

ERPZ'
STUDENTS

Script 5: Financial Accounting

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1 Financial Accounting

This teaching unit explains the main components of the Financial Accounting application (SAP FI). We will show how SAP has implemented the central functionalities that are required to accomplish different tasks in Financial Accounting. First, the organizational units and master data that are relevant to SAP FI are explained. Then we will focus on the General Ledger as well as central sub-ledgers of the SAP system. Furthermore, the posting logic and integration points to other SAP applications are illustrated.

Educational objectives in this unit:

At the conclusion of this unit, you will be able to

- Describe the tasks in Financial Accounting
- Explain the functionality of the main structures used in Financial Accounting
- Display the chart of accounts and create G/L accounts
- Describe the special role of reconciliation accounts
- Perform G/L postings
- Describe the vendor master record and post vendor invoices
- Run the automatic payment program
- Describe the customer master record and maintain credit management data
- Maintain an asset master record and post an asset

Scenario for the Case Study

In the practical application section of this unit, you will focus on the enterprise structures of financial accounting and controlling in customizing as well as get a short overview of the chart of accounts. Tasks related to the chart of accounts are predominantly carried out in customizing (IMG: implementation guide) of the SAP system even if it belongs to the General Ledger topic-wise.

Moreover, you will create an own account in the General Ledger and carry out postings to this account and deal with the balance sheet and profit and loss statement of your company.

In the Accounts Payable section, you will enter an invoice from your vendor and trigger the automatic payment of the open item.

In Account Receivable, you will focus on credit memo posting with customer correspondence.

In Asset Accounting, you will enter a new asset and take a look at its posting and depreciation in the asset explorer.

In the following figure, you can see the entire process that you will deal with independently in the practical application section of this unit by using the SAP system. Except for the enterprise structures in customizing and entering creating a vendor invoice, you will focus exclusively on the functional area Financial Accounting.

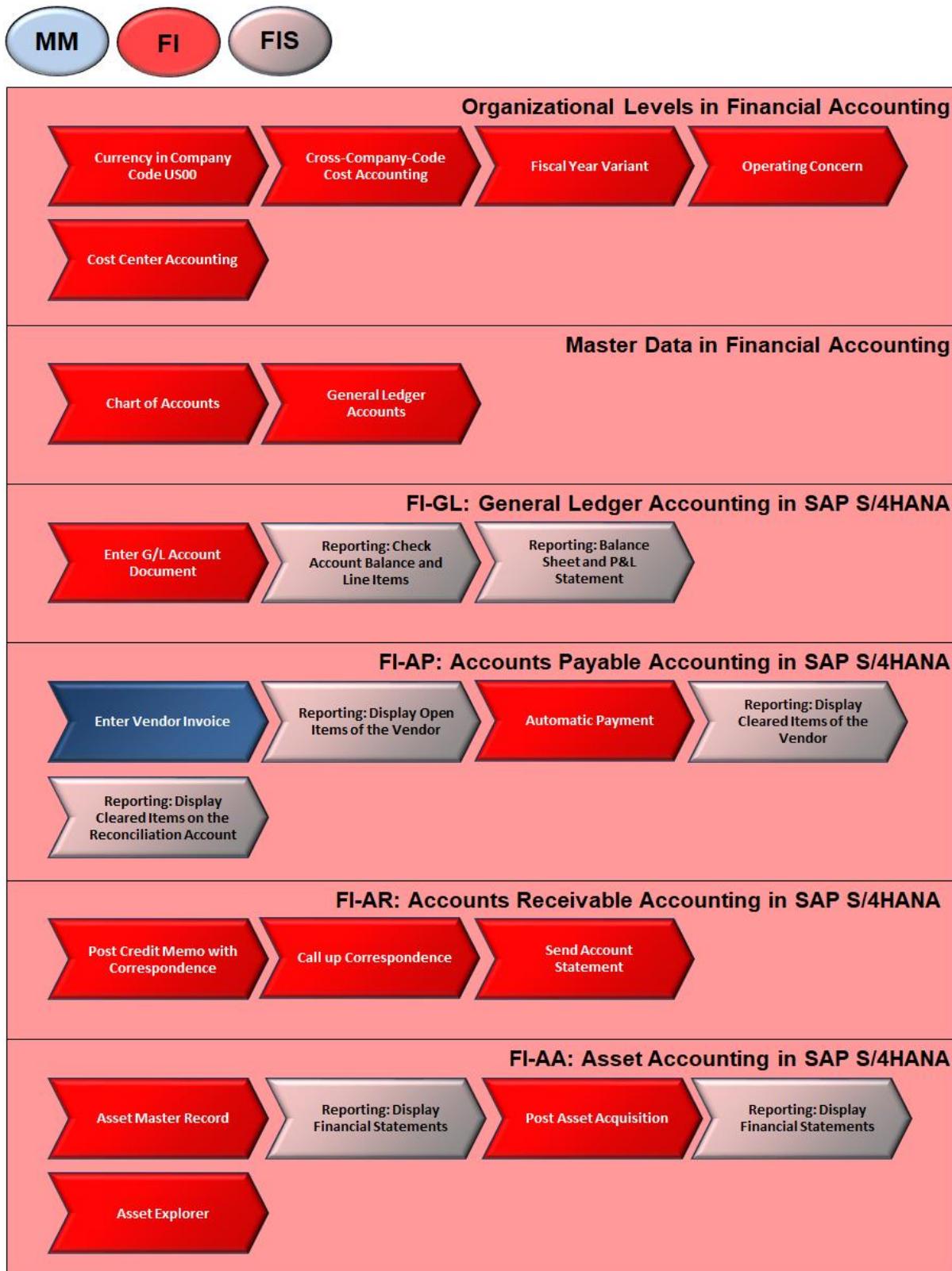


Figure 1: Process Overview: Financial Accounting

2 Basic Data of Financial Accounting

This section explains the organizational levels of the SAP system that are relevant for the Financial Accounting application of the SAP system (SAP FI). Furthermore, master data of the Financial Accounting application are introduced.

2.1 Theory: Organizational Levels of Financial Accounting



THEORY

Organizational levels represent the legal and organizational views of a company and form a framework that supports the activities of a business in the manner desired by management. Furthermore, they permit the accurate and organized collection of business information and support the development and presentation of relevant information in order to enable and support business decisions. This section gives you an overview of the organizational model of SAP FI. There are several organizational levels that are relevant for SAP FI but primarily belong to other SAP application. Those organizational levels are explained first. Thereafter, the organizational levels that primarily belong to the Financial Accounting applications are described.

2.1.1 Financial Accounting: General Organizational Levels

The following organizational levels are relevant for the SAP application SAP FI but primarily belong to other applications. You already became acquainted with the following organizational levels:

Client

A **client** is the highest-level organizational unit in an SAP system and constitutes an independent environment with its own set of tables and data, which are separate from other clients. Each SAP system can host multiple clients.

Each client represents the enterprise, company or business, depending on the size. Thus, a client is an organizationally, data model-wise, and legally closed unit. In SAP, clients are identified through their three-digit client number. The GBI Company is mapped in one client of an SAP system.

Operating Concern

The **Operating Concern** controls **Profitability Analysis** (CO-PA) and represents the structure of the external market segments of a company. That is, an operating concern is an organizational unit which structures the company's customer markets according to pre-defined criteria required for market analyses. This allows calculating operating profits for individual market segments. Revenues from businesses with customers are directly posted to the particular segments. Multiple controlling areas can be assigned to one operating concern. This allows defining concern-wide market analyses and analyzing cost and revenue cost elements incurring in multiple controlling areas together. The GBI company uses one operating concern, (GL00), which has both controlling areas (NA00, EU00) assigned to it.

Controlling Area

The **Controlling Area** is the main organizational level of Controlling and represents the highest reporting level in an organization from a costing standpoint (roll-up reporting). A controlling

area depicts a closed entity for cost accounting. Costs can only be allocated within a controlling area. Objects in other controlling areas cannot be included in this allocation. Thus, a controlling area depicts a self-contained, organizational unit for which the management of revenues and expenses can be performed. Since there is no option to allocate costs between different controlling areas it often makes sense to implement only one controlling area in a company. A controlling area can be responsible for several company codes allowing for cross-company-code cost accounting (e.g., allocation of costs) as well as management accounting analyses and reports. That is, one or multiple company codes can be assigned to a controlling area. However, this is only possible if the assigned company codes and the controlling area use the same operating chart of accounts and fiscal year variants with the same start and end dates. We will discuss this topic later in the master data chapter when introducing the *chart of accounts*.

The GBI uses two controlling areas. GBI Europe (EU00) is responsible for the cost accounting of company codes in Europe, which so far is only the company code DE00 in Germany. GBI North America (NA00) is responsible for the cost accounting of company codes in the USA, which so far is only the company code US00. Thus, no cross-company-code cost accounting is implemented in the GBI.

2.1.2 Financial Accounting: Organizational Levels of SAP FI

The company code is the central organizational level in Financial Accounting. Other than that, there are the following organizational levels that play a role in Financial Accounting: credit control area, business area, and segment.

Company Code

Company structure determines whether a self-contained set of accounts for external reporting purposes is required for a business unit, or not. Therefore, SAP features the **Company Code** as an organizational level. It is the smallest organizational unit for which a self-contained set of books (balance sheet and profit and loss statement) is possible according to commercial law. A complete profit and loss statement can be issued.

The company code is the central organizational element of **Financial Accounting** and, thus, is relevant to almost any process in the SAP system, since most processes influence the accounting of the company. Accordingly, at least one company code must be defined in the production environment for a business.

If a business organization consists of more than one company (i.e., a group), company codes can be used to represent the particular companies of the group from an accounting point of view. Company codes are, generally, defined based on geographic considerations and do usually not cross-national boundaries, since company codes are created with reference to tax law, commercial law, or other FI criteria that are country-specific properties. A company code key is a four-character alphanumeric field.

The GBI has two company codes – one for the US headquarters (US00) and one for the German subsidiary (DE00). It is necessary to separate the two company parts from the point of view of Financial Accounting, since each country has its own laws regarding financial statements and taxes.

Credit Control Area

A company can monitor customer credit lines (credit limits), which are managed on the organizational level of Credit Control Area. A Credit Control Area can be responsible for multiple Company Codes. The SAP system can react to particular events relevant to credit limitations with either warnings or delivery blocks.

The GBI is an enterprise with two companies. It has its headquarter in USA and a subsidiary in Germany. Each of these two companies are represented by its own Company Code (US00, DE00) for legal accounting and its own Controlling Area (NA00, EU00) for cost accounting. The Credit Control Area GL00 is responsible for credit limit checks for both companies. Thus, both Company Codes are assigned to this Credit Control Area. This means that credit limits of customers of GBI are controlled by one instance. For example, this prevents a German customer who exceeds his credit limit from placing orders at the US Company.

Business Area

A Business Area is an organizational unit that represents a separate area of operations or responsibilities within an organization and to which value changes recorded in Financial Accounting can be allocated. Thereby, a company can be organizationally structured in distinct Business Areas to facilitate external reporting (balance, profit, and loss statement). This allows the creation of financial statements per Business Area, and these statements can be used for various internal reporting purposes. The decisive characteristics are different products or product groups. Thus, a business area is a product-based view across the organization allowing for a condensed view on particular products or product groups.

The GBI uses only one Business Area (BI00 – Bikes), which is used in both company parts.

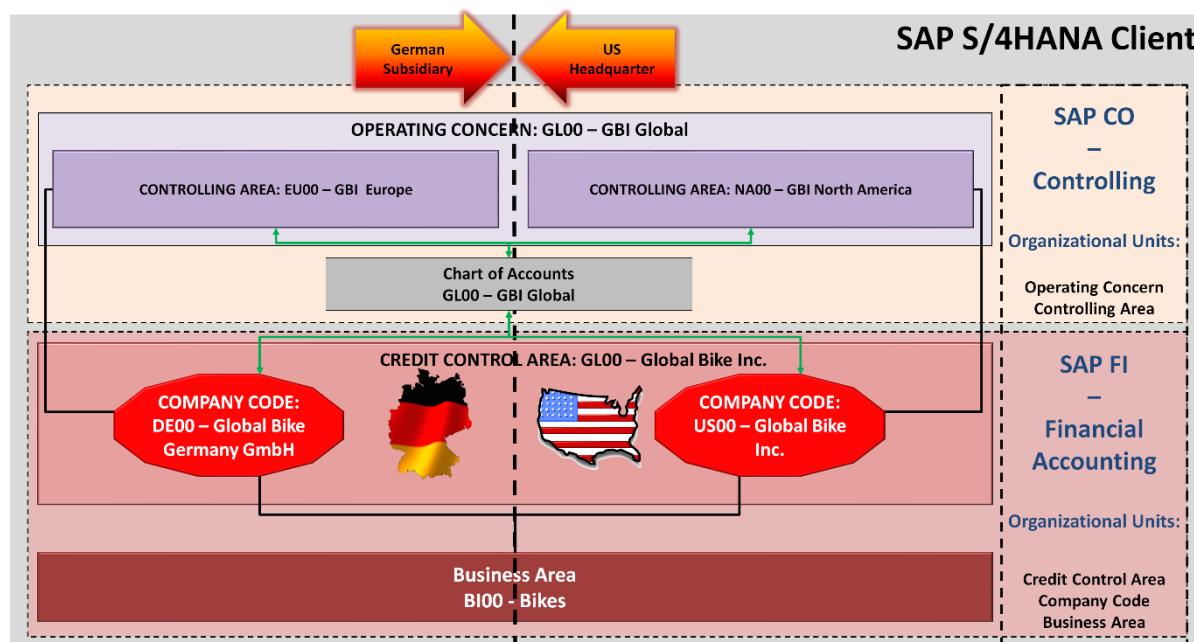


Figure 2: SAP Organizational Structures of Accounting

Segment

Segments represent a new organizational unit in the SAP system and are available as of SAP ERP 2004 (ECC 5.0). Generally, a segment corresponds to a business area. In the new General

Ledger Accounting, segments are used as a dimension for reporting purposes (Market and Segment Analysis).

The aim of segmented reporting is to provide an insight into different business activities of a diversified company and give insight into information about the general environment of the company. With the help of segments, you can provide a better overview of a company's economic performance, improve forecasting of the potential sales and financial reserves of a company, and better anticipate risks and opportunities of a company.

The International Accounting Standards (IAS) distinguishes between business and geographical segments.

- A **business segment** represents a sub-activity of a company involving the manufacture of a product or provision of a service with risks and revenues that differ from those of other business segments.
- A **geographical segment** provides information about risks and revenues that differ from other geographical segments in terms of economic or political factors, for example.

According to US-GAAP, a segment is a part of the company that incurs costs, generates revenue and has its own financial data with regard to profit and resource consumption.

SAP recommends using segments only in combination with profit centers. In SAP FI postings for which profit center information is not relevant, the segment can be determined by an SAP routine (BAdI - Business Add-In) or entered manually.

2.2 Practice: Organizational Levels in Financial Accounting



PRACTICE

In the following section, you will focus on the organizational levels of financial accounting in the SAP S/4HANA system. Accounting generally and in SAP S/4HANA as well, is separated into financial accounting and management accounting (or controlling, respectively). The main focus of this teaching unit is on financial accounting. However, you will learn about organizational levels of controlling (controlling area, operating concern), since management accounting and financial accounting are closely linked to each other. For this reason, it would not be helpful to consider them separately.

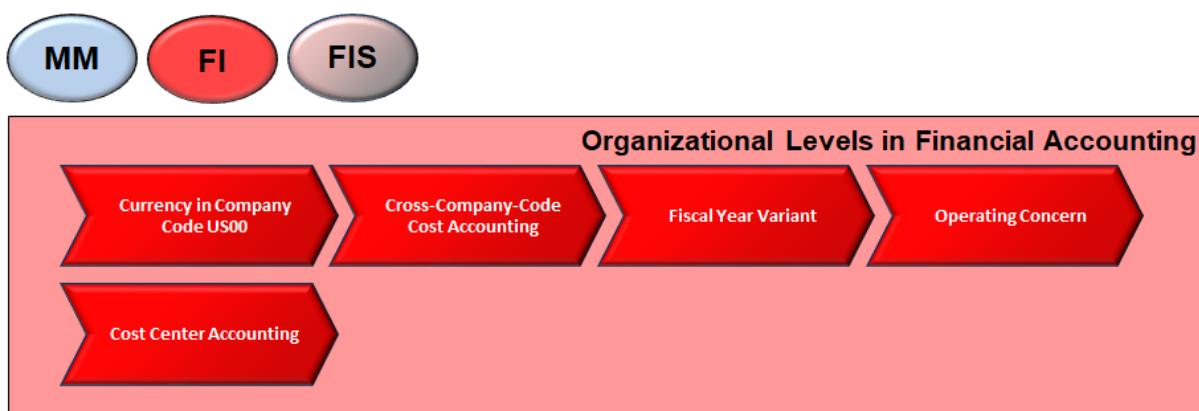


Figure 3: Process Overview: Organizational Levels in Financial Accounting

During this chapter, you should answer the following questions. Answering these questions is supposed to increase your learning progress.

1. Which currency is assigned to company code US00?
2. Which company codes are assigned to controlling area NA00? List the first entry within the list.
3. What is a fiscal year variant?
4. Which fiscal year variant is assigned to controlling area NA00?
5. Which operating concern is controlling area NA00 assigned to?
6. Can you carry out cost center accounting in controlling area NA00?

To answer these questions, go to customizing in the SAP S/4HANA system.

2.2.1 Definition: Customizing

The following chapter is meant to refresh your knowledge.

When a company decides to implement an SAP S/4HANA system, the software needs to be adjusted to the business requirements. Customizing is carried out in SAP S/4HANA by using the implementation guide (IMG). In customizing, relationships, selection options, etc., for the application menu are determined ("Which functions are executable in the menu!").

Customizing can be called up with **transaction code SPRO** and then by choosing the **SAP Reference IMG** or alternatively, by selecting the SAP Easy Access Menu (in the SAP GUI):

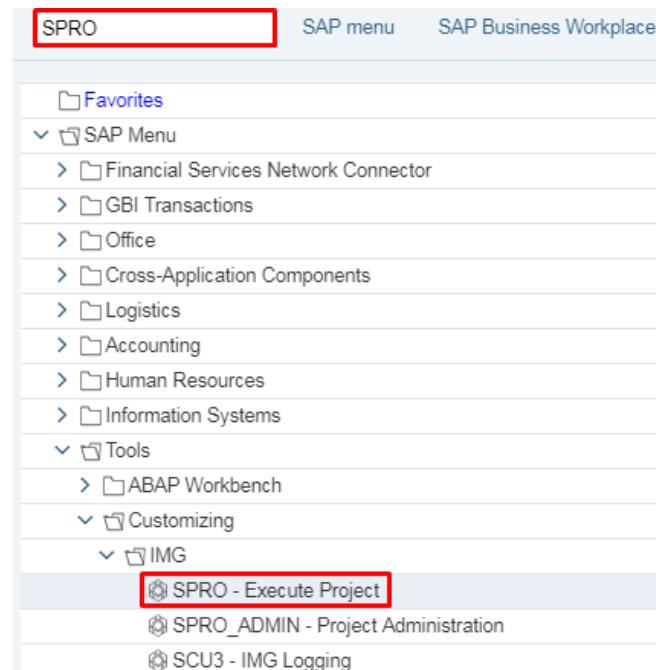


Figure 4: IMG - Step 1: SAP-System-Screenshot

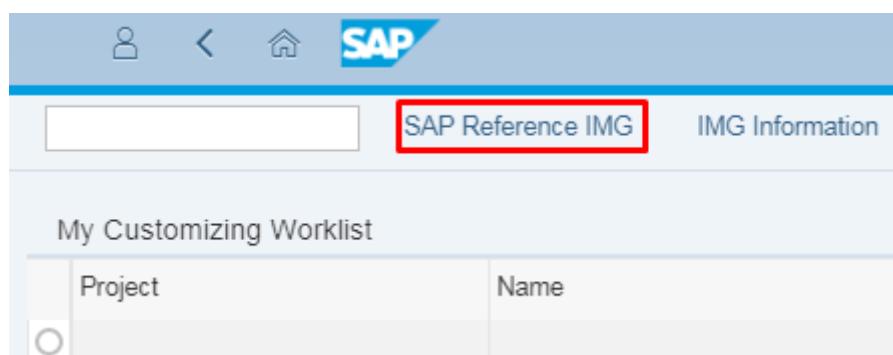


Figure 5: IMG - Step 2: SAP-System-Screenshot

Browsing in **Customizing** consists initially of a tree structure:

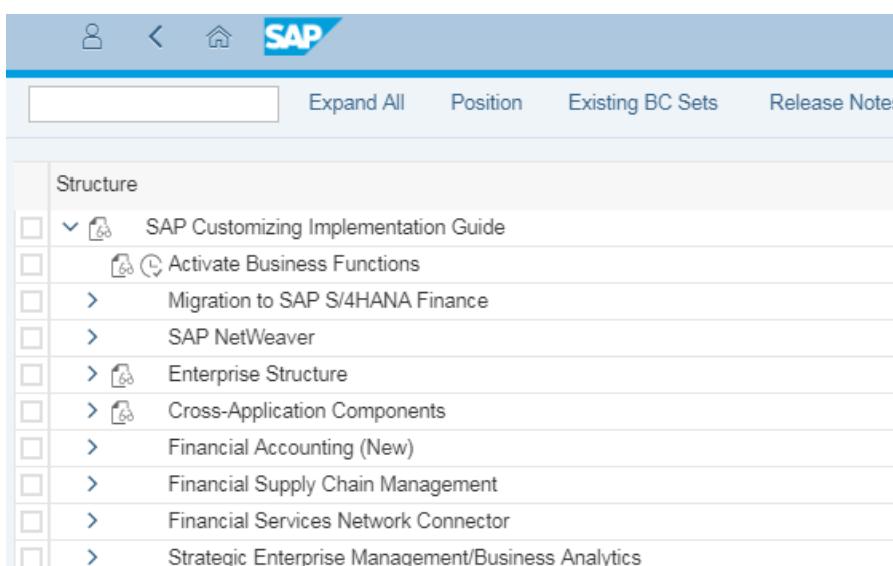


Figure 6: Implementation Guide - Customizing Menu: SAP-System-Screenshot

Relationship of Customizing and Easy Access: Customizing determines the **functionality** of the SAP S/4HANA system.

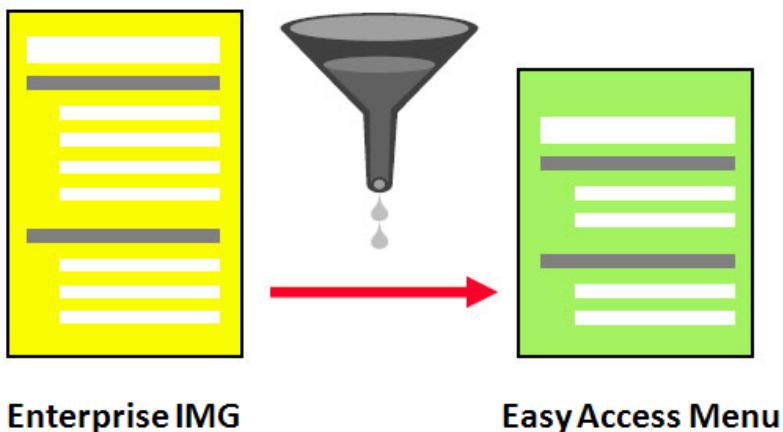


Figure 7: Relationship of Customizing and Easy Access Menu; Rimmelspacher (2004)

Settings in Customizing determine the functionalities in the SAP Easy Access menu. Consequently, you can determine **all basic data and structures** in customizing. Thus, you can find the **information regarding the organizational structure relevant** for answering the questions above.

2.2.2 Organizational Structures in Accounting

From an accounting perspective, you can gain the following overview of a company:

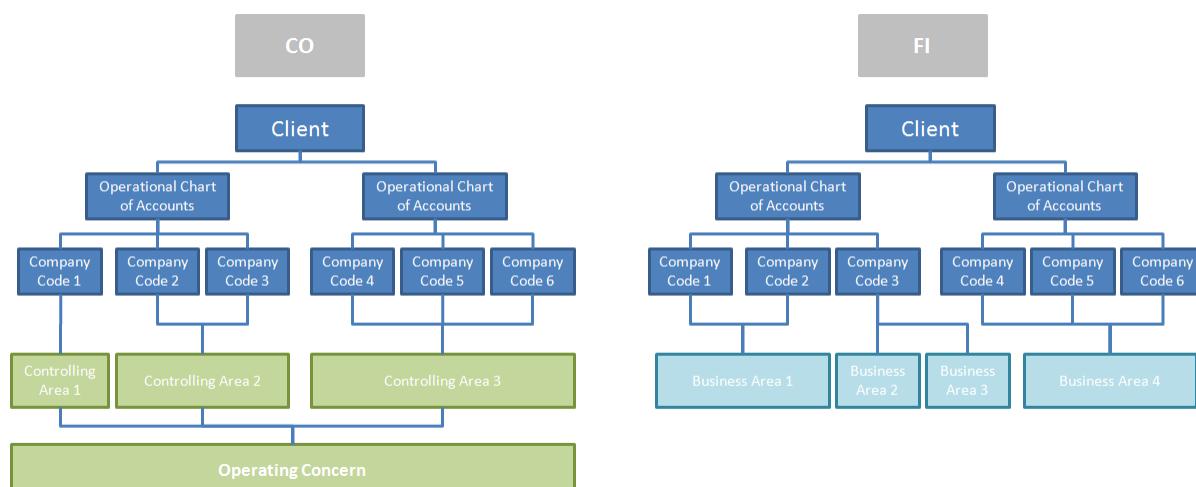


Figure 8: Organizational Structures in Accounting: Rimmelspacher (2004)

As you can see from the figure above, the company codes 1, 2 and 3 use the same operational chart of accounts. The operational chart of accounts is used by FI and CO commonly, i.e., primary cost and revenue elements in CO are revenue and expense accounts in FI **simultaneously**. Consequently, a controlling area takes over the chart of accounts of the assigned company codes. In cross-company code cost accounting (e.g., common product controlling across several company codes), controlling area and all assigned company codes **must** use the same chart of accounts.

2.2.3 Questions

Now, we are coming back to answering the questions: all tasks in this part of the case study **start in customizing**. Since you are already experienced in SAP customizing from the previous case studies, you are supposed to process the questions independently. You will find an approach to solve each task at its end that you can use if necessary.

Due to restrictions of your account, you do not need to worry about, for example, unintended momentous changes to the GBI group, since you are only **authorized to read** but you do not have a writing authorization. Therefore, you can skip notifications regarding maintenance authorization with **Yes** or **Continue**.

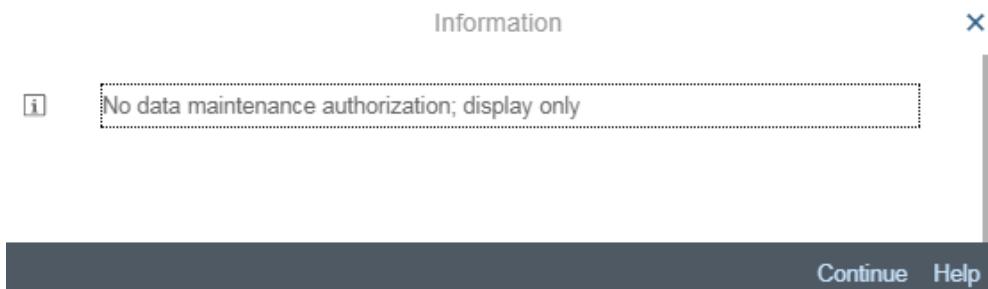


Figure 9: No Authorization: SAP-System-Screenshot

2.2.3.1 Currency in Company Code US00

Question 1: Which currency is assigned to company code US00?

Approach for question 1:

The screenshot shows the SAP Customizing Implementation Guide interface. On the left, there's a tree view under 'Structure' with nodes like 'SAP Customizing Implementation Guide', 'Activate Business Functions', 'Migration to SAP S/4HANA Finance', 'SAP NetWeaver', 'Enterprise Structure', 'Definition', 'Financial Accounting', and 'Edit, Copy, Delete, Check Company Code' (which is highlighted with a red box). On the right, there's a table titled 'Activities' with columns 'Performed' and 'Name of Activity'. One row shows 'copy, delete, check company code' and another row shows 'Edit Company Code Data' (also highlighted with a red box). Other buttons at the top include 'Expand All', 'Position', 'Existing BC Sets', 'Release Notes', 'Change Log', 'Where Else Used', and 'Find'.

Figure 10: Company Code - Step 1: SAP-System-Screenshot

	Company Code	Company Name
<input type="checkbox"/>	DE00	Global Bike Germany GmbH
<input type="checkbox"/>	US00	Global Bike Inc.

Figure 11: Company Code - Step 2: SAP-System-Screenshot

2.2.3.2 Cross-Company-Code Cost Accounting

Question 2: Which company codes are assigned to controlling area NA00? List the first entry within the list.

Approach for questions 2:

Performed	Name of Activity
	copy, Delete, Check Controlling Area
	Maintain Controlling Area
	delete SAP Delivery Data

Figure 12: Controlling Area - Step 1: SAP-System-Screenshot

COAr	Name
EU00	GBI Europe
GL00	GBI Global
<input checked="" type="checkbox"/> NA00	GBI North America

Figure 13: Controlling Area - Step 2: SAP-System-Screenshot

2.2.3.3 Fiscal Year Variant

Question 3: What is a fiscal year variant?

Question 4: Which fiscal year variant is assigned to controlling area NA00?

Approach for questions 3 and 4:

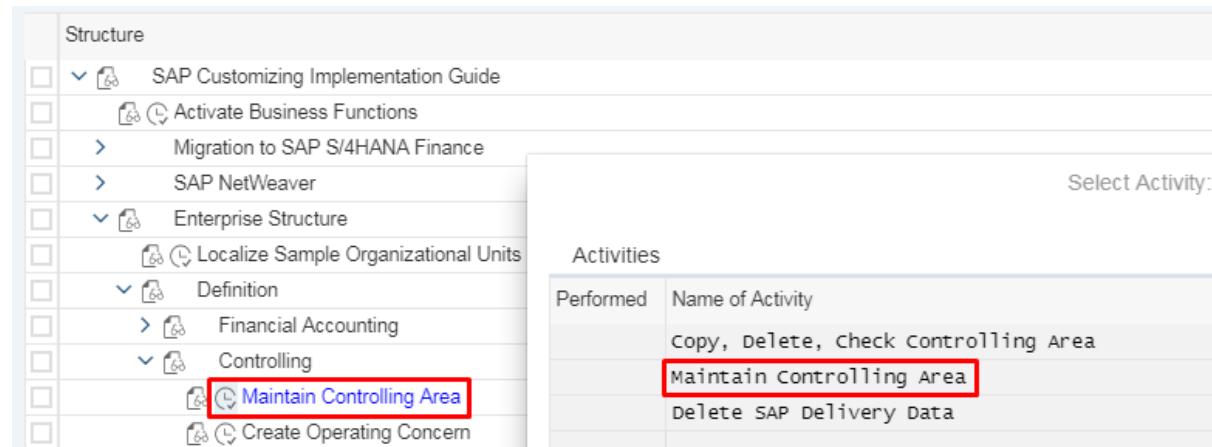


Figure 14: Controlling Area – Step 1: SAP-System-Screenshot

The screenshot shows the SAP Fiori application for maintaining a controlling area. The top navigation bar includes icons for user, back, home, and SAP logo, followed by 'Edit', 'Details', 'Select All', and 'Select Block'. The main area is divided into several sections: 'Controlling Area' (with 'Basic data' selected), 'Overview of Controlling Areas' (listing COAr Name, EU00 GBI Europe, GL00 GBI Global, and NA00 GBI North America, where NA00 is selected and highlighted with a red box), 'Assignment Control' (with 'CoCd->CO Area: Cross-company-code cost accounting'), 'Currency Setting' (with 'Currency Type: 10 Company code currency' and 'Currency: USD United States Dollar'), and 'Other Settings' (with 'Chart of Accts: GL00 GBI Global' and 'Fiscal Year Variant: [redacted]').

Figure 15: Controlling Area – Step 2: SAP-System-Screenshot

2.2.3.4 Operating Concern

Question 5: Which operating concern is controlling area NA00 assigned to?

Approach for question 5:

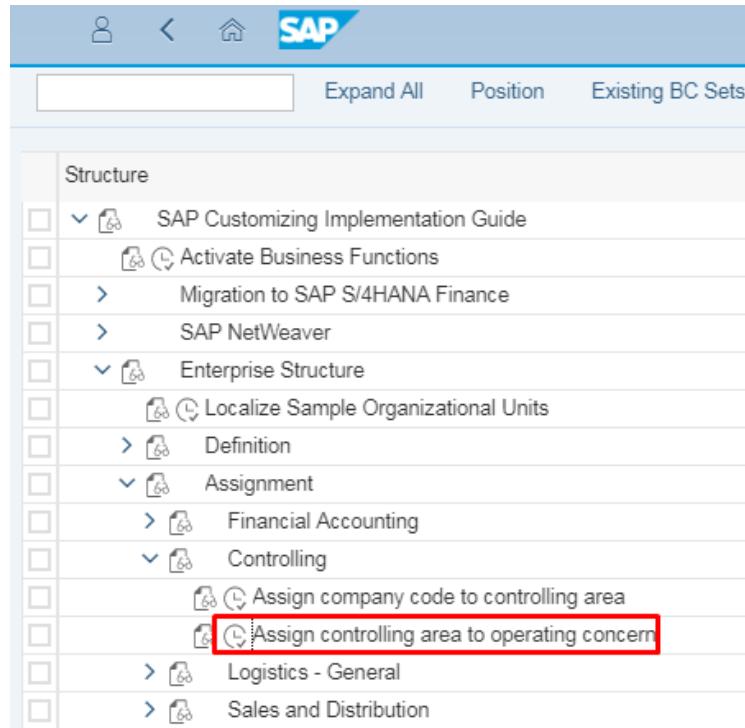


Figure 16: Operating Concern: SAP-System-Screenshot

2.2.3.5 Cost Center Accounting

Question 6: Can you carry out cost center accounting in controlling area NA00? (Settings as of 2009)

Approach for question 6:

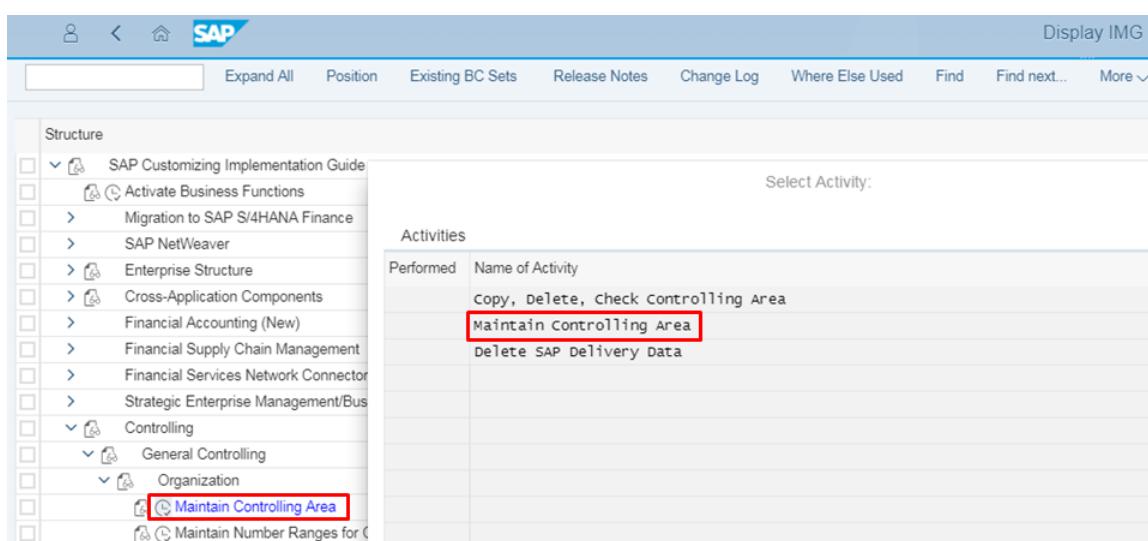


Figure 17: Cost Center Accounting - Step 1: SAP-System-Screenshot

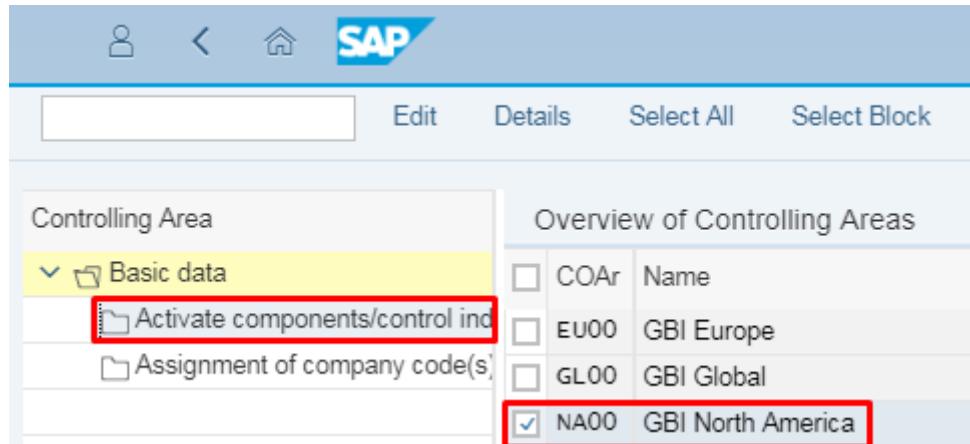


Figure 18: Cost Center Accounting - Step 2: SAP-System-Screenshot

2.3 Theory: Master Data of Financial Accounting

**THEORY**

You have already learned that master data provides information about objects for multiple applications and that it builds the next-higher level in the SAP system concept hierarchy after the organizational structures.

In this chapter, we discuss some master data that is relevant for the SAP FI application. Specifically, these are:

- Chart of Accounts
- General Ledger accounts
- Reconciliation accounts

2.3.1 Chart of Accounts

The **Chart of Accounts** is a central master data type in the SAP system. It provides the framework for all accounts created in Financial Accounting, is a central integration point between Financial and Management Accounting and determines whether cross-company code cost accounting is possible in a controlling area, or not.

2.3.1.1 Chart of Accounts

A chart of accounts is a classification scheme consisting of a group of General Ledger (G/L) accounts and organizes all G/L accounts of one or multiple company codes in a structured form. The chart of accounts provides a framework for the recording of values to ensure an orderly rendering of accounting data.

The General Ledger that the company code uses, is created on the basis of a particular chart of accounts. Thus, **all** General Ledger accounts must be defined in the utilized chart of accounts before they can be defined in the General Ledger of the specific company code. The definitions of accounts consist of

- The account number,
- The account name, and
- The type of G/L account (profit and loss or a balance sheet account).

A chart of accounts is assigned to a company code and to the corresponding controlling area. Thereby, it depicts the integration point between the company code and the controlling area. In SAP S/4HANA, each cost element in the controlling area is simultaneously a General Ledger account in the chart of accounts/company code.

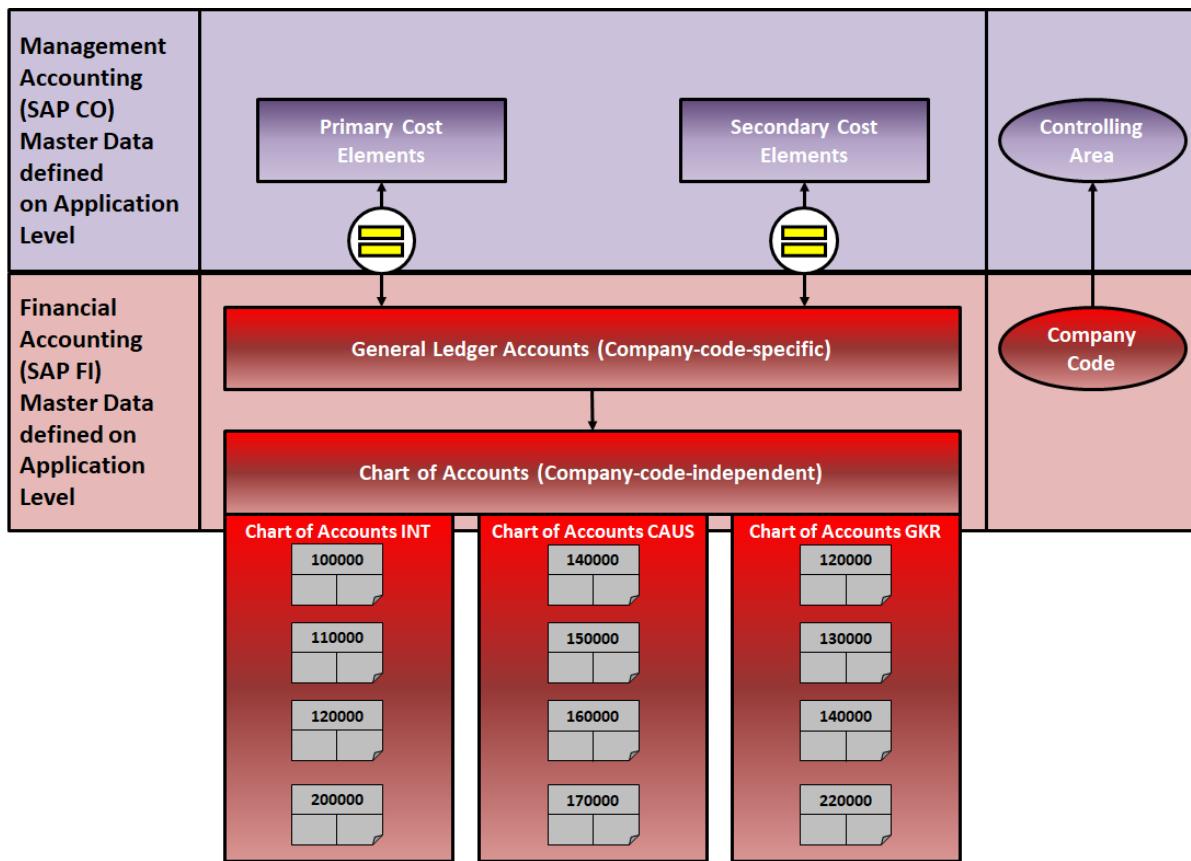


Figure 19: Chart of Accounts

2.3.1.2 Chart of Accounts Assignment

In the SAP system, multiple charts of accounts can be defined. The standard delivery of the SAP system already contains chart of accounts for international and country-specific accounting purposes. However, a company can define own chart of accounts, if required. Consider that the chart of accounts is only a template on which the General Ledger is based on. Thus, the same chart of account (e.g., INT) can be assigned to multiple company codes so that these company codes have the same structure for their General Ledgers. Each company code's General Ledger can also be based on a different chart of accounts, if the varying requirements of the individual company codes (e.g. tax accounts) need to be reflected in the chart of accounts structure.

The chart of accounts that is assigned to a company code for the General Ledger is referred to as the **operating chart of accounts**. It is used for the daily postings in this company code. If a company has multiple company codes (e.g., in international organizations), the following options are available for assigning the charts of accounts to those company codes:

- All company codes use the **same chart of accounts** if all company codes have the same requirements regarding accounting. This could be the case if all company codes are in the same country. For cross-company-code controlling (cost accounting), all company codes must have the same operating chart of accounts as the controlling area they are assigned to.
- Up to **two additional charts of accounts** can be assigned to a company code in addition to the operating chart of accounts. This is done, if the individual company codes require different charts of accounts due to country-specific requirements. This is often the case

in multi-national companies where each company code is responsible for different countries. The additional chart of accounts can be used for parallel ledgers in order to provide country-specific financial statements.

The following figure illustrates some examples on how different chart of accounts could be assigned to individual company codes. For instance, company codes 1, 2 and 3 all use the operating chart of accounts INT. In addition to INT, company code 3 also uses the chart of accounts CAUS for parallel accounting in order to reflect the accounting requirements in the USA. Company code 4 does not use INT but only the country specific chart of accounts GKR. Also note that not every account that is available in the chart of account must also be used in a company code's (General) Ledger.

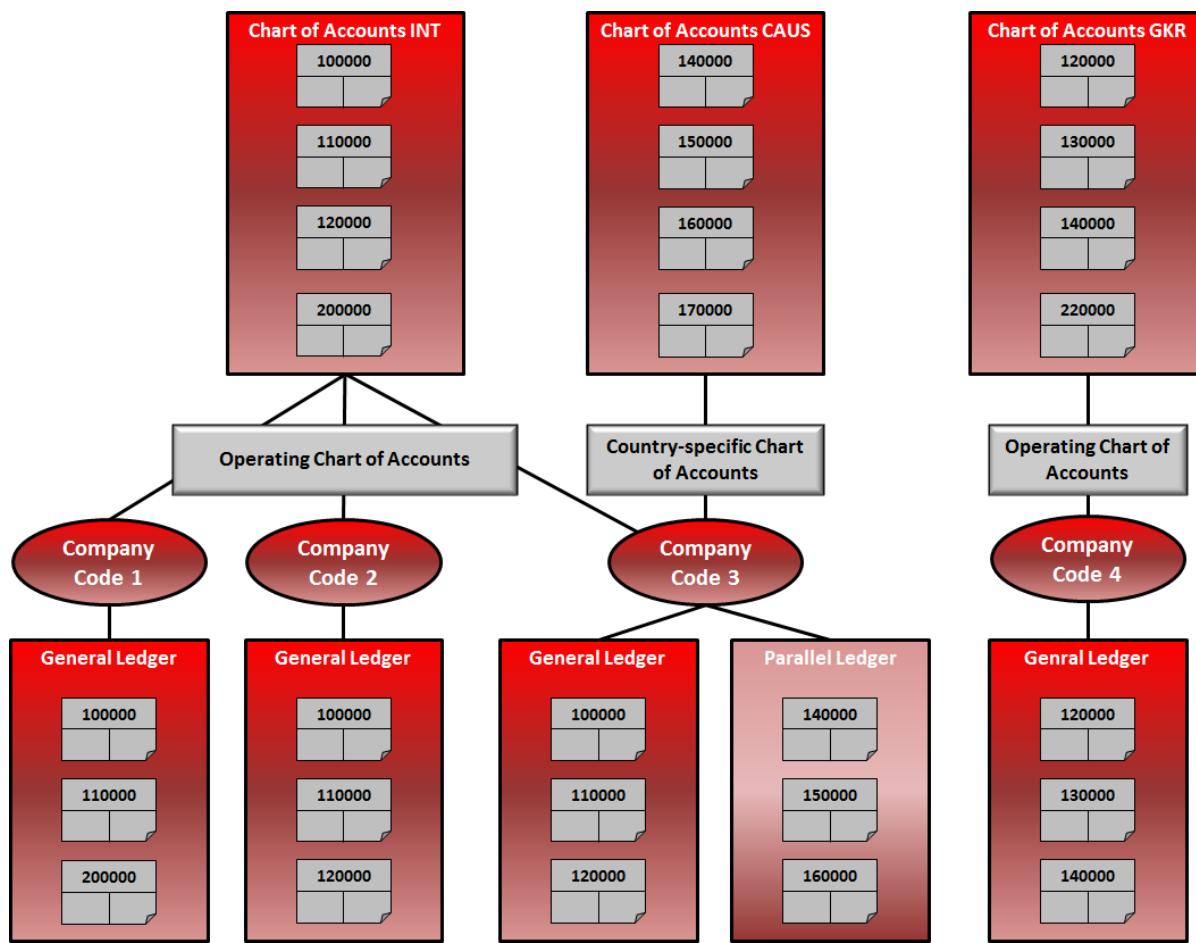


Figure 20: Charts of Accounts Assignment

2.3.2 General Ledger Accounts

The purpose of accounts is to capture all value flows in and out of the company in an ordered manner in accordance with national and international rules and laws. When expenses or revenues occur in a company, an according posting is made in Financial Accounting that debits and credits the involved accounts on company code level. Before these types of postings can be made to a **General Ledger account**, a master data record for the account must be available in the chart of account that is assigned to the responsible company code **and** in the General Ledger of the company code. The **General Ledger account** master data controls every aspect of postings of accounting transactions to G/L accounts and the processing of the posting data.

2.3.2.1 General Ledger Master Data Records

By assigning a Chart of Accounts to a Company Code, this unique combination creates a data storage area that is called a General Ledger. The General Ledger contains all accounts that are valid within the Company Code. The definition of a G/L account includes predominantly the account number, the G/L account name, and the G/L account type (P&L type account or balance sheet type account).

A **G/L account master record** contains two segments

- *chart of accounts segment*
- *company code segment*

With this structure, company codes using the same chart of accounts can also use the same G/L accounts. Therefore, the master data of a G/L account must be first created in the chart of accounts, and then it can be created in each company code separately:

- The first segment of the G/L account master record is the ***chart of accounts segment***. This area contains information about the G/L account that is valid for all company codes. Furthermore, it contains data that controls how a G/L account is created in the company-code-specific area.
In the chart of accounts segment, control features are defined on a high level. Central settings in this segment are the **account group**, which determines the type of account and the fields available in the company code segment, whether the account is a balance sheet account or a P&L account, and the number of the consolidation account.
- The second segment is the ***company code segment***, which describes how the company code that uses the specific account manages this account. This segment contains data that is only valid for a specific company code. Examples are:
 - *Account control*: Currency, exchange rate difference key, tax category
 - *Account management*: Open item management, line item display, sort key
 - *Joint venture data*: Recovery indicator
 - *Document control*: Field status group
 - *Bank or financial details*: house bank, house bank account ID
 - *Interest calculation*: Interest indicator, interest calculation frequency

Consider that before postings to a G/L account in a company code can be made, a master record for this account must be created in that particular company code. Before creating the company-code-specific segment of the account, the G/L account must already be defined in the chart of accounts (chart-of-account-specific segment).

When postings are made in Financial Accounting (or any other application that involve financial transactions) General Ledger accounts are debited and credited. These debit and credit postings document the company's business processes from a financial point of view according to legal requirements. Consequently, the General Ledger contains a list of all transactions that affected the General Ledger accounts and the respective account balances. Therefore, the General Ledger is the basis for the preparation of Financial Accounting statements (such as balance sheets).

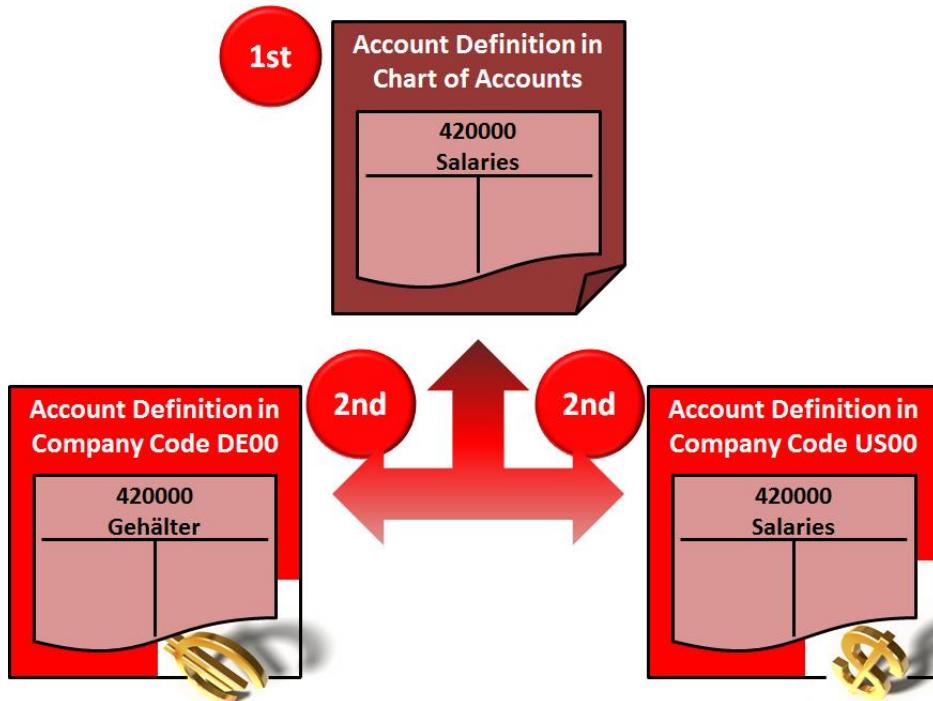


Figure 21: General Ledger Account Master Data in Chart of Accounts and Company Code

2.3.2.2 Account Types and Account Groups for G/L Accounts

The main field to classify the type of account is the **Account Type** field on the creation screen of a G/L account. This field (technical name `GLACCOUNT_TYPE`) has been added to the Universal Journal database table for the account master data and can be occupied with one of the following entries:

- **X – Balance Sheet Account:** This account type is used for the classic balance sheet accounts, to which business transactions post to. The balance of a balance sheet account is carried forward at the fiscal year-end.
- **N – Non-operating Expense or Income:** Profit and Loss accounts of this account type are used for non-operating expenses and revenues such as those parts of the P&L statement that never been associated with a cost center, order, or profitability segments in the past, that is, income statement accounts that record expenses or gains from activities that are not part of the main purpose of the company (e.g., gains realized from financial investments by a manufacturing company).
- **P – Primary Costs or Revenues:** Profit and Loss accounts of this account type are used for primary cost elements (or revenue), thus, all expenses posted from external sources to the company accounts. Examples are employee salaries in Cost Center Accounting, material expenses in Order and Project Accounting, or revenues and sales deductions in Profitability Analysis.
- **S – Secondary Costs:** The main innovation in SAP S/4HANA is that secondary cost elements are now also created as G/L accounts. Secondary cost elements are income statement accounts that functions as a cost element for secondary costs. Secondary costs result from company-internal value flows, such as internal activity cost allocations, overhead allocations, and settlement transactions.
- **C – Cash Account:** A cash account is a G/L account that can be assigned to more than one house bank account. Since each house bank account requires a G/L account to which

payment transactions are posted, using cash accounts helps to reduce the number of such G/L accounts significantly.

The following figure illustrates the General area of the G/L account creation screen in SAP Fiori UX and highlights the new field Account Type. Also note that there is a new account group for secondary cost elements which determines the fields and layout of the G/L account when a secondary cost element is created.

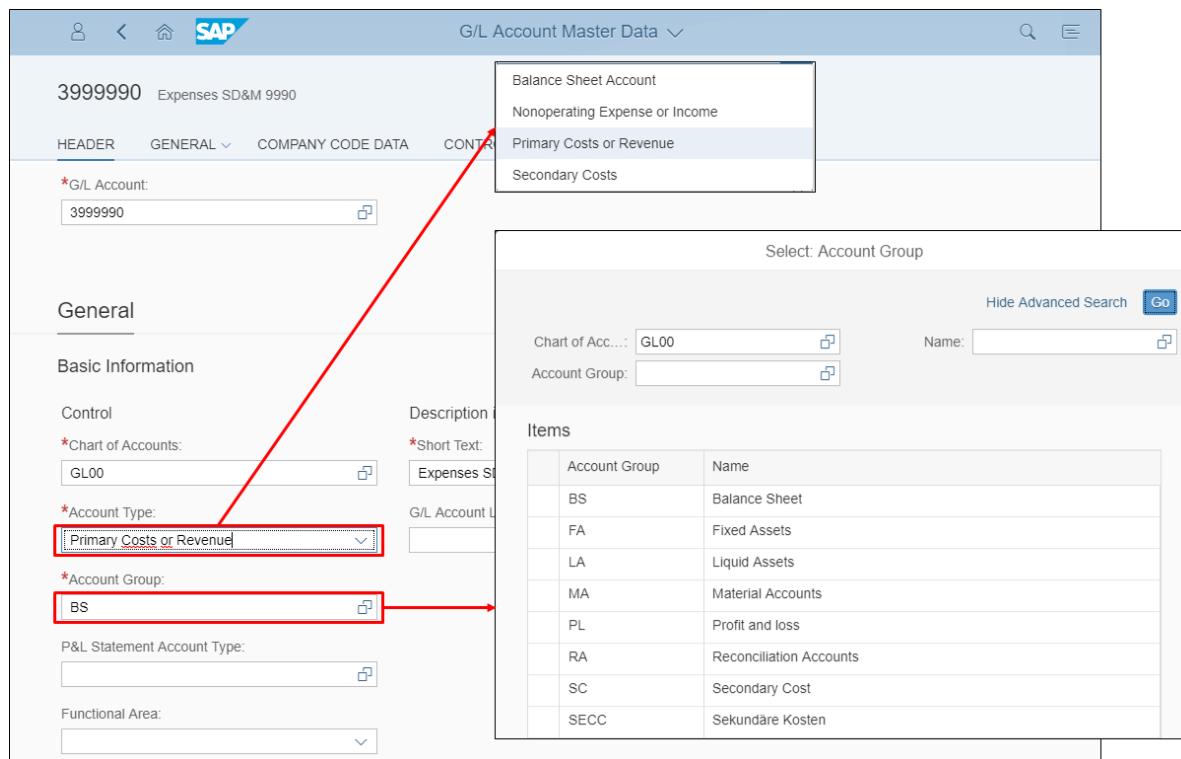


Figure 22: G/L Account Creation in SAP S/4HANA (1): SAP-System-Screenshot

An **account group** is a collection of characteristics that controls the creation of account master data records. Using account groups, G/L account can be classified in user-defined segments. Generally, account groups are used to pre-define settings for accounts with similar business functions. For instance, you could create different account groups for cash accounts, revenue accounts, expense accounts or other balance sheet accounts.

Account groups are defined in Customizing and serve mainly the following purposes:

- **Field status:** It is used to determine which fields **must** or **can** be filled when creating the account master record. The **field status** of the company code segment of the master record is determined at the time of creating, changing or displaying the same. The four field statuses of a field in the G/L master record are *suppress*, *required*, *display* and *optional*. You can determine in customizing, which field status a field has at the time of creating an account.
- **Number Range:** It can be used to predefine a number interval from which the numbers for the account master records should be chosen. Accounts that require the same master record fields and use the same number interval are created with the same account group.

In the standard delivery of SAP Systems, the following account groups exist

- BS Balance Sheet Accounts
- FA Fixed Assets Accounts
- LA Liquid Assets Accounts
- MA Material Accounts
- PL P&L Accounts
- RA Reconciliation Accounts
- SC Secondary Costs

The following figure shows the *chart of accounts* segment of the reconciliation account for Accounts Receivables in the General Ledger (110000). You can see that the Account Group is **RA – Reconciliation Accounts**.

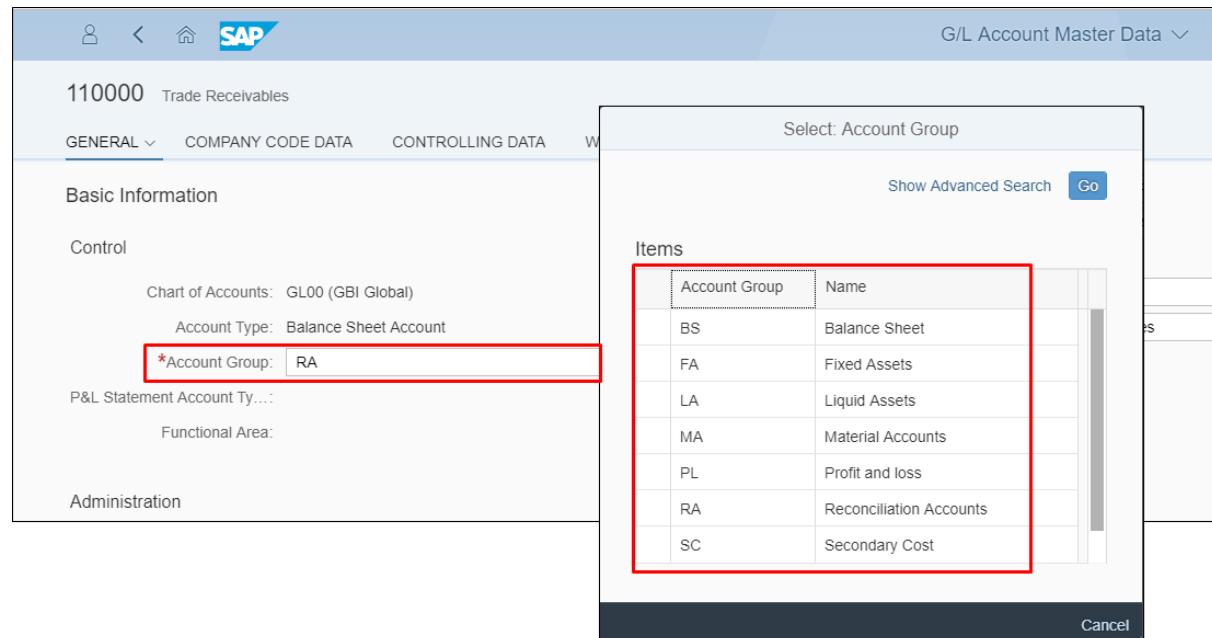


Figure 23: G/L Account Creation in SAP S/4HANA (2): SAP-System-Screenshot

Controlling-Area-specific Data

Expense accounts to which costs are posted for cost accounting purposes must be created with G/L Account Type **P (Primary)** or **S (Secondary)**. This ensures that all postings to this type of expense accounts always arrive in Management Accounting at the same time on a Management Accounting object, such as cost center, internal order, or project. An exception to this rule is the Cost Element Category 90, which can be assigned to **Balance Sheet Accounts (X)** to allow performing, e.g., plan or actual comparisons and manage plan values, budgets, and commitments on capital investments.

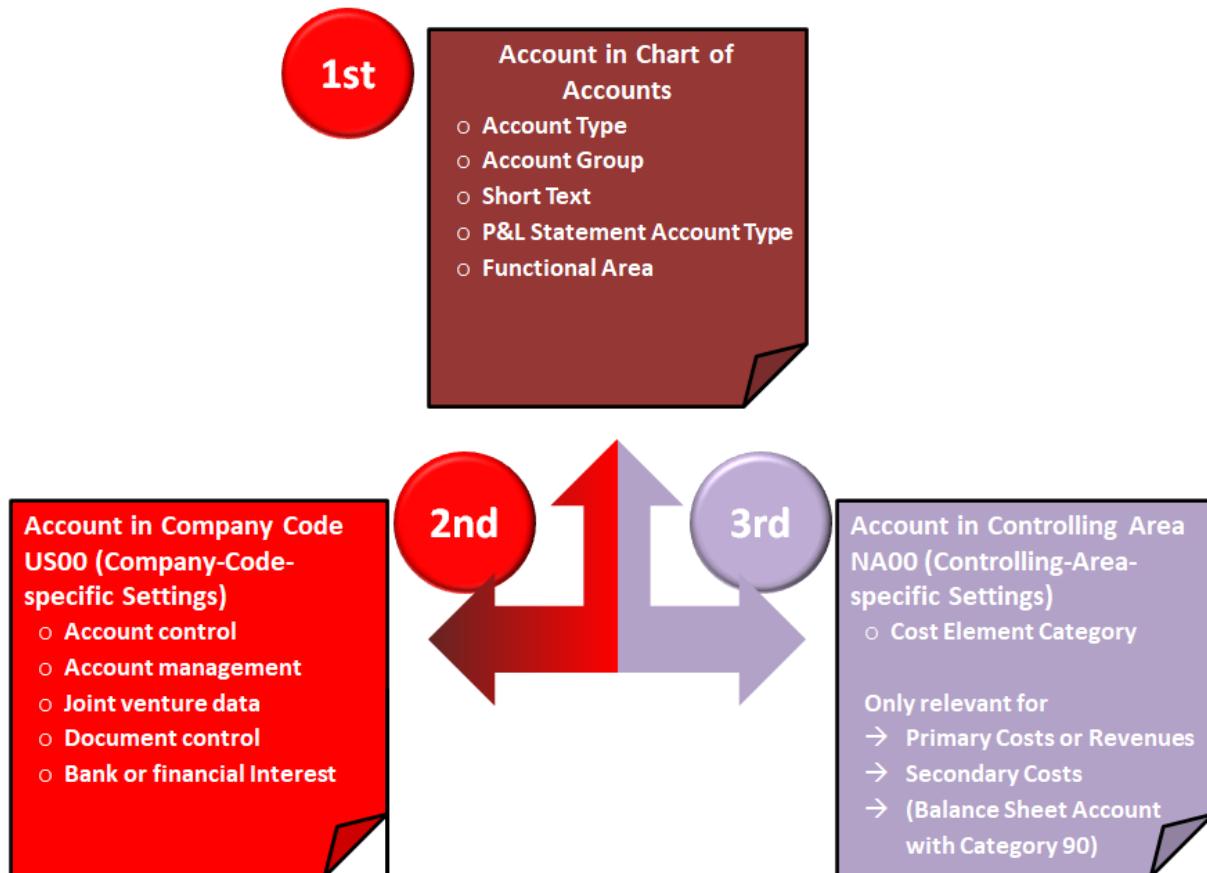


Figure 24: Controlling-Area-specific Data

The controlling-area-specific data segment of the G/L account master data is, thus, only needed for Secondary Costs and Primary Costs or Revenue accounts. In this screen area, you therefore assign a **Cost Element Category**. The cost element category is among the most important entries in the cost element master data as it classifies a cost element according to its usage or origin. That is, it determines which account can be used for which business transaction in Controlling (CO). Examples of cost element categories are:

- Material cost elements
- Settlement cost elements for orders
- Cost elements for allocating internal activities

The following figure shows the cost element category 43, which is used for secondary cost elements, if the cost element is to be utilized for internal activity allocations

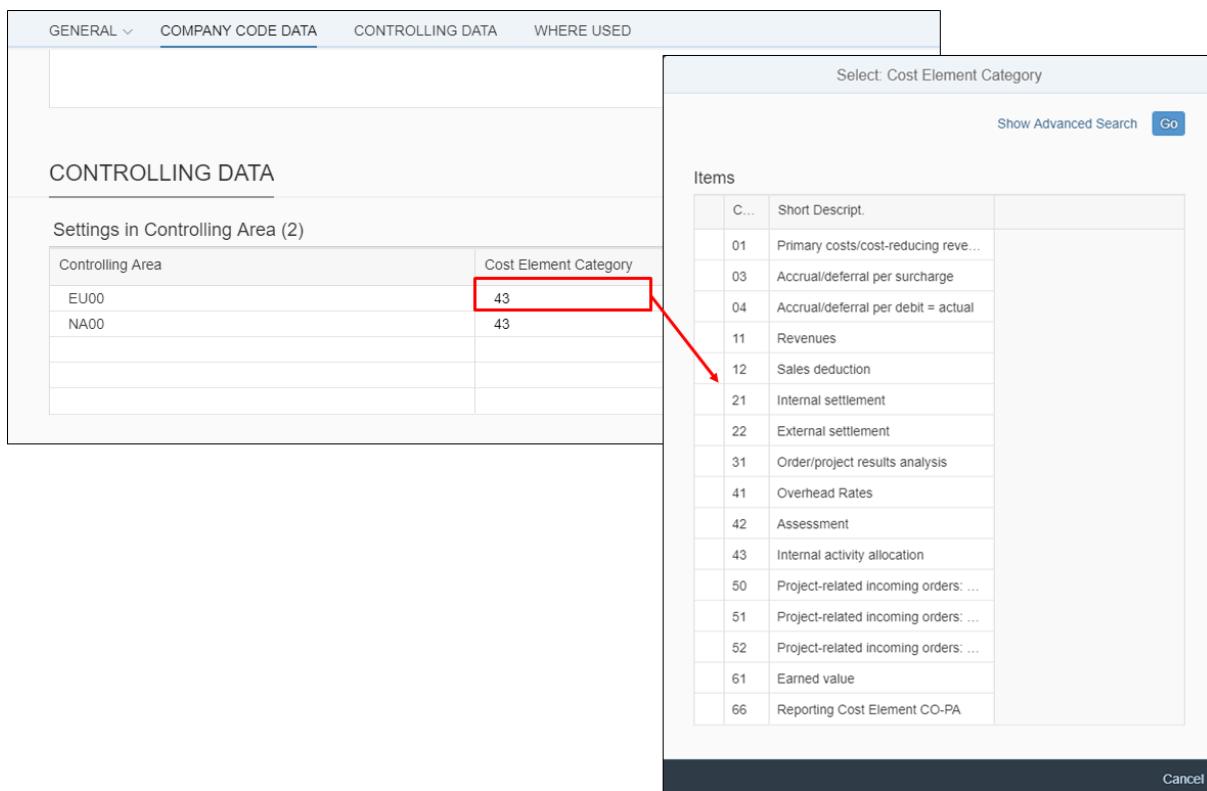


Figure 25: G/L Account Creation in SAP S/4HANA (3): SAP-System-Screenshot

2.3.2.3 Reconciliation Accounts

We have already mentioned reconciliation accounts when discussing the Source-to-Pay and Lead-to-Cash business processes. Reconciliation accounts are the “representatives” of the so-called sub-ledgers in the General Ledger. Central sub-ledgers in SAP FI are:

- Accounts Receivables (FI-AR): This sub-ledger contains all customer accounts
- Accounts Payables (FI-AP): This sub-ledger contains all vendor accounts
- Asset Accounting (FI-AA): This sub-ledger contains all assets of the company
- Bank Accounting (FI-BL): This sub-ledger contains all bank accounts of the company

The General Ledger records all business transactions (in HR, MM, PP, LE, SD etc.) relevant to accounting. That is, every time those "real" business processes are accomplished and cause a value change in the company, the financial accounting process records these value changes on the associated accounts. Postings in the G/L mostly are on aggregate level. This is done for clarity reasons and, therefore, G/L usually contains **collective positions** that can easily be transferred to the financial statement reports (balance sheet, P&L statement).

Details of all business transactions are stated in **sub-ledgers**. The General Ledger is integrated with all the sub-ledgers mentioned above in **real-time**. That is, when a posting is made to a sub-ledger, the same posting is carried out on the **respective reconciliation account** in the general ledger. Data from the sub-ledgers are transferred in compressed form to the general ledger by using these **reconciliation accounts**.

Accordingly, at least one reconciliation account must exist in the General Ledger for each sub-ledger that is active in the SAP system. For instance, when you create a customer master data,

the customer ID is at the same time the account number (e.g. 25000) of this customer in the sub-ledger Accounts Receivables (FI-AR). In the company-code-specific area of the customer's master data a reconciliation account must be entered (e.g. 110000). Every time this customer does business with the company, invoices and payments are posted against the customer account and this reconciliation account, resulting in real-time synchronization of the General Ledger and the sub-ledger FI-AR. Accordingly, it is also possible to create a balance sheet and a P&L statement at any time, since the amounts posted to sub-ledger accounts are also posted automatically to the G/L.

Note that reconciliation accounts are always posted to automatically, when a posting is made in the associated sub-ledger account. You **cannot** post to reconciliation accounts **directly**!

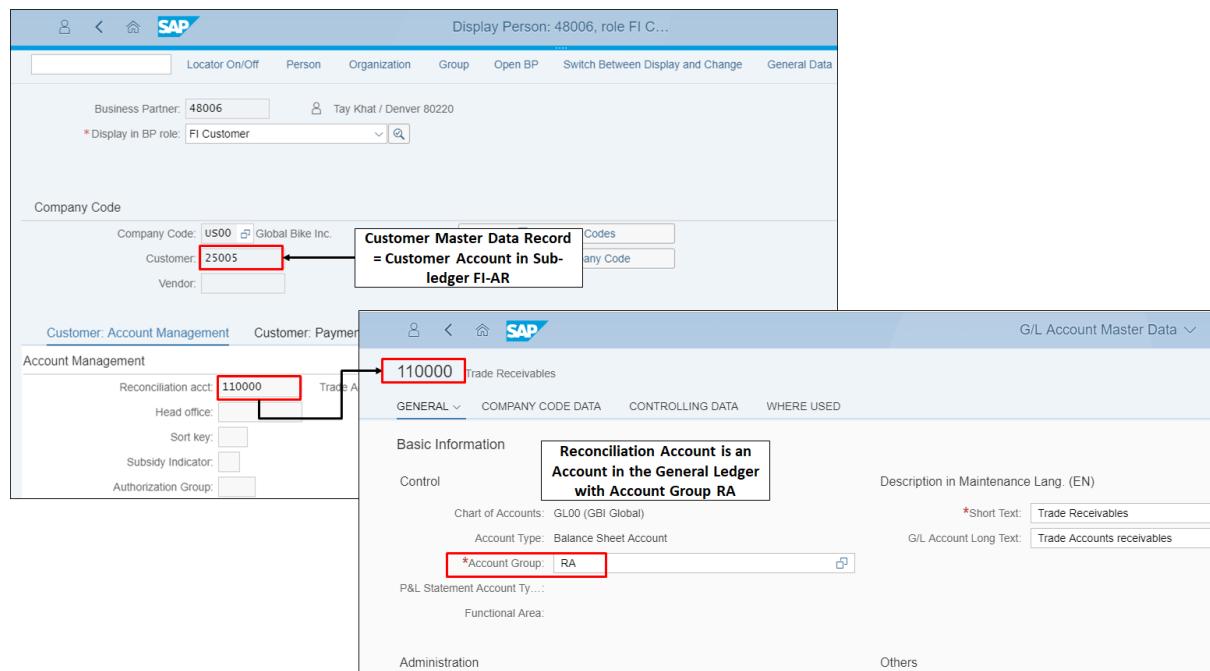


Figure 26: Reconciliation Account FI-AR in SAP ERP: SAP-System-Screenshot

The following figure shows a financial statement version for creating balance sheet and P&L statements in the SAP system. In the figure, several reconciliation accounts are highlighted. As mentioned afore, the reconciliation accounts contain the balances of the sub-ledgers, meaning that the total sum of all business transactions with all the sub-ledger accounts is reflected in the reconciliation account in the General Ledger. Consider that recipients of these financial statements are only interested in collective positions. For instance, a balance sheet should display the sum of all amounts that the company owes to its vendors (Accounts Payables) and not 1000 individual positions for each vendor that did business with the company. Accordingly, in a financial statement, only collective positions are displayed and not every single business transaction (line item).

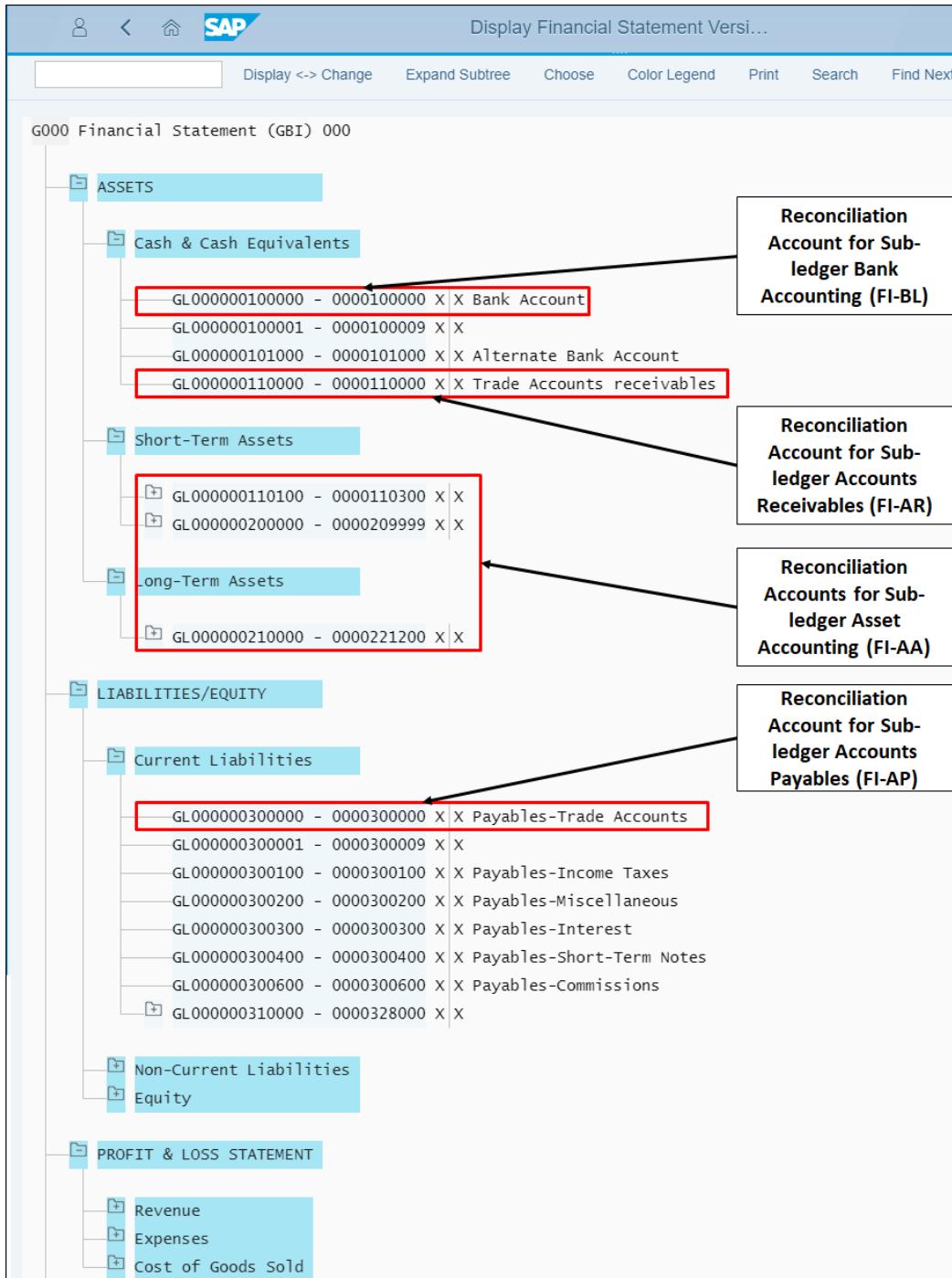


Figure 27: Reconciliation Accounts in the Balance Sheet: SAP-System-Screenshot

In the following two sub-chapters we will provide two examples of sub-ledger accounting, which you already know from the Source-to-Pay and Lead-to-Cash business processes.

2.3.2.3.1 Elucidation: Sub-ledger Accounts Receivables (FI-AR)



ELUCIDATION

You have already learned that the customer master data records all of the information necessary for processing orders, deliveries, invoices, and customer payment.

The company-code-specific part of the customer master data record (Business Partner Role FI-Customer) is simultaneously an account in the sub-ledger Accounts Receivables (FI-AR). That is, if you create, e.g., a customer account with the

customer ID 25000 then this ID depicts an account number in FI-AR at the same time. The following figure displays the already known situation from the Lead-to-Cash business process where customer 25000 has purchased 500 Speedstarlets and receives an invoice over \$1.100.000.

- Upon invoice generation, the customer account 25000 in the Accounts Receivables sub-ledger is debited with \$1.100.000 and, simultaneously, the same amount is transferred to the Accounts Receivables reconciliation account 110000 in the General Ledger.
- When the customer pays the invoice, the payment document credits the customer account 25000 in the Accounts Receivables sub-ledger with \$1.100.000 and, simultaneously, the same amount is transferred to the Accounts Receivables reconciliation account 110000 in the General Ledger.

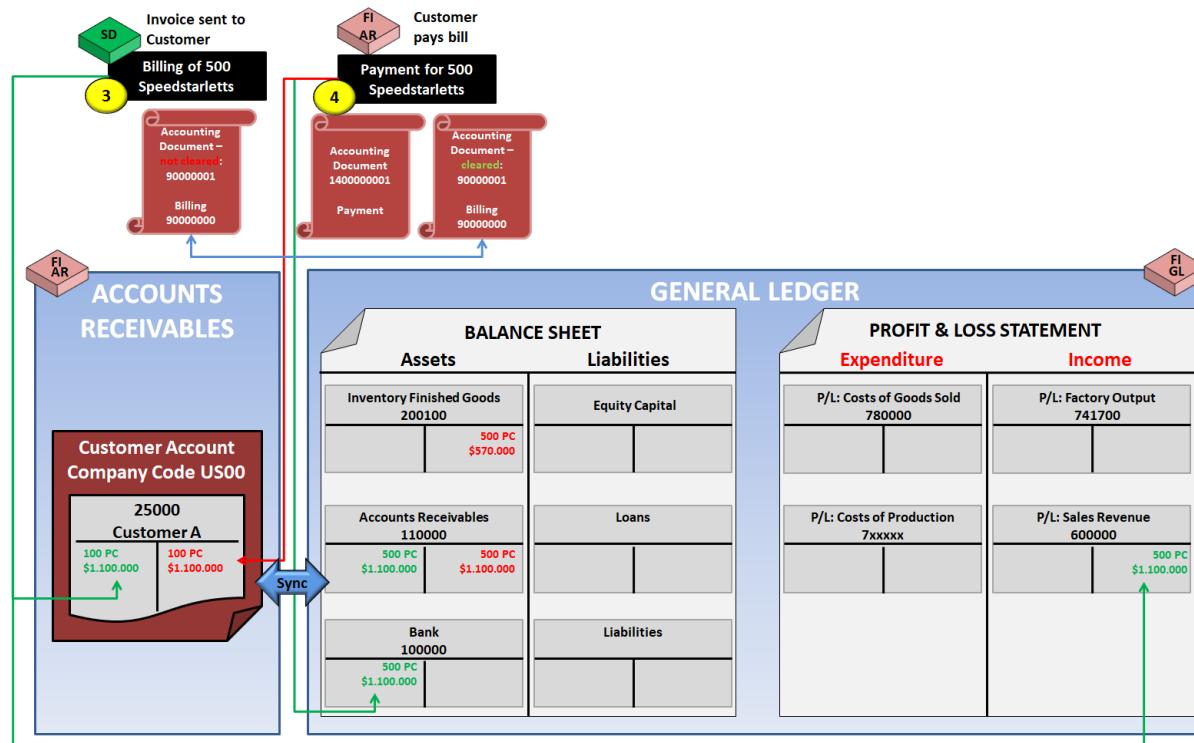


Figure 28: Accounts Receivables (1)

The following figure illustrates the structure of the Accounts Receivables sub-ledger. Each customer master data record in Sales and Distribution is simultaneously an account in FI-AR. Financial postings for customers are made directly to their respective individual accounts in FI-AR. These postings are accompanied by a concurrent-automatic posting to the reconciliation account (e.g., 110000) in the General Ledger. The balance of the reconciliation account in the General Ledger always equals the balance of all customer accounts in the Accounts Receivables sub-ledger. Thus, Sales and Distribution (SAP SD) is always fully integrated with the General Ledger (SAP FI-GL) through the sub-ledger Accounts Receivables (SAP FI-AR).

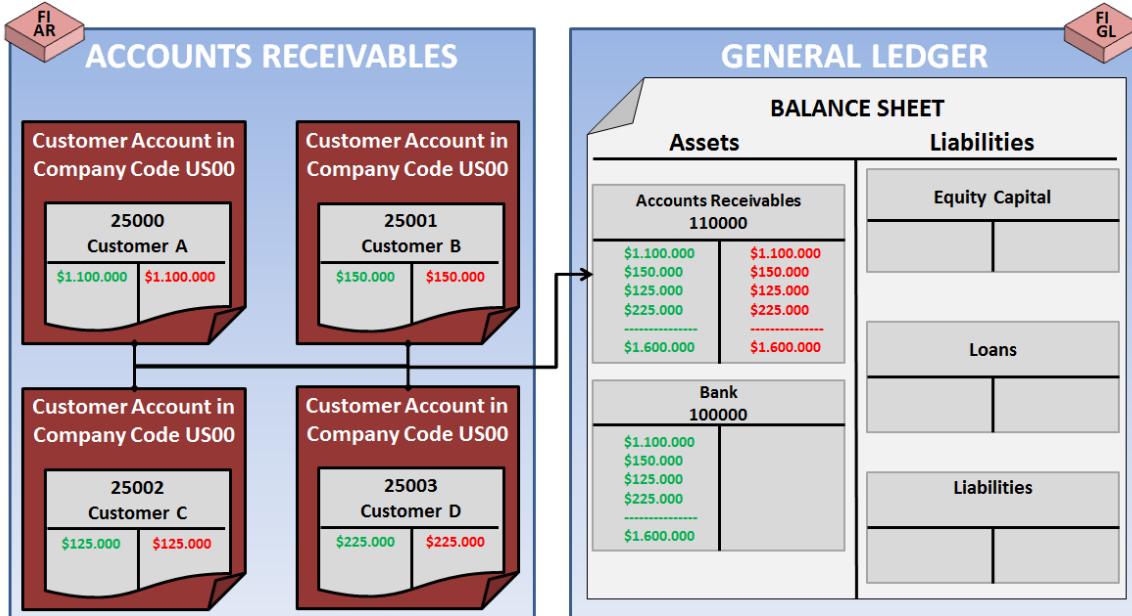


Figure 29: Accounts Receivables (2)

2.3.2.3.2 Elucidation: Sub-ledger Accounts Payables (FI-AP)



ELUCIDATION

Like the customer, every supplier (in SAP context a supplier is called **vendor**) needs a master data record that provides all information required in order to do business with him. Considering interaction with a supplier, in general, involves the purchasing (purchasing, sourcing, contracting, goods receipt) and accounting departments (invoicing, payment) of a company, the vendor master data is usually maintained by the same.

The company-code-specific part of the vendor master (Business Partner Role FI-Vendor) data record is simultaneously an account in the sub-ledger Accounts Payables (FI-AP). That is, if you create, e.g., a vendor account with the vendor ID 125000 then this ID depicts an account number in FI-AP at the same time. The following figure displays the already known situation from the Source-to-Pay business process where materials were purchased from the vendor 125000:

- Upon invoice generation, the vendor account 125000 in the Accounts Payables sub-ledger is credited with \$95.000 and, simultaneously, the same amount is transferred to the Accounts Payables reconciliation account 300000 in the General Ledger.
- When the vendor gets paid, the payment document debits the vendor account 125000 in the Accounts Payables sub-ledger with \$95.000 and, simultaneously, the same amount is transferred to the Accounts Payable reconciliation account 300000 in the General Ledger.

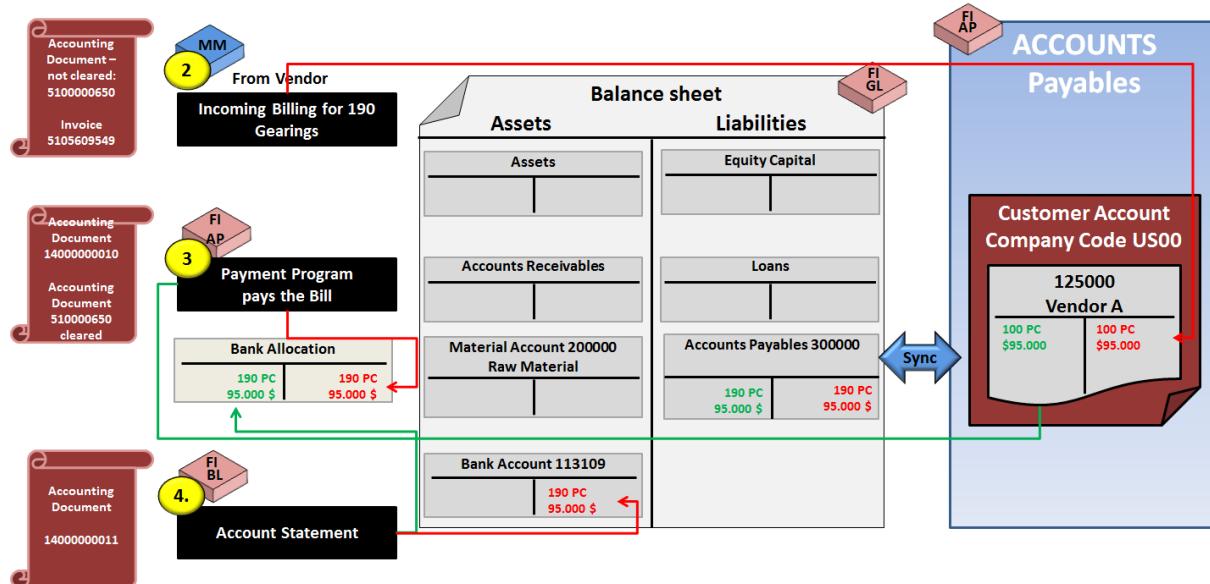


Figure 30: Accounts Payables (1)

The following figure illustrates the structure of the Accounts Payables sub-ledger. Each vendor master data record in Purchasing is simultaneously an account in, FI-AP. Financial postings for vendors are made directly to their respective individual accounts in FI-AP. These postings are accompanied by a concurrent-automatic posting to the reconciliation account in the General Ledger. The balance of the reconciliation account in the General Ledger always equals the balance of all vendor accounts in the Accounts Payables sub-ledger. Thus, Purchasing (SAP MM-PUR) is always fully integrated with the General Ledger (SAP FI-GL) through the sub-ledger Accounts Payables (SAP FI-AP).

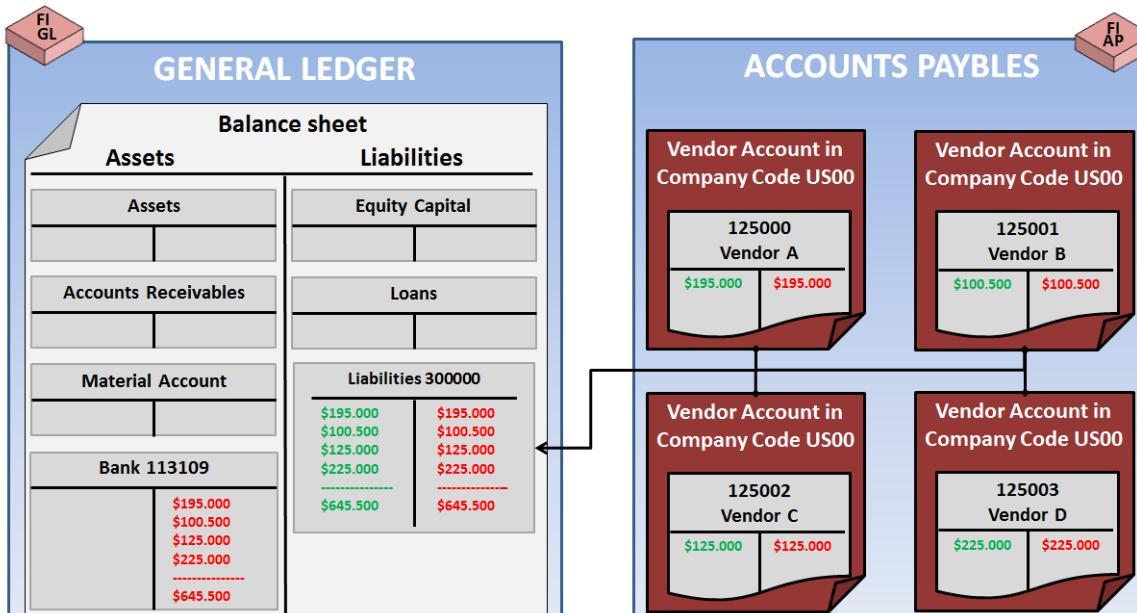


Figure 31: Accounts Payables (2)

2.4 Practice: Master Data in Financial Accounting



PRACTICE

You want to create a new G/L account from an FI point of view for department expenses concerning the new department that you created in the human capital teaching unit. Prior to this, you need to focus on the chart of accounts principle in the SAP system. Moreover, you need to determine whether the G/L account (account number that you want to create) already exists or must be created.

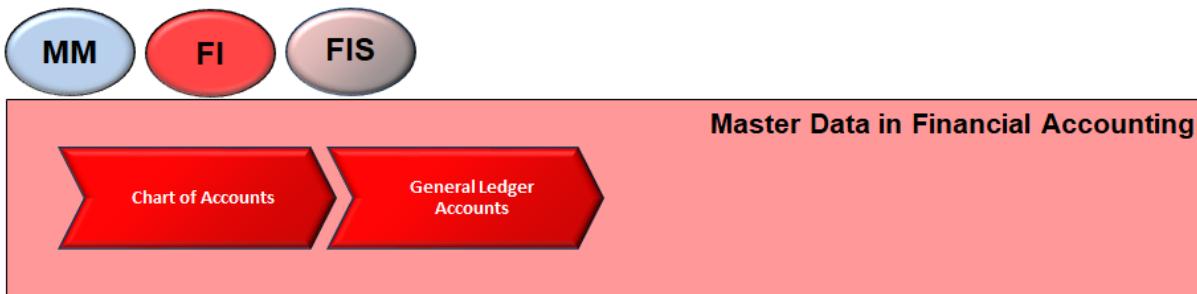


Figure 32: Process Overview: Master Data in Financial Accounting

2.4.1 Chart of Accounts



EXCUSUS

As explained in the theoretical section, a chart of accounts contains all accounts of a company and structures them according to business-related characteristics. It is used by one or several company codes for account validation in document posting, and it is referred to as operating chart of accounts.

In addition, SAP S/4HANA provides two other types of charts of accounts (alternative charts of accounts), which reflect the law requirements of different countries and consolidate reporting on enterprise-level. Financial accounting and cost accounting commonly use the operational chart of accounts. The items of a chart of accounts can be expense or revenue accounts in FI and cost or revenue elements in cost accounting.

You must assign one chart of accounts to each company code. Moreover, you can assign each company code to a country-specific chart of accounts. Using the country-specific chart of accounts, you can fulfill the country-specific accounting requirements and at the same time, carry out management accounting consistently.

The chart of accounts, (and country-specific chart of accounts), are linked by using alternating account numbers. Since the accounts in financial accounting and management accounting are managed with an integrated accounting system (i.e., there is no second accounting system for cost accounting and primary cost types, and revenue types are transferred from the P/L expense accounts), you must consider the charts of accounts of the company codes at the time of controlling area set-up. The controlling area uses the chart of accounts of the assigned company code. In cross-company code accounting, the controlling area and all assigned company codes must use the same chart of accounts.

In the subsequent section, you will work with the GL00 (GBI Global) chart of accounts of the SAP standard version. Thus, it is a pre-defined structuring scheme for recording values and value flows for appropriate accounting. Multiple accounts are already assigned to the GL00 chart of accounts.

2.4.1.1 Display the Chart of Accounts

Display the GL00 chart of accounts. Therefore, choose the following transaction in the customizing menu:

IMG → Financial Accounting → General Ledger Accounting → Master Data → G/L Accounts → Preparations →  Edit Chart of Accounts List

Look for the chart of accounts GL00 and double-click it.



You can simplify the search by clicking on the  button. Then, enter GL00 directly.

HINT

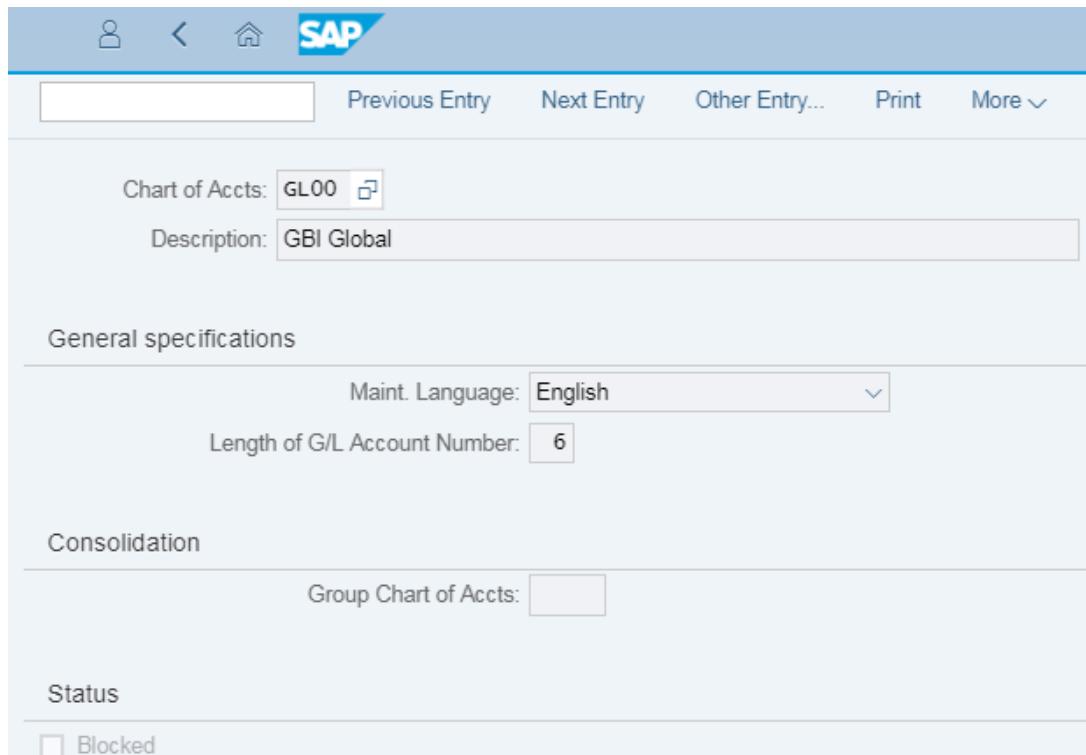


Figure 33: GL00 Chart of Accounts: SAP-System-Screenshot

At this point, you can maintain general control parameters for the chart of accounts. For example, G/L accounts in the GL00 chart of accounts have a maximum length of six digits. In the G/L accounts of the present chart of accounts, you can also enter additional information such as an enterprise account number. The system checks whether the enterprise account number exists in the enterprise chart of accounts.

If a chart of account structure is given, for example, due to national requirements, you can define an enterprise chart of accounts. All accounts contain an enterprise account number that is the same for equivalent accounts in different charts of accounts. The definition of a: balance sheet and P/L statement from an enterprise point of view, can then be carried out by using the enterprise account number as opposed to individual computation per country.

2.4.1.2 Assign the Chart of Accounts

Check the assignment of chart of accounts GL00 to company code.

IMG → Financial Accounting → General Ledger Accounting → Master Data → G/L Accounts → Preparations → ⏲ Assign Company Code to Chart of Accounts

Check whether the GL00 chart of accounts is assigned to company code US00. The GL00 chart of accounts should be entered in the *chart of accounts* column. You should see that the GL00 chart of accounts is assigned to several company codes. This only means that all these company codes use the same account scheme. For the definition of G/L accounts in the chart of accounts, an additional step is required that assigns the G/L account to a company code so that the account is relevant to this company code in terms of accounting.

CoCd	Company Name	City	Chrt/Accts	Ctry CoA
DE00	Global Bike Germany GmbH	Heidelberg	GL00	
US00	Global Bike Inc.	Dallas	GL00	

You see that the chart of accounts GL00 is assigned to Company Code US00 (but not exclusively).

Figure 34: Assignment of Chart of Accounts to Company Code: SAP-System-Screenshot

Go back to the IMG screen and choose

IMG → Controlling → General Controlling → Organization → ⏲ Maintain Controlling Area (→ Maintain Controlling Area)

Look for controlling area NA00 and double-click the entry. You can see here that the GL00 chart of accounts was assigned as well. Next, focus on the chart of accounts in more detail.

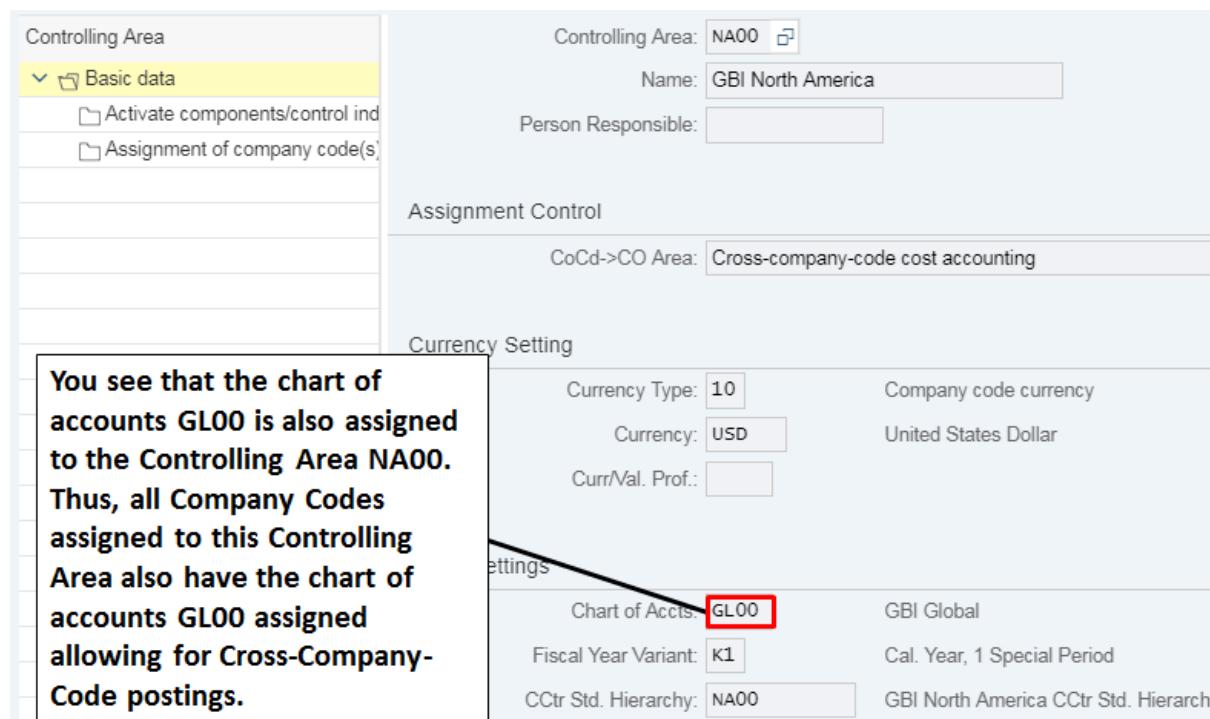


Figure 35: Cross-Company-Code Postings allowed: SAP-System-Screenshot

2.4.2 General Ledger Accounts

Next, create a G/L account in the GL00 **Chart of Accounts** for expenses of your new department.

Create a G/L Account in Chart of Accounts

The new account is supposed to be a P/L account. Create the account and for organizational reasons assign it to the account group **Balance Sheet Accounts**.

To create the G/L account in the charts of accounts, scroll down to the tile group **Script 5 – Financial Accounting** and select the app **Manage G/L Account Master Data**.

Furthermore, make the new G/L account available in company code US00. Line item display is required for the new account. For line item display, sorting criteria are document number and fiscal year (sort key 002). Since it is an expense account, fields regarding expenses are supposed to be displayed when processing document for this account. Assign the account to field status group ZGBS. Set the tax category to input tax “-”. Set the flag “posting without tax permitted”.

1. On the *Manage G/L Account Master Data* screen, click on **Add** (+).
2. Enter the following data:

- G/L Account	<i>39xyyy</i>
- Chart of Accounts	<i>GL00</i>
- Account Type	<i>Balance Sheet Account</i>
- Account Group	<i>BS (Balance Sheet Accounts)</i>
- Short Text	<i>Expenses SD&M xyyy</i>
- G/L Accounting Long Text	<i>Expenses SD&M xyyy</i>

399995 Expenses SD&M 9995

HEADER GENERAL COMPANY CODE DATA CONTROLLING DATA WHERE USED

*G/L Account:
399995

The first step in account definition is to create the account in the Chart of Accounts

General

Basic Information

Control	Description in Maintenance Lang. (EN)
*Chart of Accounts: GL00	*Short Text: Expenses SD&M 9995
*Account Type: Balance Sheet Account	G/L Account Long Text: Expenses SD&M 9995
*Account Group: BS	

Figure 36: Create Account in Chart of Accounts: SAP-System-Screenshot

3. Scroll down to the **Company Code Data** area and press **+**.
4. In the **New Company Code Assignment** area, enter **US00**.
5. In the **Tax category** field, enter **-** (*Minus icon → only input tax allowed*).
6. Select **Posting Without Tax Allowed**.
7. Enter **002** as **Sort Key**.

US00 Global Bike Inc.

HEADER CONTROL DATA CREATE/BANK/INTEREST ADMINISTRATION CHANGE HIST

*New Company Code Assignment:
US00

Control Data

Account Control

Account Currency:	Tax Category: -
Only Balance in Local Currency:	Posting Without Tax Allowed: <input checked="" type="checkbox"/>

Account Management

Open Item Management: <input type="checkbox"/>
Sort Key: 002

Figure 37: Create Account in Company Code (1): SAP-System-Screenshot

8. Scroll down to the *Create/Bank/Interest* area and enter **ZGBS** as **Field Status Group**.

The screenshot shows the SAP Fiori interface for creating a bank account. In the 'Create/Bank/Interest' section, the 'Field Status Group' field contains 'ZGBS'. This field is highlighted with a red rectangular border. To the right of the form, a callout box contains the following text:

The Field status group determines the screen layout for document entry.
Fields can have the following statuses:

- ✓ **Optional entry - you can enter data in the field**
- ✓ **Mandatory entry - you must enter data in the field**
- ✓ **Suppressed - the field does not appear on the screen**

ZGBS is a pre-defined field status group that controls the appearance of the fields in the document.

Figure 38: Create Account in Company Code (2): SAP-System-Screenshot

9. Confirm with **OK** and save (**Save**).

3 Business Processes in Financial Accounting

This section provides a general overview of the components of Financial Accounting (SAP FI). Then we will focus on some basic financial accounting business processes.

3.1 Theory: Financial Accounting



THEORY

In this chapter we will introduce the first of two main components of SAP S/4HANA Financials: **Financial Accounting (SAP FI)** and delimit it from the second main component: **Management Accounting (SAP CO)**, which will be introduced in the next teaching unit. Management Accounting is also referred to as Controlling.

3.1.1 Basics of SAP S/4HANA Financial Accounting

Financial Accounting (SAP FI) is an important part of overall accounting that deals with the purposes of external accounting. External accounting is requested by law in (probably) every country and also serves as information source for investors about the financial situation of the company. In the following, we will explain the basics of the Financial Accounting application and how the book keeping principles are implemented in the SAP system. Financial Accounting is responsible for fulfilling all international requirements towards the company's bookkeeping. Thus, it must manage all accounting data and record all business transactions according to the document principle, which provides an unbroken audit trail from the financial statements to the individual documents.

3.1.1.1 Financial Accounting vs. Management Accounting

SAP S/4HANA Financials consists of two major components: Financial Accounting (FI) and Management Accounting (CO).

Financial Accounting

The main objectives of **Financial Accounting (SAP FI)** are the **company-external accounting processes** and **external financial reporting**. The targeted audiences for FI are outside the companies, and include suppliers, banks, financial/tax authorities and external shareholders:

- Company-external accounting processes deal with monetary values flowing into and out of the company.
- External reporting deals with financial reports such as *balance sheets* and *P&L statements* as required by law and regulated by general accounting standards such as IAS (International Accounting Standard), US GAAP (Generally Accepted Accounting Principles), or HGB (Handelsgesetzbuch). Accordingly, legal reporting is different for each country.

Specifically, but not exclusively, for meeting the legal requirements, Financial Accounting needs to provide the following functions:

- All financial transactions, revenues, and expenses must be posted to the correct accounts as they occur.
- All financial postings must be kept unchanged (verifiable audit trail) in the system for control and reporting purposes.

- It must allow setting up of a profit and loss statement and a balance sheet to fulfill the legal requirements of a country or of a financial reporting standard.

Management Accounting

The main objectives of Management Accounting are the **company-internal accounting processes** and **internal management reporting**. The targeted audiences for Management Accounting are inside the company, and include executives, senior management, department managers, controllers, or cost accountants.

To achieve these goals, Management Accounting provides Controlling (CO) objects, which can represent areas of responsibilities (e.g., cost centers, profit centers) at which costs and revenues (which generally origin from FI) incur. The organization can then track and analyze the collected financial data by areas of responsibility or across country boundaries. For instance, the company could analyze costs for all production departments worldwide or costs incurred in a specific department for a particular investment project. The results in Management Accounting can be compared with the result in FI (reconciliation).

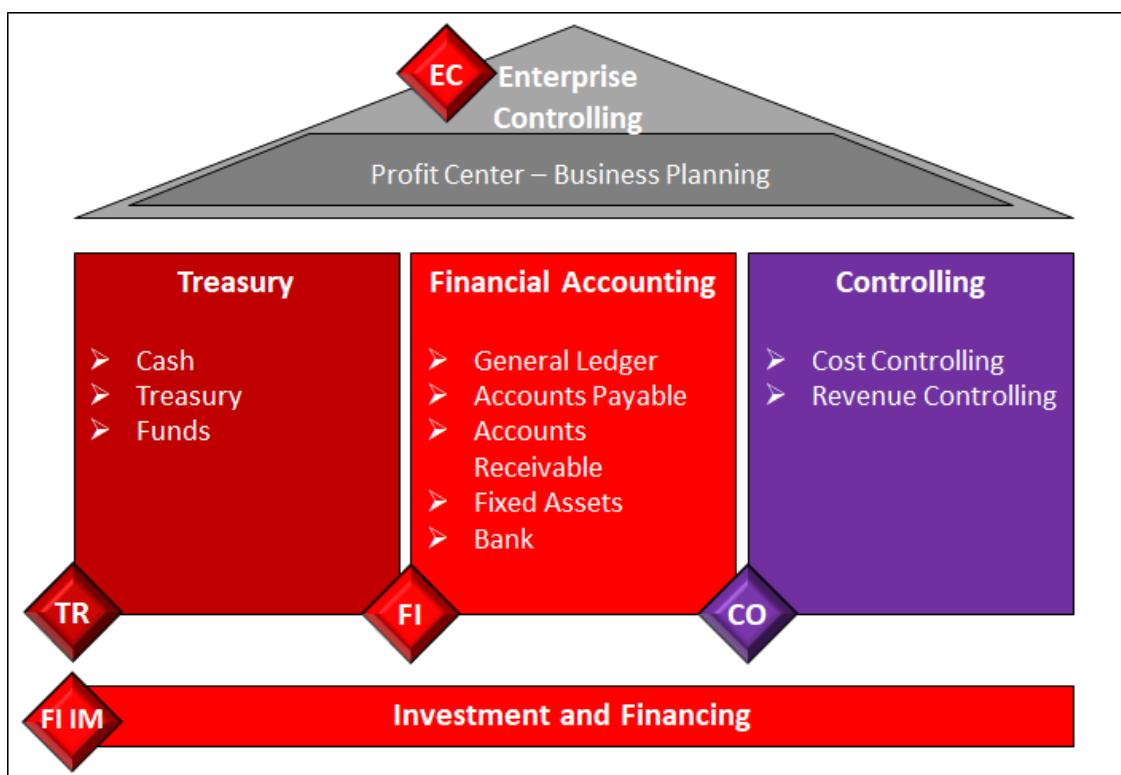


Figure 39: Components of Financial SAP S/4HANA Financials

The main tasks of this internal controlling and reporting tool are:

- Reflecting costs and revenue situation in the company.
- Analyzing cost variances and inefficiencies in the company and in production and service processes.
- Providing results for individual cost objects, e.g., cost centers, cost elements, and market segments.
- Providing data for cost center managers, project managers, and other employees to fulfill their tasks.

Since Controlling is an internal tool, different valuations and values can be used than in FI:

- Cost types such as imputed costs can be additionally used
- Cost types such as neutral costs can be excluded
- Different prices (transfer prices) can be used to valuate costs of purchased goods or costs of manufactured goods differently.

Financial accounting and management accounting are the two most widely integrated applications in the SAP system and have very close real-time coordination with each other. In SAP S/4HANA, for example, all accounts in the chart of accounts in SAP FI are cost elements (primary and secondary cost elements) in SAP CO at the same time. All postings in a company code, whether they refer to in-house (CO) or external (FI) value movements, are stored in the same database table (ACDOCA). The individual items in this table represent all the actual data that originate from all processes relevant to financial accounting and controlling, and together form the so-called Universal Journal. The use of a common line item (or a record in the database table ACDOCA, respectively) leads to advantages, which we will discuss in a later chapter:

- Single source of truth
- Elimination of redundancies
- Simplification of the data model and the applications
- Enabling multi-dimensional reporting
- increase the data quality
- Simple but holistic data model

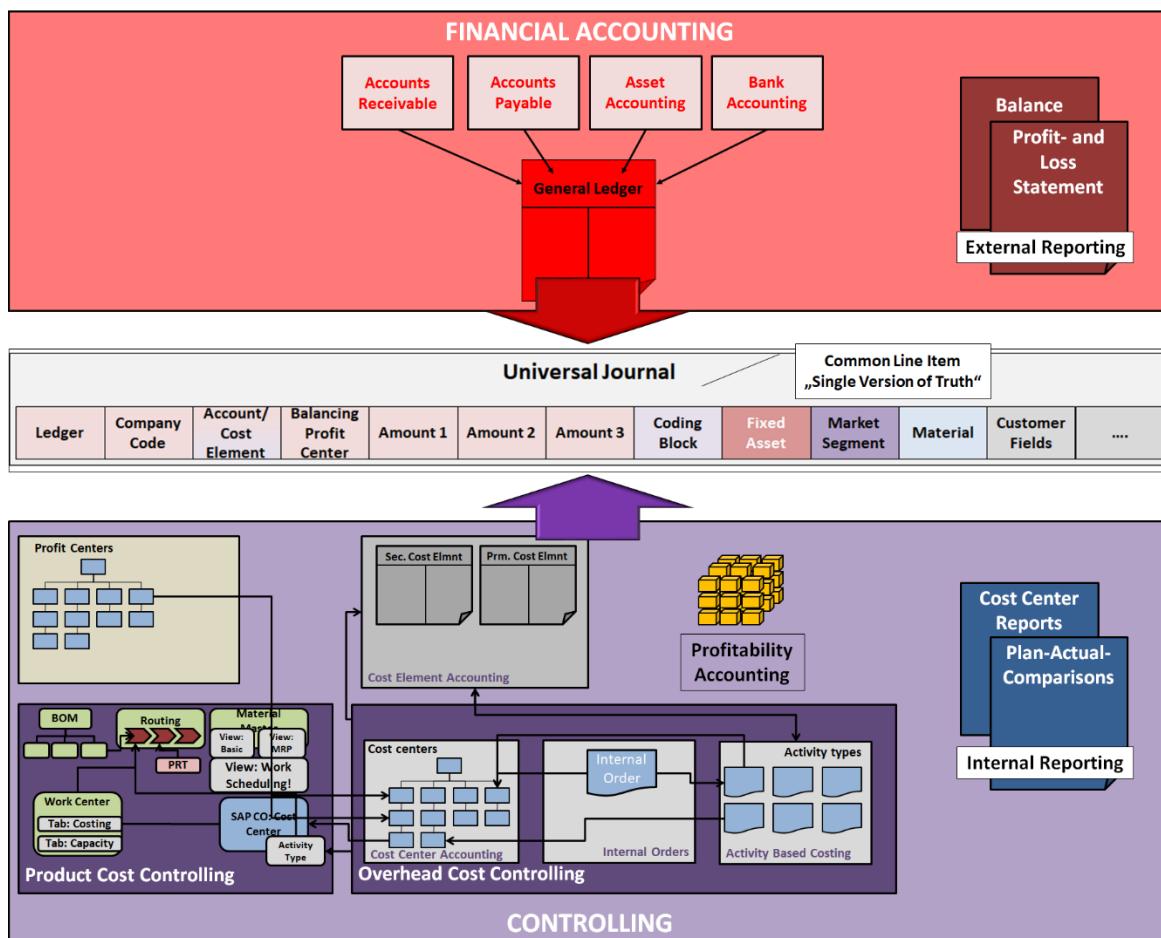


Figure 40: Financial Accounting vs. Management Accounting

3.1.1.2 General Ledger and Sub-ledger Accounting

The main components of Financial Accounting are the ledgers. As mentioned afore you can distinguish between the General Ledger and the sub-ledgers.

General Ledger Accounting

The **General Ledger** is the central ledger of the FI application and is defined on **company code** level. Each company code has its own General Ledger that is based on a specific *operative chart of accounts*.

The main task of **General Ledger Accounting** is to provide a comprehensive picture of all external accounting processes, financial records, and accounts. Therefore, the General Ledger records any external accounting-relevant posting that is performed in the system and provides a complete picture of all financial transactions that incur in the company.

In most cases, the sources of external accounting-relevant transactions are in other SAP applications, such as

- *Sales and Distribution*: E.g., goods issue and billing creation in the Lead-to-Cash business process
- *Material Management*: E.g., goods receipt and invoice creation in the Procure-to-Pay business process
- *Production Planning*: E.g., order confirmation and goods receipt from production order in the Make-to-Stock business process
- *Human Resources*: E.g., payroll generation
- *Controlling*: E.g., posting primary costs and order settlements

These financial transactions are then posted in real time to the corresponding accounts in Financial Accounting by means of automatic account determination. Accounting-relevant postings, of course, also occur in the Financial Accounting application itself, when e.g. posting vendor or customer payments.

The full integration of SAP FI with all other operational SAP applications guarantees the **completeness** and **accuracy** of accounting data. Accordingly, the main purpose of Financial Accounting is to collect all these financial data that is generated along business processes in a company and provide them as basis for preparing the **standard financial reports**. In general, these reports are primarily, but not exclusively, directed at external parties and are mandatory by law. Standard reports that each company must provide are:

- Balance Sheet
- Income Statement
- Statement of Cash Flows

The targeted audiences of standard reports in Financial Accounting are – as mentioned before – external parties. On the one hand, it is required by law to provide information about the financial situation of a company to legal and taxing authorities as well as auditors. On the other hand, further external parties have an eligible interest in this information to do business with

the company. These parties include banks, insurance, media, financial analysts, and other shareholders such as investors.

Besides its external reporting function, financial statements are an important source of information for company-internal parties. These parties, including executives, senior management, administrative staff, and employees, require the financial information in the course of their decision-making process.

In addition to fulfilling the legal requirements towards Financial Accounting software, General Ledger Accounting also fulfills other requirements for modern accounting, such as:

- **Parallel Accounting** allows the management of several parallel ledgers for different accounting principles. The General Ledger Accounting has always one leading ledger in each client. In addition, other ledgers can also exist within the General Ledger if a company requires Parallel Financial Accounting that, e.g., reflects country-specific accounting principles.

However, as in older systems (e.g., SAP ERP), different reporting standards can be mapped by using additional (parallel) accounts (account approach) instead of parallel ledgers (ledger approach).

- Integration of external and internal accounting (Management Reporting) by integrating **Profit Center Accounting** functions with General Ledger Accounting
- **Segment Reporting** support required by the accounting principles IFRS (International Financial Reporting Standards) and US GAAP (Generally Accepted Accounting Principles)
- **Cost of Sales Accounting** based on pre-defined functional areas

The functional areas of SAP FI deal with the management and representation of all accounting data by recording all business transactions according to the document principle. Thereby, an unbroken audit trail from the financial statements to the individual documents is provided. This is achieved by a series of sub-ledgers that are fully integrated with the General Ledger and all business processes in the SAP system that are relevant to Financial Accounting. The business transactions that are entered in the sub-ledgers, materials management, and the Treasury flow into the balance sheet in real time. The component, Treasury (TR), focuses on functions, such as payment means, treasury management (including financial means, foreign exchange, derivatives, and bonds), loans, and market risk management.

Sub-ledger Accounting

Every posting that is made in a sub-ledger generates a corresponding posting to the assigned G/L accounts. Reconciliation accounts connect the sub-ledgers to the G/L in real time. This means that as soon as a posting is made to a sub-ledger, the posting to the respective reconciliation account in the G/L takes place. This ensures that the sub-ledgers are always reconciled with the G/L. Some of the central sub-ledgers available in the SAP system are:

- **Accounts Receivable (FI-AR)**: The Accounts Receivable application records and manages accounting data of all customers in the SAP system and is an integral part of sales management (SAP SD). Any posting made in Accounts Receivable (e.g., in the Lead-to-Cash business process) is simultaneously transferred and recorded in the

General Ledger. Thereby, different G/L accounts are updated depending on the transaction involved (for example, receivables, down payments, and bills of exchange).

- **Accounts Payable (FI-AP):** The Accounts Payable application records and manages accounting data for all vendors (suppliers) within the SAP system and is an integral part of the purchasing system (SAP MM-PUR). Deliveries (goods receipts) and invoices that are created in SAP MM-PUR based on business transactions with vendors (Source-to-Pay business process) are automatically recorded in Accounts Payable and simultaneously transferred to the General Ledger. In the G/L, different G/L accounts are updated based on the transaction involved (such as payables and down payments).
- **Asset Accounting (FI-AA):** This application allows managing and supervising current and non-current assets (fixed assets) that the company possesses. It depicts a sub-ledger to the General Ledger and provides detailed information on transactions involving fixed assets. The Asset Accounting component supports the entire lifecycle of an asset – from purchase order or the initial acquisition, over automatically calculated depreciations, up to its retirement.
- **Bank Accounting (FI-BL):** This application allows managing accounting transactions that are processed with the company's banks. Therefore, it includes the management of bank master data, and cash flow management, as well as the creation and processing of incoming and outgoing payments.
- **Special Purpose Ledger (FI-SL):** This application allows defining user-specific ledgers for reporting purposes. These user-defined ledgers can be defined as General Ledgers or sub-ledgers with various account assignment objects, such as SAP dimensions from various applications (e.g., account, cost center, business area, and profit center) or customer-defined dimensions (e.g., region).

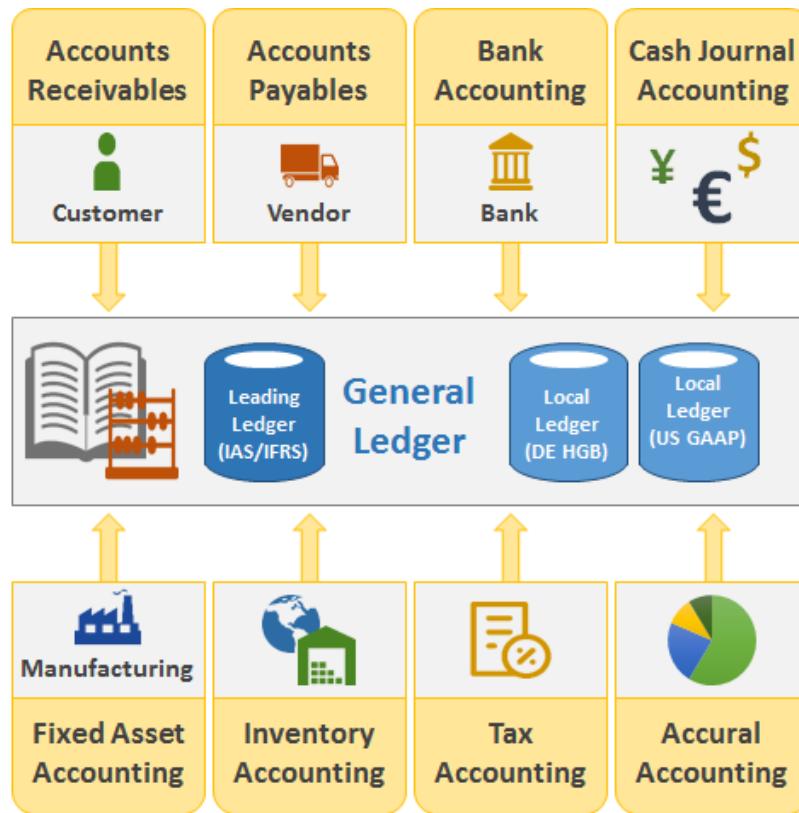


Figure 41: General Ledger and Sub-ledgers (based on SAP Online Library)

3.1.2 Document Principle and Posting Logic in Financial Accounting

In this chapter, we will discuss how postings are made to the General Ledger, show how accounts are debited and credited as well as how this information is recorded on accounts and in FI documents.

3.1.2.1 Posting a General Ledger Entry

Many business events lead to a posting on **G/L accounts**. Examples from the logistics processes that you already know are posting goods receipts, invoices, and payments (SAP MM) or goods issues, billings, and payments (SAP SD). Every time a value change takes place in the company, it is documented on G/L accounts. You can also transfer posting data that is relevant for General Ledger Accounting from Controlling into General Ledger Accounting in real time.

Postings to G/L accounts can also be made using direct postings in General Ledger Accounting, e.g., when paying employee salaries. You use the Fiori App *Post General Journal Entries* to create and post a G/L account document, directly. The following figure displays the entry screen of this App, which is divided into the following areas

- **Header:** The data in the Header area applies to the entire document (e.g., posting date and document type).
- **Line Items:** In this area you enter the line items for the accounting document to determine from which account (Debit) to which account (Credit) the posting should be done. In the figure a posting is made in General Ledger Accounting that involves two bank accounts. Thereby, \$5.000 is transferred from one bank account to another.
- **Tax Items:** In this area, you enter tax items details, for example if the system should calculate the taxes automatically during simulation or posting.

Once the individual items of the document have been entered, it can be further processed in various ways. In document entry, you can decide what you want to do with the document by using the buttons available at the bottom of the App screen:

- Hold the journal entry
- Simulate the posting
- Submit the document
- Post the document

If configured, the **Select Templates** button can be used to select templates as references. This function is useful to save time and effort when entering information for numerous journal entries.

You use the *Manage Journal Entry Templates* App, to create Journal Entry Templates that match your specific needs. When you create a journal entry template, you select those fields and values that you need for a specific use, such as for submitting and posting journal entries. You can also choose to make the template public in order to share it with other users in the company.

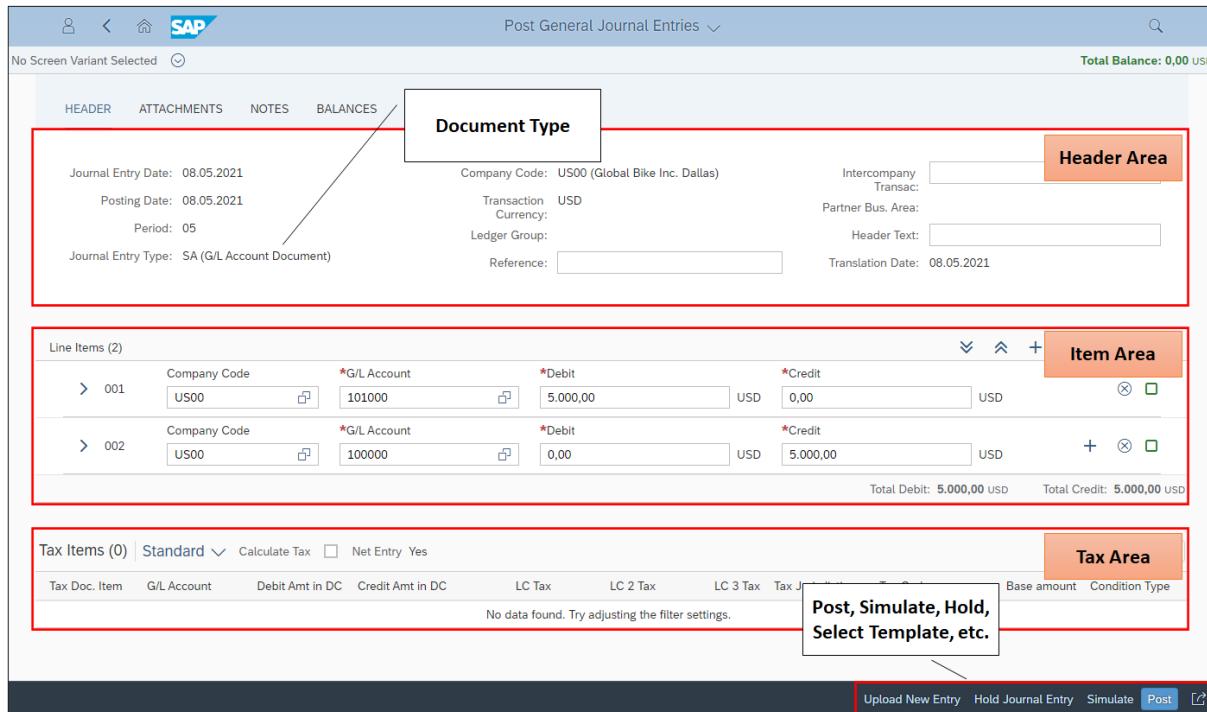


Figure 42: Posting a General Ledger Entry: SAP-System-Screenshot

There are two important control keys for G/L document entries:

- The document type for the document header
- The posting key for the line items

Document Types

The document type is the control key with which you classify your accounting documents and differentiate between business transactions to be posted. In contrast to the posting key, which is defined at item level, the document type is noted in the document header and therefore applies to the entire document. The different document types fulfill the following functions for your accounting documents:

- *Differentiation between business transactions to be posted:* The document type of an accounting document tells you immediately what type of business transaction it is. This is useful, for example, in the line item display of an account.
- The document type determines *which account types* (vendor or customer accounts, G/L accounts, and so on) you can post to.
- *Assign document numbers:* You assign a number range to each document type in Customizing, from which the SAP system selects the document number during document creation. In this way, the document type also controls the storage of the documents.

In the SAP system, several *standard document types* are already defined that cover many business transactions. You can find the document types under the Customizing path: IMG → FINANCIAL ACCOUNTING → FINANCIAL ACCOUNTING GLOBAL SETTINGS → DOCUMENTS → DOCUMENT TYPES → DEFINE DOCUMENT TYPES. Alternatively, you can access the activity directly using transaction code OBA7. These document types are defined at client level. This means that they are valid for all company codes.

The following figure shows the corresponding Customizing activity with the list of document types. In the standard system, the most important document types are:

- **AB** Accounting Document
- **DG** Customer Credit Memo
- **DR** Customer Invoice
- **DZ** Customer Payment
- **KG** Vendor Credit Memo
- **KN** Net Vendors
- **KR** Vendor Invoice
- **KZ** Vendor Payment
- **SA** G/L Account Document

<i>Change View "Document Types": Overview</i>	
  New Entries      	
Type	Description
AA	Asset Posting
AB	Accounting Document
AF	Depreciation Pstngs
AN	Net Asset Posting
AP	
CG	
CH	Contract Settlement
CR	
DA	Customer Document
DG	Customer Credit Memo
DR	Customer Invoice
DV	
DZ	Customer Payment
EU	Euro Rounding Diff.
EX	External Number
KA	Vendor Document
KG	Vendor Credit Memo
KN	Net Vendors
KO	
KP	Account Maintenance
KR	Vendor Invoice
KX	
KZ	Vendor Payment

Figure 43: Default Document Types in the SAP System: SAP-System-Screenshot

Business transactions are differentiated by the permitted account types that are specified for each document type. A special document type is the general accounting document (document type **AB**), which allows posting to all account types by default. Most other document types restrict the posting to certain account types. For example, a document of category customer payment (**DZ**) only allows postings to customer and G/L accounts.

However, you do not have to adhere to the default settings. In this Customizing activity, you can change existing document types as well as define your own document types (preferably by copying).

The Posting Key

When entering a posting in Financial Accounting, a posting key must be entered for each line item of a document. Posting keys are defined in Customizing at client level and, therefore, apply to all company codes. The posting key is defined as a two-character numerical key that controls the entry of line items. Thereby, it determines:

- The data you can enter in the line item
- How data you post is processed
- How the system updates the data you enter to the corresponding accounts

The idea behind posting keys is the internal control of postings (what is posted to which account type, etc.) and to facilitate complex postings. It provides the system with the following information:

- Account type to be posted. Examples are
 - o **A – Asset accounts**
 - o **C – Customer accounts**
 - o **V – Vendor accounts**
 - o **G – G/L accounts**
 - o **M – Inventory account**
- Whether the posting is a **Debit (D)** or **Credit (C)** posting
- Which fields of the line item have or need an entry (layout of entry screen)

In selected SAP GUI-based transactions (e.g., FB50 – Enter G/L Account Document or the Fiori app Post General Journal Entries), you no longer need to enter the posting key. Instead,

- Debit (D) represents posting key 40
- Credit (C) represents posting key 50

Customer, vendor and G/L accounts differentiate posting keys. Apart from the General Ledger Accounting (FI-GL) and Accounts Receivable and Payable (FI-AR/AP) components, there are also posting keys for asset and material accounts. The following figure illustrates which aspects of an FI posting are controlled by the posting key.

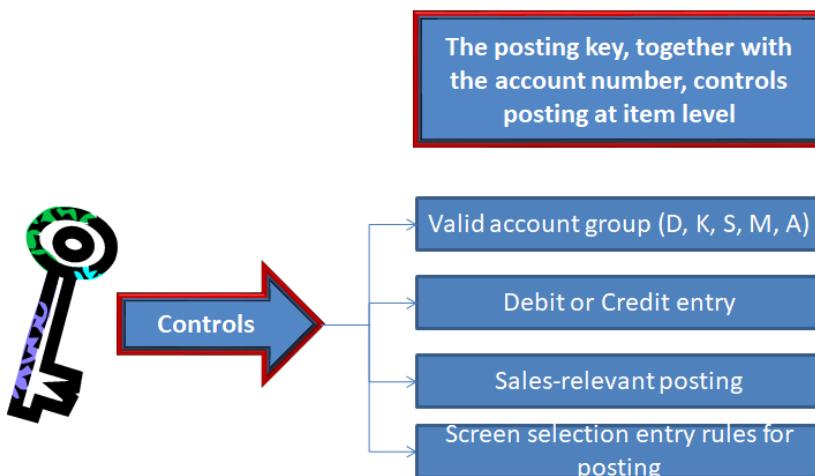


Figure 44: Posting Key (SAP Online Library)

Accounting Document

Each posting made to a General Ledger account always leads to the generation of an **accounting document** that stores the data to the database and provides the data for updates of all involved accounts. The structure of an accounting document encompasses

- A document header
- and line items (maximum of 999 line items for the Entry View).

Furthermore, every accounting document is uniquely identified by the following fields:

- Document Number
- Company Code
- Fiscal Year

The posting from our example generated an accounting document with a unique document number (100000000) that debits account 101000 and credits account 100000.

The screenshot shows the SAP Fiori Entry View for Accounting Document 100000000. The header section includes the document number, company code (US00 Global Bike Inc.), transaction type (USD), and various reference fields. The posting date is highlighted. The line item table shows two entries: one debit to account 101000 (Alt Bank) and one credit to account 100000 (Bank). The table also includes columns for profit center, tax code, and tax rate.

Figure 45: Accounting Document: SAP-System-Screenshot

3.1.2.2 Document Splitting

Document splitting is a feature of the New General Ledger. It allows companies to create real-time balance sheets for segments and profit centers. For this purpose, on the one hand, SAP supports the derivation of segments from profit centers. In turn, profit centers can be derived from real cost assignment objects that are assigned to the profit center, such as a cost center, an internal order or a project. On the other hand, the system can be set to perform document splits according to the segments involved in a posting.

Example

A corporate group needs to create balance sheets at segment level. That is, they want to create a balance sheet for each segment (or profit center) of the company (at any time required). Now you have the following business transaction as shown in the figure below:

- In the Accounts Payable (Source-to-Pay business process), you post a vendor (125000) invoice with the amount of 11.000 \$.
- However, these expenses need to be assigned to two segments (and/or two cost centers, profit centers or business areas).
- An input tax rate of 10 % (VAT) is assumed.
- The segments A and B are derived from the master data of, e.g., the profit center and entered automatically by the system.
- You enter this business transaction as follows (entry view):

Display Document: Entry View										
Doc. Number: 19000000001			Company Code: US00			Fiscal Year: 2016				
Doc. Date: 01/01/2016			Posting Date: 01/01/2016			Period: M				
CC	Item	PK	Account	Name	Amount	Curr.	FArea	CCtr	Segment	
US00	0010	31	125000	Vendor X	-11.000	USD				
US00	0020	40	410000	Ex. Service	5.000	USD	0100	NAPR1000	SEG A	
US00	0030	40	410000	Ex. Service	5.000	USD	0100	NAPR2000	SEG B	
US00	0040	40	175000	Input Tax	1.000	USD				

Figure 46: Document Splitting (Online Split): Entry View

In the New General Ledger, the following happens automatically:

- You do not need to enter the segments, since they are derived automatically from the profit center, if the specific settings have been made in the system's Customizing. The profit center might have been derived from the entered cost center; thus, you not even have to enter those.
- The system automatically splits the document according to the segments and records the values segment-specific. The document now consists of six line items (as shown in the following figure). The vendor (accounts payable) line item and the tax item are split across the two (segments A and B). The balance for each segment is now zero. The balance sheet and P&L statement can be created in full and the balance sheet per segment is balanced.
- **As well as the split**, the illustration also clearly shows how the segment entity is **inherited** by the accounts payable and tax items in the document.

The amended and now full amount is shown in the following figure.

Display Document: General Ledger View												
Doc. Number: 19000000001			Company Code: US00			Fiscal Year: 2016						
Doc. Date: 01/01/2016			Posting Date: 01/01/2016			Period: M						
Ledger OL:												
Document		19000000001 Fiscal Year: 2016				Period: M						
CC	Item	PK	Account	Name	Amount	Curr.	FArea	CCtr	Segment			
US00	0010	31	300000	Ac. Payab.	-5.500	USD	0100	NAPR1000	SEG A			
US00	0020	40	410000	Ex. Service	5.000	USD	0100	NAPR1000	SEG A			
US00	0040	40	175000	Input Tax	500	USD	0100	NAPR1000	SEG A			
					0	USD						
							SEG A					
US00	0010	31	300000	Ac. Payab.	-5.500	USD	0100	NAPR2000	SEG B			
US00	0030	40	410000	Ex. Service	5.000	USD	0100	NAPR2000	SEG B			
US00	0040	40	175000	Input Tax	500	USD	0100	NAPR2000	SEG B			
					0	USD						
							SEG B					

Figure 47: Document Splitting (Online Split): General Ledger View

The document splitting functionality is only available in new General Ledger Accounting. Thereby, the transaction (or form) where you enter the posting contains two “views” of the posted documents: the “entry view” and the “general ledger view”. Depending on what is of interest, users can decide which view they want and switch between views as required. That is, only one document is saved in the database. These are only two views of the same posting. If document splitting is not required or has not been “activated” (for example, the company only needs to create balance sheets at company code level), the two views are identical. Note that the second figure is the *General Ledger* view, whereas the *document entry view* from the first figure displays the Accounts Payable document entry. In the General Ledger view, you can see that the posting is made against the Accounts Payable reconciliation account (300000), whereas in the Account Payable document from the previous figure the posting is made against the vendor account (125000).

What would happen without these functionalities of the New General Ledger?

- First, the "old" General Ledger did not support the entry of segments or profit centers in an accounting posting.
- Second, without the segment, entries exist in two line items, (the Service-lines), that means that the balance sheet for those segments would not be complete. Furthermore, the balance is not zero for the segments that means that the balance sheet would not be balanced.

Another advantage of document splitting is that it reduces the time and effort for the user to enter documents. Entering the six account assignment items, as shown in this example, would be very time consuming.

You have to activate **document splitting** to ensure uniform splitting of the segment characteristic (or any other entity). Systematic segmentation means that a “zero balance position”

is reached for **each document** with regard to the entity in question. Therefore, the online split (and inheritance) dispenses with the need for the period-end closing activities “balance sheet adjustment” (→ SAPF180) and “profit and loss adjustment” (→ SAPF181).


NOTE

Document splitting naturally also works with “post processing processes” such as payments. Cash discounts, paid or received, are distributed among the entities in relation to the amount of the original expense postings (in the case of an original vendor invoice).

Customer invoices, for which the revenues are distributed, among various entities, are also handled in the same way.

3.1.2.3 New in SAP S/4HANA

Probably the most important innovation of SAP S/4HANA is the introduction of the **Universal Journal** in the Financial Accounting application (SAP FI).

3.1.2.3.1 The Universal Journal

The new data structure in S/4HANA, the **Universal Journal Entry**, replaces the Financial Accounting (FI) document and the Controlling (CO) document with a universal document. Every business transaction that is relevant for Financial Accounting in the SAP system from the following SAP applications creates a journal entry in the new database table:

- General Ledger Accounting (FI-GL)
- Asset Accounting (FI-AA)
- Controlling (CO) (except of Costing-based Profitability Analysis (CO-PA))
- Material Ledger (CO-PC-ACT)

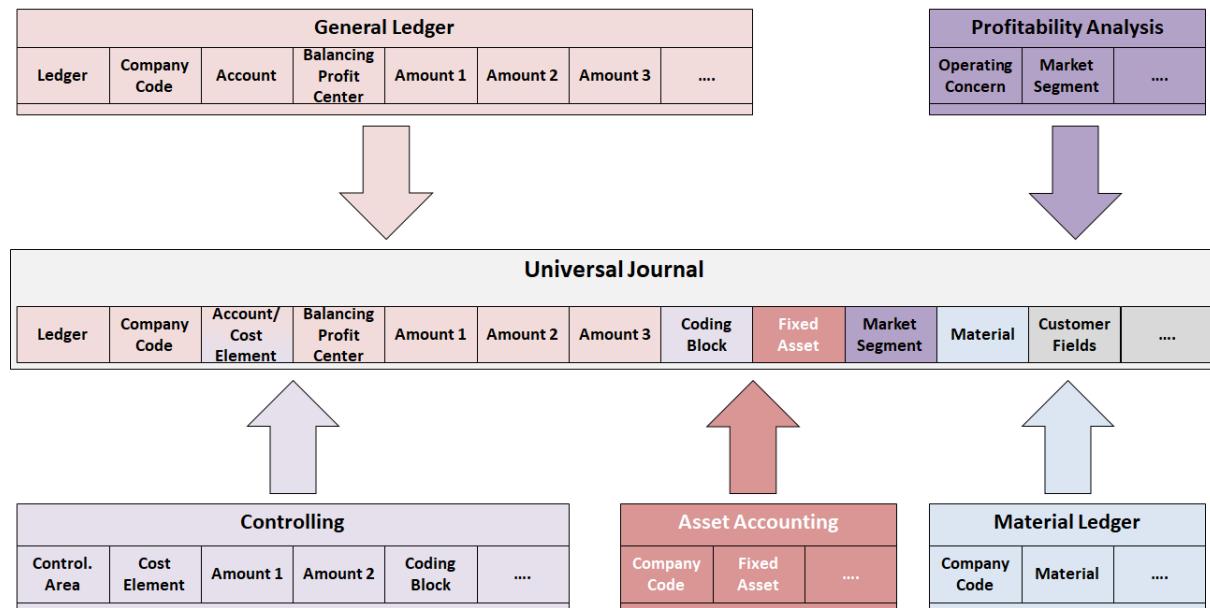


Figure 48: Simplified Data Model in SAP S/4HANA Finance (SAP Online Library)

Postings in other applications in SAP S/4HANA that are relevant for accounting are posted to SAP FI via a new accounting interface and the line items of the posting are stored in the new data model in the database table **ACDOCA** (also referred to as Universal Journal).

Note that some SAP applications have not been yet adjusted to the new data model. For those applications, the classic database tables known from the SAP ERP system are still used. Here, either the data is only stored in the old tables or additionally stored in the old tables and transferred to the new Universal Journal.

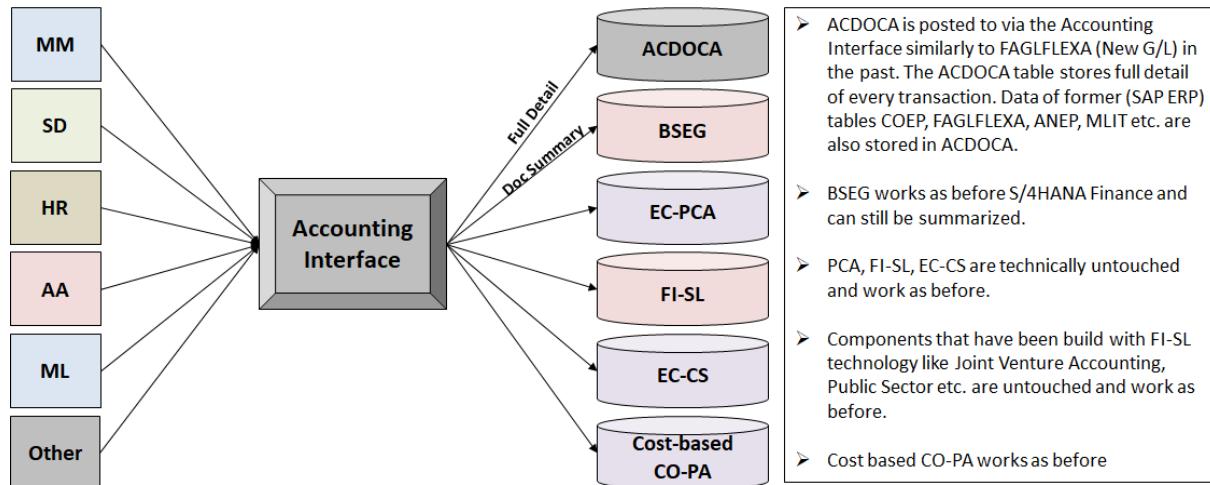


Figure 49: Postings to SAP S/4HANA Financials (SAP Online Library)

The introduction of the universal journal entry eliminates the need for the separation made previously between Financial Accounting (FI) and Controlling (CO) and provides a single source of truth for all accounting documents. With the new data model, all accounting relevant data involving CO and FI use one common line items for actual data and all postings in both areas are combined and harmonized in the Universal Journal and stored in a single database table. This common line item provides several advantages compared to SAP ERP:

- **Single source of truth:** All accounting data is stored only once in the same place. Since financial accounting and managerial accounting are reconciled constantly, there is no longer any need for reconciliation between FI and CO or between FI-GL and FI-AA, nor is there any need for the real-time integration of these components.
- **Elimination of redundancies:** Since all data is stored in only one database table, data redundancy in the accounting tables is eliminated completely and the memory footprint is reduced significantly.
- **Business Intelligence Reporting:** The reports in all components use data from the same journal entries. This allows fast multi-dimensional reporting on the Universal Journal without the need to replicate data in a separate data warehouse (e.g. SAP BW). If a sophisticated data warehouse is used, then only one extractor is required to report and analyze accounting data.
- **Quality of data:** The combination and harmonization of data from different applications leading to the elimination of redundancy and single source of truth for accounting data enhance the quality of data used for reporting in accounting tremendously.
- **Simple but holistic data model:** The underlying HANA database can be leveraged and utilize its potential and provide unprecedented insight in speed and accessible content.
- **Sustainability:** The simplification of the new application is a required step and the basis for further enhancements. The new data model is the first step and the technical basis

for enhancing important structural capabilities of the Financial application and provide new functionalities such as multi-GAAP or additional currencies in future releases.

- **Non-disruptive innovation and simplification:** With the new data model, SAP provides a true next-generation application without disruption regarding previous SAP ERP installations. This enables SAP customers to migrate their SAP ERP system at their own pace safeguarding customer investments and processes.

When an SAP ERP system is migrated to SAP S/4HANA many of the old programs and customer code will still work despite the new data model. Therefore, SAP provides *compatibility views* as follows:

- Read access from custom ABAP programs or reports to old database tables will work as before
- Read access is automatically re-directed to the Universal Journal as the new single source of truth.

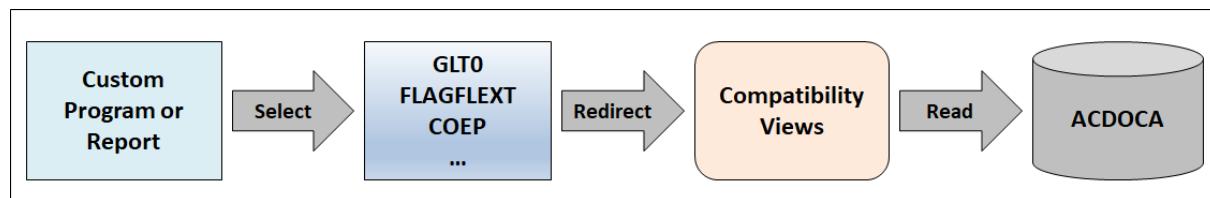


Figure 50: Non-disruptive Migration to SAP S/4HANA (SAP Online Library)

3.1.2.3.2 New Data Model in ACDOCA

The new data model for the Universal Journal Entry uses only two database tables for the header data (table BKPF) and the respective items (table ACDOCA). The corresponding line items have “artificial” document numbers starting with a letter (e.g., A).

In rare cases, entries are written to ACDOCA without a corresponding document header (e.g., carry forward postings, corrections in migration). These entries do not represent standard business processes.

ADOCA is one big database table that contains all fields required by the applications General Ledger (G/L), Controlling (CO), Material Ledger (ML), Assets Accounting (AA), and Profitability Analysis (CO-PA) to provide one single source of truth for all these applications. The table even contains all cost elements from Controlling, which also includes secondary cost elements that are now also created as G/L accounts in SAP S/4HANA.

Furthermore, the Universal Journal provides multi-GAAP capabilities by using the field RLDNR (for storing ledger information) in the table BKPF. The field has 6 digits for document line item numbering and 23 characters for the currency field.

BKPF: Header Data

Field	Key	Inl...	Data element	Data Type	Length	Deci...	Short Description
MANDT		<input checked="" type="checkbox"/>	MANDT	CLNT	3	0	Client
BUKRS		<input checked="" type="checkbox"/>	BUKRS	CHAR	4	0	Company Code
BELNR		<input checked="" type="checkbox"/>	BELNR_D	CHAR	10	0	Accounting Document Number
GJAHR		<input checked="" type="checkbox"/>	GJAHR	NUMC	4	0	Fiscal Year
BLART		<input type="checkbox"/>	BLART	CHAR	3	0	Document type
BLDAT		<input type="checkbox"/>	BLDAT	DATS	8	0	
BUDAT		<input type="checkbox"/>	BUDAT	DATS	8	0	
MONAT		<input type="checkbox"/>	MONAT	NUMC	2	0	
CPUDT		<input type="checkbox"/>	CPUDT	DATS	8	0	
CRUTM		<input type="checkbox"/>	CRUTM	TIMS	6	0	
AEDAT		<input type="checkbox"/>	AEDAT_BKPF	DATS	8	0	
UPDDI		<input type="checkbox"/>	UPDDI	DATS	8	0	
WWERT		<input type="checkbox"/>	WWERT_D	DATS	8	0	
USNAM		<input type="checkbox"/>	USNAM	CHAR	12	0	
TCODE		<input type="checkbox"/>	TCODE	CHAR	20	0	
EVORG		<input type="checkbox"/>	EVORG	CHAR	16	0	
XBLNR		<input type="checkbox"/>	XBLNR1	CHAR	16	0	
DBBLG		<input type="checkbox"/>	DBBLG	CHAR	10	0	

ACDOCA: Journal Entries

Field	Key	Inl...	Data element	Data Type	Length	Deci...	Short Description
RCLNT		<input checked="" type="checkbox"/>	MANDT	CLNT	3	0	Client
RLDNR		<input checked="" type="checkbox"/>	FINS_LEDGER	CHAR	2	0	Ledger in General Ledger Accounting
RBUKRS		<input checked="" type="checkbox"/>	BUKRS	CHAR	4	0	Company Code
GJAHR		<input checked="" type="checkbox"/>	GJAHR	NUMC	4	0	Fiscal Year
BELNR		<input checked="" type="checkbox"/>	BELNR_D	CHAR	10	0	Accounting Document Number
DOCIN		<input checked="" type="checkbox"/>	DOCIN6	CHAR	6	0	5x-Character Posting Item for Ledger
RTEAR		<input type="checkbox"/>	GJAHR_POS	NUMC	4	0	General Ledger Fiscal Year
RRCTY		<input checked="" type="checkbox"/>	RRCTY	CHAR	1	0	Record Type
.INCLUDE		<input checked="" type="checkbox"/>	ACDOC_SI_00	STRU	0	0	Universal Journal Entry: Transaction, Currencies, Units
RMVCI		<input type="checkbox"/>	RMVCI	CHAR	3	0	Transaction type
VORGH		<input type="checkbox"/>	VORGH	CHAR	4	0	Transaction Type for General Ledger
VRGNG		<input type="checkbox"/>	CO_VORGANG	CHAR	4	0	CO Business Transaction
BITYPE		<input type="checkbox"/>	FINS_BITYPE	CHAR	4	0	Business Transaction Type
AWTYP		<input type="checkbox"/>	AWTYP	CHAR	5	0	Reference procedure
AWSYS		<input type="checkbox"/>	AWSYS	CHAR	10	0	Logical system of source document
AWORG		<input type="checkbox"/>	AWORG	CHAR	10	0	Reference Organizational Units
AWREF		<input type="checkbox"/>	AWREF	CHAR	10	0	Reference document number
AWITEM		<input type="checkbox"/>	FINS_AWITEM	NUMC	6	0	Reference Document Line Item
AWITGRP		<input type="checkbox"/>	FINS_AWITGRP	NUMC	6	0	Group of Reference Document Line Items
SUBIA		<input type="checkbox"/>	FINS_SUBIA	NUMC	6	0	Partial Document to be balanced to zero
XREVERSING		<input type="checkbox"/>	FINS_XREVERSING	CHAR	1	0	Indicator: Item is reversing another item
XREVERSED		<input type="checkbox"/>	FINS_XREVERSED	CHAR	1	0	Indicator: Item is reversed
XIRUEREV		<input type="checkbox"/>	FINS_XIRUEREV	CHAR	1	0	Indicator: True reversal (i.e. cancellation)
AWTYP_REV		<input type="checkbox"/>	AWTYP_REV	CHAR	5	0	Reversal: Reference Transaction of Document To Be Reversed

Figure 51: The new Journal Entry Tables: Header (BKPF) and Item (ACDOCA): SAP-System-Screenshot

If required, the Universal Journal can be extended with customer fields, the same way tables were extended in SAP ERP. This extensibility is available for all applications (G/L, CO, AA, ML, CO-PA) that use Universal Journal:

- Profit and Loss Statement lines can be extended for field definitions (characteristics) as well as for rich derivation tools using CO-PA capabilities.
- The standard G/L coding block extensibility can be used and affect the Universal Journal.
- Customer fields of all applications (G/L, AA, ML, CO) can be accessed using the new SAP HANA based reporting

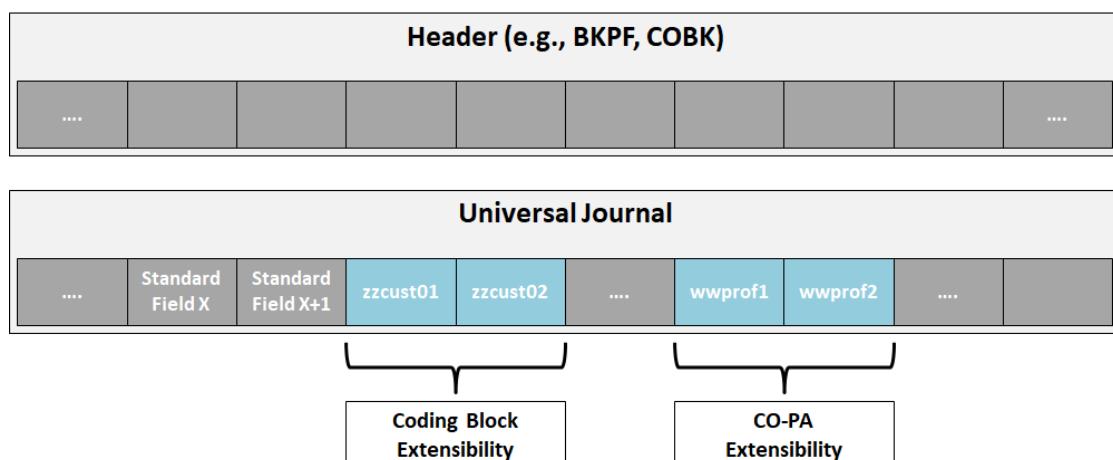


Figure 52: Universal Journal Entry (ACDOCA) in SAP S/4HANA Finance (SAP Online Library)

3.1.3 Asset Accounting (FI-AA)

Asset Accounting (FI-AA) is a sub-component of Financial Accounting. It encompasses all functionalities for managing and supervising fixed assets with the SAP System. In Financial Accounting, it serves as a subsidiary ledger to the General Ledger, providing detailed information on transactions involving fixed assets and recording all business events concerning asset management.

3.1.3.1 Master Data in Asset Accounting

An asset represents an economic value that is used in a company on a long-term basis (also see teaching unit 7 – Enterprise Asset Management). Assets can be, for instance, machines, buildings, cars, or servers.



NOTE

Note that Enterprise Asset Management (SAP EAM) is used for the technical management of assets, while FI-AA manages assets from an accounting point of view. In addition, Treasury (SAP FI-TR) is used for managing financial assets.

With the asset master data record, you introduce this asset to the SAP system and provide general data about the asset such as when the asset was acquired and when it was capitalized. Furthermore, the master record of a fixed asset contains account determination information and asset values.

Each asset master data record is uniquely assigned to a **company code** and to a **business area**. It can additionally be assigned to a **segment**. All postings (acquisitions, retirements, depreciations, etc.) are carried out in the assigned company code and business area (and segment).

The following figure illustrates an asset master data record in FI-AA (transaction AS01 or Fiori UX App *Create Asset Master*) highlighting the main entries in the master data record:

- **Asset ID:** The asset ID (here: 500002) is a unique identifier for this specific asset. Similar to Accounts Receivables (FI-AR) and Accounts Payables (FI-AP), this ID is at the same time a line item in an asset account in the sub-ledger FI-AA.
- **Asset Class:** The asset class is the most important control parameter for an asset from the point of view of Financial Accounting. It determines the account determination procedure and, accordingly, identifies the account and account class in FI-AA and FI-GL to which the fixed asset's value and periodic depreciations are posted.
- **Company Code:** As mentioned afore, from Financial Accounting perspective, an asset is created and posted on company code level and assigned to a business area. The assignment to a business area is entered on the *Time-dependent* tab.
- **Depreciation Areas:** Depreciation areas control how (e.g., linear, exponential, what percentage or fixed value, etc.) an asset's value is depreciated over time. For each depreciation area, different parameters are set that determine the value that is subtracted from the asset's original value (procurement value) in each period due to its utilization.

These parameters reflect the national regulations and laws regarding asset depreciations. An asset can be assigned to multiple different depreciation areas, if, e.g. parallel book keeping is required (IRFS, HGB, etc.).

We will discuss asset classes and depreciation areas in the following chapters.

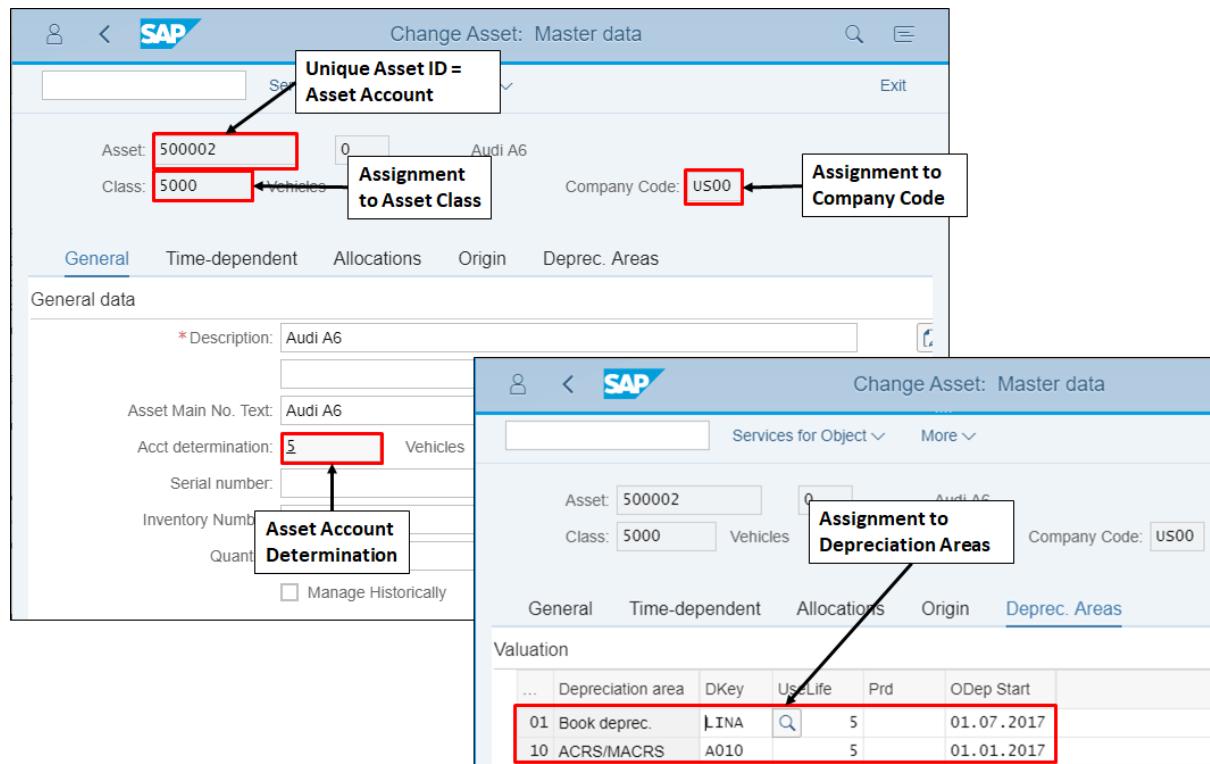


Figure 53: Asset Master Data Record: SAP-System-Screenshot

3.1.3.1.1 Asset Class and Asset Accounts

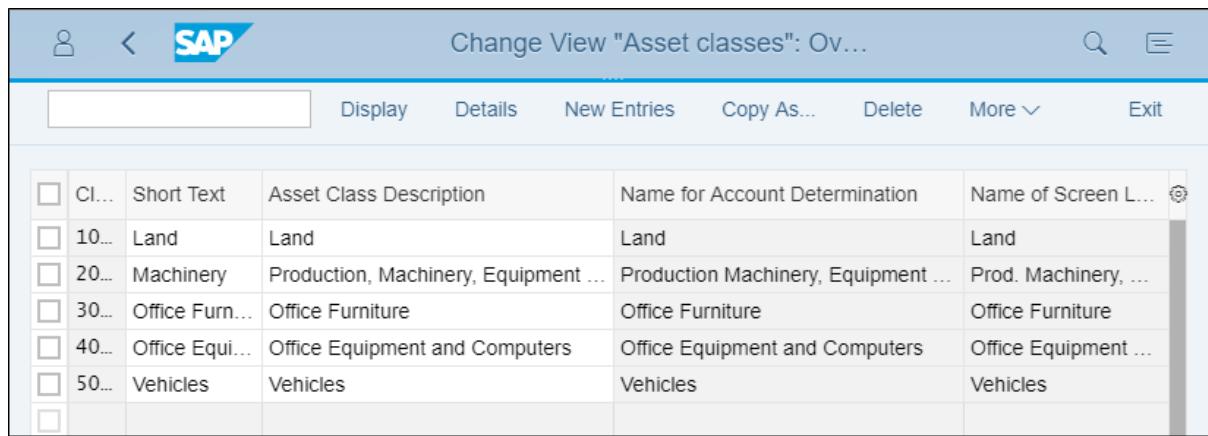
When creating a fixed asset master data record, the most important entry is the assignment to an **asset class**. Each asset must be assigned to an asset class. Asset classes depict organizational structures (not organizational levels) and determine control parameters and default values for depreciation and other master data.

It is possible to simply generate asset classes from the General Ledger structure. Thereby, a 1-to-1 matching between *asset classes* and *asset balance sheet accounts* is generated. This would depict a very detailed structuring of assets into asset classes. More likely, a company will define own asset classes that allow structuring the assets of the company in accordance to the company's requirements. The following figure illustrates the assets available in our training system. For instance, assets of type Vehicles (e.g. cars) should be assigned to asset class 5000 upon creation. This ensures that these assets' values and their depreciations are posted to the correct accounts in FI-AA and FI-GL.

Generally, there should at least be one special asset class available for *assets under construction* and *low-value economic goods*. You can also create asset classes for *intangible assets* and *leased assets* that provide functions for processing leased objects.

You can define an unlimited number of asset classes in the SAP system's Customizing, if the structuring of a company's assets requires this.

Asset classes are defined independently from organizational levels. This means that the same asset class can be used for structuring assets in different company codes even if the company codes have different charts of depreciation and, therefore, different depreciation areas.



The screenshot shows a SAP Fiori application interface titled "Change View 'Asset classes': Ov...". The top navigation bar includes icons for user profile, back, SAP logo, search, and a menu. Below the header is a toolbar with buttons for "Display", "Details", "New Entries", "Copy As...", "Delete", "More", and "Exit". The main area is a table listing asset classes:

Cl...	Short Text	Asset Class Description	Name for Account Determination	Name of Screen L...
10...	Land	Land	Land	Land
20...	Machinery	Production, Machinery, Equipment ...	Production Machinery, Equipment ...	Prod. Machinery, ...
30...	Office Furn...	Office Furniture	Office Furniture	Office Furniture
40...	Office Equi...	Office Equipment and Computers	Office Equipment and Computers	Office Equipment ...
50...	Vehicles	Vehicles	Vehicles	Vehicles

Figure 54: Asset Class Definition: SAP-System-Screenshot

The control parameters and default values defined for an asset class facilitate the creation of a fixed asset master data record. The asset class is a template for creating an asset master record and populates central fields in the asset master data record with default values specified in the asset class. This facilitates and accelerates the process of creating asset master data records and prevents data entry errors. The asset class controls the following aspects of fixed assets:

- The asset class controls the **screen layout**, the **tab layout** and the **field characteristics** (mandatory/ optional/ suppressed) that are displayed in the asset master data creation screen.
- The asset class uses an **account determination key**, which in turn determines the accounts used for various postings to the particular asset such as for acquisition, retirement, depreciations, etc.
- The asset class can control the assignment of asset IDs from an assigned **number range**. For instance, the Vehicles asset class 5000 has the number range 05 assigned. Accordingly, all assets that are created in this class receive an ID from the number range 500000 to 599999.
- In addition, the asset class is a **selection criterion** in all standard reports in FI-AA and it is also possible to request sorting and totaling by class-specific characteristics in reports.

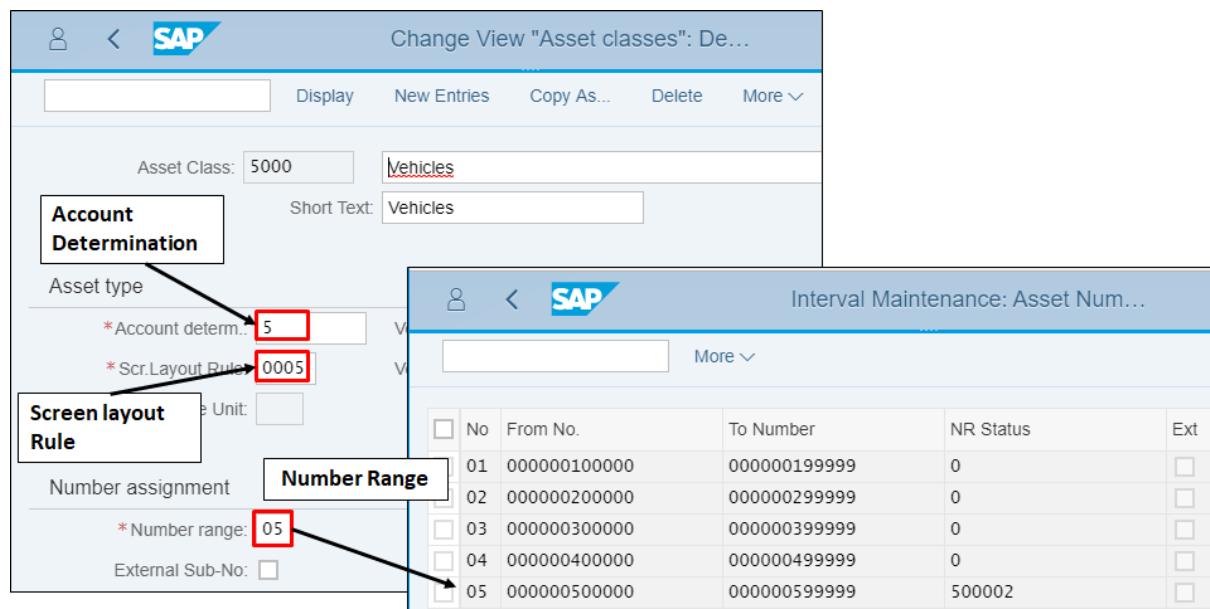


Figure 55: Asset Class: SAP-System-Screenshot

3.1.3.1.2 Elucidation: Account Determination



ELUCIDATION

When creating an asset master data record and posting it in FI-AA (see next chapter Asset Transactions), it is assigned in the General Ledger via a reconciliation account similarly to customers and vendors. However, contrastingly to vendors (e.g., 300000) and customers (e.g., 110000), the reconciliation account is not put directly in the master record of the asset. This is due to the structure of assets. The account determination procedure is as follows:

- Each asset is assigned to an **asset class**.
- The asset class in turn is tied to an **account determination key**
- The account determination key points to the **accounts**, which are posted to depending on the transaction type that is used for the posting.

The advantage of this procedure is that you can structure your assets in the general ledger according to the asset class and also separate, e.g., the depreciations of an asset from the asset acquisition costs. Hence, buildings are posted on an account and vehicles are posted to another account, etc. This structuring is very important regarding the financial statement.

The following figures illustrate this principle:

Asset 500003 is created in company code US00 and is assigned to the asset class 5000. In the asset master data record, no reconciliation account (contrastingly to the vendor and customer accounts) is entered but an account determination key 5. The account determination key 5, together with the asset class 5000, determines the reconciliation accounts and other accounts in the general ledger (which is based on the charts of accounts GL00) for this asset.

You can drill-down from this asset master data record to the General Ledger account by double-clicking on the account determination key 5. The system will open the reconciliation account (here: 220800) for APC (acquisition, production and construction) in the General Ledger, which is posted to, when the specific asset is purchased.

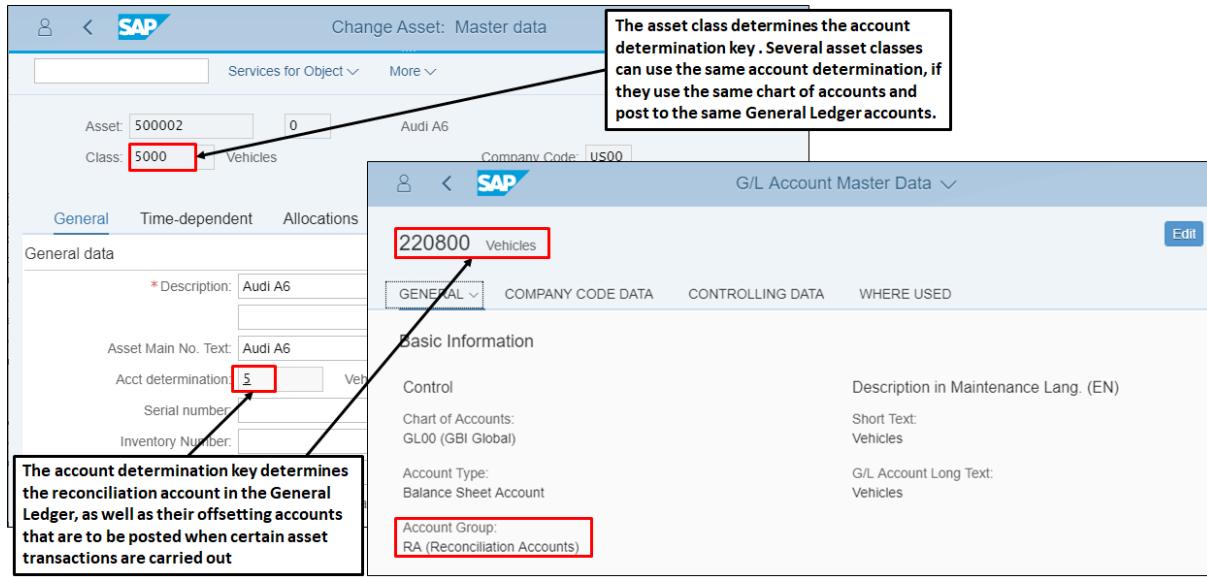


Figure 56: Account Determination Key in Asset Master Data: SAP-System-Screenshot

Note that only the APC account and accumulated depreciations are reconciliation accounts. Other accounts, which the account determination key may point to, are not reconciliation accounts. The following figure displays our example asset in the Asset Accounting (Asset Balances). It is assigned to Asset Class 5000, which determines the corresponding account (220800) in the General Ledger to which the costs for acquisition of this asset are posted.

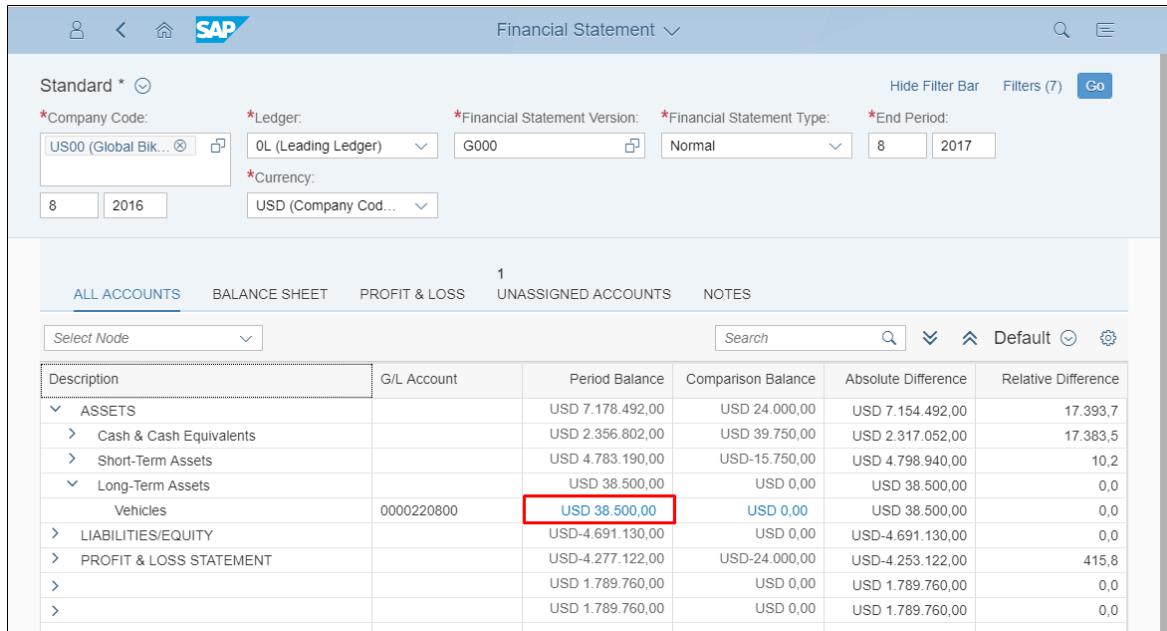
This figure shows two SAP system screenshots displaying Asset Balances.

Asset Balances - 01 Book deprec. (Top): Shows a report for 'Audi A6' with Asset ID 500002 and Asset Class 5000 (Vehicles). A callout box notes: "By double-clicking on the Asset Class 5000 the detailed view of the account is displayed." Another callout box notes: "The asset ID 500002 is a line item of the reconciliation account 220800".

Asset Balances - 01 Book deprec. (Bottom): Shows a detailed view of the asset balance for 'Audi A6'. A callout box notes: "The corresponding account in SAP FI-GL is 220800".

Figure 57: Asset Balances: SAP-System-Screenshot

In the Financial Statement of the General Ledger, the value of the asset is posted to the same account. Assets that do not appear in the same line item of the balance sheet are assigned to different asset classes.

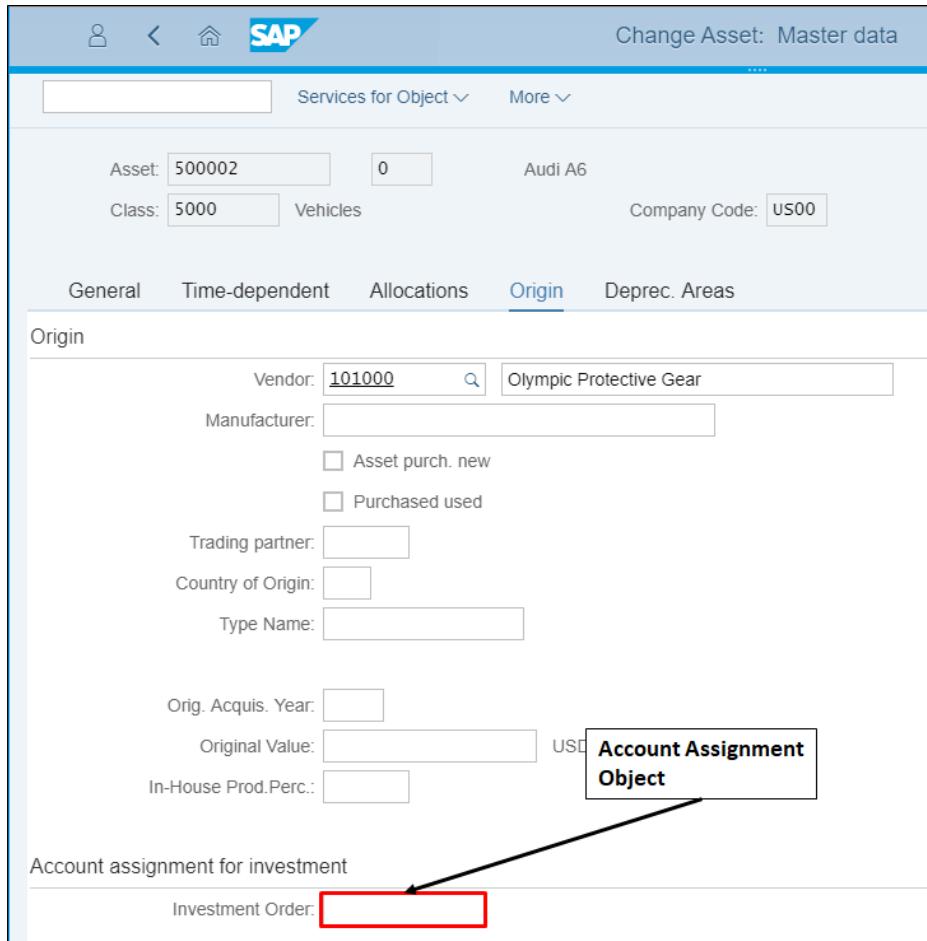


The screenshot shows the SAP Financial Statement interface. At the top, there are filter fields for Company Code (US00), Ledger (0L), Financial Statement Version (G000), Financial Statement Type (Normal), End Period (8/2017), and Currency (USD). Below the filters, a table displays financial data across several categories: ASSETS, LIABILITIES/EQUITY, and PROFIT & LOSS STATEMENT. The table includes columns for Description, G/L Account, Period Balance, Comparison Balance, Absolute Difference, and Relative Difference. A specific row for 'Vehicles' under ASSETS has a red box around its Period Balance value, 'USD 38.500,00'. The table also shows a balance of 'USD 38.500,00' for the entire ASSETS category.

Figure 58: Financial Statement: SAP-System-Screenshot

3.1.3.1.3 Account Assignment Objects and Fixed Assets

Moreover, assets can be assigned to different **Controlling objects** (cost accounting objects such as cost center, internal order, activity type, etc.) and to logistic **organizational units** (only for selection purposes).



The screenshot shows the SAP Change Asset: Master data screen. The 'Origin' tab is selected. It contains fields for Vendor (101000) and Olympic Protective Gear, Manufacturer, Asset Class (5000 - Vehicles), Company Code (US00), and various origin-related fields like Trading partner, Country of Origin, Type Name, Orig. Acquis. Year, Original Value, and In-House Prod.Perc. A callout box labeled 'Account Assignment Object' points to the 'Original Value' field. Another callout box labeled 'Investment Order:' points to the 'Investment Order' field at the bottom of the screen.

Figure 59: Account Assignment for Assets: SAP-System-Screenshot

Specifically, the assignment to cost accounting objects is useful, if you want to allocate the acquisition costs for an asset to the right Controlling object. For instance, you could purchase a company car for the Marketing department and post the costs directly to the Marketing cost center or you purchase a tribune for a trade fair stand and want to post the acquisition expenses to an internal order which collects all costs of the trade fair.

3.1.3.2 Asset Transactions

The first step in introducing a fixed asset to the SAP system is to create the asset master data record. The next step is to post its value to the Financial Accounting books in FI-AA and FI-GL. Since assets are subject to different types of value changes which can be posted in different ways (e.g., acquisition, retirement, etc.) there are also different transaction types that are used to post these bookings to fulfill the organizational and business-related requirements of a company. In most cases, two subsidiary ledgers and, thus, two reconciliation accounts are involved: vendors and assets.

Asset transactions are used to post acquisitions and retirements of assets. The transactions component enables carrying out all accounting transactions that occur during the life of a fixed asset in a company. In most cases, two subsidiary ledgers and, thus, two reconciliation accounts are involved: vendors and assets. SAP FI-AA provides the following options:

- The posting of the acquired asset is done **without** a **vendor** or a **purchase order**; the offsetting entry is made to a G/L clearing account.
- The posting of the acquired asset is done against a **vendor account** but **without** reference to a **purchase order**.
- The posting of the acquired asset is done using SAP MM functionalities (Source-to-Pay business process: purchase order, goods receipt, and invoice receipt)

When posting to accounts of two subsidiary ledgers, that is, to the asset and to the vendor, the reconciliation accounts of both subsidiary ledgers are updated in the general ledger.

3.1.3.2.1 Technical Clearing Account for Integrated Asset Acquisition

In New Asset Accounting, an additional clearing account for assets is required for the integrated posting of asset acquisitions and investment measures. This **technical clearing account for integrated asset acquisition** is posted to automatically for integrated asset acquisitions.

When you enter a business transaction for an integrated asset acquisition, a down payment on an asset, or an integrated asset retirement, the system divides the business transaction into an **operational part** (Accounts Payable/Accounts Receivable) and a **valuating part** (Asset Accounting).

- **Operational document:** For this part (vendor invoice), the system posts a document valid for all accounting principles against the *technical clearing account for integrated asset acquisition*. From a technical point of view, this creates a ledger-group-**independent** document that does not post any valuation allowances to the asset. The asset is only used here for control purposes.
- **Valuating document:** The system generates a separate document from the operational document for each valuating part (asset posting with asset capitalization). This document is only valid for the respective accounting principle. From a technical point

of view, a ledger group-*specific* document is created for each accounting principle. It makes the following postings:

- Clearing entry against the *technical clearing account for integrated asset acquisition*, resulting in a balance of 0 on the technical clearing account.
- Posting against the asset account in Asset Accounting and the simultaneous posting of the reconciliation account for Asset Accounting in the general ledger.

For each accounting principle assigned in the chart of depreciation, this procedure ensures that the *technical clearing account for integrated asset acquisition* has a balance of zero (for each accounting principle and account assignment object). For the system to ensure the zero balance, the account must not be posted to manually. The account does not appear in the balance sheet itself, but (since it has a zero balance) in the appendix to the year-end closing.

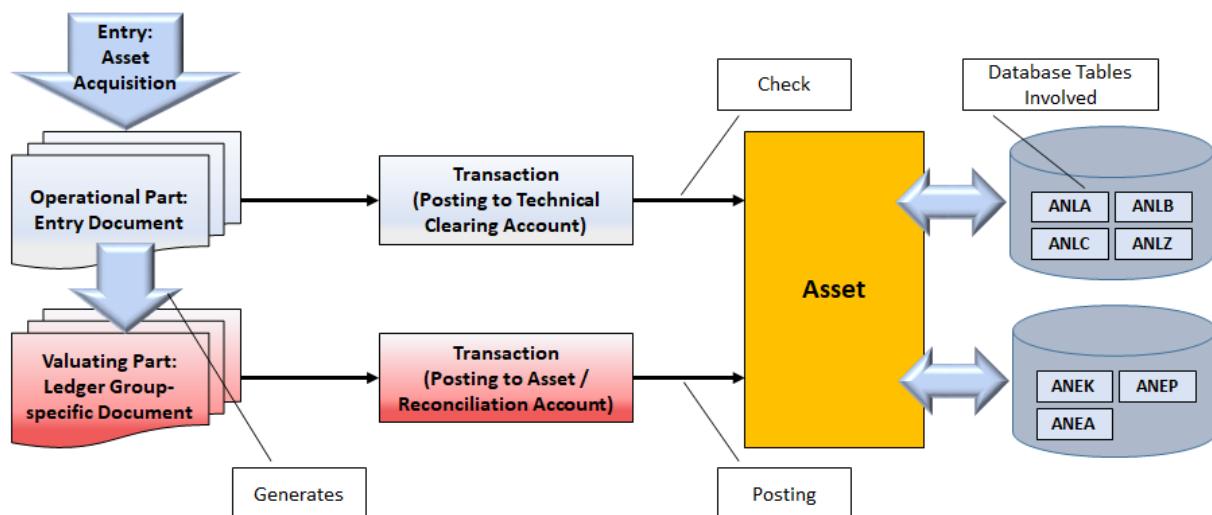


Figure 60: Architecture of Postings in the New Asset Accounting (SAP Online Library)

3.1.3.2.2 Transaction Type

Within Asset Accounting, asset transaction types identify individual business transactions. A transaction type has to be entered for each transaction that affects assets. Either you make this entry in the posting transaction by yourself or the entry is assigned automatically, based on specifications made in FI-AA Customizing.

The **transaction type** is an addition to the asset posting keys 70 (debit) and 75 (credit). It needs to be stated when posting to an asset account. The transaction type is required in asset accounting, since it determines where the asset posting is listed in the asset history sheet.

The transaction type is the distinguishing characteristic of different asset postings, including:

- Buying and selling
- Credit memos
- Acquisitions from internal production
- Adjustment postings
- Retirements without revenues
- Depreciations and appreciations

The individual transaction types specify the following options in the posting:

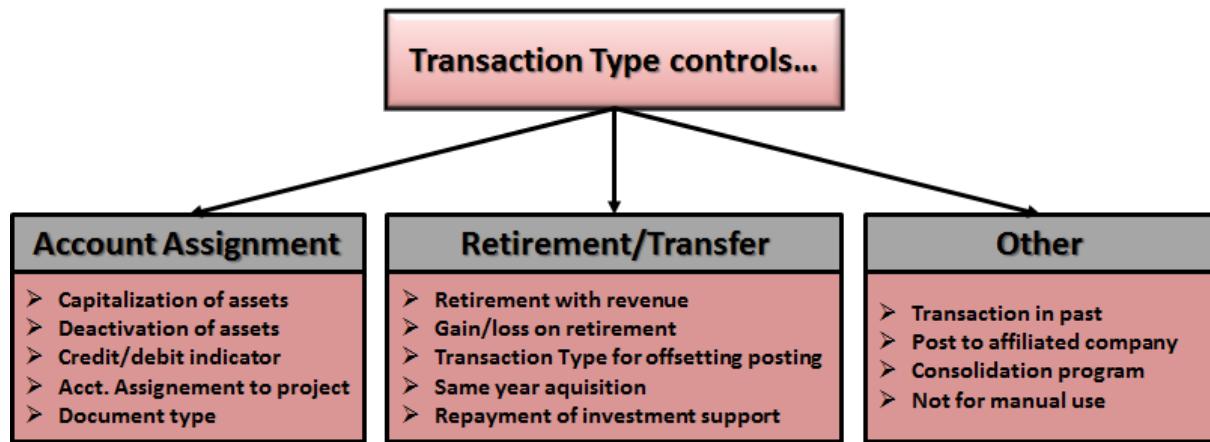


Figure 61: Specification of Transaction Types (SAP Online Library)

3.1.3.3 Results of the Acquisition Posting

Posting asset acquisitions in the SAP S/4HANA system has various effects in accounting, valuation allowances, and master data. In the following, we will focus on the results of asset acquisitions that are displayed in the Asset Explorer and the effects of postings on the asset master record.

3.1.3.3.1 Asset Explorer

The Asset Explorer provides a clear overview of all activities relating to an asset; the transactions posted for an asset and all values and changes in value of an asset over a specific period (asset life cycle). You can do this by pressing the *Asset Values* key directly from the asset master record or using transaction code AW01N. In Fiori, the Asset Explorer is accessed via the App *360° view on Asset*. The Asset Explorer displays the current asset value, the individual and cumulative depreciation values, and future asset values. This includes:

- Acquisition and production costs (APC)
- Planned future values and already posted actual values for an asset
- Depreciation in various forms and summarization levels
- Planned and posted depreciation per depreciation period and per fiscal year

In addition, you can drill-down for any posted value to display details of the original FI transactions (document) that posted to the asset account. It is also possible to branch to master data records and other cost objects as well as performing simulations. Thus, you use this tool to display and analyze every aspect of asset values.

Note that creating an asset master data record only introduces the asset to the system. It does not include the posting of its value in the company's books. The posting of an asset's value (acquisition expenses) is a separate booking that is performed in the afore described Asset Transactions (e.g., Asset Acquisition).

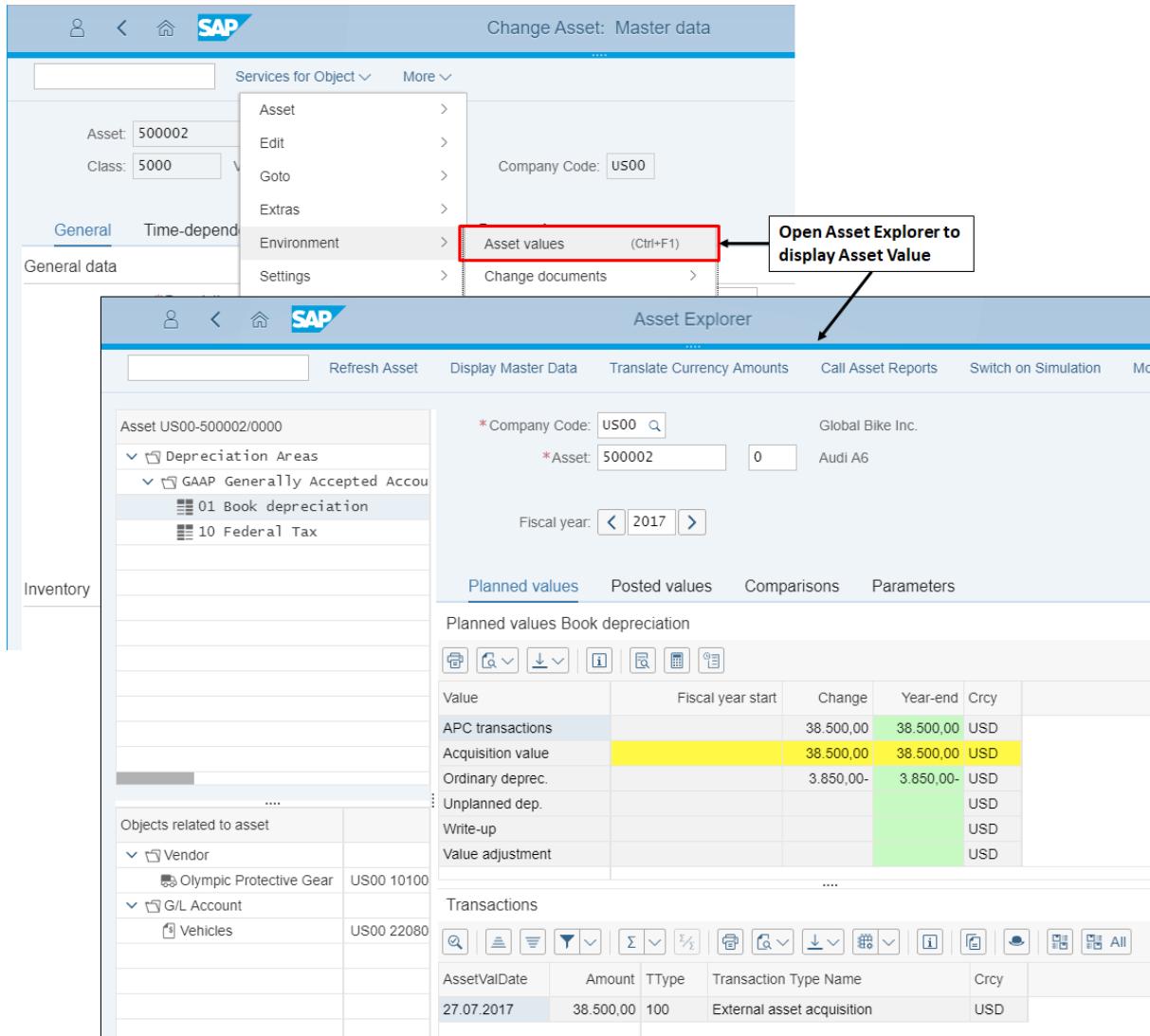


Figure 62: Asset Value and Asset Explorer: SAP-System-Screenshot

The Asset Explorer consists of the following elements:

- Header, in which you enter the company code and asset number.
- Overview tree, with which you can navigate between different depreciation areas.
- Overview tree that displays objects related to the asset.
- Tabs, in which you analyze, plan values and posted values using different parameters and compare fiscal years and depreciation areas.

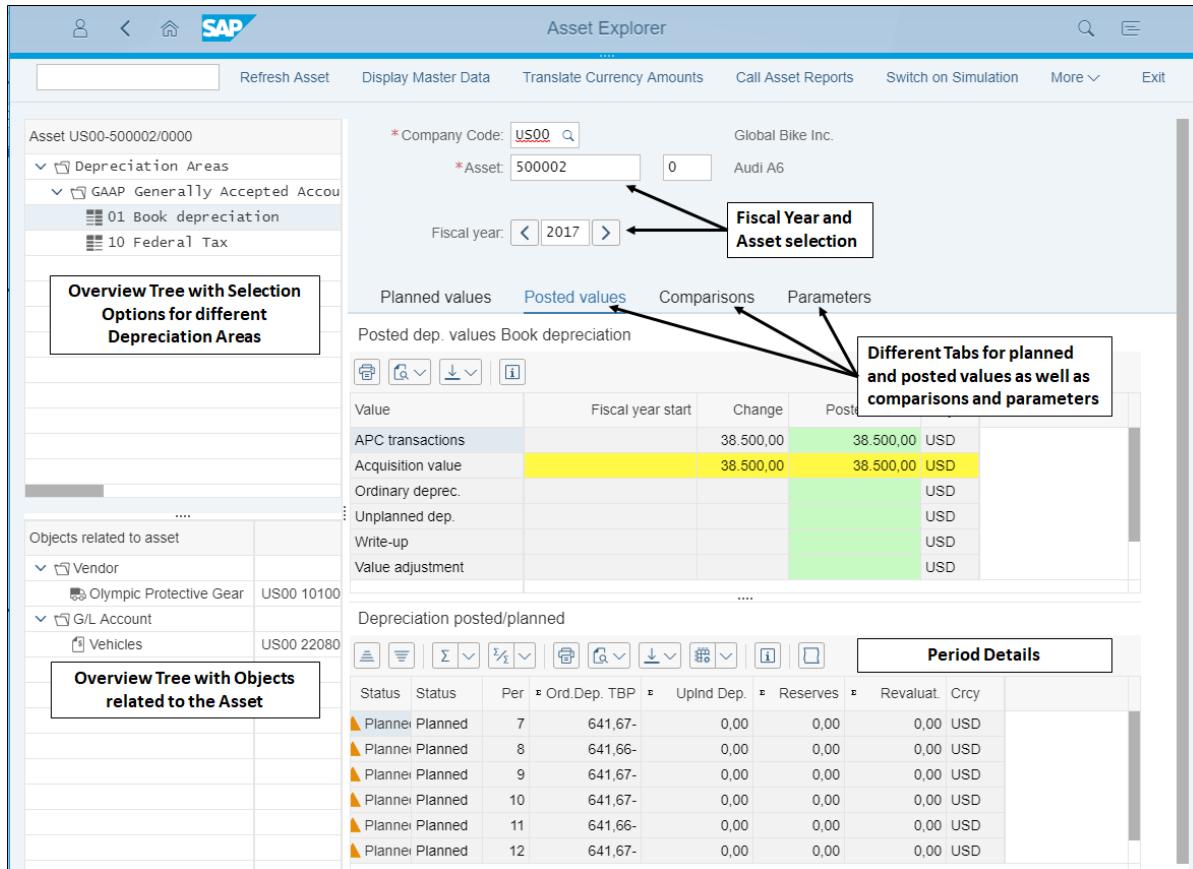


Figure 63: Asset Explorer: SAP-System-Screenshot

3.1.3.3.1 New Fiori Apps for Asset Management

With SAP S/4HANA and Fiori UX, various new native Fiori apps were also created, which considerably simplify the administration of and work with the company's assets and transfer it into the modern optical and technical design of S/4HANA.

The **Display Asset Master Worklist** app allows users to easily generate a list output of all assets they are interested in. By clicking on the arrow behind the asset, the user can navigate directly from this app to the management of the asset. From the following reporting apps, it is also possible to navigate directly to the asset management:

- Asset History Sheet
- Asset Balances
- Depreciation Lists
- Asset Transactions

In the **Manage Fixed Assets** app, the user then has all the data for an asset in one place. A graphical representation of the life cycle of the asset allows the user to quickly gain an overview of the status of the asset and adapt the evaluation.

Key figures such as acquisition and production costs (APC), accumulated depreciation and the net book value help to understand the valuation of the assets in detail and to determine why unexpected value changes occurred, for example when special depreciation was posted for the asset due to an accident.

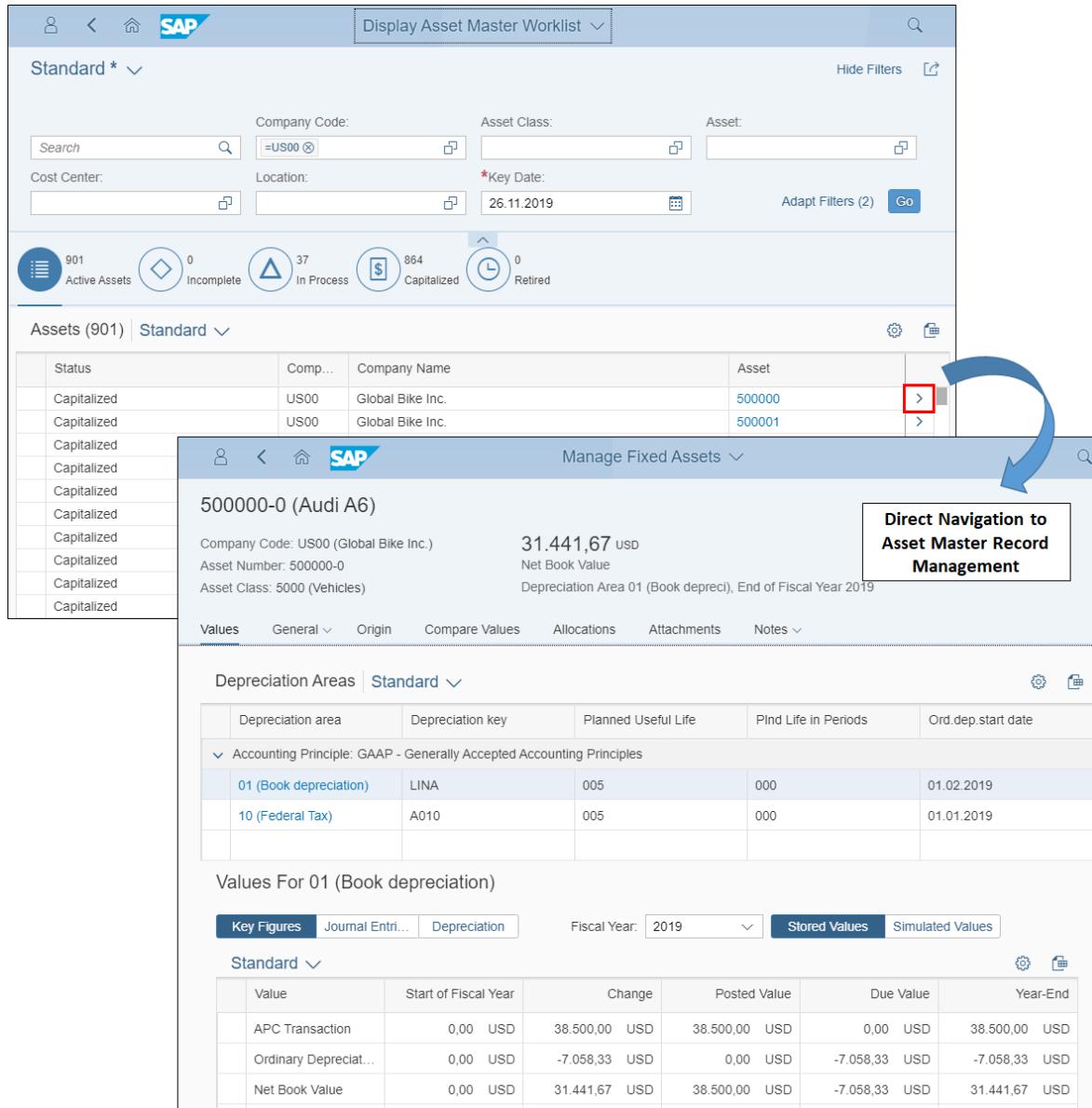


Figure 64: Display Asset Master Worklist: SAP-System-Screenshot

The *Manage Fixed Assets* app covers the functionality of the classic Asset Explorer in an intuitive interface and extends it by several aspects. The following tasks can be performed here:

- Display the most important characteristics of the selected asset, such as asset number, asset class, short description, and net book value.
- Central overview of all parallel depreciation areas and their parameters as well as the option of navigating to the details for each depreciation area.
- Display all key figures by area and an overview of depreciation due to different value adjustments, such as ordinary depreciation or special depreciation.
- Display of the life cycle diagram to show the evolution of the values for the asset.
- Parallel comparison of values for different fiscal years and several depreciation areas.
- Display the master data of the asset with all its time-dependent and time-independent assignments, such as cost center or vendor.
- Add attachments.
- Create notes.
- Edit assets.

3.1.3.4 Period-End Activities for Fixed Assets

The main activity performed for fixed assets that a company possesses is the depreciation. This is done with depreciation runs at the end of each period.

What is Depreciation?

Assets in a company lose on value during their lifetime. For instance, a car you buy for the company has half its value after 3 years. This value loss is eligible for being set off against tax liability. Depreciation is used to calculate the offset of lost asset value against tax and on the other hand, to determine the "real" current value of the assets your company possesses.

3.1.3.4.1 Depreciation Areas

In many cases, a company requires different valuation bases for the transactions performed for their assets. For instance, it makes sense for a company to valuate its asset depreciations differently for the balance sheet than for tax purposes or cost accounting.

To allow valuating asset movements differently and in parallel for different purposes, the SAP system allows using multiple **depreciation areas** in parallel. Since the system allows you to define up to 99 depreciation areas, you can manage many different types of valuation. Depreciation areas are grouped together, according to the requirements of a specific country or economic area, into a chart of depreciation (refer to Chart of Depreciation).

The depreciation areas are identified by; two-digit numeric keys. You specify the asset-specific depreciation terms for every depreciation area belonging to the chart of depreciation. You enter the depreciation terms in the asset class or directly in the asset master record of the particular asset. This makes it possible for you, e.g., to use straight-line depreciation for your internal accounting purposes and use declining-balance depreciation for the balance sheet.

Asset Forklift in Year 2015			
	Asset Value	Depreciation	Remaining Value
01 – Book Depreciation	38500	-7700	30800
10 – Tax	38500	-11550	26950
11 – Cost accounting	38500	-5500	33000
12 – Parallel valuation	38500	-9625	28875
⋮			

Figure 65: Depreciation Areas (SAP Online Library)

Depreciation areas are used to calculate different values in parallel for each fixed asset for different purposes. You manage the depreciation terms and values necessary for this valuation in the depreciation areas of each asset. This means that in each depreciation area that is assigned to a company code, for each fixed asset separate transaction values as well as individual value components (such as balances, depreciation, and the remaining book value) are stored.

Various data for depreciation areas is stored in the asset master data record. This data controls the calculation of normal and special depreciation for the respective depreciation area. Thus, you can use a different depreciation method for general business procedures from the depreciation method required by the tax authorities.

Examples: Depreciation Area: Book Depreciation

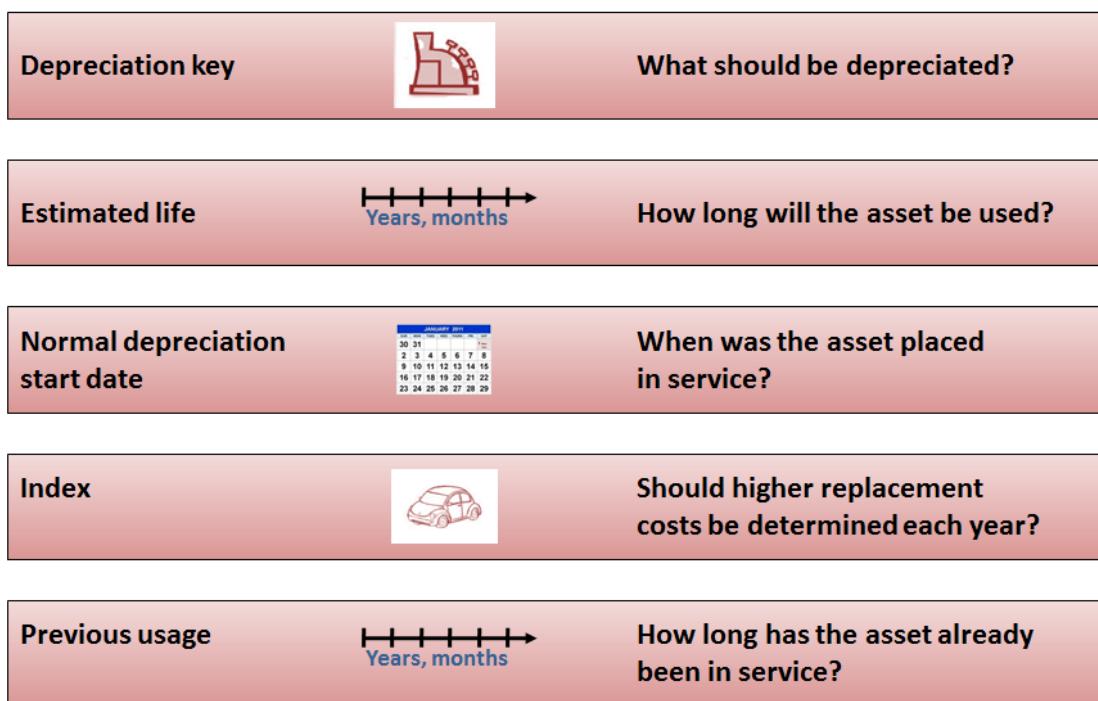


Figure 66: Control Data in Depreciation Areas (SAP Online Library)

3.1.3.4.2 Periodic Depreciation Posting Run

All types of depreciation (normal depreciation, special depreciation, and unplanned depreciation) are calculated and initially kept in the form of **planned values** in the Fixed Assets application. That is, every asset transaction in Asset Accounting (AA) immediately causes a change in the *forecasted* depreciation (planned values). However, it does not immediately cause an update of the depreciation and value adjustment accounts for the balance sheet and profit and loss statements.

The planned depreciation is actually posted in FI-GL and FI-AA only after you run the **periodic depreciation posting run** and it completed successfully (without errors). The depreciations are then posted for each asset involved in the depreciation run to the corresponding depreciation accounts in the G/L. The accounts are derived based on the account determination key assigned in the asset master data records.

Beside the postings to the corresponding depreciation accounts in general ledger accounting, it is possible to post depreciation values to Management Accounting (CO) objects. If, e.g., a cost

center, internal order, or Work Breakdown Structure (WBS) Element is assigned to the asset master record, the depreciations are also posted to that CO-Object. Typically, the values of depreciation area 20 (Cost Accounting) are transferred to CO.

The depreciation run is generally executed in a batch input session that posts the planned depreciation for each posting level. Thereby, each individual asset is posted as a lump-sum amount.

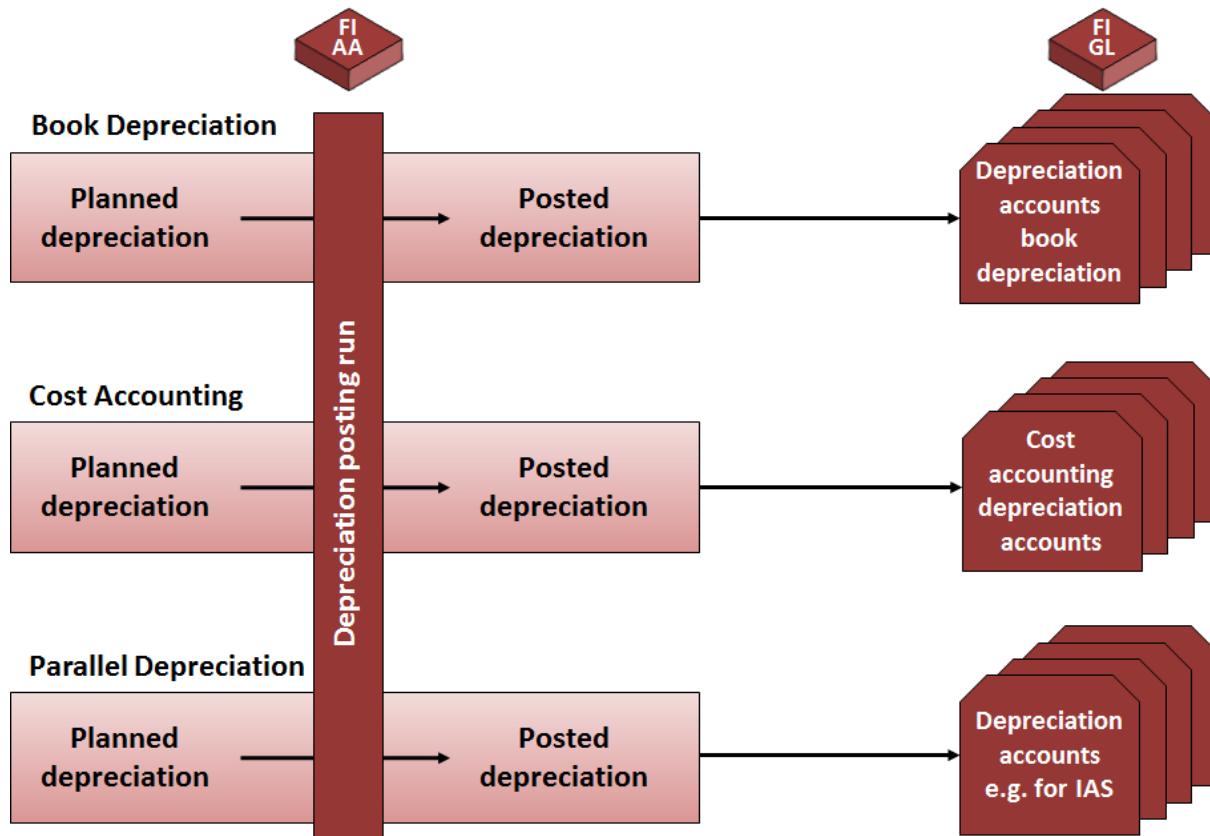


Figure 67: Periodic Depreciation (SAP Online Library)

3.1.4 Reporting in Financial Accounting

The main tasks of an accounting system consist in the recording of all monetary value flows, the documentation, accountability, and information supply, as well as control and disposition. The changes of the company's assets and capital induced by goods and services are recognized and made visible by recording every business transaction on the General Ledger accounts. The G/L often contains only collective postings that depict a collection of all individual postings made in the sub-ledgers. The posting data represented in sub-ledgers are passed on in compressed form (balances) to the reconciliation accounts of the G/L.

The aim of recording business transactions is to create a **balance sheet** and **profit and loss (P&L) statement**. This report must meet specific national requirements and can be set up with different structures to meet a country's reporting requirements. The structures that are defined in the **financial statement version** determine which accounts should appear in which balance sheet item.

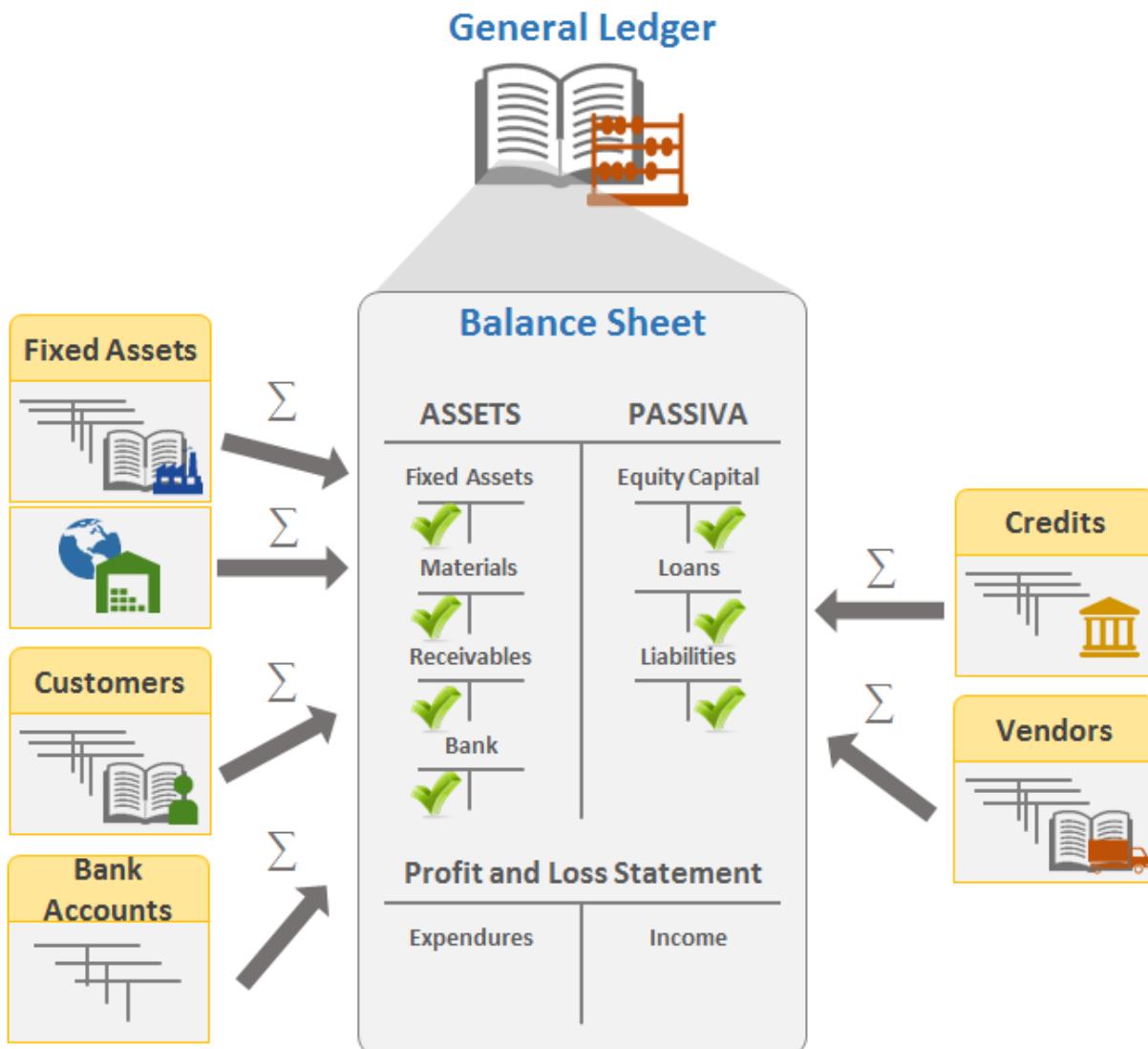


Figure 68: Balance Sheet and P&L Statement (based on SAP Online Library)

3.1.4.1 Excursus: Financial Statements



EXCURSUS

As part of the year-end closing, a company must create financial statements according to country-specific laws and regulations. Financial statements are created as part of the year-end closing in accordance with country-specific legal requirements in order to report assets, liabilities, accruals and deferrals, and revenues and expenses:

Balance Sheet

The Balance Sheet is an invoice-based closing for a company at a specific point in time (financial statements key date). It contains a comparison of assets and capital (liabilities and owner's equity). Thereby, assets and capital must reflect the same total value, which is expressed in the balance sheet (assets = capital). The liabilities side of the balance sheet provides information about the sources of funds, while the assets side gives information about the use of funds.

The balance sheet only includes value information and no quantitative data, i.e., any material inventory is recorded in monetary measures on the basis of a valuation method. Detailed explanations to other balance sheet items, such as deferred income, are not given here.

At the beginning of a fiscal year the opening balance sheet contains the available capital and assets on the specified balance sheet date. The individual balance sheet items are transferred to the balance sheet accounts. In the course of the fiscal year, business transactions are posted to the balance sheet and profit and loss accounts. The total amount of assets on the balance sheet is always 0, i.e., assets and liabilities always keep the balance in terms of value.

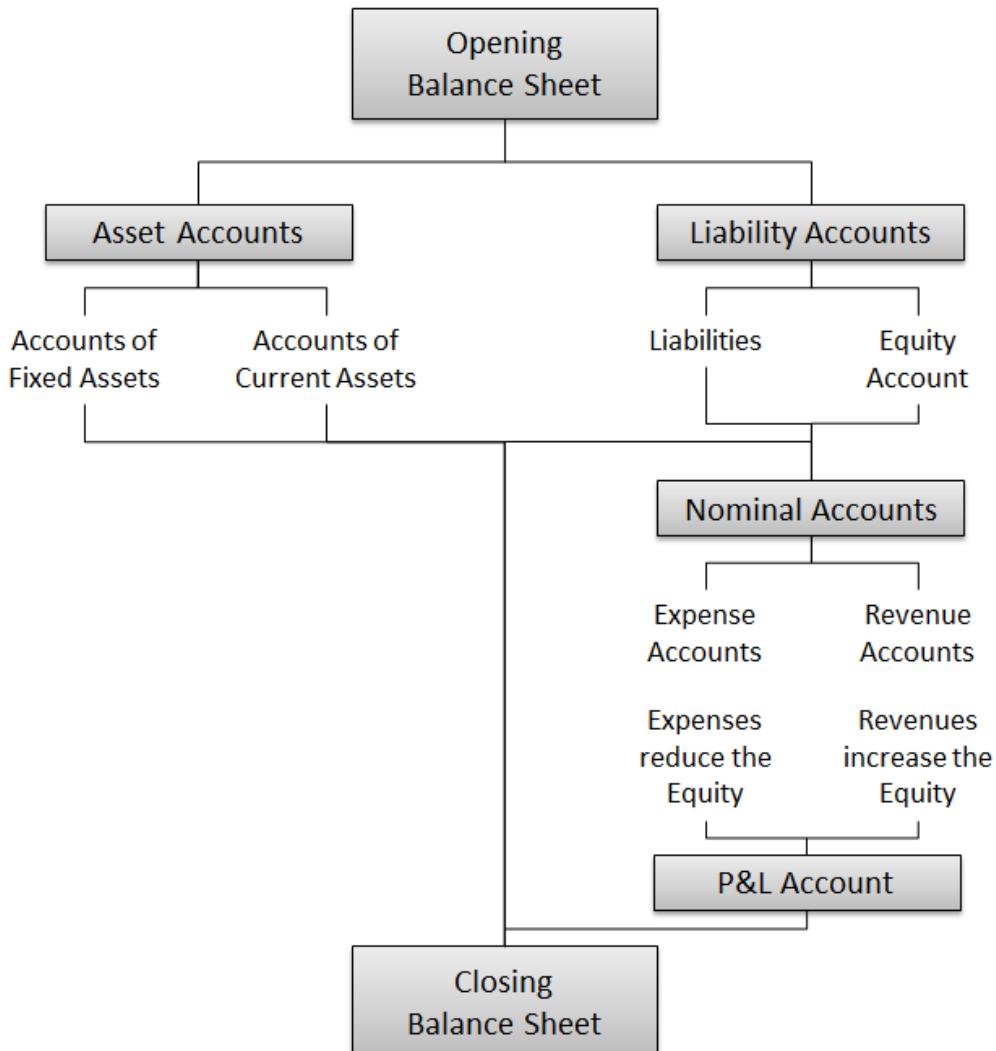


Figure 69: From Opening to Closing Balance Sheet (Forsthuber 2011)

Additions to the balance sheet accounts increase the existing assets and are, therefore, recorded on the left side (debit) of the asset accounts. Accordingly, decreases are recorded on the opposite side (debit) of the asset accounts. Postings to balance sheet accounts result in neither profit nor loss, i.e., they neither increase nor reduce equity.

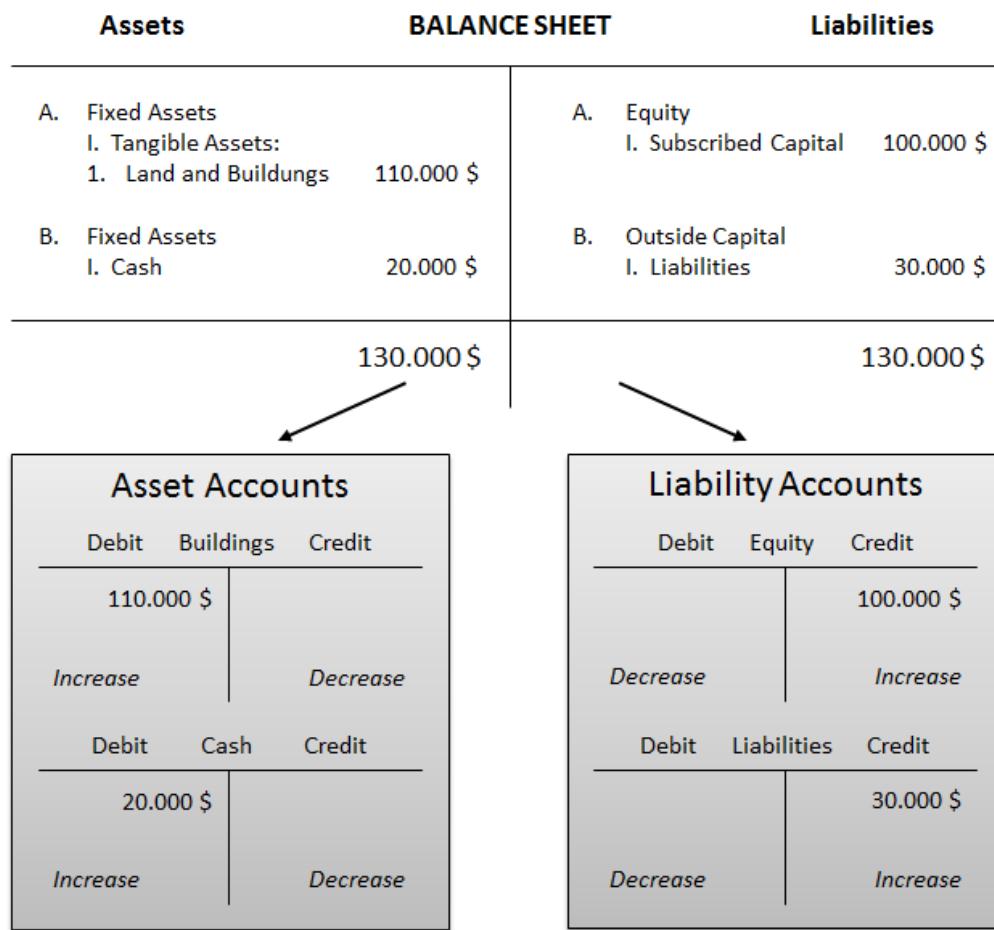


Figure 70: Postings to Balance Sheet Accounts (Forsthuber 2011)

Profit and Loss Statement (P&L)

The Profit and Loss Statement is a comparison of revenue and expenditure of a period and aims to determine the results of the company and the sources of these results.

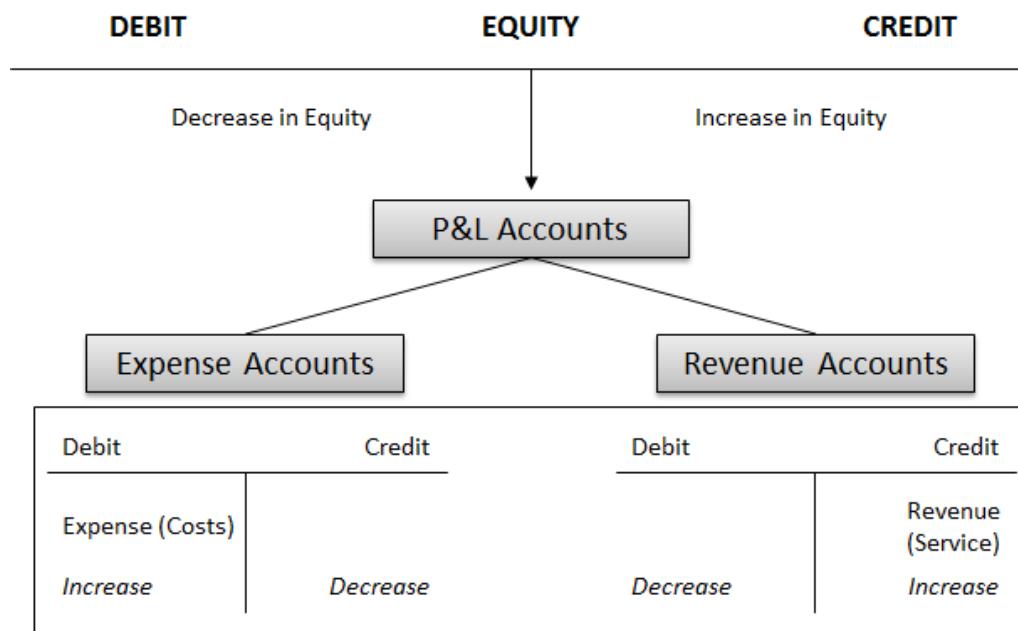


Figure 71: Postings to P&L Accounts (Forsthuber 2011)

The equity position is increased through sales and increase in value of products. It is reduced through the use and rate at which assets are used up as well as expenses for factors of productions.

Business transactions that have an impact on the equity of a company are posted to the profit and loss accounts so that gains and losses are easily visible. P&L accounts are divided into expense and revenue accounts. Expenses reduce the equity and revenues increase it. Revenues, in a simple sense, are inflows of cash as a result of selling activities or the disposal of company assets. Expenses, in a simple sense, are outflows of cash or the creation of liabilities to support company operations. Thus, expense and revenue accounts represent sub-accounts of the equity item in the balance sheet. At the beginning of a fiscal year, revenue and expense accounts are completely clear and have an opening balance of 0. Through reduction and increase in value, the balance of revenue and expense accounts changes. In simple words: Revenues - Expenses = Net Income

These balances are not directly set against the equity account but are compared with each other in the profit and loss statement. Only the calculated balance of the profit and loss account is transferred to the equity account.

To facilitate the work with year-end closing statements, SAP automatically calculates the following two financial statement items:

The Profit (or loss) for the Year

The profit (or loss) for a fiscal year is calculated automatically by the report that creates the balance sheet and P&L statement. The financial accountant that executes this report no longer has to make the traditional postings of debiting the profit account and crediting the equity account (or crediting the loss account and debiting the equity account). The balance of the accounts, which is assigned to the items Assets and Liabilities, displays the profit (or loss) for the year. Furthermore, SAP determines the profit and displays it in the appropriate line of the Profit and Loss Statement and equals the profit shown in the balance sheet if all relevant accounts are assigned. There is no need for closing out the Profit and Loss Statement accounts using a profit account.

The Profit (or Loss) carried forward (Retained Earnings)

The profit (or loss) carried forward from previous years is taken from the retained earnings account, provided that the account has been assigned to this item in the financial statement version. The balance from the profit and loss statement accounts is carried forward to this account by the balance carry forward program. The retained earnings account is debited in the New Year if the company uses the retained earnings.

3.1.4.2 Excursus: Double Entry Bookkeeping



The accounting logic of double bookkeeping is a little complicated. Therefore, in the following a simplified example on how postings are made to the particular accounts is presented. This Chapter is an Excursus; it is not part of the SAP Exam or part of this course. It is only meant to make the accounting logic more

clearly to those of you, who are not accounting specialists or did not learn this topic in their studies.

In the double bookkeeping on the one hand you have the Balance Sheet on the other there is the Profit & Loss Statement (or Income Statement).

Basically, there are the following types of accounts:

Balance Sheet:

- **Asset Accounts:** The Asset Accounts contain everything your company possesses. That could be a building, a factory, a car pool, money on the bank or receivables etc.
- **Liability Accounts:** These Accounts contain the source of financial resources with which you have funded the assets of your company. That is, the liability accounts display where the “money” or “values” came from, with which you “paid” everything that is posted on your asset accounts. Hence, the balance of the Asset Accounts and the Liability Accounts is (theoretically) always equal to each other.
- **Equity Capital:** This is an account of the Liabilities, but it is also a special account in that sense, that differences occurring between the **Asset Accounts Total** and the **Liability Accounts Total** (this difference is derived from the Profit & Loss Statement) are posted to the Equity Capital Account. That is, if your company makes a profit in a fiscal year, the Equity Capital of the company increases. If your company generates losses, the Equity Capital of the company decreases.

Profit & Loss Statement:

- **Expense Accounts:** In accounting, expense has a very specific meaning. It is an outflow of cash or other valuable assets from a person or company to another person or company. Technically, an expense is an event in which an asset is used up or a liability is incurred. In terms of the accounting equation, expenses reduce owners' equity. The International Accounting Standards Board defines expenses as ...*decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants*.
- **Income Accounts:** Income is basically the opposite of expense. The International Accounting Standards Board defines Income as ...*increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants*.

The following figure displays the Balance sheet and the Profit & Loss Statement with some accounts (note: there are many more accounts than the presented ones). The example shows the case of a company that did not make any business in the fiscal year. Thus the OPENING Balance Sheet (OBS) equals the CLOSING Balance Sheet (CBS) and there have not been any postings to the Profit and Loss accounts. All accounts are balanced out. That is, debit total and credit total of an account are always equal.

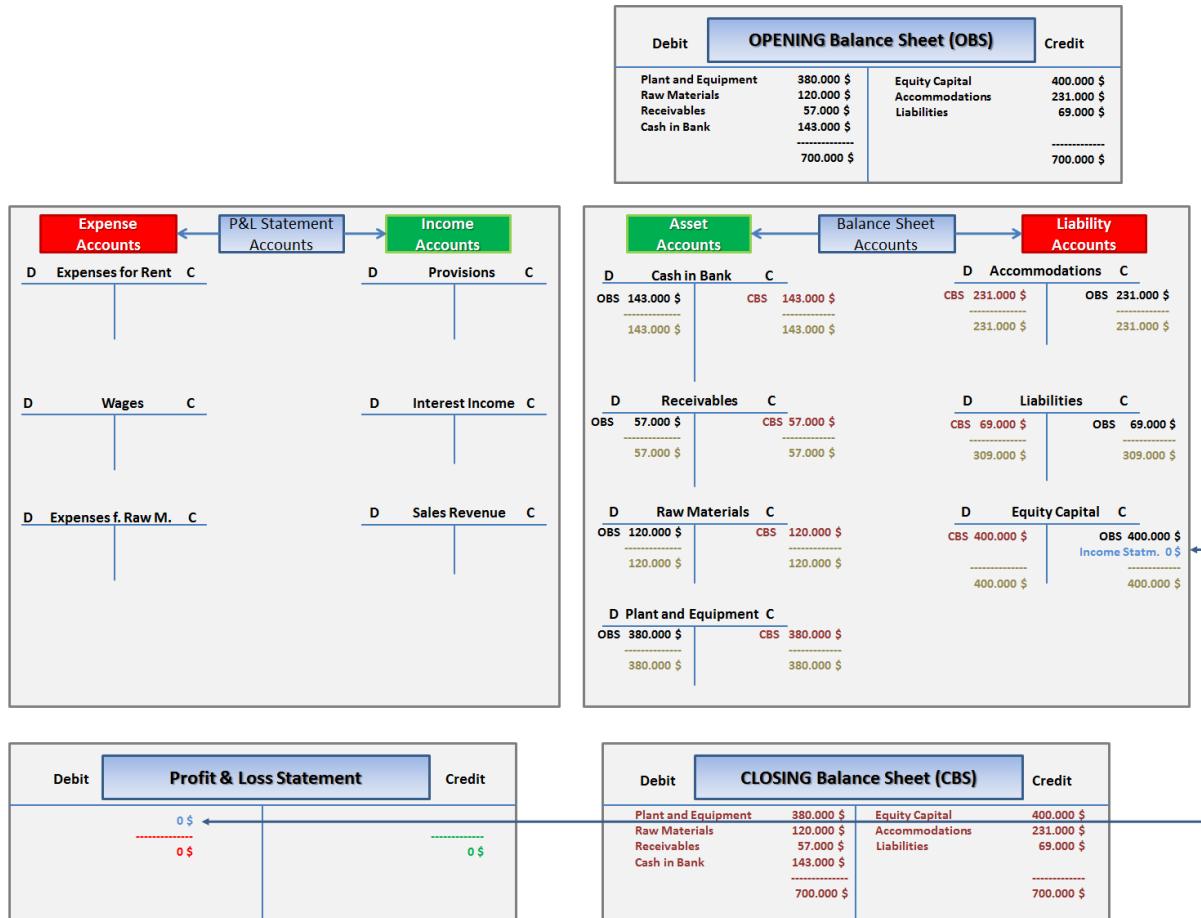


Figure 72: Balance Sheet and P&L-Statement

In the logic of the double bookkeeping there are debit (D) and credit (C) postings. This is where this concept gets complicated, since the terms debit and credit do not exactly have the same meaning than they have in the everyday language. Probably the original terms, when Pacioli invented the double bookkeeping, had some meaning or they only have a meaning in Italian. But from the stand point of modern accounting debit and credit do not have any meaning in the sense of their everyday language meaning.

In the everyday language a debit is something bad, since you lose money and a credit is good, since you get money. In the logic of accounting this depends on the account you post to. For instance a **debit** posting to an Asset Account is good, since it records an increase of your assets, whereas a **credit** posting to an Asset Account documents a loss of assets. The following figure summarizes this logic. Note that the Profit & Loss Statement Accounts are only credited or debited with a posting. The opposite position is transferred to the P&L Statement.

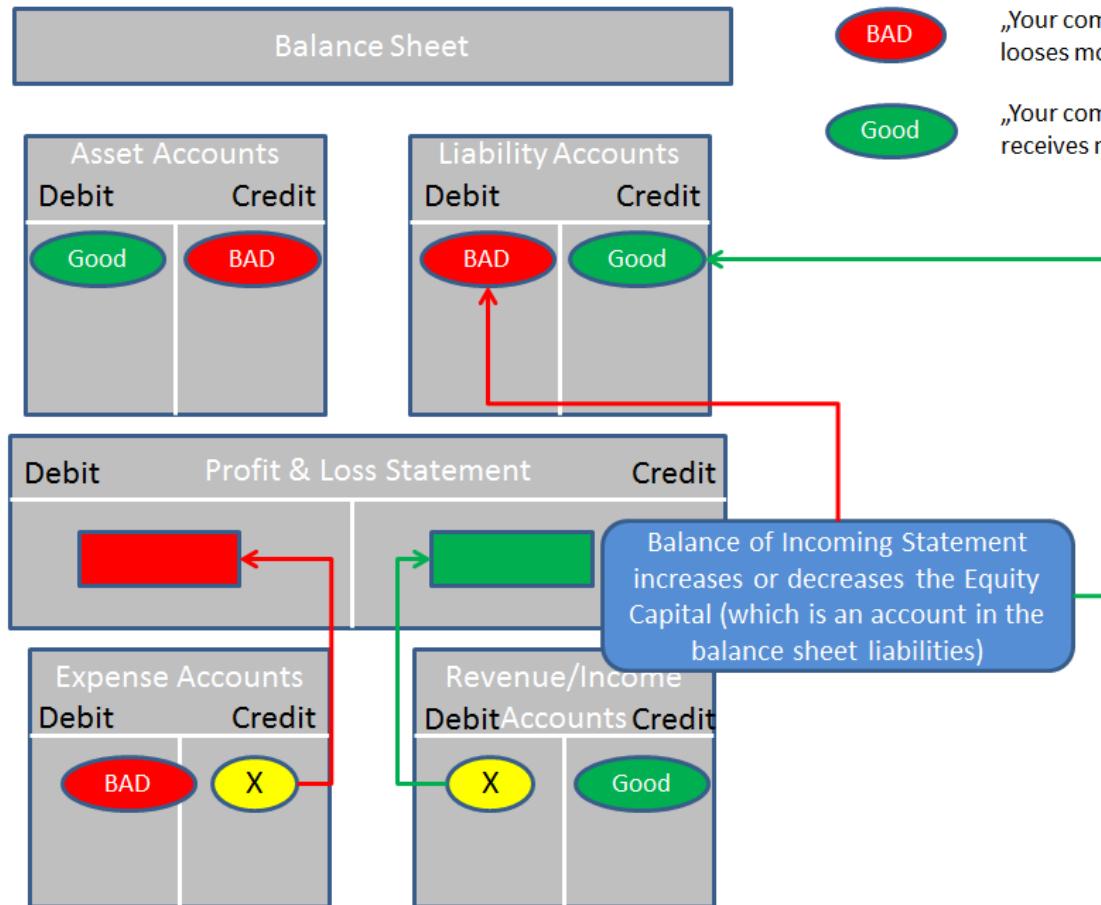


Figure 73: Posting Logic of Double Bookkeeping

The following figure displays a simple example of a FI posting. In this case your company paid its employees' wages summing up to 120.000 \$. This transaction leads to

- A CREDIT posting to the Asset Account "Cash in Bank" and, thus, reduces your money in the bank.
- A corresponding DEBIT posting to the P&L Account "Wages".

Both postings are of category "Bad for You", since you lost money.

Now we assume that the year is over and your "sorry-ass"-company only made this one transaction. Thus, you close the balance sheet and income statement. Since you did not have any other transaction your company generated a loss of 120.000 \$. Here again remember that each account must be closed with the same total on the debit and the credit side. In the P&L Statement this means that the position Equity Capital is credited with 120.000 \$ to balance out the P&L Statement. This also represents the result of your company's business. You made a loss of 120.000 \$.

This loss now is transferred to the Equity Capital Account in your Balance Sheet, reducing your Equity Capital by 120.000. In the Closing Balance Sheet (CBS) you now have a total of assets 580.000 \$.

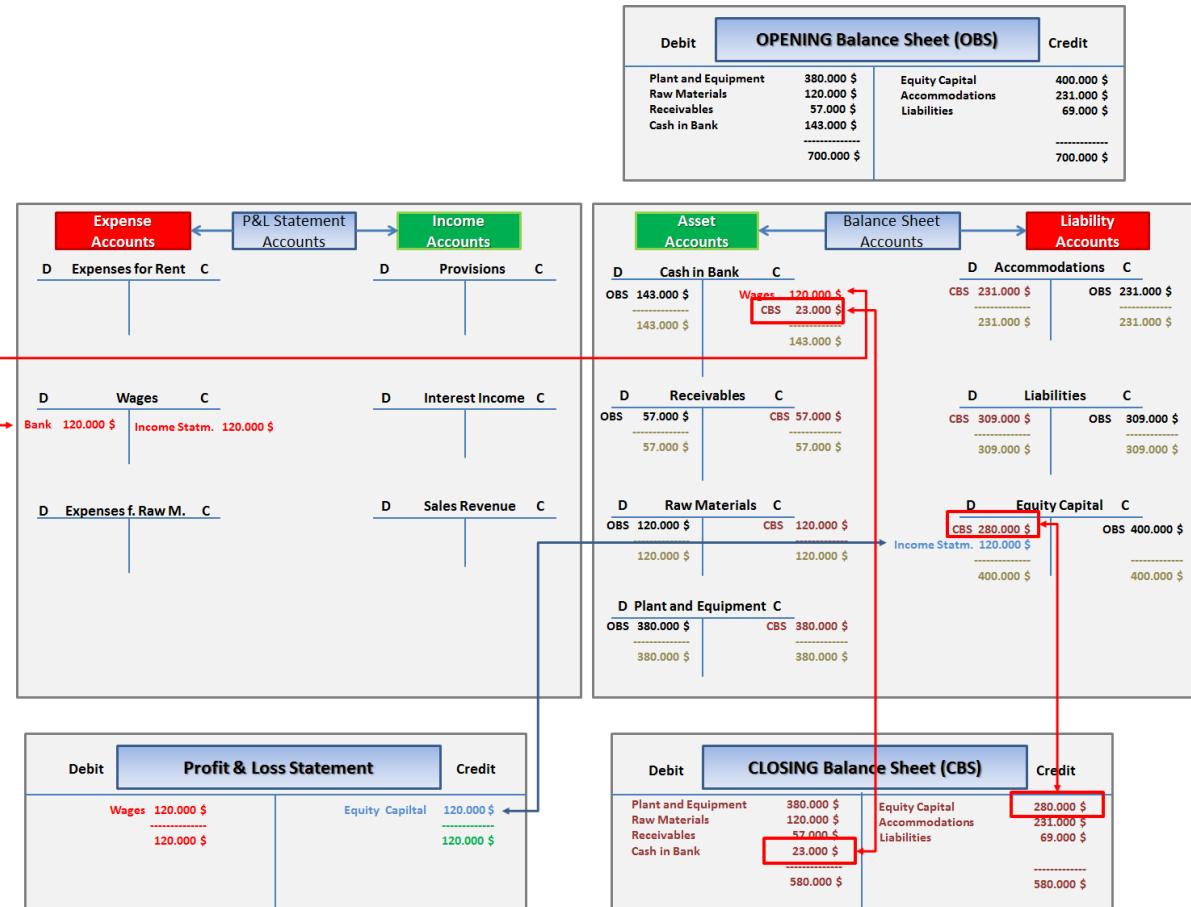


Figure 74: Posting Logic of Double Bookkeeping – Simple Example

The following figure displays a more complex situation, where your company actually did some business. The following transactions were booked:

1. Your Company pays 15.000 \$ rent for offices etc. The posting is referred to as “Expenses (D) for Rent to Bank (C)”.
2. Note that a posting is **ALWAYS** made from the Debit (D) side of an account to the Credit (C) side of the corresponding account.
3. Your Company pays 120.000 \$ wages to employees. The posting is referred to as “Wages (D) to Bank (C)”.
4. Your Company receives 11.500 \$ from a customer. The posting is referred to as “Bank (D) to Receivables (C)”.
5. Your Company buys raw material for 240.000 \$ but did not pay it yet. Thus, the amount is posted versus the Liability account. The posting is referred to as “Raw Materials (D) to Liabilities (C)”.
6. Your Company consumed Raw Materials in the production with a value of 265.000 \$. Thus you post these expenses on your Expense for Raw Materials Account (Debit → is bad for you in a P&L-Account, since your warehouse stock is reduced) and credit this against the Raw Material (Inventory) Account in the balance sheet (again: credit posting in the balance sheet is bad for you, since your warehouse stock is reduced). The posting is referred to as “Expenses for Raw Materials (D) to Raw Material (Inventory) (C)”.

6. Your Company receives 23.300 \$ as Provisions. The posting is referred to as “Bank (D) to Provisions (C)”.
7. Your Company receives 2.700 \$ from Interest Incomes. The posting is referred to as “Bank (D) to Interest Income (C)”.
8. Your Company sales Finished Goods for 454.000 \$ to a customer. The customer did not pay yet. Thus, the posting is debited against the Receivables Account. The posting is referred to as “Receivables (D) to Sales Revenue (C)”.
9. At the end of the year you do the year-end closing and calculate a profit of 80.000 \$, since you had more income (P&L Credit) than expenses (P&L Debit). This amount is transferred to the Equity Capital Account on the credit side. This actually is good for your company; I know I said in the Balance Sheet Accounts Credit = BAD. But consider the logic of the posting. Since the balance of both sides of this account must be equal, this increases the Closing position of your Equity Capital. Thus, your Equity Capital increases (=Profit).

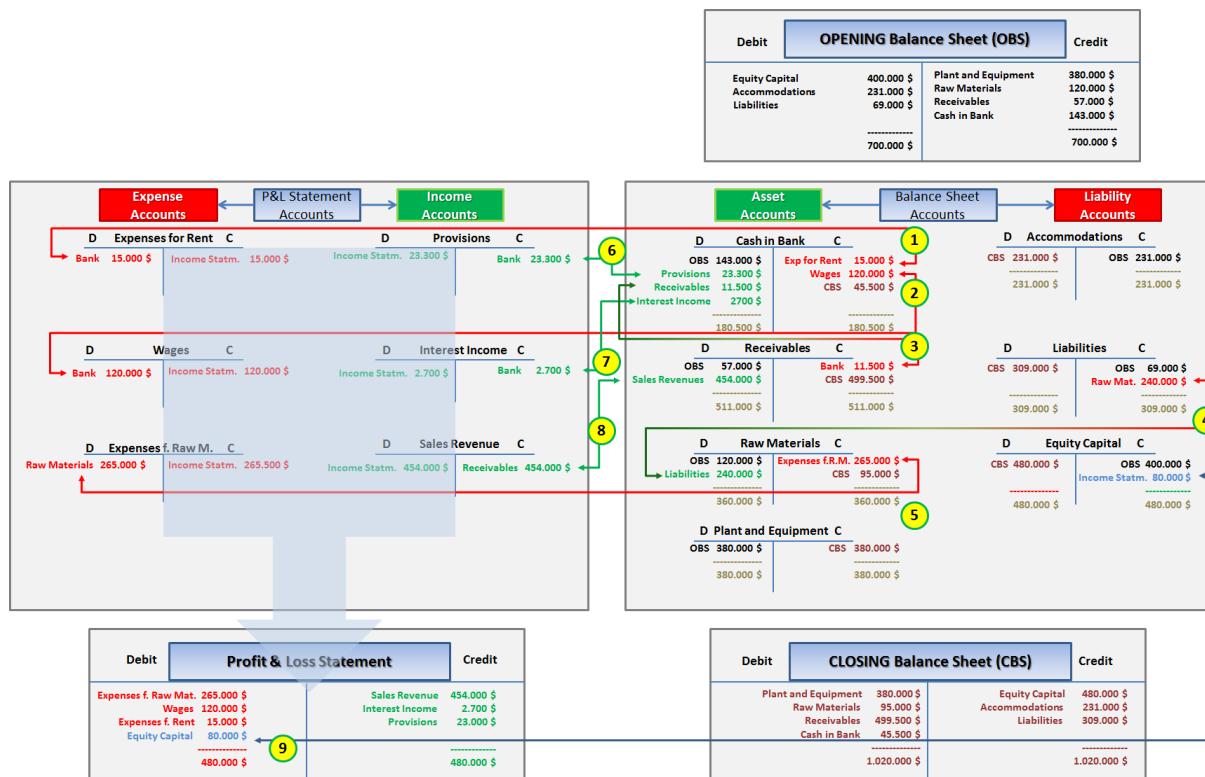


Figure 75: Posting Logic of Double Bookkeeping – Complex Example

3.1.4.3 Financial Statement Versions and Views

We have already introduced the Financial Statement Version in the master data chapter. It is a structure that contains all relevant accounts, from which the Balance Sheet and the Profit & Loss Statement is created. Financial Statement Versions can be created and altered to meet the company's and legal requirements towards the financial reporting.

The Financial Statement Version consists of nodes and sub-nodes (e.g. Assets, Liabilities) that build the structure of the financial report. The General Ledger accounts that are to appear in the financial report are then assigned to the structure by adding them to those nodes. There is no limit to the number of Financial Statement Versions that can be created in the system. This

allows to define different structures for different purposes (e.g. country-specific financial reports).

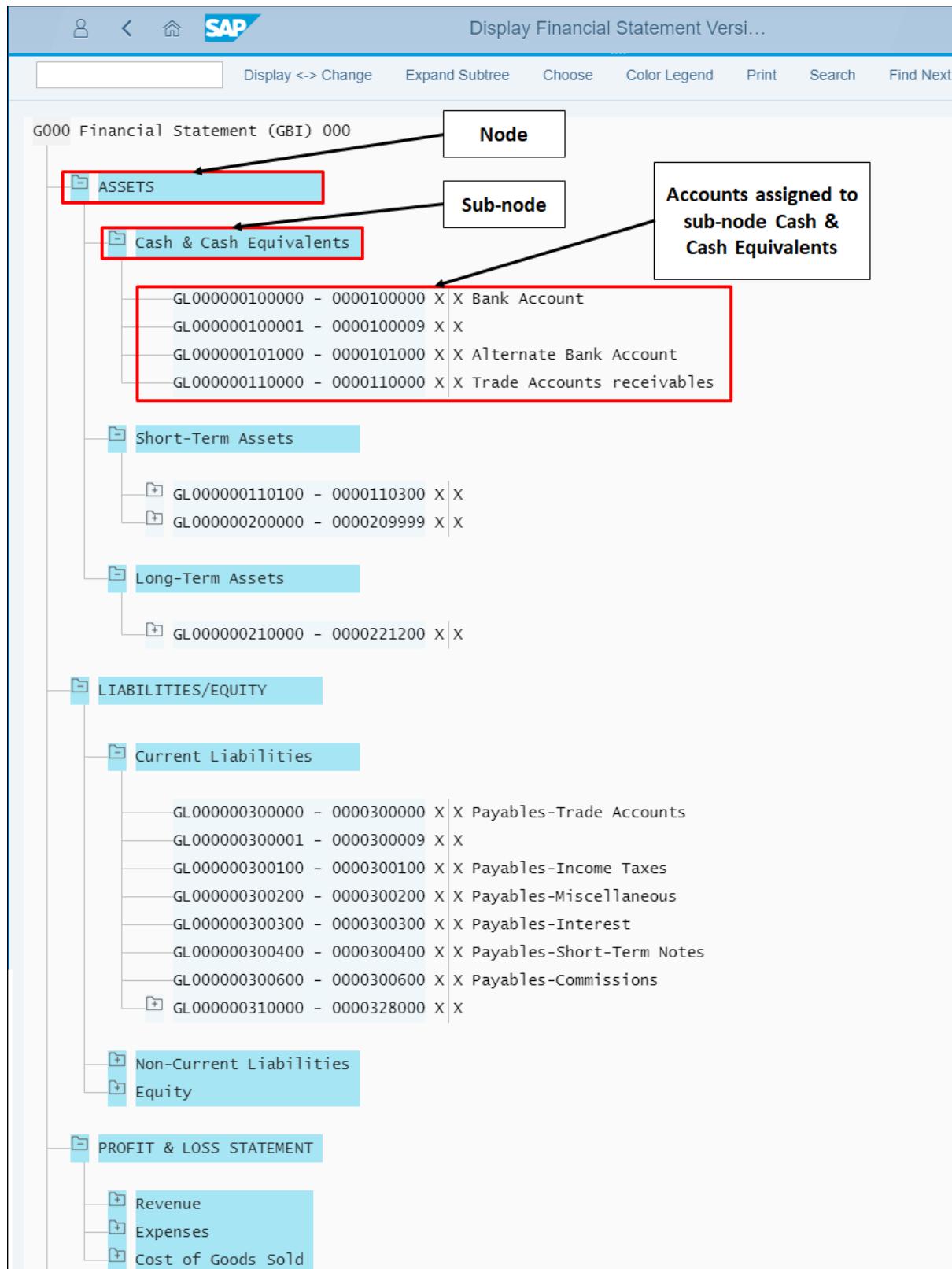


Figure 76: Financial Statement Version: SAP-System-Screenshot

When you generate a financial report (Balance and P&L Statement) then you specify which Financial Statement Version should be used to create that report. The report that is then

generated contains all the G/L accounts in the same structure as defined in the Financial Structure Version. In the report, you can switch between different views by selecting the corresponding tab in order to display All Accounts, only the Balance Sheet, or only the Profit & Loss Statement. In addition, you can add filters (e.g. account ranges) to narrow down the report to e.g., particular segments or profit centers.

The screenshot shows the SAP Financial Statement View. At the top, there are filter fields for Company Code (US00), Ledger (OL (Leading Ledger)), Financial Statement Version (G000, highlighted with a red box), and End Period (8/2017). Below the filters, a dropdown menu titled 'Switch between:' lists 'All Accounts', 'Balance Sheet', and 'Profit & Loss Statement'. The 'All Accounts' tab is selected. The main area displays a table of G/L accounts under the 'ASSETS' category. The first three rows of the table are highlighted with a red box. A callout box points from the 'ASSETS' heading to this highlighted area, containing the text 'Same Accounts and Structure as specified in the Financial Statement Version'. The table has columns for Description, G/L Account, Period Balance, Comparison Balance, Absolute Difference, and Relative Difference.

Description	G/L Account	Period Balance	Comparison Balance	Absolute Difference	Relative Difference
ASSETS		USD 7.178.492,00	USD 24.000,00	USD 7.154.492,00	17.393,7
Cash & Cash Equivalents		USD 2.356.802,00	USD 39.750,00	USD 2.317.052,00	17.383,5
Bank Account	0000100000	USD 906.802,00	USD 5.250,00	USD 912.052,00	17.372,4
Alternate Bank Account	0000101000	USD 50.000,00	USD 45.000,00	USD 5.000,00	11,1
Trade Accounts receivables	0000110000	USD 1.400.000,00	USD 0,00	USD 1.400.000,00	0,0
Short-Term Assets		USD 4.783.190,00	USD 15.750,00	USD 4.798.940,00	10,2
Inventory-Raw Materials	0000200000	USD 6.597.400,00	USD 6.007.500,00	USD 589.900,00	9,8
Inventory-Finished Goods	0000200100	USD 1.034.916.040,00	USD 1.030.479.000,00	USD 4.437.040,00	0,4
Inventory-Trading Goods	0000200200	USD 505.250,00	USD 505.250,00	USD 0,00	0,0
Inventory-Suspense (Heaven)	0000200500	USD 1.037.235.500,00	USD 1.037.007.500,00	USD 228.000,00	0,0
Long-Term Assets		USD 3.500,00	USD 0,00	USD 38.500,00	0,0
Vehicles	0000300000	USD 500,00	USD 0,00	USD 38.500,00	0,0
LIABILITIES/EQUITY		USD 1.130,00	USD 0,00	USD 4.691.130,00	0,0
Current Liabilities	0000400000	USD 7.130,00	USD 0,00	USD 4.667.130,00	0,0
Equity	0000500000	USD 1.000,00	USD 0,00	USD 24.000,00	0,0
PROFIT & LOSS STATEMENT		USD-4.277.122,00	USD-24.000,00	USD-4.253.122,00	415,8
		USD 1.789.760,00	USD 0,00	USD 1.789.760,00	0,0
		USD 1.789.760,00	USD 0,00	USD 1.789.760,00	0,0

Figure 77: Financial Statement View: SAP-System-Screenshot

Global Accounting Hierarchies

In SAP S/4HANA, most types of master data have their own logic and their own app for hierarchy management. Examples of master data hierarchies are:

- Cost center hierarchy (standard hierarchy)
- Profit center hierarchy
- Cost element hierarchy
- Activity type hierarchy
- Project hierarchy

The balance sheet/income statement structure (Financial Statement Version) is already a hierarchical structure in which the individual account groupings represent the hierarchy nodes and the assigned accounts represent the leaves of the hierarchy.

In SAP S/4HANA, the new *Manage Global Hierarchies* app is a central entry point for maintaining many different accounting hierarchies. This app provides the following main functions:

- Modern, consistent user interface and persistence in a hierarchy group

- Create and edit several accounting hierarchies (e.g. cost center, profit center, functional area and balance sheet / P&L structures)
- Creation of different hierarchy IDs with different time periods for a hierarchy
- Status control (draft, active)
- Export and import of hierarchies from worksheets (Excel)
- Support of user-defined extensibility (user-defined hierarchies, fields and logics)
- Compatible with existing hierarchies

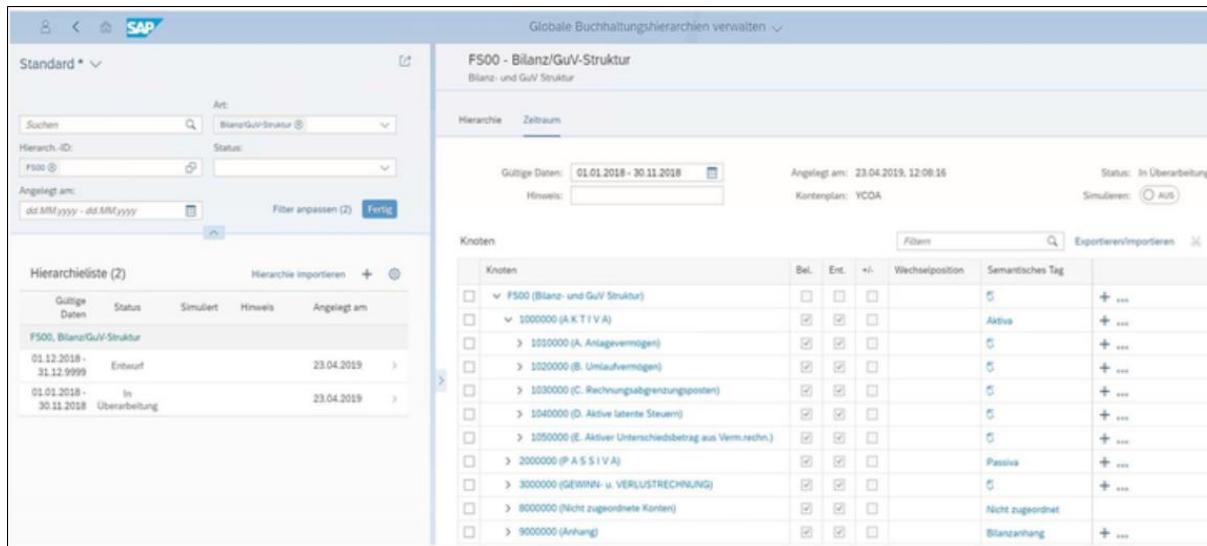


Figure 78: App Manage Global Hierarchies: SAP-System-Screenshot

3.2 Practice: Business Processes in Financial Accounting



PRACTICE

In this practice chapter you will run several business processes in the Financial Accounting application involving the General Ledger (FI-GL) and the central sub-ledgers Accounts Payables (FI-AP), Accounts Receivables (FI-AR) as well as Asset Accounting (FI-AA).

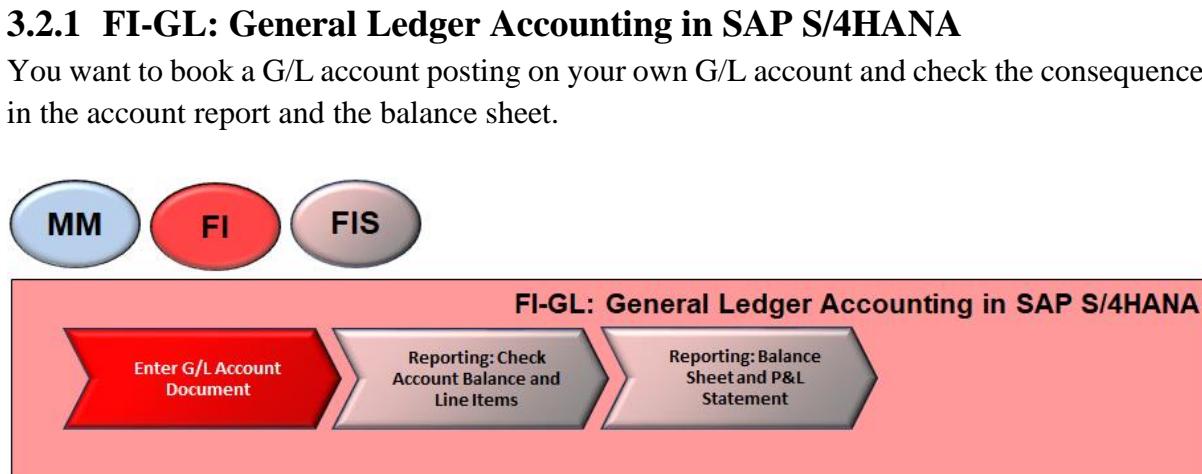


Figure 79: Process Overview: General Ledger Accounting in SAP ERP

3.2.1.1 Enter G/L Account Document

In your new department, expenses amount to 5,000 Dollar in Company Code US00. Therefore, you need to enter the expenses in the general ledger. To record the expenses, carry out a G/L account posting. Use account 100000 for the corresponding bank payment posting.

Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Post General Journal Entries**.

1. Enter the following data:

- | | |
|------------------------------------|---------------------|
| - Journal Entry Date | <i>current date</i> |
| - Posting Date | <i>current date</i> |
| - Journal Entry Type | <i>SA</i> |
| - Company Code (upper area) | <i>US00</i> |
| - Transaction Currency | <i>USD</i> |
| - Press Enter | |

HEADER	ATTACHMENTS	NOTES	BALANCES
*Journal Entry D: 25.10.2017	*Company Code: US00		
*Posting Date: 25.10.2017	*Transaction Cu: USD		
Period: 10	Ledger Group:		
*Journal Entry T: SA	Reference:		

Figure 80: Enter G/L Account Document (1): SAP-System-Screenshot

2. Scroll down to the **Line Items** area and within the **first** row, enter the following data:

- **G/L account** **39xyyy**
- **Debit** **5000**
- **Credit** **0**

3. Within the **second** row, enter the following data:

- **G/L account** **100000**
- **Debit** **0**
- **Credit** **5000**

Line Items (2)						
Company Code	*G/L Account	*Debit	*Credit			
> US00	399995	5.000,00	USD	0,00	USD	USD
> US00	100000	0,00	USD	5.000,00	USD	USD

Figure 81: Enter G/L Account Document (2): SAP-System-Screenshot

4. **Save (Post)** the document, confirm any system notifications with **Enter** and list the document number on your data sheet.

G/L Account Document:

5. Leave the view.

3.2.1.2 Reporting: Check Account Balance and Line Items

To ensure that the posting was carried out properly, check the balance of account 39xyyy in company code US00 and go to the document. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Display G/L Account Balances**.

1. Enter the following data:

- **Ledger** **OL (Leading Ledger)**
- **Company Code** **US00**
- **G/L Account** **39xyyy**
- **Ledger Fiscal Year** **current fiscal year**

2. Choose **Go**.

3. The account's balance for the current period is 5,000 USD. Display the items of account 39xyyy by double-clicking the passive balance (debit column) for the current period.

BALANCES		COMPARE		
Currency: USD (Company Code Currency)		Previous Period		
Period		Debit	Credit	Balance
Opening Balance				
01.2017				
02.2017				
03.2017				
04.2017				
05.2017				
06.2017				
07.2017				
08.2017				
09.2017				
10.2017		5.000,00		5.000,00
11.2017				
12.2017				
13.2017				
Totals		5.000,00		5.000,00

Figure 82: Display Balance in General Ledger: SAP-System-Screenshot

*Is the document number (Journal Entry) the same as the G/L account document posting?
List the answer on your data sheet!*

Yes/No: _____

3.2.1.3 Reporting: Balance Sheet and P&L Statement

The balance sheet and income statement report can be run using different versions, called financial statement versions. Some versions can be very detailed such as for the controller, and others can be summarized such as for the board of directors. In order for an account to show up at a proper location in the balance sheet or income statement, it must be included in the financial statement version used when the balance sheet/income statement is run. If it is not put in the financial statement version, it will show up at the bottom of the income statement under a category called *Unassigned Accounts*.

3.2.1.3.1 Create Financial Statement Structure

Enter the newly created G/L account 39xyyy into the balance sheet/P&L statement version (financial statement version) G000 so that it appears at the right position when running the balance sheet.

Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Create G/L Account**.

1. Enter the following data:
 - **G/L Account** 39xyyy
 - **Company code** US00

2. Choose **Change** ().
3. Select [Edit financial statement version](#).
4. In the *Select Financial Statement Version* dialog, enter the financial statement version **G000**. Confirm with *Enter*.
5. You can now see the **Financial Statement** version G000. This is a standard version in SAP for entering all accounts of the GL00 chart of accounts. For example, when you are running a balance sheet/P&L statement report, all accounts from the GL00 chart of accounts are listed according to this structure in the balance sheet or P&L statement. If you, for example, do not assign your newly created G/L account to a respective node, it is displayed in the report under node unassigned accounts.

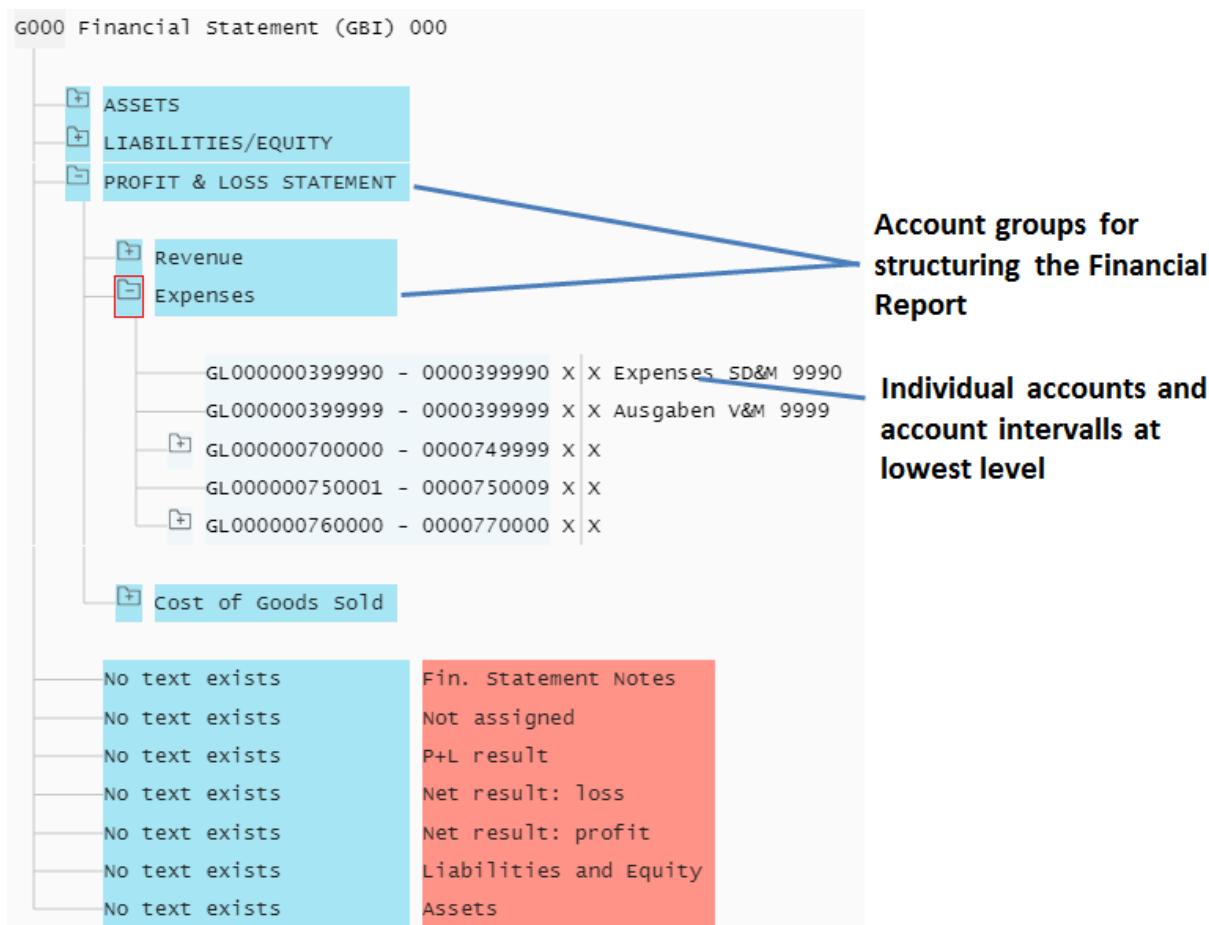


Figure 83: Financial Statement Version: SAP-System-Screenshot

6. Expand the path **Profit & Loss Statement → Expenses**. Click on the node **Expenses** and choose [Assign Accounts](#). In the **From Acct** and **To Account** column, enter your account number **39xxxx** in the next empty row. If there is no empty line for entering your account, click the -symbol to create an empty line.



CAUTION

The financial statement version can only contain 40 accounts per node. In case there is no space left in node Expenses, overwrite the first account in the list, which begins with the digits 39xyyy. At that point, the other course participants should have completed their case study.

7. Check the box' **Debit (D)** and **Credit (C)**.

Figure 84: Change Financial Statement Version: SAP-System-Screenshot

8. Confirm with *Enter* and *save* (if necessary, activate) the change.



CAUTION

This time and while further processing: If you receive a **Prompt for Customizing request**, check the **Request** field: If there is an entry within the field, confirm with Enter. Otherwise click on the **Create Request** ()-button and enter any description in the **Short Description** field. Save the Customizing request and confirm with .

3.2.1.3.2 Create Balance Sheet and P&L Statement Report

A company creates balance sheets displaying an *actual/actual period comparison* with the previous period when closing its books. Use the financial statement version G000. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Display Financial Statement**.

1. Enter the following data:
 - Company Code **US00**
 - Financial Statement Version **G000**
 - End Period (month) **current period**
 - End Period (year) **current year**
 - Press the **Go** button
2. You receive the balance sheet of the current period in comparison to the same period of the previous year.
3. Expand below the All Accounts tab **Profit & Loss Statement → Expenses** and make sure that your account **39xxxx** is displayed in this balance sheet.

If your account is not displayed within the list, one of the following issues might be the reason:

1. You have assigned your account to the wrong node. In this case delete the wrong assignment and assign the account again.
2. You did not assign your account to any node.
3. You did not enter the current period / current year before executing the report.

Standard * (S)						
*Company Code:	*Ledger:	*Financial Statement Version:	*Financial Statement Type:	*End Period:		
US00 (Global Bike... (S) (S)	0L (Leading Ledger) (S)	G000 (S)	Normal (S)	10 2017		
*Comparison End Period:	*Currency:					
10 2016	USD (Company Cod... (S)					

ALL ACCOUNTS BALANCE SHEET PROFIT & LOSS 1 UNASSIGNED ACCOUNTS NOTES						
Select Node (S)	Search (S)	Default (S)				
Description	G/L Account	Period Balance	Comparison Ba...	Absolute Differ...	Relative Differ...	
> ASSETS		USD 10.678.847,00	USD 24.000,00	USD 10.654.84...	56.391,9	
> LIABILITIES/EQUITY		USD-7.084.633,00	USD 0,00	USD-7.084.633...	0,0	
▼ PROFIT & LOSS STATEMENT		USD 5.383.974,00	USD-24.000,00	USD-5.359.974...	574,6	
> Revenue		USD 3.650.000,00	USD-45.000,00	USD-3.605.000...	-8.011,1	
▼ Expenses		USD 3.557.974,00	USD 0,00	USD 3.557.974...	0,0	
Expenses SD&M 9990	0000399990	USD 5.000,00	USD 0,00	USD 5.000,00	0,0	
Expenses SD&M 9995	0000399995	USD 5.000,00	USD 0,00	USD 5.000,00	0,0	
Ausgaben V&M 9999	0000399999	USD 5.000,00	USD 0,00	USD 5.000,00	0,0	
Labor Expense	0000700000	USD 3.690,00	USD 0,00	USD 3.690,00	0,0	

Figure 85: Balance Sheet and P&L Statement Report: SAP-System-Screenshot

3.2.2 FI-AP: Accounts Payable Accounting in SAP S/4HANA

You received a rent invoice of 10,000 Dollar from your vendor (who is also your hirer due to simplification reasons) from the Source-to-Pay case study. This invoice is dated to yesterday. Post the invoice to the cost center of your new department CCMSD-xxxx. Use G/L account 740300 as offset account.

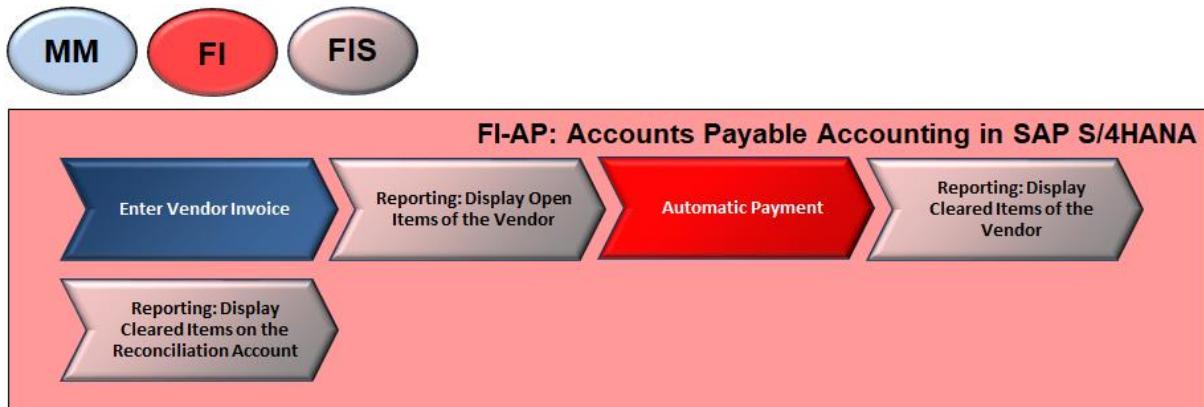


Figure 86: Process Overview: Accounts Payable Accounting in SAP ERP

3.2.2.1 Enter Vendor Invoice

You received the invoice from your vendor (hirer). Now, you need to enter the invoice in the System. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Create Incoming Invoices**.

1. If prompted, enter Company Code **US00**.
2. Enter the subsequent data:

- Vendor	<i>Number of your vendor account from case study 1</i>
- Invoice date	<i>Yesterday's date</i>
- Posting Date	<i>Current date</i>
- Amount	10000
- Text	<i>Rent xxxx</i>
3. In the first line of the Item area, enter the following data (you must scroll to the right to see the cost center):

- G/L account	740300 (Rent Expense)
- D/C	<i>Debit</i>
- Amount in doc. curr	10000
- Cost center	<i>CCMSD-xxxx</i>
4. Choose **Save (Post)** and list the document number and the vendor number on your data sheet.

Vendor Invoice:

Vendor Account (same as on data sheet 1):

St...	G/L acct	Short Text	D/C	Amount in doc.curr.	Ta...	Lo...	Tax	Assi...	Val...	Text	Lo...	Co...	Tradin...	Bus...	Par...	Cost center
	740300		Debit	10000	0,..								US00				CCMSD-9995

Figure 87: Enter Vendor Invoice: SAP-System-Screenshot

3.2.2.2 Reporting: Display Open Items of the Vendor

To check whether an open item was created for the vendor when posting your document, use the report **Display/Change Line Items**. Determine the created open item by using the vendor number from the previous exercise. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Manage Supplier Line Items**.

1. Enter the following data:
 - Open on Key Date *current date*
 - Supplier *your vendor number*
 - Status *Open Items*
 - Press the **Go** button
2. You can see, the document from the previous exercise as open line item.

Supplier:	Company Code:	*Status:	Open on Key Date:	*Item Type:						
125020 (TAYMAZ ...)		Open Items	26.10.2017	Normal Items						
The Balance of the Vendor's Account (Account Payable) is -10.000										
The Invoice (open item) is due										
Edit Line Items										
Items (1) Standard *	Supplier	Company Code	Clearing Status	Assignment	Journal Entry D...	Journal Entry	Journal Entry Type	Special G/L Ind	Due Net (Symbol)	Amount (CoCd Curr.)
	125020	US00	☒	19000000042017	25.10.2017	1900000004	KR		⚠	-10.000,00 USD
										-10.000,00 USD

Figure 88: Open Items of the Vendor: SAP-System-Screenshot

3.2.2.3 Automatic Payment

Create your own payment run. Carry out a payment selection run to pay the newly created invoice of your vendor. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Manage Automatic Payments**.

1. Click on **+** in order to create new data.
2. Then, enter **current date** as **Run Date** and **Rxyyy** as **Identification**. Confirm by selecting **Create**.

Maintain the run parameters. Therefore, choose the **Parameter** tab. The payment run selects all recorded documents for your vendor in company code US00 up to the following month. All payments in this run are to be out using checks (C). You have to enter the posting date of the next pay run so that the system can determine whether the payment is carried out in this run or whether it can wait until the next one. The next pay run is supposed to be carried out today plus one month.

3. In the **Parameter** view, enter the following data:

- Posting Date	<i>current date</i>
- Company Code	<i>US00</i>
- Supplier	<i>your vendor number</i>
- Docs Entered Up To	<i>current date</i>
- Next Payment Date	<i>current date + 1 month</i>
- Payment Method	<i>C</i>

The Payment run is a program that automatically executes payments to vendors. This is especially useful when you have many invoices to pay and when the payments are recurring.

The Parameter specification tells the program:

- ✓ Open items from what time interval?
- ✓ Who to pay? (every vendor in CC US00 or from a special vendor number range)
- ✓ How to pay (Check, Bank transfer etc.)

Figure 89: Automatic Payment Run (1): SAP-System-Screenshot

4. Choose **Save**.

The second step in preparing the payment run is to let the system create the payment proposal. Based on the parameters you entered, the system searches all open items that have to be paid. In your case, this is only one open item of your vendor.

5. Next, select **Schedule → Proposal**.
6. Enter current date as start date, select **Start Immediately** and confirm by selecting **Schedule**.
7. Enter **Rxyyy** as **Identification** and press **Go**. As you can see, 1 processed proposal is displayed.
8. Click on **Rxyyy** and then, select **Schedule** to schedule the payment.
9. Select **Start Immediately** and click on **Schedule**.

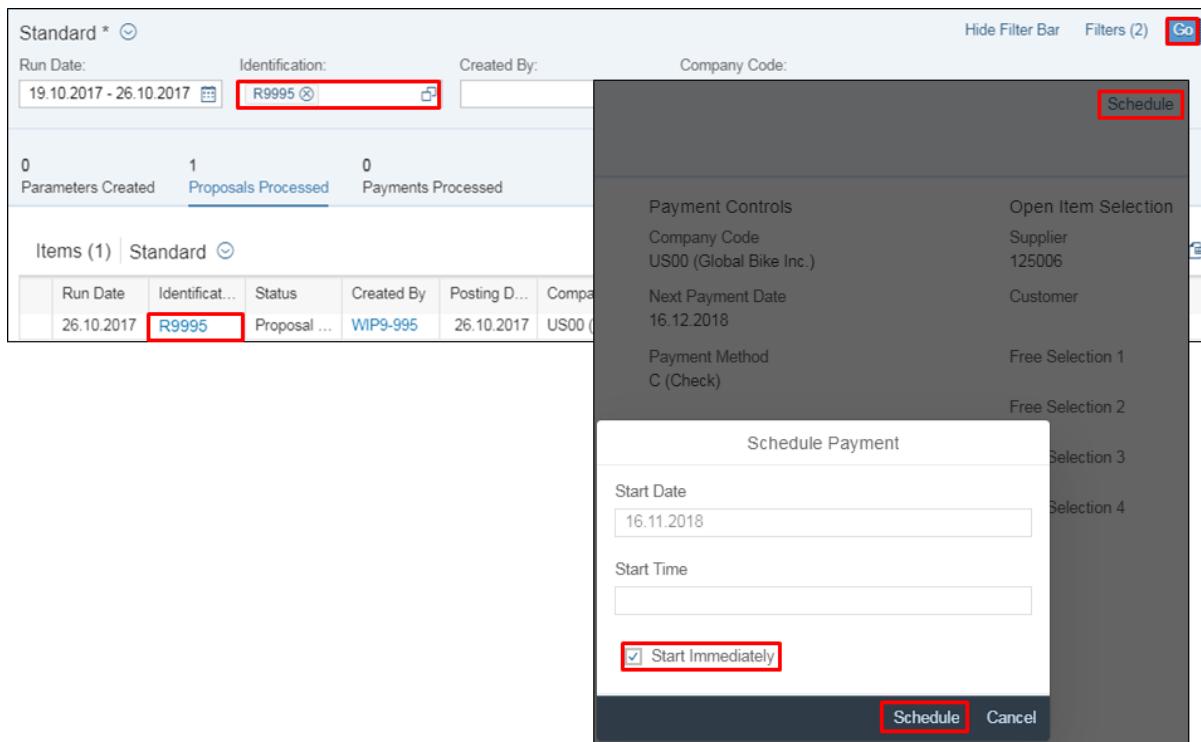


Figure 90: Automatic Payment Run (2): SAP-System-Screenshot

3.2.2.4 Reporting: Display Cleared Items of the Vendor

Next, check whether the originally opened item was cleared by the automatic pay run, by using the *display/change line items* function. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Manage Supplier Line Items**.

1. Enter the following data:
 - Supplier *your vendor number*
 - Status *All Items*
2. Press the **Go** button.

Was the originally open item cleared? Which document type is the new payment item?
List the answer on your data sheet!

Supplier	Company ...	Clearin...	Assignment	Journal Entry Date	Journal Entry	Journal E...	Special...	Due Ne...	Amount (CoCd Cur.)	Clearing Entry
125020	US00	□	20000000072017	26.10.2017	2000000007	ZP			10.000,00 USD	2000000007
125020	US00	□	19000000042017	25.10.2017	1900000004	KR			-10.000,00 USD	2000000007
125020	US00	□	51056001422017	28.09.2017	5105600142	RE			-55.000,00 USD	2000000005
125020	US00	□	20000000052017	28.09.2017	2000000005	ZP			55.000,00 USD	2000000005

Figure 91: Cleared Items of the Vendor: SAP-System-Screenshot

3.2.2.5 Reporting: Display Cleared Items on the Reconciliation Account

Finally, check the Balance of the Reconciliation Account 300000. As you should know by now, all postings in the Accounts Payable sub-ledger affect this account in the General Ledger. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Display G/L Account Balances**.

1. Enter the following data:

- Ledger	OL (Leading Ledger)
- Company Code	US00
- G/L Account	300000
- Fiscal Year	Current Year

2. Press the **Go** button.

Now you see an overview of the postings to the Reconciliation account 300000. With your posting, you have first credited (Invoice) and then debited (Payment) the Reconciliation account. The Balance should be 0 (no entries in the balance column!).



CAUTION

Consider that the list presented below will differ from the display you will get (also compare next figure). In this case, only two posting were made and cleared. In your case, probably many students already have made these postings. Since the Reconciliation account is a summary account, all postings for all vendors are debited/credited here. Thus, the amounts will sum up during the semester.

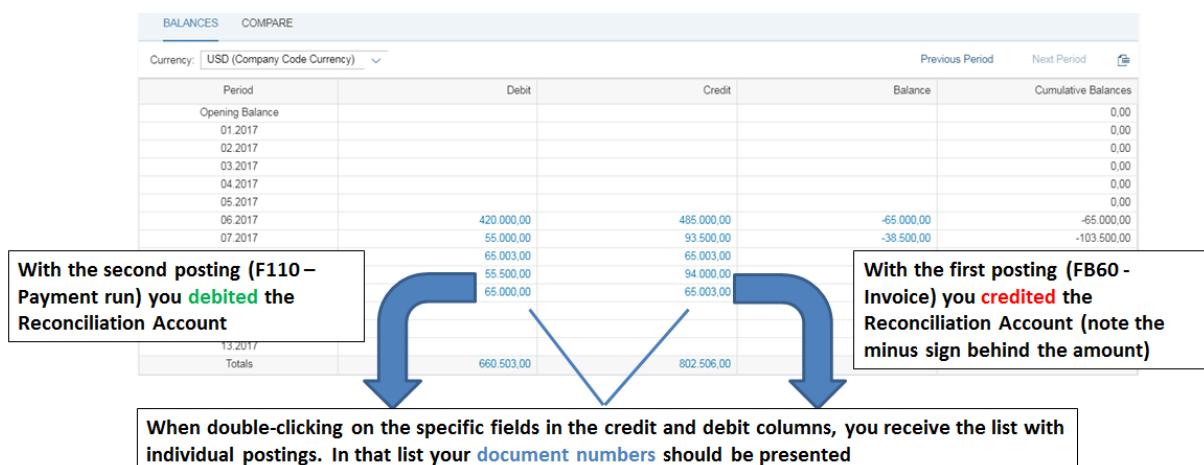


Figure 92: Reconciliation Account: SAP-System-Screenshot

3.2.3 FI-AR: Accounts Receivable Accounting in SAP S/4HANA

This chapter is about accounts receivable accounting in SAP S/4HANA. First, you will post a credit memo with correspondence for your previously created customer. Then, you will call up the correspondence and finally, you will send the account statement.

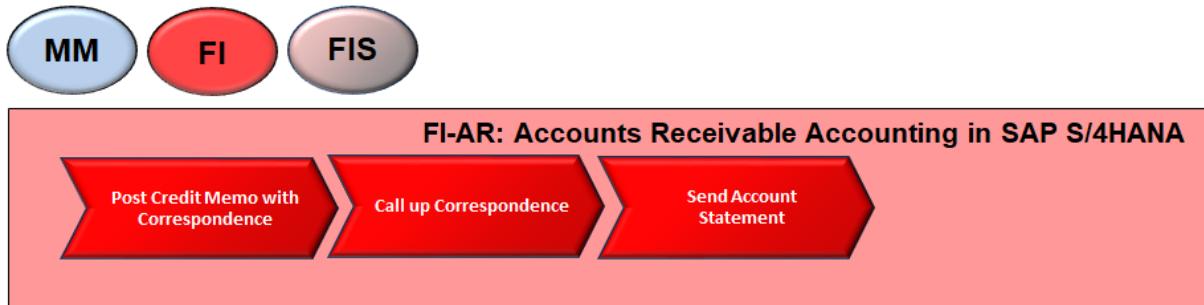


Figure 93: Process Overview: Accounts Receivable Accounting in SAP S/4HANA

3.2.3.1 Post Credit Memo with Correspondence

Post a credit memo for your customer, which you have created in *Script 3 – Lead-to-Cash* and in the same step request a correspondence. Credit memo should be 10% of the payable amount (sales order in script 3).

Within the tile group **Script 5 – Financial Accounting**, select the app **Enter Customer Credit Memo**.

Enter:

- | | |
|--|--|
| - Company Code (if necessary) | US00 |
| - Customer | <i>your customer number (see script 3)</i> |
| - Document Date | <i>current date</i> |
| - Posting Date | <i>current date</i> |
| - Amount | 110000 |
| - Calculate Tax | <i>check</i> |
| - Tax Code | <i>leave empty</i> |
| - Text | <i>Credit Memo with Correspondence xxxyy</i> |
| - G/L Account | 600000 |
| - Amount in doc. curr. | 110000 |
| - Confirm with <i>Enter</i> und confirm any warning notifications with <i>Enter</i> , too. | |

Transactn: Credit memo

Basic data Payment Details Tax Notes

Customer: 25015 Sp.G/LI:

Document date: 17.11.2017 Reference:

Posting Date: 17.11.2017

Cross-CC Number:

Amount: 110.000,00 USD Calculate Tax

Text: Credit Memo with Correspondence 9995

Paymt terms: Due immediately

Baseline Date: 17.11.2017

Company Code: US00 Global Bike Inc. Dallas

IR coefficient:

Bal.: 110.000,00-

Customer
Address
Taymaz Khatami
DENVER 80220
USA

Bank data: not available

Ols

0 Items (No entry variant selected)

St...	G/L acct	Short Text	D/C	Amount in doc.curr.	Loc.curr.amount	T...	Tax jurisdictn code	...	Assignment	Value date
	600000		Debit <input type="button" value="▼"/>	110000	0,00					

Figure 94: Post Credit Memo: SAP-System-Screenshot

Now, maintain an individual text in a correspondence. Select **More → Environment → Correspondence** (confirm any warning notifications with **Enter**). Select the correspondence **SAP10 (Individual correspondence)**, which is predefined in the SAP system by double-clicking the entry. Then, confirm the popup with **Continue**.

Correspondence selection (1) x

Restrictions

Corr.	Type of Correspondence
SAP06	Account statement
SAP08	Open item list
SAP09	Internal document
SAP10	Individual correspondence
SAP11	Customer credit memo
SAP13	Customer statement (single statement)
SAP14	Open item list with pmnt advice (single)
SAP15	Open item list (association)
SAP16	Open item list with pmnt advice (assoc.)
SAP17	10-day settlement
SAP19	Customer Invoice
SAPA1	Customs data for Argentina
SAPC1	Receipts for cash pmt for Czech Republic
SAPR1	Cash documents from FI document (RU)

14 Entries found

Detail Specifications for Correspondence x

Individual correspondence

* Company Code: US00

Customer: 25015

Vendor:

* Language Key: EN

Continue Cancel

Figure 95: Maintain Correspondence in Credit Memo (1): SAP-System-Screenshot

The SAP Script Editor should be open. Enter *any text* and go one step back. Confirm the popup *Exit Text* with **Yes**.

Format	Left Margin	Row Text
	+....1.....+....2.....+....3....
*		Reduction on a goodwill basis

Figure 96: Maintain Correspondence in Credit Memo (2): SAP-System-Screenshot

Post the credit memo (confirm any warning notifications with *Enter*) and write down the provided number on your data sheet.

Credit Memo with Correspondence:

3.2.3.2 Call up Correspondence

Maintain the requested correspondences by calling up and creating the spool file.

Within the tile group **Script 5 – Financial Accounting**, select the app **Print Correspondence Requests**.

Within the „Trigger for Correspondence“ view, enter the following data:

- **Company Code** *US00*
- **User** *WIPx-yyy (your user)*
- Press **Execute**.

The SAP system notifies that a correspondence was selected and asks you whether the request is liked to be requested. Confirm with **Yes**. Within the *Output Parameters* view, enter **LOCL** as **Output Device** and press **Continue**. If necessary, enter **LOCL** again. Now, the system should display the spool order for correspondence **SAP10**. The order should encompass 1 page.

S4HANA Mandant	Trigger for Correspondence	Time 17:31:08	Date 17.11.2017
Munich	Log	SAPF140 /WIP9-995	Page 1
<hr/>			
CoCd	Type of Correspondence	Spool no.	Name
US00	Individual correspondence	17.457	SAP10
		US00	1

Figure 97: Print Correspondence: SAP-System-Screenshot

Leave the view.

3.2.3.3 Send Account Statement

Now, test the second requirement of the management and send an account statement to your customer.

First, you have to update the master data of your customer, you have created in Script 3. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Maintain Business Partner**.

In the upper right area, enter the **business partner number, you have created in Script 3** into the respective field and confirm with **Enter**. From the **Display in BP role** dropdown menu, select the entry **FI Customer**.

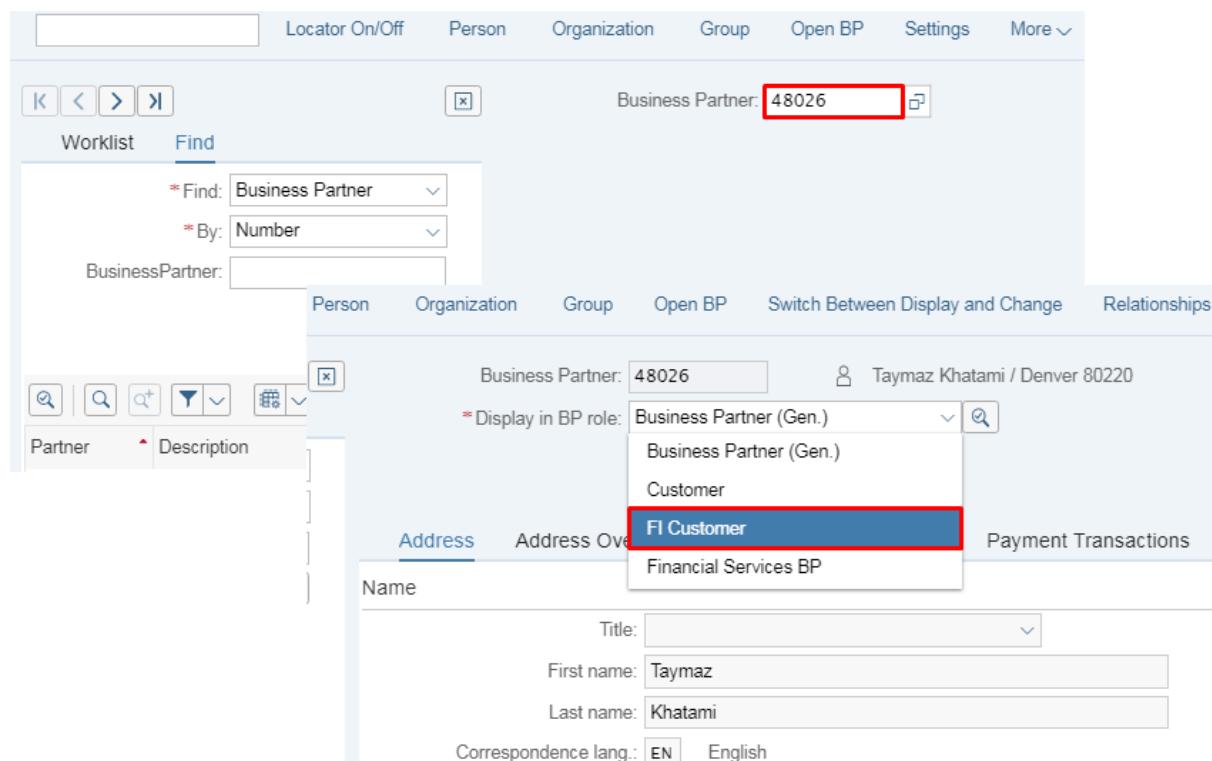


Figure 98: Update Customer Master Data (1): SAP-System-Screenshot

Then, press **Company Code** and switch to the editing mode by selecting **Switch Between Display and Change**. Choose the **Customer: Correspondence** tab and enter 2 (*Monthly account statement*) into the **Bank Statement** (if necessary, scroll down).

Business Partner: 48026 Taymaz Khatami / Denver 80220
Change in BP role: FI Customer (defined)

Company Code

Company Code: us00 Global Bike Inc.

Customer: 25015
Vendor:

Customer: Account Management Customer: Payment Transactions **Customer: Correspondence**

Grouping Key:

Correspondence

Accounting Clerk:
Account at customer:
User at customer:
Acct.clerks tel.no.:
Acctg clerk's fax:
Clrk's internet add.:

Local Processing

Bank Statement: **2**

Figure 99: Update Customer Master Data (1): SAP-System-Screenshot

Save and leave the view.

Within the tile group **Script 5 – Financial Accounting**, select the app **Create Periodic Account Statements**.

Within the *Periodic Account Statements* view, enter the following data:

- | | |
|---------------------------------------|-----------------------------|
| - Company code | US00 |
| - Account type | D |
| - Account | your customer number |
| - Indicator in master record | 2 |
| - Key dates for acct statement | current date |
| - Correspondence | SAP06 |
| - Press Execute . | |

General selections

Company code:	US00	to:	<input type="text"/>	<input type="button" value="↗"/>
Account type:	D	to:	<input type="text"/>	<input type="button" value="↗"/>
Account:	25015	to:	<input type="text"/>	<input type="button" value="↗"/>
Indicator in master record:	2			
Key dates for acct statement:	17.11.2017			
Accounting clerks:	<input type="text"/>	to:	<input type="text"/>	<input type="button" value="↗"/>
Output control				
Correspondence:	SAP06			
Individual request:	<input type="checkbox"/>			

Figure 100: Periodic Account Statement: SAP-System-Screenshot

The system notifies, that **1 periodic account statement was requested**. Confirm the popup with *Continue*. Answer the question, **whether you like to issue the request** by pressing **Yes**. Again, enter **LOCL** as **Output Device** and confirm with *Continue*.

3.2.4 FI-AA: Asset Accounting in SAP S/4HANA

Your company purchases an Audi A6 for your car pool. Prior to its activation, you need to create an asset master record for the Audi A6 in asset class 5000 (vehicles).

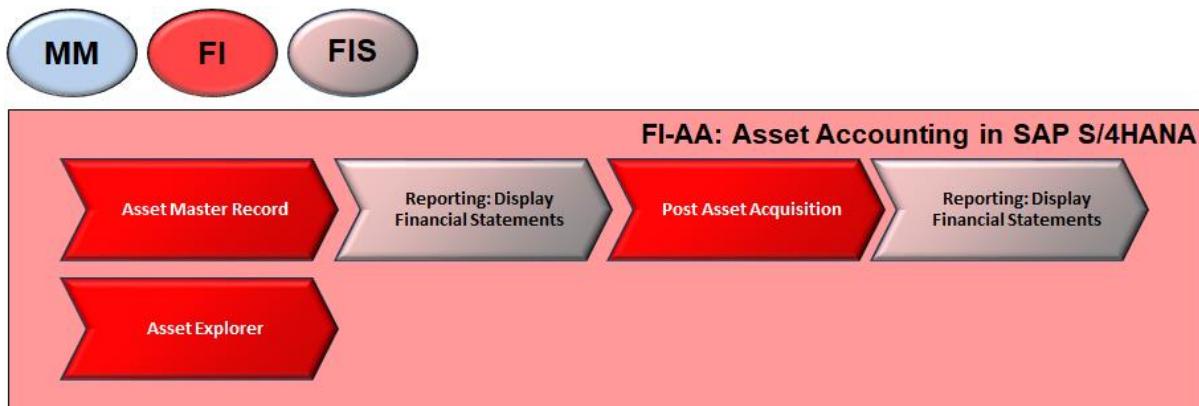


Figure 101: Process Overview: Asset Accounting in SAP ERP

3.2.4.1 Asset Master Record

Create the Asset master record and assign your Audi A6 to cost center CCMSD-xxxx. Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Create Asset Master**.

1. Enter the following data:

- Asset Class	5000
- Company code	US00
- Number of similar assets	1
2. Choose the **Master data** button to maintain the master data for this asset. Enter description **AudiA6-xxxx** and choose the **Time-dependent** tab.
3. Enter **BI00** as **Business Area** and **CCMSD-xxxx** as **Cost Center**.
4. Switch to the **Deprec. Areas** tab. Within the **UseLife** column, enter **5** for each row.

The screenshot shows the SAP interface for defining asset depreciation areas. At the top, there are fields for Asset (INTERN-00001), Class (5000 Vehicles), and Company Code (US00). Below this, a navigation bar includes General, Time-dependent, Allocations, Origin, and Deprec. Areas (which is currently selected). Under the Deprec. Areas tab, a table lists depreciation areas with their corresponding UseLife values:

Deact	...	Depreciation area	DKey	UseLife	Prd	ODep Start
<input type="checkbox"/>	01	Book deprec.	LINA	5		
<input type="checkbox"/>	10	ACRS/MACRS	A010	5		

Figure 102: Define UseLife: SAP-System-Screenshot

5. **Save** your asset and confirm a possible message with **Enter**. List the number of the asset on your data sheet. Press **Exit**.

Asset Number:

3.2.4.2 Reporting: Display Financial Statements

Now, check if with the creation of the asset master data record the asset appears in your financial statements. First check the Asset Balances by Business Area in Asset Accounting (SAP FI-AA). Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Asset Balances**.

1. Enter **Company code US00**.
2. Press *Execute*.
3. Your asset is not included in the Asset Balance Report (also pay attention to the following **Caution-note!**), since the master record creation has no implication on Financial Accounting at all, regarding the books (SAP FI-GL and SAP FI-AA).

Asset Balances - 01 Book deprec.

Report date: 31.12.2017 - Created on: 26.10.2017

Co...	BusA	Bal.Sh.Itm	Acctn: APC	Class	Description	Acquis.val.	Accum.dep.	Book val.	Crcy
US00	13	220800	5000	Vehicles	38.500,00	3.850,00-	34.650,00	USD	
		220800			• 38.500,00	• 3.850,00-	34.650,00	USD	
		13			•• 38.500,00	•• 3.850,00-	34.650,00	USD	
BI00	13	220800	5000	Vehicles	38.500,00	2.566,67-	35.933,33	USD	
		220800			• 38.500,00	• 2.566,67-	35.933,33	USD	
		13			•• 38.500,00	•• 2.566,67-	35.933,33	USD	
BI00	13				••• 38.500,00	••• 2.566,67-	35.933,33	USD	
					77.000	6.416,67-	70.583,33	USD	
US00									

Asset Balances - 01 Book deprec.

Report date: 31.12.2017 - Created on: 26.10.2017

Asset	SNo.	Cap.Date	Asset Description	Acquis.val.	Accum.dep.	Book val.	Crcy
500003	0	12.09.2017	AudiA6-9999	38.500,00	2.566,67-	35.933,33	USD
Asset Class 5000 Vehicle				• 38.500,00	• 2.566,67-	35.933,33	USD
Bal.Sh.Acct APC 220800				•• 38.500,00	•• 2.566,67-	35.933,33	USD
Balance Sheet Item 13 Lo				••• 38.500,00	••• 2.566,67-	35.933,33	USD
Business Area BI00 Bike				•••• 38.500,00	•••• 2.566,67-	35.933,33	USD
Company Code US00 Glo				••••• 38.500,00	••••• 2.566,67-	35.933,33	USD

Double-click the Asset Class to open a detailed view:
 Your own asset will not be available at this time, however, maybe the assets of other students (see Caution-note)

Figure 103: Asset Balance Report: SAP-System-Screenshot



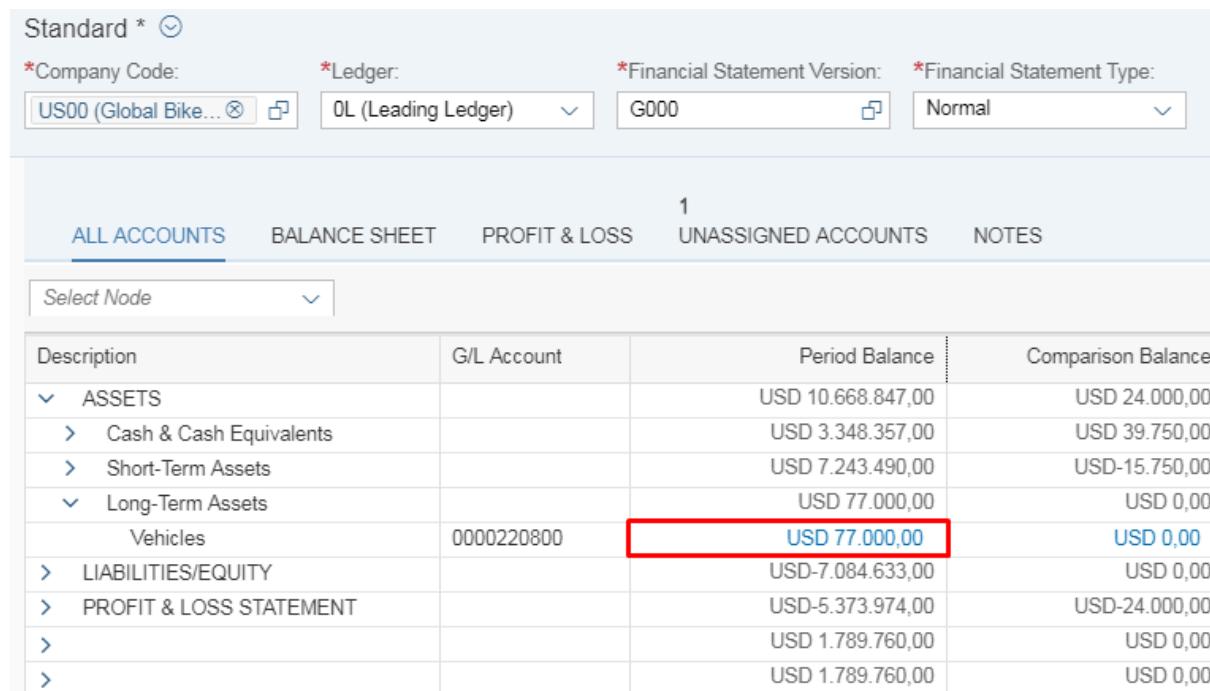
CAUTION

Consider that everyone in the course uses the account (and the asset class), in which you post. Thus, the Asset class will be presented in the Asset Balance Report when you execute it. BUT, under no circumstances your asset will be presented in the details view, at this point in time. That is, after only creating the asset master record. Also consider that every participant will access the account and the asset class and therefore, the figures above and below will differ from your current screen.

Now check the asset account for fixed assets in the Balance Sheet, that is, from the General Ledger point of view (SAP FI-GL). Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Display Financial Statement**.

1. Enter the following data:
 - **Company Code** **US00**
 - **Ledger** **0L (Leading Ledger)**
 - **Financial Statement Version** **G000**

2. Press **Go**.
3. Within the **All Accounts** tab, expand **Assets → Long-Term Assets**. For the current reporting period, the asset account is 77000 (also pay attention to the following Caution-note!), since the master record creation has no implication on Financial Accounting at all, regarding the books (SAP FI-GL and SAP FI-AA).



The screenshot shows the SAP Balance Sheet report interface. At the top, there are filter fields for Company Code (US00), Ledger (0L), Financial Statement Version (G000), and Financial Statement Type (Normal). Below the filters, the report navigation bar includes tabs for ALL ACCOUNTS, BALANCE SHEET, PROFIT & LOSS, 1 UNASSIGNED ACCOUNTS, and NOTES. The ALL ACCOUNTS tab is selected. The main table displays asset categories and their G/L accounts with their respective balances. A red box highlights the value 'USD 77.000,00' for the 'Vehicles' entry under 'Long-Term Assets'.

Description	G/L Account	Period Balance	Comparison Balance
ASSETS		USD 10.668.847,00	USD 24.000,00
> Cash & Cash Equivalents		USD 3.348.357,00	USD 39.750,00
> Short-Term Assets		USD 7.243.490,00	USD -15.750,00
< Long-Term Assets		USD 77.000,00	USD 0,00
Vehicles	0000220800	USD 77.000,00	USD 0,00
> LIABILITIES/EQUITY		USD -7.084.633,00	USD 0,00
> PROFIT & LOSS STATEMENT		USD -5.373.974,00	USD -24.000,00
>		USD 1.789.760,00	USD 0,00
>		USD 1.789.760,00	USD 0,00

Figure 104: Balance Sheet: SAP-System-Screenshot



However, in your case, your screen will differ of course, since probably several students already have posted their assets in SAP FI. Consider that everyone in the course uses the account (and the asset class), in which you post. Thus, the account will not be 38500 in your case when you execute it. BUT, the value posted in the Balance Sheet report MUST be the same as the one you got in the Asset Balance report.

3.2.4.3 Post Asset Acquisition

Your company purchases the Audi A6 from vendor 101000. The Audi A6 costs 38.500 \$. Post the asset acquisition integrative, i.e., post the asset acquisition and the liabilities to the vendor account in one document. Invoice date and posting date is today.

Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Acquisition without order (integrated AP)**.

1. Enter the following data:

- Document Date	<i>current date</i>
- Posting Date	<i>current date</i>
- Company Code	US00
- Currency	USD

- **Posting key (PstKy)** **31 (Invoice)**
- **Account** **101000**

* Document Date: 26.10.2017 * Type: KR * Company Code: US00
 * Posting Date: 26.10.2017 Period: * Currency/Rate: USD
 Document Number: Translation date: Cross-CC Number:
 Reference: Doc.Header Text:
 Trading part.BA: First line item
 PstKy: 31 Account: 101000 SGL Ind: TType:

Figure 105: Asset Acquisition and Asset Posting to FI-AA (1): SAP-System-Screenshot

2. Confirm with **Enter** and enter the following information:

- **Amount** **38500**
- **Posting key (Pstky)** **70 (Debit asset)**
- **Account** **your asset number**
- **TType** **100 (External Asset Acquisition)**

Vendor: 101000 Olympic Protective Gear G/L Acc: 300000
 Company Code: us00 2100 Summit Boulevard
 Global Bike Inc. Atlanta
 Item 1 / Invoice / 31
 Amount: 38500 USD
 Calculate Tax Collect.Inv.:
 Bus. Area: Days/percent: / /
 Pay terms: 0001 Fixed:
 Bline Date: 26.10.2017 CD Amount:
 CD Base: Invoice Ref.: / /
 Pmnt block: Payt Method:
 Payment cur.: Pmnt/c amnt:
 Payment Ref.:
 Assignment:
 Text: Long Texts
 Next line item
 PstKy: 70 Account: 500004-0 SGL Ind: TType: 100 New Co.Code: us00 Q

Figure 106: Asset Acquisition and Asset Posting to FI-AA (2): SAP-System-Screenshot

3. Press *Enter* and confirm any system notification.
4. On the next screen, enter * in the **Amount** field again.

The screenshot shows the SAP Fiori interface for Asset Acquisition and Asset Posting to FI-AA (3). At the top, there are fields for G/L Account (299999), Company Code (US00), and Asset (500004). The asset number is followed by a separator (0) and the identifier AudiA6-9995. To the right, the account name is shown as 'Technisches Verrechnungskonto für integrierten A' and the company code as 'Global Bike Inc.'. The transaction type is set to 120. Below this, the item details are listed: Item 2 Debit asset / 70 External asset acqui / 100. The amount field contains an asterisk (*), indicating it has been modified. Other fields include Business Area (B100), Cost Center, Sales Order, WBS element, Cost Object, Assignment, Trdg part.BA, Order, Asset (500004), Network, and Text. There are also checkboxes for Calculate Tax and W/o CashDsc. A 'More' button is available for additional details. At the bottom, there is a 'Next line item' section and a row of buttons for PstKy, Account, SGL Ind, TType, and New Co.Code.

Figure 107: Asset Acquisition and Asset Posting to FI-AA (3): SAP-System-Screenshot

5. Confirm with *Enter* (system automatically updates the **Amount** field with 38500).
Save (*Post*) the document and list the document number.

Document Number (Asset):

3.2.4.4 Reporting: Display Financial Statements

Check again if the posting of the asset results in the appearance of the asset in your financial statements. First check the Asset Balances in Asset Accounting (SAP FI-AA). Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Asset Balances**.

1. Enter **Company code US00**.
2. Press *Execute*.
3. Your asset is now included in the Asset Balance Report, since the previously done posting has implication on Financial Accounting, regarding the books (SAP FI-GL and SAP FI-AA).

The corresponding account in SAP FI-GL is 220800

Double-click on the Asset Class 5000 (Business Area BI00) to display the details

Now you should find YOUR asset in the Asset Balance Report

Co...	BusA	Bal.Sh.Itm	Acctn: APC	Class	Description	Acquis.v...	Accum.dep.	Book val.	Crcy
US00	13	220800	5000	Vehicles		38.500,		34.650,00	USD
		220800				38.500,			USD
	13					38.500,			USD
						38.500,00	• • •	34.650,00	USD
BI00	13	220800	5000	Vehicles		77.000,00	4.491,67-	72.508,33	USD
		220800				77.000,00	•	72.508,33	USD
	13					77.000,00	• •	72.508,33	USD
BI00						77.000,00	• • •	72.508,33	USD
US00						115.500,00	• • • •	107.158,33	USD

Asset Balances - 01 Book deprec.					Now you should find YOUR asset in the Asset Balance Report				
Report date: 31.12.2017 - Created on: 26.10.2017									
Asset	SNo.	Cap.Date	Asset Description	Acquis.val.	Accum.dep.	Book val.	Crcy		
500003	0	12.09.2017	AudiA6-9999	38.500,00	2.566,67-	35.933,33	USD		
500004	0	26.10.2017	AudiA6-9995	38.500,00	1.925,00-	36.575,00	USD		
Asset Class 5000 Vehicles					77.000,00	4.491,67-	72.508,33	USD	
Bal.Sh.Acct APC 220800 Vehicles					77.000,00	4.491,67-	72.508,33	USD	
Balance Sheet Item 13 Long-Term Assets					77.000,00	4.491,67-	72.508,33	USD	
Business Area BI00 Bikes					77.000,00	4.491,67-	72.508,33	USD	
Company Code US00 Global Bike Inc.					77.000,00	4.491,67-	72.508,33	USD	

Figure 108: Asset in Asset Balance Report: SAP-System-Screenshot

Now check the asset account for fixed assets in the Balance Sheet, that is, from the General Ledger point of view (SAP FI-GL). Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **Display Financial Statement**.

- Enter the following data:
 - **Company Code** *US00*
 - **Ledger** *0L (Leading Ledger)*
 - **Financial statement version** *G000*
- Press **Go**.
- Your asset should now also be included in the Balance Sheet (and, thus, in the General Ledger). The amount on the balance sheet account and the asset balance account should be equal.



You can continue with the script, even if the amount on the balance sheet account and the asset balance account is not equal. In this case the differences are because of possible inconsistencies in the system and not because of incorrect data of you.

NOTE

3.2.4.5 Asset Explorer

Finally, use the asset explorer to check the values of the new asset in depreciation area 01 (book depreciation). Therefore, within the tile group **Script 5 – Financial Accounting**, select the app **360° view on Asset**.

- Enter **Company Code US00** and your asset number in the asset field. Press **Enter**.

2. Select **Depreciation Area 01** (01 Book depreciation – for US GAAP) in the upper left window.
3. Select the **Posted values** tab.
4. You can see that the depreciation is still zero. Depreciation is posted when a depreciation run is carried out (not part of this class).



Consider that dependent on the month, in which you perform the case study, the following figures will differ from your own data.

NOTE

Value	Fiscal year start	Change	Posted values	Crcy
APC transactions	38.500,00	38.500,00	USD	
Acquisition value	38.500,00	38.500,00	USD	
Ordinary deprec.			USD	
Unplanned dep.			USD	

Status	Status	Per	# Ord.Dep. TBP	UpInd Dep.	# Reserves	# Revaluat.	Crcy
Planne	Planned	10	641,67-	0,00	0,00	0,00	USD
Planne	Planned	11	641,66-	0,00	0,00	0,00	USD
Planne	Planned	12	641,67-	0,00	0,00	0,00	USD
			• 1.925,00-	• 0,00	• 0,00	• 0,00	USD

Figure 109: Asset Explorer (1): SAP-System-Screenshot

5. Select the **Planned values** tab. You should get a view similar to the following figure.

In the Planned values tab, you see the Net book value of the asset after all depreciations of this year were carried out.

Value	Fiscal year start	Change	Year-end	Crcy
APC transactions		38.500,00	38.500,00	USD
Acquisition value		38.500,00	38.500,00	USD
Ordinary deprec.		1.925,00-	1.925,00-	USD
Unplanned dep.				USD
Write-up				USD
Value adjustment				USD
Net book value		36.575,00	36.575,00	USD
Down payments				USD

Objects related to asset

Vendor	Olympic Protective Gear	US00 10100
Cost Center	Mark-SD-9995	NA00 CCMS
G/L Account	Vehicles	US00 22080

Transactions

AssetValDate	Amount	TType	Transaction Type Name	Crcy
26.10.2017	38.500,00	100	External asset acquisition	USD

Figure 110: Asset Explorer (2): SAP-System-Screenshot

Data Sheet

*Congratulations! You completed the **financial accounting** case study.*

The subsequent case studies are based on the results of this case study. In case your data differs from the description in the script, please contact your tutor prior to processing another case study.

Finally, please **submit the carefully completed data sheet** to your tutor (use support email address from the welcome mail) for the case study **financial accounting**.

Please comply with the naming rules. Non-compliant data sheets will not be accepted; i.e., rename the document that you downloaded from this course's download area as follows:

05-Financial_Accounting-xyyy-zzz-lastname.doc

Thereby, you need to replace **xxxx** with your user number **without** the “**WIP**“ and without the hyphen (WIPx-yyy) and replace **zzz** with the number of the client you are working on.

Example:

Your name is **Max Mustermann**, you are working on **client 700** and your **user number is WIP9-999**. Then, name the document as follows:

05-Financial_Accounting-9999-700-Mustermann.doc

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