



GLOSSARY OF SAP S/4HANA FINANCE 2023

**A Quick Reference Guide to
SAP Terminologies**

Concept/Term	Definition
SAP S/4HANA Finance	The finance module in SAP S/4HANA that integrates financial management processes, including accounting, reporting, and treasury.
Universal Journal (ACDOCA)	A unified database table in SAP S/4HANA that consolidates financial and management accounting data into a single entry.
General Ledger (G/L)	A core component of SAP Finance that records all financial transactions and provides an overview of financial position.
Accounts Payable (AP)	A submodule in SAP that handles vendor invoices, payments, and related transactions, ensuring proper liability and cash flow management.
Accounts Receivable (AR)	A submodule in SAP that manages customer transactions, invoicing, and collections, ensuring accurate receivables reporting.

Concept/Term	Definition
Asset Accounting (AA)	Manages the lifecycle of fixed assets, including acquisition, depreciation, and disposal, integrated within the financial accounting module.
Cost Center Accounting (CCA)	A part of management accounting used to track costs incurred by various departments or functions within an organization.
Profit Center Accounting (PCA)	Used to track and analyze the profitability of different parts of the organization, such as departments or divisions.
Internal Orders (IO)	A mechanism in SAP to track specific costs or revenues related to a project or event within the company.
Bank Accounting	Manages all transactions related to the company's cash accounts, such as bank transactions, cash management, and reconciliation.

Concept/Term	Definition
Financial Statement Version (FSV)	A predefined structure for generating financial statements, such as balance sheets and P&L, based on general ledger data.
Closing Cockpit	A tool that supports and automates the period-end closing process in SAP Finance, ensuring accurate financial reporting.
Tax Calculation	The process of calculating taxes such as VAT, sales tax, or income tax in compliance with local regulations, supported by SAP Finance.
Document Splitting	A functionality in SAP that breaks financial transactions into multiple segments, allowing for more granular reporting (e.g., by profit center or segment).
Controlling (CO)	SAP module for managing and monitoring internal costs, budgets, and profitability, integrating with finance for comprehensive reporting.

Concept/Term	Definition
Segment Reporting	A financial reporting standard that allows the separation of data for different segments or business units within an organization, such as by geographical region.
Reconciliation Account	A special G/L account in SAP that ensures consistency between sub-ledgers (AP, AR) and the general ledger.
Balance Sheet	A financial statement that provides a snapshot of an organization's financial position at a specific point in time, listing assets, liabilities, and equity.
Income Statement (P&L)	A financial statement showing a company's performance over a period, detailing revenues, expenses, and profit or loss.
Cash Flow Statement	A financial report that shows the movement of cash in and out of a business, categorized into operating, investing, and financing activities.

Concept/Term	Definition
Integration with SAP MM	The integration between SAP Finance and Materials Management (MM), ensuring smooth financial transactions for procurement, inventory management, and vendor payments.
Integration with SAP SD	The connection between SAP Finance and Sales & Distribution (SD), supporting billing, accounts receivable, and revenue recognition.
Currency Translation	The process of converting financial data from one currency to another, applying exchange rates, and maintaining financial reporting consistency.
Financial Close	The process of finalizing financial transactions at the end of a period (monthly, quarterly, or yearly) to produce accurate reports and ensure compliance.
Year-End Closing	The specific processes and activities that take place at the end of the fiscal year to finalize financial records, including tax calculations and asset valuation.

Concept/Term	Definition
Multi-Book Accounting	The ability to maintain multiple sets of financial records (e.g., IFRS, local GAAP) within the same SAP system for different reporting requirements.
Integrated Planning	A feature that integrates financial planning with controlling and other areas to align budgets and forecasts with actual performance.
Cost Element Accounting	Tracks costs based on their origin, such as materials, labor, or overheads, to help control expenses and improve cost management.
Financial Accounting (FI)	The core module in SAP S/4HANA that handles all external accounting tasks, including general ledger, accounts payable, and accounts receivable.
Period-End Closing	The monthly process that involves closing sub-ledgers and general ledgers, ensuring that all financial transactions are recorded and reported.

Concept/Term	Definition
Document Types	Classification of accounting documents in SAP, such as invoices, credit memos, and payments, for better organization and processing.
Subledger	A ledger that holds detailed transaction data, such as accounts payable and accounts receivable, which is reconciled to the general ledger.
SAP Group Reporting	A tool for consolidating financial data from multiple entities within a group, ensuring compliance with group-level financial reporting standards.
SAP G/L Accounting	The component within SAP Finance that handles all activities related to the general ledger, ensuring complete and accurate financial records.
Customer Accounting	The management of customer-related financial transactions, including billing, payments, and credit management.

Concept/Term	Definition
Vendor Accounting	The management of vendor-related financial transactions, including procurement, invoices, and payment processing.
Tax Reporting	Generating reports related to taxes, such as VAT, based on local regulations and company requirements.
Material Ledger (ML)	A submodule in SAP Finance that tracks the value of materials in real-time, supporting valuation and costing.
Integrated Financial Management	The seamless integration of financial management with other SAP modules like procurement and sales to enable comprehensive financial visibility and control.
Fixed Asset Management	A module within SAP Finance for managing the lifecycle of fixed assets, from acquisition to depreciation and disposal.

Concept/Term	Definition
Vendor Master Data	The centralized information related to vendors, including name, address, and payment terms, which is integrated with accounts payable and procurement.
Cash Management	A part of SAP Finance that provides visibility and control over the organization's liquidity and cash flow.
SAP BPC (Business Planning and Consolidation)	A tool that helps with budgeting, forecasting, and financial consolidation, often integrated with SAP S/4HANA Finance for accurate reporting.
Costing Sheet	A template used in SAP to calculate overhead costs, distributing them across different cost centers or projects.
Deferred Revenues	Revenues that are recorded as liabilities when received but are recognized as income over time as services or goods are provided.

Concept/Term	Definition
Revaluation	The process of adjusting the value of assets or liabilities to reflect their current market value, often required for accounting compliance.
Profitability Analysis (CO-PA)	A component of SAP Controlling (CO) used to analyze profitability by market segment, product, customer, or other dimensions.
Cost Allocation	The process of distributing costs from one cost object (e.g., a cost center) to another based on predefined rules or formulas.
Integration with SAP BW/4HANA	The integration between SAP S/4HANA Finance and SAP Business Warehouse (BW/4HANA) for advanced financial reporting and analytics.
SAP Treasury Management	A module for managing financial risks, liquidity, and cash flow within SAP S/4HANA Finance.