Lab 4 Summary – Financial Accounting Process (SAP S/4HANA)

Objective : In this lab, I learned how to complete a full Financial Accounting (FI) process in SAP S/4HANA using the Global Bike dataset. The main goal was to understand how general ledger (G/L) accounts, vendor transactions, and financial statements are managed and connected in one integrated system. Through this exercise, I gained hands-on experience in posting transactions, monitoring account balances, and reviewing how each posting affects the company's financial position.

1. Create Bank Account in General Ledger
I began by creating a new bank account in the general ledger using the Fiori Launchpad. I entered details such as the account number, company code (US00), and description. This new account was later used for vendor payments and other outgoing transactions.

2. Create Reconciliation Account in General Ledger
Next, I created a reconciliation account for Accounts Payable (A/P). This account connects the subledger (vendor transactions) to the general ledger, ensuring that any vendor posting automatically updates the main G/L account.

3. Create Expense Account in General Ledger
I created a new expense account for rent. This account was used later to record monthly rental costs and was assigned to the same company code (US00).

4. Create Vendor Master Record for Landlord
I set up a new vendor called *Cardinal Properties* using the Business Partner transaction. I entered the company's address, payment terms (0001), and assigned the reconciliation account created earlier. This vendor represents the landlord to whom rent payments are made.

5. Post Transfer of Funds
I posted a journal entry to transfer $5,000 from the company's main bank account to the alternate bank account. This helped ensure that enough funds were available for the upcoming vendor payment.

6. Review Transfer of Funds
I displayed the general ledger document I had just created to confirm the debit and credit postings. I verified that both the source and target bank accounts were correctly updated.

7. Create Invoice Receipt for Rent Expense
I entered an invoice from *Cardinal Properties* for $1,500 to record the monthly rent. The invoice was posted to the rent expense G/L account, creating an open payable to the landlord.

8. Display and Review G/L Account Balances
I checked the rent expense account to verify the invoice posting. The transaction correctly appeared in the account balance and individual line item reports.

9. Review Accounts Payable Balances
I viewed the A/P account for *Cardinal Properties* to confirm that the $1,500 invoice was listed as an open item, meaning the payment had not yet been made.

10. Post Payment to Landlord
I processed an outgoing payment to *Cardinal Properties* for $1,500 using the new bank account. The payment cleared the open payable and updated both the A/P subledger and the bank account in the general ledger.

11. Review Postings after Payment
After posting the payment, I reviewed both the G/L and vendor line items to ensure that all related accounts were updated correctly and that the open item was cleared.

12. Run Financial Statement
Finally, I generated a financial statement using the financial reporting tool in SAP. I verified that the bank accounts, payables, and rent expense were reflected correctly in the company's balance sheet and profit & loss statement.

Result & Reflection
This lab helped me understand how financial accounting integrates with other business processes in SAP. At first, keeping track of all the G/L accounts and vendor postings was challenging, but following each step helped me see how everything connects. I learned how vendor invoices and payments automatically update both subledgers and the general ledger, keeping the company's books balanced. By completing this lab, I gained a clearer picture of how SAP supports accurate and transparent financial reporting in real business environments.