

SAP S/4HANA Configuration

Phase I – Financial Accounting



Teaching material - Information



Teaching material - Version

- 4.2 (March 2024)

- Software used
 - SAP S/4HANA 2020
 - GUI 7.70

- Model
 - Global Bike

- Prerequisites
 - None

Module Information



Authors

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Target Audience

- Advanced



Learning Objectives

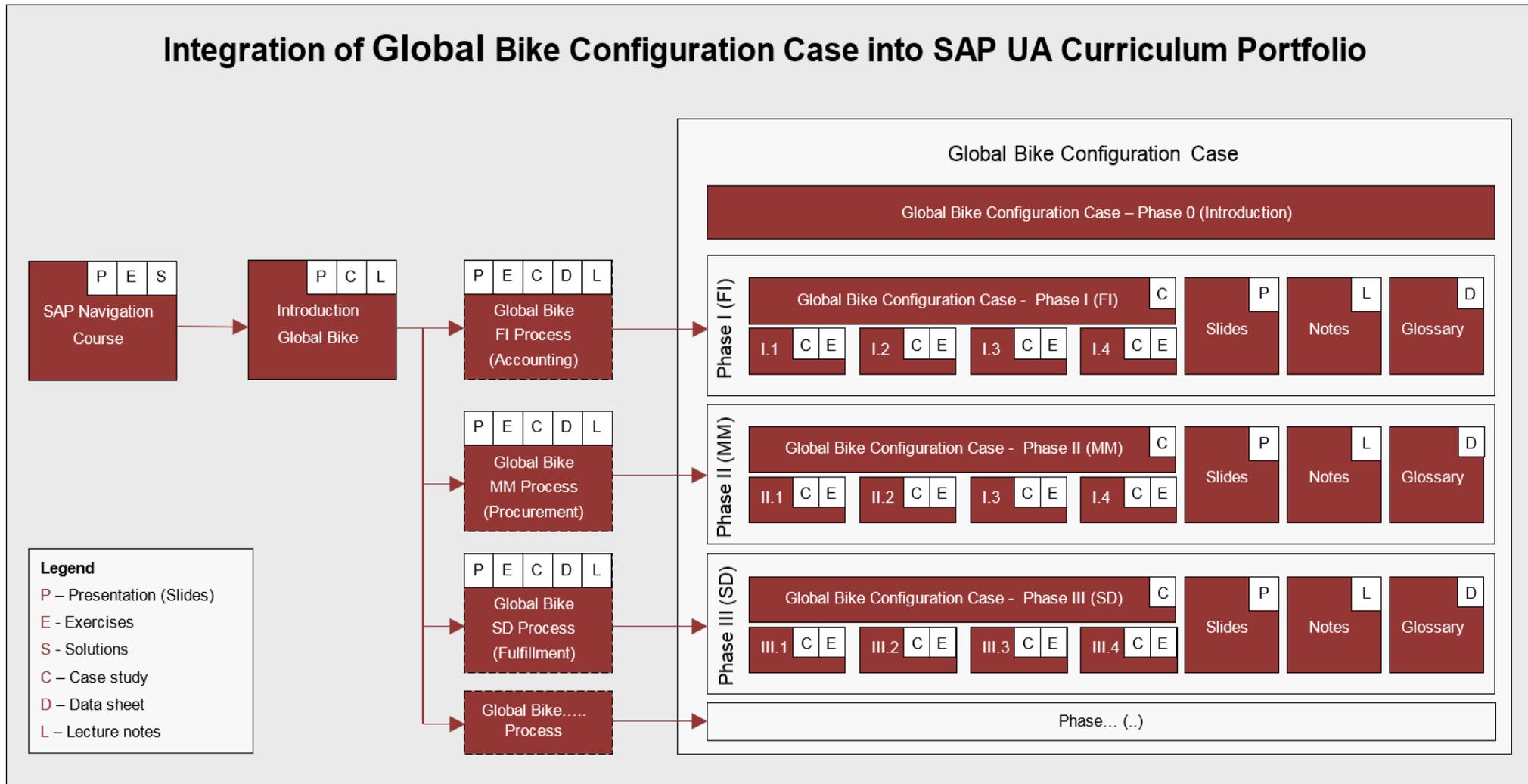
You are able to:

- Understand the structure of the ERP configuration curriculum, especially phase I
- Define the central organizational structures for financial accounting
- Analyze scenarios
- Do the necessary steps for financial accounting configuration
- Explain the common processes in financial accounting
- Identify integration points between financial accounting and controlling.

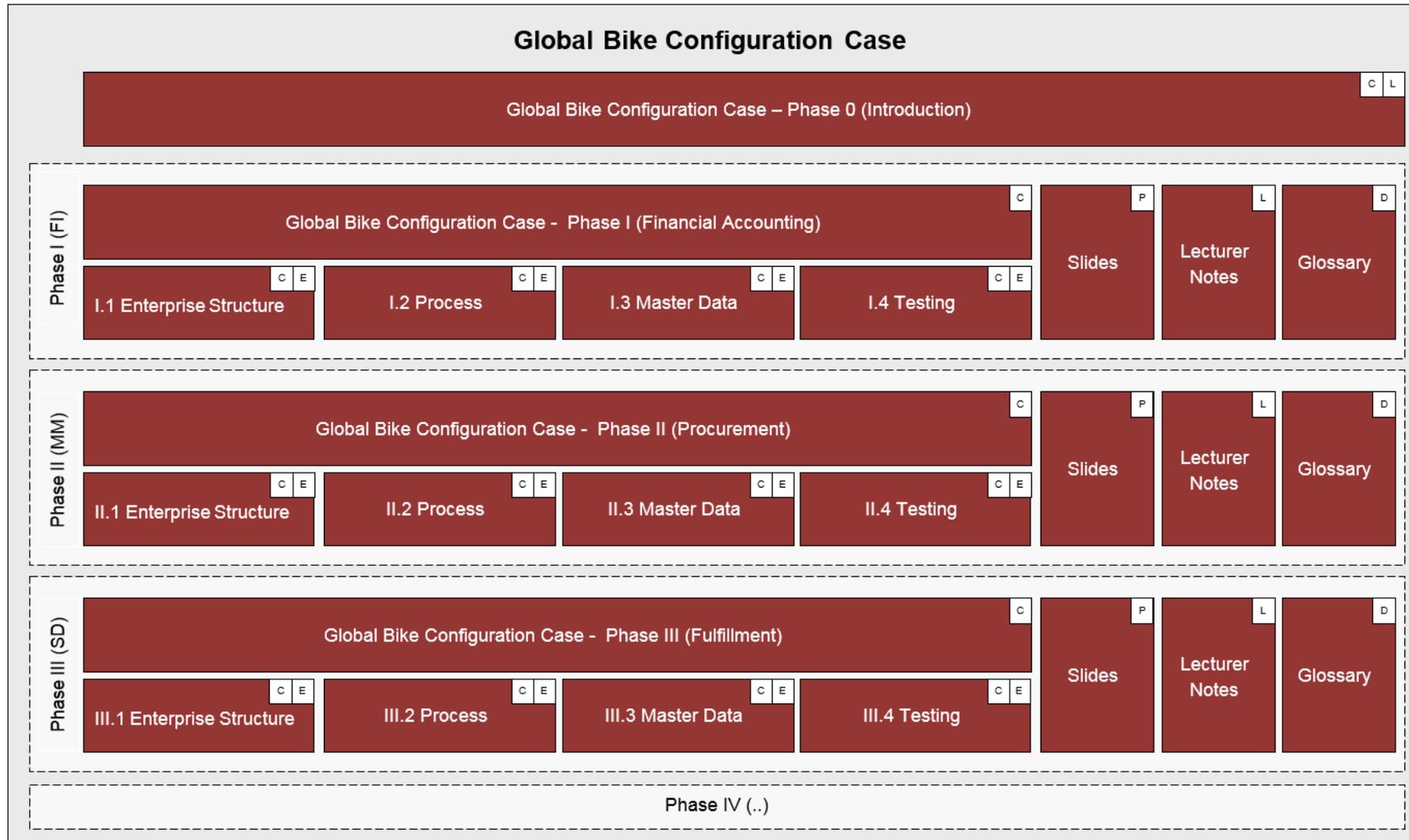
Agenda

- Introduction
- Scenario
- Enterprise structure
- Process configuration
- Master data
- Process execution

ERP Configuration Case Using Global Bike



ERP Configuration Case Using Global Bike



ERP Configuration Case – Phase I

Global Bike Configuration Case – Phase I (Financial Accounting)

Part		Input	Deliverable
	Case Study Cover Page	Motivation, Prerequisites, Notes	-
Step 1	Introduction to Global Bike Configuration Case	Case Objectives, Case Structure	-
Step 2	Scenario Analysis	Scenario, Conversations	Relevant Symptoms and Issues
Step 3	Problem Identification	Reference Symptoms and Issues	List of Problems
Step 4	Problem Analysis / Solution Finding	Reference Problems	Possible Solutions
Step 5	Implementation	Reference Solution, Handbook, Glossary	SAP ERP Implementation

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Scenario

- In 2008, Global Bike Inc. starts implementing SAP S/4HANA.
- In a preparation project (phase 0), the scope of the implementation project was defined.
- In project phase I, *Bianca Cavarini* (Chief Information Officer) and her team are now tasked with the setup of basic Financial Accounting processes in the S/4HANA system.
- In order to do so they are observing the work of the following GBI employees in the Financial Accounting department:
 - *Silvia Cassano* (Accountant Payable Specialist GBI US)
 - *Stephanie Bernard* (Billing Clerk Accounts Receivable GBI US)
 - *Shuyuan Chen* (Chief Accountant GBI US)
- **Task** Read the scenario and highlight the most important and relevant information.

Problem Analysis and Solution Finding

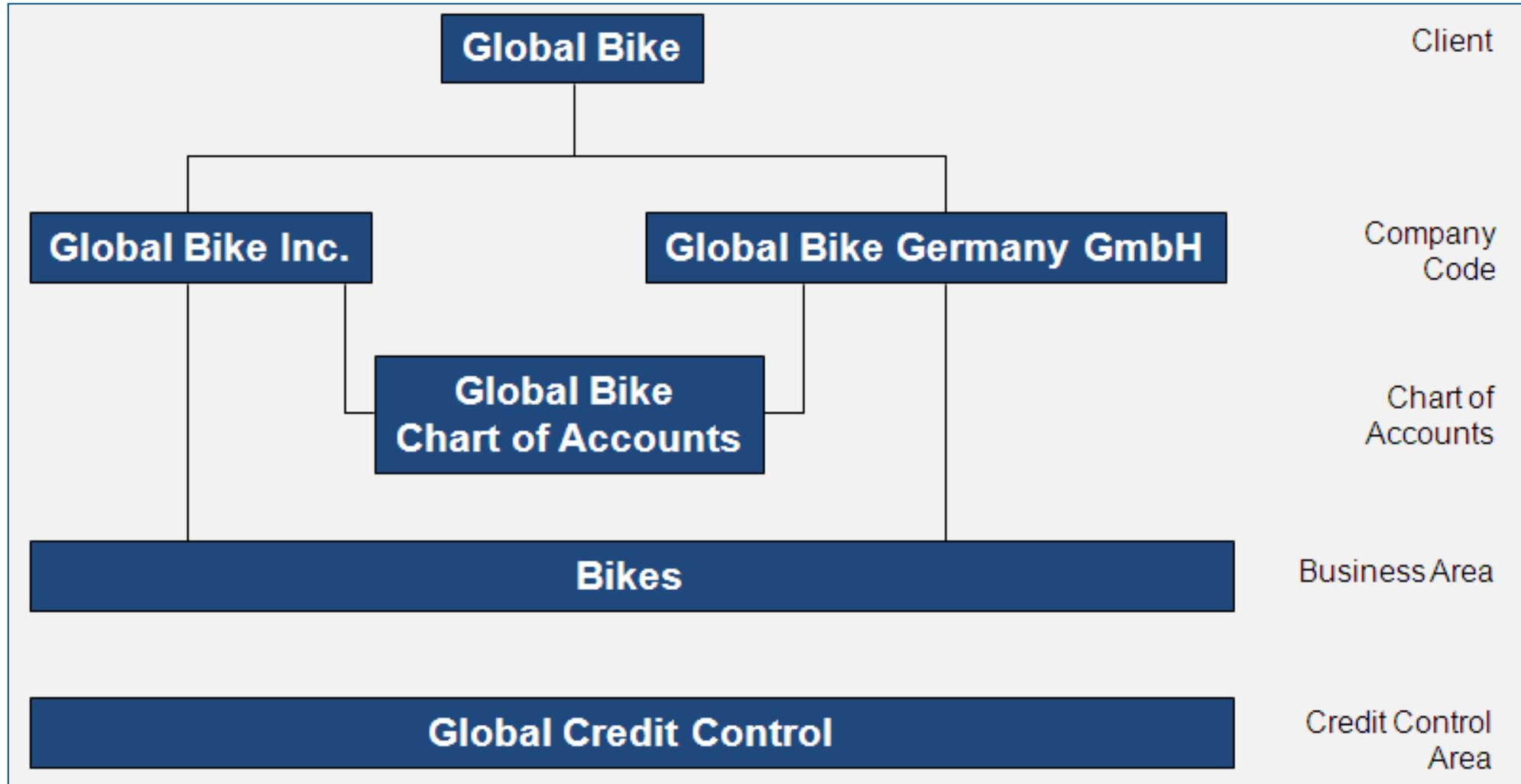
- **Task** Revisit the reference symptoms/issues and condense them into the problems specific to this case.
- **Short Description** You (in the role *Mona Falco*; System Design and Dev Manager) need to come to a clear understanding of the most relevant symptoms in Financial Accounting in order to identify the causes and underlying problems including the issue of duplicate invoice numbers that was just reported by Shuyuan Chen.
- **Task** Revisit the reference problems and identify possible solutions for Global Bike.
- **Short Description** In the role of *Mona Falco* and *Sarah Garcia* (Business Analyst 2), analyze all relevant problems in Financial Accounting and find possible solutions.

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Enterprise Structure – Financial Accounting



Client

- In commercial, organizational, and technical terms, a self-contained unit in an SAP system with separate master records and its own set of tables.
- Represents the largest organizational unit implemented within an SAP system, e.g.:
 - Global Enterprises
 - Consolidated concern
 - Corporation
 - Holding
- In this context: Global Bike Group.
- Identified by a three-digit number, e.g. 200.



Company Code

- The smallest organizational unit of Financial Accounting for which a complete self-contained set of accounts can be drawn up for purposes of external reporting.
- This includes recording of all relevant transactions and generating all supporting documents required for financial statements.
- Key organizational level for Financial Accounting:
 - Books are maintained at company code level
 - Financial statements (Balance sheet, profit and loss statement) are generated for company codes
- In this context: Global Bike Inc. (US), Global Bike Germany GmbH (DE).
- Identified by a four-digit alphanumeric ID, e.g. US00.

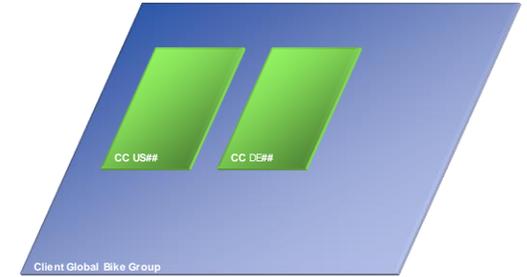


Chart of Accounts

- A classification scheme consisting of a group of general ledger (G/L) accounts.
- A chart of 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. A chart of accounts must be assigned to each company code. This chart of accounts is the operative chart of accounts and is used in both financial accounting and cost accounting.
- In this context: one global chart of accounts for Global Bike.
- Identified by a four-digit alphanumeric ID, e.g. GL00.



Credit Control Area

- An organizational unit that represents an area responsible for granting and monitoring credit.
- This organizational unit handles either one single company code or, if credit control is performed across several companies. Multi company codes.
- Credit information can be made available per customer within a credit control area.
- Centralized or decentralized
 - For global enterprises or subsidiaries (e.g. North America, Europe, Asia)
- In this context: global credit management.
- Identified by a four-digit alphanumeric ID, e.g. GL00.

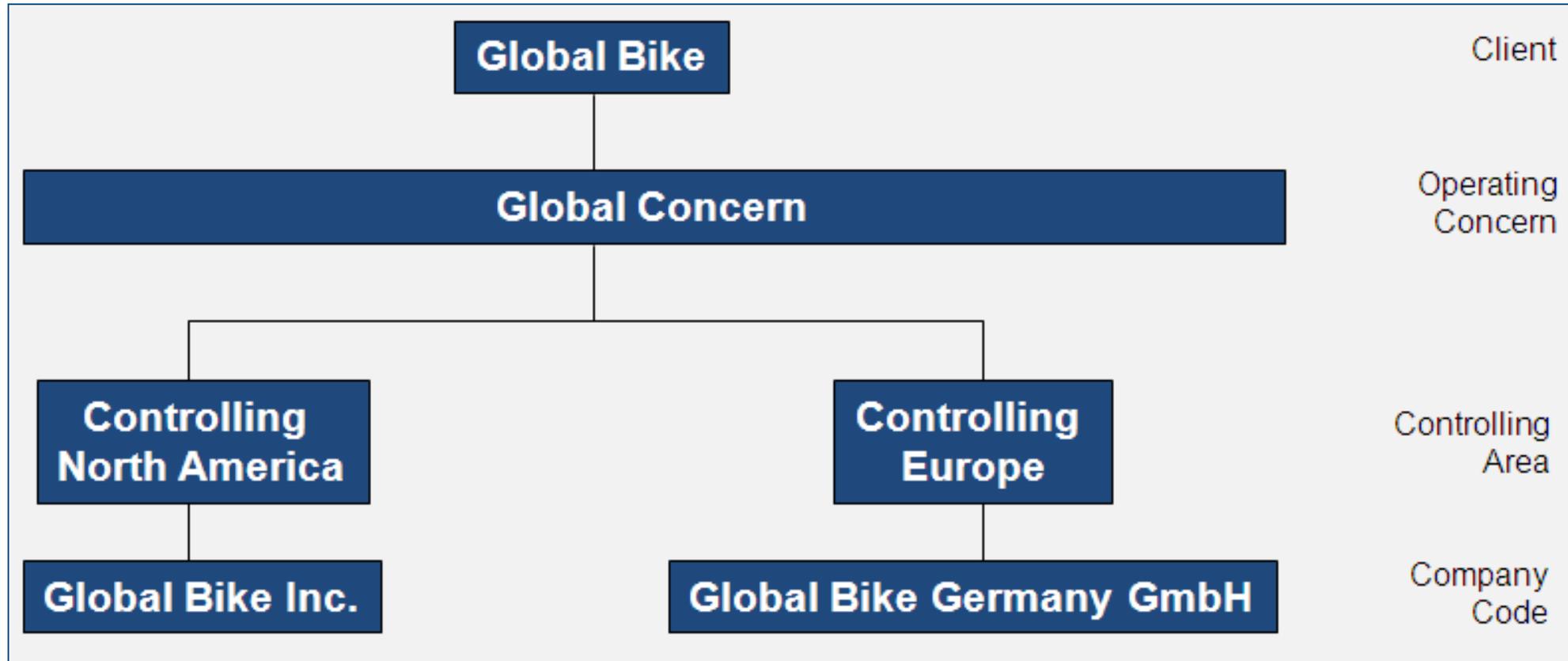


Business Area

- An organizational unit of Financial Accounting that represents a separate area of operations or responsibilities within an organization and to which value changes recorded in Financial Accounting can be allocated.
- You can create financial statements for business areas and use them for various internal reporting purposes (segmentation).
- In this context: Bikes.
- Identified by a four-digit alphanumeric ID, e.g. BI00.



Enterprise Structure – Controlling (basics)



Controlling Area

- An organizational unit within a company, used to represent a closed system for cost accounting purposes.
- A controlling area may include single or multiple company codes that may use different currencies. These company codes must use the same operative chart of accounts.
- All internal allocations refer exclusively to objects in the same controlling area.
- In this context: North America, Europe.
- Identified by a four-digit alphanumeric ID, e.g. NA00.

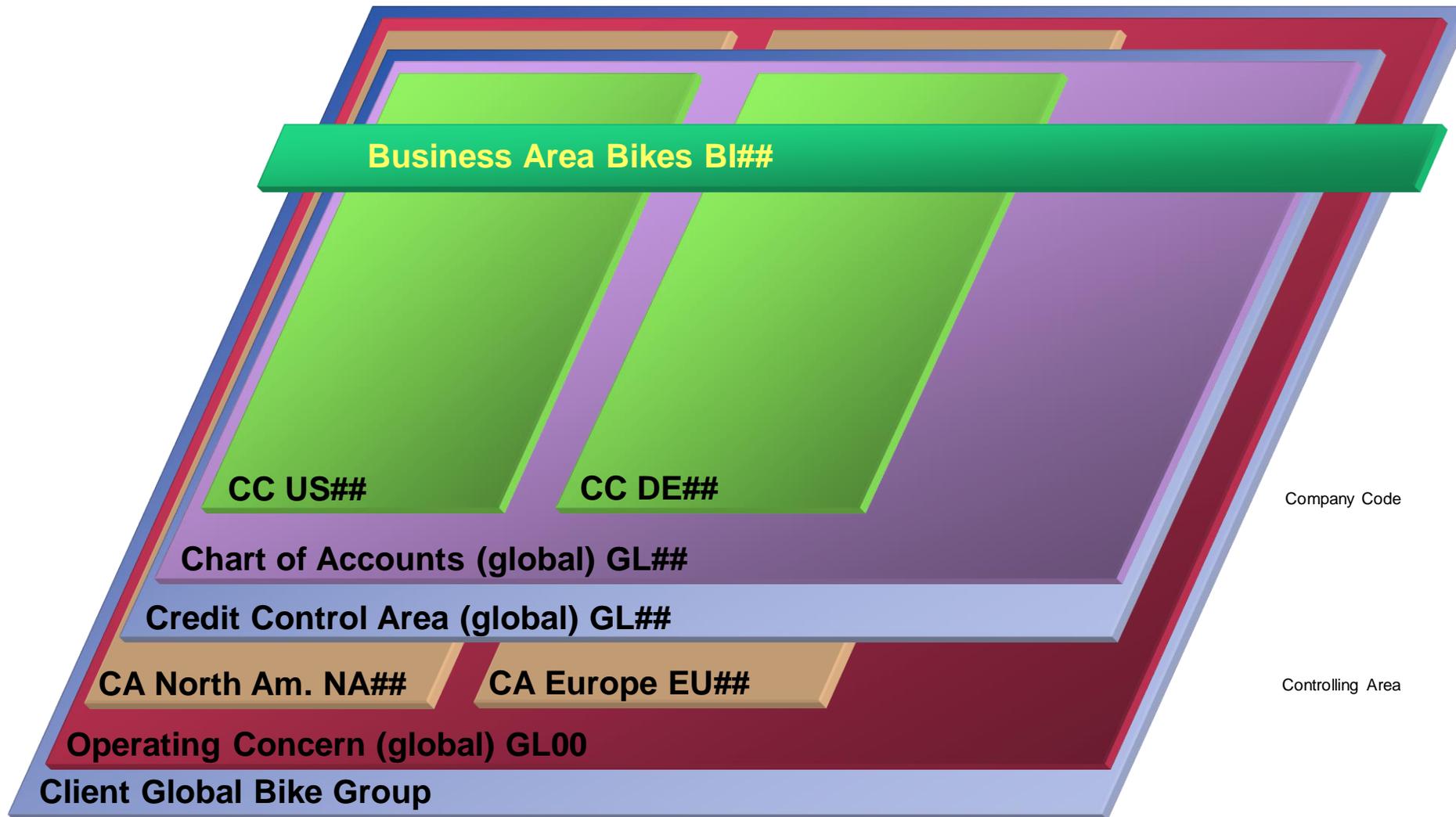


Operating Concern

- A representation of a part of an organization for which the sales market is structured in a uniform manner.
- By setting off the costs against the revenues, an operating profit can be calculated for the individual market segments that are defined by a combination of classifying characteristics (such as product group, customer group, country, or distribution channel). The market segments are called profitability segments.
- Relevant and used for profitability analysis.
- Several controlling areas can be assigned to an operating concern.
- In this context: global operating concern.
- Identified by a four-digit alphanumeric ID, e.g. GL00



Enterprise Structure SAP S/4HANA



[OPTIONAL] Handbook Tasks

- Operating concern (Global: **GL00**)
 - Technical reason for not using GL##
 - Operating concern is a **cross-client (SAP system-wide) change**
- Company code (US company: US##)
- Business area (Bikes: BI##)
- Chart of accounts (Global: GL##)
- Controlling area (North America: NA##)
- Credit control area (Global: GL##)

[OPTIONAL] Handbook Tasks

- Variant for posting periods.

- Field status variant and field status groups.

- Company code parameters:
 - Chart of accounts
 - Credit control area
 - Fiscal year variant:
 - Define accounting fiscal year
 - Create normal posting periods
 - Create special periods for adjustments

[OPTIONAL] Handbook Tasks

- Assign company code to controlling area.
- Assign controlling area to operating concern.
- Parameters for controlling area.
- Assign credit control area to company code.
- Initialize posting period.

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[OPTIONAL] Handbook Tasks

- Set up company code for payment transactions.

- Account groups:
 - Groups accounts with similar characteristics
 - Define number ranges
 - Define field status

- Number ranges for financial accounting.

- Number ranges for controlling.

- Tolerance groups.

Agenda

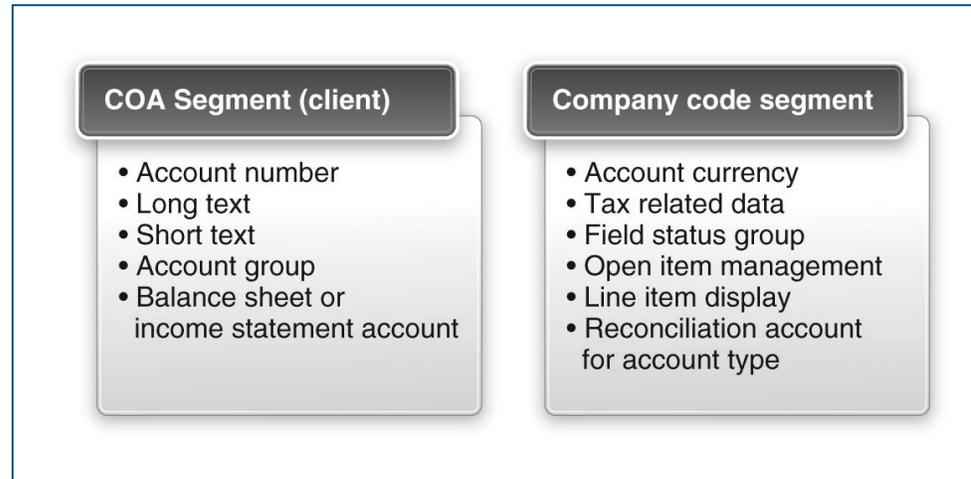
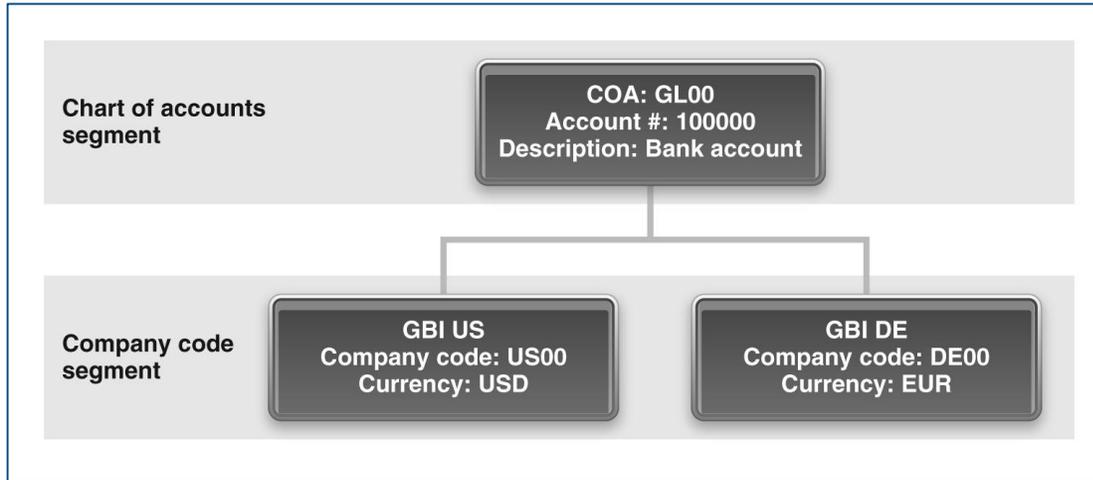


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General Ledger Accounts

- Used to record all accounting impact of business transactions.
- Data in general ledger accounts are segmented by organizational level:
 - Chart of Accounts (CoA) segment
 - Company code segment
 - General ledger = CoA data + company code data

General Ledger Accounts



Sub-ledger and Reconciliation Accounts

Subsidiary Ledgers

- Are not part of the general ledger.
- Used to separate accounting for customers, vendors, and assets

Sub ledger account	Reconciliation account
Customer	Accounts Receivable
Vendor	Accounts Payable
Asset (specific)	Assets

Reconciliation Accounts

- Are general ledger accounts
- Cannot be posted to directly
- Maintain the sum of the postings in sub-ledgers
- Are specified in the definition of the sub-ledger

Cost Center

- Location where costs are incurred:
 - Department, individuals, special projects
 - Examples
 - Copy center
 - Security department
 - IT Help desk
- Cost bucket used to accumulate costs:
 - Typically Overhead costs
 - Payroll
 - Rent
 - Utilities
- Responsible for cost containment
- Accumulated costs are then “charged” to other cost centers
- Many processes have “orders”:
 - Purchase orders, Production orders, Sales orders
 - Expenses can be charged to these orders
- Collectively objects that can absorb costs are called controlling objects

Standard (Cost Center) Hierarchy

	NA Internal Services	■	NA Int Se
	Administration and Financials		
	Administration		
0	NA Administrative Costs	■	NA Admin
	Human Resources		
	Procurement		
0	NA Procurement Costs	■	NA Proc I
	Marketing & Sales		
	Marketing		
0	NA Marketing Costs	■	NA Mark I
	Sales		
0	NA Sales Costs	■	NA Sales
	Global Sales		
0	NA Global Sales Costs	■	NA Glob S
	Operations		
	Research & Development		
0	NA Research and Developm...	■	NA R&D I
	Production		
0	NA Production Costs	■	NA Prod I
	Plant Maintenance		

Cost Elements

- Since SAP S/4HANA primary and secondary cost types are mapped via G/L accounts.
- The G/L accounts are therefore used for postings in Financial Accounting (FI) and Controlling (CO) at the same time.
- The postings to the G/L accounts of the cost elements can be used both in the context of business transactions in FI and for the purposes of internal cost allocation in CO.
- The distinction between primary and secondary costs is made on the basis of the cost type:

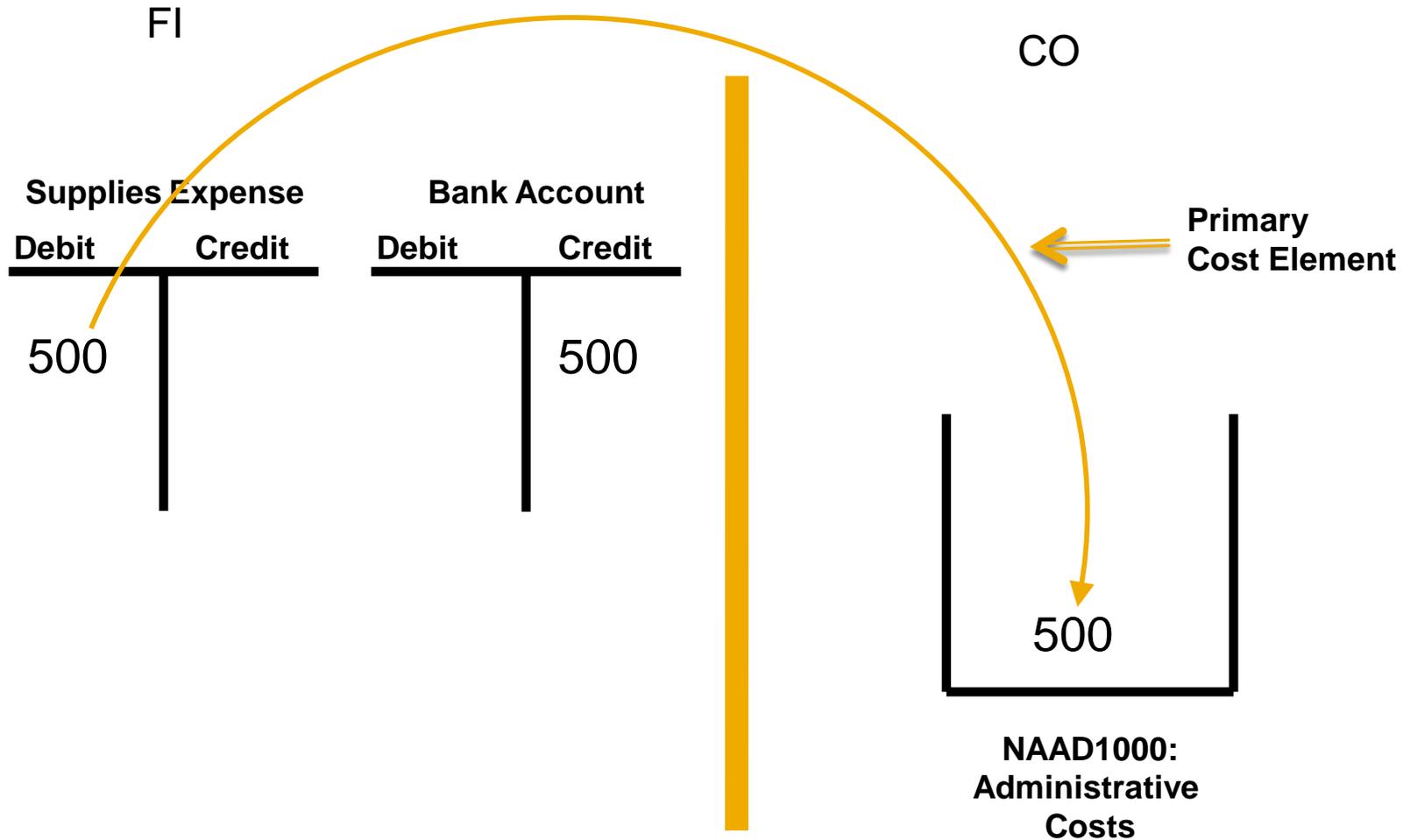
Primary cost types

- e.g. material costs, personnel costs, rental costs, energy costs

Secondary cost types

- Costs for internal cost allocation
- Imputed depreciation
- Imputed interest
- Allocation of administrative costs

Real-time integration between FI and CO



[OPTIONAL] Handbook Tasks

- General ledger accounts:
 - Balance sheet accounts
 - Income statement accounts
 - Reconciliation accounts
- Standard (cost center) hierarchy.
- Cost elements:
 - Primary cost elements
 - Secondary cost elements
- Cost center groups.
- Open posting period.

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Business Processes in Financial Accounting

- Recording of value flows (\$\$) as a result of other processes and transactions:
 - General Ledger Accounting (FI-GL)
 - G/L postings for rent, utilities, wages, etc.
 - Accounts Payable Accounting (FI-AP)
 - Part of the procurement process
 - Accounts Receivable Accounting (FI-AR)
 - Part of the fulfillment process
 - Asset Accounting (FI-AA)
 - Acquisition, depreciation, retirement

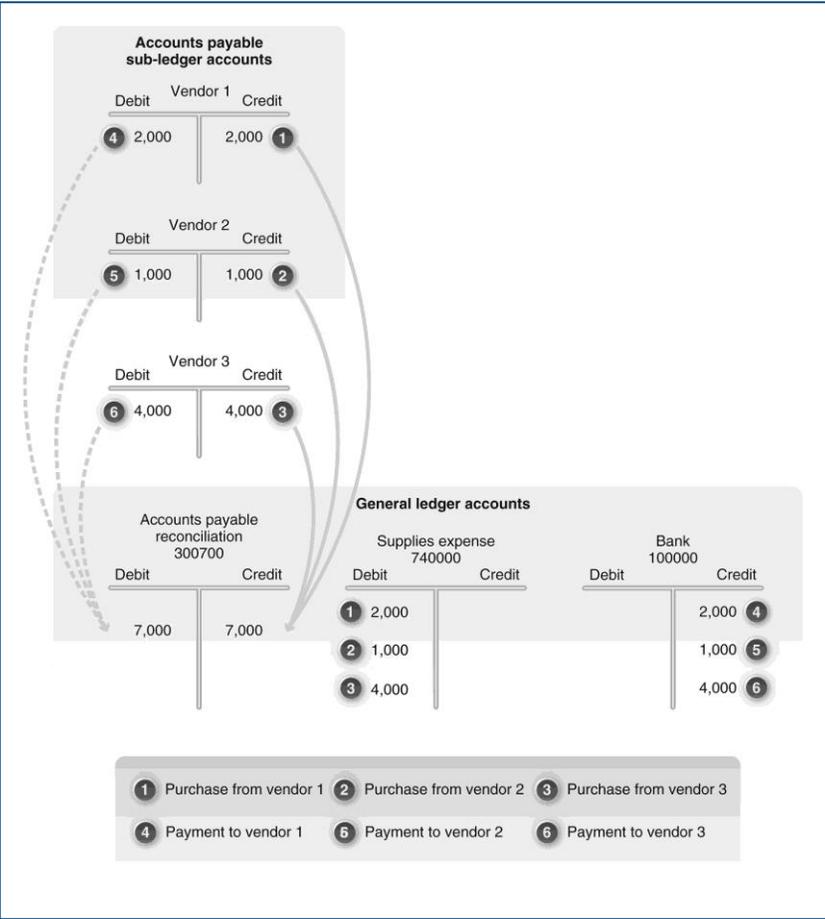
General Ledger Accounting

- Concerned with recording the financial impact of all process steps performed within the organization.
- Double-entry accounting is used for every transaction.

Accounts Payable Accounting

- Concerned with vendors.
- Involve sub-ledgers to track money owed to individual vendors: vendor master.
- Involve reconciliation accounts: Accounts payable-reconciliation.
Note A non-reconciliation AP account (payables-miscellaneous) also exists in GBI.
- Involves the GR/IR account (discussed in Phase III – Procurement).

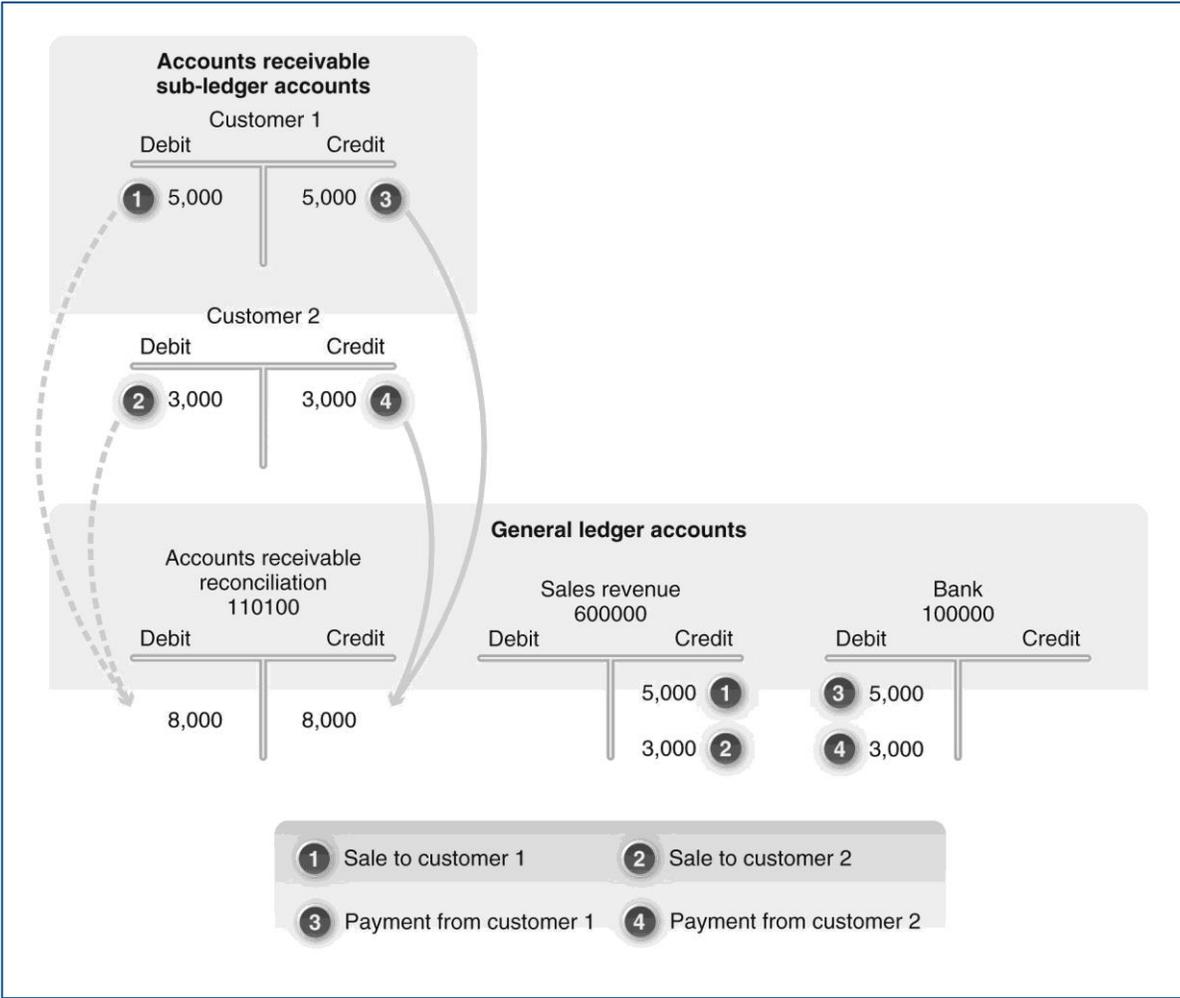
Accounts Payable Accounting



Accounts Receivable Accounting

- Concerned with customers.
- Involve sub-ledgers to track money owed by individual customers: customer master.
- Involves reconciliations accounts: Accounts receivable-reconciliation.
Note A non-reconciliation AR account (Misc AR) also exists in GBI.

Accounts Receivable Accounting



[OPTIONAL] Handbook Tasks

- Display General Ledger Accounts
- Display Balance I
- Enter General Ledger Account Posting
- Display Balance II