This sample chapter explains how to organize your fixed asset structures in an SAP S/4HANA system. It covers the main organizational objects relevant to financial accounting, and fixed assets specifically, and shows you how these objects are integrated.

“Organizational Structures”

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Chapter 1  
Organizational Structures

This chapter explains how to organize your fixed asset structures in an SAP S/4HANA system. We’ll explain the main organizational objects relevant to financial accounting, and relevant to fixed assets specifically, and show you how these objects are integrated. Using best practice examples, we’ll teach you how to define the optimal structure for your organization.

Asset accounting is tightly integrated with the other process areas in financial accounting and is based on the financial accounting organizational structure. On top of the financial accounting organizational structure, asset accounting adds several unique organizational structures such as the chart of depreciation, depreciation areas, and asset classes.

Properly setting up your organizational structure is the core foundation for asset accounting in SAP S/4HANA and a prerequisite for correctly representing your assets in your business processes. Therefore, in this chapter, we’ll explain in detail the configuration steps for setting up the organizational structure and share best practices to guide you through fulfilling the business needs of your organization.

We’ll start by defining company codes, which represent the legal entities of your organization being represented in the system. A company code is the main organizational object in financial accounting.

Then, we’ll set up a chart of depreciation, which defines the valuation for your fixed assets. You’ll learn best practices in setting up charts of depreciation relative to company codes and the legal structure of your organization.

Later in this chapter, we’ll configure depreciation areas for a chart of depreciation. Depreciation areas define various valuation principles under which fixed assets must be valuated.
We’ll conclude this chapter with a definition of asset classes, which classify assets into groups. You’ll learn best practices in structuring asset classes based on your business requirements.

1.1 Company Codes

A company code is the main organizational unit in financial accounting. All business transactions that post in financial accounting are posted with a company code. In this section, we’ll teach you how a company code fits into the overall organizational structure of SAP S/4HANA. Then, you’ll learn how to define and configure new company codes.

1.1.1 Company Codes in the Organizational Structure

In most cases, a company code is used to represent a legally independent unit within an organization. But sometimes a company code could represent a dependent commercial entity. For example, a company code could be used for an office in foreign country that is not set up as a legal entity in that country. However, this office fulfills its reporting needs in the local currency and according to local accounting and tax frameworks.

The company code is the organizational object for which the full set of financial statements are produced to satisfy both the external reporting requirements and internal reporting requirements. Therefore, defining your company codes carefully so they correctly represent the legal structure of your organization is important.

In this book, we’ll use examples involving a major global company with headquarters in the US. This company has representations in all major regions and in multiple countries across the globe. Often with companies like this, more than one legal entity exists in many of the countries in which it operates. To represent such an organization, each legal entity should be set up as a company code, including the main holding company based in the US.

1.1.2 Defining Company Codes

Now, let’s create a company code for a trading company in the US that owns a lot of fixed assets. We’ll use this example company throughout the book to illustrate various asset accounting processes and transactions.
Click on \( \text{Copy} \) in the top menu, which enables you to copy one company code to another, as shown in Figure 1.3.

When creating a new company code, we always recommend copying an existing company code with similar parameters so that the important control parameters are always copied but can be changed as needed. In our example, we’ll copy the SAP-provided country template for the US (company code US01) to a new company code, which we’ll call US10. Click the \( \text{Yes} \) button to proceed.

The system will display a warning message, as shown in Figure 1.4.

A convenient approach is to also copy the general ledger accounts from the source company code to the new company code, but only if the two company codes are assigned to the same chart of accounts. In our example, we want to copy the general ledger accounts too, so we’ll click the \( \text{Yes} \) button.

The system will issue the message shown in Figure 1.5, which gives you the option to assign the same controlling area.

In our example, we’ll use the standard controlling area delivered for the US—US01, so we’ll confirm this selection by clicking the \( \text{Yes} \) button. In practice, you’ll usually keep the assignment to the existing controlling area as well, since the source and target company often share important control parameters, such as the controlling area.

At the end, the system will issue a confirmation message, shown in Figure 1.6, confirming that the company code has been successfully copied.

After creating the company code, go back to the previous screen, shown earlier in Figure 1.1, and select the \( \text{Edit Company Code Data} \) activity. In this transaction, we’ll review and change the basic controlling parameters of the company code and its name. On the initial screen of the configuration transaction, shown in Figure 1.7, you’ll see a list of the company codes already defined in the system.

Double-click on the company code we just created, \( \text{US10} \). The next screen, shown in Figure 1.8, enables you to change the name of the company code and its basic parameters.
Since this company code is a US company code, we'll leave the country code as "US", the currency as "USD", and the language as "EN". We'll enter "US Corp." as the company name and "New York" as the city, as shown in Figure 1.9. Finally, save the entry by clicking the Save button.

Let's now review other various control settings for company codes by following the menu path Financial Accounting • Financial Accounting Global Settings • Global Parameters for Company Code • Enter Global Parameters. Alternatively, you can enter Transaction OBY6.

The first screen of the transaction provides a list of already defined company codes, as shown in Figure 1.10.
Double-click on the company code we just created, **US10**, which allows you to review and edit the company code’s global settings, as shown in Figure 1.11.

**Figure 1.11 Company Code Global Settings**

Let’s look briefly at the most important settings you can configure:

- **Chart of Accts**
  The chart of accounts is defined list of general ledger accounts used and maintained at a global level (for settings that are valid for all company codes) and at the company code level (for settings that are applicable only to a particular company code). In our example, the chart of accounts is **CANA**, which is the standard chart of accounts provided by SAP for North America.

- **Company**
  In this field, you can assign a group company, which is the parent company of the company code.

### 1.2 Charts of Depreciation

Depreciation is the decrease of the fair value of an asset over time. Most assets decrease in value over time through use and because of advances in technology. Therefore, the value of the asset must be reduced in the balance sheet through depreciation, which is an accounting process that reduces the value of the asset (by crediting the asset balance sheet account) and simultaneously records a depreciation expense (by debiting the depreciation expense account).

A chart of depreciation is an organizational object in SAP S/4HANA that manages the depreciation and other valuation requirements. This object contains one but usually multiple depreciation areas, each providing different valuation options for fixed assets.

In this section, we’ll first analyze how a chart of depreciation fits into the overall organizational structure of SAP S/4HANA. Then, you’ll learn how to configure a chart of depreciation.

- **Credit control area**
  The credit control area configures credit management for the company code. This field defines the available credit limits for customers in each company code.

- **Fiscal Year Variant**
  The fiscal year variant defines the fiscal periods and calendar assignments used to post documents in financial accounting. In our example, we assigned the standard SAP fiscal year variant **K4**, which matches the calendar periods (period 01 corresponds to January; period 02, to February; period 03, to March, and so on).

- **Pstng period variant**
  The posting period variant defines which periods are open and closed for postings in financial accounting. This collection of settings defines open and closed periods for various types of accounts such as the general ledger and the customer, vendor, asset, and material accounts.

- **Field status variant**
  The field status variant defines which fields are required, optional, or suppressed during posting of financial documents.

Adapt the settings as required and save these settings by clicking the **Save** button.
1.2.1 Charts of Depreciation in the Organizational Structure

A chart of depreciation is the highest organizational object in asset accounting. Company codes are assigned to a chart of depreciation. In most cases, the company codes within a country are each assigned to the same chart of depreciation.

Figure 1.12 shows how a chart of depreciation fits into the overall financial organizational structure.

Figure 1.12 Chart of Depreciation in the Organizational Structure

The chart of depreciation is positioned centrally because all asset processes are based on it. The chart of depreciation is defined at the client level, and company codes are assigned to it. Then, asset master records are created for each company code and thus inherit the chart of depreciation and related chart of accounts. Asset master records are organized in asset classes, which we’ll examine in detail in Section 1.4.

1.2.2 Configuring the Chart of Depreciation

Now, let’s configure a chart of depreciation for our example company code, US10.

A new chart of depreciation should be created by copying an already existing chart of depreciation, such as the SAP-provided reference chart of depreciation, which contains predefined depreciation areas able to meet many local, country-specific requirements.

To configure a chart of depreciation, follow the menu path Financial Accounting • Asset Accounting • Organizational Structures • Copy Reference Chart of Depreciation/Depreciation Areas. You’ll see the screen shown in Figure 1.13.

Double-click on the first option, Copy Reference Chart of Depreciation. You’ll see the blank screen shown in Figure 1.14.

Figure 1.13 Copying a Chart of Depreciation: Initial Screen

Click on the in the top menu, which opens a dialog box where you can choose a source chart of depreciation and specify a target company code, as shown in Figure 1.15.
In our example, we’ll copy from the SAP reference chart of depreciation provided for the US, which is called 0US. To create our target, we’ll enter “US01” as the name of our new chart of depreciation. Click the button to proceed.

The system will issue an information message, shown in Figure 1.16, confirming that the chart of depreciation has been successfully copied. Click the button to proceed.

The next screen, shown in Figure 1.17, provides you with a log of the copy. In our example, the system indicates that the copy was performed from chart of depreciation 0US.

Click on the Completed activities tab to see what the system accomplished, as shown in Figure 1.18.

Go back by clicking the button.

Now, in the screen shown earlier in Figure 1.13, select the Specify Description of Chart of Depreciation activity to modify the description of the new chart of depreciation, as shown in Figure 1.19.
In our example, we named this chart of depreciation USA chart of depreciation. We’ll use this chart of depreciation for all US company codes. Save the entry by clicking the Save button.

1.3 Depreciation Areas

A depreciation area is an organizational structure object that defines the area for the valuation of fixed assets, based on specific sets or rules. Depreciation rules and the useful life of assets are maintained on the depreciation area level.

In this section, we’ll start by explaining the process of defining various valuation frameworks. Then, we’ll show you how to configure valuation frameworks using different depreciation areas.

1.3.1 Portraying Valuation Frameworks

Each chart of depreciation represents a collection of depreciation areas, which define an asset valuation based on various requirements in the country. Usually, more than one depreciation area is needed because your organization will probably need to comply with multiple valuation principles in several countries. For example, in the US, companies must valuate their assets based on US Generally Accepted Accounting Principles (US GAAP). Additionally, big international companies will need to valuate their assets according to International Financial Reporting Standards (IFRS). In many other countries, valuation must be performed based on the relevant local accounting standards. These local accounting standards may differ from valuation from a tax point of view, which would be set up as an additional depreciation area.

Therefore, when you set up depreciation areas in your SAP S/4HANA system, you’ll need to confirm the local legal and tax requirements, as well as the international reporting requirements, that apply to your organization. Then, you should define your depreciation areas accordingly.

Let’s discuss this further using a real-life example. We worked on a project for a global manufacturing company headquartered in the US with a global presence across all major regions. For a rollout in Poland, we determined that three valuation areas were needed, starting with one to represent US GAAP, which would be the group valuation of the company. A second depreciation area was required to handle IFRS. Then, two more depreciation areas for local purposes in Poland had to be defined—one to represent local accounting principles and another to represent local tax rules. To complicate things further, this project was running on SAP ERP, before the great advancements that SAP S/4HANA brought to financial accounting and to asset accounting specifically. Prior to SAP S/4HANA, maintaining all these parallel valuation frameworks was a cumbersome process that required running periodic programs that would post the differences between the non-leading and leading valuation in even further delta depreciation areas.

Now, with SAP S/4HANA at your disposal, particularly with the new asset accounting, setting up so many depreciation areas is unnecessary! SAP S/4HANA has significantly improved the process of reporting multiple parallel valuations in asset accounting. The postings occur in real time in all depreciation areas, and no delta depreciation areas are needed to post differences.

Let’s delve into how you can set up depreciation areas in your chart of depreciation.

1.3.2 Depreciation Area Settings

In this section, we’ll first show you how to set up a chart of depreciation. Then, you’ll learn how to define depreciation areas. Then, we’ll configure the transfer of acquisition and production costs (APC) values and depreciation terms. Finally, you’ll learn how to assign a chart of depreciation to a company code.

Setting Up a Chart of Depreciation

Depreciation areas are dependent on the chart of depreciation. When you configure depreciation area settings, the system will default to the last-used chart of depreciation. However, a useful configuration transaction is available for setting the desired chart of depreciation. Start by following the menu path Financial Accounting • Asset Accounting • General Valuation • Set Chart of Depreciation. The system will open the popup window shown in Figure 1.20.

![Chart of Depreciation Selection](image)
Enter the new chart of depreciation we created in Section 1.2.2, US01. Confirm your selection by clicking the ✔ button. The system will display the message Chart of depreciation US01 was set.

Defining Depreciation Areas

To configure depreciation areas, follow the menu path Financial Accounting • Asset Accounting • General Valuation • Depreciation Areas • Define Depreciation Areas. The system will display several activity options, as shown in Figure 1.21.

Double-click on the first option, Define Depreciation Areas, which will show you the depreciation areas already defined in the system, as shown in Figure 1.22.

These areas have been copied from our source chart of depreciation OUS. Delivered by SAP, these areas are based on the requirements for US GAAP. Notice how some depreciation areas are already available to handle tax requirements in the US such as the Accelerated Cost Recovery System/Modified Accelerated Cost Recovery System (ACRS/MACRS) and the alternative minimum tax. Therefore, a good practice is to copy standard SAP-delivered objects such as OUS to quickly adopt a configuration that is based on the best practices gathered by SAP over the years.

In this configuration transaction, you can modify existing depreciation areas and create new areas. Let’s create a new depreciation area for handling local tax reporting requirements. Again, we’ll copy an existing depreciation area and modify it instead of starting from scratch. Let’s copy depreciation area 1, which represents book depreciation in local currency. Select the depreciation area by selecting its checkbox on its left and then clicking on the ✔ in the top menu, which opens a screen displaying the details of the depreciation area. Only the top part of this lengthy screen is shown in Figure 1.23.

The following configuration fields can be maintained on this screen:

- **Depreciation Area**
  
  Number of the depreciation area. Typically, a two-digit code is used, except for the main book depreciation area, which normally is 1. The numbering of your depreciation areas should be meaningful; for example, areas for local GAAP purposes could start with 2, while areas for local tax purposes could start with 3, and so on.
1.3 Depreciation Areas

- **Cross-Syst. Depreciation Area**
  A cross-system depreciation area is used to combine depreciation areas. This field consists of a key and a description without control parameters. Note that, with SAP S/4HANA, posting both APC and depreciation in real time makes sense because then you won’t need to run periodic programs to post adjustment entries to non-leading depreciation areas.

- **Posting in the General Ledger**
  This indicator controls how the depreciation area posts to the general ledger. The following options are available:
  - **Area Does Not Post**
    In this case, the depreciation area does not post to the general ledger; therefore, the depreciation area is for information purposes only.
  - **Area Posts in Real Time**
    All postings in the depreciation area are posted to the general ledger.
  - **Area Posts Depreciation Only**
    Only the depreciation postings in the depreciation area are posted to the general ledger.
  - **Area Posts APC Immediately, Depreciation Periodically**
    Only the APC postings in the depreciation area are posted to the general ledger in real time.

Scroll down to see the remaining fields, as shown in Figure 1.24.

The following configuration fields can be maintained on this screen:

- **Value Maintenance**
  In this section, you’ll configure whether all, only positive, or only negative values are allowed for the various value categories, such as acquisition value, ordinary depreciation, net book value, and so on.

- **Entries for Derived Depreciation Area**
  These settings are applicable only for derived depreciation areas. In this section, you can set the depreciation area for reporting purposes only and define it as a derived depreciation area. In this case, you’ll need to define how it derives its values by entering the depreciation areas from which it takes values with positive signs and areas from which it takes values with negative signs. For example, you can define an area that is equal to a specific area minus another area.
Now that you’re familiar with the various settings that can be maintained, let’s define our local GAAP depreciation area. We’ll call it area 21, as shown in Figure 1.25.

Maintain the long and short descriptions and map the depreciation area with an accounting principle that represents local GAAP valuation. These accounting principles are maintained in the financial accounting global settings, and their configuration lies outside of the scope of this book. But in asset accounting, you can choose from several already defined accounting principles based on the valuation framework you want to portray.

Note

You’ll also need to go through the other depreciation areas that were copied from chart of depreciation 0US. Right now, these areas are not assigned to a ledger group, which defines in which ledgers they post in the general ledger. Go back to the previous screen, shown earlier in Figure 1.22, and select each depreciation area you would like to keep by double-clicking on it. For example, let’s start with area 10 Federal Tax ACRS/MACRS. In the Accounting Principle field, enter “GAAP,” which represents US GAAP valuation, as shown in Figure 1.26.

You can also remove depreciation areas that are not needed by selecting them on the screen shown earlier in Figure 1.22 and then clicking the button to delete them. Now that you’ve defined your depreciation areas, you’ll need to specify their types. Go back to the screen earlier in Figure 1.21 and select the Specify Area Type activity. You’ll see the configuration screen shown in Figure 1.27.
1.3 Depreciation Areas

On this screen, each depreciation area has a specified area type. The type defines the purpose of the depreciation area. These types have been copied from the standard depreciation area that served as the basis for our depreciation area. Depreciation area 01, which is the main book depreciation area is linked with area type 01, which represents valuation for the trade balance sheet. Other commonly used types are 06 for group valuation and 03 valuation for the trade balance sheet. Notice also special depreciation area types for specific US tax purposes, such the alternative minimum tax and adjusted current earnings. In our example, we won’t change the proposed standards.

Specifying the Transfer of APC Values

Now, let’s continue with some further configuration transactions for depreciation areas. You'll also need to specify how depreciation areas receive their acquisition and depreciation values. To configure the transfer of APC values, follow the menu path **Financial Accounting > Asset Accounting > General Valuation > Depreciation Areas > Specify Transfer of APC Values**. On the configuration screen, shown in Figure 1.28, you can specify a source depreciation area for the APC values for each depreciation area.

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**Figure 1.26** Mapping Depreciation Area and Accounting Principle

**Figure 1.27** Depreciation Area Types

**Figure 1.28** Transfer of APC Values
In our example, areas 10, 32, 40, and 80 take their APC values from the main area 01. However, tax depreciation areas such as 11, 12, and 13 take their APC values from area 10, which serves to provide the valuation from a federal tax point of view.

**Specifying the Transfer of Depreciation Terms**

In a similar fashion, you’ll have to configure the transfer of depreciation values. To configure the transfer of depreciation values, follow the menu path **Financial Accounting • Asset Accounting • General Valuation • Depreciation Areas • Specify Transfer of Depreciation Terms**. On the configuration screen, shown in Figure 1.29, you can specify a source depreciation area for the depreciation values for each depreciation area.

![Figure 1.29 Transfer of Depreciation Values](image)

The logic is the same as with APC value—the depreciation area specified in the TTr column provides the source values for depreciation. When no depreciation area has been specified in this column, no depreciation values are transferred from another area.

**Assigning a Chart of Depreciation to a Company Code**

In the next step, you’ll assign a company code to the chart of depreciation by following the menu path **Financial Accounting • Asset Accounting • Organizational Structures • Assign Chart of Depreciation to Company Code**. The configuration screen, shown in Figure 1.30, lists the company codes available in the system.

![Figure 1.30 Assigning a Chart of Depreciation to a Company Code](image)

Now, assign the chart of depreciation we created (US01) to our new company code (also US01). Then, save the entry by clicking the **Save** button.

With this step, you’ve completed the setup of depreciation areas as organizational objects.

**1.4 Asset Classes**

An asset class is the main master data object that forms the organizational structure of asset accounting. This object serves to classify together assets that have a similar
function and purpose. Think of an asset class as a grouping of similar assets that provide numerous controlling characteristics to its member assets, such as the number ranges within which they are created, the accounts that they post to, the fields available in their master records, and so on.

In this section, we’ll start our discussion of asset classes with the best practices in structuring asset classes and describe how you can most effectively organize your assets into asset classes. Then, we’ll teach you how to configure asset classes step-by-step.

### 1.4.1 Structuring Asset Classes

Asset classes are the foundation of asset master data in SAP S/4HANA. Therefore, structuring your asset classes well is of paramount importance.

To define your asset classes appropriately, you must understand the functions of an asset class. Figure 1.31 shows a graphical summary of the functions of an asset class.

![Asset Class Functions](image)

Therefore, assets should be grouped in the same asset class when they have similar properties like the following:

- Account determination
- Screen layout
- Number range assignment
- Additional features
- Default values
- Selections

Note that the asset class is not dependent on a company code or a chart of depreciation. Therefore, when you create them, asset classes can be available to all countries and company codes. However, you can still decide which asset classes will be enabled in each chart of depreciation and depreciation area and which classes will not be active at that level.

From our experience, around 20 to 30 asset classes should fulfill the needs of most global companies. All different groups of assets should be covered, but you shouldn’t also fall trap to expanding the number of asset classes beyond what you need. Many times, we’ve seen that, when the system is being rolled out to new country, the local team may push to create new asset classes that currently do not exist in the template. You must carefully consider whether these new asset classes are needed; perhaps assets could still be classified under an existing class. Creating new asset classes just for the needs of one country should be a rare exception that occurs only in really strong business cases.

Based on our experience, some sample asset classes that could apply for many companies include the following:

- Land
- Buildings
- Leasehold improvements
- Vehicles
- IT equipment
- IT infrastructure
- Communication systems
- Tools
Organizational Structures

- Furniture and fixtures
- Warehouse equipment
- Office equipment
- Software licenses
- Trademarks
- Goodwill
- Investments in affiliates
- Assets under construction

Even this concise list includes most main types of tangible assets (buildings, vehicles, tools, etc.); intangible assets (trademark, goodwill, etc.); and assets under construction (assets being produced internally).

Now, let’s delve into the details of configuring an asset class.

1.4.2 Configuring Asset Classes

An asset class is a configuration object that combines various other configuration objects, such as account determinations, screen layouts, number range assignments, and so on, as shown in Figure 1.31.

In this section, we’ll create these configuration objects so we can include them in asset classes, but we’ll configure these objects in detail later in Chapter 2.

Specifying the Account Determination

The first step is to create the account determinations. To create an account determination, follow the menu path Financial Accounting • Asset Accounting • Organizational Structures • Asset Classes • Specify Account Determination. The screen shown in Figure 1.32 displays existing account determinations, including several provided by SAP.

To create a new account determination, click the New Entries button in the top menu. On the blank screen, enter an account determination code and a description, as shown in Figure 1.33.
You’ll need to come up with a naming convention for your account determination codes. A good practice to use the same number of digits for all account determinations. In our example, we used seven digits. You can use consecutive numbering such as 1000000, 2000000, and 3000000 or 1000010, 1000020, and so on. Or another good idea to base the numbering of account determinations on the main general ledger account numbers on which the acquisition costs are booked. For example, if the general ledger acquisition account for buildings is 10000020 (eight digits), we would name the account determination for buildings 1000020 (since we decided that account determinations will use seven digits but with the same numbering as the general ledger account). This convention will help asset accountants reconcile asset accounting with the general ledger.

After maintaining all the needed account determinations, save your entries by clicking the **Save** button.

**Creating Screen Layout Rules**

In the next step, you’ll create screen layout rules. Start by following the menu path Financial Accounting • Asset Accounting • Organizational Structures • Asset Classes • Create Screen Layout Rules. The screen shown in Figure 1.34 will list screen layouts already defined in the system.

To create a new screen layout, choose an existing layout by selecting the checkbox to its left and then clicking on the **Save** button in the top menu. On the next screen, shown in Figure 1.35, enter a screen layout code and a description.

**Defining Number Range Intervals**

In the next step, you’ll define the number range intervals that you’ll use in your asset classes. Start by following the menu path Financial Accounting • Asset Accounting • Organizational Structures • Asset Classes • Define Number Range Interval. In the initial screen, shown in Figure 1.36, enter a company code, for example, “US10.”

![Figure 1.34 Screen Layouts](image)

![Figure 1.35 Creating a Screen Layout](image)

![Figure 1.36 Number Range Intervals](image)
Click the Change intervals button, which opens a blank screen, shown in Figure 1.37, where you can enter the new intervals.

 normally, you would need to create separate number ranges for each asset class. In some cases, this separation may be useful if more than one asset class shares the same number range. For example, for legal or internal reasons, a certain group of assets may need to be created in a consecutive number range but still need to be treated separately, in separate asset classes.

To create several new number ranges, click Insert Line from the top menu. A blank line will appear where you can define as many new number ranges and intervals as you need. Then, you can enter new number range intervals, as shown in Figure 1.38.

In the No column, enter the two-digit code that identifies the number range. This code is what you’ll subsequently enter when defining the asset class. Then, in the From No. and To Number columns, define the limits of the number range. For example, in range 03, we defined numbers from 3000000 to 3999999; the first asset within the range will be created with number 3000000, the second 3000001, the third 3000002, and so on. In our example, we’re using 7-digit asset numbers, which can accommodate up to 1 million assets in this number range alone. Of course, if you think you may run over 1 million assets, you could define number ranges using up to 12 digits.
Thus, number ranges must be maintained separately in each client of the system and are not included in a transport. This restriction is valid for all number ranges objects in the system, not only in asset accounting, and is enforced to avoid the inconsistencies often caused by transporting number ranges. Confirm the message by clicking the button.

Go back to the screen shown earlier in Figure 1.36. From this screen, you can also modify the current number within a range by clicking on the **NR Status** button, which opens the screen shown in Figure 1.40.

![Figure 1.40 Number Range Status](image)

In the **NR Status** column, enter a number that will become the current number within the range. For example, if you enter “3000005” in range 03, the next asset created will have the number 3000006. In the **NR Status** field, the system stores the current number within a range.

**Creating Asset Classes**

Finally, you’re ready to create an asset class. Start by following the menu path **Financial Accounting • Asset Accounting • Organizational Structures • Asset Classes**.

**Define Asset Classes**. In the initial screen, shown in Figure 1.41, you’ll see a list of defined asset classes, along with the names of their account determinations and screen layouts.

![Figure 1.41 Asset Classes](image)

SAP provides several standard example asset classes. As with account determinations and screen layouts, you’ll need to define a naming convention for asset classes. Using the naming convention already used for account determinations makes sense. In our example, we based the naming convention for the account determination from the main general ledger acquisition account numbers, which is also what we’ll use for our asset classes, but with 7 digits codes. You can use up to 8 digits for asset class codes.

To create a new asset class, click on the **New Entries** button in the top menu and enter the required information, as shown in Figure 1.42.

On this screen, you should maintain the following configuration fields:

- **Asset Class**
  This field is the numeric code representing the asset class.
- **Description**
  In this field, you can add a meaningful long description for the asset class.
- **Short Text**
  In this field, you can add a meaningful short description for the asset class.
In this field, you can map the asset class with an existing account determination to define which general ledger accounts will be posted with the various asset transactions.

**Scr.layout rule**
In this field, you can map the asset class with an existing screen layout to define which fields are required, optional, and suppressed when creating assets within this asset class.

**Number range**
In this field, you can map the asset class with an existing number range to define the numbers assigned when creating assets within this asset class.

**Status of AuC**
In this field, you can define whether the asset class manages assets under construction (internally produced) and, if so, how the settlement of the related line items is performed.

- **Lock status**
  Select this checkbox to block the asset class; new assets cannot be created with this asset class.

Scroll down to reveal the remaining configuration fields on this screen, as shown in Figure 1.43.

**Manage historically**
This indicator defines whether the asset should be managed with a history, which means that the asset is displayed in an asset chart. The asset and its values and transactions also cannot be reorganized until the asset is deactivated.

**Technical information**
With this section, the system stores administrative information about the creation of the asset class, such as:

- **Created on**
- **Created by**
- **Changed on**
- **Changed by**

After entering all the required information, save your changes by clicking the **Save** button.

In this way, define all the asset classes required by your organization.
Modifying Settings for Country-Specific Requirements

Now that you’ve completed the organizational setup for fixed assets, you can further fine-tune the settings to accommodate country-specific requirements.

As mentioned earlier, asset classes are independent of charts of depreciation, which means that, once created, asset classes are available throughout the system. However, in some cases, you may want to use different a screen layout and/or account determination for each chart of depreciation. Fortunately, SAP provides mechanism for that through standard configuration. As a result, you can use the same asset classes throughout your organization, while also defining country-specific settings for account determinations and screen layouts.

To configure chart of depreciation-specific screen layouts and/or account determinations, follow the menu path Financial Accounting • Asset Accounting • Organizational Structures • Asset Classes • Specify Chart-of-Dep.-Dependent Screen Layout/Acct Assignment. In the initial screen, shown in Figure 1.44, you’ll see a list of defined asset classes on the right. On the left is a navigation menu, which you can use to specify chart of depreciation-dependent settings, after selecting an asset class.

Select an asset class by selecting the checkbox on its left and double-clicking on Chart-of-depreciation-dependent data from the navigation menu on the left. Initially, the screen will be blank, as shown in Figure 1.45.

Click on the New Entries button in the top menu. Now, on the right, you’ll see chart of depreciation-dependent data already defined, and on the left, you can enter a different screen layout and account determination for the specified chart of depreciation, as shown in Figure 1.46.

![Figure 1.44 Chart of Depreciation Settings](image1)

![Figure 1.45 Creating Chart of Depreciation-Dependent Data](image2)

![Figure 1.46 Chart of Depreciation-Dependent Data Changed](image3)
In our example, we specified that, for chart of depreciation US01, we’ll use screen layout Z010 (instead of Z020) and account determination 1000010 (instead of 1000020).

After maintaining the asset classes as needed with your chart of depreciation-specific settings, save your changes by clicking the Save button.

Recall that the asset class determines the number range. These numbers are assigned from within the assigned number range and also within the company code. In other words, for example, the first asset created in number range 03 will be 3000000 in company code US10. However, if we create the first asset in the same number range in another company code, that number will also be 3000000. Therefore, all asset numbers are uniquely identified with a combination of asset number and company code.

Additionally, the configuration transaction enables you to define cross-company code asset number assignments. In this way, for every company code, you can determine a company code from which the number assignment should be taken. Thus, more than one company code can share consecutive asset number assignments.

To configure cross-company code asset number assignments, follow the menu path Financial Accounting • Asset Accounting • Organizational Structures • Specify Number Assignment Across Company Codes. In the screen shown in Figure 1.47, specify a company code for the number assignment.

In the No. CoCd field, enter the company code to be used for the assignment of numbers to asset master records. The number range from this company code will be used for number assignments across company codes assigned to it. In our example, we’ll specify that US10 will use numbers from the number ranges of company code US20.

With this step, we’ve completed the setup for asset classes in our organizational structure.

1.5 Summary

In this foundational chapter, we laid the groundwork for the proper organization and functioning of asset accounting. You learned how to define your requirements and set up the organizational structure for asset accounting.

We covered how to activate company codes for asset accounting. Then, you learned how to properly define other organizational objects in asset accounting, such as charts of depreciation, depreciation areas, and asset classes. You learned some best practices on effectively organizing your assets in well-structured asset classes. We provided some sample asset classes that cover many common business requirements. In the process, we also created account determinations, screen layouts, and number ranges, all of which control how assets are created and transacted.

At this point, you’ve defined a basic organizational structure for handling fixed assets. In the next chapter, we’ll further develop our configuration for master data and teach you how create asset master data in SAP S/4HANA.
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