

Reading Sample

In this chapter excerpt, you'll learn how to perform your key accounts payable tasks. After an overview of the purchase-to-pay process, you'll walk through vendor accounts and invoices and see how to make manual and automatic outgoing payments.

-  **"Accounts Payable"**
-  **Contents**
-  **Index**
-  **The Authors**

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Chapter 4

Accounts Payable

Accounts payable is the accounting part of the purchase-to-pay process. Ideally, every acquisition results in a vendor invoice and a payment. The accounts payable ledger in SAP S/4HANA is where all vendor accounts are managed. In this chapter, we'll cover the most important areas of accounts payable, from the purchase-to-pay process through reporting.

Accounts payable in SAP S/4HANA is where you manage and record accounting data for all the vendors with whom your company procures goods and services. From the basis of a purchase order and a goods receipt, you record supplier invoices, perform and approve payment for any purchases, clear the open items in the payable accounts, and process any kind of correction, valuation, and adjustment postings. As you've already learned in Chapter 3, transactions performed in accounts payable are directly reflected in the general ledger. Every posting performed in accounts payable generates an entry in this way on the respective general ledger accounts, which ensures that accounts payable reconciles with general ledger at all times. This real-time updating is possible through the settings in accounts payable and general ledger account master data when the accounts are created. Furthermore, the system provides you with balances and open items reports in accounts payable to track the outstanding payments and balances of all vendors.

Starting from the master data setup of vendor accounts, this chapter shows you how to record vendor invoices and trigger payments, as well as deal with special cases such as credit memos and down payment processing. The chapter ends by discussing the closing process followed by reporting functionalities.

Let's start by discussing the procure-to-pay process in the business context before diving deeper into accounts payable.

4.1 Purchase-to-Pay

The procurement process in SAP S/4HANA is triggered when the company needs to purchase goods or services from a vendor of your company. Accounts payable in the purchase-to-pay process is touched by the end of the process when it comes to recording invoices and paying bills.

In SAP S/4HANA, the purchase-to-pay process comprises all the business tasks, starting from a purchase requisition and ending with the payment to the vendor. Following are the basic process activities:

1. Prepare a purchase requisition.
2. Prepare a purchase order.
3. Receive goods delivery and perform inventory management.
4. Post a goods receipt.
5. Perform invoice verification for the acceptance of goods inspection.
6. Enable and issue the payment.

You'll learn how to process each of these steps in SAP S/4HANA in the following sections.

4.1.1 Purchase Requisition

The purchase-to-pay business process begins with the creation of a purchase requisition. Generally, every procurement in any organization has requirements gathering as a starting point. As soon as the requirements are collected, the next step is to inform the purchasing organization.

Note

The purchasing organization is an SAP technical term. From a business perspective, it's the purchasing department at the headquarters, subsidiary, branch office, or plant.

The vehicle to document the collected requirements and needs for any department of your company is a *purchase requisition*. Therefore, a purchase requisition is an internal request for purchasing activities in the form of a document listing the specific requirements for materials or services. Don't consider purchase requisitions as orders to directly buy goods, materials, or services from a vendor; instead, this is an internal request that remains within your company.

When a purchasing requisition is created, it needs approval from the purchasing organization. After approval, purchase requisitions can only be modified to a limited extent.

Depending on the company's procurement process, there are certain types of procurement for which a purchase requisition can be created:

- **S: Standard**
The company gets the finished materials from the vendor.
- **L: Subcontracting**
The company provides the raw material to the vendor and gets the finished material.

- **K: Consignment**
The company procures the materials, which are then stored in its warehouse, and pays the vendor for that.
- **U: Stock transfer**
The material is taken from the organization internally.
- **S: Third party**
The company pays an external third party for the service it provides.

Now that you have an overview of the purchase requisition document, you can follow application menu path **Logistics • Materials Management • Purchasing • Purchasing Requisition • Create**, or use Transaction ME51N.

On the SAP menu screen, you can execute one of the listed functions: **Create**, **Edit**, or **Display** purchase requisition. You're creating a purchase requisition in this example, so click the **Create** button to open the **Create Purchase Requisition** screen, as shown in Figure 4.1.

Fill in all the required fields, such as **Item** number, **Material** number (from the material master), material **Quantity**, **Delivery Date**, and **Plant**. The **Material Data** tab gets filled in automatically as soon as you enter a valid and existing material number in the **Material** field.

To complete the purchase requisition, enter a valuation price in the **Valuation** tab. This valuation price reflects the estimated purchase price. For an accountant, it's important to know that SAP S/4HANA will post the goods receipt to an inventory account based on the entered purchase price.

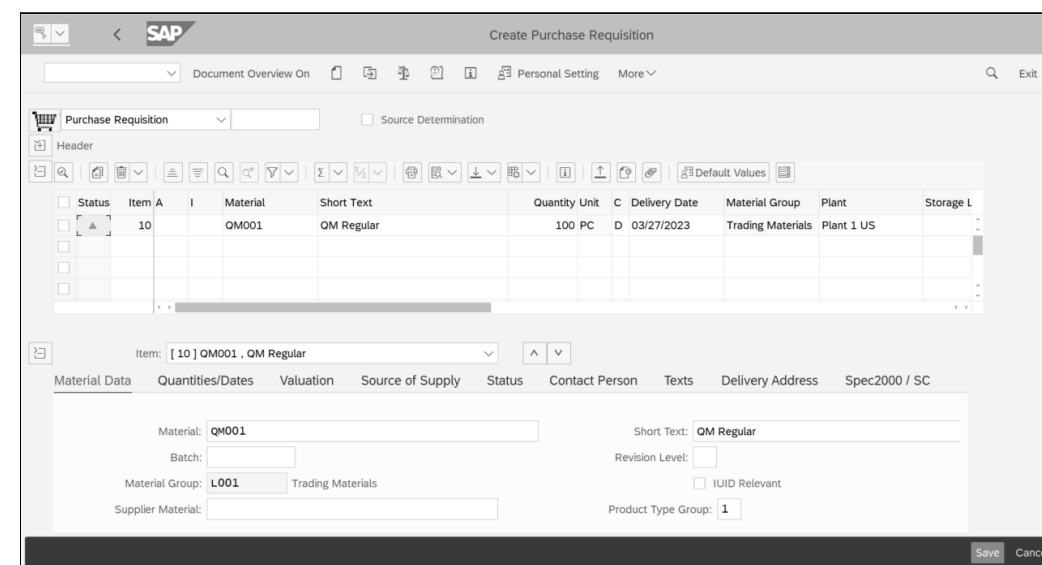


Figure 4.1 Create Purchase Requisition Screen

After you've entered the required details, click the **Save** button. You'll receive the **A new Purchase Requisition has been created** message notification.

To view a purchase requisition, click on **Display** from the application menu path, or use Transaction ME53N. The **Display Purchase Req** screen shows you the latest opened purchase requisition.

To see any other purchase requisition, click **More • Purchase Requisition • Other Requisition** from the menu bar, or use the **[Shift] + [F5]** shortcut keys. In the **Select Document** popup window that appears, enter the purchase requisition number, and click the **Other Document** button.

In Figure 4.2, you can see all the details of the purchase requisition you're looking for. You can go through different tabs as well, such as **Material Data**, **Quantities/Dates**, **Valuation**, **Account Assignment**, and so on.

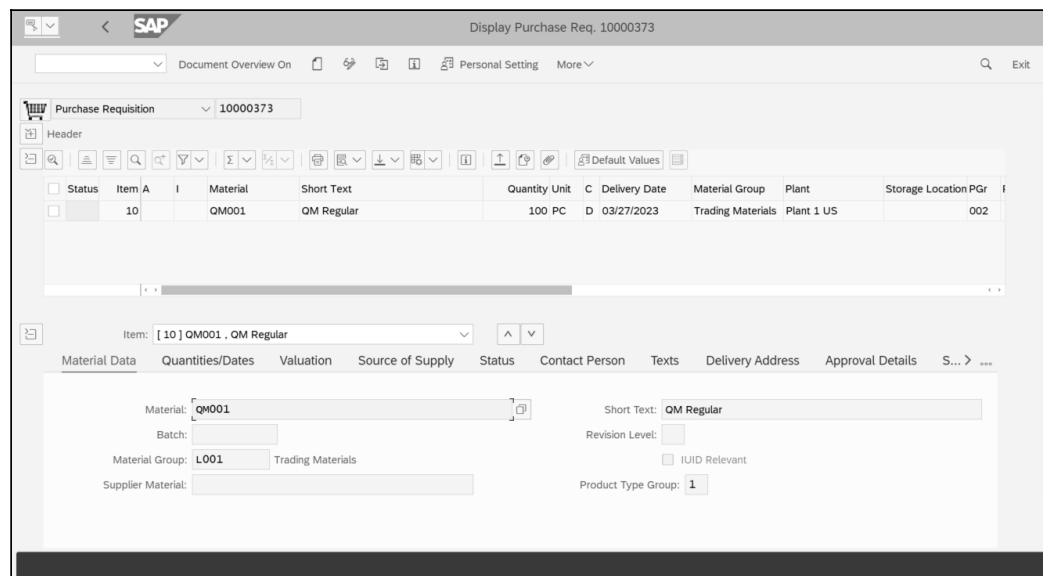


Figure 4.2 Displaying Purchase Requisitions

SAP Fiori App

The corresponding SAP Fiori app is called Create Purchase Requisition (F1643). In Figure 4.3, you can see the screen of the purchase requisition in SAP Fiori. You need to click on the **Create Item** button, and another screen with the same name appears, as shown in Figure 4.4.

After you fill in the required fields (**Material**, **Valuation Price**, **Price Unit**, **Quantity Requested**, and **Delivery Date**), you can click on **Add to Cart** to save the newly created item.

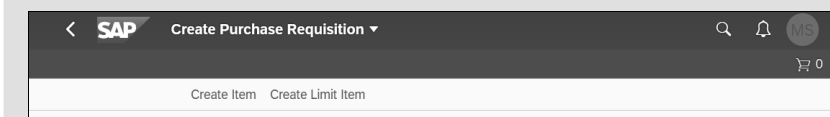


Figure 4.3 Create Purchase Requisition App in SAP Fiori

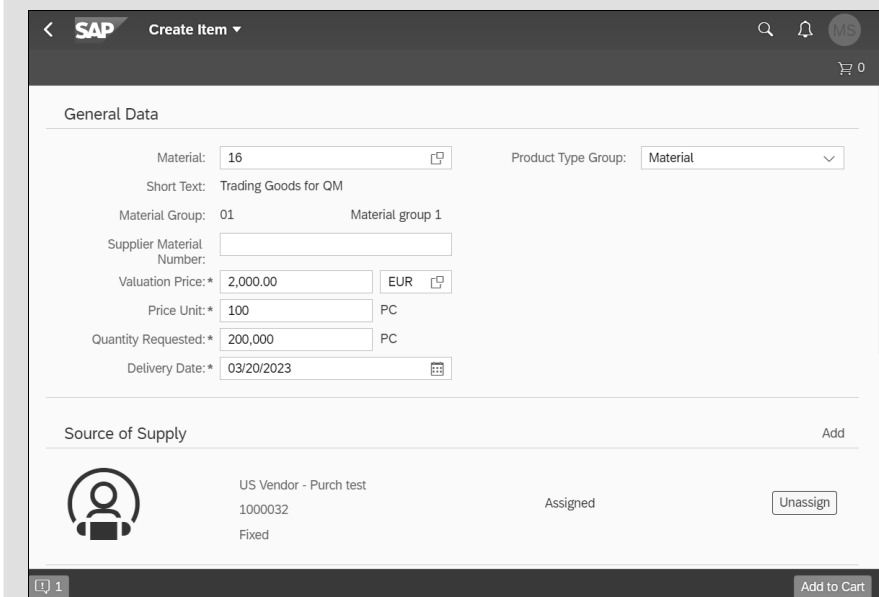


Figure 4.4 Create Item Screen for Purchase Requisitions in SAP Fiori

4.1.2 Purchase Order

Unlike purchase requisitions, which are internal requests in your company, the *purchase order* is a document addressed to a vendor. This request form is delivered from the purchasing company to a defined vendor to provide certain products, goods, or services in a specified quantity and on a specific delivery date. When you initiate the creation of a purchase order, you can refer to the previously created purchase requisition. In this section, we'll walk through both creating and displaying a purchase order.

Create a Purchase Order

To create a purchase order, you can follow application menu path **Logistics • Materials Management • Purchasing • Purchase Order • Create**. In this menu path, you can select one of the following possible options to create a purchase order:

- **Vendor/Supplying Plant Known (Transaction ME21N)**

If you know both the vendor from whom you're buying the material and the plant for which you're performing the goods provisioning, you use this transaction.

■ Via Requisition Assignment List (Transaction ME58)

If a purchase requisition exists, you can derive your purchase order from an existing purchase requisition.

■ Automatically via Purchase Requisitions (Transaction ME59N)

In the best case, the purchase requisition already contains all the necessary information, so you can convert the purchase requisition into a purchase order automatically via this transaction.

There's also another option to create or display an extended purchase order. Let's consider an example of how to create a purchase order when using the **Vendor/Supplying Plant Known** option. Double-click Transaction ME21N to open the **Create Purchase Order** screen, as shown in Figure 4.5.

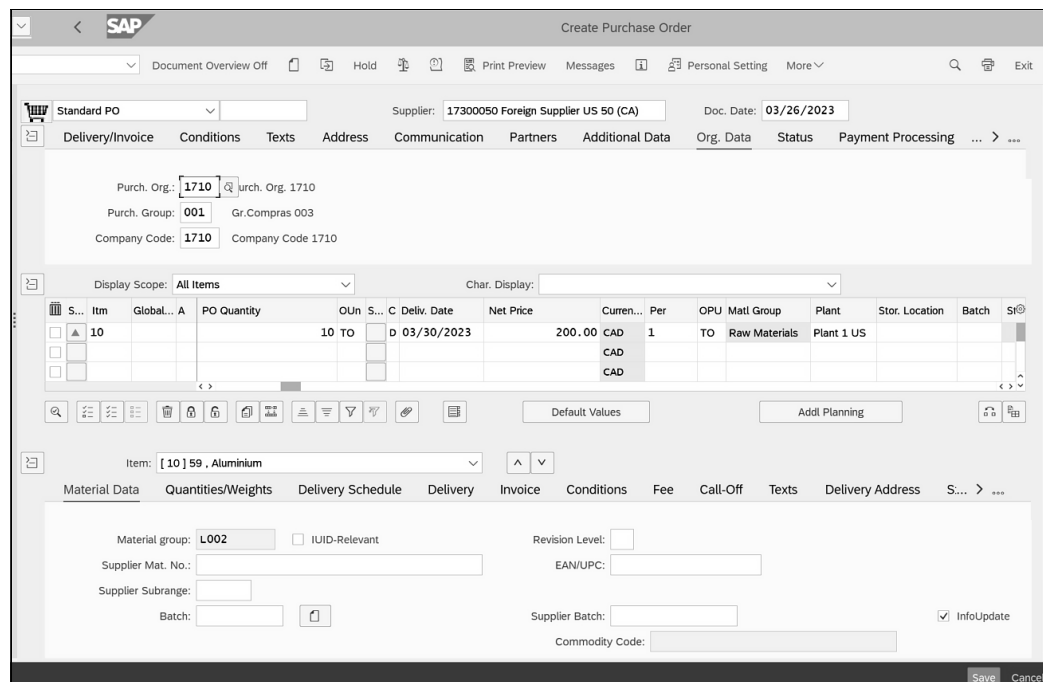


Figure 4.5 Creating a Purchase Order Using Transaction ME21N

Enter the vendor (supplier) number of the **Supplier** from which you want to order the items shown in the lines at the bottom of the screen. The **Doc. Date** is prepopulated by the current date.

On the **Org. Data** tab, choose the plant to be provisioned (**Purch. Org**), **Purch. Group**, and **Company Code**. The other fields aren't required but should be filled in as well, if applicable.

At the bottom of the screen, enter the **Itm** (item) number, **Material**, **PO Quantity**, and **Net Price**. After you've filled in all the required entry fields, click **Save**. The **Material** group, purchase order unit of measure (**OUn**), and order price unit (**OPU**) fields will be populated automatically after you save the purchase order.

Display a Purchase Order

To see a purchase order, click on **ME23N – Display** from the application menu path. In the **Standard PO** screen that appears, as in the purchase requisition example, choose **More • Purchase Order • Other Purchase Order** from the menu bar, or use the **[Shift] + [F5]** shortcut. In the **Select Document** screen, enter the purchase order number, and then click **Other Document**.

In the lower part of Figure 4.6, you can see all the details of a purchase order by going through different tabs such as **Material Data**, **Quantities/Weights**, **Delivery Schedule**, **Invoice**, **Delivery Address**, and so on.

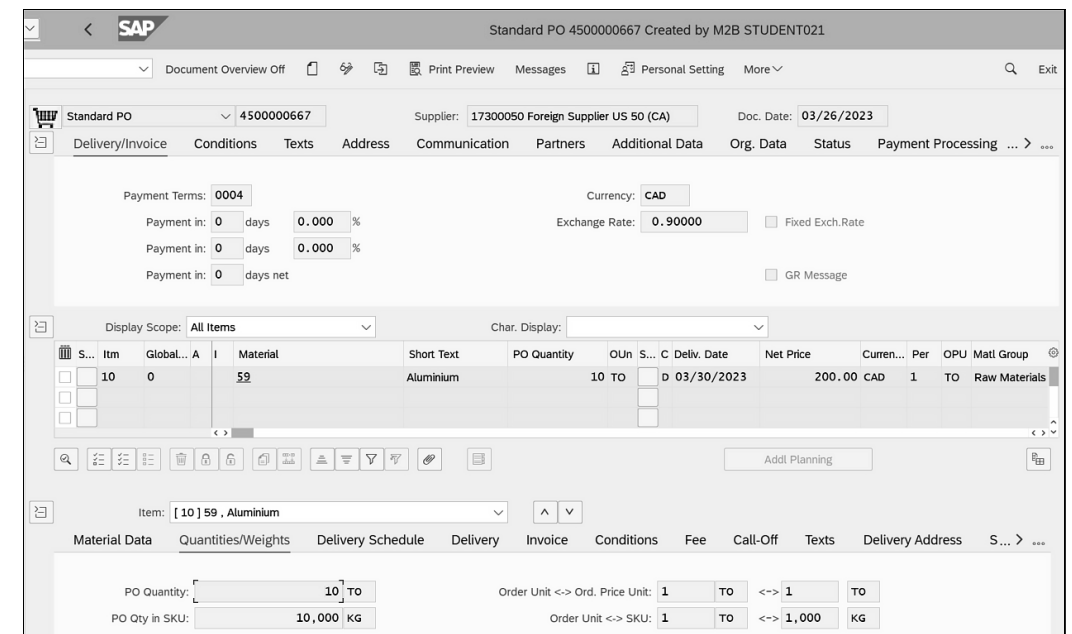


Figure 4.6 Displaying a Purchase Order

SAP Fiori App

The corresponding SAP Fiori app is called **Create Purchase Order Advanced (ME21N)**. It's visually and functionally the same as the SAP GUI transaction.

Now that you understand how to create and proceed with a purchase order, let's follow the workflow with the goods receipt process.

4.1.3 Goods Receipt

In the purchasing process, the next step after you've created a purchase order is to receive the goods or the services you've already ordered. A *goods receipt* refers to receiving the goods or materials physically from the external vendor or supplier to the warehouse of the purchaser. In SAP S/4HANA, there are four different types of goods receipts:

- **Goods receipt with reference to a purchase order**
You've already generated a purchase order in the system. The goods receipt can then be matched with the data of the purchase order.
- **Goods receipt with reference to a production order**
A production order is open that requires a goods receipt.
- **Goods receipt with reference to a delivery**
This type of goods receipt is often used with an intercompany stock transfer.
- **Goods receipt without reference**
Goods can be received without a reference. This may happen if SAP isn't used as the order system, or orders are made through emails, external portals, or even through calls.

To create a goods receipt, you need to execute Transaction MIGO or follow application menu path **Logistics • Materials Management • Inventory Management • Material Document • Display, Change, Copy, Cancel, Subsequent Delivery**. You'll arrive at the screen shown in Figure 4.7.

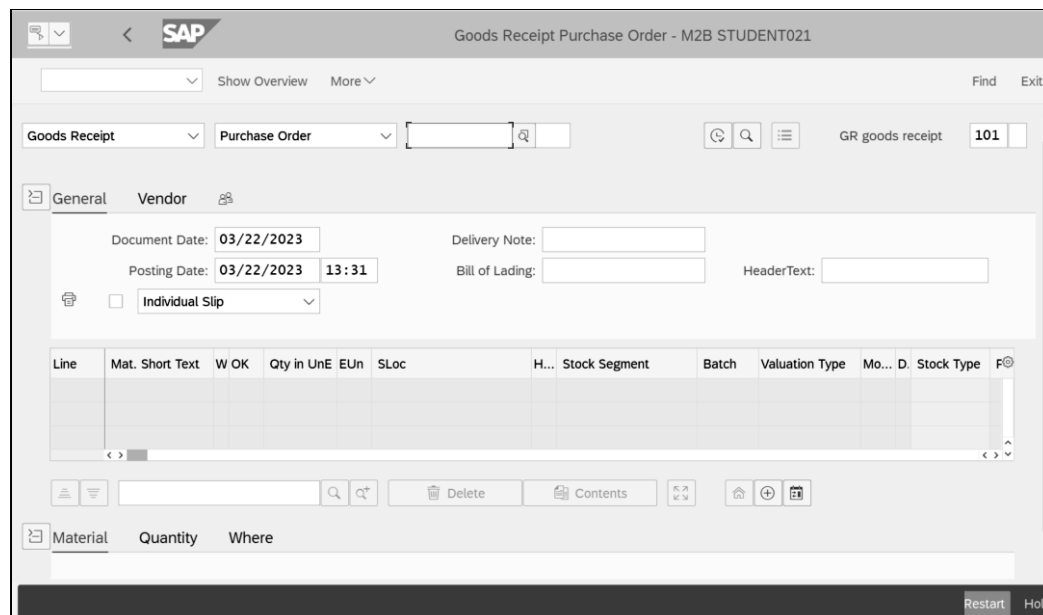


Figure 4.7 Goods Receipt

You just have to enter a purchase order number, which hasn't yet been delivered, next to the **Purchase Order** field (for this example, "4500000668"), and press **Enter**. All fields will be automatically filled in with information from the purchase order, as shown in Figure 4.8.

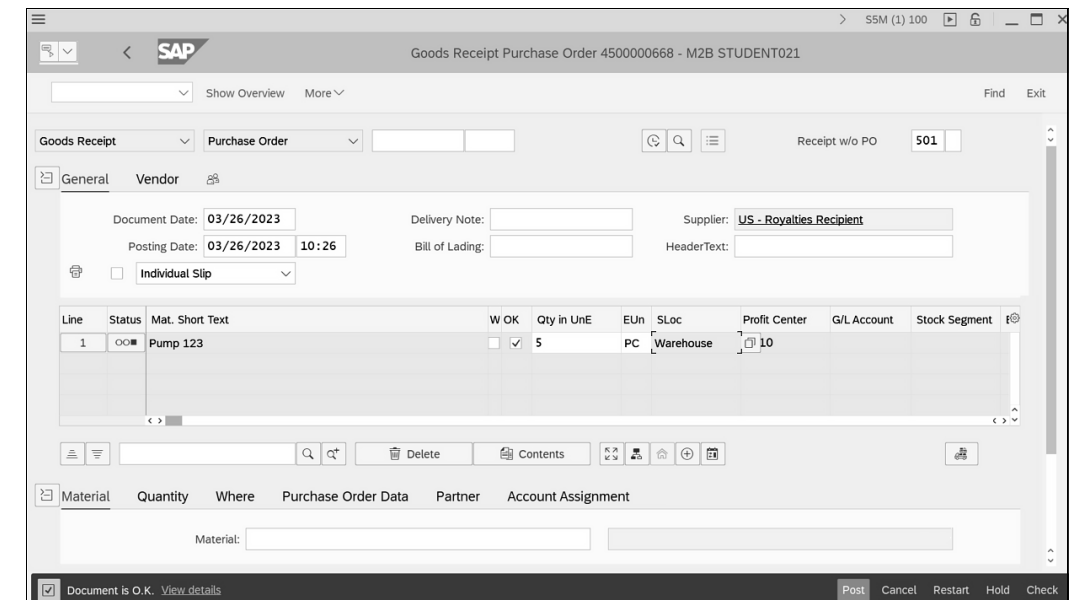


Figure 4.8 Goods Receipt from Purchase Order 4500000668

After reviewing all the entries and double-checking the received quantities, you just need to select the checkbox in the **OK** column and click the **Post** button to post the goods receipt.

SAP Fiori App

The corresponding SAP Fiori app is called Post Goods Receipt for Purchase Order (F0843). In Figure 4.9, you can see the mentioned app in SAP Fiori. You're asked to enter the purchase order number, supplier, plant or a plant name, and then press the **Enter** key.

In the **Purchase Order** field, enter the purchase order number for which you want to confirm and post the goods receipt. In the screen that appears, all fields are filled in from the purchase order you refer to (see Figure 4.10). Click the **Post** button at the bottom of the screen to finish the transaction.

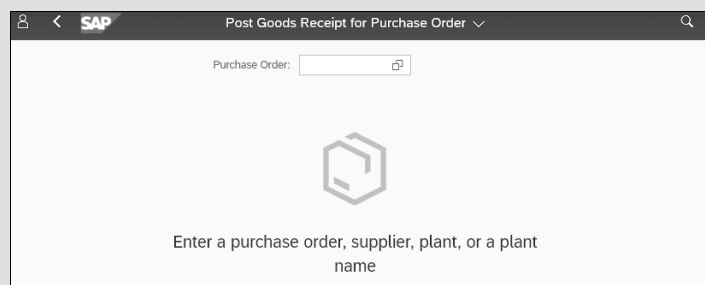


Figure 4.9 Post Goods Receipt for Purchase Order App in SAP Fiori

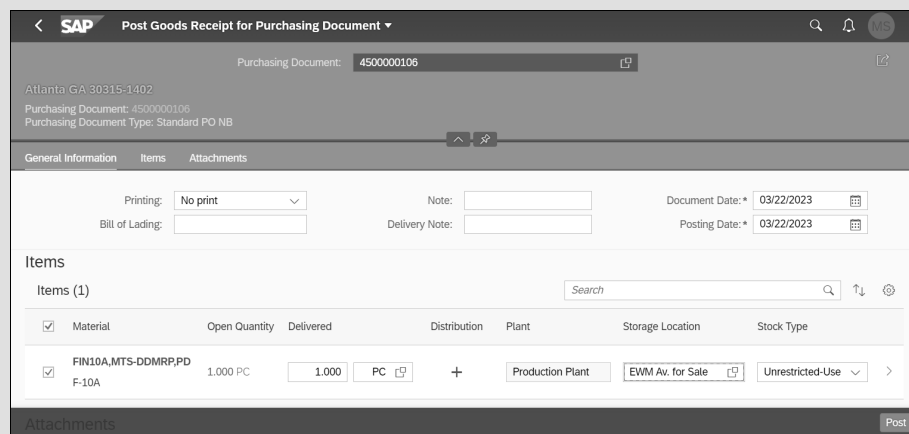


Figure 4.10 Posting Goods Receipt in SAP Fiori

This posting is the first one in the purchase-to-pay process that touches the general ledger. The goods receipt is usually posted on an inventory account. The counter account according to the standard SAP process is the goods receipt/invoice receipt account (GR/IR). The accounting entry is “debit inventory account credit GR/IR account.”

In the next section, we’ll explain how to process an invoice receipt subsequently to a goods receipt.

4.1.4 Invoice Receipt

Regularly, a supplier invoice (*invoice receipt*) follows a goods receipt and is therefore a subsequent document in the purchase-to-pay process. However, sometimes you first receive the supplier invoice before you receive the ordered material. This may happen, for example, when the shipping of goods takes a long journey by ship across the globe. Regardless, as long as you have a corresponding purchase order in the system, you’ll have a unique reference through the process flow.

A supplier invoice is posted as follows: debit GR/IR account, credit supplier account. After performing this accounting entry, the GR/IR account relating to this purchase is balanced

to zero. The GR/IR account therefore is a clearing account. On the debit side of the GR/IR account, all goods receipts are posted; on the credit side, invoices are posted. Ideally, an invoice (more specifically, invoice item lines) matches a goods receipt (more specifically, goods receipt item lines), and they can be cleared against each other. Uncleared items (e.g., a goods receipt without an invoice or vice versa) will remain sitting uncleared on the GR/IR account. A view into the GR/IR account will show all uncleared items. Clearing problems can also derive from differences in prices and quantities between goods receipts and invoice receipts. Therefore, someone has to review this account on a regular basis, which would be a very good internal control in the purchase process.

Now, let’s walk through how to create an invoice receipt and perform recurring checks on a specific invoice receipt.

Create an Invoice Receipt

To create an invoice receipt in the system, you can use Transaction MIRO, or you can follow application menu path **Logistics • Materials Management • Logistic Invoice Verification • Document Entry • Enter Invoice**. In the **Enter Incoming Invoice** screen, as shown in Figure 4.11, fill in the required data, such as **Invoice date**, **Posting Date**, and **Reference** (usually the document number of the supplier invoice).

Enter the purchase order number next to the **Purchase Order/Scheduling Agreement** field, and press **Enter**. The system retrieves the information from the purchase order and the goods receipt, and the line in the **PO Reference** tab is filled, as shown in Figure 4.11.

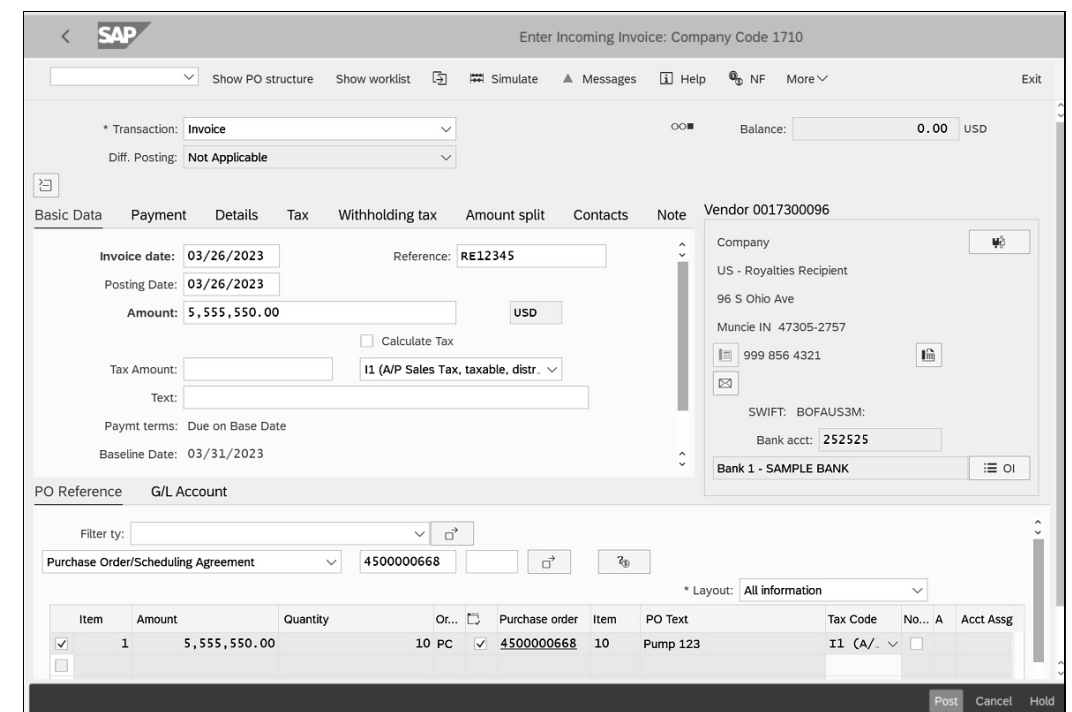


Figure 4.11 Invoice Verification before Posting

Now you can verify the amount and compare it with the supplier invoice. If the amount on the supplier invoice is the same, just enter the amount in the **Amount** field in the **Basic Data** tab, check the **OK** box (next to the **PC** value) in the purchase order line, and press **Enter**. The traffic light next to the balance will turn green, and the invoice is ready to post.

Click the **Post** button to do so (see Figure 4.12).

Figure 4.12 Supplier Invoice: Ready to Post

SAP Fiori App

The corresponding SAP Fiori app is called Create Supplier Invoice/Create Supplier Invoice Advanced (MIRO). It's visually and functionally the same as the SAP GUI transaction.

Now if you want to see the document flow from the purchase order to the goods receipt to the supplier invoice, you can, for instance, display the generated invoice by following application menu path **Logistics • Materials Management • Logistic Invoice Verification • Further Processing • Display Invoice Document** or by using Transaction MIR4.

You'll arrive at the **Display Invoice Document** screen, as shown in Figure 4.13, where you define the **Invoice Document No.** and the **Fiscal Year**.

Figure 4.13 Display Invoice Screen

After pressing the **Enter** key, you'll arrive at the next screen, as shown in Figure 4.14. On the left part of the screen, you see the complete document flow under **Display - PO structure**. You can see the source document is purchase order **450000650**. The follow-on document is goods receipt **5105600302**, posted as of March 21, 2023. Subsequently, there is supplier invoice **5105600168**.

Here, there are no differences between these documents relating to price and quantity. However, if there are differences or missing follow-on documents, recurring checks are needed, which we'll discuss in the next section.

Figure 4.14 Displaying the Purchase Order Structure

Perform Recurring Checks

In SAP S/4HANA, you can check for a specific purchase order if there are differences in terms of quantity and price between goods receipts and received supplier invoices. We mentioned the importance and the necessity of checking the GR/IR clearing account on a regular basis.

To perform recurring checks on at least a monthly basis, you can use a standard list of GR/IR balances report by either starting Transaction MB5S or by following application menu path **Logistics • Materials Management • Inventory Management • Environment • Balances Display • List of GR/IR Balances**.

In the **List of GR/IR Balances** screen that appears, as shown in Figure 4.15, you can query for your specified purchase order and fill in other criteria as well. For this example, enter the purchase order number, “4500000232”. If you’ve given a unique purchase order number, you don’t need to fill in more fields. If you’re not sure about that, enter at least the respective **Purch. organization**. To get the full information with this report, select the **Cleared Items too** checkbox, and then click the **Execute** button.

The output report shows you the purchase order, item number, **Quantity Received (12)**, **Invoice Quantity (24)**, **GR value (USD 12)**, and **Invoice amount (24)** from left to right, as shown in Figure 4.16.

Figure 4.15 List of GR/IR Balances for a Purchase Order: Selection Screen

Porg	Pgr	Supplier	Pur. Doc.	Item	Fr.	Suppl.	CTyp	Quantity Received	Invoice Quantity	OUn	GR value	Invoice amount	LC	CrCy	Stock Segment
1710	121	17300096	4500000232	10				12	24	PC	12.00	24.00		USD	
			4500000232	10				0	0	PC	0.00	0.00		USD	

Figure 4.16 List of GR/IR Balances for a Purchase Order: Results

You can double-click on the purchase order record, and another screen appears that shows the history of purchase order **4500000232** for GR/IR, as shown in Figure 4.17.

Here, you can switch between goods receipt (**5000000370**) and invoice receipts (**5105600172**, **5105600169**) and vice versa by clicking in the respective line. You can also see all the related details for this purchase order, such as vendor data, payment information, bank information, tax details, material document number, amount, accounting document, Material Ledger, and so on. You can click on each of these to check that everything matches between the goods receipt and the invoice receipt.

Sh. Te	MVT	Material	Docume	Item	Posting Date	Quantity	Delivery cost	quantity	OUn	Amt.in Loc.Cur.	Local cur.	Qty in OPUn	DelCostQty (OPUn)	Order	Amount	Currency	Reference
WE	101	5000000370			1 02/10/2023	12			0 PC	12.00 USD		12		0 PC	12.00	USD	
Tr./Ev. Goods Receipt						12			PC	12.00 USD		12		PC	12.00	USD	
RE-L		5105600172			1 11/22/2022	12			0 PC	12.00 USD		12		0 PC	12.00	USD	
RE-L		5105600169			1 11/22/2022	12			0 PC	12.00 USD		12		0 PC	12.00	USD	
Tr./Ev. Invoice Receipt						24			PC	24.00 USD		24		PC	24.00	USD	

Figure 4.17 History for Purchase Order 4500000232

Now, in the next section, let’s discuss the final step of the purchase-to-pay process: invoice payment.

4.1.5 Invoice Payment and Vendor Checking Balances

After the accounts payable invoice is created, as explained in the previous section, the final step in the purchase-to-pay process is to perform the payment transfer to the vendor/supplier. In this section, we’ll discuss the vendor account balances before and after the payment transfer. You’ll find a more detailed description in Section 4.4 in the discussion about outgoing payments.

Now you can refresh your knowledge regarding the open items discussed in Chapter 3. As we’ve explained, open items are considered incomplete transactions because a final posting in their lifecycle is missing. The open item in terms of an unpaid supplier invoice will be closed through a payment to the supplier. By releasing the payment, the open item will be cleared by the payment, resulting in a zero closing balance.

To see the vendor account balances, you can use Transaction FK10N or follow application menu path **Accounting • Financial Accounting • Accounts Payable • Account • Display Balances**.

You’ll arrive at the **Vendor Balance Display** screen, as shown in Figure 4.18. Here, you need to define the **Supplier** account for which you need to perform an outgoing payment, the **Company Code**, and the **Fiscal Year**. Then click the **Execute** button. Notice

that there are three open items on the vendor account in this example. The open item with the amount **112,000 USD** is from invoice 5100000001.

Period	Debit	Credit	Balance	Cumulative Balance	Sales/Purchases
Balance Carryfor				36.000,00-	
1	24.000,00	24.000,00		36.000,00-	24.000,00-
2	36.000,00	112.000,00	76.000,00-	112.000,00-	112.000,00-
3	11.200,00	359.200,00	348.000,00-	460.000,00-	359.200,00-
4				460.000,00-	
5				460.000,00-	
6				460.000,00-	
7				460.000,00-	
8				460.000,00-	
9				460.000,00-	
10				460.000,00-	
11				460.000,00-	
12				460.000,00-	
13				460.000,00-	
14				460.000,00-	
15				460.000,00-	
16				460.000,00-	
Total	71.200,00	495.200,00	424.000,00-	460.000,00-	495.200,00-

Figure 4.18 Displaying the Vendor Account Balance

Double-click on your relevant line item, and a detailed overview of this open item will open, as shown in Figure 4.19.

Stat Doc. Type	Document Date	Net Due Date	Clearing Date	Amount in Local Currency / Local Cu	DocumentNo
RE	02/28/2022	03/30/2022		112.000,00- PHP	5100000001
Account 300				112.000,00- PHP	
				112.000,00- PHP	

Figure 4.19 Vendor Open Line Item

To clear this item, you need to send the payment to the vendor, which is done using either a periodic payment run for settling open supplier invoices using Transaction F110 or an individual payment using Transaction F-53 (manual payment). Let's skip the payment process here as we'll discuss it further in Section 4.4.

After you've performed all the steps in the outgoing payment process, you can check the balance account again to see how it's presented after the selected open item has been cleared, as shown in Figure 4.20. It's important to mention that the payment was received in 2023.

Period	Debit	Credit	Balance	Cumulative Balance	Sales/Purchases
Balance Carry...				460.000,00-	
1				460.000,00-	
2				460.000,00-	
3	112.000,00		112.000,00	348.000,00-	
4				348.000,00-	
5				348.000,00-	
6				348.000,00-	
7				348.000,00-	
8				348.000,00-	
9				348.000,00-	
10				348.000,00-	
11				348.000,00-	
12				348.000,00-	
13				348.000,00-	
14				348.000,00-	
15				348.000,00-	
16				348.000,00-	
Total	112.000,00		112.000,00	348.000,00-	

Figure 4.20 Vendor Account Balance after Clearing an Open Item

As you can see, the **Debit** column shows the amount **112,000 (PHP)**, which is the payment. If you click on the relevant line item, then you'll see that the **Status** has turned to green, which means that it's already a cleared item, as shown in Figure 4.21.

SAP Fiori App

The corresponding SAP Fiori app is called Display Supplier Balances (FK10N). It's visually and functionally the same as the SAP GUI transaction.

St.	Doc. Type	Doc. Date	Net Due Date	Clearing Date	*	Amount in Local Currency	LCurr	DocumentNo
	KZ	03/27/2023	03/27/2023	03/27/2023		112.000,00	PHP	1500000003
Account 300						112.000,00	PHP	
						112.000,00	PHP	

Figure 4.21 Vendor Cleared Line Item

Now that you understand the purchase-to-pay process, we'll focus on the vendor accounts, master data, vendor invoices, and so on in the next section.

4.2 Vendor Accounts

A *vendor account* (or supplier) is a master record in accounts payable that is created once for each supplier. The vendor master database contains all the information about the vendors, such as name, address, currency, payment conditions, contact person, and so on. It also includes accounting information, such as the reconciliation account in the general ledger. In large entities, the vendor master record is managed by two departments: accounting and purchasing. Every vendor master record is considered a sub-ledger account, and the accumulative balance of all vendor master records is reflected in a single general ledger account—the accounts payable reconciliation account.

A vendor account has three segments:

- **General data at the client level**

This segment contains the general data of a vendor account, such as vendor name, vendor number, vendor address, and so on.

- **Company code segment**

This segment contains specific data of the company code. If it's settled, a business relationship with a specific vendor is also required to be created in the company code segment for that vendor.

- **Purchasing area segment**

This segment contains all the specific data of the vendor in the purchasing organization.

Note

As our focus in this book lies on financial accounting, we won't cover the purchasing area segment because this is part of the materials management and purchasing functionalities.

To create or maintain a vendor master record, you can use Transaction BP to **Create**, **Change** and **Display** a vendor. Although application menu path **Accounting • Financial Accounting • Accounts Payable • Master Records** still leads you to obsolete Transactions FK01 (**Create**), FK02 (**Change**), and FK03 (**Edit**), those aren't valid anymore, and you'll be redirected to Transaction BP instead.

We'll explore how to create and display vendor master records in the following sections.

4.2.1 Vendor General Data

Vendor general data applies to each company code in your organization without exception. In this section, we'll walk through both creating a vendor master record with a supplier business partner and displaying the vendor general data.

Create a Business Partner

To create a vendor master record, you need to use Transaction BP in the transaction input field. You'll arrive first at the **Maintain Business Partner** screen, where you have to choose **More** in the menu header followed by **Business Partner** and **Create**. You can now choose between the creation of **Business Partner** as **Person**, **Organization**, or **Group** (in this example, **Organization** was selected), which takes you to the **Create Organization** screen shown in Figure 4.22. Here, you can see how to create a business partner with a supplier role.

The screenshot shows the SAP 'Create Organization: Role Supplier (Fin.Accounting)' screen. The 'Business Partner' field is empty, and the 'Create in BP role' dropdown is set to 'Supplier (Fin.Accounting) (New)'. The 'Grouping' is set to 'ZSCU'. The 'Name' field contains 'John Deere Ltd.' and the 'Search Term 1/2' is 'JOHN DEER'. The screen has tabs for Address, Address Overview, Identification, Control, Payment Transactions, Status, Where-Used List, Legal Data, and Vendor: General Data.

Figure 4.22 Create Vendor Master Record

To create the business partner with a supplier role, select the **Supplier (Fin.Accounting) (New)** role for your business partner in the **Create in BP role** field. Fill out the following tabs:

■ Address

In the **Address** tab, enter at least the last name of your supplier in the **Name** field and the match code in the **Search Term 1/2** field.

■ Address Overview

Enter the complete address in the **Address Overview** tab.

■ Control

Go to the **Control** tab and select a **Business Partner Type**.

Click on **Company Code** in the menu bar to go from the **General Data** view to the **Company Code** data view, as shown in Figure 4.23. You can also toggle back and forth between both views by clicking on **General Data** or **Company Code**, depending on where you are at that time.

Change Organization: 8000000056, role Supplier (Fin.Accounting)

Business Partner: 8000000056 John Deere Ltd. / Naperville 60440

* Change in BP role: Supplier (Fin.Accounting) (Maintai...)

Company Code

Company Code: 1710 Company Code 1710

Customer:

Supplier: 8000000056

Vendor: Account Management Vendor: Payment Transactions Vendor: Correspondence Vendor: Status Vendor... >

Account Management

* Reconciliation acct: 21100000 Payables Domestic

Head office:

Sort key:

Subsidy Indicator:

Authorization Group:

Planning Group:

Figure 4.23 Creating Master Data Specific to a Company Code

Select a company code in the **Company Code** field, and press **Enter**. Enter the reconciliation account in the **Vendor: Account Management** tab and a payment term in the **Vendor: Payment Transactions** tab. After you've filled in all the required data, click the **Save** button.

Display a Vendor

Next, to display a vendor, enter Transaction BP. The **Maintain Business Partner** screen appears, as shown in Figure 4.24, where you select **Business Partner** from the **Find** field and

Supplier Number from the **By** field, followed by the supplier number you enter. Press **Enter**, and in the window below the selection fields, the business partner appears in one line.

Maintain Business Partner

* Find: Business Partner * By: Supplier Number

Supplier Number: 8000000056

Max. hits: 100 Start

Partner	Description	Name 1/Last Name	Nam
8000000056	John Deere Ltd. / Naperville 60440	John Deere Ltd.	

1 Business Partner Found

Figure 4.24 Maintain Business Partner

By double-clicking on the **Partner** number that appeared, you'll be directed to the **Display Organization Screen**, as shown in Figure 4.25 and Figure 4.26. Here, you can see all the general data of the supplier such as address, address overview, identification, control, and so on.

Display Organization: 8000000056, role Supplier (Fin.Accounting)

Business Partner: 8000000056 John Deere Ltd. / Naperville 60440

* Display in BP role: Supplier (Fin.Accounting)

Address Address Overview Identification Control Payment Transactions Status Where-Used List Legal ... > ...

Name

Title:

Name: John Deere Ltd.

Salutation:

Salutation: 00

Search Terms

Search Term 1/2: JOHN DEER

Figure 4.25 Display Organization Screen: Address Tab (1)

Change Organization: 8000000056, role Supplier (Fin.Accounting)

Business Partner: 8000000056 John Deere Ltd. / Naperville 60440

* Change in BP role: Supplier (Fin.Accounting) (Maintai. v Q

Address Address Overview Identification Control Payment Transactions Status Where-Used List Leg... > ...

VIP Reason Undes.: Comment:

Undesirable Customer

Standard Address

Print Preview

Street Address

Street/House number:

Postal Code/City: 60440 Naperville

* Country/Reg.: US USA Region:

Time zone: CST

Figure 4.26 Display Organization Screen: Address Tab (2)

Click on the **Identification** tab to see the following key sections, as shown in Figure 4.27 and Figure 4.28:

- **Organizational Data**

The fields in this box aren't required, but they help to specify your supplier in terms of the legal form and legal entity type.

- **Identification Numbers**

If your supplier has any external identifiers, you can enter them here.

- **Tax Numbers**

The tax numbers are critical for any tax reporting purposes and should be maintained in this box. If the supplier is a natural person, check the **Natural Person** box.

Change Organization: 8000000056, role Supplier (Fin.Accounting)

Business Partner: 8000000056 John Deere Ltd. / Naperville 60440

* Change in BP role: Supplier (Fin.Accounting) (Maintai. v Q

Address Address Overview Identification Control Payment Transactions Status Where-Used List Legal Data Vendor: ... > ...

Organizational Data

Legal form: 08 Co., Ltd.

Legal entity: 04 Private Law Company: Industry

Date founded:

Liquidation date:

Int. location no. 1: Int. location no. 2: Check digit: 0

FactoryCalendar:

Identification Numbers

External BP Number:

Tax Numbers

Natural Person

Tax Numbers

Figure 4.27 Display Organization Screen: Identification Tab (1)

Change Organization: 8000000056, role Supplier (Fin.Accounting)

Business Partner: 8000000056 John Deere Ltd. / Naperville 60440

* Change in BP role: Supplier (Fin.Accounting) (Maintai. v Q

Address Address Overview Identification Control Payment Transactions Status Where-Used List Legal Data Vendor: ... > ...

Identification Numbers

External BP Number:

Tax Numbers

Natural Person

Tax Numbers

Category	Name	Tax Number
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		
<input type="radio"/>		

Figure 4.28 Display Organization Screen: Identification Tab (2)

SAP Fiori App

The corresponding SAP Fiori app is called Manage Supplier Master Data (F1053A). In Figure 4.29, you can see how the mentioned app looks in SAP Fiori. All existing vendors are listed from which you can select one to see all of its data.

From this screen, you can click the **Create** button to begin setting up new vendor master data for a **Person** or **Organization**. In Figure 4.30, you can see the fields you need to fill in to create a new vendor for your organization. You enter the same fields as mentioned before (i.e., **Business Partner Role, Name, Standard Address, Company Code, and Reconciliation Account**). Click the **OK** button to create your new vendor.

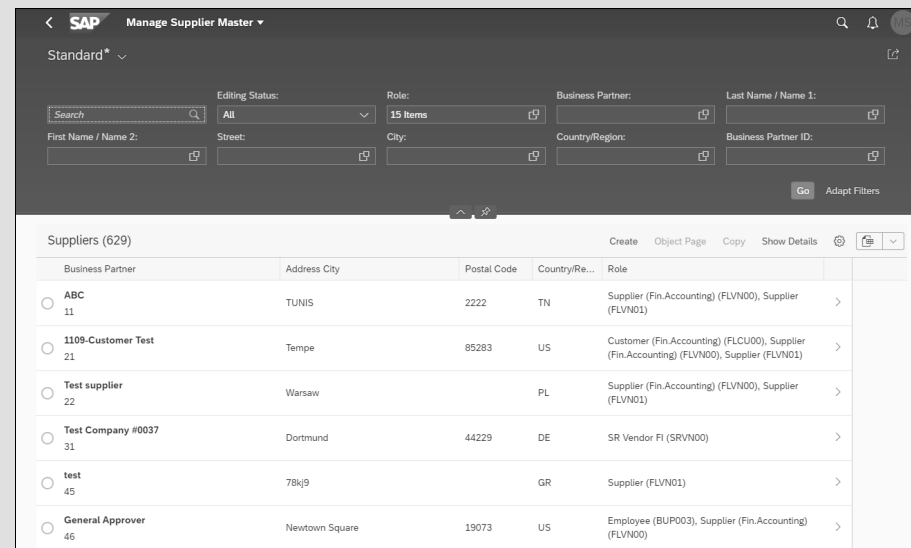


Figure 4.29 Manage Supplier Master Data in SAP Fiori

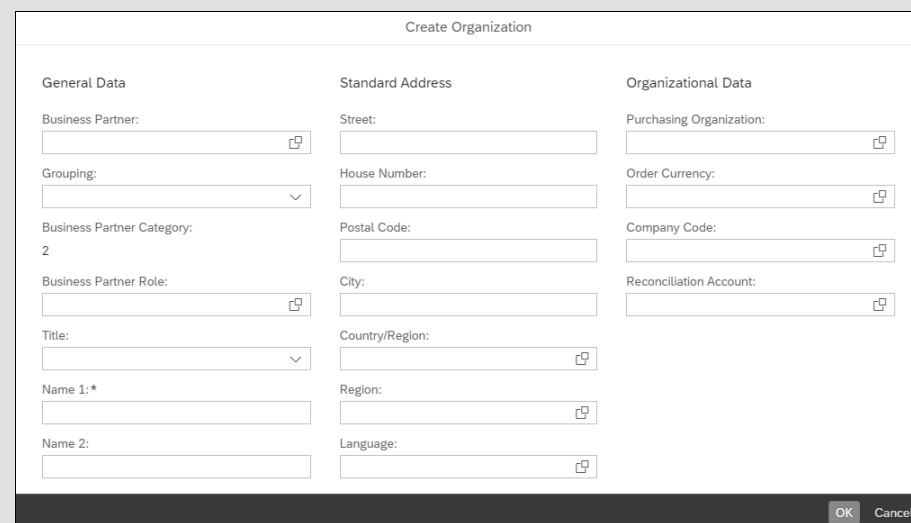


Figure 4.30 Create Vendor Organization Type in SAP Fiori

4.2.2 Vendor Company Code Data

You can check vendor company code data using the same Transaction BP (Display), as you did for the general data. Select **Business Partner** in the **Find** field and **Supplier Number** in the **By** field, enter the supplier number, and then press **Enter** to continue. You then see the selected business partner in a line as shown in Figure 4.31.

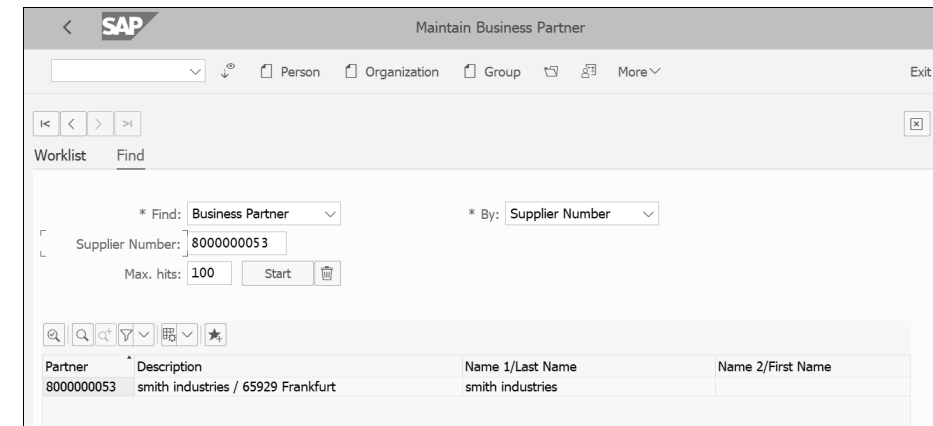


Figure 4.31 Maintain Business Partner

Now double-click on the **Partner** number to go to the general data view, as shown in Figure 4.32 (compare also to the prior section).

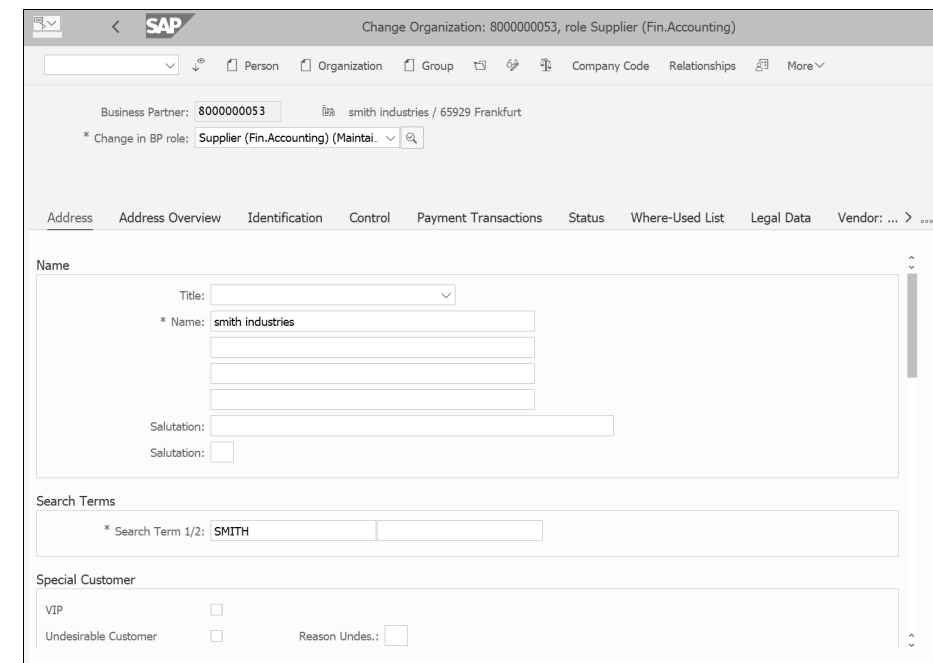


Figure 4.32 Display Supplier Accounting Information

Click now on **Company Code** in the menu to explore the company-specific supplier master data. You immediately will see the **Reconciliation acct** of the organization in the **Vendor: Account Management** tab (see Figure 4.33) and all other accounting- and payment-relevant information specific to the company code **4900**. In our example, the reconciliation account in the general ledger for company code **4900** for supplier **8000000053** is **21100000 Payables Domestic**.

The screenshot shows the SAP S/4HANA interface for 'Change Organization: 8000000053, role Supplier (Fin.Accounting)'. The 'Business Partner' is 8000000053, and the role is 'Supplier (Fin.Accounting) (Maintain)'. The 'Company Code' is 4900. The 'Account Management' tab is active, displaying the following fields:

- * Reconciliation acct: 21100000 Payables Domestic
- Head office: []
- Sort key: []
- Subsidy Indicator: []
- Authorization Group: []
- Planning Group: []
- Release Group: []
- Minority Indicator: []
- Certification Date: []

Figure 4.33 Display Reconciliation Account in Company Data

Go to the **Vendor: Payment Transactions** tab next to check the bank details, such as **Bank Key, Bank Account, Country, IBAN**, and so on.

To switch back to the **General Data** view, just click on **General Data** in the menu bar. As mentioned earlier, you can toggle between the **General Data** and **Company Code** views. SAP S/4HANA separates general data from accounting-relevant master data in a vendor master record because there is a big advantage in doing so. From a group perspective, you need to set up the vendor only once (general data). So that one and the same vendor can be used as a business partner to several companies within your group, you can individually set up and maintain the accounting-relevant information for each of the companies doing business with the vendor. This makes sense because for one company

in your group, the vendor is a domestic supplier (and therefore needs a reconciliation account for domestic payables), but for another company in your group, the vendor may be a cross-border supplier (and therefore needs another reconciliation account). Many more properties (payment terms, shipping information, etc.) can deviate from company to company in your group. Therefore, separating general data from accounting-relevant master data helps to not set up a full vendor master data record of one and the same vendor for several companies in your group. Instead, you create the vendor only once and maintain company code-specific properties in the accounting master data of the vendor. There are plenty of other advantages from a logistics and supply chain perspective, although we won't address those here because they go far beyond the scope of the book.

Now that you've learned about vendor account master data, including general data and company code data, we'll discuss how to create vendor invoices and GR/IR matching in the next section.

4.3 Vendor Invoices

Each company needs to pay its suppliers for the goods, materials, or services provided. When you enter the invoice to be paid directly in financial accounting without matching to the respective purchase order, you're recording vendor invoices. This may be the option if your company hasn't placed an order to the supplier through SAP S/4HANA. If there is a purchase order and even a goods receipt, you'll process the invoice through the purchase-to-pay process using the function in logistics where you enter the invoice to be paid in the system that matches the respective purchase order. In this case, when creating the invoice, the system will fill in all the fields automatically. Assuming that there is no difference between purchase order, goods receipt, and supplier invoice, no human intervention is needed. Let's see now how both cases of vendor invoice processing are treated in the system.

4.3.1 Automatic Creation of Vendor Invoices (from Logistics)

Creation of *automatic vendor invoices* is only available for purchase order invoices. This process allows you to automatically process invoices initiated from a defined vendor without any human intervention, considering that the automatically extracted data is correct. As mentioned in Section 4.1.4, you can use Transaction MIRO to create an invoice receipt referring to the purchase order. Therefore, the invoice details are populated based on the purchase order details, and when you post the documents, two documents are created: a material document called the *logistics invoice* in materials management and the accounts payable invoice posted in financial accounting.

Let's consider the following illustrative example. You can take any of the fulfilled and billed purchase orders in the system to trace the document flow.

Go to SAP menu path **Logistics • Materials Management • Purchasing • Purchase Order • Display**, or use Transaction ME23N to display a document flow in logistics, as shown in Figure 4.34.

Click on the **Purchase Order History** tab in the **Item** area of the screen. In Figure 4.34, you see the goods receipt and the invoice receipt for purchase order 4500001518.

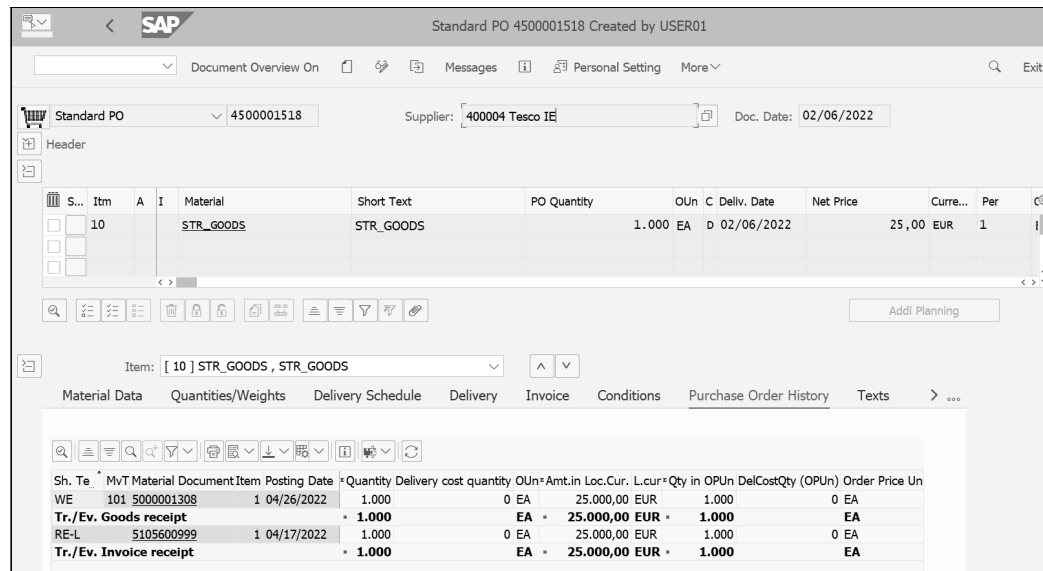


Figure 4.34 Purchase Order with Invoice Receipt Created

Click on the invoice document number 5105600999, which leads you to the screen **Display Invoice Document**, as shown in Figure 4.35.

Remember that there are two available invoice documents in the system: the material document in materials management and the accounts payable document. In the current view, the material document of a supplier invoice is shown. If you click on the **Follow-On Documents** button on the upper menu, you can also see the financial accounting document in accounts payable, as shown in Figure 4.36.

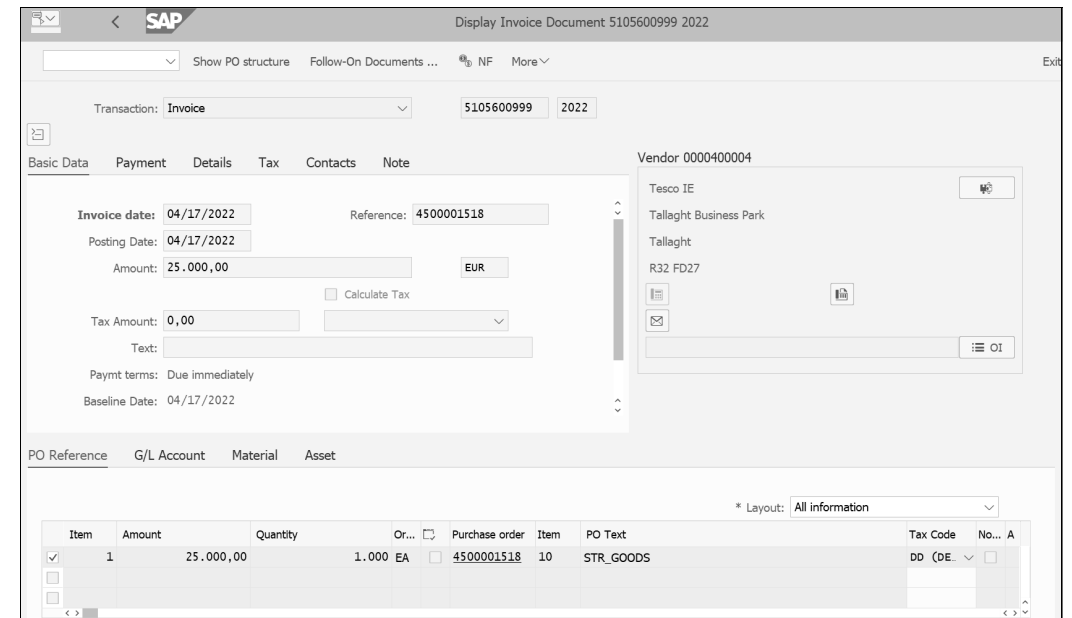


Figure 4.35 Display Invoice Document Screen

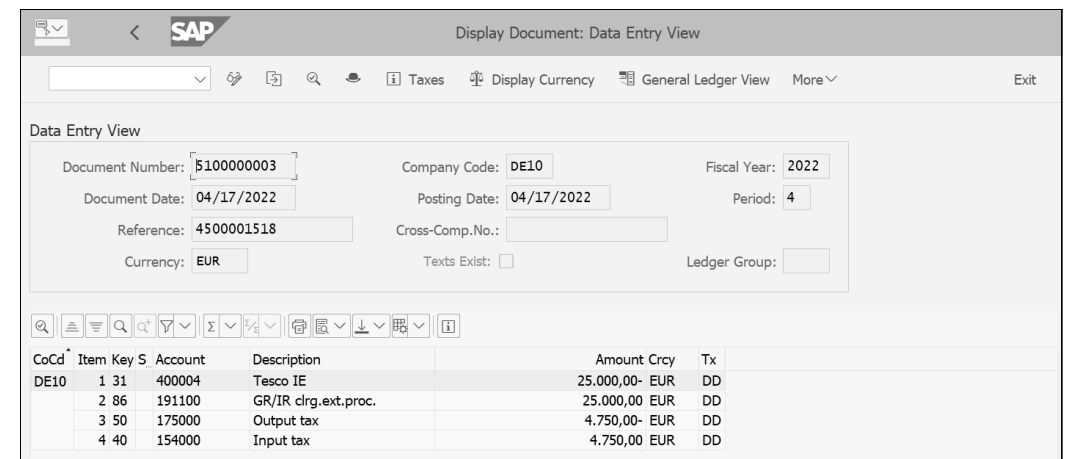
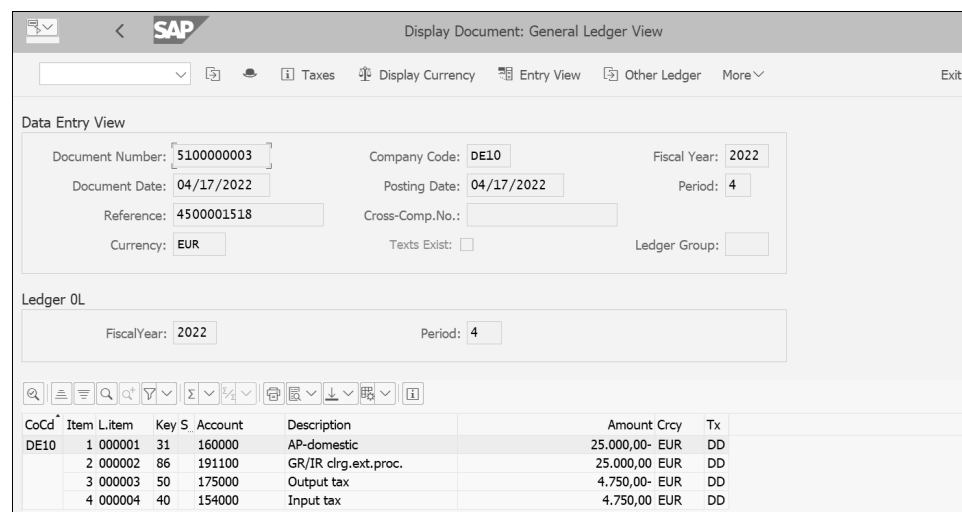


Figure 4.36 Display Document Data Entry View Screen

Click on **General Ledger View** in the menu bar, and the **Display Document: General Ledger View** screen appears, as shown in Figure 4.37.



Display Document: General Ledger View

Data Entry View

Document Number: 5100000003 Company Code: DE10 Fiscal Year: 2022
 Document Date: 04/17/2022 Posting Date: 04/17/2022 Period: 4
 Reference: 4500001518 Cross-Comp.No.: Ledger Group:
 Currency: EUR Texts Exist:

Ledger 0L

FiscalYear: 2022 Period: 4

CoCd	Item	L.item	Key S	Account	Description	Amount Crpy	Tx
DE10	1	000001	31	160000	AP-domestic	25,000,00- EUR	DD
	2	000002	86	191100	GR/IR clrg.ext.proc.	25,000,00 EUR	DD
	3	000003	50	175000	Output tax	4,750,00- EUR	DD
	4	000004	40	154000	Input tax	4,750,00 EUR	DD

Figure 4.37 Display Document: General Ledger View

Here you see the general ledger accounting entry, which is directly connected to the accounts payable ledger through the supplier account number 400004 (Figure 4.36) and the linked reconciliation account 160000 AP-domestic (Figure 4.37).

Now, let's jump into the next section where you'll learn how to create a "direct" invoice without connecting to logistics in accounts payable of financial accounting.

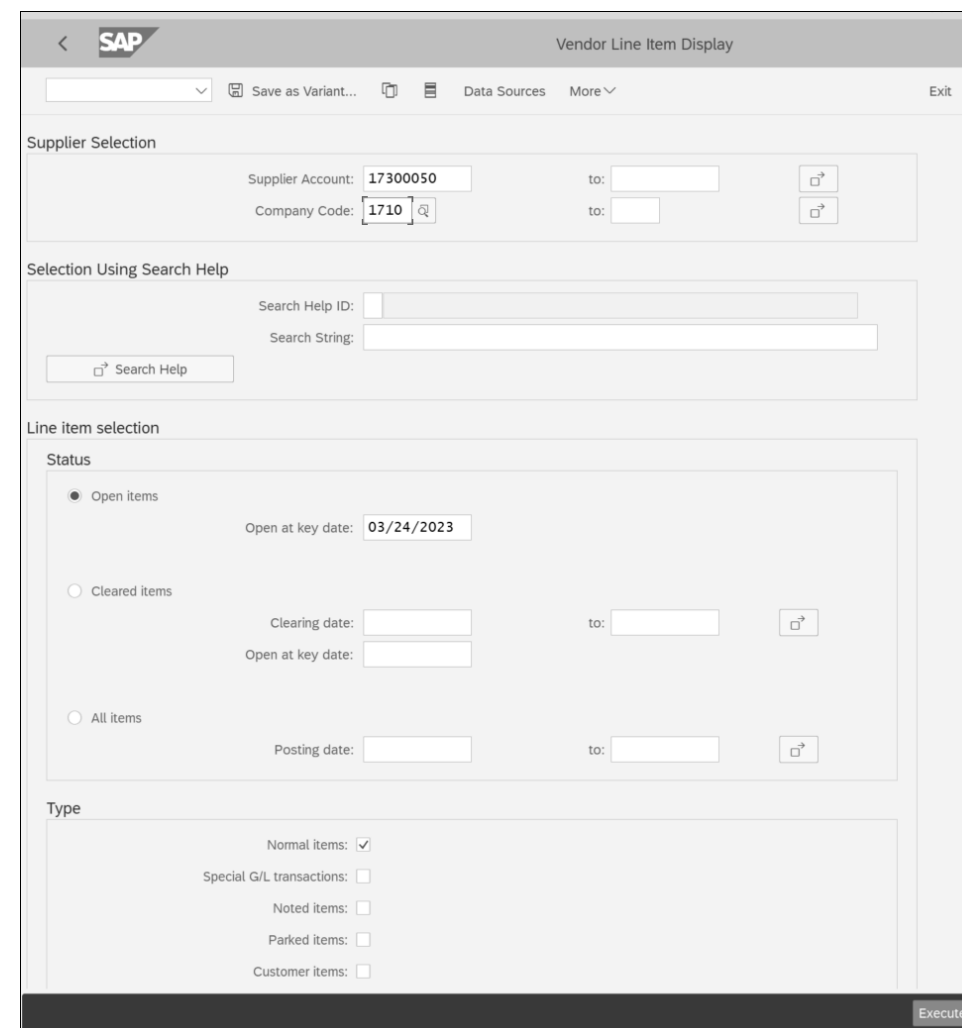
4.3.2 Direct Invoices

Unlike automatic invoices, direct invoices aren't created by referring to a purchase order. They don't have a respective material invoice number as in the case of automatic invoices. For accounts payable invoices, the standard document type is KR, whereas for the invoices created from logistics, the standard document type is RE. Let's walk through the process to find open items and create direct invoices for them.

Find Open Items

To display and search for direct invoices, you can use the vendor line-item report by following application menu path **Accounting • Financial Accounting • Accounts Payable • Account • Display/Change Line Items** or using Transaction FBL1N. The **Vendor Line Item Display** screen will appear, as shown in Figure 4.38.

Here, you can define the range of vendor accounts, company code, and line items (open items, cleared items, all items), depending on your needs.



Vendor Line Item Display

Supplier Selection

Supplier Account: 17300050 to:
 Company Code: 1710 to:

Selection Using Search Help

Search Help ID:
 Search String:
 Search Help

Line item selection

Status

Open items Open at key date: 03/24/2023

Cleared items Clearing date: to:
 Open at key date:

All items Posting date: to:

Type

Normal items:
 Special G/L transactions:
 Noted items:
 Parked items:
 Customer items:

Execute

Figure 4.38 Vendor Line Item Display Screen

After you've defined all the criteria, click the **Execute** button to go to the screen shown in Figure 4.39. Here, you can see the line items of the selected vendor. The red status means that the items are still open.

St	Assignment	DocumentNo	Type	Doc. Date	S	DD	Amount in Local Crncy	LCurr	Clrng doc.	Text
	● TEST	1900000000	KR	07/27/2022			1,000.00-	USD		
	● TEST	1900000001	KR	07/27/2022			1,000.00-	USD		
	● TEST	1900000006	KR	07/27/2022			8,000.00-	USD		
	● TEST	1900000011	KR	07/27/2022			300.00-	USD		
	● TEST	1900000012	KR	07/27/2022			4,380.00-	USD		
	● TEST	1900000013	KR	07/28/2022			500.00-	USD		
	● TEST	1900000020	KR	07/27/2022			120.00-	USD		
	● TEST	1900000021	KR	07/27/2022			240.00-	USD		
* ●							15,300.00-	USD		
** Account 17300050							15,300.00-	USD		

Figure 4.39 Vendor Line Items (KR: Document)

SAP Fiori App

The corresponding SAP Fiori app is called Display Supplier Invoice (MIR4/MIR5). It's visually and functionally the same as the SAP GUI transaction.

Create Direct Invoices

Now that you know how to find direct invoices, let's discuss how to create an accounts payable direct invoice in the first place. Follow application menu path **Accounting • Financial Accounting • Accounts Payable • Document Entry • Invoice**, or use Transaction FB60.

The **Enter Vendor Invoice** screen appears, as shown in Figure 4.40. The screen is divided into two main parts: (1) the header information of the transaction with the **Basic data**, **Payment**, **Details**, **Tax**, **Withholding tax**, **Amount split**, and **Notes** tabs, and (2) the line items, where the debit and credit entries are done. Fill out the following tabs:

■ Basic data

In the **Basic data** tab, enter the **Vendor number**, **Invoice date**, **Posting Date**, **Document type** (select **Vendor Invoice**), **Amount**, **Reference**, and **Text**.

■ Payment

Enter payment terms in the **Payment** tab to finish the header data entry.

■ Details

In the **Details** tab, enter the header text for the invoice you want to post.

Now you can move on to the line items by selecting the counter account for the vendor **G/L acct**. At least one line has to be filled with a **Debit** entry. Then, if the balance is zero, you can post the transaction by clicking the **Post** button.

Figure 4.40 Enter Vendor Invoice Screen

Click the **Simulate** button to check if there are any errors before you post the document. If the document simulation is successful, an overview screen will appear with overall information as shown in Figure 4.41.

Finally, click the **Post** button to post the vendor invoice document. You'll receive a message with the new document number at the bottom of the screen.

Document Overview

Doc. Type : KR (Vendor Invoice) Normal document

Doc. Number	Company Code	1710	Fiscal Year	2023
Doc. Date	Posting Date	03/24/2023	Period	03
Calculate Tax				
Ref.Doc.		12345678		
Doc. Currency		USD		

Item	PK	Account	Account Short Text	Assignment	TX	Amount
1	31	17300050	Foreign Supplier US			2,000.00-
2	40	21775000	Stat Accrual cond.			2,000.00

Post Cancel

Figure 4.41 Document Overview before Posting

SAP Fiori App

The corresponding SAP Fiori app is called Create Supplier Invoice (F0346A). In Figure 4.42 and Figure 4.43, you can see what this app looks like in SAP Fiori.

Create Supplier Invoice

New Supplier Invoice

Balance: 0.00 USD Invoicing Party: Foreign Supplier US 50 (CA) (17300050)

General Information Purchasing Document References G/L Account Items Tax Payment Unplanned Delivery Costs Note Attachments

Basic Data

Transaction: Invoice Invoice Date: 02/15/2023 Invoicing Party: 17300050

Company Code: 1710 Posting Date: 03/24/2023 Partner Bank Type:

Gross Invoice Amount: 0.00 USD Reference: 1900000369 IBAN: SWIFT/BIC:

Purchasing Document References

Reference Document Category: Purchase Order/Scheduling Agreement Purchase Order/Scheduling Agreement

Invoice Items Standard

Invoice Item	Short Text	Purchasing Document Item	Amount	Quantity	Tax Code	Tax Rate	Tax Jurisdiction
No data found. Enter a reference document, for example a purchase order.							

G/L Account Items

Check Simulate Post Hold Park Save as Completed Cancel

Figure 4.42 Create New Vendor Invoice (1)

Create Supplier Invoice

New Supplier Invoice

Balance: 0.00 USD Invoicing Party: Foreign Supplier US 50 (CA) (17300050)

General Information Purchasing Document References G/L Account Items Tax Payment Unplanned Delivery Costs Note Attachments

Tax

Tax Reporting Date: 03/24/2023 Tax Fulfill. Date: 03/24/2023

Standard

Debit/Credit Indicator	Tax Code	Tax Rate	Tax Jurisdiction	Tax Amount	LC Tax Amount
Click "Add" to create a new item.					

Payment

Payment Terms: NT45 Baseline Date: 02/15/2023 Payment Method:

Days 1 / In Percent: 45 0.000 Net Due Date: 04/01/2023 Supplement:

Days 2 / In Percent: 0 0.000 Fixed: Payment Block (JE): Free for payment ()

Days Net: 0 Discount (Tran Cur.): 0.00 USD Invoice Reference: Reference Document Year

House Bank: House Bank Account

Unplanned Delivery Costs

Check Simulate Post Hold Park Save as Completed Cancel

Figure 4.43 Create New Vendor Invoice (2)

Like in SAP GUI, you need to enter the required data in the header and at least one line item in the **Items** area. Then you can click the **Simulate** button to check if there is an error before you post the document. If the simulation process is successfully completed, click the **Post** button to post the vendor invoice.

Now that you've learned how invoices are created, let's see how they are paid.

4.4 Outgoing Payments

The outgoing payment process is also important in financial accounting in SAP S/4HANA. After the supplier invoice is recorded, the next step is to settle it when it's due via payment. This is the last step in the procure-to-pay process. However, from an accounting perspective, there may be a few little tasks to be performed such as processing the bank statement and cleanup work if foreign currencies are involved. Today, the most common payment method in business-to-business industries is a transfer of money from bank to bank through a bank transfer. Ideally, supplier accounts are settled on a regular basis, such as weekly or biweekly, or even daily in large companies. Most of the periodic

payments against standard vendors are scheduled to be executed automatically on specific days. However, in urgent situations, you may need to perform manual individual payments as well to avoid any penalties or fines from a business or tax perspective or to account for bank accounts that aren't configured correctly from a system's technical perspective.

Vendor payments can be made via cash, check, letter of credit, manual transfer, payment order, and so on. In this section, we'll talk about two types of payments: direct (manual) invoice payment, where the invoice is directly created, and automatic payment.

The standard is to make an automatic payment through the payment run using Transaction F110. This can be done if all your suppliers have bank accounts, and you can settle the open items by transferring money from your bank account to theirs. The manual payment is normally an exception. Let's assume you paid the supplier by cash. Or, in the other case, you don't want to wait until the next automatic payment run because of a due date you want to hold. Then, the only option you have is to use the manual payment function in SAP S/4HANA.

Let's now see how both transactions work.

4.4.1 Manual Payment

Manual payments can be issued using two different transactions: Transaction F-53 (Post) or Transaction F-58 (Post + Print). The difference between these two transactions is that Transaction F-58 generates a printed payment output form, unlike Transaction F-53. Both transactions create a payment document in the system, which clears open invoices and accordingly updates the general ledger.

The manual payment can be performed with two options:

- **Partial payment**

This type of payment is used when you perform a partial payment for a defined open item. The system will show the payment still in **Unpaid** status until the total amount is settled.

- **Residual payment**

This payment is similar to partial payments, but the open invoice is cleared with the residual payment, and the system will create a new outstanding document.

To issue a manual outgoing payment, use Transaction F-53, or follow application menu path **Accounting • Financial Accounting • Accounts Payable • Document Entry • Outgoing Payment • Post**. The **Post Outgoing Payments: Header Data** screen appears, as shown in Figure 4.44.

Figure 4.44 Post Outgoing Payments: Header Data Screen

Enter the fields that appear on the header: **Document Date**, **Posting Date**, **Currency/Rate**, **Company Code**, **Reference** number, and so on. Then, fill in the following areas:

- **Bank data**

In the **Bank data** area, enter the bank general ledger **Account** number of the bank from which the payment is triggered and the **Amount** you need to pay the vendor. This amount is populated with the purchase invoice amount.

- **Open item selection**

In the **Open item selection** area, enter the vendor number in the **Account type** field (**K** stands for creditor).

- **Additional selections**

In the **Additional selections** area, specify more details to find the invoice that will be settled by the manual payment you're going to post. For example, if you know the document number of the invoice, which is paid, select the **Document Number** radio button from the list, and the system will ask for the number. You can also find the

open item (invoice to be paid) quickly if you just know the amount by choosing the **Amount** radio button.

In this example, **None** is selected, so all open items will be shown on the selected vendor account **300**.

After you've filled in the fields on the initial screen, click the **Process Open Items** button at the top of the screen to display the list of open items, as shown in Figure 4.45.

The screenshot shows the SAP Fiori App interface for 'Post Outgoing Payments Process open items'. At the top, there are navigation icons and a menu with options like 'Distribute Difference', 'Charge Off Difference', 'Editing Options', 'Cash Disc. Due', and 'More'. Below this is a table titled 'Account items 300 ROB BANKS LIMITED' with columns for Document No., Date, Document Date, P., Busi., Days, PHP Gross, CashDiscount, and CDPer. The table contains three rows of data:

Document No...	D...	Document Date	P...	Busi...	Days...	PHP Gross	CashDiscount	CDPer.
1900000002	KR	03/01/2022	31	361		12.000,00-		
5100000001	RE	02/28/2022	31	362		112.000,00-		
5100000002	RE	03/01/2022	31	361		336.000,00-		

Below the table is a 'Processing Status' section with input fields for 'Number of Items' (3), 'Amount Entered' (112.000,00-), 'Display from Item' (1), 'Assigned' (112.000,00-), 'Reason Code', 'Difference Postings', and 'Not Assigned' (0,00). There is also a 'Display in clearing currency' checkbox and 'Post' and 'Cancel' buttons at the bottom right.

Figure 4.45 Post Outgoing Payments/Process Open Items

If you click on one of the document numbers of the open items, for example, **PHP 112,000**, it will appear on an overview screen of this open item, as shown in Figure 4.46.

Go back to the **Post Outgoing Payments Process open items** screen shown in Figure 4.45, and continue with the post outgoing payment process. After you check the details of this open invoice, click the **Post** button. The system will create a clearing document that changes the status of the invoice from **Open** to **Clear**.

To reach the screen showing that the selected open item to be paid, **PHP 112,000**, now appears as a cleared item (see Figure 4.47), follow application menu path **Accounting • Financial Accounting • Accounts Payable • Account • Display/Change Line Items**, or use Transaction FBL1N. Enter the respective **Vendor**, and select all items.

The screenshot shows the SAP Fiori App interface for 'Display Document: Line Item 1'. It displays details for Vendor: 300 ROB BANKS LIMITED, Company Code: 1111, and G/L Acct: 2110. The document number is 5100000001. The line item is 1 / Invoice / 31, with an amount of 112.000,00 PHP. The 'Additional Data' section includes fields for Bus. Area, CD Base (112.000,00 PHP), CD Amount (0,00 PHP), Pay terms (0002), Days/Percent (14 2,000 % 30 0,000 % 0), Bline Date (02/28/2022), Fixed, Pmnt block, Invoice Ref., Payment cur., Pmnt/c amnt (0,00), Payment Ref., Clearing (03/27/2023 / 1500000003), Collect. Inv. (0), Assignment, and Text. There is a 'Long Text' button at the bottom right.

Figure 4.46 Displaying the Open Item

The screenshot shows the SAP Fiori App interface for 'Vendor Line Item Display'. It displays details for Supplier: 300 ROB BANKS LIMITED, Company Code: 1111, Name: ROB BANKS LIMITED, and City: MAKATI CITY. Below this is a table showing the cleared item:

S	Assignment	DocumentNo	Doc. Type	Doc. Date	S	DD *	Amount in Local Currency	LCurr	Clrng doc.	Text
		1500000003	KZ	03/27/2023			112.000,00	PHP	1500000003	
							112.000,00	PHP		
							112.000,00	PHP		
							112.000,00	PHP		

Figure 4.47 Vendor Cleared Item

SAP Fiori App

The corresponding SAP Fiori app is called **Post Outgoing Payment (F1612)**. It's more intuitive and user friendly than Transaction F-53 in SAP GUI. The screen is divided into two parts: the upper part, where you have to specify where the money is paid from, and the lower part, where the payment goes to, as shown in Figure 4.48.

First, enter the **General Information (Company Code, Posting Date, and Journal Entry Date)**, and second, select the bank account from which the money comes (or a petty

cash account if you've paid the supplier in cash), and determine the **Amount** of payment. The **Journal Entry Type** is prefilled with **KZ** (vendor payment), and the **Posting Date** is the current day by default.

If you then enter a specific supplier and click the **Show Items** button, the lower half of the screen will show all open items of the selected supplier, as shown in Figure 4.49. The balance, which is red, is also shown in the upper-right corner of the screen.

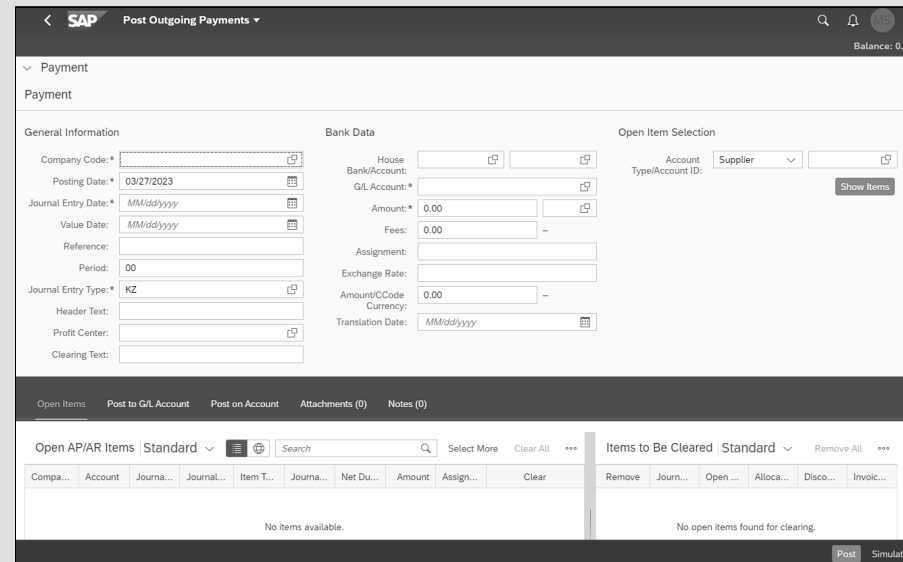


Figure 4.48 Post Outgoing Payment App in SAP Fiori

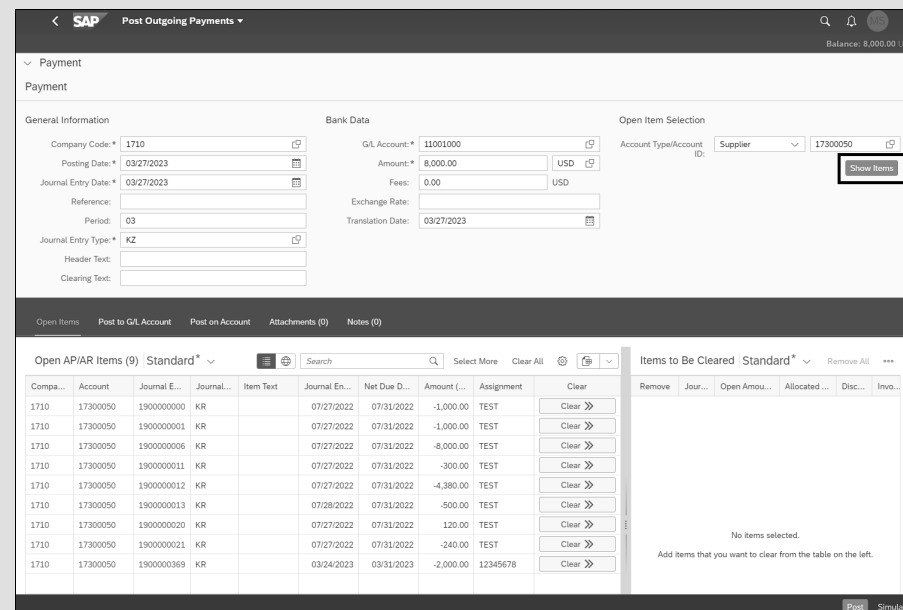


Figure 4.49 Post Payment to Supplier Account/Open Item

Now you just have to select the open item, which should be cleared through the payment. You do this by clicking on the **Clear** button, which sends the item to be cleared to the **Items to Be Cleared** area to the right of the screen, as shown in Figure 4.50.

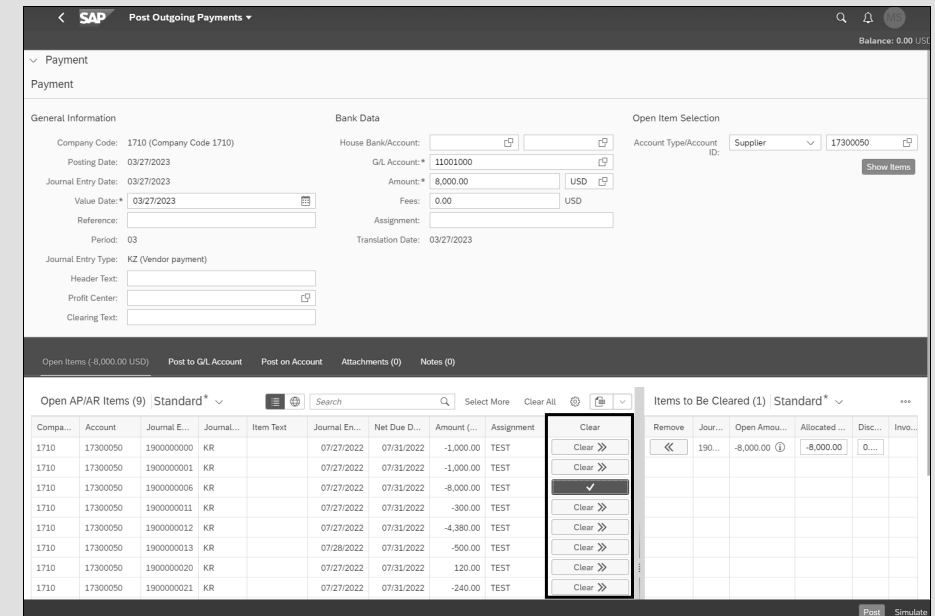


Figure 4.50 Post Outgoing Payment/Clear Open Item

Now the balance in the upper-right corner of the screen has turned green and is zero, meaning that you've completely cleared the open item by clicking the **Post** button.

Now that you've learned how to create a manual outgoing payment, let's discuss the automatic payment process.

4.4.2 Automatic Payment Program

The financial accounting *automatic payment program* in SAP S/4HANA is the process of posting accounts payables automatically, such as the payment to a vendor, based on vendor invoices. This program finds the pending invoices and reviews the due date payments, which are then approved and paid. The process of the automated payment program passes through some steps, such as maintaining the program parameters, creating the payment proposal, and then executing the payment order.

Before executing the payment program, you need to configure some settings for the payment process. Next, we'll show you the steps to follow to configure the automated payment program, and then we'll move on to running it.

Setup

To execute the automated payment program, use Transaction F110, or follow application menu path **Accounting • Financial Accounting • Accounts Payable • Periodic Processing • Payments**. The **Automatic Payment Transactions: Status** screen appears, as shown in Figure 4.51.

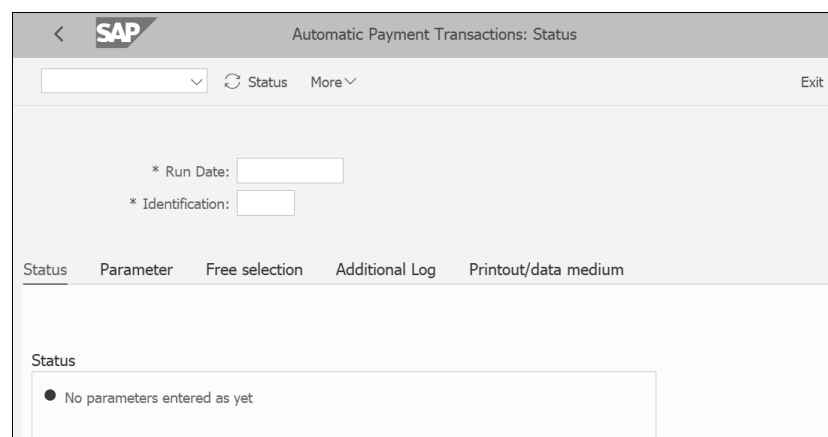


Figure 4.51 Automatic Payment Transactions: Status Screen

Enter the required fields **Run Date** (usually the current date) and **Identification** (any character string with five characters). You can later search for this string to find the performed payment run quicker.

Fill in the parameters for your payment run on the **Parameter** tab, as shown in Figure 4.52. The **Posting Date** and the **Docs Entered up to** are prepopulated by the current date.

In the **Payments Control** box, the company code, the payment method, and the date for your payment run are populated because you defined the payment run on the **Parameter** tab. The payment methods (**Pmt Meths**) have the preconfigured values **B** for bank transfer (general), **C** for check, **D** for domestic bank transfer, or **N** for card payment. In the **Next PstDate** field, you can see the next date when the next automatic payment program is expected to run. Until this date, the program finds all the due date invoices after the last run date and schedules them to be paid in this payment run.

In the **Accounts** box, select the range of **Supplier** accounts you want to settle. If you owe money to some of your customers or have the right to direct debit your customers' bank accounts, you can also enter a range of **Customer** accounts.

Save the entries you've made so far by clicking the **Save Parameters** button. You'll receive a message that the details have been saved.

In the **Free selection** tab, define your exception to exclude certain open items that you don't want to pay. Then, in the **Additional Log** tab, define what details should be logged in the payment log. Finally, to print the payment transaction, select the printer and media in the **Printout/data medium** tab.

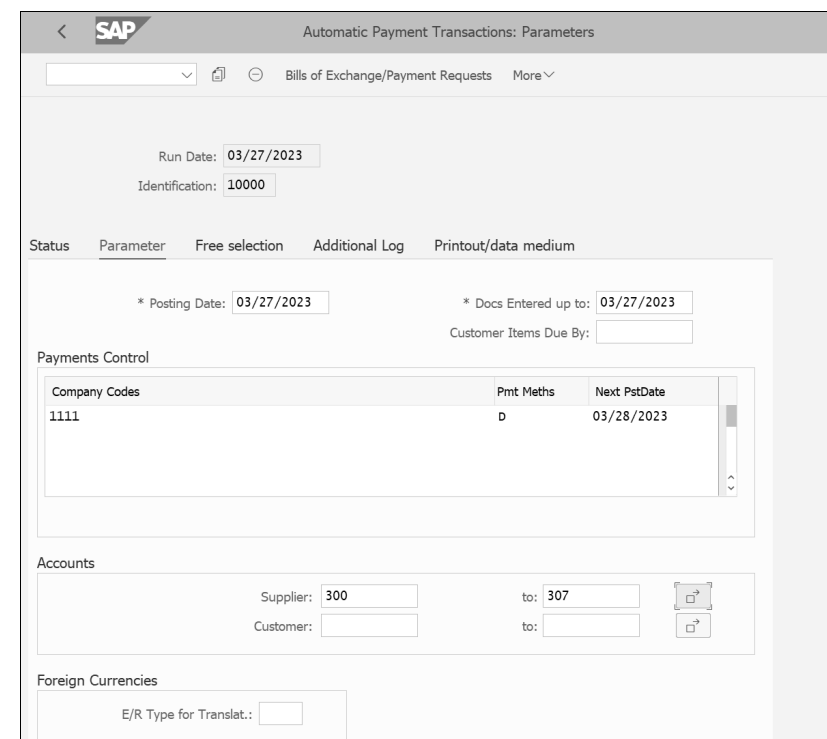


Figure 4.52 Automatic Payment Run: Parameters

Go back to the **Status** tab, and you can see that it has turned green, as shown in Figure 4.53.

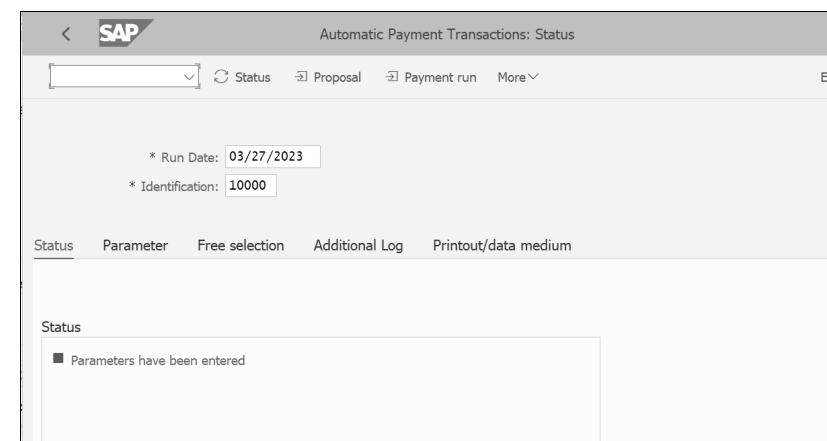


Figure 4.53 Automatic Payment Run: Green Status

Generate a payment proposal run by clicking on the **Proposal** menu bar item or directly start the payment run with the **Payment run** menu bar item. Before executing the payment program, it's recommended to double-check the settings configuration.

You can configure the payment program by choosing **More • Environment • Maintain Configuration** from the menu bar. In the screen that opens (see Figure 4.54), settings for the automatic payment program are categorized into several groups from which you can configure the relevant settings and options:

- **All company codes**

Click **All company codes**, and you'll arrive at the screen shown in Figure 4.55, where you can select one of the company codes and double-click on it.

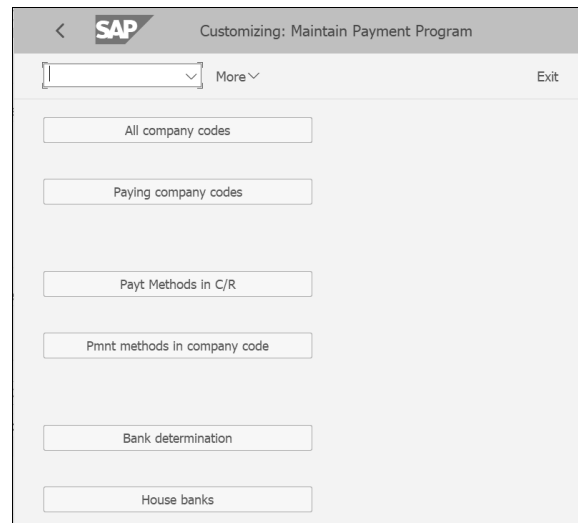


Figure 4.54 Customizing: Maintain Payment Program Screen

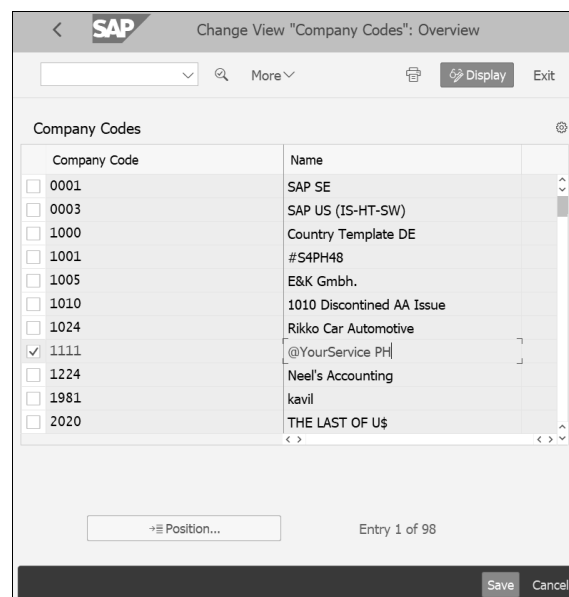


Figure 4.55 Selecting Company Codes

Another screen will appear, as shown in Figure 4.56 and Figure 4.57, where you can define the relevant settings for the selected company code, such as the paying company, which is normally identical with the company code in the header of the screen, as well as cash discounts and tolerances for payments relevant to early payment discounts. After you've entered all the required fields, click **Save** to save the data.

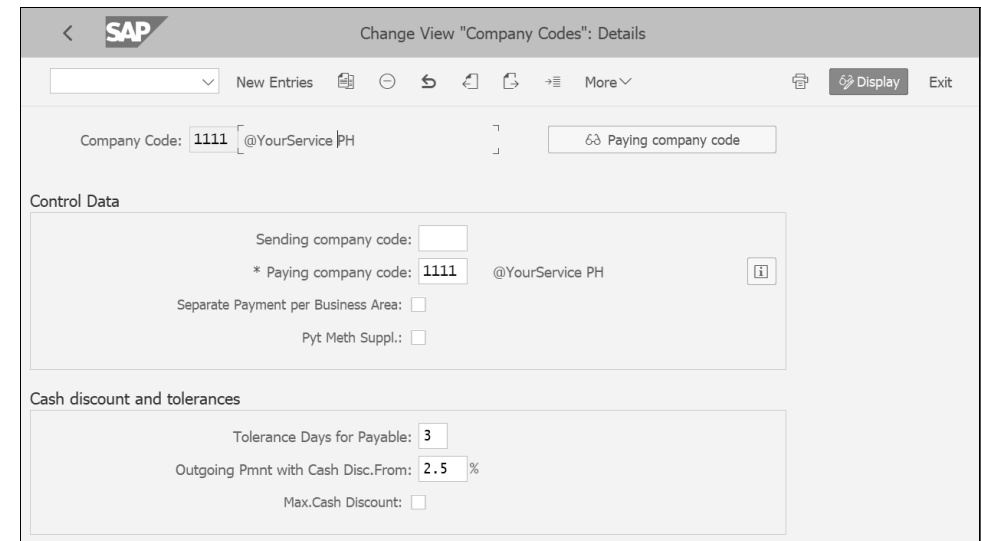


Figure 4.56 Company Codes Settings (1)

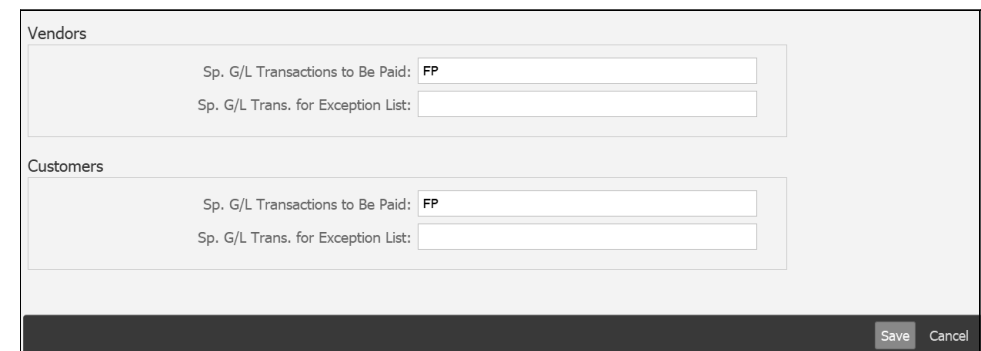


Figure 4.57 Company Codes Settings (2)

- **Paying company codes**

Here, you perform the following settings:

- **Control Data:** Minimum amounts for incoming and outgoing payment.
- **Bill of Exchange:** Bill of exchange parameters.
- **Forms:** Forms for payment advice and Electronic Data Interchange (EDI).

Let's start with the **Control Data** section, as shown in Figure 4.58. Here, you can enter a **Minimum Amount for Outgoing Payment** (because you don't want to pay cent amounts, the transactions cost would be higher) and a **Minimum Amount for Incoming Payment** for your customer. Further, if you don't want to have any automatic postings of exchange rate differences, select the box next to **No Exchange Rate Differences**. The **Separate Payment for Each Ref.** checkbox may be selected if you don't want to have a netting of incoming and outgoing payments with the same reference. You should select the **Bill/Exch Pymt** checkbox if you want to use bills of exchange, bill of exchange payment requests, or the check/bill of exchange procedure in the paying company code.

Figure 4.58 Payment Company Codes Settings (1)

In the **Bill of Exchange Data** section, you can configure how the bill of exchange looks. Although bills of exchange were very common in the 1980s and 1990s, they are disappearing because they are no longer relevant today, so we won't explain them here.

Finally, in the **Forms** section (see Figure 4.59), you define the format of the payment advice you generate with the payment run. In addition, if you generate an EDI file, you can select the specific data format. SAP has its own format called SAPscript. An SAP consultant can customize this format and add and change **Letter Header**, **Footer**, **Signature Text**, and **Sender** details to it.

Figure 4.59 Paying Company Codes Settings (2)

After you've filled in the required fields, click the **Save** button, and you receive the message that the data is saved.

■ Payt Methods in C/R

Here, you configure the methods of payment, settings for individual payment methods, document types for posting, print programs, and permitted currencies for each country relevant for your organization.

Figure 4.60 shows how the payment method **B** (bank transfers for outgoing payments) for **Country US** is configured.

Scroll down to see further settings for payment type **B – Bank Transfer** (see Figure 4.61). This configuration is country-specific, and the settings are normally preconfigured in so-called country templates when SAP S/4HANA is implemented. To explain all the fields and implications would go far beyond the scope of this book. Any changes would require country-specific expertise by a local SAP consultant.

SAP New Entries: Details of Added Entries

Country: USA

Pymt Meth.:

Description:

Payment method for

Outgoing payments
 Incoming payments

Payment method classification

Bank transf
 Check
 Bill/ex
 Check/bill/ex.

Post office curr.acct method? Bill of exch. accepted
 Allowed for personnel payments ISR Payment Procedure
 Create bill/exch.before due date EU Internal Transfer

Figure 4.60 Payment Methods in Country (1)

SAP Required master record specifications Posting Details

Street,P.O.box or P.O.box pst code
 Bank details
 Account Number Required
 IBAN Required
 SWIFT Code Required
 Collection authorization
 SEPA Mandate Required

Document Type for Payment:
Clearing Document Type:
Sp.G/L Ind.B/Ex. / B/Ex.Pmnt Req.:
Payment Order Only:

Payment medium

Use payment medium workbench
Format:
Format supplement:

Use classic payment medium programs (RFFO*)
Payment medium program: Key in code line:
Name of print dataset: Print Dataset for B/Exch.:

Data was saved

Figure 4.61 Payment Methods in Country (2)

■ Pmnt methods in company code

Here, you perform settings such as minimum and maximum payment amounts, grouping possibilities, bank optimization, forms for payment media, and so on.

Figure 4.62 shows the configuration of payment method T – **Bank Transfer** for company code 1111. The payment program will select this payment method for any payments above the minimum amount and below the maximum amount. The payment items can be grouped per day or shown individually. You can further configure whether foreign business partners, foreign currencies, or foreign bank accounts are allowed through the payment method assigned to the specific company code.

SAP Change View "Maintenance of Company Code Data for a Payment Method": D

Paying co. code: @YourService PH

Pymt Meth.: Bank Transfer

Amount Limits

Minimum Amount: PHP
Maximum Amount: PHP
Distrib. Amount: PHP

Grouping of Items

Single Payment for Marked Item
 Payment per Due Day
 Extended Individual Payment

Foreign Payments/Foreign Currency Payments

Foreign business partner allowed
 Foreign Currency Allowed
 Cust/Vendor Bank Abroad Allowed?

Bank Selection Control

No Optimization
 Optimize by Bank Group
 Optimize by postal code

Figure 4.62 Payment Methods in Company Code

■ Bank determination

Here, you preconfigure your bank preferences by choosing which bank account is used for the defined payment methods. In our example, as shown in Figure 4.63, payment method C (check) is done in **USD** with house bank **USBK1**. On the second rank for the same payment method, you find house bank **USBK2**.

■ House banks

Here, you check the assignment of house banks to company codes.

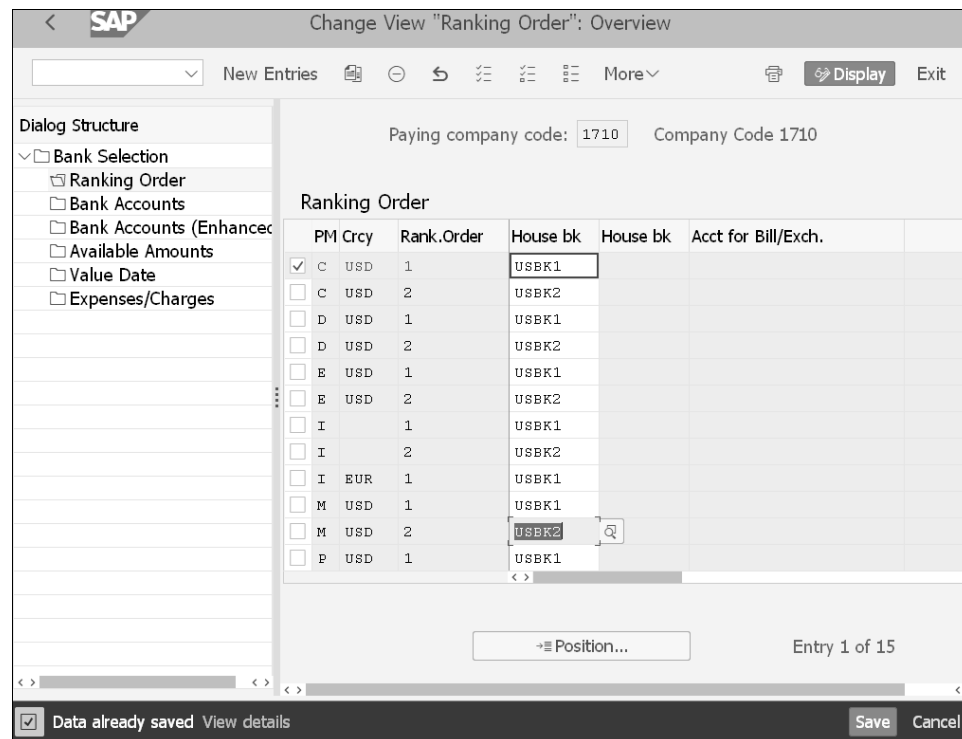


Figure 4.63 Ranking Order

Automatic Payment Run

After you've finished with the configuration steps for the payment process, then you can continue with the execution of the payment program. We'll start back at the **Status** screen shown in Figure 4.64.

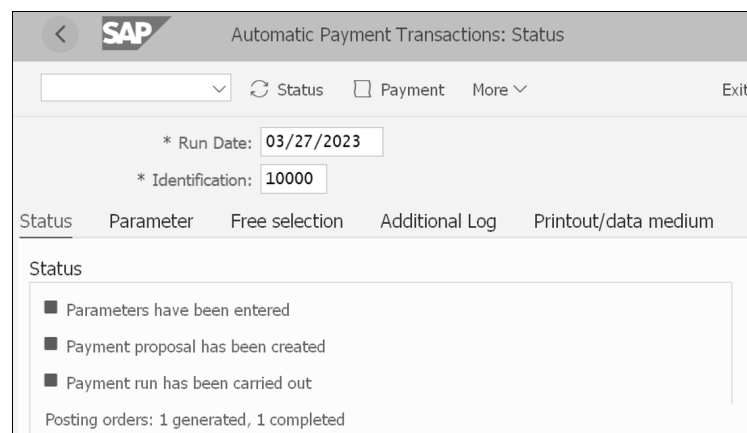


Figure 4.64 Automatic Payment Run Message

In the top menu, choose **More • Payment Run • Reorganization**. On the screen that appears, select the **Start immediately** checkbox to start the payment run immediately. Click the **Execute** icon, or press the **Enter** key.

After the payment has been performed successfully, a message with green indicators appears in the **Status** tab showing that the payment run has been carried out, the parameters have been entered, and so on (see Figure 4.64).

SAP Fiori Apps

The corresponding SAP Fiori apps are called Schedule Automatic Payment (F110) and Schedule Automatic Payment Periodically (F110S). They are visually and functionally the same as SAP GUI.

However, there is also another SAP Fiori app called Manage Automatic Payments (F0770). Figure 4.65 shows the screen where you can configure automated payment in SAP Fiori.

The functions are completely the same even if the visualization is different. First, click on the **Create Parameter** button to create a new payment run. Then, add parameters as you did earlier in SAP GUI with Transaction F110, and schedule the payment run by clicking on **Schedule Payment**, where you can decide whether you want to first run a proposal run before you run the "real" payment. With the **Parameters Created**, **Proposals Processed**, and **Payments Processed** tabs, switch between the parameters, the processed proposals, and the processed payments.

Knowing the traditional Transaction F110, you'll be able run a payment similarly.

The screenshot shows the 'Manage Automatic Payments' Fiori app. The top bar indicates 'Manage Automatic Payments'. Below the navigation bar, there are buttons for 'Standard', 'Run Date', 'Identification', 'Created By', and 'Company Code'. The main area displays a table with columns: 'Run Date', 'Identification', 'Status', 'Created By', 'Posting Date', 'Company Code', and 'Payment Method'. The table contains 6 rows of data. Below the table, there are buttons for 'Create Parameter', 'Copy Parameter', 'Schedule Proposal', 'Schedule Payment', and 'Delete Parameter'.

Run Date	Identification	Status	Created By	Posting Date	Company Code	Payment Method
03/16/2023	11112	Parameter Created	M2B STUDENT115	03/16/2023	1710 (Company Code 1710)	1 (Bank transfer ISO)
03/16/2023	PG02	Parameter Created	M2B STUDENT115	03/16/2023	1710 (Company Code 1710)	1 (Bank transfer ISO)
02/27/2023	00001	Parameter Created	M2B STUDENT064	02/27/2023	BC01 (BC Consulting GmbH)	U (Überweisung)
11/28/2022	MEBKR	Parameter Created	M2B STUDENT092	11/29/2022	9000 (Country Template DE)	U (Überweisung)
08/30/2022	TEST1	Parameter Created	M2B STUDENT084	08/30/2022	1710 (Company Code 1710)	2 Payment Methods
08/12/2022	ZTEST	Parameter Created	M2B STUDENT122	08/12/2022	0001 (SAP SE)	E (Bankeinzug)

Figure 4.65 Manage Automated Payments in SAP Fiori

4.5 Process Exceptions

Some exceptions can appear during the process-to-pay process. We'll start with creating vendor credit memos (credit notes) and then explain the treatment for down payments.

Contents

Foreword	13
Preface	15
1 Introduction to SAP S/4HANA	19
<hr/>	
1.1 Deployment Models	19
1.1.1 On-Premise SAP S/4HANA	19
1.1.2 SAP S/4HANA Cloud: Public and Private Edition	20
1.1.3 Hybrid Models	22
1.2 Universal Journal	22
1.2.1 Single Source of Truth	23
1.2.2 One Database and One Data Model for Accounting	24
1.2.3 Enhanced Reporting	25
1.3 Simplifications and Innovations	27
1.3.1 Minimized Reconciliations	27
1.3.2 Extension Ledger versus Special Ledger	27
1.3.3 Simplified Period-End Close	28
1.3.4 Management Accounting Integration	32
1.3.5 Parallel Accounting and Currencies	33
1.3.6 Predictive Accounting	33
1.3.7 Event-Based Revenue Recognition	34
1.4 User Interfaces	34
1.4.1 SAP GUI	34
1.4.2 Web GUI	35
1.4.3 SAP Fiori	36
1.5 Summary	40
2 Organizational Structure and Integration	43
<hr/>	
2.1 Standard Financial Accounting Processes	43
2.1.1 Value Chain Overview	43
2.1.2 Order-to-Cash and Accounts Receivable	45
2.1.3 Purchase-to-Pay and Accounts Payable	47
2.1.4 Acquire-to-Retire and Fixed Asset Accounting	48
2.1.5 Record-to-Report and General Ledger	49

2.2	Organizational Elements of Financial Accounting	50
2.2.1	Organizational Structures	50
2.2.2	Cross-Application Organizational Assignments	61
2.2.3	Central Financial Accounting Settings and Decisions	64
2.3	Integration of Financial Accounting and Management Accounting	71
2.3.1	Management Accounting Postings in the General Ledger	71
2.3.2	Market Segment Reporting in the Universal Journal: The Margin Analysis Application	74
2.3.3	Interface Configuration	76
2.3.4	Intercompany Management Accounting Postings	84
2.4	Summary	86

3 General Ledger Accounting 89

3.1	Record-to-Report	89
3.1.1	Subledger Closing	90
3.1.2	Reconciliations	91
3.1.3	Record and Adjust	95
3.1.4	Period Control	95
3.1.5	Reporting and Analysis	95
3.2	General Ledger Master Data	97
3.2.1	Master Data Structure	98
3.2.2	General Ledger Accounts	99
3.2.3	Chart of Accounts	103
3.2.4	Financial Statements	106
3.3	General Ledger Posting Documents	109
3.3.1	Journal Document Entry	110
3.3.2	Post, Park, and Hold	115
3.3.3	Recurring Documents	121
3.3.4	Post with References	128
3.3.5	Post with Clearing	133
3.3.6	Parallel Accounting	137
3.3.7	Universal Parallel Accounting	141
3.4	Resetting and Reversing Documents	145
3.4.1	Reversing Nonclearing Documents	146
3.4.2	Reversing Clearing Documents	150
3.5	Bank Accounting	154
3.5.1	Bank Master Data	154
3.5.2	General Ledger Integration	160
3.5.3	Bank Reconciliation	162

3.6	General Ledger Period-End Closing	167
3.6.1	Opening and Closing Periods	168
3.6.2	Subledger Reconciliation	170
3.6.3	Foreign Currency Valuation	174
3.6.4	Goods Receipt/Invoice Receipt Clearing	175
3.6.5	Balance Carryforward	178
3.6.6	Financial Closing Cockpit	180
3.7	General Ledger Reporting	189
3.7.1	Accounts Inquiry	190
3.7.2	Trial Balance	192
3.7.3	Display General Ledger Account Line Items	196
3.7.4	Financial Statement	198
3.7.5	Compact Document Journal	201
3.8	Summary	203

4 Accounts Payable 205

4.1	Purchase-to-Pay	205
4.1.1	Purchase Requisition	206
4.1.2	Purchase Order	209
4.1.3	Goods Receipt	212
4.1.4	Invoice Receipt	214
4.1.5	Invoice Payment and Vendor Checking Balances	219
4.2	Vendor Accounts	222
4.2.1	Vendor General Data	223
4.2.2	Vendor Company Code Data	229
4.3	Vendor Invoices	231
4.3.1	Automatic Creation of Vendor Invoices (from Logistics)	231
4.3.2	Direct Invoices	234
4.4	Outgoing Payments	239
4.4.1	Manual Payment	240
4.4.2	Automatic Payment Program	245
4.5	Process Exceptions	255
4.5.1	Credit Memos	256
4.5.2	Down Payments Sent	258
4.6	Accounts Payable Period-End Closing	262
4.6.1	Opening and Closing Periods	262
4.6.2	Foreign Currency Valuation	265

4.6.3	Goods Receipt/Invoice Receipt Clearing	267
4.6.4	Automatic Open Item Clearing	269
4.6.5	Reclassification Run	272
4.6.6	Accounts Payable Reconciliations	276
4.7	Accounts Payable Reporting	284
4.7.1	Accounts Inquiry	284
4.7.2	Accounts Balance Report	287
4.7.3	Open Item List	291
4.8	Summary	294
5	Accounts Receivable	297
5.1	Order-to-Cash Process	298
5.1.1	Sales Order	298
5.1.2	Outbound Delivery	303
5.1.3	Billing Documents	305
5.2	Customer Accounts	308
5.2.1	Customer General Data	309
5.2.2	Customer Company Code Data	314
5.3	Customer Invoices	316
5.3.1	Automatic Creation of Customer Invoice (from Logistics)	316
5.3.2	Direct Customer Invoices	319
5.4	Customer Payments	322
5.4.1	Manual Bank Statements	322
5.4.2	Electronic Bank Statements	327
5.5	Process Exceptions	330
5.5.1	Credit Memos	330
5.5.2	Down Payments Received	336
5.6	Dunning	339
5.6.1	Automated Dunning Process	339
5.6.2	Manual Dunning Letters	342
5.7	Credit Management	343
5.7.1	Credit Master Data and Credit Limits	344
5.7.2	Simple Credit Check	349
5.7.3	Automated Credit Check	349
5.8	Accounts Receivable Period-End Closing	350
5.8.1	Foreign Currency Valuation	350
5.8.2	Billing Due Lists	352

5.8.3	Reclassification Run	356
5.8.4	Accounts Receivable Reconciliations	362
5.9	Accounts Receivable Reporting	374
5.9.1	Accounts Inquiry	375
5.9.2	Account Balances Report	381
5.9.3	Open Items List	382
5.9.4	Aging List	384
5.10	Summary	387
6	Fixed Asset Accounting	389
6.1	Acquire-to-Retire Process	390
6.1.1	Acquisition of Long-Lived Assets	390
6.1.2	Capitalization/Activation	391
6.1.3	Depreciation	392
6.1.4	Retirement/Scrapping	393
6.2	Fixed Asset Accounts and Master Data	394
6.2.1	Asset Creation	394
6.2.2	Asset Classes	398
6.2.3	Account Determination	400
6.2.4	Depreciation Key	402
6.2.5	Depreciation Area	408
6.2.6	Chart of Depreciation and Ledger Assignment	412
6.3	Fixed Asset Explorer	414
6.3.1	Planning	415
6.3.2	Actuals	417
6.3.3	Master Data	420
6.4	Asset Transactions	422
6.4.1	Acquisition/Integration to Vendor Invoice	422
6.4.2	Standard Depreciation	425
6.4.3	Impairment (Value Adjustment)	428
6.4.4	Transfers	432
6.4.5	Retirements/Disposals	435
6.5	Fixed Assets Period-End Closing	439
6.5.1	Change Fiscal Year	439
6.5.2	Depreciation Run	446
6.5.3	Closing Periods	448
6.5.4	Fixed Assets Reconciliations	451

6.6	Fixed Assets Reporting	457
6.6.1	Fixed Assets History Sheet	457
6.6.2	Acquisitions List	458
6.6.3	Depreciation Lists	461
6.6.4	Disposals	464
6.7	Summary	466

7 Customer Project Accounting and Event-Based Revenue Recognition 467

7.1	Customer Project Scenario in SAP S/4HANA Cloud	468
7.1.1	Financial Accounting Innovations	468
7.1.2	Simplified Customer Project Contract Setup	470
7.1.3	Customer Project Setup Overview	476
7.1.4	Customer Project Business Transactions	477
7.1.5	Customer Project Period-End Close	490
7.1.6	Fixed-Price and Periodic Service Contracts	494
7.1.7	Financial Reporting Insights	496
7.2	Event-Based Revenue Recognition	503
7.2.1	Principles of Event-Based Revenue Recognition	504
7.2.2	Event-Based Revenue Recognition for Customer Projects	512
7.2.3	IFRS 15 Capabilities	522
7.2.4	Supported Management Accounting Features	527
7.2.5	Revenue Recognition Apps	530
7.2.6	Supported Business Scenarios	537
7.2.7	Activation and Configuration	546
7.2.8	Positioning and Availability in SAP S/4HANA	550
7.3	Simplified Period-End Close	551
7.4	Summary	553

The Authors	555
Index	557

Index

360-degree view	25	Accounts receivable (Cont.)	
A		<i>process exception</i>	330
Account assignment	544	<i>reclassification</i>	356
Account balances report	381	<i>reconciliation</i>	170, 172, 362
Account control	102	<i>reporting</i>	374
Account determination	399–400	<i>subledger</i>	90
<i>rules</i>	100	Accrued revenue	526
<i>transaction</i>	401	Acquire-to-retire	44, 48, 390
Account determination key	272, 356	Acquisitions list	458
Account group	100	<i>group total only</i>	461
<i>attributes</i>	102	<i>present assets</i>	459
<i>define</i>	101	<i>result</i>	459
Accounting principle	66, 137–138	Activity allocation	71
<i>assign</i>	67	Actual cost	496
<i>define</i>	66	Adjustment posting	177
<i>depreciation area</i>	410	Advanced financial closing	31, 189
<i>revenue recognition</i>	509	Aging list	384
Account management	103	<i>fields</i>	384
Accounts balance report	287	<i>results</i>	387
<i>results</i>	289, 382	<i>summarization</i>	385
Accounts inquiry	190, 284, 375	Algorithm	163
Accounts payable	47, 205	Analytical apps	39
<i>automatic clearing</i>	269	App finder	38
<i>exception</i>	255	Asset Acquisition app	461
<i>foreign currency valuation</i>	265	Asset capitalization	391
<i>GR/IR clearing</i>	267	Asset class	389, 395, 398, 401
<i>open items</i>	484	<i>access</i>	398
<i>outgoing payment</i>	239	<i>details</i>	399
<i>period-end close</i>	262	Asset explorer	414, 453
<i>reclassification</i>	271	<i>actuals</i>	417
<i>reconciliation</i>	170, 276	<i>call report</i>	420
<i>reconciliation account</i>	90	<i>comparison</i>	418
<i>reporting</i>	284	<i>header data</i>	414
<i>subledger</i>	90	<i>master data</i>	420
<i>vendor account</i>	222	<i>parameters</i>	418
<i>vendor invoice</i>	231	<i>planning</i>	415
Accounts receivable	45, 297	<i>simulate</i>	419
<i>asset retirement</i>	435	<i>transactions</i>	416
<i>credit management</i>	343	Asset history sheet	451–452, 457
<i>customer account</i>	308	<i>details</i>	452
<i>customer invoice</i>	316	<i>reconcile</i>	454
<i>customer payment</i>	322	Asset History Sheet app	456–457
<i>dunning</i>	339	Asset master record	402
<i>foreign currency valuation</i>	350	Asset reconciliation account	389
<i>invoice</i>	316	Assets under construction (AuC)	391
<i>period-end close</i>	350	Asset transaction	401
		Asset Transfer Intercompany app	433
		Asset Values app	415

- Audit Journal app 96–97, 202
Automated credit check 349
Automatic clearing 269
 vendor 270
Automatic invoice 319
Automatic payment program 245
 bank determination 253
 company codes 248
 configure 248
 EBS 322
 exception 246
 forms 250
 house bank 253
 methods in company code 253
 methods in country 251
 parameters 246
 paying company codes 249
 payment proposal 247
 payment run 254
 setup 246
 vendor account 246
Automatic payment run 254
Automatic vendor invoice 231
- B**
- Background job 441, 444
Balance carryforward 30, 178
 fields 178
 overview 179
Balance sheet 492, 517
 account 99, 178
 netting 493
Balance Sheet/Income Statement
 app 456, 499
Balance sheet supplement 274, 359
 results 275, 360
 selections 359
Bank account 154
Bank accounting 154
 general ledger 160
 master data 154
Bank account master record 154
 assign 157
 change 157
 create 155
 display 156
 SWIFT/BIC 156
Bank clearing account 160–161, 164
Bank determination 253
Bank reconciliation 162
Bank transfer 239
- Base method 403
Batch job 185
Billing 474, 484, 487, 511
 element 485
 item maintenance 486
 limit 512
 method 474, 476
 plan 475
 posting 489
 proposal 484
Billing document 301, 305, 316, 484, 487–488
 billing due list 353
 create 305
 details 306
 display 317
 document flow 317
 individual vs. collective 354
 log file 355
 release to accounting 307
Billing document request (BDR) 486–487
Billing due list 352
 billing options 354
 display 354
 maintain 353
Bill of exchange 250
Build-to-stock 44
Business area 55
Business partner 154
 bank data 154
 change person 345
 change role 346
 create person 344
 credit management 344
 customer account 309
 maintain 344
 master data 344
 ratings 347
 relationship 347
 Supplier 223
Business role 38
- C**
- Calculation method 402
 assign 404
 create 406
 define 402
 define values 406
Cap 519
 journal entry 521
 simulation 520
Capital asset 389

- Capitalization 391, 408
 post 429
Cash management 163
Change document 188
Changeover method 406
Chart of accounts 80, 101, 103, 399
 assign 101
 attributes 102
 bank accounting 160
 company code 104
 define 356
 financial statement version 106
 function 104
 view 104
Chart of depreciation 401, 412
 assign to company code 413
 select 403, 409
Clear G/L Accounts app 135
Clear GR/IR Clearing Account app 271
Clear Incoming Payments app 325
Clearing account 91
 GR/IR 176
 retirement 437
Clearing document 145
 incoming payments 324
 reset 151–152
 reverse 150
Clear Open Items app 384
Client 51
Closing period 168
Coding block extension 26
Compact document journal 95, 201
Company 51
 define 52
 list 52
Company code 53, 55, 77
 advantages 54
 automatic payment program 249
 controlling area 56
 create 53
 credit control area 57
 criteria 53
 currency 67
 customer accounts 309, 314
 multiple 104
 parameters 54
 segment 222
 vendor account 229
Completed contract 514
Consignment 207
Consulting margin reporting 527
Contract 470, 476
 Contract type 474, 481, 511
 fixed price 494
 periodic service 496
 supported 512
 Controlling area 56
 company code 77
 maintain 77
 Correction account 176
 Cost accountant 470
 Cost center allocation 71
 Cost element 33, 80
 category 82
 master data 99
 secondary 80
 Costing-based profitability analysis 74
 Cost object 81
 settlement 72
 Cost of goods sold (COGS) 540
 Cost rate 473
 define 479
 derivation 474
 Country-specific chart of accounts 104
 Create Asset app 398
 Create Billing Documents app 307
 Create Customer Projects app 471
 billing 474
 status 471
 team 473
 work package 472
 Create Dunning Notices app 342
 Create Outbound Deliveries app 305
 Create Outgoing Invoices app 322
 *Create Preliminary Billing Documents
 app* 487
 Create Purchase Order Advanced app 211
 Create Purchase Requisition app 208
 Create Sales Order app 302
 *Create Supplier Invoice/Create Supplier
 Invoice Advanced app* 216
 Create Supplier Invoice app 238, 424, 482
 Credit control area 57
 company code 57
 define 57
 Credit limit 343
 check 344
 settings 346
 Credit management 343
 check types 344
 master data 344
 Credit memo 256, 330
 accounts receivable 330
 display line items 333

Credit memo (Cont.)	
<i>enter line item</i>	331
<i>generate</i>	330
<i>line item</i>	257
<i>post</i>	332
<i>vendor</i>	257
Credit memorandum	256, 330
Credit Memo Request app	257
Credit note	256, 330
Credit profile	344, 346
Credit segment data	344
Creditworthiness	297, 336, 343
<i>data</i>	347
Currency	67
<i>company code</i>	67
<i>type</i>	67
Customer account	308
<i>group</i>	311
Customer balance	172
<i>compare</i>	367, 369
<i>cumulative</i>	377
<i>display</i>	368–369, 375
<i>local currency</i>	369, 381
<i>report</i>	173
Customer invoice	316, 488
<i>create from logistics</i>	316
<i>direct invoicing</i>	319
<i>document flow</i>	317
Customer line items	370, 383
<i>results</i>	372
Customer master record	157, 308
<i>company code data</i>	314
<i>create</i>	309
<i>create person</i>	310
<i>display</i>	311
<i>general data</i>	309, 311
<i>reconciliation account</i>	362
<i>segments</i>	309
Customer order	476
Customer payment	322
Customer project	
<i>accounting</i>	467
<i>balance sheet netting</i>	493
<i>billing</i>	484, 487
<i>business transactions</i>	477
<i>contract</i>	470
<i>create</i>	523
<i>EBBR</i>	512
<i>header</i>	471
<i>manual accrual</i>	490
<i>object setup</i>	476
<i>period-end close</i>	490, 551, 553
Customer project (Cont.)	
<i>real-time information</i>	497, 527
<i>release</i>	511
<i>SAP ERP</i>	551
<i>scenario</i>	468
<i>setup</i>	476
<i>status</i>	511
<i>supplier invoice posting</i>	481
<i>time confirmation</i>	478
Customer Projects app	519
D	
Data model	24
Declining-balance method	403
<i>fields</i>	403
Deferred revenue	494, 526
Deployment model	19
<i>hybrid</i>	22
<i>on-premise</i>	19
<i>private cloud</i>	20
Depreciation	392
<i>calculation</i>	416
<i>errors</i>	427
<i>execute</i>	425
<i>manual</i>	429
<i>methods</i>	392, 403
<i>period interval method</i>	415
<i>phase</i>	406
<i>posting run</i>	425, 446
<i>result</i>	426
<i>standard</i>	425
<i>test run</i>	447
<i>unplanned</i>	429
<i>view logs</i>	427
Depreciation area	401, 408
<i>add</i>	409
<i>define</i>	410
<i>header data</i>	410
<i>overview</i>	411
Depreciation key	402, 419
<i>Display Details app</i>	407
<i>maintain</i>	404
<i>settings</i>	419
Depreciation list	461
<i>result</i>	462
Depreciation List app	464
Derecognition	393
Dimension	497
Direct invoice	234, 319
<i>create</i>	236, 319
<i>customer invoice</i>	320

Direct invoice (Cont.)	
<i>find open items</i>	234
<i>payment terms</i>	320
<i>post</i>	321
Directory of Asset Classes app	400
Display Account Line Items in General Ledger app	97
Display Account Line Items report	96
Display Allocated Revenue app	535
Display Asset Classes per Chart of Depreciation app	402
Display Billing Documents app	307, 318
Display Credit Master Data app	349
Display Customer Balances app	379, 382
Display Document Flow app	318
Display Document report	96
Display Financial Statement app	96, 200
Display G/L Account Balances app	192
Display Journal Entries in T-Account View app	97, 318
Display Line Item Entry app	293, 373
Display Line Item in General Ledger Report app	293
Display Line Items – Cost Accounting app	479
Display Line Items in General Ledger app	73, 84, 197, 283, 373, 479, 492, 500
Display Line Items – Margin Analysis app	479, 483, 488, 539
Display Project WIP Details app	502, 535
Display Supplier Balances app	221, 286, 289
Display Supplier Invoice app	236
Disposal	435, 464
<i>asset list</i>	465
<i>result</i>	466
Document number	306
Double declining-balance method	392
Double-entry bookkeeping	85
Down payment	258, 336, 516
<i>add vendor item</i>	259
<i>create request</i>	258
<i>netting</i>	517
<i>received</i>	336
Down payment request	336, 517
<i>add customer item</i>	337
<i>create</i>	336
<i>header data</i>	336
<i>post</i>	337
Dunning	339
<i>automated</i>	339
<i>individual notice</i>	343
<i>manual letter</i>	342
Dunning (Cont.)	
<i>parameters</i>	340
<i>program schedule</i>	342
<i>schedule run</i>	341
<i>status</i>	340
Dynamic credit check	349
E	
Economic value added (EVA)	58
Electronic bank statement (EBS)	162, 322
<i>customer payment</i>	327
<i>import</i>	327
<i>parameters</i>	162, 328
<i>postprocessing</i>	164
<i>postprocessing program</i>	328
<i>processing</i>	164
<i>upload</i>	162
Electronic Data Interchange file (EDI)	250
Evaluation options	25
Event-based revenue recognition (EBRR)	34, 467, 487, 503
<i>activate</i>	546
<i>activities</i>	548
<i>app</i>	530
<i>calculation</i>	477
<i>configure</i>	546, 548
<i>customer projects</i>	512
<i>deferred revenue vs. accrued revenue</i>	526
<i>general ledger</i>	506
<i>journal entry</i>	480, 539
<i>line items</i>	506
<i>logistics integration</i>	510
<i>maintain settings</i>	546
<i>management accounting</i>	527
<i>manual accrual</i>	490
<i>parallel ledgers</i>	508
<i>principles</i>	504
<i>recognition key</i>	549
<i>SAP S/4HANA</i>	550
<i>simulate close</i>	536
<i>time confirmation</i>	504
<i>Universal Journal</i>	506
Event-Based Revenue Recognition – Projects app	490, 495–496, 509, 517, 520, 525, 530
<i>options</i>	531
Event-Based Revenue Recognition – Sales Order app	540–541
Event-Based Revenue Recognition – Service Documents app	544
Expense posting	485
Expenses	474

Extensibility	26	Fixed assets (Cont.)	
Extension ledger	27, 69	<i>life</i>	418
<i>create</i>	69	<i>master data</i>	395
<i>use case</i>	70	<i>output device</i>	441
External acquisition	391	<i>parallel accounting</i>	413
F		<i>period control</i>	448
Fact sheet app	40	<i>period-end close</i>	439
Final asset	391	<i>quantity</i>	414
Finance manager	30	<i>reconciliation</i>	451
Finance team	30	<i>report</i>	420
Financial accounting		<i>reporting</i>	457
<i>central settings</i>	64	<i>retire</i>	393, 435
<i>currency</i>	67	<i>run in background</i>	441
<i>evolution</i>	22	<i>schedule</i>	442
<i>innovations</i>	468	<i>scrap</i>	437
<i>integration</i>	32, 71	<i>sheet balance</i>	451
<i>interface</i>	76	<i>time-dependent tab</i>	395
<i>organizational elements</i>	50	<i>transactions</i>	422
<i>process</i>	43	<i>value adjustment</i>	428
<i>SAP ERP</i>	23	<i>vendor invoice</i>	422
Financial Close Overview app	32	Fixed-price billing	512
Financial management area	55	Fixed-price contract	475, 511, 513, 526, 529
Financial posting	54, 541	Flow control	129
Financial report	49	Foreign currency valuation	
Financial statement	95, 198	<i>access</i>	350
<i>fixed assets</i>	455	<i>accounts payable</i>	265
<i>line item</i>	108	<i>accounts receivable</i>	350
<i>version</i>	455	<i>fields</i>	175, 265, 352
Financial statement version	60, 106, 199, 367	<i>general ledger</i>	174
<i>define</i>	106	Foreign Currency Valuation Run app	266
<i>edit</i>	106	Freely defined currency	65
<i>fields</i>	367	Fulfillment	48
Fiscal year variant	68	Functional area	59
<i>define</i>	68	<i>derive</i>	60
<i>parallel</i>	144	<i>view</i>	59
Fixed asset account	389	Functional currency	65
<i>master data</i>	394	G	
Fixed asset accounting	48, 389	General ledger	49, 170
Fixed asset master record	394	<i>accounting</i>	64, 89
<i>asset classes</i>	398	<i>bank accounts</i>	160
<i>display</i>	397	<i>chart of accounts</i>	103
Fixed assets	389	<i>event-based revenue recognition</i>	506
<i>acquisition</i>	422	<i>goods receipt</i>	214
<i>class</i>	395	<i>management accounting</i>	71
<i>create</i>	394	<i>master data</i>	97
<i>error log</i>	440	<i>new</i>	23
<i>financial statement</i>	455	<i>period control</i>	95
<i>fiscal year</i>	439	<i>period-end close</i>	167
<i>inconsistencies</i>	451	<i>posting documents</i>	109
<i>job</i>	442	<i>reconciliation</i>	91

General ledger (Cont.)		House bank (Cont.)	
<i>record and adjust</i>	95	<i>master data</i>	158
<i>report</i>	498	Hybrid solution	22
<i>reporting and analysis</i>	95, 189	Hyperscaler	20
<i>subledger</i>	90	I	
General ledger account	33, 80, 99, 499	Idea-to-market	44
<i>accounts payable</i>	279	Impairment	428
<i>balances</i>	190, 193	Income statement	491, 540
<i>bank</i>	160	Incoming payment	322
<i>compare</i>	281, 370	<i>clear</i>	324
<i>depreciation</i>	408	<i>manual</i>	322
<i>display</i>	280	<i>reconciliation</i>	363
<i>display line items</i>	196	Incoterms	543
<i>group</i>	100–101	Infrastructure as a service (IaaS)	20
<i>hold</i>	119	Inspect Revenue Recognition Postings	
<i>house bank</i>	158	<i>app</i>	532
<i>master data</i>	97–99	Intangible asset	390
<i>park</i>	116	Integration	32, 43, 71
<i>posting</i>	116	<i>bank accounting</i>	160
<i>post with clearing</i>	133	<i>event-based revenue recognition</i>	506, 510
<i>post with reference</i>	131	Intercompany billing document	86
<i>reconciliation</i>	170	Intercompany clearing account	85
<i>retire</i>	436	Intercompany margin	86
<i>save</i>	118	Intercompany transfer	432
<i>type</i>	99	<i>asset</i>	433–434
Generally Accepted Accounting Principles		Interest calculation	103
(GAAP)	59, 70, 138, 549	Internal acquisition	391
<i>fixed assets</i>	415	International Financial Reporting Standards	
Generate Asset Disposal List – Thailand		(IFRS)	59, 70, 413, 480, 489
<i>app</i>	466	<i>fixed assets</i>	415
Goods issue	541	International Financial Reporting Standards	
Goods receipt	175, 205, 212	(IFRS) 15	522
<i>create</i>	212	<i>balance sheet account</i>	526
<i>type</i>	212	<i>five-step model</i>	522
GR/IR clearing	175	Intracompany transfer	432
<i>accounts payable</i>	267	<i>within company code</i>	433
<i>adjustments</i>	177, 268	Inventory depreciation	95
<i>automatic clearing</i>	271	Invoice payment	219
<i>execute</i>	267	Invoice receipt	175, 214
<i>report</i>	176	<i>create</i>	215
Group chart of accounts	104	<i>recurring check</i>	217
Grow with SAP	21	J	
H		Job scheduling	444
Hire-to-rotate	44	Joint venture	103
Holding	119	Journal entry	75, 110
<i>line items</i>	119	<i>column</i>	480
House bank	154	<i>create</i>	110
<i>create</i>	161	<i>credit entry</i>	113
<i>general ledger account</i>	158		
<i>manage</i>	158, 160		

Journal entry (Cont.)	
<i>customer invoice</i>	488
<i>debit entry</i>	113
<i>editing options</i>	111
<i>event-based revenue recognition</i>	480, 504
<i>manual</i>	95, 109
<i>post</i>	112, 114
<i>revenue recognition</i>	492
<i>simulate</i>	114
<i>supplier invoice</i>	483
<i>time sheet entry</i>	479
K	
Key performance indicator (KPI)	469
L	
Leading ledger	65
<i>assign</i>	83
Ledger	64
<i>accounting principles</i>	82
<i>assignment</i>	412
<i>define</i>	65
<i>extension</i>	69
<i>group</i>	66, 138
<i>management accounting</i>	82
<i>parameters</i>	65
<i>type</i>	65, 70
Ledger-dependent material valuation	143
Line-item reporting	25
Logistics	61
<i>integration</i>	510
<i>vendor invoice</i>	231
Long-lived assets	390
M	
Main bank account	160
Maintain Billing Due List, Create Billing Documents app	355
Maintain Financial Statement Versions	
app	108
Manage Automatic Payment app	255
Manage Banks app	159
Manage Bank Statements app	166, 328
Manage Billing Documents app	488
Manage Business Partner Master Data	
app	90, 349
Manage Chart of Accounts app	105
Manage Cost Rates app	479
Manage Cost Rates Professional Services	
app	473
Manage Credit Memo Request app	334
Manage Customer Down Payment Request	
app	338
Manage Customer Line Items app	489
Manage Customer Master app	315
Manage Customer Master Data app	313
Manage G/L Account Master Data app	98
Manage Journal Entries app	149
Management accounting	
<i>assign transactions</i>	76
<i>event-based revenue recognition</i>	527
<i>general ledger account</i>	80
<i>integration</i>	32, 71
<i>intercompany postings</i>	78, 84
<i>interface</i>	76
<i>ledger</i>	82
<i>organizational unit</i>	77
<i>persisted transaction</i>	71
<i>postings</i>	71
<i>profit center</i>	58
<i>reconciliation</i>	72
<i>SAP ERP</i>	23
Manage My Timesheet app	478
Manage Posting Periods app	170, 264
Manage Prices – Sales app	481
Manage Project Billing app	484, 516
Manage Real-Time Revenue Recognition Issues	
app	534
Manage Recurring Journal Entries app	127
Manage Revenue Recognition Issues – Projects	
app	533
Manage Service Orders app	544
Manage Supplier Down Payment Requests	
app	259
Manage Supplier Line Items app	286, 290, 484
Manage Supplier Master Data app	228
Manage Your Solution app	546
Manual accrual	490
<i>enter</i>	492
<i>journal entry</i>	492
Manual bank statement (MBS)	162, 165, 322
<i>parameters</i>	165
<i>processing</i>	167
Manual payment	240
<i>create</i>	323
<i>display line items</i>	324

Manual payment (Cont.)	
<i>header data</i>	323
<i>incoming</i>	322
<i>issue</i>	240
<i>open items</i>	242
<i>post</i>	242, 324
<i>process open items</i>	324
<i>reconciliation</i>	363
Manual posting	109
Margin analysis	74
Market segment	25, 74, 476, 498
<i>attributes</i>	78–79, 479–480, 527
<i>derive</i>	477
<i>real-time information</i>	497
Market segment reporting	74
<i>define attributes</i>	79
<i>example</i>	75
<i>organize</i>	78
Master data	97
<i>asset explorer</i>	420
<i>bank</i>	154
<i>business partner</i>	344
<i>credit</i>	344
<i>customer</i>	308
<i>fixed asset</i>	394
<i>fixed assets</i>	395
<i>general ledger</i>	97
<i>house bank</i>	158
<i>structure</i>	98
Matching principle	504
<i>steps</i>	505
Material Ledger	90, 100
<i>ledger-dependent product valuation</i>	143
Maximum amount method	403
Monitor Purchase Order Down Payments	
app	260
Multielement arrangement	522, 526
Multi-level method	403
My Timesheet app	72
N	
Nonclearing document	146
<i>reversing</i>	146
Nonoperating expense and income	99
O	
Object type	507
Open and Close Posting Periods app	450
Opening period	168
Open item	133, 219, 489
<i>automatic clearing</i>	269
<i>customer payment</i>	324
<i>display</i>	242
<i>find</i>	234
<i>list</i>	291, 382
<i>manual payment</i>	242
<i>process</i>	135, 363
<i>reclassification</i>	274, 359
<i>supplier invoice</i>	133
Operating chart of accounts	104
Operation concern	78
Order management	298
Order-to-cash	44–45, 298
<i>exception</i>	330
<i>process flow</i>	45
<i>SAP Fiori apps</i>	46
Ordinary depreciation	402
Organizational assignment	61
Organizational structure	43, 50
<i>cross-application</i>	61
<i>define</i>	50
<i>management accounting</i>	77
Outbound delivery	303
<i>create</i>	303
<i>display</i>	304
<i>fields</i>	303
Outgoing payment	239
<i>automatic</i>	245
<i>manual</i>	240
Overhead surcharge	71
P	
Parallel accounting	33, 137
<i>universal</i>	141
Parallel currencies	33, 67, 137, 145, 509
Parallel ledger	82, 137, 508, 549
<i>fixed asset</i>	413
Parallel valuation	142, 508
Park General Journal Entries app	119
Parking	116
<i>line item</i>	117
Partial payment	240, 322, 325
Payment proposal	247
Payment request	258, 336
Payment transfer	219
Percentage of completion (POC)	475
<i>cost-based</i>	513, 546
<i>revenue-based</i>	508, 514
Performance obligation	523–524

Perform Foreign Currency Valuation app	266, 352
Period control	95, 168
<i>accounts payable</i>	262
<i>fields</i>	169, 263
<i>fixed assets</i>	448
<i>method</i>	403
Period-end close	
<i>accounts payable</i>	262
<i>accounts receivable</i>	350
<i>advanced financial closing</i>	189
<i>change fiscal year</i>	439
<i>customer projects</i>	551
<i>depreciation</i>	392
<i>fixed assets</i>	439
<i>general ledger</i>	167
<i>SAP Financial Closing cockpit for SAP S/4HANA</i>	180
<i>simplification</i>	28
Periodic service contract	475, 515
Periodic task list	186
Personnel area	63
<i>assign</i>	64
Plan Customer Projects app	471
Plant	61
<i>assign</i>	61
<i>role</i>	62
Plan-to-perform	45
Platform as a service (PaaS)	20
Post Customer Down Payment Request app	339
Post document with references	129
Post General Journal Entries app	115–116, 120
Post Goods Receipt for Purchase Order app	213
Post Incoming Payments app	325
Posting key	122
Posting period variant	168, 448
Post Outgoing Payment app	243
Post Retirement (Integrated AR) – With Customer app	437
Post Retirement (Non-Integrated) – With Customer app	437
Post Retirement – By Scrapping app	439
Post Transfer – Within Company Code app	433
Post with clearing	133
<i>header data</i>	133
<i>perform</i>	133
<i>select open items</i>	135
Post with references	128
<i>create document</i>	130
Post with references (Cont.)	
<i>flow control</i>	129
<i>header data</i>	130
<i>post</i>	132
Post Writeup app	432
Prediction valuation	530
Predictive accounting	33
Primary cost	99
Primary revenue	99
Procurement	206
Procurement Overview Page app	48
Production cost	390
Profitability analysis	78
Profitability segment	476–477, 489
<i>derive</i>	484
Profit and loss (P&L) account	391
<i>account</i>	178, 500
Profit center	54, 58, 74, 477
<i>create</i>	58
<i>margin</i>	528
<i>uses</i>	59
Project billing element	476–477
Project manager	470
Project margin	497
Project Profitability app	497, 527, 529
Project Profitability Overview app	468, 498
Purchase order	48, 175, 205, 209
<i>create</i>	209–210
<i>display</i>	211
<i>document flow</i>	217, 232
<i>history</i>	219, 232
<i>recurring check</i>	217
Purchase price	390
Purchase requisition	48, 206
<i>display</i>	208
<i>type</i>	206
Purchase-to-pay	44, 47, 205
Purchasing areas	222
Purchasing organization	48, 62, 206
<i>assign</i>	62
R	
Real-time data replication	25
Reclassification	271
<i>accounts receivable</i>	356
<i>configure</i>	272, 356
<i>postings</i>	275, 361
<i>process open items</i>	274, 359
Recognition key	548–549
<i>change</i>	532
Reconciliation	27
<i>accounts payable</i>	276
Reconciliation (Cont.)	
<i>accounts receivable</i>	362
<i>adjustment</i>	171
<i>bank</i>	162
<i>compare</i>	279, 367
<i>display documents</i>	278, 363, 365
<i>event-based revenue recognition</i>	506
<i>fixed assets</i>	451
<i>general ledger</i>	91, 172
<i>ledger</i>	86
<i>management accounting</i>	72
<i>report</i>	94, 451
<i>root cause</i>	171
<i>subledger</i>	170
Reconciliation account	91, 230, 277, 358, 362
<i>create</i>	92
<i>customer account</i>	314
<i>display</i>	94
<i>field status group</i>	93
<i>type</i>	92
Record-to-report	44, 49, 89
Recurring check	217
<i>output report</i>	218
Recurring document	121
<i>change</i>	127
<i>create</i>	121
<i>display</i>	125
<i>line items</i>	122
<i>vendor details</i>	123
Recurring entry	121, 125
Reference document	480
Regrouping	356
Regroup Receivables/Payables app	276, 362
Relationships button	347
Replacement rule	509
Reporting	25, 496, 503
<i>accounts payable</i>	284
<i>accounts receivable</i>	374
<i>benefits</i>	470
<i>consulting margin</i>	527
<i>dashboard</i>	468
<i>dimension</i>	497
<i>fixed assets</i>	457
<i>general ledger</i>	95, 189
<i>line item</i>	25, 498
<i>margins</i>	469
<i>reconciliation</i>	94
<i>SAP ERP</i>	469
Repost GR/IR Clearing app	178
Request for quotation	48
Reset Cleared Items app	153

Resetting documents	145
<i>options</i>	151
Residual payment	240, 322
Residual salvage value	393
Retirement	393, 435
<i>partial</i>	438
<i>post to clearing account</i>	437
<i>post to customer</i>	435
<i>scrapping</i>	437
<i>types</i>	393
Return on capital employed (ROCE)	58
Revenue	
<i>adjustment</i>	504–505
<i>allocate</i>	524
<i>target</i>	529
Revenue recognition	476
<i>accounting principle</i>	509
<i>app</i>	530
<i>confirmation-based</i>	546
<i>document</i>	489, 492, 494
<i>IFRS 15</i>	522
<i>journal entry item</i>	484
<i>matching principle</i>	504
<i>method</i>	474, 476, 504, 543, 548
<i>posting</i>	506
<i>run</i>	552
Reversal reasons	147
Reversing documents	145
<i>clearing document</i>	150
<i>header data</i>	146
<i>mass reversal</i>	147
<i>nonclearing</i>	146
<i>options</i>	151
<i>reason</i>	147
Rise with SAP	21
Risk class	346
Role	30, 470
<i>business partner</i>	223
Run Revenue Recognition Projects app	534
S	
Sales and distribution	298, 316
<i>invoice</i>	316
Sales Management Overview app	46
Sales order	298
<i>access</i>	298
<i>create</i>	299
<i>create with reference</i>	300
<i>delivery</i>	539
<i>display</i>	301
<i>fields</i>	301

Sales order (Cont.)	
<i>item</i>	476–477, 510–511
Sales Order Fulfillment app	46
Sales organization	63
<i>assign</i>	63
SAP Business Warehouse (SAP BW)	28
SAP Central Business Configuration	21
SAP Customer Relationship Management (SAP CRM)	45
SAP ERP	23, 86
<i>period-end close</i>	551
<i>reporting</i>	469
<i>subledger</i>	90
SAP Financial Closing cockpit for SAP S/4HANA	29, 168, 180
<i>closing activities</i>	185
<i>create tasks</i>	183
<i>execution</i>	186
<i>preparation</i>	186
<i>task list</i>	30
<i>task types</i>	183
SAP Fiori	36
<i>applications</i>	25, 39
<i>login</i>	36
<i>menu</i>	36
SAP Fiori apps reference library	38, 46
SAP GUI	34
SAP HANA	467, 469, 497, 503
SAP S/4HANA	19
<i>event-based revenue recognition</i>	550
<i>functional area</i>	60
<i>on-premise</i>	19, 34
<i>period-end close</i>	28, 168
<i>reporting</i>	95
<i>role</i>	470
<i>simplifications</i>	27
<i>subledger</i>	90
SAP S/4HANA Cloud	20, 468, 470, 511, 552
<i>advanced financial closing</i>	31, 189
<i>customer projects</i>	476–477
<i>time recording</i>	479
SAP S/4HANA Cloud, private edition	21
SAP S/4HANA Cloud, public edition	21, 479
SAPscript	250
SAP Smart Business	40
Schedule Asset Accounting Jobs app	428, 444, 448
Schedule Automatic Payment app	255
Schedule Automatic Payment Periodically app	255
Scrapping	393, 437
<i>value</i>	402
Screen variant	112
Secondary cost	99
Segment	58–59, 74
<i>reporting</i>	59
Sell-from-stock	537
Service contract	543
Service management	543
Service order	544–545
Settlement	142
Shipping point	303
Ship-to party	301
Show Message Log	180
Simple credit check	349
Simplifications	27
Simulation	423, 542
Single point of truth	23
Single source of truth	23, 71
Soft close	30
Software as a service (SaaS)	20
Sold-to party	301
Sort methods	272, 356
Special depreciation	402
Special ledger	27
<i>redundancy</i>	27
Standalone selling price (SSP)	522–523
Standard ledger	70
Static credit check	349
Stock transfer	207
Straight-line method	392
Subcontracting	206
Subledger	90, 170
<i>fixed asset</i>	389
<i>reconciliation</i>	91, 170
<i>transaction</i>	91
Subledger closing	90
<i>prerequisite</i>	91
Summarization levels	385
Sum of years digits method	392
Supplier invoice	214, 481
<i>details</i>	482
<i>document flow</i>	216
<i>journal entries</i>	483
<i>open item</i>	133
<i>post</i>	214, 482
T	
Table ACDOCA	25, 90, 276, 362
T-account	72, 99, 542
Tangible asset	390
Task group	181
Task type	183
Time and expenses contract	475, 481, 511–512

Time confirmation	505
<i>bill</i>	484
<i>customer project</i>	478
<i>event-based revenue recognition</i>	504
<i>intercompany</i>	84
Time sheet entry	85
Trading partner	52, 85
Transaction	
ABAA	429
ABAON	393, 437
ABAVN	394, 437
ABMA	429
ABMR	429
ABNAN	429
ABTIN	433–434
ABUMN	432–433
ABZON	392
ABZU	428–429
AFAB	425, 444, 446
AFAR	446
AFBP	427
AJAB	439–440
ASOI	394
AWOIN	414
BP	223–224, 229
DP93	86
F.01	172, 198
F.13	269
F.19	175, 267
F-04	133, 145
FO869A	305
FI10	221, 240, 246
FI50	339, 342
F-28	322–323, 363
F-37	336, 339
F-47	258
F-53	221, 240, 278
F-58	240
F-90	391
F-91	392
F-92	393, 435
FAGL_CL_REGROUP	356
FAGL_EHP4_TO01B_COFI	95, 168, 262
FAGL_FCV	174, 265, 350
FAGL_FHP4_TO01B_COFI	448
FAGLBO3	190, 280, 367
FAGLFIO1	274, 359
FAGLGVTR	178
FAGLLO3	96, 196
FAGLLO3H	96, 196
FBO3	96, 278
FBO3L	139–140
FB50	110, 119, 128
Transaction (Cont.)	
FB50L	139
FB60	236, 422
FB65	256
FB70	319
FB75	330
FBD1	121, 127
FBD2	127
FBD3	127
FBLIH	284–285
FBLIN	234, 242
FBL5H	377
FBL5N	324, 375
FBRA	154
FCLOCO	186
FCLOCOS	186
FCLOCOT	186
FCO_COSTRATE_EDIT	143
FDO1	308–309
FDO2	308
FDO3	157, 311, 314
FDION	375
FDB3	125
FEBA_BANK_STATEMENT	164
FF_5	162, 327
FF67	165, 328
FIO1	155
FIO2	157
FIO3	156
FI12	160
FI12_HBANK	157–158
FK10N	219, 284
FLOCOC	181
FSOO	80, 92
FV50	116
KAO*	99
KB1IN	84
KB15N	84
KB21N	84
KE51	58
KE52	58
MB5S	218
ME21N	209
ME23N	211, 232
ME51N	207
ME53N	208
ME58	210
ME59N	210
MIGO	212
MIR4	216
MIRO	215, 231
OADB	409
OADC	409

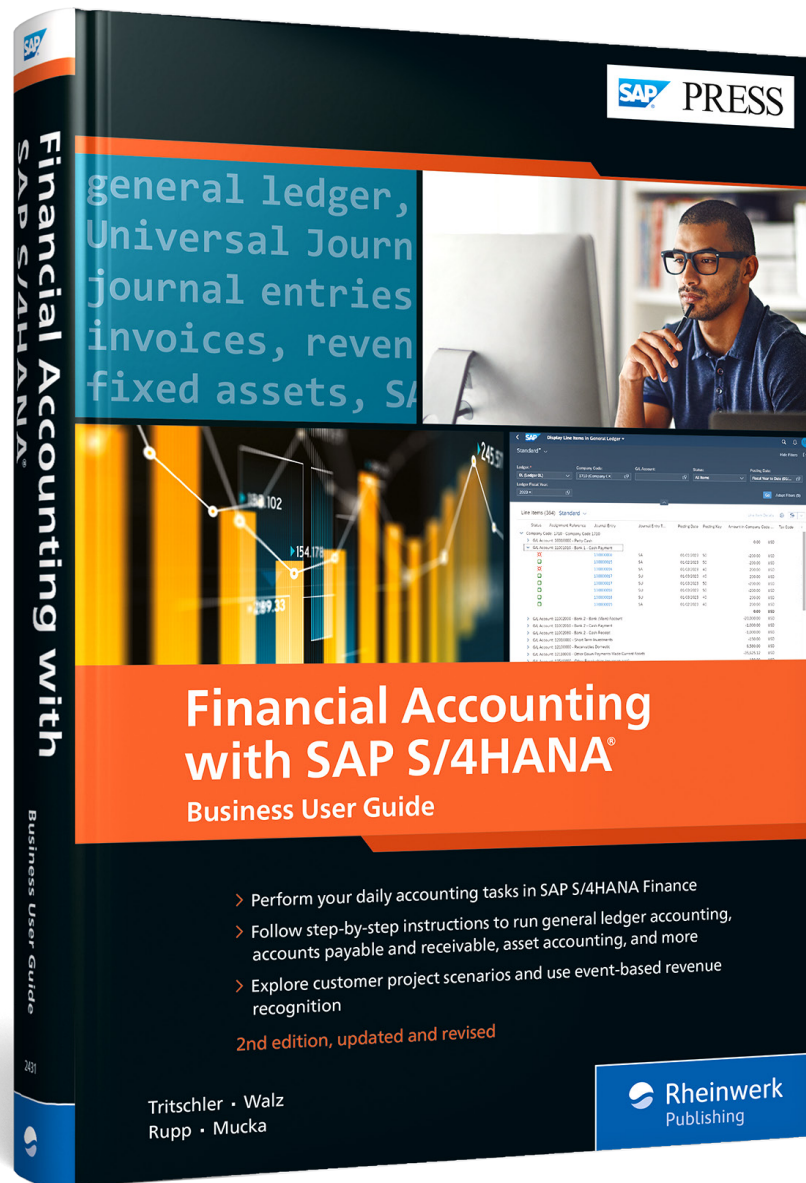
Transaction (Cont.)	
OAOB	412
OBD4	101
OBY6	54, 104
OVXD	303
REV_REC_SUP	535
S_ALR_87009207	398
S_ALR_87011990	451, 457
S_ALR_87012050	458
S_ALR_87012082	279, 287
S_ALR_87012103	281, 291
S_ALR_87012172	172, 369, 381
S_ALR_87012178	384
S_ALR_87012197	370, 383
S_ALR_87012277	192
S_ALR_87012284	367, 454
S_ALR_87012289	201
S_ALR_87012301	192, 194
S_POO_07000077	461
S_POO_07000078	465
S_PLO_86000030	456
SM35	162, 275, 361
UKM_BP	344
VA01	299, 538
VA02	299
VA03	299
VFO1	305, 319, 540
VFO2	307
VFO3	317
VFO4	353
VLOIN	303, 305, 539
Transactional app	39
Transaction price	524
Transfer	
asset	432
partial	434
within company code	432
Transfer of reserves	429
Trial balance	95, 192
general ledger account	193
totals and balances	194
Trial Balance app	96
U	
Uncleared item	215
Units of production method	392
Universal Journal	
benefits	24
characteristics	23
event-based revenue recognition	506
extensibility	26

Universal Journal (Cont.)	
features	23
integration	32, 71
market segment reporting	74
origin profit center	528
parallel accounting	33
profitability	75, 79
real-time consolidation	86
reporting	25, 496
simplifications	27
Universal parallel accounting	
alternative fiscal years	144
cost rates	143
multiple currencies	145
parallel value flow	144
product valuation	143
settlement	142
Usage-based contract	475
User interface	
configuration	76
web-based	36

V

Valuation price	207
Value adjustment	428
Value chain	43
Vendor account	
display	224
segment	222
settle	246
Vendor account balance	
clear	221
cleared items	221
compare	279
cumulative	285
display	219, 279, 285
local currency	287
open items	220
report	287
Vendor checking balance	219
Vendor invoice	
create from logistics	231
direct	234
display	232
document type	234
enter	236, 423
post	237
Vendor line item	281, 291
compare	282
Vendor master record	
company code data	229

Vendor master record (Cont.)	
create	223
data separation	230
general data	223
identification	226
reconciliation account	277
Vendor payments	240
W	
Web GUI	
login	35
Work breakdown structure (WBS)	
billing element	511
Work breakdown structure (WBS) (Cont.)	
element	113, 480
Work in progress (WIP)	499
drilldown	500
Work package	472
time and expenses	473
Write-up	428–429
additional details	430
specifications	430



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