

What is SAP Financial Accounting – An introduction of SAP FI Module

What is SAP Financial Accounting (SAP FI)?

SAP Financial Accounting (SAP FI) module is the back bone of SAP accounting as it records financial transactions of all movements of goods, services and all other business transactions between the company and its customers and vendors. SAP FI application represents from an accounting perspective a company general ledger (G/L). **SAP FICO** (FI & CO) are two separate books of accounting, where the **SAP FI** is used for external reporting with Balance sheets and Profit & Loss statements and **SAP CO (Controlling)** for internal reporting purpose.

SAP Financial accounting module components enables to meets all the requirements of financial accounting department of an organization. The important features of FI are

- SAP FI records all the business transactions with an unbroken audit trail from financial statements to the individual documents.
- The postings made in sub ledger accounts always generate a postings in a corresponding G/L account.
- The data is available in real time, so the financial accounting data can be access through out the organization.
- All the transactions processed in logistics are posted to financial accounting module through automatic account determination. So ensuring that value of goods and services are exactly reflects in accounting.
- Prepares an operational information and provide effective decision making within the organization.

SAP FI module can be integrated with other **SAP modules** of **material management**, **sales and distribution**, project systems, controlling, production planning, Human capital management, payroll, etc.

SAP Financial Accounting Organizational Structure

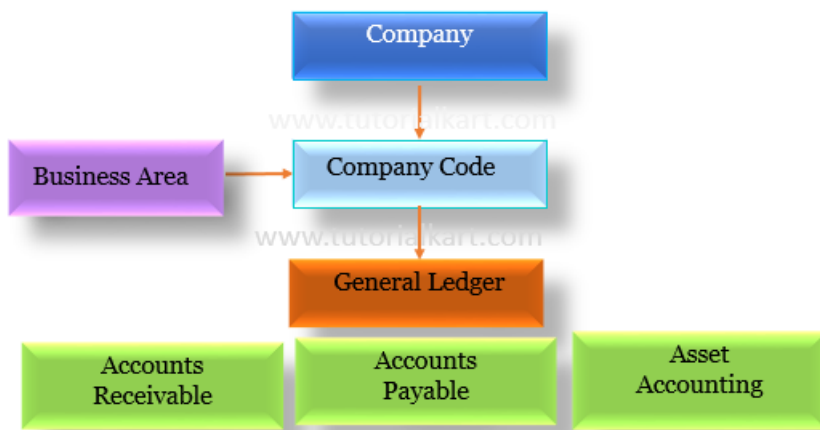
The important organizational elements of SAP FI are

1. **Company**
2. **Company Code**
3. **Business Area**
4. **Functional area**

The important sub-modules of SAP financial accounting are

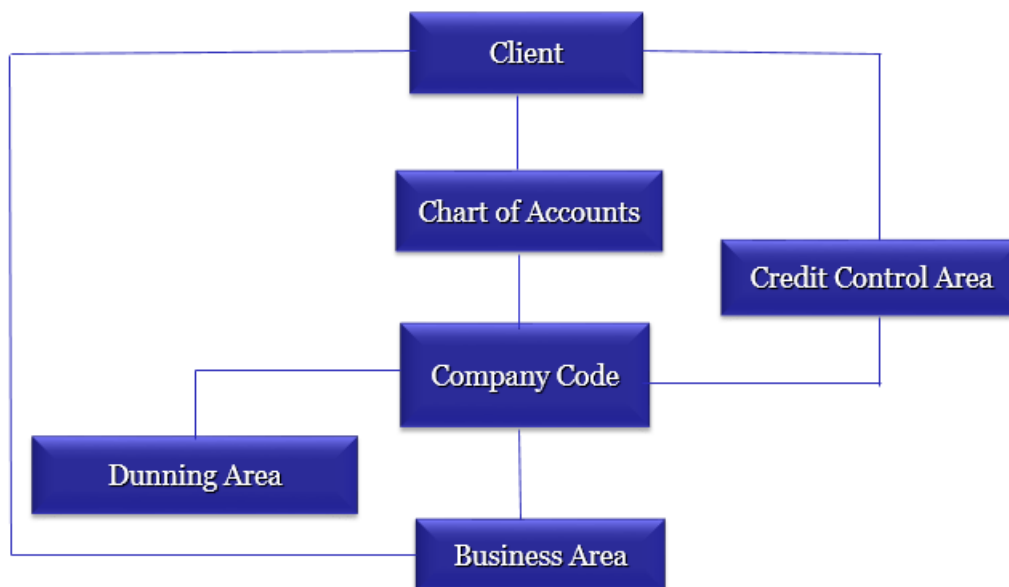
1. General Ledger (FI-GL)
2. Accounts Receivable (FI-AR)
3. Accounts Payable (FI-AP)
4. **Asset Accounting** (FI-AA)

SAP FI – Organization Structure



Important Concepts of SAP FI

Chart of Accounts: – Minimum one [chart of accounts](#) to be defined in SAP system. Each G/L is configured according to the chart of accounts. The chart of accounts consists a list of general ledger accounts that contains account number, account name and type of G/L account.



Currencies: – In Financial Accounting, the currencies need to be specify for each company codes in which currencies ledgers to be maintained. Different types of currencies in SAP are company code currency, document currency and group currency.

Fiscal Year: – A [fiscal year](#) is also known as financial year. Fiscal year can be defined as year independent or year dependent. To separate business transactions into different periods, a fiscal year with posting periods has to be defined in SAP.

Continue to read free [SAP FICO tutorial](#) and [SAP CO tutorial](#) with real time scenarios.

SAP FICO - Introduction

▸ SAP Financial Accounting

▸ What is SAP FICO

▸ What is client in SAP

SAP FICO - Enterprise Structure

▸ Define Company in SAP

▸ Define Company Code in SAP

▸ Assign company code to company in SAP

▸ Define business area and consolidation business area in SAP

▸ Assign business area to consolidated business area in SAP

▸ Define credit control area in SAP

▸ Assign company code to credit control area in SAP

▸ Define functional area in SAP

▸ Maintain Financial Management Area in SAP

▸ Assign financial management area to company code in SAP

▸ How to create segments in SAP

SAP FICO - Global Parameters

▸ What is Chart of accounts and how to create COA in SAP?

▸ Assign company code to chart of accounts

▸ What is Fiscal year in SAP?

▸ How to maintain fiscal year variant

▸ Assign company code to fiscal year variant

▸ Define account group in SAP

▸ Define retained earnings account

▸ Define posting period variant (PPV)

▸ Assign variants to company code in SAP

▸ Open and closing posting period variants

▸ Define field status variant and field status groups in FICO

▸ Assign company code to field status variant

▸ Define Tolerance group for G/L accounts

▸ Define Tolerance group for employees

▸ Check company code global parameters

SAP FICO - Foreign Currency Transactions

‡ Check exchange rate types

‡ Define translation ratios for currency translation

‡ How to maintain exchange rates in SAP

‡ Define accounts for exchange rate differences

‡ Define foreign currency valuation methods

‡ Define accounting principles and assign to ledger group

‡ Define valuation areas and assign to accounting principles

SAP FICO - New G/L Accounting

‡ How to activate new G/L accounting?

‡ Define ledgers for general ledger accounting

‡ Define currencies for leading currency

‡ Define & Activate Non-Leading Ledgers

‡ Define Zero-balance clearing account

‡ Define interest calculation types

‡ Define interest indicator

SAP FICO - Accounts Receivable

‡ Define account group for customers

‡ Maintain number ranges for customer account groups

‡ Assign number ranges to customer account groups

‡ Define risk categories

‡ Define tolerance group for Customers

‡ Create sundry debtors accounts

‡ Define Customer Master Record

SAP FICO - Accounts Payable

‡ What is Accounts Payable in SAP?

‡ Define vendor account groups

‡ Maintain number range intervals for vendor accounts

‡ Assign number ranges to vendor account groups

‡ Create payment terms

‡ Define accounts for cash discount taken

‡ Define Vendor reconciliation account

‡ Create vendor code

SAP FICO - Tax on Sales and Purchases

‡ What is Sales tax and Purchase tax in SAP?

▸ What is Sales tax and Purchase tax in SAP?

▸ Define tax calculation procedures

▸ Assign country to calculation procedure

▸ Assign tax codes for non taxable transactions

▸ Maintain tax codes for sales and purchases

▸ Define tax accounts in SAP

SAP FICO - Bank Accounting

▸ What is Bank Accounting in SAP?

▸ Define bank key

▸ Define house bank in SAP

▸ Create check lots

▸ Automatic payment program

SAP FICO - Asset Accounting

▸ What is Asset Accounting in SAP?

▸ Define Chart of Depreciation

▸ Assign chart of depreciation to company code

▸ Specify Account Determination

▸ Number range intervals for Assets

▸ Maintain Asset Classes

▸ Define tax accounts in SAP

SAP Controlling Training

▸ SAP CO Tutorials

SAP TCodes

▸ SAP TCodes

▸ SAP FI TCodes