



GLOSSARY OF SAP S/4HANA CLOUD PUBLIC EDITION FINANCE

**A Quick Reference Guide to
SAP Terminologies**

Concept/Term	Definition
SAP S/4HANA Cloud Public Edition	A cloud-native version of SAP's intelligent ERP system, offering standardized processes and regular updates with minimal customization.
Financial Accounting (FI)	A core module in S/4HANA that handles financial transactions, reporting, and statutory compliance.
Controlling (CO)	A module in SAP for managing internal costs and performance, including cost centers, profit centers, and internal orders.
Universal Journal (ACDOCA)	A single line-item table in S/4HANA that merges data from FI, CO, AA, and ML for real-time, consolidated reporting.
Chart of Accounts (CoA)	A list of all general ledger accounts used by one or more company codes for financial reporting.

Concept/Term	Definition
Company Code	The smallest legal entity in SAP for which a complete, independent set of accounting books can be created.
Ledger	A record-keeping system that maintains accounting entries. S/4HANA supports parallel ledgers for local and international standards.
General Ledger (G/L)	Central repository of financial transactions used for external reporting.
Cost Center	An organizational unit in CO where costs are collected and monitored.
Profit Center	A dimension used to analyze internal profitability by business line or unit.
Segment	An accounting dimension used for segment reporting in compliance with IFRS and GAAP.

Concept/Term	Definition
Posting Period	A range of time during which financial transactions are permitted, typically monthly or quarterly.
Accounts Payable (AP)	A subledger for managing vendor transactions, invoices, and payments.
Accounts Receivable (AR)	A subledger for managing customer transactions, invoices, and incoming payments.
Asset Accounting (AA)	A submodule for managing fixed assets, including acquisition, depreciation, and retirement.
Bank Reconciliation	The process of matching and reconciling bank statements with accounting records.
Cash Management	Monitoring and managing cash positions and liquidity forecasts in real-time.

Concept/Term	Definition
Accruals Management	Automates the posting of accruals (expenses or income incurred but not yet posted) based on predefined rules.
Document Splitting	Feature in G/L that enables segment-level or profit center-level reporting from a single posting.
Business Partner (BP)	A harmonized master data concept that consolidates customer and vendor information under one object.
Accounts Integration	Integration of AP and AR into the G/L via reconciliation accounts, ensuring consistency.
Journal Entry	A formal record of financial transactions including debits and credits, stored in the Universal Journal.
Recurring Entry	Pre-scheduled journal entries that post automatically at regular intervals.

Concept/Term	Definition
Tax Code	Defines how tax is calculated and posted in a financial transaction (e.g., VAT, GST).
Parallel Accounting	The ability to maintain financial records under different accounting principles (e.g., IFRS, Local GAAP) using multiple ledgers.
Intercompany Posting	A financial transaction between two company codes belonging to the same corporate group.
Invoice Management	Automates the processing of incoming invoices, including verification and posting.
Three-Way Match	A process that matches the purchase order, goods receipt, and invoice before payment approval.
Credit Management	Helps assess and control the credit risk of customers by setting credit limits and monitoring exposures.

Concept/Term	Definition
Dunning	The automated process of reminding customers about overdue payments through escalating reminders.
Cash Flow Statement	A financial statement that shows the inflows and outflows of cash within a company.
Trial Balance	A summary report listing all G/L balances, used to ensure that debits equal credits.
Financial Statement Version (FSV)	A hierarchical structure used to generate financial statements like Balance Sheet and P&L.
Closing Cockpit	A tool for managing and monitoring the period-end financial closing process.
GR/IR Clearing Account	A temporary holding account used in logistics accounting for goods received but not yet invoiced.

Concept/Term	Definition
Fixed Asset Register	A detailed record of all fixed assets, including their value, location, and depreciation.
Depreciation Area	Defines how depreciation is calculated for different purposes, like tax, legal reporting, or internal use.
Foreign Currency Valuation	The process of adjusting open foreign currency balances to reflect current exchange rates at period-end.
Group Reporting	A consolidation tool used to prepare group-level financial statements in S/4HANA Cloud.
Embedded Analytics	Real-time analytical tools and dashboards available within SAP Fiori for financial insights.
Fiori App	A role-based, responsive user interface used to perform financial transactions and monitor KPIs.

Concept/Term	Definition
APIs for Finance	Predefined interfaces in S/4HANA Cloud to integrate external systems with Finance functionalities.
Extensibility	The capability to adapt and extend the system using in-app tools (key user extensibility) or side-by-side development.
Event-Based Revenue Recognition	Automatically recognizes revenue based on business events, replacing traditional period-based revenue postings.
Project System Integration	Financial integration with project-related cost tracking and budgeting for internal or customer projects.
Real-Time Consolidation	Enables near real-time financial data consolidation at group level, reducing closing cycles.

Concept/Term	Definition
Data Aging	Helps manage large datasets by moving old, less-used financial data to secondary storage.
Smart Business KPIs	Predefined visual metrics embedded in Fiori to monitor key financial indicators.
Public Cloud Release Cycle	SAP S/4HANA Cloud Public Edition is updated quarterly, bringing new features and mandatory innovations.
Scope Item	A predefined business process available in SAP Best Practices, such as J59 (Accounts Payable) or 2TX (Financial Operations).
Test Script	A documented guide outlining steps to execute and validate SAP Finance processes during testing cycles.
Configuration Expert Role	A business user persona responsible for adapting settings and customizing processes using SAP Central Business Configuration.