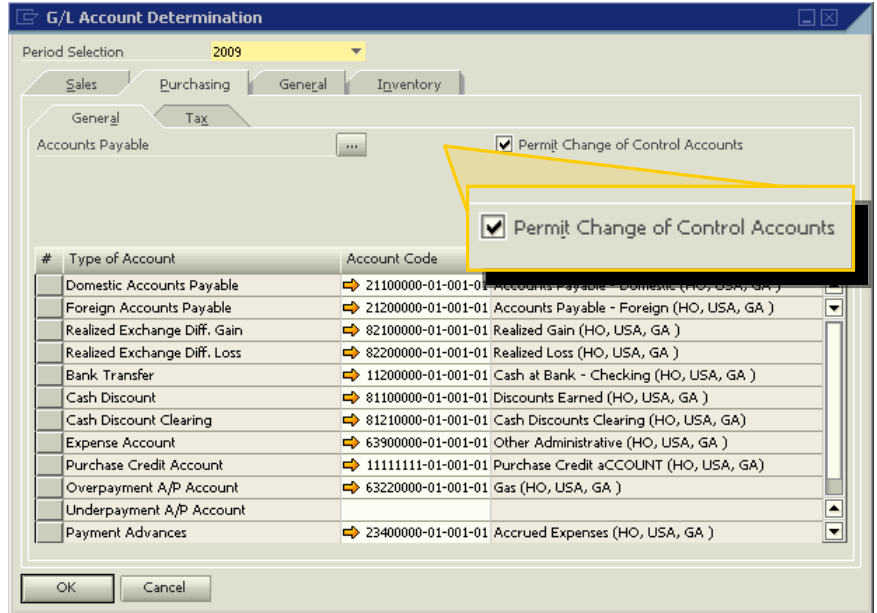
Detail Entry Documentation

The following table documents the specifics of each default account on the GL Account Determinations: Purchasing > General Tab.

Purchasing Tab Details

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Domestic Accounts Payable	Defines the system default account for recording Accounts Payable (AP) amounts for domestic vendors. If you permit the changing of AP control accounts, then you may individually override this system level AP account on each Business Partner master record. The system records every posting against a vendor with this AP account. This account is linked to each Vendor, via the Accounting Tab on the Business Partner master record, so each time you see a JE to the business partner code, this control account will be impacted. Make sure the account is defined as a Control Account. Because this account is a Control Account, you will not be able to post manual journal entries to this account.	Liabilities	@ BP Master	Control Account	No	CR - AP Invoice* CR - AP Down Pay Inv.* CR – AP Reserve Invoice* DR - AP Credit Memo* DR - Outgoing Payment* CR – Outgoing Payment to Vendor* DR/CR – Manual JE to BP * - Via JE to BP
Foreign Accounts Payable	Defines the system default account for recording Accounts Payables (AP) amounts for foreign vendors. Typically this is the same account as that used in the Domestic Accounts Payable GL Determination entry. The system assigns this foreign AP control account to business partners with a bill-to country different than the company database country.	Liabilities	@ BP Master	Control Account	No	CR - AP Invoice* CR - AP Down Pay Inv.* CR – AP Reserve Invoice* DR - AP Credit Memo* DR - Outgoing Payment* CR – Outgoing Payment to Vendor* DR/CR – Manual JE to BP * - Via JE to BP
Realized Exchange Diff. Gain	Defines the default system account used to reflect a Gain caused by exchange rate differences between the exchange rate defined on the AP Invoice or Manual Internal Reconciliation and the exchange rate defined on the Outgoing Payment document. If you are not working with multiple currency documents in your company database then these default accounts can be left blank on the GL Determination screen. The same account can be used for gains and losses if your client wants to net these financing differences. If you are not using multiple currencies in your transactions, then you can leave this GL Determination blank.	Financing	Manual @ Exchange Rate Diff BP transaction	NA	No	CR – Outgoing Payment CR – Manual Internal Reconciliation
Realized Exchange Diff. Loss	Defines the default system account used to reflect a Loss caused by exchange rate differences between the exchange rate defined on the AP Invoice or Manual Internal Reconciliation and the exchange rate defined on the Outgoing Payment document. See the Realized Exchange Diff. Gain account above for processing details.	Financing	Manual @ Exchange Rate Diff BP transaction	NA	No	DR – Outgoing Payment DR – Manual Internal Reconciliation

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Realized Exchange Diff. Loss (cont)	If you are not using multiple currencies in your transactions, then you can leave this GL Determination blank.					
Bank Transfer	Defines the system default account used for Outgoing Payments, where the Payment Means is "Bank Transfer". You must define the account as a cash account. You can override this account on each Outgoing Payment (bank transfer) if you desire.	Assets	Manual @ transaction	Cash Account	No	CR – Outgoing Payments
Cash Discount	Defines the default system account used to record vendor discounts you have <u>taken</u> on Outgoing Payment documents. Discounts may be pre-defined on the Payment Terms associated with an AP Invoice or be manually entered on each invoice selected on the Outgoing Payment document.	Financing	None	NA	No	CR – Outgoing Payments CR – Manual Internal Reconciliation
Cash Discounts Clearing	Even though this GL Determination setting is in the US Localization, this feature ('Net Procedure') is not available on a AP Invoice in a US company database. Please leave this account determination blank. See Note #1100298 for details about this option in non US Localizations.	NA	NA	NA	NA	NA
Expense Account	Defines the default system account used to record purchase expenses on AP documents for all Non Inventory Items. This account can be overridden by the user at the time the purchasing transaction is created to reflect the proper expense account. This JE amount does not include taxes expenses or additional freight expenses that might be included by the vendor on the purchasing document. These amounts are recorded to GL accounts defined via the Freight and Sales Tax Jurisdiction records. Like other GL Determinations, this default is copied to the Expense Account default on a Warehouse or Item Group record when defined. If you want to assign a different expense account on these records, you must manually change this account on the Accounting tab before adding/updating these record. Care should be taken to validate this account at the Warehouse and Item Group level when these new master records are defined. Because of its general nature, this account default is often left blank on the GL Determination and Warehouse definitions screens to avoid the wrong expense account from being charged. Ideally all Non Inventory Items should be defined with the "Set GL Account By: Item Level" switch to allow specific expense accounts to be coded at the item level.	Expenses	Warehouse, Item Group, Item Level, Manual @ transaction	Expenditure	No	DR – AP Invoice DR – AP Reserve Invoice

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Purchase Credit Account	Defines the default system account used to record a credit for a purchase expense for Non Inventory Items. When you base a AP Credit Memo on a existing AP Invoice where you manually overrode the default Expense Account on the AP Invoice, the account credited on the AP Credit Memo will be the expense account used on the AP Invoice. If you create a AP Credit Memo based on a AP Invoice where the Expense Account on the AP Invoice defaulted from the Warehouse or Item Group, then this default account will be used for the credit. If you create a AP Credit Memo not based on a AP Invoice, then this default account will be used for the credit. The Purchase Credit Account default is often defined to be the same as the Expense Account default (one above). This way your purchase credits will offset the original expense posted. This GL Determination account is also copied to the Purchase Credit Account default on a Warehouse or Item Group record when those master records are defined. If you want to assign a different Purchase Credit Account on these records, you must manually change this account on the Accounting tab before adding/updating this record. Care should be taken to validate this account at the Warehouse and Item Group level when these new master records are defined.	Expenses	Warehouse, Item Group, Item Level, Manual @ transaction	Expenditure	No	CR – AP Credit Memo
Overpayment A/P Account	Define this account if you want SAP Business One to handle cases in which the Outgoing Payment (Payment Means) amount is higher than the AP invoice(s) or Manual Internal Reconciliation you have selected to be paid. The system compares the amount to be paid (Payment Means) to the amount due (Invoice(s) selected on Outgoing Payment). If the difference is less than or equal to the amount defined in the Under/Overpayment Amt Allowed field (under Administration → System Initialization → Document Settings → Per Document tab → Outgoing Payment), SAP Business One automatically posts this difference to this account. By setting the Under/Overpayment Amt Allowed amount each client defines their threshold for this variance. If the difference exceeds the amount defined on the Under/Overpayment Amt Allowed field, then the system prompts you to Post this difference as a Payment On Account and the entire payment amount will be debited to the Business Partner (AP Control Account). Typically the Over and Under payment accounts are defined as the same GL account.	Expenses	None	NA	No	DR – Outgoing Payment DR – Manual Internal Reconciliation

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Underpayment A/P Account	Define this account if you want SAP Business One to handle cases in which the Outgoing Payment (Payment Means) amount is lower than the AP invoice(s) or Manual Internal Reconciliation you have selected to be paid. The system compares the amount to be paid (Payment Means) to the amount due (Invoice(s) selected on Outgoing Payment). If the difference is less than or equal to the amount defined in the Under/Overpayment Amt Allowed field (under Administration → System Initialization → Document Settings → Per Document tab → Outgoing Payment), SAP Business One automatically posts this difference to this account. By setting the Under/Overpayment Amt Allowed amount each client defines their threshold for this variance. If the difference exceeds the amount defined on the Under / Overpayment Amt Allowed field, then the system prompts you to Post this difference as a Payment On Account and the entire payment amount will be debited to the Business Partner (AP Control Account). Typically the Over and Under payment accounts are defined as the same GL account.	Expenses	None	NA	No	CR – Outgoing Payment CR – Manual Internal Reconciliation
Payment Advances	Defines the default system account used to record future expenses paid to a vendor as a down payment using the AP Down Payment Invoice. This account is used to record the potential or "accrued expense" represented by these pre-payments to the vendor. This account is debited when the AP Down Payment Invoice is created and cleared with a credit when the final AP Invoice is created to record the remaining amount invoiced by the vendor. This account defaults from the BP Master record not the Warehouse, Item Group or Item Level record. Multiple payment advance accounts maybe defined, and each Business Partner may be assign a different account on the BP master record under the Accounting tab.	Liabilities	BP Master	NA	Yes	DR – AP Down Payment Inv CR – AP Invoice
Expense and Inventory Account	This account is used only for Items with the Moving Average Valuation method when those Inventory items are copied from A/P Invoice into A/P Credit Memo and there is a difference between the item price and or freight expenses on the AP Credit Memo and the item price and or freight expenses on the AP Invoice. In addition, this account is used for the following scenarios: A/P Credit Memo based on goods returns and A/P Credit Memo based on A/P Reserve invoice. In such case the Inventory account is being credited for the	Cost of Goods Sold?	None	NA	No	DR – AP Credit Memo, CR – AP Credit Memo based on Return

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Expense and Inventory Account (cont)	original item inventory value as appears in the A/P Invoice and the Expense and Inventory account is debited for the difference between the Inventory posting and the item price and or freight in the A/P Credit Memo. This default account is not copied to the Warehouse, Item Group or Item Level when these records are defined. Define this account for clearing journal entries created by A/P credit memos that were based on A/P invoices or created by goods returns that were based on goods receipt POs in which freight charges or price were changed.					

G/L Account Determination – General Tab

This tab controls the default system level GL accounts used on SAP Business One Deposit, Year End Closing, exchange rate differences, external reconciliations and Initial Opening Balances transaction and utilities across the system.

These system level accounts maybe overridden at the individual transaction or utility execution.

General Tab Details

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Credit Card Deposit Fee	Defines the default system account used to record credit card "commissions" expenses charged by the credit card company for each credit card deposit. This account in only debited when you specify Commission charges on a Credit Card Deposit transaction. This default account can be changed at this time.	Expenses	Manual @ transaction	NA	No	DR – Commissions- Deposit
Rounding Account	Defines the default system account used to record rounding amounts calculated and selected on sales and purchasing documents where the Rounding check box is selected and a rounding amount is calculated/entered. The Rounding check box appears if the rounding method is defined as By Currency in >Administration>System Initialization>Document Settings>General. When the total amount of the document is rounded according to the rounding method determined by the Currency setup, the difference between the original amount and the rounded amount appears in this field. This GL Account must be defined with a Currency type of "All Currencies"	Financing	None	All Currencies	No	CR - AR Invoice CR - AR Reserve Inv CR - AR Inv + Payment CR - AR Down Pay. Inv DR - AR Credit Memo CR – AP Invoice CR – AP Reserve Inv CR - AP Down Pay. Inv DR – AP Credit Memo
Automatic Reconciliation Diff.	Defines the default system account used to balance any Reconciliation Difference amount on Automatic BP Internal Reconciliation transactions.	Other Revenues and Expenses	None	NA	No	DR – JE Auto Recon Tran CR – JE Auto Recon Tran * - DR or CR depends on what needed to balance
Period-End Closing Account	Defines the default system account used as a clearing account to move P&L account balances at year end using the Year End Utility. Each P&L account is cleared with a DR or CR and the opposite entry is to this Period-End Closing Account. There is one JE to this account for each P&L account cleared. Then a second JE is created to move the amounts from the Period-End Closing Account to the Retained earnings account chosen in the Year End Utility. This account should be in the Equity drawer.	Equity	Manual @ Period End Closing	NA	Yes	DR/CR Year End Util. from P&L Account CR/DR Year End Util. to Retained Earnings Account
Realized Exchange Diff. Gain	Defines the default system account used to reflect a Gain caused by an exchange rate differences when reconciling foreign currency G/L accounts thru Exchange Rate Differences transactions at the GL Account level. If you are not using multiple currencies, then leave this GL Determination blank.	Financing	Manual @ Exchange Rate Diff GL transaction	NA	No	CR – JE Auto Recon Tran
Realized Exchange Diff. Loss	Defines the default system account used to reflect a Loss caused by an exchange rate differences when reconciling foreign currency G/L	Financing	Manual @ Exchange	NA	No	DR – JE Auto Recon Tran

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Realized Exchange Diff. Loss (cont)	accounts thru Exchange Rate Differences transactions at the GL Account level. If you are not using multiple currencies, then leave this GL Determination blank.		Rate Diff GL transaction			
Opening Balance Account	Defines the default system account used as the offset account for all GL Account and BP Opening Balance Transactions. See Administration>System Initialization>Opening Balances>G/L Account Opening Balances & Administration>System Initialization>Opening Balances>Business Partner Opening Balances transactions. When loading open AR (Customer) and AP (Vendor) open transactions during Go-Live cutover, this account should be used as the revenue account on the open AR invoices and the Expense account of the open AP Invoices.	Equity	Manual @ Opening Balance Closing	NA	Yes	DR/CR Opening Balances CR – AR Invoices DR – AP Invoices

G/L Account Determination – Inventory Tab

This tab controls the default system level GL accounts used on SAP Business One transaction when inventory items received, issued or revalued in SAP Business One Sales, Purchasing or Inventory transactions. The Inventory tab is disabled if the "Use Perpetual Inventory" switch is NOT selected on the Company Details>Basic>Initialization tab.

These system level accounts maybe overridden at the transaction, warehouse, item group or item level depending on the item master record configuration.

When you define a new warehouse, or item group to the company database, these system level defaults are copies to the Accounting tab of these master record types. When an Item is defined to the Item master, the default GL accounts are determined by the "Set G/L Accounts By" option on the Warehouse tab of the item master.
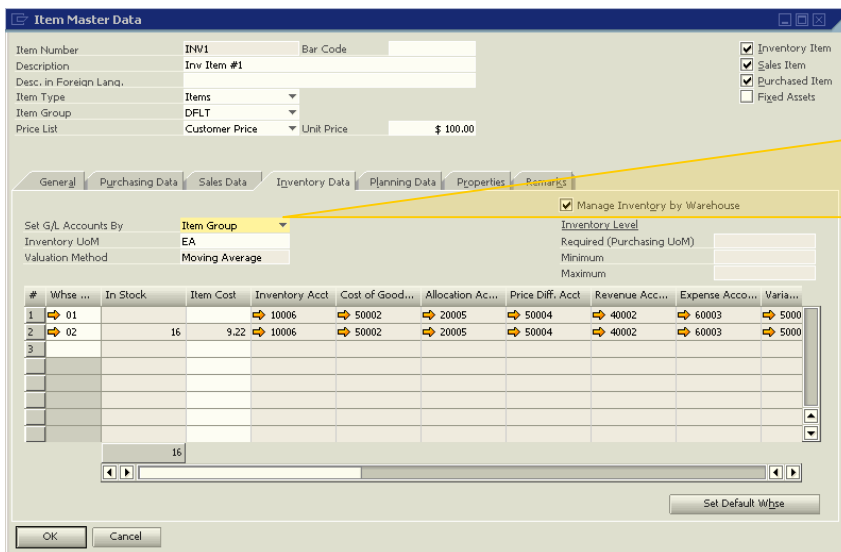
Inventory Tab Details

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Inventory Account	Defines the default system account used to record the inventory value of Inventory Items as they are received and issued via sales, purchasing and inventory transactions. Like other GL Determination accounts, this default is copied to the Inventory Account default on a Warehouse , Item Groups and Items when those master records are defined. If you want to assign a different inventory account on these records, you must manually change this account on the Accounting tab before adding/updating this record. Care should be taken to validate this account at the Warehouse, Item Group and Item level when these new master records are defined. Because of its general nature, this account default is often left blank on the GL Determination Inventory tab to avoid the wrong Inventory account from being used at the Warehouse or Item Group. This account is not used with Service documents and Non Inventory Items This account should be treated like a Control Account, even though it cannot be defined as one on the Chart of Accounts Master Record. Manual JEs to this account will cause the Inventory Audit report not to balance to the this account (GL)	Assets	None on AR Transaction Manual @ AP Transaction Manual @ Goods Issue and Goods Receipt Transactions None @ Initial Qty or Inventory Posting Transactions	NA	No	CR - Delivery Note CR - AR Invoice no DN DR - Goods Receipt PO CR – Goods Return PO DR – AP Invoice no GRPO CR – AP Credit Memo DR – Inv Goods Receipt CR – Inv Goods Issue DR - Inventory Transfer (Whse) CR - Inventory Transfer (From Whse) DR – Inv Revaluation Incr. CR – Inv Revaluation Decr. DR – Initial Qty Transaction CR – Inv Posting (Qty Lower) DR – Inv Posting (Qty Higher) CR – Issue to Production DR – Receipt from Production
Cost of Goods Sold Account	Defines the default system account used to record the cost of goods sold value for Inventory Items as they are received and issued via sales transactions. Like other GL Determination accounts, this default is copied to the Cost of Goods Sold Account default on a Warehouse , Item Groups and Items when those master records are defined. If you want to assign a different inventory account on these records, you must manually change this account on the Accounting tab before adding/updating these record. Care should be taken to validate this account at the Warehouse, Item Group and Item level when these new master records are defined. This account is not used with Service documents and Non Inventory Items	COGS	Manual @ AR Transaction	NA	No	DR – Delivery Note DR – AR Invoice with no DN DR – AR Invoice + Payment CR – AR Return CR – AR Credit Memo Invoice no DN
Allocation Account	Defines the system default clearing account for recording the value of inventory items received but not yet invoiced by the vendor. The balance of this G/L account reflects the total amount of open Goods Receipt POs and Goods Returns.	Liabilities	None	NA	Yes	CR – Goods Receipt PO DR – AP Invoice on GRPO DR – Goods Return PO on GRPO CR – AP Credit Memo on Goods Return

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Allocation Account (cont)	Many partners re-label this account "Goods Received Not Invoiced" This account is an offsetting account to the Inventory account in Goods Receipt POs and A/P Credit Memos. This account is not used if the Inventory Item is NOT marked as a Inventory Item on the item master record. Goods Receipt PO (GRPO)for these types of items will not generate any GL entry. Therefore these expenses are not accrued when the GRPO is processed.					
Variance Account	Defines the system default account for recording difference between a Inventory Item's Standard Cost and the Purchase Price of that item on a purchasing or inventory receipt transaction. In certain scenarios, if there are differences between the standard price and the actual price in a purchasing document, the system posts these differences to the Variance Account. The system uses this account only with items defined with the Valuation Method "Standard".	COGS	None	NA	No	DR or CR – Goods Receipt PO DR or CR – Goods Receipt Inv

Price Difference Account	Defines the system default account for recording cost differences between the base document and the target document in purchasing transactions.
	
	The 'Price Difference' account is used when the 'In Stock' quantity of an item is reduced to zero. This account holds the difference between the transaction amount and the item's 'Cumulative Value' in the Warehouse Journal table.
	
	For example: Item #A
	
	    Qty – 10, Avg Cost - $5.00, Total Inv Value - 50.00
	
	If an A/P Credit Memo or A/P Goods Return is posted for the entire 10 units with the unit price of 4.50. The .50 difference will be posted to the 'Price Difference' account.
	
	    DR. Vendor 45.00
	    DR. Price Difference 5.00
	                  CR. Inventory 50.00
	
	The G/L Accounts used when posting price differences between the A/P Invoice and the Goods Receipt PO depend on the current In Stock quantity of the item.
	
	• If the In Stock Qty > = A/P Invoice Qty, then only the Stock Account will be used.
	• If the In Stock Qty < A/P Invoice Qty, the price difference will be split between the Stock and Price Difference accounts.
		COGS	None	NA	No	CR or DR – Goods Return PO
						CR or DR – AP Credit Memo
						DR or CR – AP Invoice

| Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Price Difference Account (cont)	• If the In Stock Qty = Zero, then the entire price difference will be posted to the Price Difference account. This is in the assumption that all the items have been sold. Hence, any further costs pertaining to the sold items will be considered as an additional expense to appear in the Profit and Loss Report.					
Negative Inventory Adjustment Acct Negative Inventory Adjustment Acct (cont)	Defines the system default account when items fall to into negative inventory quantities. The difference between the purchasing document price and the item cost is posted to the Negative Inventory Adjustment account. This account is used only if: • Inventory quantity is negative or zero when the inventory posting takes place • The AP document price is different from the Items Moving Average or FIFO cost. • And the "Block Negative Inventory" check box is NOT selected on the Document Settings – General tab. This account is NOT used with items defined with the Valuation Method "Standard". SAP does not recommend does not recommend using the negative inventory option.	COGS	None	NA	No	CR – Goods Receipt PO Price < Cost DR – Goods Receipt PO Price > Cost CR – Goods Return PO Price < Cost DR – Goods Return PO Price > Cost CR – AP Invoice Price < Cost DR – AP Invoice Price > Cost CR – AP Credit Memo Price < Cost DR – AP Credit Memo Price > Cost
Inventory Offset – Decrease Account	Defines the system default account to be used as the offsetting account to the Inventory Account when the inventory value is decreased via a Inventory Posting (aka: Stock Taking) were the actual account is less than the system count and when executing a Inventory Goods Issue transaction.	COGS	Manual @ Inv transaction	NA	No	DR – Inv Goods Issue DR – Inv Posting/Stock Taking (Qty Lower)
Inventory Offset – Increase Account	Defines the system default account to be used as the offsetting account to the Inventory Account when the inventory value is increased via a Inventory Posting (aka: Stock Taking) were the actual account is more than the system count and when executing a Inventory Goods Receipt transaction.	COGS	Manual @ Inv transaction	NA	No	CR – Inv Goods Receipt CR – Inv Posting/ Stock Taking (Qty Higher)
Sales Returns Account	Defines the system default account to record the inventory value of the items being returned on a AR Return or AR Credit Memo. If you want to see the inventory value of the returned goods in your standard inventory account, then define this account to the same as the default Inventory Account. If not then you must net this account with your Inventory Account to report the true value of your inventory.	Assets	None	NA	No	DR – AR Credit Memo DR – AR Return

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
Sales Returns Account (cont)	Like other GL Determination accounts, this default is copied to the Sales Returns Account default on a Warehouse , Item Groups and Items when those master records are defined. If you want to assign a different inventory account on these records, you must manually change this account on the Accounting tab before adding/updating this record. Care should be taken to validate this account at the Warehouse, Item Group and Item level when these new master records are defined. Because of its general nature, this account default is often left blank on the GL Determination Inventory tab to avoid the wrong Sales Returns Account from being used. This account is not used with Service documents and Non Inventory Items.					
Exchange Rate Difference Account	Defines the default system account used to reflect exchange rate differences between the GRPO and the AP Invoice transactions and were the Items in stock quantity is zero or negative. When you create a AP Invoice based on a GRPO and the AP Invoice has different exchange rate than the GRPO, and the in stock quantity is zero or negative then a inventory adjustment cant be made so the difference (because of the exchange rate) is recorded to this account. This account is used only if: • Inventory in stock quantity is negative or zero for the item • The exchange rate is different in the base document and the target document. If you are not using multiple currencies, then leave this GL Determination blank.	Financing	None	NA	No	DR – AP Invoice
Goods Clearing Account	Defines the system default account to record the offset to the Allocation Account when you manually Close a Goods Receipt PO or a Goods Return PO document. Once the document is Closed a JE is created to reverse the Allocation Account entry. Closing these documents does not reverse the original Inventory entry made when the document was created.	COGS	None	NA	No	CR – JE from Closed Goods Receipt PO DR – JE from Closed Goods Return
G/L Decrease Account	Defines the system default account to record the offset to the Inventory Account in Inventory Goods Issues and negative differences in Inventory Postings (aka: Stock Taking) transactions.	COGS	Manual @ Inv transaction	NA	No	DR – Inv Revaluation Decr. DR - Inv Posting/ Stock Taking (Qty Lower)
G/L Increase Account	Defines the system default account to record the offset to the Inventory Account in Inventory Goods Issues and positive differences in Inventory Postings (aka: Stock Taking) transactions.	COGS	Manual @ Inv transaction	NA	No	CR – Inv Revaluation Incr. CR - Inv Posting/ Stock Taking (Qty Higher)

Account Name	Description	Drawer	Override	Acct Property	Clearing Account	Document(s)
WIP Inventory Account	Defines the system default account to record the inventory value of items issued to a Production Order via the Issue for Production transaction. That is, the period when production has begun but the final manufactured product is not complete. The inventory value is moved from Inventory account with a credit and the WIP Inventory Account is debited on the issue transaction and reversed when the receipt from production is completed. This account is not used with those items on a Production Order that have a Issue Method of Backflush. This account is NOT included in the Inventory Audit Report	Assets	Manual @ Inv transaction	NA	No	DR – Issue to Production CR – Receipt from Production DR – Receipt from Production (Non Inv) DR or CR – Closed Production Order
WIP Inventory Variance Account WIP Inventory Variance Account (cont)	Defines the system default account to records the variance between the actual component cost and the cost of the final finished good(s) placed back into inventory on the Receipt from Production. This account will also be used if the Inventory has been issued to the Production Order and Closed before the Bill of Material has been completed. The amount is posted to this account only when the Production Order's status is changed to "Closed".	COGS	None	NA	No	DR or CR - Closed Production Order
Expense Clearing Account	Defines the system default clearing account to offset the additional expenses when these additional expenses (Freight – Setup, Stock switch selected) impact the inventory value. At the time of Goods Receipt PO this account is credited and then cleared when the AP Invoice is based on this GRPO. If you process a AP Goods Return based on a Goods Receipt PO with these additional inventory expense charges, then this account is debited to reverse entry on the GRPO.	Liabilities	None	NA	Yes	CR- Goods Receipt PO (Exp Amt) DR – AP Invoice (Exp Amt) DR – AP Goods Return DR- JE from Closed Goods Receipt PO
Stock In Transit	Defines the system default clearing account to record the future inventory value of inventory items entered on AP Reserve Invoice transactions. AP Reserve Invoices are created when a vendor requires payment for goods before they are shipped and received. When, the goods are received, the AP Reserve Invoice is copied to a Goods Receipt PO and the Stock In Transit account is credited and the Inventory account is debited. If the goods are never received, then a AP Credit Memo can be created to reverse the amount owed to the vendor and credit the Stock In Transit account.	Assets	None	NA	Yes	DR – AP Reserve Invoice CR – Goods Receipt PO CR – AP Credit Memo (on Res. Invoice)

Additional Default Accounts

Tax Jurisdictions

Navigation: Administration> Setup> Financials> Tax> Sales Tax Jurisdictions
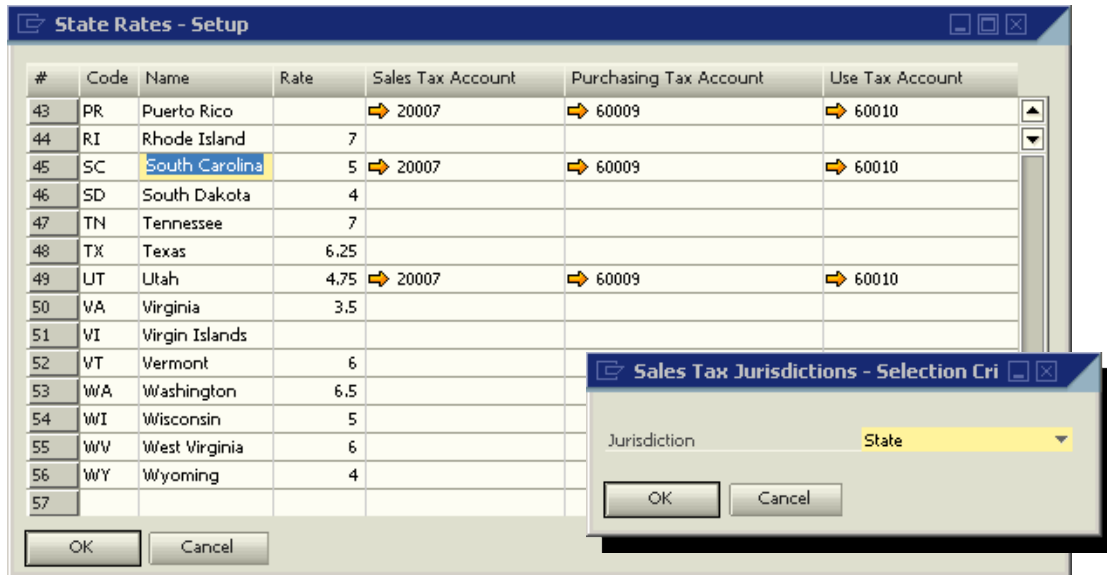
A/R Tax Account: Define a default tax account for sales documents. The system credits this account in A/R invoices and debits these accounts in A/R credit memos.

A/P Tax Account: Define a default tax account for purchasing documents. The system debits this account in A/P invoices and credits these accounts in A/P credit memos.

Use Tax Account: Define a default tax account for purchasing documents when working with Use Tax. The system credits this account in journal entries.

House Bank Accounts

Navigation: Administration> Setup> Banking> House Bank Accounts

House banks are involved in the Payment Wizard function for creating incoming and outgoing payments as well as in manual incoming and outgoing payments. If the payment method is a bank transfer, the system debits or credits the appropriate house bank account.

G/L Account: You need to assign a GL Asset account to each house bank account record. This account should be defined with a G?L Account Property of Cash Account.

G/L Interim Account: You can define a GL account for SAP Business One to use as an interim account while a payment wizard is used. If you define an interim account and set this parameter in the relevant payment methods (from the Main Menu, choose Administration → Setup → Banking → Payment Methods) the transactions created by the payment run are posted to the interim account and not to the G/L account defined above.

The option to post to an interim account is only available for bank transfer payments. Once the funds have been reflected in your house bank, create a manual journal entry to transfer the amount from the interim G/L account to the house bank G/L account.

For both the house bank GL account and the interim account, if you update the GL account in the house bank definition after a payment method using this house bank exists, the system does not populate the new G/L account automatically in the payment method. To reflect the G/L account change in the payment method, you need to update the payment method and re-assign the bank account.

Credit Card Accounts

Credit Card Clearing Account(s): Define a clearing account that is debited when you create an incoming or outgoing payment using this credit card. You can replace the GL account at the incoming payment level. This account is credited and cleared when you use the Deposit document to deposit the credit card voucher.

Freight Accounts

Navigation: Administration> Setup> General> Freight

The Freight menu item is available only if the Manage Freight in Documents checkbox is selected in the Document Settings window.
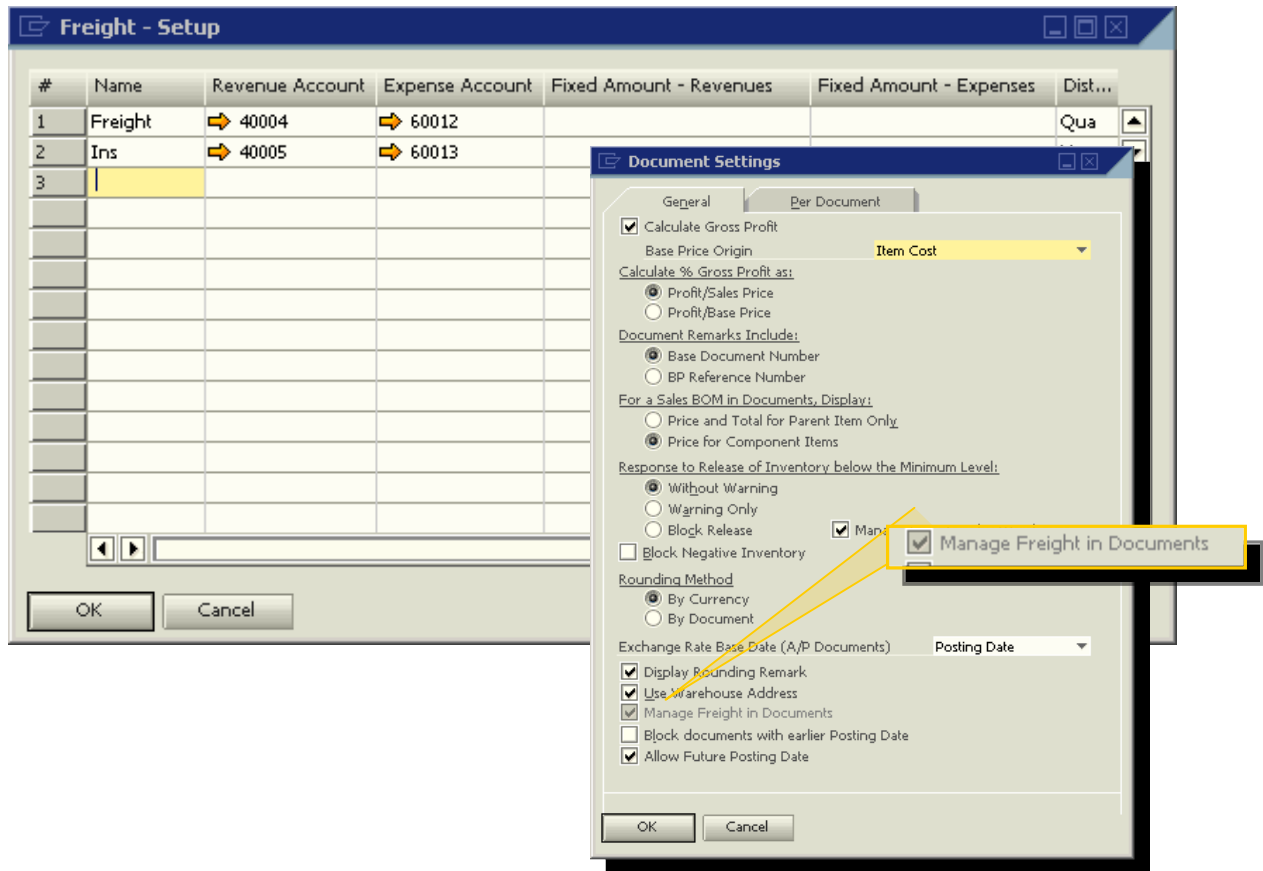

Revenue Account: Define a revenue account to which the system posts any revenue amounts associated with each Freight type used in a sales document.

Expense Account: Define a expense account to which the system posts any expense amounts associated with each Freight type used in purchasing documents. If you mark freight as stock relevant, the system does not use these accounts. Instead, the system uses the inventory accounts and Expense Clearing Accounts associated with the item record.

Landed Cost Allocations

Navigation: Administration> Setup> Purchasing> Landed Costs

Landed Cost Alloc Account: Specify an GL account to which additional cost incurred during the acquisition of inventory items can be allocated.
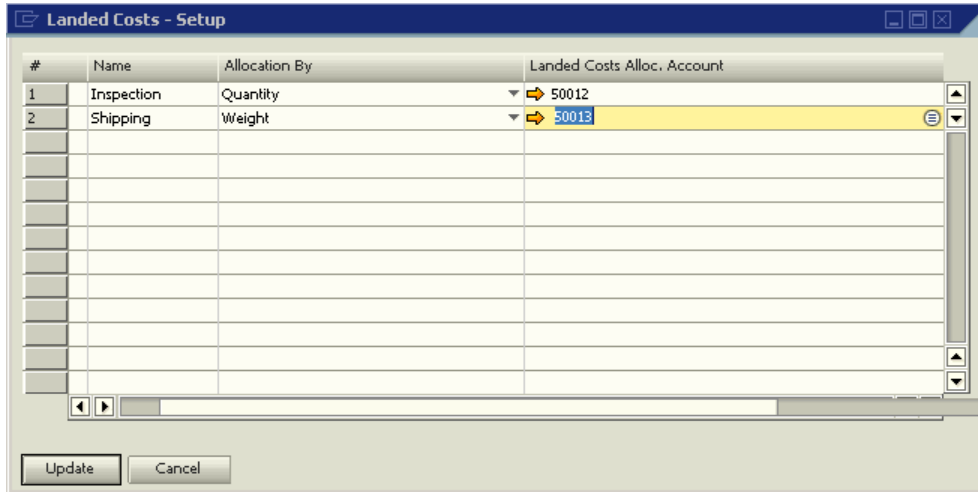
Customs Accounts

Navigation: Administration> Setup> Inventory> Customs Groups

You define customs groups to determine the customs duty for an item purchased abroad. The customs duty is calculated when you enter the import data in the Purchasing application.

Customs Allocation Account: Define a default cost of goods sold account for which the customs amount can be allocated during a Landed Cost transaction. The system credits this account when there are custom group amounts allocated to the receipt of a item.

Customs Expense Account: Define a default expense account for which additional cost defined on a Landed Cost transaction will be allocated. The system credits this account when there are cost amounts added to the inventory value of the item.