



# **GLOSSARY OF SAP S/4HANA FINANCE 1809**

**A Quick Reference Guide to  
SAP Terminologies**

Concept/Term	Definition
SAP S/4HANA Finance	The next-gen SAP financial suite powered by HANA. Integrates finance and controlling in real-time with a simplified data model.
Universal Journal (ACDOCA)	Combines financial and controlling data in one table. Eliminates data redundancy and enables real-time reporting.
New GL (General Ledger)	An enhanced version of the classical GL. Supports parallel ledgers, real-time integration with CO, and document splitting.
Ledger	Represents an accounting principle (e.g., IFRS, GAAP). S/4HANA supports multiple ledgers for parallel accounting.
Parallel Accounting	Enables reporting under different accounting standards using separate ledgers or currency types.

Concept/Term	Definition
Document Splitting	Automatically splits financial documents by dimensions like profit center. Supports segment reporting.
Cost Center	Organizational unit that tracks costs. Used for internal reporting and cost control.
Profit Center	Captures revenue and expenses for parts of the organization. Used for internal profitability analysis.
Company Code	The smallest organizational unit in financial accounting. Represents a legal entity for reporting.
Controlling Area	Groups one or more company codes for internal reporting and cost management.

Concept/Term	Definition
Segment	Represents divisions of the organization for financial statements. Often aligned with profit centers.
Chart of Accounts	A list of GL accounts used by a company. Can be shared across multiple company codes.
GL Account	A master record used to classify financial transactions. Includes balance sheet and P&L accounts.
Accounting Principle	Defines the rules for valuation and reporting (e.g., IFRS, Local GAAP). Applied via ledgers.
FI Document	A record of a financial transaction. Includes header and line items posted to various accounts.

Concept/Term	Definition
CO Document	A controlling document that tracks internal cost allocations. Linked with FI through real-time integration.
Real-Time Integration	Automatically posts relevant CO entries when FI entries are posted. Eliminates reconciliation steps.
Asset Accounting (FI-AA)	Submodule that manages fixed assets. Includes acquisition, depreciation, and retirement.
Depreciation Area	Represents valuation methods for assets. Multiple areas can be defined for parallel reporting.
Accounts Payable (FI-AP)	Manages vendor-related transactions such as invoices, payments, and credit memos.

Concept/Term	Definition
Accounts Receivable (FI-AR)	Manages customer-related transactions such as billing, incoming payments, and dunning.
Bank Reconciliation	Matches bank statements with internal accounting records. Automated via electronic bank statements.
Cash Management	Monitors and forecasts liquidity. Provides real-time cash positions and planning.
House Bank	Represents a company's bank in SAP. Used in payments, bank statements, and cash operations.
Payment Program (F110)	Automates vendor and customer payments. Supports checks, transfers, and electronic formats.

Concept/Term	Definition
Dunning	Process of reminding customers of overdue payments. Includes multiple dunning levels and fees.
Taxes on Sales and Purchases	Configuration for VAT/GST handling. Includes tax codes, rates, and reporting.
Withholding Tax	Tax withheld at source from vendor or customer payments. Configurable for various countries.
Posting Key	Determines how a line item posts (e.g., debit/credit, account type). Essential in manual journal entries.
Document Type	Classifies accounting documents (e.g., invoice, credit memo). Controls number ranges and posting rules.

Concept/Term	Definition
Number Range	Defines the intervals for document numbers. Helps ensure unique document identification.
Fiori Apps for Finance	Web-based apps that provide intuitive access to S/4HANA Finance processes and analytics.
Embedded Analytics	Real-time reporting tools built into S/4HANA. Use Core Data Services (CDS) views and KPIs.
CDS Views	Core Data Services that provide virtual data models. Used in reports, analytics, and Fiori apps.
Extension Ledger	A non-disruptive ledger used for parallel valuations or forecasting. Extends the leading ledger.



Concept/Term	Definition
Closing Cockpit	Tool for managing financial period close. Provides templates, checklists, and automation features.
Financial Statement Version	Customizable structure for presenting balance sheets and P&L statements. Controls report layout.
Intercompany Reconciliation	Automates matching and reconciliation of transactions between group companies.
Profitability Analysis (CO-PA)	Tracks revenues and costs by market segments (e.g., product, region). Supports profitability reporting.
Margin Analysis	The enhanced version of CO-PA in S/4HANA. Integrated with Universal Journal for real-time insights.

Concept/Term	Definition
Product Costing	Calculates cost of manufacturing or services. Supports standard and actual costing.
Cost Object Controlling	Tracks costs related to production orders or internal projects.
Settlement	Transfers costs from temporary objects to final receivers (e.g., from internal order to cost center).
Internal Order	Temporary cost collector for specific tasks or projects. Often used for short-term monitoring.
Primary Cost Element	Directly reflects GL accounts in CO. Used to record expenses or revenues.

Concept/Term	Definition
Secondary Cost Element	Internal elements used only in CO. Represent allocations or assessments.
Assessment	Allocates costs from one cost object to another using fixed percentages or rules.
Distribution	Similar to assessment but maintains sender and receiver visibility in reporting.
Actual Costing	Calculates actual costs at period end. Adjusts variances in inventory and cost of goods sold.
Material Ledger	Provides actual costing and multi-currency valuations for materials. Mandatory in S/4HANA.
Universal Allocation	Centralized allocation tool for cost distribution. Replaces older CO allocation tools.