

SAP FICO Interview Questions and Answers

1. What is SAP R/1, R/2, R/3? Or Difference between R/1, R/2, R/3?

SAP R/1

SAP R/1 was the first version and it is one tier architecture in which three layers Presentation, Application and Database are installed in one system/server

Server one – Presentation + Application + Database

SAP R/2

SAP R/2 is the mainframe version of software and it is 2 tier architecture in which three layers Presentation, Application and Database are installed in two separate server.

(Server one – Presentation, Server two – Application + Database)

SAP R/3

SAP R/3 is the client/server version of the software and it is 3 tier architecture in which three layers Presentation, Application and data base are installed in three server/system

Server one – Presentation, Server Two – Application, server Three – Database

2. What is Financial Accounting SAP?

Financial Accounting module is the back bone of SAP, which records, collects, and process financial transactions on a real time basis and which the data is drawn for the external and internal reporting. Financial Accounting is integrated with other modules such as

- Sales & Distribution (SD)
- Material Management (MM)
- Human Resources (HR)
- Production Planning (PP)
- Controlling (CO) etc.

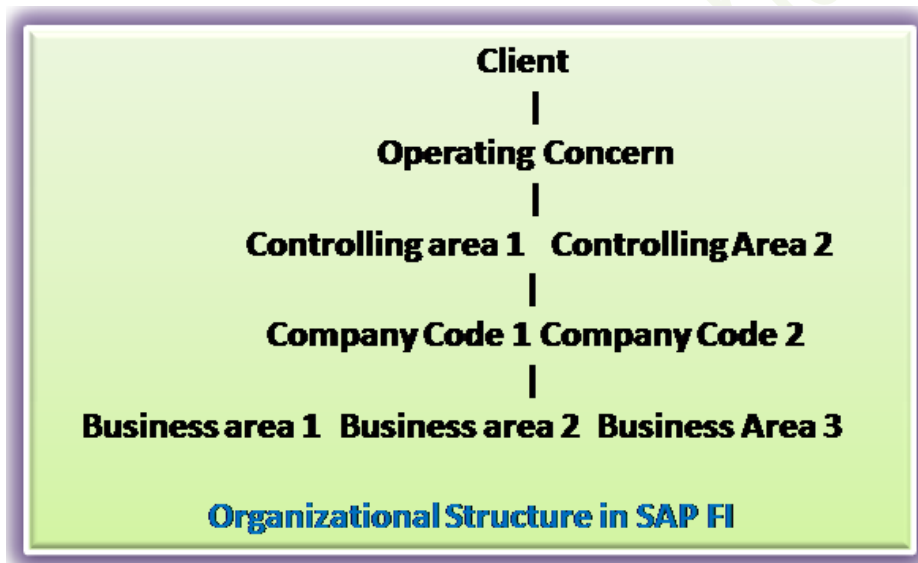
3. What are Organizational Units in SAP?

Ans. Organizational units in SAP are the functional units in enterprise and are used in reporting.

For Example:-

1. Client (Across the Various Modules)
2. Company Code (FI)
3. Controlling area (CO)
4. Plant (Logistics)
5. Purchasing Organization (PO)
6. Sales Organization (SD)
7. Employee Group (HR), etc.

4. Describe Organizational Structure in SAP?



5. What is a Company in SAP?

Ans. Company is the organizational unit for which individual financial statements can be drawn according to the relevant commercial law. A company can comprise of one or more company codes. A *Company* has local currencies in which its transactions are recorded. All **company codes** within a company must use the same transaction Chart of accounts and the same Fiscal Year. Creation of company in sap is optional.

6. What is a Company Code in SAP?

Ans. **Company Code** in SAP is the smallest organizational unit of Financial Accounting for which you draw individual financial statements like Balance Sheet and Profit & Loss Account for purpose of external reporting. The Creation of company code in sap is mandatory.

7. What are the Organizational Elements in SAP FI and describe them?

Ans. The Important **organizational elements in SAP FI** are

- Company Code
- Business Area
- Chart of Account
- Functional Area

<http://www.saponlinetutorials.com/what-are-the-organisational-elements-in-sap-fi-and-describe/>

8. What are the Important Global settings for a Company code in SAP?

<http://www.saponlinetutorials.com/enter-global-parameters-for-company-code-oby6/>

9. What is a Business Area?

Ans. **Business area** is a separate area of operations or responsibilities of organizational units with in a company code and used for internal and external reporting. Different divisions of each business with in a legal entity are created as Business areas for reporting of each operational areas.

10. What is IBAN Number in SAP?

Ans. **IBAN** stands for “International bank account number, internationally recognized, unique identification number for a specific bank account.

An IBAN is a series of a maximum of 34 alphanumeric characters, and is made up of a combination of the following elements:

1. The bank country key (ISO-Code)

2. Two check digits
3. Country-specific account number

IBAN maintains in bank details of Customer/Vendor Master data and in House bank, most of the time IBAN is used for foreign currency payments time.

11. Can you assign more than One Company Code to a Company?

Ans. Yes. We can assign more than One 'Company Code' to a 'Company'

All the Company Codes within a Company should use the same Chart of Accounts and the same Fiscal Year, though all company codes can have different Local Currencies.

12. What is a Posting Key and What does it control in SAP?

Ans. Posting key in SAP is a two digits numerical key that determines the type of transaction entered in line items

Posting Keys determines:-

1. Account Types (A, D, K, M, S)
2. Type of postings i.e. Debit or Credit
3. Field status of transaction

13. What are the Sub modules in SAP Financial Accounting (FI)?

Ans. SAP FI Modules contains the following sub-modules

- General Ledger accounting
- Accounts Receivables
- Accounts Payable
- [Asset Accounting](#)
- Bank Accounting
- Consolidation
- Special Purpose Ledger
- Travel Management

Read more – <http://www.saponlinetutorials.com/what-is-sap-fico-about-sap-fico-module/>

14. What is a Functional Area in SAP?

Ans. Functional Area is a organizational unit in accounting that classifies the expenses of an organization by functions. The functional area is use to create P&L A/C in Financial Accounting using cost of sales accounting. E.g. of functional areas are

- Administration
- sales and distribution
- Manufacture
- Production
- Research and development.

15. What is a Credit Control Area in SAP?

The credit control area is an organizational unit that specifies and checks a credit limit for customers. Credit control area can includes one or more company codes

<http://www.saponlinetutorials.com/define-credit-control-area-for-customer-in-sap/>

16. What is a Chart of Accounts and types of COA in SAP?

Ans. The chart of accounts in SAP (COA) is a list of GL accounts master record that are used by the organization. A chart of accounts must be assigned to each company code. Chart of Accounts is defined at client level.

Types of Chart of Accounts:-

- Operating chart of Accounts
- Country Specific chart of Accounts
- Group Chart of Accounts.

17. What are the Major Components of Chart of Accounts?

<http://www.saponlinetutorials.com/how-to-create-new-chart-of-accounts-in-sap-chart-of-accounts-in-fico/>

18. What is a Country Chart of Accounts?

The **country-specific chart of accounts** in sap contains the G/L accounts needed to meet the country's legal requirements. Country specific chart of accounts are assigned to company codes and this is optional.

19. What is an Operating Chart of Accounts in SAP?

The **operating chart of accounts in sap** contains the G/L accounts that uses for posting in company code for daily activities and used in both financial accounting and cost accounting. You have to assign operating chart of accounts to a company code.

20. What is Group chart of Accounts and its purpose?

The **Group chart of accounts in sap** contains the G/L accounts that are used by the entire corporate group and this COA is used to consolidate the reports for the entire corporate group.

21. Which COA is used for day to day postings?

- Operating chart of accounts

22. How many charts of accounts can be assigning to one company code?

One chart of accounts can be assigned to several company codes, and you will not be able to assign more than one chart of accounts to a single company code.

23. What is a Fiscal Year?

A fiscal year is divided in to number of posting periods and each posting period in a accounting period is defined by a start date and end date

24. What is a Fiscal Year Variant?

Fiscal year variant is used to define the fiscal year.

A Fiscal year variant contains the 12 normal posting periods and 4 special periods. We can define maximum 16 posting periods for each year. Special periods are used for Year-end activities.

Read more from- <http://www.saponlinetutorials.com/create-fiscal-year-variant-in-sap-fiscal-year-accounting-period/>

25. Which transaction code is used to assign a fiscal year to a company code?

Transaction Code- OB37

<http://www.saponlinetutorials.com/how-to-assign-company-code-to-fiscal-year-variant/>

26. What is a Posting period variant?

Posting Period Variant is accountable for the opening and closing of periods in a Fiscal Year for postings to take place. The Posting Period Variants (PPV) in SAP is used to control which accounting period is open for postings and ensuring that closed period remain balanced and reconciled. We can assign posting period variants to one or more company codes.

27. What is Opening and Closing Posting Periods?

The posting periods can be maintained as per account type and the year which is to be open & which is to be closed. The Posting Period Variant is used to control which accounting period is to be open for posting and ensuring that closed periods are remain balanced and reconciled.

Read More - <http://www.saponlinetutorials.com/define-variant-for-open-and-close-posting-periods-sap-ob52/>

28. What is a year dependent and independent fiscal year variant?

Fiscal year in SAP can be defined as year dependent or Year Independent

Year independent – Same number and dates for the periods every year
year dependent – Periods can be different from year to year

Read more- <http://www.saponlinetutorials.com/create-fiscal-year-variant-in-sap-fiscal-year-accounting-period/>

29. What is a Year Shift/Displacement in Fiscal Year?

<http://www.saponlinetutorials.com/create-fiscal-year-variant-in-sap-fiscal-year-accounting-period/>

30. What is a Shortened Fiscal Year?

Fiscal year which has less than 12 posting periods is known as shortened fiscal year.

31. Can you explain how do you carry forward Account Balances?

Account balances are carried forwarded from one fiscal year to the next fiscal year by using the SAP standard carry forward program.

32. What is a Retained Earning account? And how many retained earning accounts can be defined in SAP System?

Account balances are carried forwarded from one fiscal year to the next fiscal year by using the SAP standard carry forward program. Retained earnings account is assigned to each P&L account by specifying a P&L statement account type in the chart of accounts (COA). Each Profit & Loss account is assigned to a Retained Earnings Accounts by key

Read more - <http://www.saponlinetutorials.com/how-to-define-retained-earnings-account-sap/>

33. What is a Field Status group?

The field status group specifies which fields are ready for input, which are required entry fields, and which are hidden when entering documents.

Read more- <http://www.saponlinetutorials.com/define-field-status-variant-in-sap-field-status-group/>

