Understanding **Accounting Segments**

Overview of Accounting Segments and how each is connected.

Organizational Segments

Found in *Master Data >Organization*

COMPANY CODE

A company code is a 3-4 letter/ number code that defines a business entity or location.
- Company Codes are associated with a Company and/or Billing address.
- At least one Company Code must be created.

PURCHASING ORGANIZATION

Represents the procuring unit in a legal sense. The way in which you assign purchasing organizations to company codes and plants determines the procurement method.

- Purchasing Organizations are associated with a Company Code.

PLANT

A subdivision of a Company Code. Often a location, office or building capable of manufacturing goods of all sizes in large quantities to be sold by a business. Through this feature the Admin can see the different plants and the corresponding number code to the plant.

- Plant Codes are associated with a Company Code.

Accounting Segments

Found in *Master Data >Accounting*

At least one Company Code must be created before the accounting segments listed below can be set up. Each accounting segment can be set individually as Active or Inactive.

Segments listed in Alphabetical Order:

CLASS

Cost Reporting for a specific division, department or other organizational unit.

- Classes can be associated to a specific Company Code or All Company Codes.
- Start and end dates can be set for each Class.
- Sub classes may be created. If a parent class associated to a subclass is deleted, both classes will be removed from the system.

COST CENTER

A cost center is part of an organization that *does not* produce direct profit and adds to the cost of running a company.

Example: Accounting, Marketing, Shipping etc.

- Sub-Cost Centers can be created. If a parent cost center associated to a sub-cost center is deleted, both classes will be removed from the system.
- Start and end dates can be set for each Cost Center

CUSTOMERS

The Customer classification allows you to associate projects to a customer.

- Customer Code can be associated to a Cost Center, GL Account WBS Element or Project.

GL ACCOUNTS

A General Ledger (GL) Account is a unique record summarizing each type of an asset, liability, equity, revenue and expense. This information is needed to prepare financial statements.

Example: Cash, Accounts Receivable, Inventory, Investments, Land, and Equipment.

INTERNAL ORDERS

Internal orders are used to monitor overhead costs incurred for a specific event, project or activity.

- Internal Orders may also be associated to a Profit Center.

LOCATION

Locations where financial transactions occur. Locations can be defaulted to each user.

- Locations can be applied to a specific Company Code or All Company Codes. If All is selected, Location type will become a required field.

- Plants & Classes association to a specific location is optional.

LOCATION TYPE

A specific space whether it be Physical, Partner or Virtual.

- Associated to a Company Code *and* Location.

PROFIT CENTERS

A business unit or that generates revenue and may also incurs costs.

Example: Sales department, Online sales

- Start and end dates can be set.

PROJECT

Indicates projects such as work orders, contracts, grants, or other entities to track specific transactions.

- Sub Projects can be created.
- Start and end dates can be set for each Project.
- Association to a Class is optional.

WBS ELEMENTS

A WBS Element is a hierarchical and incremental decomposition of a project into phases, deliverables and work packages. It is a tree structure, which shows a subdivision of effort required to achieve an objective

Example: a program, project, or contract.