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.

**Product**
SAP ERP
G.B.I.
Release 6.07

**Level**
Undergraduate
Graduate
Beginner

**Focus**
Financial Accounting

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**Version**
2.30

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**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.

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 Inc. (G.B.I.) data set, which has been created exclusively for SAP UA global curricula.
Process Overview

Learning Objective Understand and perform a financial process. Time 65 min

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)

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.
CASE STUDY

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)

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.

To create a new account, follow the menu path:

**Accounting ► Financial Accounting ► General Ledger ► Master Records ► G/L Accounts ► Individual Processing ► Centrally**

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.

Copy data from the Bank Account 100000 in Company Code US00 by choosing G/L account ► Create with reference and entering the necessary data. Compare with the screenshot below and confirm with ✅.

Enter Bank ### as Short Text and Bank Account ### as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on ✅ (Save).
Your screen should look similar to the one depicted below:

Confirm with ☑ and return to the SAP Easy Access screen using ☐.
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)

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.

To create a new account, follow the menu path:

**Accounting ► Financial Accounting ► General Ledger ► Master Records ► G/L Accounts ► Individual Processing ► Centrally**

In the following screen, enter **11###5** (replace ### with your assigned number) as your G/L Account number and **US00** as Company Code.

Copy data from the Bank Account **300000** in Company Code **US00** by choosing **G/L account ► Create with reference** and entering the necessary data. Confirm with ✅.

Enter **Payables-Misc ###** as Short Text and **Payables-Miscellaneous ###** as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on ✅ (Save).

Your screen should look similar to the one depicted below:

![Screen](image.png)

Confirm with ✅ and return to the SAP Easy Access screen using 🔄.
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)

To create a new account, follow the menu path:

- **Accounting ► Financial Accounting ► General Ledger ► Master Records ► G/L Accounts ► Individual Processing ► Centrally**

In the following screen, enter `75###5` (replace `###` with your assigned number) as your G/L Account number and `US00` as Company Code.

Copy data from the Bank Account `740300` in Company Code `US00` by choosing `G/L account ► Create with reference` and entering the necessary data. Confirm with ✅.

Enter **Rent Expense ###** as Short Text and **Rent Expense ###** as G/L Acct Long Text. Again, replace `###` with your assigned number. Then, click on ✅ (Save).

Confirm the following screen with ✅ and return to the SAP Easy Access screen using ✅.
Create Cost Element for Expense Account

Task Create Cost Element.  
Time 5 min

Short Description Create Cost Element for Expense Account

Name (Position) Silvia Cassano (Accounts Payable Specialist)

For every posting to an expense or revenue account in the General Ledger a corresponding primary cost element has to exist in Management Accounting.

To create a new cost element, follow the menu path:

Accounting ► Controlling ► Cost Element Accounting ► Master Data ► Cost Element ► Individual Processing ► Create Primary

When asked for the Controlling Area, enter NA00.

Enter 75###5 as Cost Element, choose the first of the current month as Valid From and enter Cost Element 740300 out of the NA00 Controlling Area under Reference. Compare with the screenshot below.

![Create Cost Element: Initial Screen](Attachment)

Proceed with ✔.

Enter Name Rent Expense ### and Rent Expense ## as Description.

Then, click on ✅ to save your cost element.

Return to the SAP Easy Access screen using 🏞️.
Create Vendor Master Record for Landlord

**Task** Create a new vendor master record.

**Time** 5 min

**Short Description** Create a new vendor for a landlord.

**Name (Position)** Silvia Cassano (Accounts Payable Specialist)

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**

In the following screen, leave Vendor blank, enter Company Code **US00**, and Account group **KRED**. Enter Vendor number **105###** (replace ### with your assigned number) and Company Code **US00** in the Reference field.

```
<table>
<thead>
<tr>
<th>Vendor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Code</td>
<td>US00</td>
</tr>
<tr>
<td>Account group</td>
<td>KRED</td>
</tr>
<tr>
<td>Reference</td>
<td></td>
</tr>
<tr>
<td>Vendor</td>
<td>105###</td>
</tr>
<tr>
<td>Company code</td>
<td>US00</td>
</tr>
<tr>
<td></td>
<td>Global Elke Inc.</td>
</tr>
</tbody>
</table>
```

Then, click on ☑.

In the Create Vendor: Address view, enter **Cardinal Properties ###** as Name, Search term ###, Postal code **55347**, City **Eden Prairie**, Country **US**, Region **MN** under Street Address. Make sure English is selected as language and click on ☑ three times.

In the Create Vendor: Accounting information Account view, enter your Recon. Account **11###5** under Accounting Information. Then, click on ☑.

In the Create Vendor: Payment transactions Accounting view, enter Payt Terms **0001**, and select **Chk double inv**. Then, click on ☑ (Save).

Click on the exit icon 🛡️ to return to the SAP Easy Access screen.
CASE STUDY

Post Transfer of Funds to Alternate Bank Account

Exercise  Transfer funds to Alternate Bank Account.  
Time  10 min

Task  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)

To do this, follow the menu path:

**Accounting ► Financial Accounting ► General Ledger ► Document Entry ► Enter G/L Account Document**

If Company Code **US00** is not displayed use the Menu Entry **Edit ► Change company code (F7)** to select your US GBI company. In the Document Date field, use F4 and Enter to select **today’s date** and choose **USD** as Currency. As Reference, enter your three-digit number (###) and as Doc. Header Text **Transfer of Funds**.

![Enter G/L Account Document: Company Code](image)

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.

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.

Then click on (Enter).
Use the button to see if the postings are correct.

Click on (Back) once and accept any warning messages with Enter.

Then, click on (Post). The system will create a unique G/L account document number.

Click on the exit icon and acknowledge the warning message by choosing YES – there will be no data lost. This brings you back to the SAP Easy Access menu.
CASE STUDY

Review Transfer of Funds

**Exercise** Display a G/L account document. **Time** 10 min

**Task** Use the SAP Easy Access Menu to display the G/L account document you have just created.

**Name (Position)** Clayton Bartolome  (Fixed Assets Accountant)

To display a G/L account document, follow the menu path:

- Accounting ► Financial Accounting ► General Ledger ► Document ► Display

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.

![Document List](image)

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 the exit icon to go back to the SAP Easy Access menu.
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)

To create a invoice receipt, follow the menu path:

- **Accounting** ▶ **Financial accounting** ▶ **Accounts Payable** ▶ **Document entry** ▶ **Invoice**

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.

If your company code did not default in, select the following system menu entry: **Edit** ▶ **Set Company Code**

Then, enter your company code.

Enter your Expense Account **75###5**, 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, click on [Simulate].

Use the [Simulate] button to see if the postings are correct.

<table>
<thead>
<tr>
<th>Doc. Type</th>
<th>FK (Vendor Invoice)</th>
<th>Normal document</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doc. Number</td>
<td>07/31/2013</td>
<td>Posting Date 07/31/2013</td>
</tr>
<tr>
<td>Company Code</td>
<td>US00</td>
<td>Fiscal Year 2013</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Account</th>
<th>Account short text</th>
<th>Assignment</th>
<th>FK</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>81</td>
<td>125002 Cardinal Properties</td>
<td></td>
<td></td>
<td>1,500.00</td>
</tr>
<tr>
<td>2</td>
<td>750000</td>
<td>Rent Expense 000</td>
<td></td>
<td></td>
<td>1,500.00</td>
</tr>
</tbody>
</table>

Click on [Simulate] to save your invoice receipt.

Click on the exit icon [Exit] to return to the SAP Easy Access screen. Confirm the warning with a click on yes.
Display and Review General Ledger Account Balances and Individual Line Items

**Task** Display and review general ledger account balances.  
**Time** 5 min

**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)

To display ledger account balances, follow the menu path:

- **Accounting ► Financial accounting ► General ledger ► Account ► Display Balances (New)**

Enter Account number from **750005** to **759995**, Company Code **US00**, and the current year as Fiscal Year. Then, click on to display balances.

Double click on 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 clicking on , select the rows shown in the picture below and click on .
Confirm the layout change with ENTER or Copy. The screen should look similar to the one depicted below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Assignment</th>
<th>DocumentNo</th>
<th>Bank Tip</th>
<th>Doc. Date</th>
<th>Amount in local cur.</th>
<th>Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20130000</td>
<td>7900000001</td>
<td>E2020</td>
<td>08/01/2013</td>
<td>1,500.00</td>
<td>USD</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>08/01/2013</td>
<td>1,500.00</td>
<td>USD</td>
</tr>
<tr>
<td>**</td>
<td></td>
<td>75086001</td>
<td></td>
<td>08/01/2013</td>
<td>1,500.00</td>
<td>USD</td>
</tr>
</tbody>
</table>

Review the entries of your document. To do so, click in the line with your invoice and press ⬅️.

Keep clicking on the exit icon 🙈 until you return to the SAP Easy Access screen.
Display and Review Accounts Payable Balances and Individual Line Items

**Task** Display and review Accounts Payable balances and individual line items. **Time** 5 min

**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)

To display Accounts Payable balances, follow the menu path:

**Menu path**

Accounting ► Financial accounting ► Accounts payable ► Account ► Display balances

Enter your **vendor number** for Cardinal Properties, Company code **US00**, and the **current year** as Fiscal Year. Then, click on  to display balances.

Double click on month balance to see line items.

<table>
<thead>
<tr>
<th>St Type</th>
<th>Doc. Date</th>
<th>Net due dt</th>
<th>Clearing</th>
<th>Amount in local cur.</th>
<th>DLcurr</th>
<th>DocumentNo</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔ FR</td>
<td>08/03/2012</td>
<td>09/03/2012</td>
<td></td>
<td>$1,500.00</td>
<td>USD</td>
<td>19000000000</td>
</tr>
</tbody>
</table>

You can see that the document status is open, meaning your vendor has not been paid yet.

Click on the exit icon  to return to the SAP Easy Access screen.
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)

To issue a payment, follow the menu path:

**Menu path**

Accounting ► Financial accounting ► Accounts payable ► Document entry ► Outgoing payment ► Post

Enter current date as Document Date, your Bank Account 10###5, Amount 1500, and Invoice HR-### as text.

Under Open items selection, enter your vendor number for Cardinal Properties (use the F4 help if necessary) and leave all other settings unchanged.

Select Process open items and review the line item information.

When assignment has been made correctly the ‘Not assigned’ value on the bottom should equal $0.00.

| Amount entered | 1,500.00 |
| Assigned       | 1,500.00 |
| Difference postings |          |
| Not assigned   | 0.00     |

Click on to save your payment.

Click on the exit icon to return to the SAP Easy Access screen. Confirm the warning with a click on yes.
Display and Review General Ledger Account Balances and Individual Line Items

**Task** Display and review General Ledger account balances.  
**Time** 5 min

**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)

To display G/L account balances, follow the menu path:

`Accounting ➤ Financial accounting ➤ General ledger ➤ Account ➤ Display Balances (New)`

Enter your Account number **10###5**, Company Code **US00**, and the **current year** as Fiscal Year. Then, click on 📊.

Verify details of Document #, Type, Amount and Comments. Double click on month balance to see line items.

<table>
<thead>
<tr>
<th>G/L Account Line Item Display G/L View</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G/L Account</strong></td>
</tr>
<tr>
<td><strong>Company Code</strong></td>
</tr>
<tr>
<td><strong>Ledger</strong></td>
</tr>
<tr>
<td><strong>St</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Click on the exit icon 🕒 to return to the SAP Easy Access screen.
Display and Review Accounts Payable Balances and Individual Line Items

**Task** Display and review Accounts Payable balances. **Time** 5 min

**Short Description** Display and confirm the activity and associated balance for the Accounts Payable for Cardinal Properties.

**Name (Position)** Silvia Cassano (Accounts Payable Specialist)

To display Accounts Payable balances, follow the menu path:

**Accounting ► Financial accounting ► Accounts payable ► Account ► Display/Change line items**

Enter your vendor number using the F4 help with search term ###, Company code **US00**, and select all items. Then, click on 📊.

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 the exit icon 🎧 to return to the SAP Easy Access screen.
**Run Financial Statement**

**Task** Use the SAP menu to run a trial financial statement.

**Time** 5 min

**Short Description** Run a trial financial statement.

**Name (Position)** Shuyuan Chen (Chief Accountant)

To view a balance sheet, follow the menu path:


Enter Chart of accounts **GL00**, Company code **US00**, Financial statement Version **G###**, and the current year as Reporting year. Choose ALV tree control with the layout **1SAP** for the list output.

Then, click on \( \text{ } \).
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 the exit icon to return to the SAP Easy Access screen.