

# Financial Accounting (FI)

Curriculum: Introduction to S/4HANA using Global Bike

# Teaching material - Information

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## Teaching material - Version

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- 4.1 (April 2022)
- Software used
  - S/4HANA 2020
  - Fiori 3.0
- Model
  - Global Bike
- Prerequisites
  - No Prerequisites needed

# Module Information

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## Authors

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- Bret Wagner
- Stefan Weidner
- Babett Ruß



## Target Audience

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- Beginner

# Module Information

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## Learning Objectives

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You are able to

- define the central organizational structures of the FI module.
- summarize the master data which is most important for the FI module.
- explain a standard financial accounting process.
- outline the basic functionalities of FI reporting.
- recognize some of integration points to other SAP modules.

# Agenda

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- FI Organizational Structure
- FI Master Data
- FI Processes
- FI Reporting

# Goal of Financial Accounting (FI)

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- Financial Accounting is designed to collect the transactional data that provides a foundation for preparing the standard portfolio of reports.
- In general, these reports are primarily, but not exclusively, directed at external parties.
- Standard reports include:
  - Balance Sheet
  - Income Statement
  - Statement of Cash Flows

# Target Groups

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## ■ Internal

- Executives
- Senior Management
- Administrative Staff
- Employees

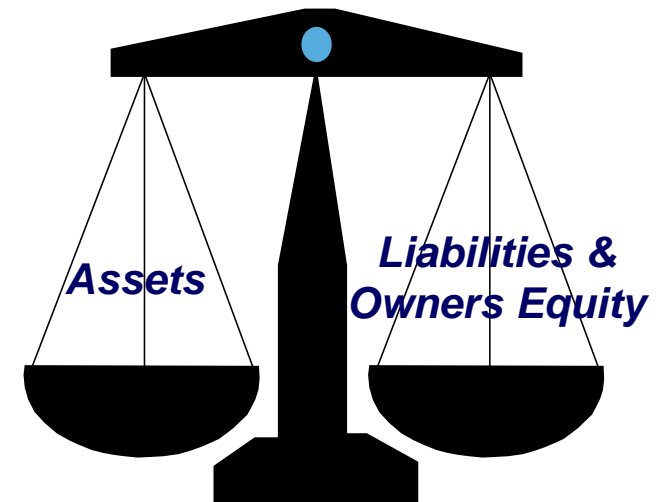
## ■ External

- Legal Authorities
- Banks
- Auditors
- Shareholders
- Insurance
- Taxing Authorities
- Media
- Financial Analysts

# FI Organizational Structure

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- Client
  - An independent environment in the system
  
- Company Code
  - Represents an independent legal accounting unit
  - Balanced set of books, as required by law, are prepared at this level.
  - A client may have more than one company code
    - United States
    - Germany
    - United Kingdom
    - Australia
    - ...





# FI Organizational Structure

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## ■ Chart of Accounts

- A classification scheme consisting of a group of general ledger (G/L) accounts
- Provides a framework for the recording of values to ensure an orderly rendering of accounting data
- The G/L accounts it contains are used by one or more company codes.

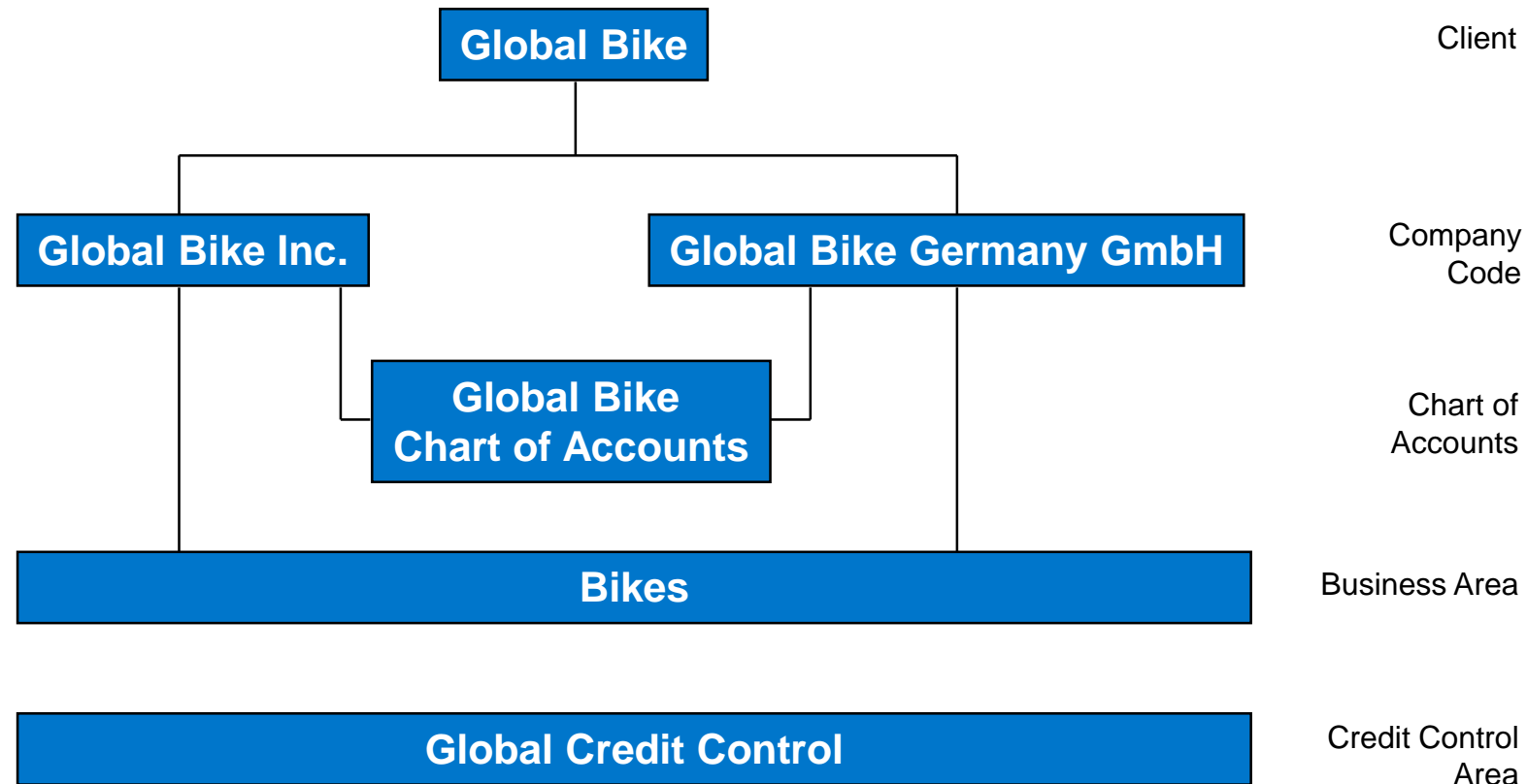
## ■ Credit Control Area

- An organizational entity which grants and monitors a credit limit for customers.
- It can include one or more company codes

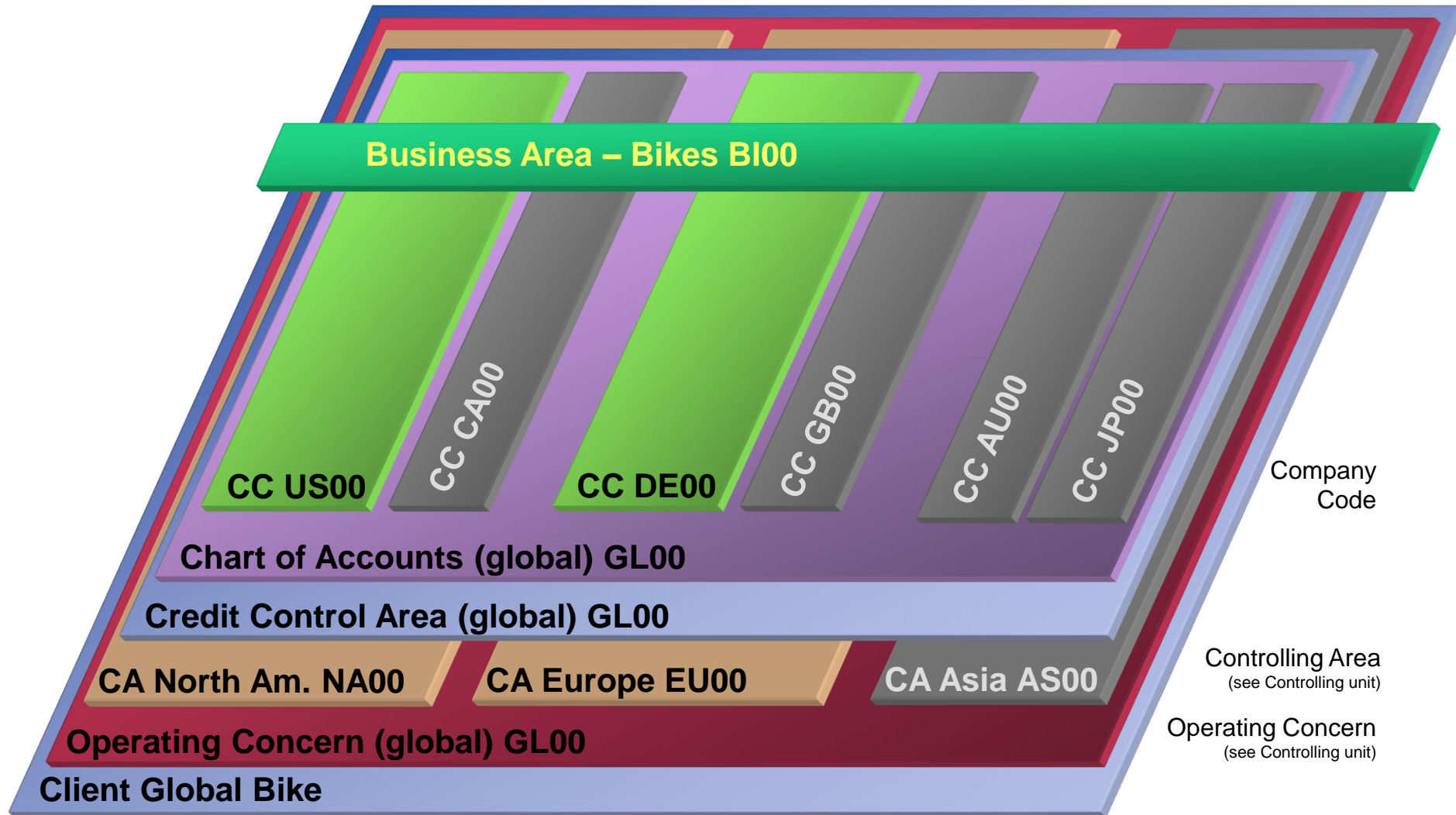
## ■ Business Area

- 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
- Financial statements can be created for business areas, and these statements can be used for various internal reporting purposes.

# Global Bike Structure for Financial Accounting



# Global Bike Enterprise Structure in SAP ERP (Accounting)



# Agenda

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- FI Organizational Structure
- FI Master Data
- FI Processes
- FI Reporting

# FI Master Data

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- General Ledger (G/L) Accounts
  - The unique combination of Company Code and Chart of Account creates a data storage area called a General Ledger.
  - The General Ledger contains a listing of the transactions effecting each account in the Chart of Accounts and the respective account balance.
  - It is utilized in the preparation of financial accounting statements.

# FI Master Data

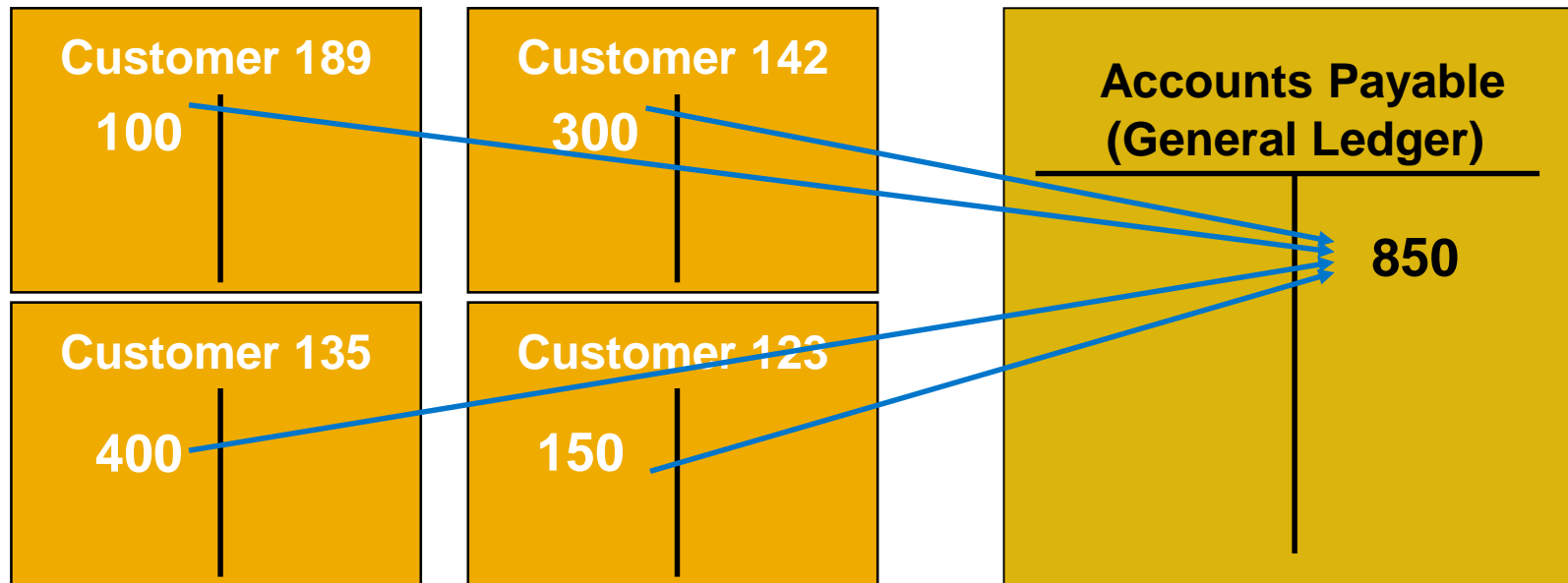
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- Customer and Vendor Master Data

- Customer and vendor account balances are maintained in FI through fully integrated accounts receivable and accounts payable sub-ledgers.
- Financial postings for customers and vendors are made directly to their respective individual accounts and accompanied by a concurrent automatic posting to the General Ledger.

# Customer Accounts

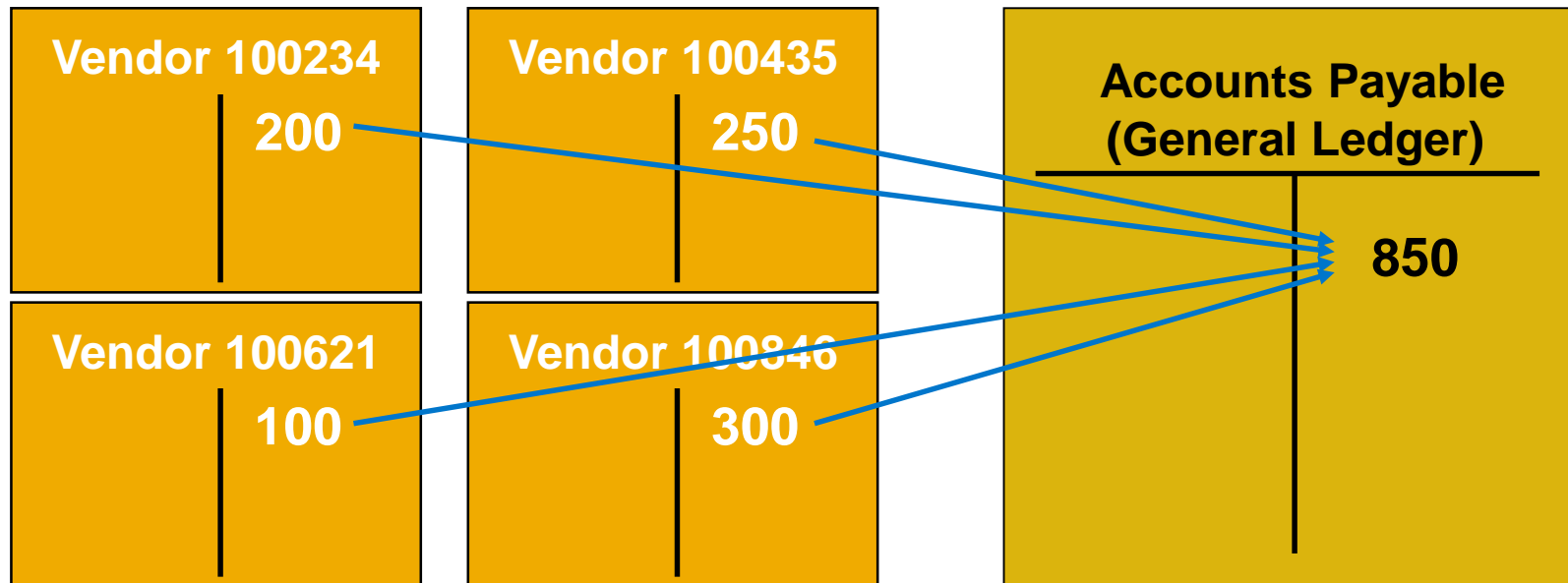
- Accounts Receivable Sub-Ledger (FI-AR)
  - Information with respect to customers who purchase the enterprise's goods and services such as sales and payments made
  - Substantive and important integration between Sales and Distribution (SD) and Financial Accounting (FI)
  - Billings in SD generate FI journal entries for sales activity



# Vendor Accounts

## ■ Accounts Payable Sub-Ledger (FI-AP)

- Information with respect to vendors from whom the enterprise purchases goods and services such as purchases and payments made
- Substantive and important integration between Materials Management (MM) and Financial Accounting (FI)
- Purchase and goods receipt activities in MM generate FI journal entries





# Agenda

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- FI Organizational Structure
- FI Master Data
- **FI Processes**
- FI Reporting

# FI Processes

- Posting a G/L Entry

< **SAP** Enter G/L Account Document: Company Code US00

Tree on Company Code Hold Simulate Park Editing options More ▾ Exit

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Basic Data Details

Document Date: 18.05.2018 Currency: USD

Posting Date: 18.05.2018

Reference: 001

Doc.Header Text: Transfer of Funds

Cross-CC Number:

Company Code: US00 Global Bike Inc. Dallas

Amount Information

Total Dr. 5.000,00 USD

Total Cr. 5.000,00 USD

2 Items ( No entry variant selected )

<input type="checkbox"/>	St...	G/L acct	Short Text	D/C	Amount in doc.curr.	Loc.curr.amount	...	Tax jurisdictn code	..	Assignment
<input type="checkbox"/>	<input checked="" type="checkbox"/>	100005	Bank 000	S Deb... ▾	5.000,00	5.000,00			<input type="checkbox"/>	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	100000	Bank	H Cre... ▾	5.000,00	5.000,00			<input type="checkbox"/>	



Document 100000024 was posted in company code US00

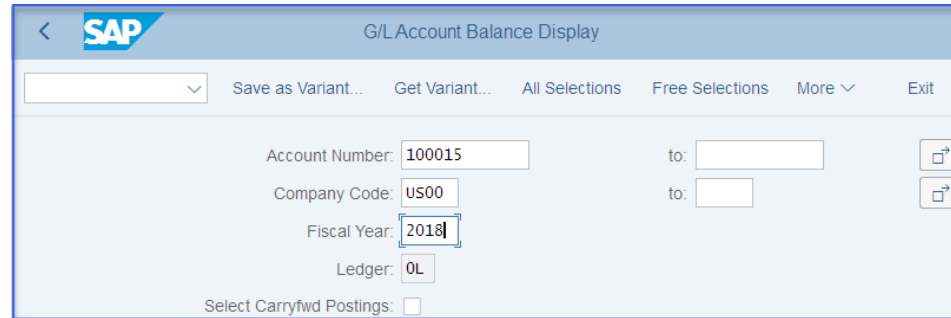
# Agenda

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- FI Organizational Structure
- FI Master Data
- FI Processes
- FI Reporting

# FI Reporting

- G/L Account Summary



The screenshot shows the SAP G/L Account Balance Display interface. The title bar includes the SAP logo and the text 'G/L Account Balance Display'. Below the title bar is a navigation bar with buttons: '<', 'Save as Variant...', 'Get Variant...', 'All Selections', 'Free Selections', 'More >', and 'Exit'. The main area contains input fields for 'Account Number' (100015), 'Company Code' (US00), 'Fiscal Year' (2018), and 'Ledger' (OL). There are also 'to:' fields for account and company code ranges, and a 'Select Carryfwd Postings' checkbox.

Period	Debit	Credit	Balance	Cumulative Balance
Bal. Carryforw...				
1				
2				
3				
4				
5	5.000,00	1.500,00	3.500,00	3.500,00
6				3.500,00
7				3.500,00
8				3.500,00
9				3.500,00
10				3.500,00
11				3.500,00
12				3.500,00
13				3.500,00
Total	5.000,00	1.500,00	3.500,00	3.500,00

# FI Reporting

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- Balance Sheet
  - Presentation of an organization's Assets, Liabilities, and Equity at a point in time
  - Assets: What the company owns
  - Liabilities: What the company owes
  - Equity: The difference between Assets and Liabilities
  - $\text{Assets} = \text{Liabilities} + \text{Equity}$

# FI Reporting

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- Balance Sheet Example

## Assets

Cash	1,000
Accounts Receivable	3,000
Equipment	<u>500</u>
Total Assets	4,500

## Liabilities

Accounts Payable	1750
Taxes Payable	<u>500</u>
Total Liabilities	2,250

## Equity

Common Stock	2,000
Retained Earnings	<u>250</u>
Total Equity	2,250

Total Liabilities and Equity	4,500
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# FI Reporting

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- Income Statement
  - Presentation of an organization's revenues and expenses for a given period of time (e.g. monthly, quarterly, or yearly)
  - 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.
  - $\text{Revenues} - \text{Expenses} = \text{Net Income}$

# FI Reporting

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- Income Statement Example

<b>Revenue</b>	
Sales	11,000
Deductions	<u>750</u>
Total Revenue	10,250
<b>Operating Expenses</b>	
Cost of Goods Sold	4,500
Operating Expenses	<u>3,750</u>
Total Expenses	8,250
Net Income Before Taxes	2,000
Taxes	<u>750</u>
Net Income	1,250



# FI Reporting

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- Statement of Cash Flows

- Considers the associated changes, both inflows and outflows, that have occurred in cash – arguably the most important of all assets – over a given period of time (e.g. monthly, quarterly, or annually)



# Accountants and Audit Trails

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- Audit trails allow an auditor to begin with an account balance on a financial statement and trace through the accounting records to the transactions that support the account balance.
- Audit trails enable an auditor to trace individual transactions to the effected account balance(s) on a financial statement.

# SAP Document Principle

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- Each business transaction impacting FI writes data to the SAP database creating a uniquely numbered electronic document.
- The document number can be used to recall the transaction at a later date.
- It contains, for example, such critical and necessary information as:
  - Responsible person
  - Date and time of the transaction
  - Commercial content
- Once written to the SAP database, a financial document (one impacting the financial position of the company) can not be deleted from the database.
- It can be changed to some degree.
- The SAP document principle provides a solid and important framework for a strong internal control system – a requirement of law for companies that operate in most countries in the world.

# SAP Document Principle

<

SAP

Document List

Choose

Expand

<input type="checkbox"/>	CoCd	DocumentNo	Year	Type	Doc..Date	Posting Date
<input type="checkbox"/>	US00	100000020	2018	SA	08.05.2018	08.05.2018

Document Changes : Overview

Technical names on

Document 0100000016 Company Code US00 Year 2010

Date	Field	New	Old
05/22/10	Changed on	05/22/2010	00/00/0000
05/22/10	Document Header Text	Test for Change	Transfer of Funds

Document Header: US00 Company Code

Document type: SA Account Document

Doc.Header Text: Transfer of Funds

Reference: 000

Document Date: 08.05.2018

Posting Date: 08.05.2018

Currency: USD

Posting period: 05 / 2018

Ref. Transactn: BKPF Accounting document

Reference Key: 0100000020US002018

Log.System: R65CLNT103

Created By: LEARN-711

Parked By:

Entry Date: 08.05.2018

Time of Entry: 13:56:12

Parked On:

Time of Parking: 00:00:00

TCode: FV50

Changed On:

Last Update:

Ledger Grp:

ActgPrinciple:

Ref.key(head) 1:

Ref.key 2:

Continue/Confirm Cancel

# SAP FI Module

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- Fully integrated with other SAP modules including, but not limited to:
  - Sales and Distribution (SD)
  - Materials Management (MM)
  - Production Planning and Execution (PP)
  - Managerial Accounting (CO)



Thank you!

