SAP ERP

Course Overview

- Introduction to SAP
- Navigation
- Introduction to GBI
- Sales & Distribution
- Materials Management
- Production Planning
- Financial Accounting
- Controlling
- Human Capital Management
- Warehouse Management
- Project System
SAP ERP

Unit Overview

- FI Organizational Structure
- FI Master Data
- FI Processes
- FI Reporting
- Audit Trails
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
SAP ERP

Target Audience

- Internal
  - Executives
  - Senior Management
  - Administrative Staff
  - Employees

- External
  - Legal Authorities
  - Banks
  - Auditors
  - Shareholders
  - Insurance
  - Taxing Authorities
  - Media
  - Financial Analysts
FI Organizational Structure

- Represents the legal and/or organizational views of an enterprise
- Forms a framework that supports the activities of a business in the manner desired by management
- Permits the accurate and organized collection of business information
- Supports the development and presentation of relevant information in order to enable and support business decisions
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
  - ...
**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.
GBI Enterprise Structure in SAP ERP (Accounting)

- Business Area – Bikes BI00
- Company Code
  - CC US00
  - CC CA00
  - CC DE00
  - CC GB00
  - CC AU00
  - CC JP00
- Chart of Accounts (global) GL00
- Credit Control Area (global) GL00
- Operating Concern (global) GL00
- Client GBI

- CA North Am. NA00
- CA Europe EU00
- CA Asia AS00

- Controlling Area (see Controlling unit)
- Operating Concern (see Controlling unit)
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.
Customer and Vendor Master Data
- Customer and vendor account balances are maintained in FI through fully integrated accounts receivable and accounts payable sub-modules.
- 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.
Accounts Receivable Sub-Module (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

**Accounts Receivable (General Ledger)**

- Customer 189: 100
- Customer 142: 300
- Customer 135: 400
- Customer 123: 150
- Total: 950
- **Accounts Payable Sub-Module (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.

**Diagram:**

- **Vendor 100234:** 200
- **Vendor 100435:** 250
- **Vendor 100621:** 100
- **Vendor 100846:** 300

**Accounts Payable (General Ledger):** 850
Posting a G/L Entry

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

- **Document Date**: 05/22/2010
- **Posting Date**: 05/22/2010
- **Reference**: 000
- **Doc.Header Text**: Transfer of Funds
- **Cross-CC no.**: 
- **Company Code**: US00, Global Bike Inc. Dallas

**Amount Information**
- **Total deb.**: 5,000.00 USD
- **Total cred.**: 5,000.00 USD

**2 Items (No entry variant selected)**

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- **Document 10000016 was posted in company code US00**
## G/L Account Summary

### G/L Account Balance Display

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<th>Cum. balance</th>
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<td>175.00</td>
<td>4,825.00</td>
<td>4,825.00</td>
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</tbody>
</table>
• 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
  - Assets = Liabilities + Equity
### Balance Sheet Example

**Assets**
- Cash: 1,000
- Accounts Receivable: 3,000
- Equipment: 500

**Total Assets**: 4,500

**Liabilities**
- Accounts Payable: 1,750
- Taxes Payable: 500

**Total Liabilities**: 2,250

**Equity**
- Common Stock: 2,000
- Retained Earnings: 250

**Total Equity**: 2,250

**Total Liabilities and Equity**: 4,500
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.
- Revenues - Expenses = Net Income
- **Income Statement Example**

**Revenue**

- Sales: 11,000
- Deductions: 750
- Total Revenue: 10,250

**Operating Expenses**

- Cost of Goods Sold: 4,500
- Operating Expenses: 3,750
- Total Expenses: 8,250

**Net Income Before Taxes**

- 2,000
- Taxes: 750
- Net Income: 1,250
- 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)
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.
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 the United States and in most other countries in the world.
SAP ERP  SAP FI Module

- 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)