Financial Accounting (FI) Case Study

This case study explains an integrated financial accounting process in detail and thus fosters a thorough understanding of each process step and underlying SAP functionality.

MOTIVATION
The data entry requirements in the financial accounting exercises (FI 1 through FI 10) were minimized because much of the data already existed in the SAP system. This stored data, known as master data, simplifies the processing of business transactions. Examples for this were charts of accounts and G/L accounts.

In this case study, we will create a vendor master record, process an invoice and create a payment.

PREREQUISITES
Before you use this case study, you should be familiar with navigation in the SAP system.

In order to successfully work through this case study, it is not necessary to have finished the FI exercises (FI 1 through FI 10). However, it is recommended.

NOTES
This case study uses the Global Bike Inc. (G.B.I.) data set, which has been created exclusively for SAP UA global curricula.
CASE STUDY

Process Overview

**Learning Objective** Understand and perform a financial process.

**Scenario** TODO

**Employees involved** Silvia Cassano (Accounts Payable Specialist)
Shuyuan Chen (Chief Accountant)

Before you can post the account payables invoice, master data has to be maintained. Within the Case Study you will create necessary accounts within the General Ledger and create the vendor.

Afterwards you will post the invoice and verify the changes on your accounts.

Since the posting is relevant to P&L-Statement you will review the impact on your Financial Statement in the end.
CASE STUDY

Create Bank Account in General Ledger

**Task** Create a new G/L Account.

**Short Description** Create a new Bank Account in the General Ledger.

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

Business Scenario

In this case study we will create the master data that is involved in an accounts payable process and pay our rental fee as an example. We start by creating a bank account for outgoing payments to our vendor.

**Menu path**

To create a new account, follow the menu path:

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

In the following screen, enter 10###5 (replace ### with your assigned number, e.g. 100125 if you have 012) as your G/L Account number and US00 as Company Code. Copy data from the Bank Account 100000 in Company Code US00 by choosing G/L account ► Create with reference and entering the necessary data. Compare with the screenshot below and confirm with ✅.

Make sure that the Account Group LA Liquid Assets is selected and the account is flagged as Balance Sheet Account. Enter Bank ### as Short Text and Bank Account ### as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on ✅ (Save).
Your screen should look similar to the one depicted below

Confirm with ✔ and return to the SAP Easy Access screen using ☐.
Create Reconciliation Account in General Ledger

**Task** Create a new G/L Account.

**Short Description** Create a new Reconciliation Account in the General Ledger.

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

Reconciliation Accounts connect the General Ledger with subledgers that are maintained for customers, vendors etc. Direct manual posting to the Reconciliation Accounts is not possible. Later we will create a new vendor master record and assign the new Reconciliation Account to it.

To create a new account, follow the menu path:

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

In the following screen, enter **11###5** (replace ### with your assigned number) as your G/L Account number and **US00** as Company Code. Copy data from the Bank Account **300000** in Company Code **US00** by choosing **G/L account ➤ Create with reference** and entering the necessary data.

Confirm with ✔.

Make sure that the Account Group **RA Reconciliation Account** is selected and the account is flagged as **Balance Sheet Account**. Enter **Payables-Misc ###** as Short Text and **Payables-Miscellaneous ###** as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on ✗ (Save).

Your screen should look similar to the one depicted below

![Screen with account details](image)

Confirm with ✔ and return to the SAP Easy Access screen using ☐.
Create Expense Account in General Ledger

**Task** Create a new G/L Account.

**Short Description** Create a new Expense Account in the General Ledger.

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

To create a new account, follow the menu path:

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

In the following screen, enter **75###5** (replace ### with your assigned number) as your G/L Account number and **US00** as Company Code. Copy data from the Bank Account **740300** in Company Code **US00** by choosing **G/L account ► Create with reference** and entering the necessary data.

Confirm with ✓.

Make sure that the Account Group **PL Profit & Loss Accounts** is selected and the account is flagged as **P&L statement acct.** Enter **Rent Expense ###** as Short Text and **Rent Expense ###** as G/L Acct Long Text. Again, replace ### with your assigned number. Then, click on (Save).

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

**Task** Create Cost Element.  

**Short Description** Create Cost Element for Expense Account  

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

To create a new account, follow the menu path:

- **Accounting ▶ Controlling ▶ Cost Element Accounting ▶ Master Data ▶ Cost Element ▶ Individual Processing ▶ Create Primary**

When asked for the Controlling Area, enter **NA00**.

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

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

Proceed with 🌌.

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

Then, click on 📑 to save your cost element.

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

**Task**  Create a new vendor master record.  
**Time**  5 min

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

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

The Chief Financial Officer has requested you create a new vendor account for Cardinal Properties.

To create a new vendor, follow the menu path:

```
Accounting ► Financial Accounting ► Accounts Payable ► Master Records ► Create
```

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

<table>
<thead>
<tr>
<th>Vendor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Code</td>
<td>US00</td>
</tr>
<tr>
<td>Account group</td>
<td>KRED</td>
</tr>
</tbody>
</table>

Then, click on ![Checkmark](checkmark.png)

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

In the Create Vendor: Accounting information Account view, enter Recon. Account `11###5` under Accounting Information. Then, click on ![Checkmark](checkmark.png).

In the Create Vendor: Payment transactions Accounting view, enter Payt Terms `0001`, and select **Chk double inv**. Then, click on ![Checkmark](checkmark.png) (Save).

Click on the exit icon ![Exit Icon](exit.png) to return to the SAP Easy Access screen.
Create Invoice Receipt for Rent Expense

**Task** Create an invoice receipt.

**Short Description** Enter an invoice received from Cardinal Properties for this month’s rent of $1,500.00. This invoice will be posted to an existing G/L expense account in your chart of accounts and saved as an Accounts Payable to Cardinal Properties.

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

To create an invoice receipt, follow the menu path:

**Accounting ► Financial accounting ► Accounts Payable ► Document entry ► Invoice**

Enter your **vendor number** for Cardinal Properties (use the F4-Help with search term ### if necessary), **today** as Invoice Date, **$1,500** as Amount of Invoice and **Invoice HR-###** as Text. Remember to replace ### with your assigned number.

If your company code did not default in, select the following system menu entry:

**Edit ► Set Company Code**

Then, enter your company code.

Enter your Expense Account **75###5**, D/C **Debit**, Document amount **$1,500**, and Cost center **NAHR2###**. Then, click on.

Use the button to see if the postings are correct.

<table>
<thead>
<tr>
<th>Doc. Type : ER (Vendor Invoice)</th>
<th>Normal document</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doc. Number</td>
<td></td>
</tr>
<tr>
<td>Doc. Date</td>
<td>04.03.2013</td>
</tr>
<tr>
<td>Company Code</td>
<td>US00</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>2012</td>
</tr>
<tr>
<td>Period</td>
<td>US</td>
</tr>
</tbody>
</table>

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<th>Itm</th>
<th>PK</th>
<th>Account</th>
<th>Account short text</th>
<th>Assignment</th>
<th>TX</th>
<th>Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>125000</td>
<td>Cardinal Properties</td>
<td></td>
<td></td>
<td>1,500.00</td>
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<td>2</td>
<td>40</td>
<td>750005</td>
<td>Rent Expense 000</td>
<td></td>
<td></td>
<td>1,500.00</td>
</tr>
</tbody>
</table>

Click on to save your invoice receipt.

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

**Task** Display and review general ledger account balances.  
**Short Description** Display and confirm the activity and associated balance for the rent expense account used in the previous exercise.  
**Name (Position)** Silvia Cassano (Accounts Payable Specialist)

To display ledger account balances, follow the menu path:

Accounting ► Financial accounting ► General ledger ► Account ► Display balances

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

Double click on month balance to see line items. You might see multiple of the invoiced amount. Try to explain why.

To achieve a better overview, you will remove unneeded columns from the report. Start by clicking on , select the rows shown in the picture below and click on .
Confirm the layout change with ENTER or Copy. The screen should look similar to the one depicted below.

| O/L Account | 750005 | Rent Expense 080 |
| Company Code | US00 |
| Ledger | GL |

<table>
<thead>
<tr>
<th>St.</th>
<th>Assignment</th>
<th>DocumentNo</th>
<th>RunA</th>
<th>Type</th>
<th>Doc. Date</th>
<th>FR Account in Local Curr.</th>
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<th>Text</th>
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<tbody>
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<td>1500000000</td>
<td>SDO</td>
<td>SR</td>
<td>04.05.2012</td>
<td>40</td>
<td>1,500,90</td>
<td>USD</td>
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<td>2</td>
<td>✔️</td>
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<td>3 ** Account 750005</td>
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<td></td>
<td>1,500,90</td>
<td>USD</td>
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<td></td>
</tr>
</tbody>
</table>

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

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

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

**Time** 5 min

**Short Description** Display and confirm the activity and associated balance for the Accounts Payable for Cardinal Properties. Note that this transaction is considered to be “open” which means that payment has not been sent to Cardinal Properties as of this time.

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

To display Accounts Payable balances, follow the menu path:

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

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

Double click on month balance to see line items.

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<thead>
<tr>
<th>St</th>
<th>Type</th>
<th>Doc. Date</th>
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</table>

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

Click on the exit icon to return to the SAP Easy Access screen.
Post Payment to Landlord

**Task** Issue a payment to your landlord.

**Short Description** Issue a payment to Cardinal Properties to settle the Accounts Payable for this month’s rent. A journal entry is made to Accounts Payable for Cardinal Properties and to the bank checking account in the G/L.

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

To issue a payment, follow the menu path:

**Menu path**

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

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

Under Open items selection, enter your vendor number for Cardinal Properties (use the F4 help) and leave all other settings unchanged. Select Process open items and review the line item information.

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

<table>
<thead>
<tr>
<th>Amount entered</th>
<th>1,500.00-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned</td>
<td>1,500.00-</td>
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<tr>
<td>Difference postings</td>
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</tr>
<tr>
<td>Not assigned</td>
<td>0,00</td>
</tr>
</tbody>
</table>

Click on to save your payment.

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

**Task** Display and review General Ledger account balances.  

**Time** 5 min

**Short Description** Display and confirm the activity and associated balance for the rent expense account used in the previous exercise.

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

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

**Menu path**

- **Accounting ► Financial accounting ► General ledger ► Account ► Display balances**

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

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

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

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

**Short Description** Display and confirm the activity and associated balance for the Accounts Payable for Tanager Leasing, Inc.

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

To display Accounts Payable balances, follow the menu path:  

**Menu path**

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

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

Verify details of Document #, Type, Amount and Comments. Notice that this display gives you a different view of the vendor account. The first column should indicate with the green square that the document is cleared.

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Click on the exit icon 🔄 to return to the SAP Easy Access screen.
Run Financial Statement

**Task**

Use the SAP menu to run a trial financial statement.

**Time**

5 min

**Short Description**

Run a trial financial statement.

**Name (Position)**

Shuyuan Chen (Chief Accountant)

To view a balance sheet, follow the menu path:

**Menu path**


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

Then, click on 📋.
Click on the exit icon to return to the SAP Easy Access screen.