



SAP FICO Interview Questions & Answers

Free PDF Guide with Detailed Explanations

Freshers

Experienced

S/4HANA Ready

ERPvits.com

What's Inside:

- 22+ FICO Interview Q&As with full explanations
- FI Config, CO Concepts, AR/AP, Asset Accounting
- Fresher & Experienced level questions
- Salary benchmarks & SAP Career path guidance
- SAP S/4HANA Finance & Universal Journal coverage

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SAP FICO Training | Career Support | Interview Preparation

Introduction

This free PDF guide from **ERPvits.com** is designed to help SAP FICO aspirants — both freshers and experienced professionals — crack interviews with confidence. Each question comes with a detailed explanation so you understand the 'why' behind every concept. Topics span Financial Accounting (FI), Controlling (CO), integration scenarios, and SAP S/4HANA Finance updates.

Section 1: Organizational Structure in SAP FICO

Q1.

What is the difference between a Company and a Company Code in SAP?

ANS:

A Company is the highest organizational unit in SAP used for legal consolidation. A Company Code is the smallest independent accounting unit representing a separate legal entity for which complete accounts can be drawn up. One Company can contain multiple Company Codes, but each Company Code belongs to exactly one Company.

Pro Tip: Always draw the hierarchy: Client > Company > Company Code > Business Area. Interviewers test this to see if you understand SAP's organizational design.

Q2.

What is a Business Area in SAP FI and how is it used?

ANS:

A Business Area is an optional organizational unit that enables segment-level financial reporting. It can span multiple Company Codes and is useful for generating P&L; and Balance Sheet statements for internal management purposes. In New G/L implementations, Profit Centers have largely replaced Business Areas.

Pro Tip: If asked Business Area vs Profit Center: Profit Centers are preferred in New G/L because they support full financial statement reporting natively.

Q3.

What is a Fiscal Year Variant and why is it important?

ANS:

A Fiscal Year Variant defines the structure of the accounting year — the number of posting periods, special periods, and whether the year is calendar or non-calendar based. It is assigned to a Company Code. SAP supports up to 16 posting periods: 12 regular + 4 special periods for year-end adjustments.

Q4.**What is a Chart of Accounts (COA) and how many types exist in SAP?****ANS:**

A Chart of Accounts is a list of all G/L accounts used by one or more Company Codes. Three types exist: (1) Operational COA — for day-to-day posting, (2) Country COA — for country-specific legal reporting, and (3) Group COA — for consolidated corporate reporting. Only the Operational COA is mandatory.

Pro Tip: A Company Code can only be assigned ONE operational COA, but multiple Company Codes can share the same COA.

Section 2: General Ledger & New G/L

Q5.**What is a Reconciliation Account in SAP?****ANS:**

A Reconciliation Account is a G/L account automatically updated whenever a transaction is posted to a sub-ledger (customer, vendor, or asset). It keeps the General Ledger in sync with subsidiary ledgers at all times. You cannot post to it directly — postings happen only through sub-ledger transactions.

Q6.**What is the New General Ledger (New G/L) and its key features?****ANS:**

Introduced in SAP ECC 5.0, New G/L offers: (1) Parallel Accounting — manage multiple accounting standards (IFRS, GAAP) via ledgers, (2) Document Splitting — split documents by Profit Center or Segment, (3) Real-time FI-CO integration, and (4) Segment Reporting. New G/L eliminated the need for special-purpose and reconciliation ledgers.

Pro Tip: In SAP S/4HANA, the Universal Journal (table ACDOCA) merges FI and CO into one line-item table — a must-know for any S/4HANA interview.

Q7.**What is Document Splitting in SAP?****ANS:**

Document Splitting automatically splits financial postings across dimensions like Profit Center or Segment so that complete balance sheets and P&L statements can be produced at those levels. SAP supports active (real-time) and passive splitting. Configuration involves splitting rules, methods, and base item categories.

Q8.

What is a Posting Key and what does it control?

ANS:

A Posting Key is a two-digit code that controls: (1) Account type (G/L, Customer, Vendor, Asset), (2) Debit/Credit indicator, and (3) Screen field selection. Common keys: 40 (G/L Debit), 50 (G/L Credit), 01 (Customer Invoice), 31 (Vendor Invoice), 11 (Customer Credit Memo), 21 (Vendor Credit Memo).

Section 3: Accounts Payable & Accounts Receivable

Q9.

What is Dunning in SAP and how does the dunning process work?

ANS:

Dunning is the automated process of sending overdue payment reminders to customers. You configure dunning procedures with levels (1st reminder, 2nd reminder, legal notice), intervals between levels, minimum amounts, charges, and dunning texts. The dunning program (F150) selects overdue items, proposes notices, and generates letters on confirmation.

Pro Tip: Each dunning level can have different texts and charges. Customers can be blocked from dunning using the dunning block indicator in the customer master.

Q10.

What is the difference between a Payment Term and a Payment Method?

ANS:

A Payment Term defines when payment is expected — e.g., 'Net 30' or '2% discount if paid within 10 days.' It determines due dates and cash discounts (configured in OBB8). A Payment Method specifies how payment is made — check, bank transfer, or electronic payment (configured in FBZP).

Q11.

What is a Special G/L Indicator in SAP?

ANS:

A Special G/L Indicator posts transactions to alternative reconciliation accounts instead of the standard one. Common use cases: down payments (A), guarantees (G), and bills of exchange (W). This tracks special transactions separately on the balance sheet without mixing with regular receivables/payables.

Pro Tip: Know the full down payment flow: payment request (F-37) > post down payment (F-29) > clear against final invoice. This is a very common interview scenario.

Section 4: Asset Accounting (FI-AA)

Q12.

What is an Asset Class in SAP Asset Accounting?

ANS:

An Asset Class is the top-level classification of fixed assets (e.g., Buildings, Plant & Machinery, Vehicles, Intangibles). It controls: (1) account determination for G/L postings, (2) default depreciation key, (3) screen layout for asset master data, and (4) asset number ranges.

Q13.

What is a Depreciation Key in SAP?

ANS:

A Depreciation Key defines how depreciation is calculated — specifying the method (straight-line, declining balance), base value, and period control. Each asset is assigned a depreciation key in its master data, driving the automatic depreciation posting run (transaction AFAB).

Pro Tip: In SAP S/4HANA New Asset Accounting, depreciation is posted in real-time — there is no longer a separate batch depreciation run posting step.

Q14.

What is the difference between an Asset Retirement and an Asset Transfer?

ANS:

An Asset Retirement removes an asset from the books — by sale (with revenue) or scrapping (without revenue) — posting to disposal accounts with gain/loss calculation. An Asset Transfer moves an asset from one asset master to another (e.g., cost center to cost center, or class to class) without removing it from the asset register.

Section 5: Controlling (CO)

Q15.**What is the difference between a Cost Center and a Profit Center?****ANS:**

A Cost Center tracks where costs are incurred (e.g., HR, IT) — no revenue, pure CO object. A Profit Center tracks profitability of a business segment with both revenues and costs. In New G/L and S/4HANA, Profit Centers enable full financial statement reporting (P&L; + Balance Sheet) at the segment level.

Pro Tip: Always mention that Profit Center Accounting (EC-PCA) in classic SAP has been replaced by segment reporting via Profit Centers in New G/L.

Q16.**What are Internal Orders used for in SAP CO?****ANS:**

Internal Orders are short-term cost collectors for specific jobs, events, or capital investments — e.g., a trade show or machine repair. They accumulate costs during their lifecycle and settle to a Cost Center, G/L Account, or Asset at period-end. They can be real (actual postings) or statistical (reporting only).

Q17.**What is CO-PA (Profitability Analysis)?****ANS:**

CO-PA analyzes profitability by market segments — customer, product, region, or sales channel. Two forms: (1) Costing-based CO-PA — uses value fields, calculates gross margin using standard costs; (2) Account-based CO-PA — uses G/L accounts, reconciled with FI. SAP S/4HANA strongly recommends account-based CO-PA.

Pro Tip: S/4HANA interviews almost always ask about costing-based vs account-based CO-PA. Know that account-based is the future direction in S/4HANA.

Q18.**What is Assessment vs Distribution in SAP Cost Accounting?****ANS:**

Distribution transfers primary costs from a sender Cost Center to receivers, preserving original cost elements. Assessment combines all costs and transfers them using a secondary assessment cost element — detail of original cost elements is lost on the receiver side. Distribution is preferred for transparency; Assessment is simpler for overhead allocations.

Section 6: Integration & SAP S/4HANA Finance

Q19.**How does SAP FI integrate with MM (Materials Management)?****ANS:**

FI-MM integration is automatic, controlled through Account Determination (OBYC). When a goods receipt (GR) is posted in MM, SAP auto-generates an FI accounting document. The GR/IR clearing account bridges the two modules. G/L postings for each movement type are configured in automatic account assignment (transaction OBYC).

Pro Tip: Know the three-way match: Purchase Order > Goods Receipt > Invoice Verification — and how each step generates FI postings automatically.

Q20.**What is the Universal Journal in SAP S/4HANA?****ANS:**

The Universal Journal (table ACDOCA) merges FI, CO, Asset Accounting, and CO-PA postings into a single line-item table, eliminating reconciliation between FI and CO. Every business transaction creates a single entry in ACDOCA with all dimensions (G/L account, Cost Center, Profit Center, Segment) in one record.

Pro Tip: In classic ECC, FI used BSEG and CO used COEP — two separate tables. S/4HANA's Universal Journal (ACDOCA) is the single source of truth.

Q21.**What is Parallel Accounting and how is it achieved in SAP?****ANS:**

Parallel Accounting allows an organization to maintain books under different accounting standards simultaneously (e.g., IFRS and local GAAP). In New G/L and S/4HANA, this is achieved using Ledgers. The Leading Ledger (0L) follows the primary standard; non-leading ledgers handle alternative principles. Extension Ledgers allow adjustments without duplicating all postings.

Q22.**What is the purpose of the GR/IR Clearing Account?****ANS:**

The GR/IR account temporarily holds the value of goods received but not yet invoiced, and invoices received but goods not yet delivered. At month-end it is analyzed and cleared. The automatic clearing program (F.13) can clear matched GR and IR postings. Uncleared items require manual investigation and are reported as open items.

Section 7: Quick Tips for Freshers

- Understand the SAP organizational hierarchy before your interview: Client > Company > Company Code > Business Area/Profit Center.
- Practice key T-codes: FB01 (Post Document), FB50 (G/L posting), F-43 (Vendor Invoice), F-28 (Incoming Payment), F150 (Dunning), AFAB (Depreciation Run).
- Know the three types of Chart of Accounts — most freshers only know the Operational COA.
- Be ready to explain how FI and CO integration works and what triggers automatic postings.
- Enroll in a structured SAP FICO course to get hands-on configuration experience before interviews.
- Study SAP S/4HANA Finance basics — the Universal Journal is asked in almost every 2024-2025 interview.
- Prepare a real answer for 'Tell me about a business process you configured in SAP FICO' — even from training projects.

SAP FICO Salary Benchmarks (2024-2025)

Experience Level	India (LPA)	USA (USD / Year)
Fresher / Entry-level	INR 4 – 7 LPA	\$55,000 – \$75,000
Mid-level (3–5 years)	INR 10 – 18 LPA	\$85,000 – \$110,000
Senior Consultant (7+)	INR 20 – 35 LPA	\$120,000 – \$160,000+
S/4HANA Specialist	INR 25 – 45 LPA	\$140,000 – \$180,000+

Note: Salaries vary by geography, company size, domain specialization, and SAP S/4HANA expertise. Certified SAP professionals with Central Finance or Group Reporting experience command the highest packages.

SAP Career Path: What Comes After FICO?

Role	Key Skills
SAP S/4HANA Finance Consultant	Universal Journal, Fiori, Parallel Accounting
SAP Group Reporting Specialist	Consolidation, Intercompany, IFRS
SAP Treasury & Risk Management	Cash Management, Hedging, Bank Connectivity
SAP CO-PA / Profitability Analyst	Account-based CO-PA, Margin Analysis
SAP Project Manager	Full-cycle implementation, Activate methodology

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