Business Blueprint

Project: GMC

Created by:	MESSAM
Created on:	5/22/2011
Selection Options:	
Scope	
Structure Elements:	Parts of Structure Selected
	Only Structure Elements with Documents
Display Options	
Structure Elements:	Display Logical Components
	Team Member
Documents:	Documentation Type
	Documentation Name

Signed on	Signature: Customer	Signature: Consultant

Contents

GMC-SAP Implementation

1 Business Scenarios

1.1 FICO Scenarios

1.1.1 Business Processes

Name:	GMC-Business Blueprint- Internal Order-110521.doc
Documentation Type:	Business Blueprint

1.1.1.1 New general Ledger and Profit Center Accounting

Name:	GMC-Business Blueprint-organisation structure & General Ledger-1
Documentation Type:	Business Blueprint

1. Introduction

Objective of this Report

- Based on the discussions, business scenarios will be documented and need to be addressed by the configured ECC6 system. The purpose of this report is to confirm the understanding of these business scenarios, which will form the basis for system specifications. This document covers only an overview of the to-be processes. The exact data on master data fields, their status, document types, number ranges used in individual transactions shall be determined during the Realization phase.

Business Process Scope

Financial Accounting (FI) Management Accounting (CO) Financial supply chain Management (FSCM) module will cover the following business processes:

- **Master Data Maintenance in Accounting.**
- **General Ledger Accounting.**
- **Accounts Payable.**
- **Accounts Receivable / Collection Management /Credit management.**
- **Bank Accounting /Cash Management.**
- **Asset Accounting.**
- **Closing Procedures.**
- **Financial Information System in FI.**
- **Cost Center Accounting.**

- **Profit Center Accounting.**

- **Internal Order.**

- **Profitability accounting.**

2. Executive Summary

General

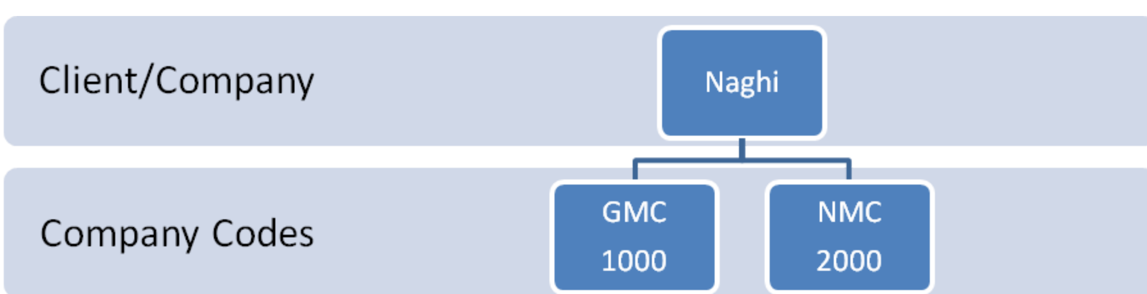
- SAP Financial Accounting Module shall cover Gulf Medical Company & Naghi Medical company Finance related functions across various business locations.

Enterprise Structure

- Various Sales Enterprise Elements will be used to map various sales and distribution related organisations of Gulf Medical Company & Naghi Medical company Which has independent legal existence in Gulf Medical Company & Naghi Medical company considered as a two separate company codes in SAP, to provide separate financial reporting for internal and external purposes.

Company Code Name	Short Name	SAP Code
Gulf Medical Company.	Gulf Medical Company	GMC
Naghi Medical Company.	Naghi Medical Company	NMC

- Company code is the central entity in FI as well the highest entity in Logistics. The legal companies will be assigned to one Controlling Area (1000).



- Chart of Accounts are G/L Account Master Records required in the company codes. Postings are made to these accounts. The length of the GL code will be 6 (numeric).

- Credit Control Area controls the credit limit and credit controls in SAP. At Gulf Medical Company, one credit control area will be defined and assigned to the Gulf Medical company code, and one credit control area will be defined for the Naghi medical company.

Currency

- Gulf Medical Company And Naghi Medical Company will use Saudi Arabian Riyal (SAR) and Arab Emirates Dirham (AED) as the Company code currency. Both Companies will define US Dollar, Euro, British Pound, Japanese yen (JPY), Arab Emirates Dirham (AED) , Egyptian Pound (EGP), Bahraini dinar – (BHD) , Qatari riyal (QAR), Lebanese pound (LBP) , Saudi Arabian Riyal (SAR) , in relation to their company codes currency . Factors for all currency translations will be maintained in the system. Users can also enter appropriate exchange rate for conversion of each foreign currency into SAR. As default, the conversion will take place on the basis of the last translation rate maintained in the system. Foreign Currency translation rates need to be revised periodically.

Fiscal year

- The financial year of Gulf Medical Company & Naghi Medical Company is 12 normal periods i.e. from January to December & 4 special periods for financial closing.

- **New general Ledger and Profit Center Accounting :**

G/L accounting provides a comprehensive picture for external accounting and accounts. Essentially, the general ledger serves as a complete record of all business transactions entered into the SAP system. It is the centralized, up-to-date reference for the rendering of accounts. Actual individual transactions can be checked at any time in real-time processing by displaying the original documents, line items and monthly debits and credits at various levels.

- Both Company codes will Use the following G/L account groups:

Account Group	From	To
Assets	110000	119999
Investment	120000	129999
Inventory	130000	139999
Accounts Receivable & Other Debit Balances	140000	159999
Cash On Hand	160000	169999
Banks	170000	179999
Accounts & Notes Payables	210000	219999
Provision	220000	229999
Long Term Liabilities	230000	239999
Equity	300000	399999
Consumption (Project Cost elements)	400000	499999

Sales Revenue	510000	519999
Cost of Sales	610000	619999
Indirect Cost	620000	629999
Sales & Marketing Expenses	630000	639999
Distribution Expenses	640000	649999
General & Administrative Exp	710000	719999
Provision EXP	720000	729999
Depreciation EXP	730000	739999
Other Income / Expense	810000	819999
Opening Balance Accounts	910000	919999
Offsetting Accounts	920000	929999
Offsetting cash and bank Accounts	930000	939999

G/L master data controls entering and processing of business transaction data in the appropriate account as well as management of account within a company code. The fields that must be filled /selected while creating masters are as follows:

- **Currency**(Should be defaulted to SAR in GMC & AED in NMC).
- **Reconciliation Account for Account Type.**

- Account Description.
- Account Description.
- Line item Management indicator.

General Ledger Transactions PROCESSING:

The system uses the document principle as its reference for entering and posting business transactions. Each business transaction is stored as a document form within the system till it is archived.

The following common documents will be used within the General Ledger:

- **Posting area adjustment entries / and manual entries for closing activity .**
- **Banking and Cash Transactions**
- **Provision Postings and Other G/L transactions.**
- **Inter-company transactions**

Parked DOCUMENTS:

- Document parking can be used to enter and store (park) incomplete documents

  in the SAP System without carrying out extensive entry checks. Parked documents can be completed, checked and then posted at a later date. The amounts, account codes and the posting date may be changed before posting. However the document date cannot be changed. And with parked document we can use a standard workflow for an approval cycle EX, accountant will park a document, and the manager will approve it.

RECURRING ENTRIES:

Recurring Documents are created for processing transactions that are of routine and repetitive nature. In Gulf Medical company & Naghi Medical company , entries For example it can be used for :

- **Prepayments.**
- **Insurance.**

INTEREST CALCULATION:

Interest can be calculated on GL account balances in two ways:

- Account balance interest calculation
- Calculation of interest on arrears

DOCUMENT REVERSALS:

- Document reversal is used to reverse a general ledger transaction in error,

  however not for an accounting entry posted from Asset Accounting or other module. A reason code can be set and assigned to a reversal document. The documents, which have been posted due to error, should be reversed in the same period (month) if the posting period is open. In case where the period is not open then it has to be posted to the current period. GMC and NMC will use the true reversal.

MAINTENANCE OF ACCOUNT BALANCE

The following is the transaction where automatic clearing will be utilized by GMC/NMC:

- **Goods received Invoice received (GRIR):** **When a goods receipt is entered, it is posted to the GR/IR account. When the invoice is posted to a vendor, it is matched with the goods receipt and Purchase Order, and an offset is posted to the GRIR account. The clearing process will clear the offsetting open items automatically, based on a maximum of four user criteria.**

How we will clear shipper, Insurance & Travel Agencies invoices Manual or Automatic?

- **Manual clearing :**

In manual clearing procedure, we individually select each open item seen on the screen at a global level, that balance to zero from an given GL account. The said GL account needs to be defined as open item managed account. The system marks the items as cleared and a clearing document number is generated.

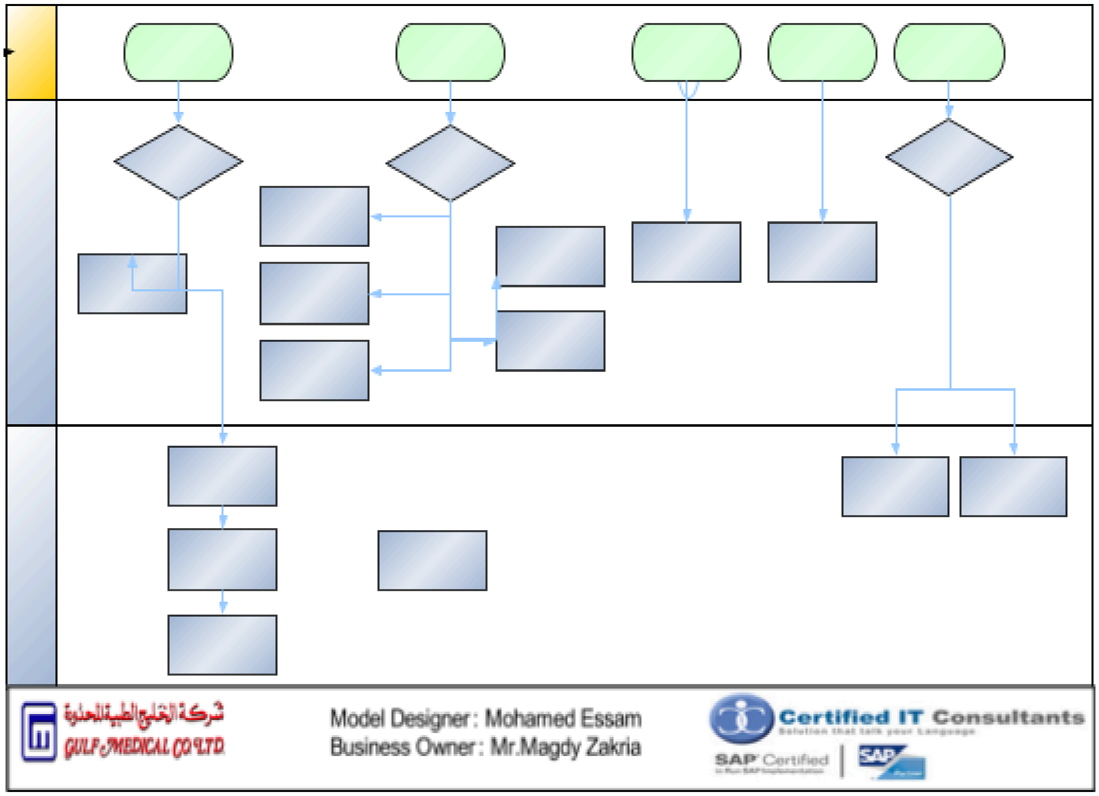
ACCRUALS / DEFERRALS ENGINE:

The assignment of an organization's receipts and expenditure to particular periods, for purposes of calculating the net income for a specific period. A distinction is made between:

- Accruals - An accrual is any expenditure before the closing key date that represents an expense for any period after this date.
- Deferrals - Deferred income is any receipts before the closing key date that represent revenue for any period after this date.

Gulf Medical Company and Naghi Medical Company Can use both for object like rent, insurance etc.

General Ledger Business process Model



Process FLOW:

- Posting General Ledger Account Documents
- Displaying the Document Journal.
- Displaying G/L Balances (List).
- Carrying Out Recurring Entries.
- Account Maintenance: Automatic and Manual Clearing.

Key POINTS:

- provides a comprehensive picture of external accounting and accounts
- Records all business transactions in a software system that is fully integrated
- ensures that the accounting data is always complete and accurate
- Automatic and simultaneous posting of all sub ledger items in the appropriate general ledger accounts (reconciliation accounts)

- Simultaneous updating of general ledger and cost accounting areas
- Real-time evaluation of and reporting on current accounting data
- financial statements with different versions and additional analyses
- Actual individual transactions can be checked at any time in real-time processing.

Transaction Codes

The following common transaction codes are used:

Transaction Code	Description
FB50	G/L Posting in FI
FB03	Display Accounting Documents
FB08	Reverse Individual Document
F-02	General Posting
FV50	Edit or Park G/L Document
FBD1	Recurring Document
FB02	Change
FBV0	Post/Delete Parked Document
FBV6	Reject Parked Document
FBU8	Cross-Company-Code Transaction /Reverse
FBL3N	Display/Change Line Items
FS00	Centrally
F.52	Balance Interest Calculation
F.13	Without Specification of Clearing Currency
F.14	Recurring Entries/Execute
ACACTREE01	Create Accrual Objects
ACACACT	Start Periodic Accrual Run

Roles:

Business Role
General Ledger Accountant
Accounting Manager

1.1.1.2 Accounts Payable

ACCOUNTS PAYABLE:

- The Accounts Payable application component records and manages accounting data for all vendors. It is also an integral part of the purchasing system: Deliveries and invoices are managed according to vendors. The system automatically triggers postings in response to the operative transactions.

VENDOR ACCOUNT GROUPS:

- The account group controls the number range and the field that need to be captured at the time of creation of master records. It determines which fields have to be or can be filled when creating the master record. Following are the vendor account group created for GMC/NMC Group for Trade & Industry.

GMC Suppliers
Trade Suppliers.
Sister & Affiliated Co.
GMC Contractors.
Trade Contractors.
Foreign Suppliers.
Sales Staff Employees.

Non Sales Staff Employee.

CREATION OF VENDOR MASTER:

Creation of vendor master is discussed under the following heads:

- **MM Vendor: In respect of vendor related to procurement of Material (Domestic, Imports) vendor master creation will be done by the Finance Department.**

- **FI Vendor: Maintain Vendor related Information for FI-Vendors for non-order related purchases.**

And the vendor will be created first in the MM module then he will be created in the FI module .

EMPLOYEE VENDOR:

Employees Master Records will also be created as Vendor Master Records in SAP. Creation of new employee master records in the pay roll systems will require creating a new vendor master record for such employees in SAP. And they will be created under external number assignment to match the personal number.

Following are the various payments booked through employee vendor for payment to employee.

Imp rest Cash Advance
Salary Advance (if any)
Staff Loans Advance (if any)

Travel Advances (if any)
Purchase and Expense Advances

Following are the entries for processing the imp rest:

1. Issuing an Imp rest to employee.

DR:	Employee- Imp rest ((SP Gl)Y/Z)
CR:	Cash

2.Post vendor invoices

Dr.	Expense
Cr.	Vendor

3. Clearing the vendor invoice against the issued imp rest.

Dr.	Vendor
Cr.	Employee- Imp rest ((SP Gl)Y/Z)

VENDOR PAYMENT:

TERMS OF PAYMENT

Terms of Payment will be defined by the Company, which will be updated in the Vendor Master for each vendor or can be entered and changed in the document at the time of invoice booking. Due dates will be determine by the system based on the baseline date of the document.

Days	Description
0	Immediate
0	Advance
30	30 Days
45	45 Days
60	60 Days
90	90 Days
120	120 Days
150	150 Days
180	180 Days
-	Letter of credit
-	Irrevocable

Code	Description
1	Immediate
2	Advance
3	90 Days
4	150 Days
5	60 Days
6	30 Days
7	45 days
8	120 Days

9	180 days
10	Cash on order
11	Cash on delivery
12	50% Advance Upon Order & 50% Upon Delivery
13	According to MOH Regulations
14	As per our Credit Agreement
15	25% Advanced, 25% Upon delivery, 50% on 10 months
16	25% on order,25% after 2 months,25% after 3 months,25% after 4 months
17	25% on order,25% on Delivery,25% after 2 months,25% after 4 months
18	25% on order, 50% on Delivery,25% after 3 month
19	Letter of Credit
20	50% upon Order and 50% as per the agreement with IMC (120 Days)
21	50% Advance & 50% after 60 days from date of invoice
22	40 days
23	25% on Order, 25% on Delivery, 25% after one month, 15% after two month, 10% after 3 month of delivery
24	25% on Order, 75% on Delivery
25	30% Down Payment, 35% Upon Delivery, 35% After Two Months

Vendor Advance Payment

- the advance payments made to the vendor shall be tracked as distinct from the normal payments made to the vendor. This procedure involves defining of alternative reconciliation accounts for vendor's down payments.

And the cycle it will be as shown below:

- 1-Down Payment Request.
- 2-Post down Payment.
- 3-Clear down payment.

Advances to Employees

Advances to Employee need to be separately tracked using the Accounts Payable sub ledger. For this purpose employee master will be created as vendors. The following types of employee advances will be tracked separately:

Employees Advance (Temp.)

Employees Advance (permt.)

VENDOR INVOICE PROCESSING:

The vendor invoices will be processed at the location where the material had been received.

The processing of domestic and foreign invoices is discussed under the following heads:

- **Goods Receipt: Based on the Purchase order and the Quantity actually received, Goods Receipts (GR) will be done at the respective location , following is the entry made :**

Dr.	Inventory
Cr.	GR/IR (Goods received/Invoice received)

- **Invoice Verification: Vendor Invoice Verification will have to be done at the concerned location. This will be based on the Goods Receipt processing done by the purchase Department and PO Raised by the purchase Department the following entry will be as shown as below.**

Dr.	GR/IR
Dr.	Price Difference (If Applicable)
Cr.	Vendor
Cr.	Cash Discount (If Applicable)
Cr.	Price Difference (If Applicable)
Cr.	Customs /Freight/Clearance(in case of foreign trade)

- **This process involves posting of Vendor Invoices and thereby recording the expense and liability in the books. It is to be used to recognize liability for transactions which are not routed through procurement cycle. Invoices are received from the Vendors like Legal fees invoice, consultancy services and other miscellaneous FI vendor bills. However this process can also be used to book liability for items procured without purchase order and other miscellaneous purchase**

Dr.	Expense
Cr.	Vendor

METHOD/ MEDIA OF PAYMENT WILL BE AS UNDER:

- **C = Check**
- **T = Bank Transfer**
- **Cash Deposit**
- **Letter of Credit (T Bank Transfer)**

- **Payment can be done manually or can processes throw the automatic payment Programmed .**

PAYMENT RELEASE :

- **You can set a payment block for any accounting line items. This sets off a payment release procedure in which individual items can be reviewed by various employees before any payment is made. If this procedure is successfully completed, the payment block is canceled and the line item can be paid.**

The payment release procedure uses the Workflow application component.

GMC and NMC will use the standard workflow variant (WS10000055) for the payment release,

PARTIAL PAYMENT & RESIDUAL PAYMENT:

There are instances of terms of the purchase that allow payment to be made to the vendor in instalments over a period of time. In these cases the outgoing payments made to the vendor may not settle the invoice in full but only partially.

- <u>Partial Clearing</u> will be used where a part payment is made for a vendor open item. If the Partial Clearing is used, system will post a line item in debit for the payment made. The system however, will not clear the invoice till the entire invoice amount is cleared and all such line items are shown as open items till the time is fully cleared.

- <u>Residual Clearing</u> is also used for clearing open items in case of part payment. During the clearing, the residual amount i.e. the balance amount needs to be entered against the original open item.

NORMAL PAYMENT:

- Payments will be made to the vendor based on the outstanding invoice in the vendor account. System will display the list of open items from the vendor account, for which the payments are due. Specific open items can be selected based on the various parameter such as bill amount, due date, document ref no. etc. System will pass the following entry on posting the payment against open item.

Dr.	Vendor
Cr.	Outgoing Checks
Dr.	Vendor
Cr.	Transfer Out

PAYMENT PROGRAM:

- This scenario deals with posting accounting data for vendors in Accounts Payable. From there, the data is sorted by vendor and made available to other areas such as the purchasing system. When you post data in Accounts Payable, the system creates a document and passes the data entered to the general ledger. General ledger accounts and vendor accounts are then updated according to the transaction concerned (payable, down payment, credit memo, and so on) vendor payment activities. All business transactions are posted to and managed by means of accounts and for this a vendor master records are created.

In case of outgoing payment with automatic payment program, system is determined parameter in payment program and payment document is generated.

Payment program controls:

- What is to be paid? To do this, users specify rules according to which the open items to be paid are selected and grouped for payment.
- When payment is carried out? Basically, the due date of the open items determines when payment is carried out.
- To whom the payment is made? Users determine the payee(s).
- How the payment is made? Users determine rules that are used to select a payment method.
- From who the payment is made, you determine rule that are used to select bank and bank account for payment.

LETTER OF CREDIT SCENARIO:

You can use the Letter of Credit service to mitigate the financial risks involved in your international trade transactions. You can incorporate this new service in your export transactions to minimize risks and expedite transactions in international trade. You can monitor delivery dates and the receipt of documents for legal control purposes more effectively. The following features help you minimize risk in import and export transactions:

You can maintain letters of credit that you receive from banks in the letter of credit master data. You can create the following types of letter of credit:

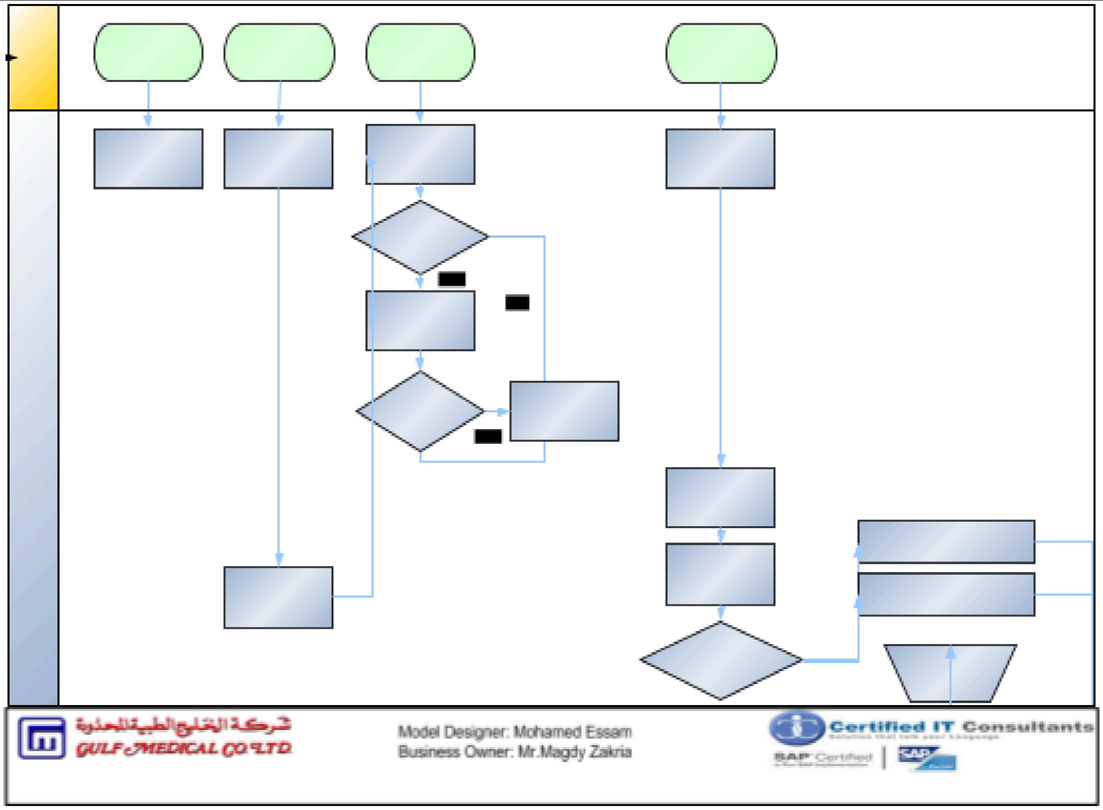
- Revocable
- Irrevocable unconfirmed
- Irrevocable confirmed

IMPORT INVOLVING A LETTER OF CREDIT

- As an importer, you request a quotation from the exporter for the products you want to purchase. This may or may not include transportation and insurance costs.
- Once you receive the quotation, you create a purchase order based on the offer you received from the exporter.
- The exporter creates a pro forma invoice and sends it to you.
- You open a letter of credit with the opening bank in the country of destination (import country). This involves informing the opening bank of the documents you require from the exporter. As an importer, you not only need the documents required by customs, but also the documents that are required by any other agencies regulating your product.

Exchange rate Difference

- In case of foreign currency transactions the difference in the invoice amount and the payment amount on account of revision of exchange rate, will be accounted to the exchange rate gain & Loss account.



Process Flow

- Post Accounts Payable Documents

- Manual and automatic clearing of open items

- Post down payments using the payment program

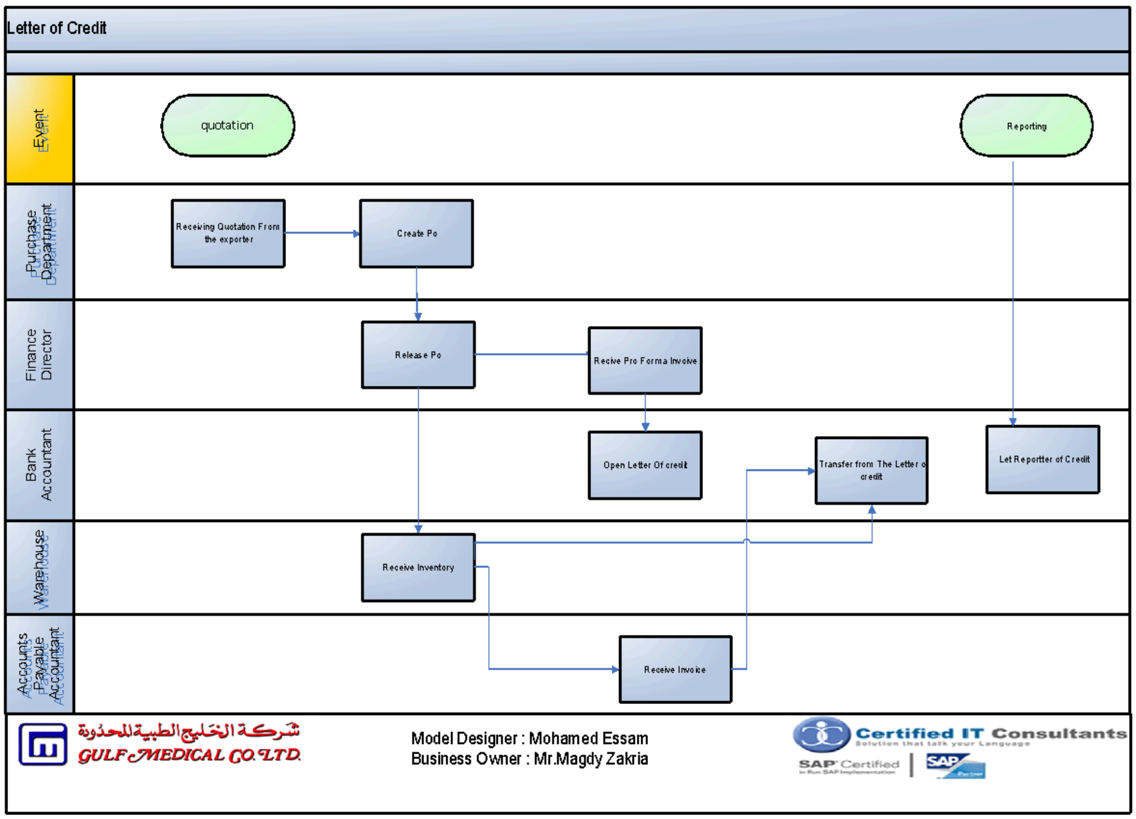
- Post manual and automatic outgoing payments.

Key Points

- When posting data in Accounts Receivable, the system creates a document and passes the data to the general ledger

- Profit, Loss and customer accounts are updated according to the transaction concerned customer payment activities

- All business transactions are posted to accounts
- All business transactions are managed by means of accounts and for this customer master records are created



Transaction Codes

The following common transaction codes are used:

Transaction Code	Description
MIRO	Post Incoming invoice
FB60	Invoice / FI
F-47	Request
F-48	Down Payment

F-54	Clearing
F-53	Post OutGoing Payment
F-58	Post + Print Forms
F-59	Payment Request
FK10N	Display Balances
FBL1N	Display/Change Line Items
F-44	Clear
FK01	Create
F.13	Automatic Clearing
F.61	Print Correspondence/ As per Requests
F.18	Balance Confirmation/Print Letters
F.63	Delete Requests
SWDD	Business Workplace

ROLES:

Business Role
AP Accountant
Accounting Manager
Warehouse Keeper
Bank Accountant
Finance Director

1.1.1.3 Accounts Receivable

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Documentation Type:	Business Blueprint

ACCOUNTS RECEIVABLE:

- The Accounts Receivable application component records and manages accounting data of all customers. It is also an integral part of sales management.

- All postings in Accounts Receivable are also recorded directly in the General Ledger. Different General Ledger accounts are updated depending on the transaction involved (for example, receivables, down payments etc).
- There are a range of tools available for documenting the transactions that occur in Accounts Receivable, including balance lists, journals, balance audit trails, and other standard reports.
- AR also provides the data required for effective credit management, (as a result of its close integration with the Sales and Distribution component).

CUSTOMER MASTER – MAINTENANCE:

The customers are classified into two categories based on the data requirement & maintenance:

- **Customers for sale of Products and services the customers who buy products o buy service from Gulf Medical or Naghi Medical companies will be created in S&D module.**
- **Other Customers: These customers will be customers for sale of Fixed Assets, Sale of Scrap and other miscellaneous sales.**

Gulf Medical company & Naghi Medical company will use the following account Groups:

Business
Private

NGH
Rc Research Central
Governmental Authorities
Military
Universities
Other Customers

Customer Payments / INVOICES:

Advance payment from CUSTOMER:

Advances from customer are accounted in a separate general ledger Account through special GL.

- 1-Down Payment Request.
- 2-Post down Payment.
- 3-Clear down payment.

RISING OF INVOICES:

Invoices will be generated and accounted at the plant level from where the products and services are sold. The debit to the customer accounts will directly flow from the S&D/CRM/CS/PS modules, in accordance with the customer account selected at the time of sales order. Balance sheet account i.e. customer reconciliation account will be decided by the system automatically based reconciliation account maintained in Customer Master.

Sales Accounting

All customer transactions originating from SD/CRM/CS/PS, which have an accounting implication, are described briefly in this chapter. The accounting document will always be generated automatically in the system in all cases. No separate accounting transaction is necessary.

Delivery

Based on the customer sales order, delivery is created in Sales. The last step in shipping is posting of goods issue, which results in a material document and an accounting document being created in the background. Apart from reduction in the quantity, it reduces the inventory and debits the Cost of Goods Sold account.

Dr.	Cost of Goods sold
Cr.	Inventory

INVOICES:

With reference to the delivery, a sales invoice will be created in SD, which will be posted to FI as follows:

Dr.	Customer Account
Dr.	Discounts (if applicable)
Cr.	Sales Revenue Account
Cr	Accrual commissions (Collection commission)

The customer reconciliation account is derived from the customer master as explained in the previous chapter.

Advance INVOICES:

Will be handled as a Performa invoice with no effect in the customer account balance, it will be like a dummy invoice and the payment for this invoice will be handled as a down payment, then the down payment will be cleared against the actual invoices.

Advance invoices will be linked to the actual delivery and the actual invoice, to be able to know the remaining amount from those invoices, and a customized report will be generated to show the history for them.

Posting a Credit Memo with Reference to the INVOICE:

Proceed with process step Posting a Credit Memo with Reference to the Invoice in Sales and Distribution if the Sales and Distribution (SD) component is in scope. This ensures full integration of the sales and distribution and accounting/controlling functionality.

Posting of sales returns credit memo from SD will cause the following entries:

Dr.	Sales Revenue
Dr.	Accrued commission
Cr.	Customer Account
Cr.	Discount (If Applicable)

COMMISSIONS:

Gulf Medical Company & Naghi Medical Company divides the commissions they grant to:

Sales Commission For Sales Men
Astek Commission
Collection Commission

In the beginning there will be an accruals posting for the first 11 months, in the last posting period (12) a Customized Report will be created to calculate the commissions values and reconcile the values with sales men remaining balances and the value will be transferred to Hr (Statistically) so they can be traced on the HR Reports **(For Sales Commission only)**.

DUNNING:

Complete and continuous follow-up of outstanding debts is essential for business whenever customer payments are not immediately bound to the delivery of goods and services or drawn automatically using direct debit.

The dunning system in SAP enables you to trace liable customers who have not paid their open invoices within a given time span. It enables you to handle the process from, for example, sending a reminder to customers of their outstanding payments through to referring such customers to collections agencies.

Follow up of Customer payments certificates & MOH Letters for payments is not appearing

CREDIT LIMIT:

GMC, NMC will use the credit management component to set the desired credit limit for their customers and the customer will be blocked automatically if he exceeded his credit limit amount only, but for bad behaviour or something similar the responsible accountant will block this customer manually

There will be credit check, in quotations, sales order , delivery , billing .

CUSTOMER PAYMENT:

- Method/ Media of Payment will be as under:

- **C = Incoming Check**

- **T = Bank Transfer in**

- **Cash Deposit**

- **Letter of Credit (T Bank Transfer)/Letter Of Guarantees**

CLEARING:

Clearing can be done manually or can be done or throw the automatic clearing programmed

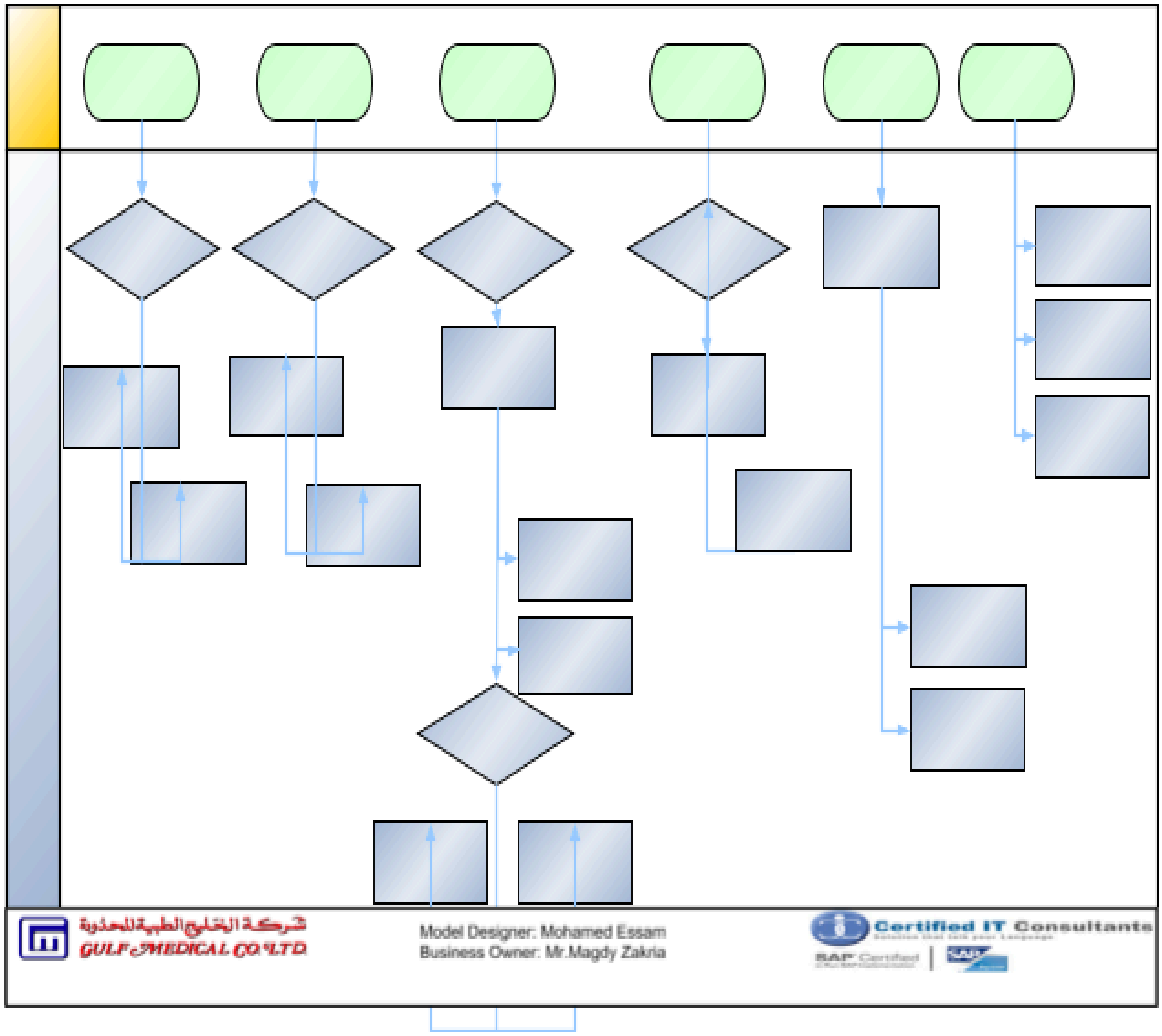
- **Automatic Clearing of Open Items in Customer Accounts:**

- **You can periodically clear open customer account items if credit memos have been created for invoices.**

- **Manual Clearing of Open Items in Customer Accounts:**

Clearing of open customer items. If the balance of the items to be cleared is not 0, you can create a residual item, for example for overpayments/underpayments **(Hallas differences)**.

ACCOUNT RECEIVABLES BUSINESS PROCESS MODEL



Process Flow:

- **Post down payment request**
- **Post down payment manually**
- **Post customer invoice**
- **Post a credit note with invoice reference**

- **Down payment clearing manually**
- **Posting payments using the payment program**
- **Posting manual payment**
- **Automatic clearing of open items in customer accounts**
- **Manual clearing of open items in customer accounts**
- **Dunning**
- **Setting a credit limit**
- **Credit control reporting**

Key Points :

- Accounts receivable is also an integral part of sales management.
- All postings in accounts receivable are also recorded directly in the general ledger.
- The payment program can carry out direct debiting and down payments automatically.

Transaction Codes

The following common transaction codes are used:

Transaction Code	Description
VF01	Billing Document/Create
VF11	Cancel Billing
FB70	Invoice /FI
F-48	F-22 - Invoice - General
FB75	Credit Memo
FBE1	Payment Advice/Create

FBE6	Delete
F-37	Down Payment/Request
F-29	Down Payment
F-39	Clearing
F-28	Incoming Payments
FBRA	Reset Cleared Items
FD10N	Display Balances
FBL5N	Display/Change Line Items
FB12	Correspondence/Request
F.64	Maintain
F.63	Delete Requests
SWDD	Business Workplace
FD01	Create
FD05	Block/Unblock
F.31	Credit management info system

ROLES:

Business Role
AR Accountant
Accounting Manager
Warehouse Keeper
Bank Accountant

1.1.1.4 Collections Management

Name: GMC-Business Blueprint- Collection Management-110521.doc

Documentation Type: Business Blueprint

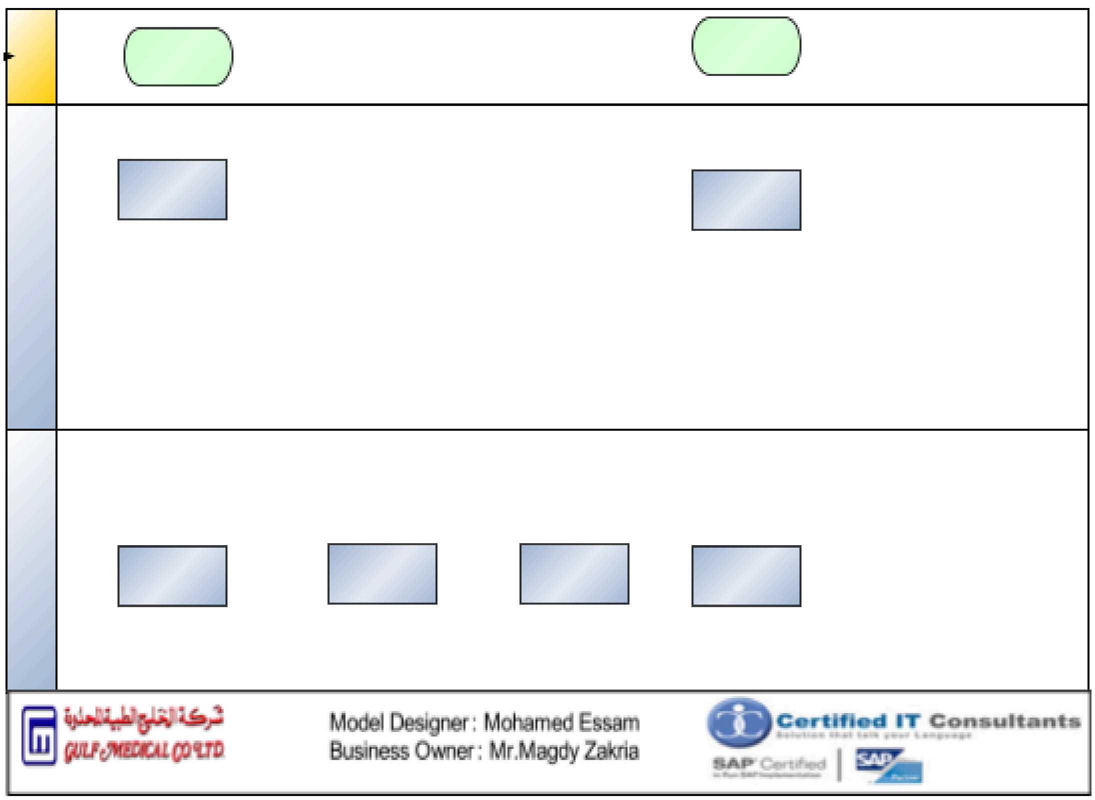
COLLECTION MANAGEMENT :

Collections Management application can paint an entirely different picture. SAP Collections Management can make your receivables management effort truly efficient, improving the overall value of your company.

SAP Collections Management supports collection specialists

through all steps of collections management:

- **Creating a collection work list**
- **Preparing customer contacts**
- **Documenting customer contacts**
- **Defining Collection Strategies**
- **Monitoring the Collection of Receivables**



1.1.1.5 Bank Accounting

Name:	GMC-Business Blueprint- Bank Accounting-110521.doc
Documentation Type:	Business Blueprint

Bank Accounting :

Cash Journal

Gulf Medical company & Naghi Medical company will use the following Cash Journals:

Cash Journal	Description
1010	Petty Cash-Head Office Main Number 1 (2)
1020	Petty Cash-Head Office Main Number 2 (2)
1030	Petty Cash-Head Office Main Number 3 (2)
1040	Petty Cash-Ryad Branch (1)
1050	Petty Cash-Elkhobar (3)
1060	Petty Cash-AL-Qasiim (7)
1070	Petty Cash-Madina (4)
1080	Petty Cash-Abha (8)
1090	Petty Cash-Qatar -QUAR- (5)
1100	Petty Cash-Bahrain-Dinar (6)

Post DatedChecks CYCLE (PDC) :

The system post the following entries flows:

1. **Checks Generation :**

Dr.	Customer (Notes Receivables)

Cr.	Cheques under Collection

2. Presented To Bank :

Dr.	bank Collection A/c
Cr.	Contingent Liab

3. Cleared At Bank:

Dr.	Bank – Main Account
Cr.	Bank Collection A/c
Dr.	Contingent Liab.
Cr.	Customer (Notes Receivables)

4. Bounced At Bank:

Dr.	Contingent Liability
Cr.	Customer (notes Receivables)
Dr.	Returned Checks –(Customer)
Cr	Bank Collection A/c

5. Bounced & Cleared (T.Code FTR03):

Dr	Customer (Main Account)
Cr	Returned Checks –(Customer)

6. Gmc / Nmc team will post the final entry manually to customer account & close the checks under collection account.

Posting to Customer Account:

Dr.	Cheques Under Collection
Cr.	Customer

Bank Reconcilation :

SAP Bank Reconciliation Process:

System provides automatically as well as manually, transaction reconciliation facility for all receipts and payment entries in the bank statement and our bank book.
System provides list of un-reconciled entries, for further decision making and matching.
In GMC/NMC system the reconciliation process is known under two methods. Manual and Automatic.
Every Bank account will have 5 General Ledger Accounts. First will be a Main GL for the bank, second will be "Incoming checks " for all receipts, third will be "Outgoing Checks" for all Payments. and fourth will be "Transfer In ",the fifth will be "transfer out"
After the reconciliation process, payment and receipt entries in the incoming, outgoing and unreconciled GL will be transferred in to the bank Main GL.
The balances in the main bank account will be equal to the bank statement amount.
The bank book balance shall be equal to the net balance of the all five bank GLs put together.

Manual Bank reconciliation Process – (Non-electronic bank statement):

In case of Non-Availability of bank statements in the desired electronic formats, we can create and upload Bank statement manually.

Every bank statements that are entered will be per bank account number and are identifiable by a unique number and statement date to be provided by the user.

In the header data, Bank statement opening balances and closing balances are provided before creating the bank statement. This is the control check after entering all the lines in the bank statement.

After providing the bank statement header data, we need to enter or create the bank statement in the system. The bank statement data can also be copied from an excel file to create the bank statement in the system.

The system then automatically makes the postings to the bank account, bank clearing account along with the payment clearing. We have two options here:

Immediate posting (recommended)
Create a batch input session, then run it.

The posting of this statement or after batch input session. This process creates postings in the main bank account. The accounting entries are passed as mentioned below.

Dr.	Main Bank A/c
Cr.	Incoming Clearing A/c

Dr.	Outgoing Clearing A/c
Cr.	Main Bank A/c

Unmatched entries generated by the system are to be matched manually through (FEBAN). Later on these unmatched entries need to be manually transferred to "Unreconciled Account".

ELECTRONIC BANK RECONCILIATION PROCESS :

For the process of automatic bank reconciliation, electronic bank statement is required in pre defined format only.

This formats can be either in "multicash format" or "MT940

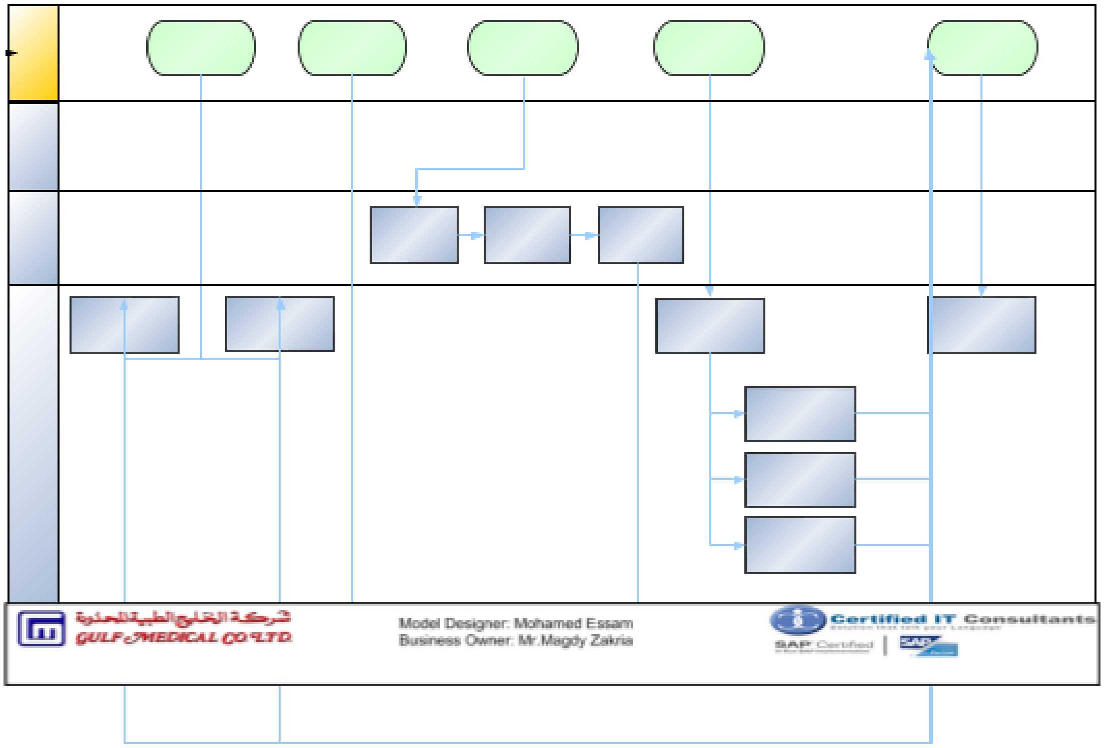
Uploading the bank statements received from banks in the above mentioned format using transaction code FF_5.

After the uploading of this statement, the process creates postings in the main bank account. The accounting entries are passed as mentioned above.

The un-reconciled items remain as open items in "unreconciled account" which can be reconciled manually.

CASH MANAGEMENT :

- The cash position overview provides information on the current financial state of the bank accounts. It is the starting point for cash concentration, in which the balances from various bank accounts are concentrated in one target account, taking minimum balnces and payment optimization into consideration.And it conatain two areas , Cah Position for the actual balances in the banks
- Liquidty Forcast . The liquidity forecast, however, reproduces the liquidity trend in the subledger accounts Like the cash position, the liquidity forecast can be as detailed as you require.



TRANSACTION CODES

The following common transaction codes are used:

Transaction Code	Description
FF67	Bank Statement/Manual Entry
FF_5	Import
FEBP	Post
FBCJ	Cash Journal
FTR02	Bill Of exchange List
FTR03	Bill Of exchange transactions
F110	Automatic Payment
F8REL	Release Payment Requests
FI01	Bank Master Record/Create
FF_1	Interest Calculation
S_B20_88000153	Enter Currency Exchange Rates using a Worklist

ROLES:

Business Role
Ap Accountant

Accounting Manager
Treasurer
Bank Accountant

1.1.1.6 Fixed Asset Accounting

Name: GMC-Business Blueprint- Bank Accounting-110521.doc

Documentation Type: Business Blueprint

ASSET ACCOUNTING :

Fixed assets are procured and retained with an intention of being used for the purpose of providing services and is not sold in the normal course of business. Gross book value of a fixed asset is its historical cost or other amount substituted for historical cost in the books of account of financial statements. When this amount is shown net of accumulated depreciation, it is termed as net book value.

The Fixed Assets Sub Module within the FI Module of SAP offers the functionality of maintaining details of fixed assets owned/leased by the company, process depreciation on the assets, perform assets related transactions and report on the assets.

Asset accounting involves the setting-up of the organisation level settings.

DEPRECIATION AREA:

A Depreciation Area in SAP will represent a set of Asset Values that an enterprise will like to maintain for a specific purpose.

No.	Dep. Area	Dep. Area	Description
1	Book depreciation	01	Post assets in GL real-time

ASSET CLASS :

Asset class is used for classifying fixed assets according to business and legal requirements. Following asset classes are created for GMC/NMC:

Asset Classes

Class # Rang	Book Dep. Life		Class #	Description
100000 - 199999	0.0%	Fixed Per.	1010	Land
200000 - 299999	6.0%	Fixed Per.	2010	Building
300000 - 399999	20.0%	Fixed Per.	2020	Vehicles
400000 - 499999	10.0%	Fixed Per.	3010	Machinery, Equipment & tools
500000 - 599999	10.0%	Fixed Per.	3020	Furniture, Office Equipment
500000 - 599999	20.0%	Fixed Per.	3030	Fixtures & Fittings
600000 - 699999	33.3%	Fixed Per.	4010	Computers
400000 - 499999	10.0%	Fixed Per.	5010	Air Conditioning Equipments
700000 - 799999	10.0%	Fixed Per.	6010	Other Asstes
800000 - 899999	--	Fixed Per.	LVA	Low Value Assets
900000 - 999999	0.0%	Fixed Per.	GWL	Goodwill
900000 - 999999	5.0%	Fixed Per.	USF	Usufruct

Asset Transactions

Acquisition of an Asset 1:

1- Acquisition from purchase with vendor

All Asset purchases will be routed through Materials Management route by issuing necessary Purchase order. The transaction is similar to the other Material Purchases. In GMC/NMC the Logistic department will process the Asset Receipt through the MM module. Most of Assets Sales will be handled through MM module.

at the time of asset receipt:

Dr.	Asset
Cr.	GR/IR Clearing Account.

At the time of receiving the invoice:

Dr.	GR/IR Clearing Account
Cr.	Vendor

2- Acquisition with automatic offsetting entry

Asset Purchases with Integration with Accounts Payable module only one step:

Dr.	Assets
Cr.	Vendor

3- Intracompany Transfers:

There are basically three reasons why you might need to carry out an intracompany transfer within a company code. One reason is if changes are made to organizational structures (reclassification of asset classes, changes to profit centers, and so on). Second, an intracompany transfer might be necessary if account assignments are incorrect (for example, incorrect asset class). The third reason is if a managed asset under construction is completed for summary settlement.

Intracompany transfers from one fixed asset to another within the same company code can be carried out in one step. Automatic intracompany transfers are only possible, however, if no values from the sending asset are lost and every area of the target asset is supplied with values.

4-Asset under consturction:

An internal order will be created for each internal project for GMC/NMC ,and all the expenses that will be paid will be assigned to this internal order , then all the amount on the internal will be transferred to asset under construction periodically , untill the asset will be fully captalized , the asset under consturction will be settled to the final asset (Complete asset)

5-Asset sale:

The sale of asset is addressed in the following scenarios:

- **Sale/Retirement of asset – with revenue with customer**
- **Sale/Retirement of asset – with revenue without customer**
- **Sale/Retirement of asset – Scrap without revenue**

Depreciation Processing :

Ordinary depreciation will be provided on assets purchased in Straight Line method of depreciation. Depreciation is charged on the asset every year until 100% depreciation is achieved;

Demo /tools Items:

Demo and tools items will be handled as an inventory material .

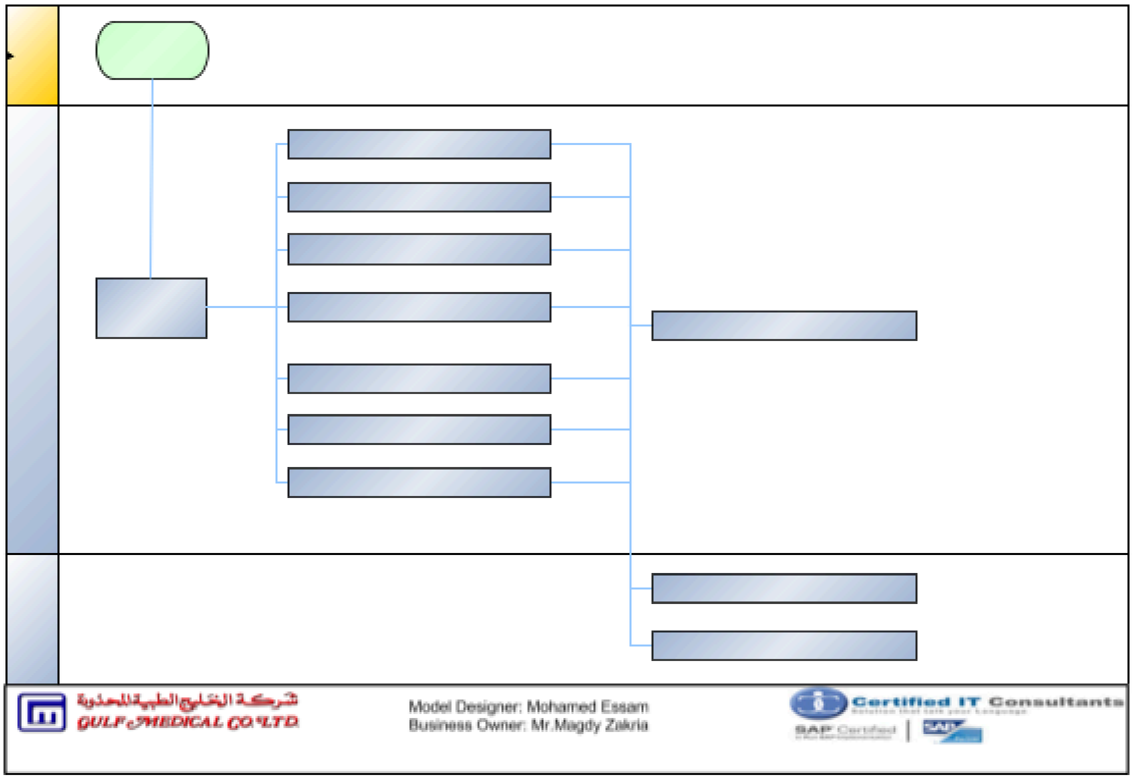
Closing Activity

The closing activities within Asset Accounting will cover the following activities:

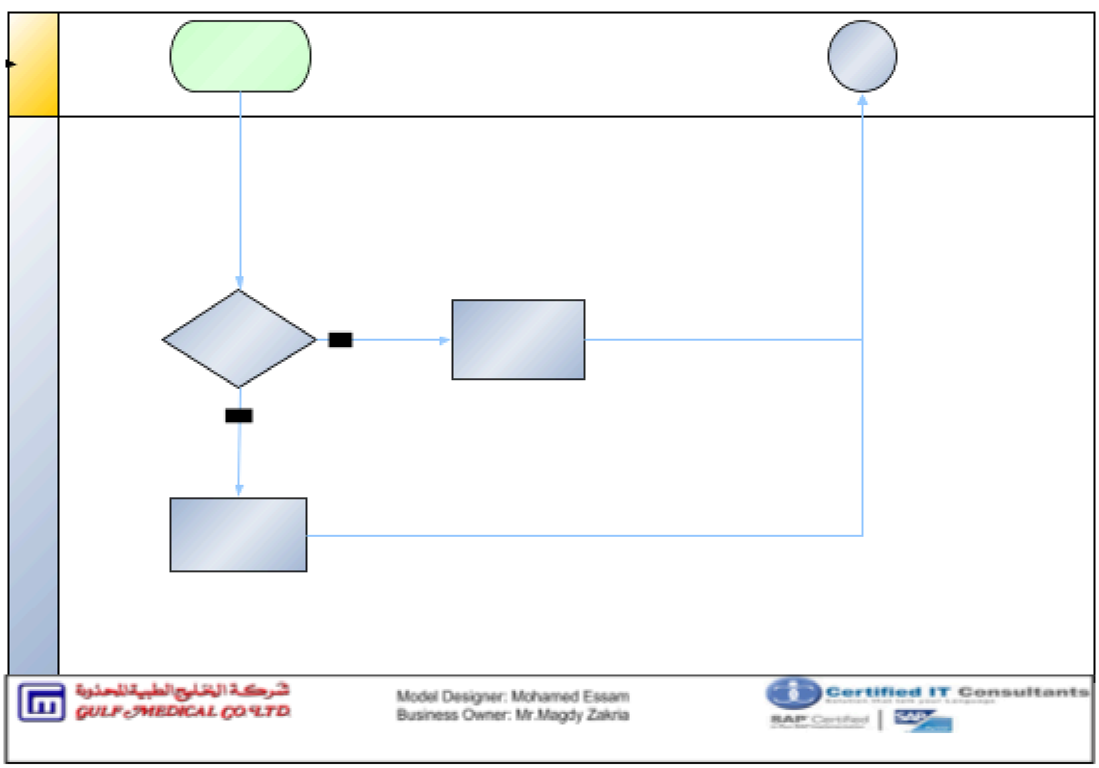
- **Physical verification of Assets.**
- **Fiscal Year change**

Asset Accounting Business process Model :

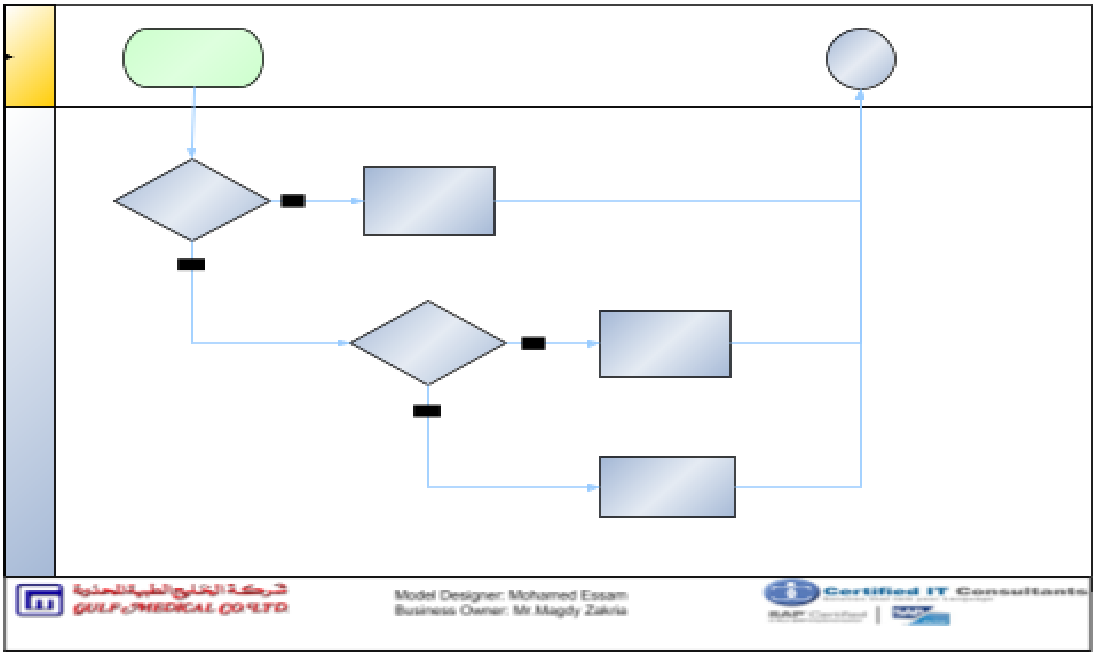
1: ASSET TRANSACTIONS:



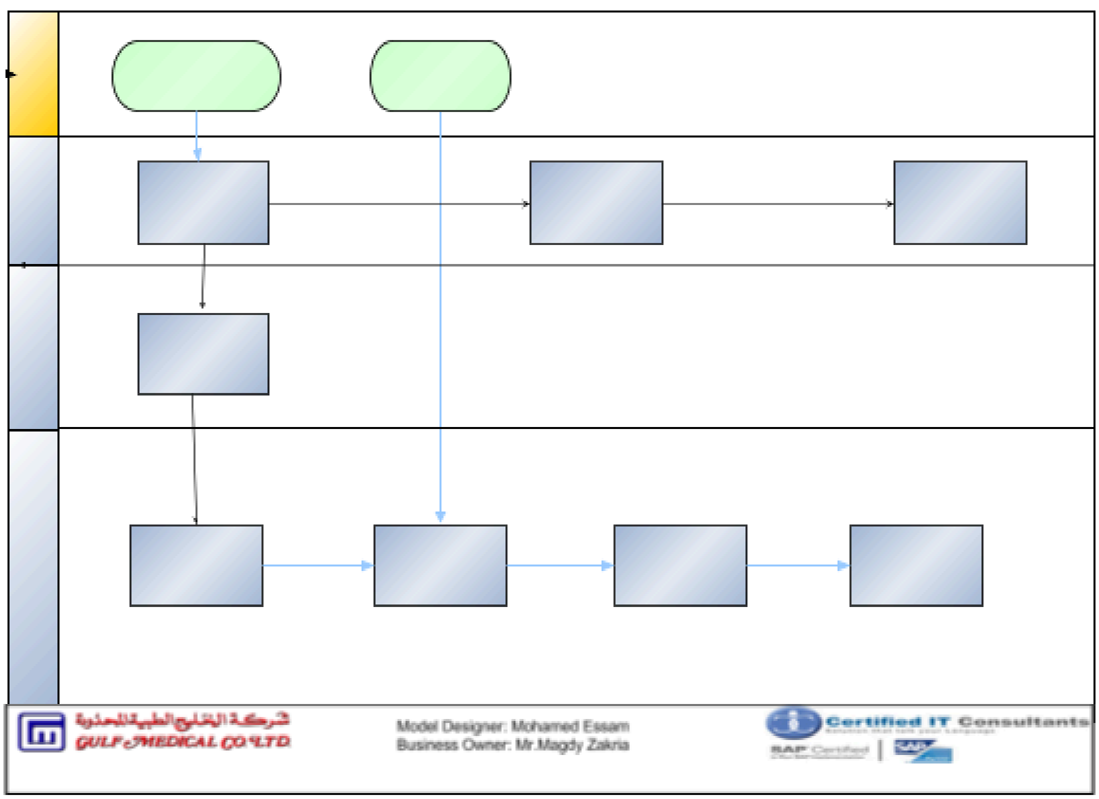
2-Asset acquisitions:



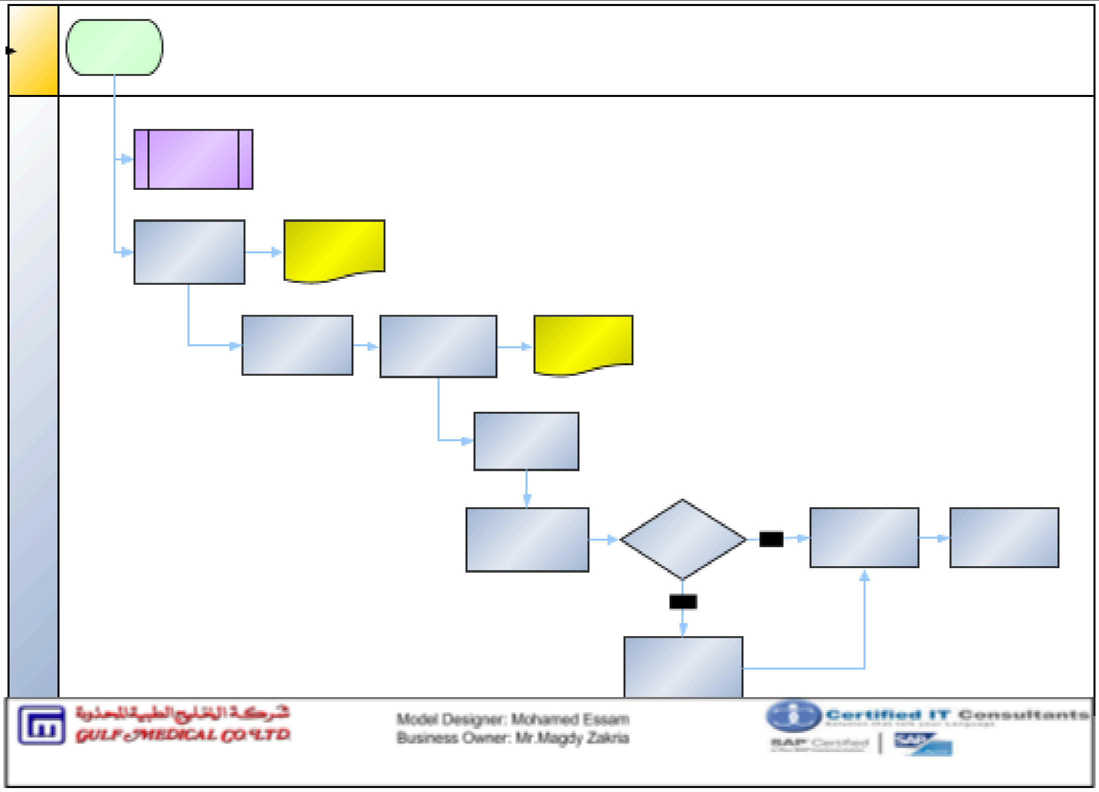
3: Asset Retirement:



4- Asset under Construction:



Period End Closing:



Transaction Codes

The following common transaction codes are used:

Transaction Code	Description
AS01	Create/Asset
AW01N	Asset Explorer
FEBP	External Acquisition/With Vendor
AIAB	Capitalize Asset u. Const/Distribute
AIBU	Settle
ABUMN	Transfer within Company Code
ABT1N	Intercompany Asset Transfer
F-92	Retirement w/Revenue/ With Customer
ABAON	Asset Sale Without Customer
ABAVN	Asset Retirement by Scrapping
AFAB	Depreciation Run/excute
AR29N	Revaluation for the Balance Sheet
AJRW	Fiscal Year Change
ABST2	Year-End Closing/Account Reconciliation
AJAB	Execute

ROLES:

Business Role
Asset Accountant
Accounting Manager
Warehouse Keeper

1.1.1.7 Financial Closing

Name:	GMC-Business Blueprint- Financial Closing.110521.doc
Documentation Type:	Business Blueprint

FINANCIAL CLOSING:

ACCRUALS AND REVERSAL OF ACCRUALS:

- GMC /NMC shall make all necessary provision for income and expense at the month/year end as per their requirements. At the time of making the provisions for accruals, the date of reversal is also to be mentioned. This will facilitate auto reversal of these entries at the given date.

- Calculation of Work in Process (WIP):

Results analysis is used to evaluate the progress of projects on the basis of planned and actual revenues and costs.

- Actual Settlement Project:

The project must be settled to the corresponding receiver noticed in the settlement rule of the project master data. Possible receivers are an asset in the asset management or a profitability segment in the Profitability Analysis.

Closing Completed Projects (Business View):

Once you have viewed the project postings and the project has been completed from both a logistic and an accounting point of view you complete the project by setting the project status to “close”. This prevents further changes to the project.

Running Profitability REPORT:

To analyze your profitability data in drilldown reporting, there is a set of reports defined in the system.

Posting PERIOD:

Posting period for the new month need to be opened. The four extra periods are special periods provided in the system for accounting year-end closing and adjustment entries.

Balance Carry FORWARD:

- The system carries forward account balances from the closed fiscal year to the new fiscal year. The balances are not carry-forward automatically by the system, even if you have already posted data in the new fiscal year.
- The customer and vendor accounts, and the balance sheet accounts are carried forward by themselves. The income statement accounts are carried forward into one or more retained earnings accounts. The balances are carrying forward to the subsequent year. Even if the closing balances get changed for the previous year, the system updates the current year balances automatically. The final balance carried forward programs will be made after the accounts are finalized.

Month end Closing Activities:

AREA	TASK	NOTES
HR	Payroll Posting	

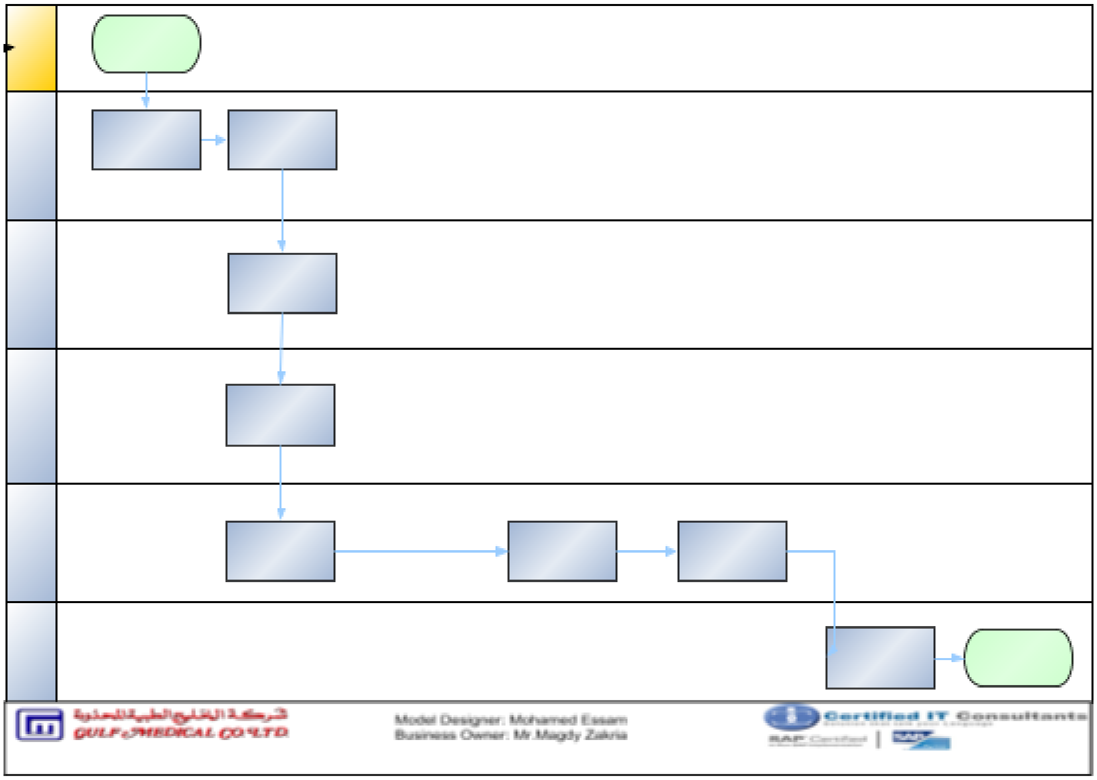
MM	Maintain GR/IR Clearing Account	Continuous
GL	Accruals/Deferrals	Every Period
FI	Recurring Entries	Every Period
SD	Goods Issues/Invoices	Verify that all postings for the period have been generated
FI	Open New Period	
AA	- Depreciation Calculation	
AR/AP	Close Old Period	After primary postings complete
FI	Preliminary Close Old Period	After primary postings complete
FI	Foreign Currency Revaluation	
CO	WiP Calculation	
CO	Revenue Recognition	

Financial Planning /Financial STATEMENT:

A new Planning Lay out will be created for GMC/NMC to plan all the items in the Financial statements (Balance Sheet , Income Statement) and it can be copied from the Actual Amounts.

For the financial statement, for GMC/NMC financial statement versions will be created one for auditors, one for business owners and managers.

Period End Closing Business process Model:



Transaction Codes

The following common transaction codes are used:

Transaction Code	Description
CJ88	Settlement/ - Individual Processing
FAGL_FC_VAL	Foreign Currency Valuation
F.81	Reverse Accrual/Deferral Document
F.19	GR/IR Clearing
FAGLGVTR	Balance Carryforward (New)
S_ALR_87003642	Open and Close Posting Periods
F.07	Balance Carryforward
AJRW	Fiscal Year Change
ABST2	Year-End Closing/Account Reconciliation
AJAB	Execute
KE30	Copa Reports
FSE5N	Planning/Enter data
F.01	Financial Statement

ROLES:

Business Role
Asset Accountant
Accounting Manager
Warehouse Keeper
AP Accountant
AR Accountant
Finance Director
Project Manager
Cost Accountant

1.1.1.8 Controlling

Name:	GMC-Business Blueprint-Controlling-110521.doc
Documentation Type:	Business Blueprint

CONTROLLING MODULE:

The purpose of the Controlling (CO) module in SAP is to provide organizations with a method of slicing and dicing data to view costs from an internal management perspective and provide a view of profitability beyond that of basic financial reporting. This allows the organization to create information in a manner that is tailored to their specific business measurements needs. Controlling allows an organization to:

1-Plan and track overhead costs within the company's specific organizational structure.

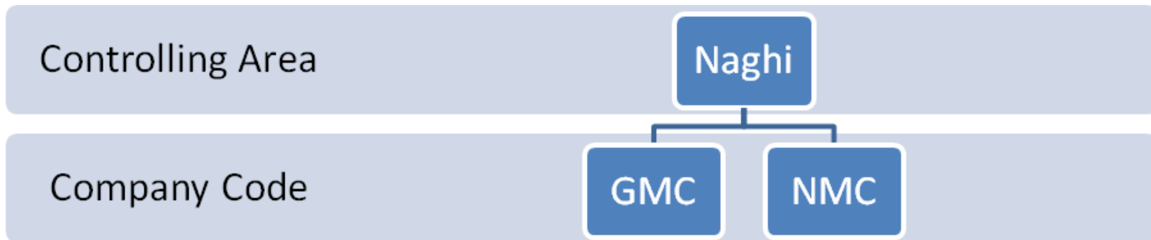
2-Track costs related to specific projects or events and either capitalize those costs or charge them to appropriate departments upon completion.

3-Report profitability by product line, division, or other internal measurement.

4-Report sales and gross profitability by external measures such as market segments or customer groups.

Naghi Group, Controlling Organisation structure will be as shown below:

One controlling are will be created and the two company codes GMC/NMC will be assigned to it:



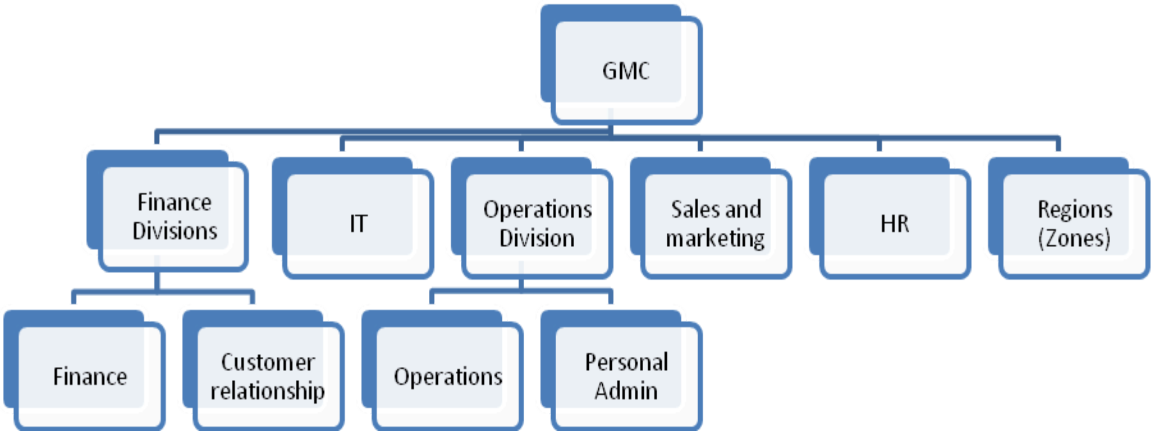
1.1.1.9 Cost Center Acounting

Name:	GMC-Business Blueprint- Cost Center Accounting-110521.doc
Documentation Type:	Business Blueprint

COST CENTRE ACCOUNTING:

The Cost Centre Accounting component tracks where costs occur in the organization. The cost centre is an organizational unit in a controlling area. Cost centres can be defined for each low-level organizational unit that has responsibility for managing costs. As costs are incurred, they are assigned or posted to the appropriate cost centre. These costs could include payroll costs, rent and utility costs, or any other costs assignable to a given cost centre.

Gulf Medical Company will have the following Cost Centres:

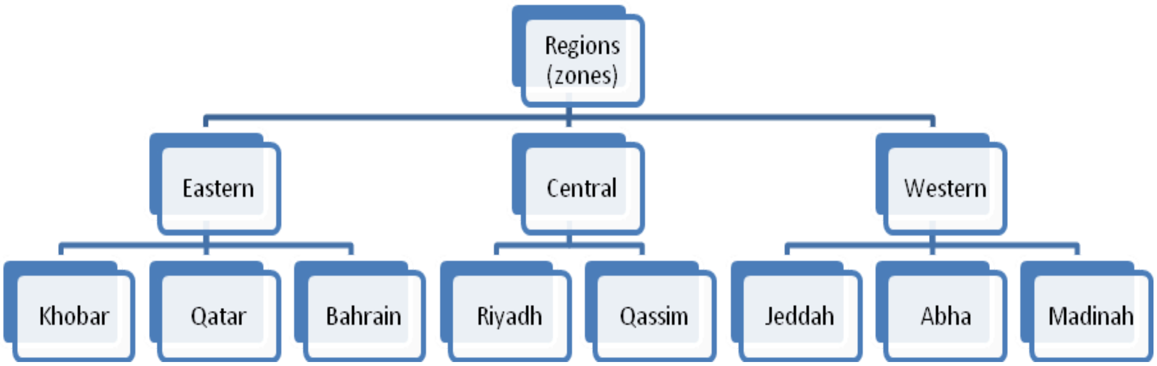


- 1-Finance Divisions
  - Finance (1010)
  - Customer relationship (1020
  -
- 2IT (1030)
- 3-Operations Division
  - Operations (1040
  - Personal Admin (1050)

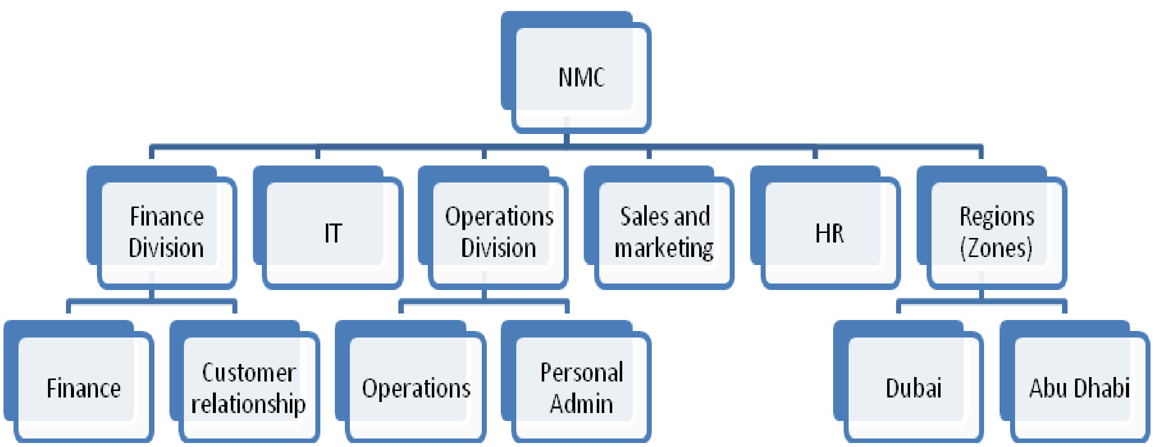
- 4-Sales and marketing (1060)
- 5-HR (1070)
- 6-Regions (Zones)
  - Khobar (1080)
  - Qatar (1090)
  - Bahrain (1100)
  - Riyadh (1110)
  - Qassim (1120)
  - Jeddah (1130)

- Abha (1140)
- Abha (1150)

Regions are:



Naghi Medical Company Will has the following Cost centres:



1-Finance Divisions

- Finance (2010)
- Customer relationship (2020)

- 2-IT (2030)

- 3-Operations Division
  - Operations (2040
  - Personal Admin (2050)
- 4-Sales and marketing (2060)
- 5-HR (2070)
- 6-Regions (Zones)
  - Dubai (2080)
  - Abu Dhabi (2090)

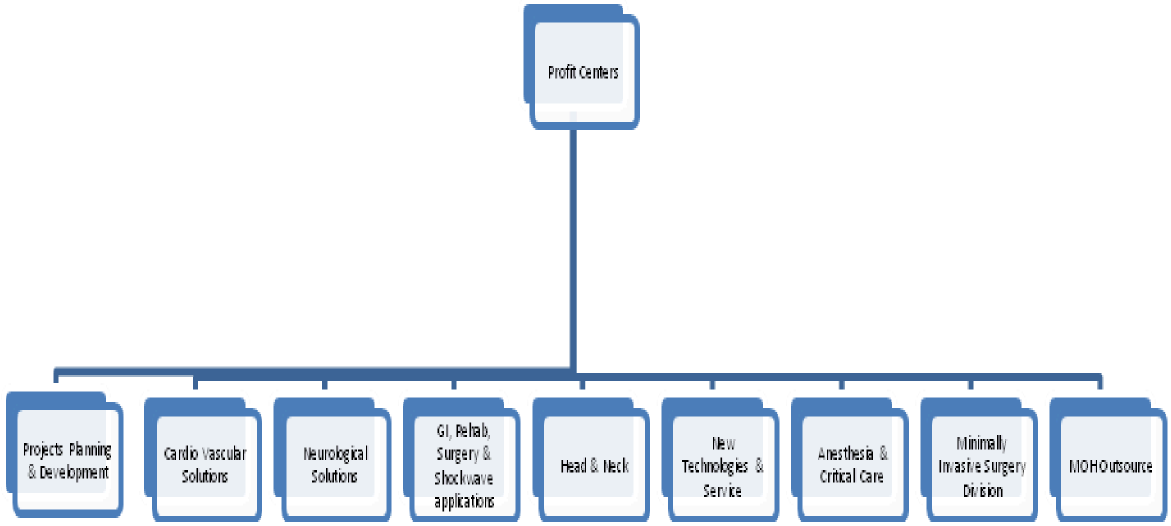
1.1.1.10 Profit Center Accounting

Name:	GMC-Business Blueprint- Profit Center Accounting-110521.doc
Documentation Type:	Business Blueprint

PROFIT CENTRE ACCOUNTING:

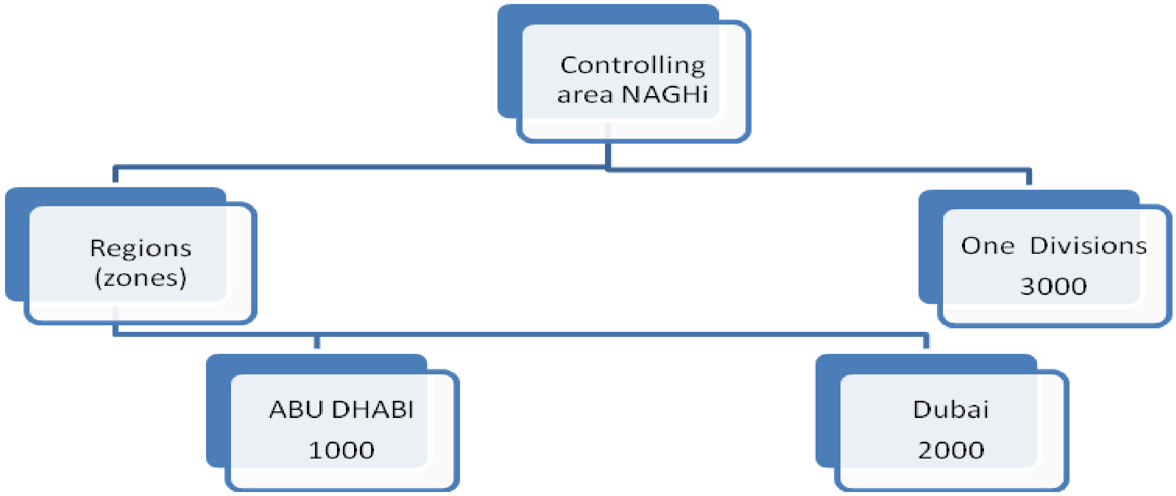
Profit Center Accounting provides visibility of an organization's profit and losses by profit center. The methods which can be utilized for EC-PCA (Profit Center Accounting) are period accounting or by the cost-of-sales approach.

Profit Centres for GMC will be the 9 Divisions as showed below



- 1- Projects Planning & Development (1010)
- 2- Cardio Vascular Solutions (1020)
- 3– Neurological Solutions (1030)
- 4- GI, Rehab, Surgery & Shockwave applications (1040)
- 5- Head & Neck (1050)
- 6- New Technologies & Service (1060)
- 7- Anesthesia & Critical Care (1070)
- 8- Minimally Invasive Surgery Division (1080)
- 9- MOH Outsource (1090)

Profit Centers for NMC will be as showed below:



Order Management

An Internal Order is an extremely flexible CO tool that can be used for a wide variety of purposes to track costs within a controlling area. Internal orders provide capabilities for planning, monitoring, and allocation of costs.

Budgeting can be done for the overall Period (no of years) or for the fiscal year.-

If the budget is to be entered for each quarter, the 'supplement' function needs to be used to release the additional budget every quarter.

Internal order needs to be created for the following scenarios:

- Costs are budgeted for each event / activity, and availability check is active.

  Active availability control means that the system prevents the posting of transactions that exceed the budget.

  95% Warning

  100% Error message

- Gulf Medical company & Naghi Medical company will use internal orders for

  marketing campaigns For Asset Under Conustrction,Sales activity Expenses , and for the budget for the Sales Activity , and as per the business requirements.

1.1.1.11 Profitability analysis

Name:	GMC-Business Blueprint-Profitability Analysis-110521.doc
Documentation Type:	Business Blueprint

PROFITABILITY ANALYSIS:

Profitability Analysis enables you to evaluate market segments, which can be classified according to various characteristics, Gulf Medical Company & Naghi Medical Company will use the following characteristics:

Product.

Date of Delivery.

Material Group (Products).

Sales Office.

Customer.

Customer group.

Sales Distict (Regions).

Distribution Channel.

Division.

& will use the following Value fields:

Revenue.

Cost of Sales.

Discounts.

Commission.

Assessment and allocation CYCLE:

- Assessment and allocation will be created as per GMC/NMC requirements, such as the reallocation at the year end closing for all the cost in the cost centers to the profit centers.

Transaction Codes

The following common transaction codes are used:

Transaction Code	Description
KS01	Cost Center /Create
KL01	Activity Type/Create
KE51	Profit Center//Create
KO01	internal Order /Create
KO22	Budgeting /Internal Order
KP26	Activity Output/Prices
KPZ2	Cost Center Budgets
KB11N	Manual Reposting of Costs
KEU5	Transfer Cost Center Costs/Process Costs/Assessment

Roles:

Business Role
Accounting Manager
Finance Director
Cost Accountant

FRICE (Forms, Reports, Interface, conversion, Enhancement) :

For GMC below are the forms that will be created :

SABB Cheque (Original)
ANB Cheque (Original)
SFB Cheque (Original)
Hsbc Dubai Cheque (Original)
Payment Voucher
Shipper Edit List
Misc Invoices list
Tickets Invoices
Accounts Payable Journal Voucher
Receipt Voucher
Another Receipt Voucher
GMC sales Activity
Customer balance confirmiation
Vendor BalanceConfirmiation

And Below are the custmoized reports that will also be created for GMC :

Banking Facility Report
Sales Commission Report
Aging Report
Custmoized customer balance