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What's So Special About Special G/L Indicators
by Rohana Gunawardena, Exium Inc.

SAPtips

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Editor's Note: Sometimes the best SAP® functionality is sitting right in front of our eyes, but we're so used to our routine that we pass right over it. Such is the case for Special G/L Indicators— a handy but overlooked checkbox that appears whenever you post an FI document. As our new FI/CO Editor Rohana Gunawardena knows firsthand, once you realize what the Special G/L Indicators can do, you'll wonder why you didn't take advantage of them sooner. Those little indicators can be used for all kinds of handy projects—most notably the segregation of customer and vendor balances for better FI/CO reporting. In this screen-shot intensive, step-by-step article, Rohana tells us how we can use the Special G/L for several common business needs, including the factoring (sale) of invoices to third parties for cash flow purposes.

1. What Is a Special G/L Indicator?

Have you ever looked at that small box next to the account number when posting an FI document and wondered what it does? Did you assume that this small field was related to something obscure like a bill of exchange, so surely it couldn't be that important? In this article, I will explain to you just how powerful this small field can be and how you

can harness it to your advantage.

I will start with an overview of what the Special G/L indicator field does and finish with an example of how this functionality can be harnessed to provide an elegant solution for recording factored invoices.

The main benefit of using this field is the segregation of customer and vendor balances to allow more effective reporting. Do your customers or vendors have balances that are different from the normal day-to-day trade balances, e.g., deposits or trade credits? Have you ever wondered how to report these separately, other than recording the transactions in Excel?

Special G/L transactions in accounts receivable and accounts payable can be shown separately in the general ledger and sub-ledger. They allow you to segregate customer or vendor balances so they can be reported separately from regular trade balances.

Some standard SAP processes where Special G/L Indicators are used:

- Security deposits

- Down payments

- Bills of exchange

The main benefit of using the Special G/L field is the segregation of customer and vendor balances to allow for more effective reporting.

- Guarantees

- Individual value adjustments

- Amortization

- nterest receivable

1.1. Reconciliation Accounts

Normally, the G/L reconciliation account for an A/R or A/P transaction is based on the value in the customer or vendor master record. By assigning a Special G/L indicator to the posting, you can override the default reconciliation account and have the balances in the G/L segregated for more effective G/L reporting.

Figure 1: Account Entry Fields at the Bottom of the FI Document Entry Screen, FB01

Display Customer: Accounting information Accounting

| Customer | 14439 | Customer XYZ | | Any Town |
| Company code | 0040 | Company 123 | | |

Accounting information

Recon. account	120000	Sort key	099	Billing number
Head office		Subsidy indic.		
		Planning group		

Figure 2: Default Reconciliation Account in the Customer Master, Transaction XD03

When an FI-AR or FI-AP document is posted, the default reconciliation account can be seen in the FI document. In this case the reconciliation account 12000002 is chosen from the customer master record. See Figure 2.

When a posting is made using a Special G/L indicator, the default reconciliation account is changed. In Figure 3, the Special G/L indicator N has been used, and as a result G/L account 12016102 is used as the reconciliation account. See Figure 4.

2. What Does the G/L Indicator Do?

2.1. Posting Key

When posting customer or vendor transactions, only the following posting keys can be used with Special G/L indicators. In the posting key configuration, OB41, the Special G/L check box is marked for these posting keys.

09 Customer Special G/L Debit
19 Customer Special G/L Credit
29 Vendor Special G/L Debit
39 Vendor Special G/L Credit

This list does highlight one potential down side to using Special G/L indicators: with normal AR & AP postings, transaction types can be segregated by posting key, e.g., posting key 15 for incoming payments. But if an incoming payment is posted with a Special G/L indicator, there is no pre-set way to segregate it from other Special G/L credits. However, if you wanted, you could create additional posting keys for Special G/L transactions in transaction OB41.

2.2. Integration Between FI-GL and the AR & AP Sub-Ledgers

This is a brief overview of how to integrate an AR posting to G/L in SAP.

A typical AR posting would be a cash payment by the customer. This is a two line JV entered by the user into SAP using transaction F-28:

Dr 10470002   Cash
Cr 13564   Customer XYZ

Display Document: Line Item 001

Customer	14439	Customer XYZ	G/L acc	120000
CoCode	0040	123 Main Street		
Company 123		Any Town	Doc. no.	90800118

Figure 3: The Default Reconciliation Account Can Be Seen in the FI Customer Document

This can be thought of as a three-line entry: a balancing JV to G/L and a single-sided entry in the AR sub-ledger. The three entries happen to be automatically based on the two-line JV entered by the user into SAP. Remember that AR is a single-sided sub-ledger, while G/L is a balancing double-sided ledger:

Double-sided G/L entry
   Dr 10470002   Cash
   Cr 120000   Trade A/R

Single-sided AR entry
   Cr 13564 Customer XYZ

Display Document: Line Item 001

Customer	14439	Customer XYZ	G/L acc	120161
Company code	0040	123 Main Street		
Company 123		Any Town	Doc. no.	1400000147

Figure 4: Modified Reconciliation Account When a Special G/L Indicator Is Used.

You can see that the single customer line is posting to both G/L & AR by looking at the line item detail of the document, where you can see both a customer number and a G/L account number. See Figure 3 & Figure 4.

2.3. Reporting

2.3.1. Line Item Display

When using the FBL1 & FBL5 line item display transactions, the Special G/L indicator transactions are separated at the bottom of the list, with a summary of balances by Special G/L indicators. See Figure 5.

A summary of customer balances by Special G/L indicators can be found quickly in transaction FD10 under the Special G/L tab. See Figure 6.

2.3.2. G/L Balances

Using report RFSSLD00, or any other FI-GL account balance report, you can view the balances on the different reconciliation accounts. See Figure 7.

3. Default Values

3.1. Parameters for FBL1 & FBL5

When displaying customer (FBL5) and vendor (FBL1) line items, the default value to select Special G/L items cannot be set in the regular FB00 transaction where user defaults for FI can be set. See Figure 8.

In this case, setting the parameters is done by entering Parameter ID LD0 for customers and LK0 for vendors (value "X X") in your

Figure 5: Customer Line Item Display Using Transaction FBL5

Figure 6: A Summary of Special G/L Balances Can Be Found in Transaction FD10

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Acct no.	Name							
		Curr.	BusAr.	C/fwd balance	Previous months	Debit amount	Credit amount	Total debit bal	Total credt bal
120000	Trade A/R (customer recon acct)								
		USD	0022	0.00	0.00	33,850.00	33,850.00	0.00	
120161	Trade A/R-Factoring (customer recon acct)								
		USD	0106	0.00	0.00	33,850.00	0.00	33,850.00	

Figure 7: Segregated Special G/L Balances Can Be Seen in the G/L, Report RFSSLD00

user profile. Use this path: Transaction SU3, Parameters tab, System Ë User profile Ë Own data Ë Parameters tab (press)

4. Standard Indicators

Many Special G/L indicators are configured in the standard SAP system. To use these, you only need to define the alternate reconciliation accounts in configuration. See Figure 10.

4.1. Indicator-Specific Screens

For several processes such as Bill of Exchange and Down Payments, SAP has developed indicator-specific screens and transactions that are used in conjunction with the Special G/L indicators. In these

Display Customer Line Items: Initial Screen

Customer   14439
Company code   0040

Line item selection
- ☑ Open items
- ☐ Cleared items
- ☐ Parked items
- ☑ With special G/L transactions
- ☐ With vendor line items

[Selection criteria...]   [With worklist]

Figure 8: Transaction FBL5 Selection Screen

cases, a little known field called "Special G/L transaction type", UMSKS, comes into play. Whenever a Special G/L indicator is defined, a matching Special G/L transaction type is defined automatically by SAP in table T074U—it is usually the same as

Address	Defaults	Parameters

Parameters	Value	Text	
LD0	X X	Parameters for list displays (customer)	▲
LK0	X X	FI: Parameters for line item display (ve	▼

Figure 9: Set User Parameters to Automatically Select Special G/L Items, Transaction SU3
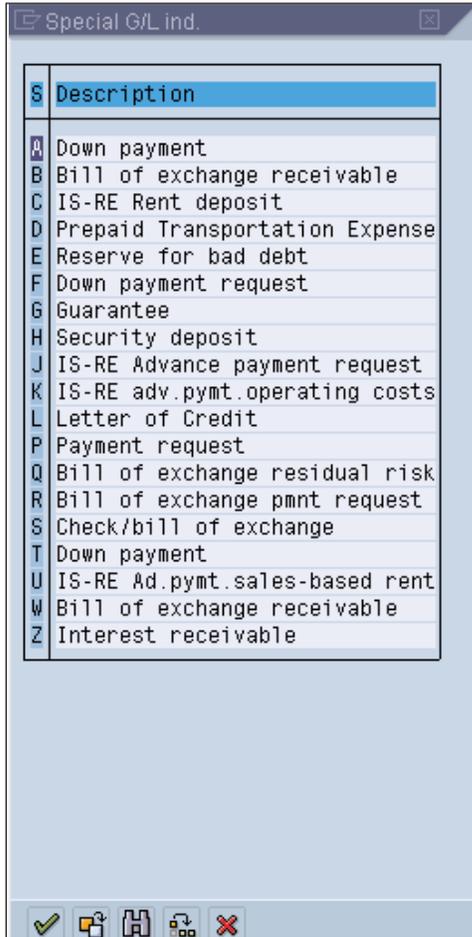
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Figure 10: Some of the Standard Special G/L Indicators

the Special G/L indicator.

In the case of Bill of Exchange and Down Payment Special G/L indicators, the Special G/L transaction type is always one of the two values below:

These values cause the indicator-specific screens to be active during FI document entry and display.

5. Factoring Example

5.1. Overview

Many businesses factor their invoices and sell the invoices before they are paid by the customer to a third party such as a bank for a small discount in order to help their cash flow. Once the companies sell the invoices to the bank, they still have to collect the full payment from the customer and pass this on to the bank. They also need to record the receipt of cash and payment of a discount fee to the bank for providing the factoring service. If not all invoices for a customer are being factored, it is also essential to identify which invoices are factored, so that the bank can be re-paid as soon as the cash is received.

In SAP, there is no standard functionality to deal with this situation.

There are several possible solutions:

1. Leave factored items on customer account in SAP and record factored items in Excel.

2. Create a custom Special G/L indicator to record factored invoices.

3. As the factoring process is a very similar business process to bills of exchange, configure a custom Special G/L indicator linked to the bill of exchange functionality, Special G/L transaction type = "W", which can be configured using transaction OBYN.

4. Create a Special factoring customer and transfer the factored invoices to the factoring customer.

Let's consider these solutions:

1. Using Excel or another external system is easy to set up and can be managed by the accounting user. However, the solution is not scalable when large volumes of data are involved, and the reporting will not be available globally to all users. Problems also arise when multiple users need to update data at the same time.

2. The Special G/L indicator solution allows the user to leverage existing functionality in SAP, especially reporting. It allows a clear indication of the customer position using the FBL5 transaction and segregates the factored amount on the balance sheet.

3. The bill of exchange based solution is quite interesting, as it allows the use of the Special bill of exchange screens in FI document entry, which allows for additional data entry.

Special G/L transaction type	Process	Special G/L Indicators	Process Specific Transactions	Configuration Transactions
A	Down Payments	A, B, C, F, I, J, K, M, O, T, U, V, Z	F-37, F-29, F-39, F-47, F-48, F-54	OBXR, OBYR
W	Bill of Exchange	B, Q, R, S, W	FBW1, FBW2, F-36, F-33, F-34, F-35, F-20, FBW5, F-40, FBW6	OBYN, OBYM

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4. With a Special factoring customer, you will not be able to view all of the customer's items on one screen, and a new customer needs to be created for each customer, who has to be factored. When moving invoices to the new account, you will have to use cross-customer clearing, which adds to the complexity.

My experience has been that end users have usually preferred option two at first, however, they will usually require additional memo and date fields for factored documents, which results in option three being the best solution, as you can use the additional bill of exchange fields to store this data, and you can also use additional reporting such as RFWEKO02. The only

Figure 12: Define New Special G/L Indicators in Transaction OBXY

draw back is that the end-user process gets a little more complex as the Special bill of exchange transactions need to be used. To keep the focus on the Special G/L functionality, I will focus on option 2 as a solution.

5.2. Configuration

Most of the required configuration is located in the IMG at IMG Ë Financial Accounting Ë Accounts Receivable and Accounts Payable Ë Business Transactions Ë Postings with Alternative Reconciliation Account Ë Other Special G/L Transactions.

5.2.1. Define Special G/L Indicator

When defining a new Special G/L indicator, it is wise to choose a number rather than a letter, as SAP has selected most of the letters for pre-defined use.

To create a new Special G/L indicator, choose transaction OBXY, Define Alternative Reconciliation Account for Customer, or OBXT, Define Alternative Reconciliation Account for Vendors. See Figure 12.

Create the new entry and then double click on the entry to define the reconciliation accounts to be used. See Figure 13.

Figure 11: Bill of Exchange Specific Data Entry Screen.

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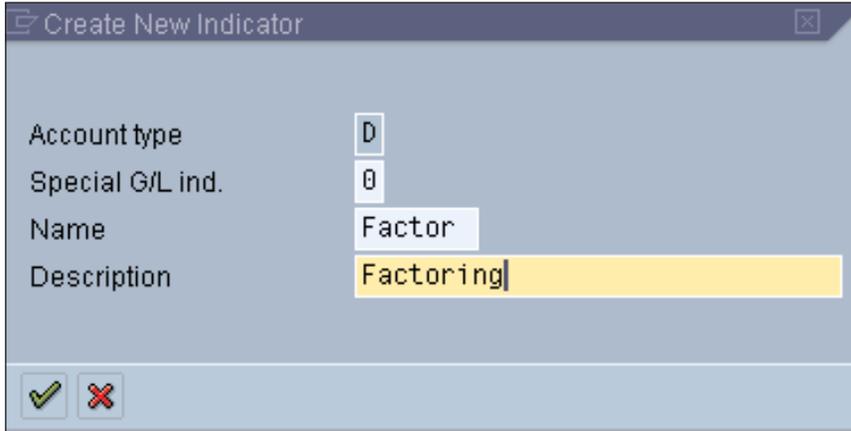
Figure 13: Enter Texts for New Special G/L Indicator in Popup Screen

5.2.2. Define Document Change Rules

Transaction OB32, IMG path = IMG Ë Financial Accounting Ë Financial Accounting Global Settings Ë Document Ë Line item Ë Define Document Change Rule

This configuration allows for the change of certain FI document fields in change mode, FB02, when used in conjunction with Special G/L indicators. I will not use this setting in this example, but it may be useful for you with your local configuration.

You will be taken to the properties screen where you can enter separate texts for the debit and credit transactions.

Do make a note of the checkbox "Rel.to credit limit"— this can be used to include or exclude the Special G/L balances from credit management calculations. Your selection for this item will depend on whether or not you have a contract for recourse or non-recourse factoring. In this example, the checkbox is blank, so Special G/L balances do not impact credit management as the client has contracted for non-recourse factoring, where the factoring company carries the burden of bad debts.

When assigning an alternate reconciliation account for the Special G/L indicator, remember that this is dependant on the customer or vendors' default reconciliation account. If you use many reconciliation accounts, you will have to make multiple entries.

Note that the same Special G/L indicator code can exist for a customer and vendor account and have a completely different use for

each. The customer account and vendor account indicators are completely independent of each other.

5.3. Accounts

Here is an overview of the G/L accounts used in this example:
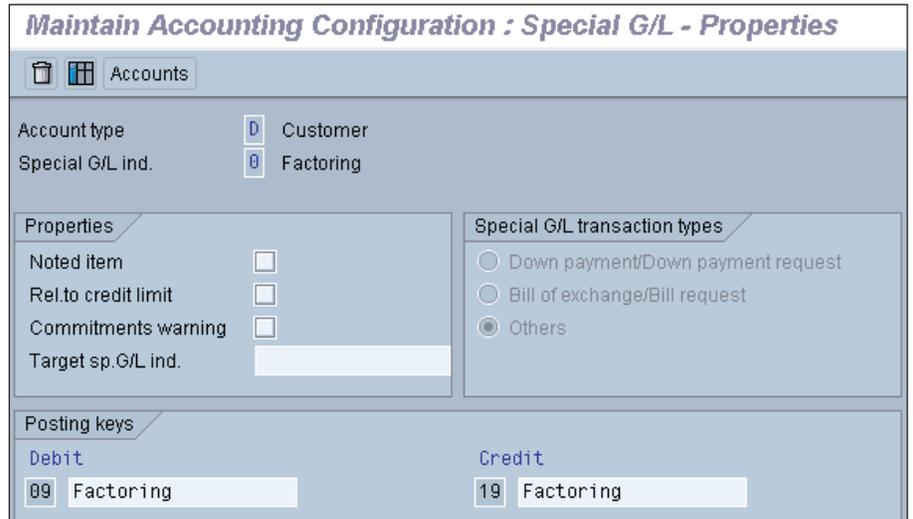
Figure 14: Define Properties for Indicator

Figure 15: Assign Alternate Reconciliation Account

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Account	Name	Description
104700	Checking account	G/L account for bank account
120000	Trade A/R (customer recon acct)	Normal customer reconciliation account
120160	A/R Factoring Liability	Liability account that shows that repayment owed to bank offsets debit balance in factoring reconciliation account. Can be an open item managed account for greater clarity.
120161	Trade A/R-Factoring (customer recon acct)	Special G/L indicator 0 reconciliation account, balance of factored invoices outstanding. Mark as reconciliation account type D.
260592	Sales Tax Payable	Sales tax collected from customers payable to government
269140	Collections Payable-A/R Factoring	Cash receipts for factored invoices, which are now repayable to the factoring company/bank
410000	Revenue	Sales revenue account
892100	Other-Factoring Expense	Expense account to charge factoring fees

5.4. Transaction Steps

Here are the SAP transactions steps to be undertaken in the factoring life cycle.

5.4.1. Create Invoice

As part of the normal invoicing process, the FI invoice document, RX, is posted to the customer account.

5.4.2. Record Invoices for Factoring

Once you have decided which invoices to factor, you will need to move these to be line items with Special G/L indicator 0. Create the new lines with transaction FB05 and clear the existing RX invoice line. In the accounting detail below, I have shown the reconciliation account number, but you will actually post to the customer number.

5.4.3. Record Incoming Cash from Factoring Company/Bank

Record the cash payment from the factoring company/bank in your cash account and expense the factoring discount. Also record the liability of the repayment to the factoring company. Post as a regular SA journal using FB01.

5.4.4. Record Cash Receipt from Customer

When the customer makes a payment, clear the open Special G/L item with transaction F-28 like any normal customer payment. In the accounting detail below, I have shown the reconciliation account number, but you will actually post to the customer number.

Once the customer has made a payment, you need to record the amount to be repaid to the factoring source, as this is really their cash that you are collecting on their behalf.

5.4.5. Record Cash Repayable to Factoring Company/Bank

Once the customer has made a payment, you need to record the amount to be repaid to the factoring company/bank, as this is really their cash that you are collecting on their behalf. Post as a regular SA journal using FB01. You can use a daily list of cleared Special G/L indicator 0 line items to calculate the amount to be posted. You can manage account 120160 on an open item basis for greater clarity and post this entry using F-04.

5.4.6. Remit Cash to Factoring Company/Bank

On a regular basis, make a repayment to the factoring company/bank of the amounts repaid by the customer. Actual frequency and process of repayment will depend on your contract with the factoring company/bank. Post as a regular SA journal using FB01.

5.5. Accounting

Here is an overview of the accounting transactions used in SAP to record the factoring liability and the subsequent cash

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Dr	Cr	Account	Description	Amount	Comment
1. Invoicing				VF01	*RV - FI/SD interface posting*
01		120000	Trade A/R (customer recon acct)	2,000,000	**Create customer invoice in AR**
	50	410000	Revenue	(1,904,762)	
	50	260592	Sales Tax Payable	(95,238)	**Sales tax @5.00%**
2. Factoring: record invoices for factoring				FB05	*DZ - Post with Clearing*
09-0		120161	Trade A/R-Factoring (customer recon acct)	2,000,000	**Move invoice to Special G/L indicator 0**
	15	120000	Trade A/R (customer recon acct)	(2,000,000)	**This is an automatic clearing line**
3. Factoring: incoming wire received				FB01	*SA - Standard Journal posting*
40		104700	Checking account	34,580,000	**Single posting for multiple invoices**
40		892100	Other-Factoring Expense	420,000	**Discount charge, fee to bank**
	50	120160	A/R Factoring Liability	(35,000,000)	**Record factoring liability**
4. Cash Receipt: Clear Factored Invoice				F-28	*DZ - Post Incoming Payments*
40		104700	Checking account	2,000,000	**This is the general cash/bank account**
	19-0	120161	Trade A/R-Factoring (customer recon acct)	(2,000,000)	**This is an automatic clearing line**
5. Cash Receipt: Record Liability to Bank				FB01	*SA - Standard Journal posting*
40		120160	A/R Factoring Liability	2,000,000	**Release factoring liability.**
	50	269140	Collections Payable-AR Factoring	(2,000,000)	**Record cash payable to the bank**
6. Remit Collection to Bank: On a weekly basis repay the bank				FB01	*SA - Standard Journal posting*
40		269140	Collections Payable-AR Factoring	2,000,000	**Release liability to the bank**
	50	104700	Checking account	(2,000,000)	**Wire cash to banK**

receipt and repayment to factoring company/bank. Transaction code and document type are show for each posting. In the case of postings to customer reconciliation accounts, the customer number rather than the G/L account number will be entered in the transaction.

5.6. Clearing

When clearing accounts, you need to explicitly select Special G/L indicator items; they are not selected by default. In step 4 of the factoring process, when a cash receipt for a factored invoice is received, the Special G/L indicator needs to be entered in the initial screen of transaction F-28. Turn off the Standard OIs checkbox if you only want to select Special G/L items. Unfortunately, there is no parameter ID for this field.

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6. Concluding Thoughts

There are always untapped areas of SAP functionality that SAP users have not taken full advantage of. Clearly, Special G/L indicators are a great example of such functionality. In this article, we've "lifted the hood" on the G/L indicators and looked at how they can be configured to support a variety of financial processes such as invoice factoring. Next time you're dealing with the need to segregate customer and vendor data for reporting or transactional purposes, remember that handy little Special G/L indicator.

Rohana Gunawardena, *Exium Inc.* Rohana is a Senior FI/CO Consultant Specializing in global, multi-site rollouts. Rohana has been working with SAP since 1992, focusing on the FI and CO modules with emphasis on business segment reporting, cross-module integration to FI/CO, sales-cycle accounting, and A/R. He also has experience with SD and ABAP. Rohana is a Fellow of the Institute of Chartered Accountants in England and Wales. He can be reached at **Rohana@Exium.com**.

Figure 16: In Transaction F-28 Explicitly Choose Special G/L Indicator 0

Figure 17: In the Select Open Items Screen You Need to Explicitly Choose Special G/L Indicator 0.

About The Author

Rohana Gunawardena heads the SAP practice division at Exium. Exium is a leading business and technology consulting firm that enables companies to achieve their strategic business goals. Exium specializes in delivering superior IT solutions using SAP products.

Rohana has worked on a variety of SAP projects since 1992, focusing on large multi-year implementations of SAP following the full SAP life-cycle from strategic planning to production support. Rohana has a special focus on the Order-to-Cash process and cross-module integration to FI/CO.

Rohana is a Fellow of the Institute of Chartered Accountants in England & Wales. Previously Rohana has worked with the consulting practices of Accenture, Deloitte and PwC.

He has spoken at many SAP conferences and has published more than 30 magazine articles in SAP Financials Expert, SAP SCM Expert and SAPtips on various aspects of SAP. Rohana is widely acknowledged as a leading SAP expert.

You may reach him via e-mail at Rohana@Exium.com.
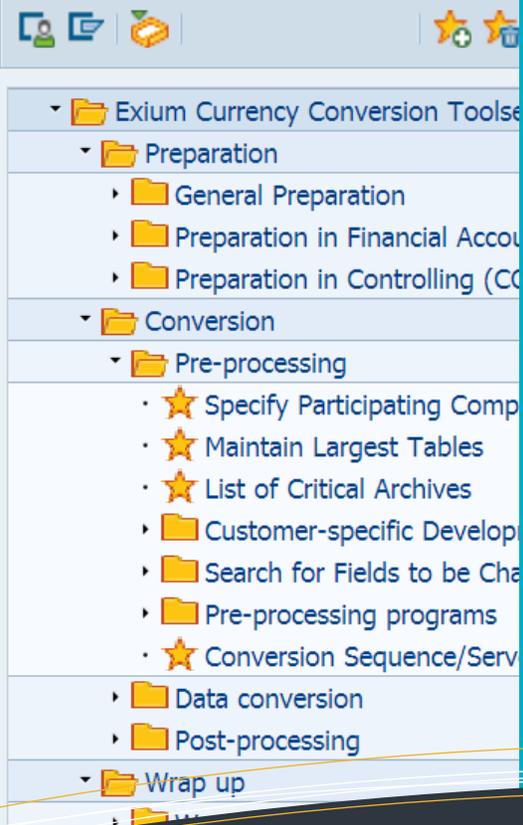
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