Financial Accounting (FI)

Case Study

This case study explains an integrated financial accounting process in detail and thus fosters a thorough understanding of each process step and underlying SAP functionality.

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| Product  S/4HANA 1709  Global Bike  GUI 7.50  Level  Undergraduate  Graduate  Beginner  Focus  Financial Accounting  Authors  Michael Boldau  Stefan Weidner  Version  3.2  Last Update  May 2018 | MOTIVATION  The data entry requirements in the financial accounting exercises (FI 1 through FI 4) were minimized because much of the data already existed in the SAP system. This stored data, known as master data, simplifies the processing of business transactions. Examples for this were charts of accounts and G/L accounts.  In this case study, we will create a vendor master record, process an invoice and create a payment. |  | PREREQUISITES  Before you use this case study, you should be familiar with navigation in the SAP system.  Furthermore, it is mandatory to review the note GUI 7.50 Configuration. Your lecturer got this documentation together with other lecturer notes. If you do like to use the old GUI settings, please use the S/4HANA documents for SAP GUI 7.40  In order to successfully work through this case study, it is not necessary to have finished the FI exercises (FI 1 through FI 4). However, it is recommended.  NOTES  This case study uses the Global Bike (GBI) data set, which has been created exclusively for SAP UA global curricula. |

|  | Process Overview | |
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| **Learning Objective** Understand and perform a financial accounting process.  **Scenario** In order to process a complete accounts payables process within financial accounting you will take on different roles within the GBI company. You will be working in the Finance Account (FI) department.  **Employees involved** Silvia Cassano (Accounts Payable Specialist)  Shuyuan Chen (Chief Accountant)  Clayton Bartolome (Fixed Assets Accountant) | | **Time** 65 min |
|  | | |
| Before you can post the account payables invoice, master data has to be maintained. Within the Case Study you will create necessary accounts within the General Ledger and create the vendor.  Afterwards you will post the invoice and verify the changes on your accounts.  Since the posting is relevant to P&L-Statement you will review the impact on your Financial Statement in the end.  Process description | | |
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|  | Step 1: Create Bank Account in General Ledger | |
| **Task** Create a new G/L Account.  **Short Description** Create a new Bank Account in the General Ledger.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| In this case study we will create the master data that is involved in an accounts payable process and pay our rental fee as an example. We start by creating a bank account for outgoing payments to our vendor. | | Business Scenario |
|  | |  |
| To create a new account, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Master Records ► G/L Accounts ► Individual Processing ► Centrally | | Menu path |
| In the following screen, enter **10###5** (replace ### with your assigned number, e.g. 100125 if you have 012) as your G/L Account number and **US00** as Company Code. | | 10###5  US00 |
| Copy data from by following the menu path in the menu bar:  **More ► G/L account ► Create with reference** | | Menu bar |
| Enter the Bank Account **100000** and in Company Code **US00**. Compare with the screenshot below and confirm with  . | | 100000  US00 |
|  | |  |
| Enter **Bank ###** as Short Text and **Bank Account ###** as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on . | | Bank ###  Bank Account ### |
| Your pop up should look similar to the one depicted below. | |  |
|  | |  |
| Confirm with  and return to the SAP Easy Access screen using . | |  |
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|  | Step 2: Create Reconciliation Account in General Ledger | |
| **Task** Create a new G/L Account.  **Short Description** Create a new Reconciliation Account in the General Ledger.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| Reconciliation Accounts connect the General Ledger with subledgers that are maintained for customers, vendors etc. Direct manual posting to the Reconciliation Accounts is not possible. Later we will create a new vendor master record and assign the new Reconciliation Account to it. | | Business Scenario |
|  | |  |
| To create a new account, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Master Records ► G/L Accounts ► Individual Processing ► Centrally | | Menu path |
| In the following screen, enter **11###5** (replace ### with your assigned number) as your G/L Account number and **US00** as Company Code. | | 11###5  US00 |
| Copy data from by following the menu path in the menu bar:  **More ► G/L account ► Create with reference** | | Menu bar |
| Enter the Reconciliation Account **300000** and in Company Code **US00**. Confirm with . | | 300000  US00 |
| Enter **Payables-Misc ###** as Short Text and **Payables-Miscellaneous ###** as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on . | | Payables-Misc ###  Payables-Miscellaneous ### |
| Your pop up should look similar to the one depicted below. | |  |
|  | |  |
| Confirm with  and return to the SAP Easy Access screen using . | |  |
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|  | Step 3: Create Expense Account in General Ledger | |
| **Task** Create a new G/L Account.  **Short Description** Create a new Expense Account in the General Ledger.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| To create a new account, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Master Records ► G/L Accounts ► Individual Processing ► Centrally | | Menu path |
| In the following screen, enter **75###5** (replace ### with your assigned number) as your G/L Account number and **US00** as Company Code. | | 75###5  US00 |
| Copy data from by following the menu path in the menu bar:  **More ► G/L account ► Create with reference** | | Menu bar |
| Enter the Bank Account **740300** and in Company Code **US00**. Confirm with . | | 740300  US00 |
| Enter **Rent Expense ###** as Short Text and **Rent Expense ###** as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on . | | Rent Expense ###  Rent Expense ### |
| Confirm the *G/L account 75###5: Display message* pop up with  and return to the SAP Easy Access screen using . | |  |
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|  | Step 4: Create Vendor Master Record for Landlord | |
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| **Task** Create a new vendor master record.  **Short Description** Create a new vendor for a landlord.  **Name (Position)**  Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| The Chief Financial Officer has requested you create a new vendor account for Cardinal Properties. | |  |
|  | |  |
| To create a new vendor, follow the menu path:  Accounting ► Financial Accounting ► Accounts Payable ► Master Records ► Create | | Menu path |
| In the *Create Business Partner* screen choose **Organization**. Click on . | | Organization |
|  | |  |
| In the *Create Organization: Role FI Vendor* screenin the tab *Address*, select **Company** as Title, **Cardinal Properties ###** as Name, Search term **###,** Street Address **Pioneer Trail**, Postal code **55347**, City **Eden Prairie**, Country **US** and Region **MN**. Make sure **English** is selected as language | | Cardinal Properties ###  ###  Pioneer Trail  55347  Eden Prairie  US  MN  EN |
|  | |  |
| Then press Enter. | |  |
| Click on the button . Enter **US00** for company code if it is not automatically filled. Then press Enter. | | US00 |
| In the *Create Organization: Role FI Vendor* view, enter your Recon. Account **11###5** in the tab *Vendor: Accounting Information*. Then, click on or choose Enter. | | 11###5 |
|  | |  |
| Choose the tab *Vendor: Payment Transactions* and enter as Pay Terms **0001**, and select **Check Double Invoice**. | | 0001  Chk double inv. |
|  | |  |
| Then, click on . | |  |
|  | |  |
| Click on  to return to the SAP Easy Access screen. | |  |
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|  | Step 5: Post Transfer of Funds to Alternate Bank Account | |
| **Task** Transfer funds to Alternate Bank Account.  **Short Description** Use the SAP Easy Access Menu to generate a journal entry for the US GBI company to transfer funds from your current bank account to your alternate bank account.  **Name (Position)** Clayton Bartolome (Fixed Assets Accountant) | | **Time** 10 min |
|  | |  |
| To do this, follow the menu path:  Accounting ►Financial Accounting ► General Ledger ► Document Entry ►Enter G/L Account Document | | Menu path |
| If Company Code **US00** is not displayed use the menu path in the menu bar to select your US GBI company:  More ► Edit ► Switch company code (F7) | | US00  Menu bar |
| In the Document Date field, use F4 and Enter to select **today’s date** and make sure, that **USD** as Currency is entered. As Reference, enter your three-digit number (**###**) and as Doc.Header Text **Transfer of Funds**. | | today’s date  USD  ###  Transfer of Funds |
|  | |  |
| On the first line, enter your Bank Account **10###5** as G/L acct, choose **Debit** as D/C and enter **5000** as Amount in doc.curr. | | 10###5  Debit  5000 |
| On the second line, enter **100000** (Bank Account) as G/L acct, choose **Credit** as D/C and enter **5000** as Amount in doc.curr. | | 100000  Credit  5000 |
| Then choose Enter. | |  |
|  | |  |
| Use the  button to see if the postings are correct. | |  |
|  | |  |
| Click on  once and accept any warning messages with Enter. | |  |
| Then, click on . The system will create a unique G/L account document number. | | G/L account document |
|  | |  |
| Click on  to get back to the SAP Easy Access Menu and acknowledge the warning message by choosing **YES** – there will be no data lost. | | Yes |
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|  | Step 6: Review Transfer of Funds | |
| **Task** Display a G/L account document.  **Short Description** Use the SAP Easy Access Menu to display the G/L account document you have just created.  **Name (Position)** Clayton Bartolome (Fixed Assets Accountant) | | **Time** 10 min |
|  | |  |
| To display a G/L account document, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Document ► Display | | Menu path |
| **Your account document number** should already be entered. If not, click on . Then, choose Company Code **US00** and enter **###** (your three-digit number) in the Reference number field. Then, click on  to execute the search producing a Document List screen similar to the one shown below. | | Your account document number  US00  ### |
|  | |  |
| Double-click the document number to display the document. The system displays a similar screen to the simulate screen you saw just before your posted your document in the previous exercise. | |  |
|  | |  |
| Click on the  button to display the document header information. Who created the document and when? | |  |
|  | |  |
| Press Enter to go back to the Display Document: Data Entry View screen. | |  |
| Then click on  to go back to the SAP Easy Access menu. | |  |
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|  | Step 7: Create Invoice Receipt for Rent Expense | |
| **Task** Create an invoice receipt.  **Short Description** Enter an invoice received from Cardinal Properties for this month’s rent of $1,500.00. This invoice will be posted to an existing G/L expense account in your chart of accounts and saved as an Accounts Payable to Cardinal Properties.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| To create an invoice receipt, follow the menu path:  Accounting ► Financial Aaccounting ► Accounts Payable ► Document Entry ► Invoice | | Menu path |
| Enter your **vendor number** for Cardinal Properties (use the F4-Help with search term ### if necessary), **today** as Invoice Date and **$1,500** as Amount of Invoice. | | vendor number  today  $1,500 |
| If your company code did not default in, select the following system path in the menu bar:  **More** ► **Edit** ► **Switch Company Code** | | Menu bar |
| Then enter the company code **US00**. | | US00 |
| Enter your Expense Account **75###5** for G/L acct., D/C **Debit**, Document amount **1,500**, **Invoice Cardinal Rent Expenses-###** in the Text column and Cost center **NAHR2###**. Remember to replace ### with your assigned number.  Then choose Enter. | | 75###5  Debit  $1500  Invoice Cardinal Rent Expenses ###  NAHR2### |
| Confirm the warning message with Enter. | |  |
|  | |  |
| Use  to see if the postings are correct. | |  |
|  | |  |
| Click on  to save your invoice receipt. | |  |
|  | |  |
| Click on  to return to the SAP Easy Access screen. Confirm the warning with a click on **Yes**. | | Yes |
|  | |  |

|  | Step 8: Display and Review General Ledger Account Balances and Individual Line Items | |
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| **Task** Display and review general ledger account balances.  **Short Description** Display and confirm the activity and associated balance for the rent expense account used in the previous exercise.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| To display ledger account balances, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Account ► Display Balances | | Menu path |
| Enter Account number from **750005** to **759995**, Company Code **US00**, and the **current year** as Fiscal Year. Then, click on to display balances. | | 75###5  US00  current year |
| Double click on current month balance to see line items. You might see multiple of the invoiced amount. Try to explain why.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | |  |
| To achieve a better overview, you will remove unneeded columns from the report. Start by using the menu bar:  **More ► Change Layout** | | Menu bar |
| Select the rows: **Amount in Loc. Crcy 2, LCur2, Amount in Loc. Crcy 3, LCur3, Tax Code, Clearing Document, Profit Center** and **Segment** and click on . | | Amount in Loc. Crcy 2, LCur2, Amount in Loc. Crcy 3, LCur3, Tax Code, Clearing Document, Profit Center, Segment |
|  | |  |
| Confirm the layout change with Enter or . The screen should look similar to the one depicted below. | |  |
|  | |  |
| Review the entries of your document. To do so, click in the line with your invoice and press . | |  |
| Keep clicking on  until you return to the SAP Easy Access screen. | |  |
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|  | Step 9: Display and Review Accounts Payable Balances and Individual Line Items | |
| **Task** Display and review Accounts Payable balances and individual line items.  **Short Description** Display and confirm the activity and associated balance for the Accounts Payable for Cardinal Properties. Note that this transaction is considered to be “open” which means that payment has not been sent to Cardinal Properties as of this time.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| To display Accounts Payable balances, follow the menu path:  Accounting ► Financial Accounting ► Accounts Payable ► Account ►Display Balances | | Menu path |
| Enter your **vendor number** for Cardinal Properties, Company code **US00**, and the **current year** asFiscal Year. Then, click on  to display balances. | | Vendor number  US00  current year |
| Double click on current month balance to see line items. | |  |
|  | |  |
| You can see that the document status is open, meaning your vendor has not been paid yet. | |  |
| Click on  to return to the SAP Easy Access screen. | |  |
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|  | Step 10: Post Payment to Landlord | |
| **Task** Issue a payment to your landlord.  **Short Description** Issue a payment to Cardinal Properties to settle the Accounts Payable for this month’s rent. A journal entry is made to Accounts Payable for Cardinal Properties and to the bank checking account in the G/L.  **Name (Position)**  Silvia Cassano (Accounts Payable Specialist) | | **Time** 10 min |
|  | |  |
| To issue a payment, follow the menu path:  Accounting ► Financial Accounting ► Accounts Payable ► Document Entry ► Outgoing Payment ► Post | | Menu path |
| Enter **current date** as Document Date, your Bank Account **10###5**, Amount **1500** and **Invoice HR-###** as text. | | Current date, 10###5  1500, Invoice HR-### |
| Under Open items selection, enter as Account **your vendor number** for Cardinal Properties (use the F4 help if necessary) and leave all other settings unchanged.  Select  and review the line item information. | | Vendor number |
| When assignment has been made correctly the ‘Not assigned’ value on the bottom should equal $0.00. | |  |
|  | |  |
| Click on  to save your payment. | |  |
|  | |  |
| Click on  to return to the SAP Easy Access screen. Confirm the warning with a click on **Yes**. | | Yes |
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|  | Step 11: Display and Review General Ledger Account Balances and Individual Line Items | |
| **Task** Display and review General Ledger account balances.  **Short Description** Display and confirm the activity and associated balance for the account used in the previous exercise.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| To display G/L account balances, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Account ► Display Balances | | Menu path |
| Enter your Account number **10###5**, Company Code **US00**, and the **current year** asFiscal Year. Then, click on . | | 10###5  US00  current year |
| Double click on month balance to see line items.  Verify details of Document #, Type, Amount and Comments. | |  |
|  | |  |
| Click on  to return to the SAP Easy Access screen. | |  |
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|  | Step 12: Display and Review Accounts Payable Balances and Individual Line Items | |
| **Task** Display and review Accounts Payable balances.  **Short Description** Display and confirm the activity and associated balance for the Accounts Payable for Cardinal Properties.  **Name (Position)** Silvia Cassano (Accounts Payable Specialist) | | **Time** 5 min |
|  | |  |
| To display Accounts Payable balances, follow the menu path:  Accounting ► Financial Accounting ► Accounts Payable ► Account ► Display/Change Line Items | | Menu path |
| Enter **your vendor number** using the F4 help with search term ###,Company code **US00**, if not already filled, and select radio button for **all items**. Then, click on . | | Your vendor number  Search term ###  US00  all items |
| Verify details of Document #, Type, Amount and Comments. Notice that this display gives you a different view of the vendor account. The first column should indicate with the green square that the document is cleared. | |  |
|  | |  |
| Click on  to return to the SAP Easy Access screen. | |  |
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|  | Step 13: Run Financial Statement | |
| **Task** Use the SAP menu to run a trial financial statement.  **Short Description** Run a trial financial statement.  **Name (Position)** Shuyuan Chen (Chief Accountant) | | **Time** 5 min |
|  | |  |
| To run a financial statement, follow the menu path:  Accounting ► Financial Accounting ► General Ledger ► Information System ► General Ledger Reports ► Financial Statement / Cash Flow ► General ► Actual/Actual comparisons ► Financial Statement | | Menu path |
| Enter Chart of accounts **GL00**, Company code **US00**, Financial statement Version **G###**, and the **current year** as Reporting year. Choose radio button for **ALV Tree Control** with the layout **1SAP** for the list output. Then, click on . | | GL00, US00  G###, current year  ALV Tree Control  1SAP |
|  | |  |
|  | |  |
| Confirm Warning Messages by clicking on . | |  |
|  | |  |
| Depending on previously done exercises and case studies the value in your statement will differ. You can find your bank account under Assets->Cash & Cash Equivalents. | |  |
| Click on  to return to the SAP Easy Access screen. | |  |
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|  | FI Challenge | |
| **Learning Objective:** Understand and perform a financial accounting process. | | **Time** 30 min |
| **Motivation:** After you have successfully worked through the *Financial Accounting* case study, you should be able to solve the following task on your own.  **Scenario:** The financial accounting system has now been tested without any errors. Therefore, the corporate management has decided to convert the system into the production operation. As a first order/request you should pay the new tool supplier Burgmeister Zubehör OHG. In order to do that, you will create the cost element tool expenses. Subsequently, you will receive an invoice for more than 3000€ from Burgmeister Zubehör KG which has to be settled. You will review the impact on the financial statement at the end.  **Task Information** Since this task is based on the *Financial Accounting* case study you can use it as guidance. However, it is recommended that you solve it without any help in order to test your acquired knowledge. | | |
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