



Janet Salmon

First Steps in SAP® S/4HANA Finance

Second, revised edition

- ▶ Understand the basics of SAP S/4HANA Finance
- ▶ Explore the new architecture, updated configuration options, and SAP Fiori
- ▶ Examine SAP S/4HANA Finance migration steps
- ▶ Understand alternative deployment options, such as a central finance deployment

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2 Accounting and Controlling

The German-speaking world has long since separated the Accounting modules from the Controlling modules and the move to bring the two applications into a single journal entry is one of the most significant changes with SAP S/4HANA Finance. The goal of this move is to provide internal and external reporting from the same data source. If you have struggled in the past to make sense of the SAP approach, the idea of having accounts, cost centers, profit centers, and so on in a single posting string, the universal journal, will make immediate sense.

2.1 Introducing the universal journal

The universal journal (ACDOCA table) significantly changes the way transactional data is stored for financial reporting. It offers huge benefits in terms of the ability to harmonize internal and external reporting requirements by having both read from the same document store where the account is the unifying element for all forms of financial reporting. You will still need to understand the different applications to the extent that you need to perform different business transactions in each application. This means that you still have to create general journal entries in General Ledger Accounting, acquire and retire assets in Asset Accounting, run allocations and settlement in Controlling, capitalize research and development costs in Investment Management, and so on, but in reporting, you read from one source, regardless of whether you want to supply data to your consolidation system, report to the tax authorities, or make internal management decisions.

Figure 2.1 illustrates the way the universal journal combines reporting dimensions from the separate applications (General Ledger Accounting, Profitability Analysis, Controlling, Asset Accounting, and Material Ledger) to provide a unified data structure for reporting that includes all relevant dimensions.

Universal Journal as the Single Source of Truth

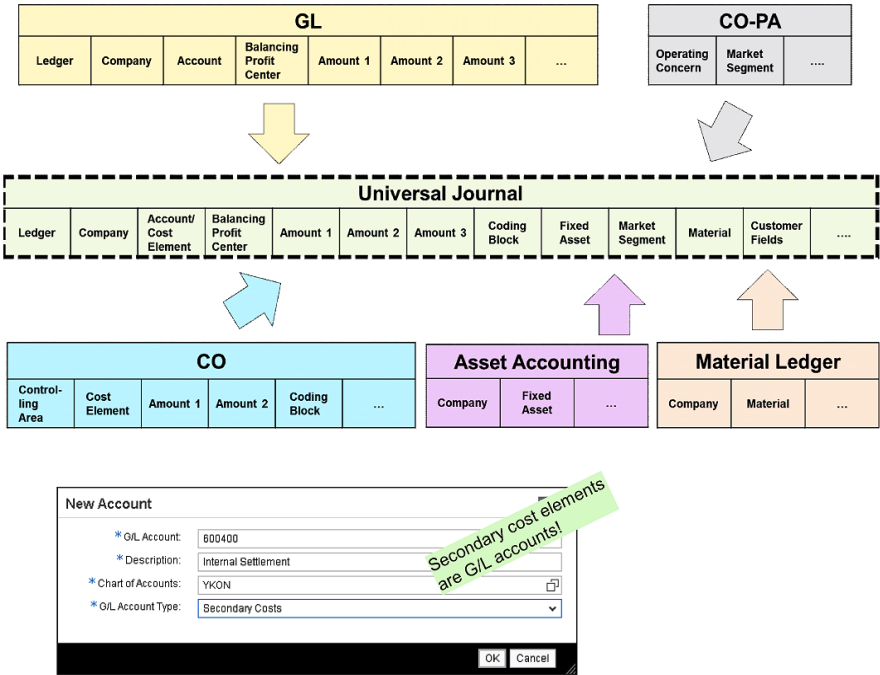


Figure 2.1: Combining reporting dimensions in the universal journal

We previously saw the key fields of the universal journal in Figure 1.3. If we now look at the details of the new line item table in Figure 2.2, we see how the existing fields for General Ledger Accounting, Asset Accounting, the Material Ledger, and Controlling are combined in the universal journal using a series of include structures, bringing data from the many different business transactions to deliver a single source of truth for financial reporting in SAP S/4HANA.

The massive simplification inherent in this structure is that instead of having a separate set of revenue lines in Profitability Analysis, Profit Center Accounting, and Financial Accounting, each offering a different amount of

detail about the same business transaction, you can report from a single *source document* in the ACDOCA table. For internal reporting, for example, you might select revenue lines for a particular product or customer (information captured as characteristics that you can choose when you generate your operating concern in Profitability Analysis) and for external reporting, you select the same revenue lines based on the profit center or company code in the document.

Field	Key	Initial	Data element	Data Type	Length	Decim...	Coordinate	Short Description
.INCLUDE	<input type="checkbox"/>	<input type="checkbox"/>	ACDOC_SI_VALUE_DAT	STRU	0	0	0	Universal Journal Entry: Value Fields
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_FIX	STRU	0	0	0	Universal Journal Entry: Mandatory fields for G/L
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_GEN	STRU	0	0	0	Universal Journal Entry: Fields for several subledgers
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_FI	STRU	0	0	0	Universal Journal Entry: Fields for FI subledgers
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_FAA	STRU	0	0	0	Universal Journal Entry: Fields for Asset Accounting
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_ML	STRU	0	0	0	Universal Journal Entry: Fields for Material Ledger
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_CFIN	STRU	0	0	0	Universal Journal Entry: Fields for Central Finance
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_CO	STRU	0	0	0	Universal Journal Entry: CO fields
.INCLUDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACDOC_SI_LOG	STRU	0	0	0	Universal Journal Entry: Fields for Logistics

Figure 2.2: Merging the SAP ERP applications in the universal journal

When we talk about a *single source of truth*, what we mean is that instead of looking at datasets in multiple applications, we are looking at different aggregations of the same dataset by selecting fields from the various include structures shown in Figure 2.2. As we discussed in Section 1.2.1, the idea of the column store is significant. We may have hundreds of company codes, thousands of profit centers, and tens of thousands of customers, but these can be queried much more efficiently than in the past when each application built its own data store to record information about these entities.

In this context, it is also worth understanding how the different applications used to aggregate their data in the past. Even though many of the relevant fields were included in the BSEG table, organizations would configure their Financial Accounting applications to remove the individual cost centers from a large payroll document using *summarization*, or to remove the individual materials from a large invoice and only keep the cost center detail in Cost Center Accounting and the material detail in Profitability Analysis. This different granularity provided its own challenges when reconciling the various applications as key information was lost in the aggregation.

Before we look at what is new, let us remind ourselves of the high-level differences between the datasets in the various applications. However, if you

are new to SAP S/4HANA Finance, you can skip straight to the next section because you do not have to worry about the historical differences between the various applications. All the Financials applications aggregate by period and fiscal year, but the other reporting dimensions are different in each application, making reconciliation tricky and meaning that management meetings are often spent discussing whose version of the truth is correct rather than what to do about the business situation the figures are showing.

2.1.1 Structure of General Ledger Accounting

Depending on which version of the SAP software you are using, you can approach a move to SAP S/4 HANA with two different options for General Ledger Accounting:

- *Classic General Ledger Accounting*—available from SAP R/3 onwards, stores data by account, company code, and business area, as we saw when we looked at table GLT0 in Figure 1.2. If you need reporting dimensions other than company code and business area, you can activate additional applications for Profit Center Accounting and Consolidation Preparation or build your own special ledger applications for Cost of Goods Sold Reporting, Segment Reporting, and so on. The separate ledgers for Profit Center Accounting, Consolidation Preparation, and so on, are no longer required since the information is in the universal journal, but these ledgers are still updated and can continue to be used for an interim period. These special ledgers are considered part of the *compatibility scope*, which means that they will be supported for an interim period, but not beyond 2025. In addition to these ledgers, a *reconciliation ledger* stored the results of any allocations or settlements in Controlling that crossed company code boundaries and had to be reflected in General Ledger Accounting at period close by running transaction KALC to generate the appropriate journal entries. Moving to the universal journal makes the reconciliation ledger and transaction KALC obsolete because there is only one document in Accounting and Controlling. Here, however, the COFIT table is no longer updated and the legacy reports offered for Cost Element Reporting are no longer supported.

- *SAP ERP General Ledger Accounting* (formerly known as *new General Ledger Accounting*) available from SAP ERP onwards enabled you to extend the basic account, company code, business area approach by activating additional scenarios to support Profit Center Accounting, Cost of Goods Sold Reporting, Consolidation Preparation, Segment Reporting, and so on. Activating these scenarios extends table FAGLFLEXA to store details of the profit centers and partner profit centers, functional areas and partner functional areas, trading partners and partner trading partners, segments and partner segments, and so on. What the scenarios enable is essentially drill-down reporting for these dimensions within the general ledger. Technically, you were creating additional aggregates for each of the scenarios that you added to the general ledger. The reconciliation ledger became obsolete if you activated real-time integration with CO so that any allocation or settlement that crosses a company code boundary (or a profit center boundary, a functional area boundary, and so on) would trigger a posting in the general ledger to reflect the change. This was progress compared to classic General Ledger Accounting, but there were limits to the number of dimensions that you could safely add to aggregate table FAGLFLEXA. With the universal journal, you no longer need to activate the various reporting scenarios separately—the columns are automatically updated if you maintain the proper assignments in your master data and you can add further dimensions to the coding block and extend the operating concern for Profitability Analysis as required.

One of the common misconceptions about the universal journal is that it is the only table used for General Ledger Accounting. In truth, the old document header table (BKPF) and document line item table (BSEG) continue to exist alongside the universal journal, as shown in Figure 2.3. The BSEG table continues to be used for open item clearing and related tasks, but the entries can be summarized to remove entities such as the product sold or the cost centers, where the detailed information is only needed in the universal journal (ACDOCA). However, since the BSEG is used for clearing, you will need to retain the material for goods receipt/invoice receipt clearing.

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