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Central Accruals Management with SAP Central Finance

INTRODUCTION

In the dynamic landscape of financial transformation, with the increasing complexity in business it is important to have a reliable and consistent rule of financial reporting. Consequently, it is important to accurately accrue for both revenue and expense at the end of the reporting period.

SAP Central Finance introduced Central Accruals Management, redefining how organizations approach accruals in centralized finance instance using SAP Central Finance, with an automated process for calculation and posting of the accruals, bringing a new level of efficiency and accuracy.

INTEGRATION BACKBONE

Central Accrual Management seamlessly integrates with the Accounting view of Logistics (AVL) information. The replicated AVL Purchase order data is then transferred to the Accrual engine in Central Finance to perform accrual activities.

To use this functionality, a Central Finance release of SAP S/4HANA 1909 or higher (for accruals) and SAP S/4HANA 2022 or higher (for deferrals) is needed.

ADDRESSING LIMITATIONS

Purchase orders with account assignment of sales order fall outside the out of the box feature scope. However, SAP provides a solution through the BAdI implementation (BAdI_FINS_CFIN_ACCTASGT_MAP), which allows for the adjustment of account assignments from sales order to the internal order in Central Finance system.
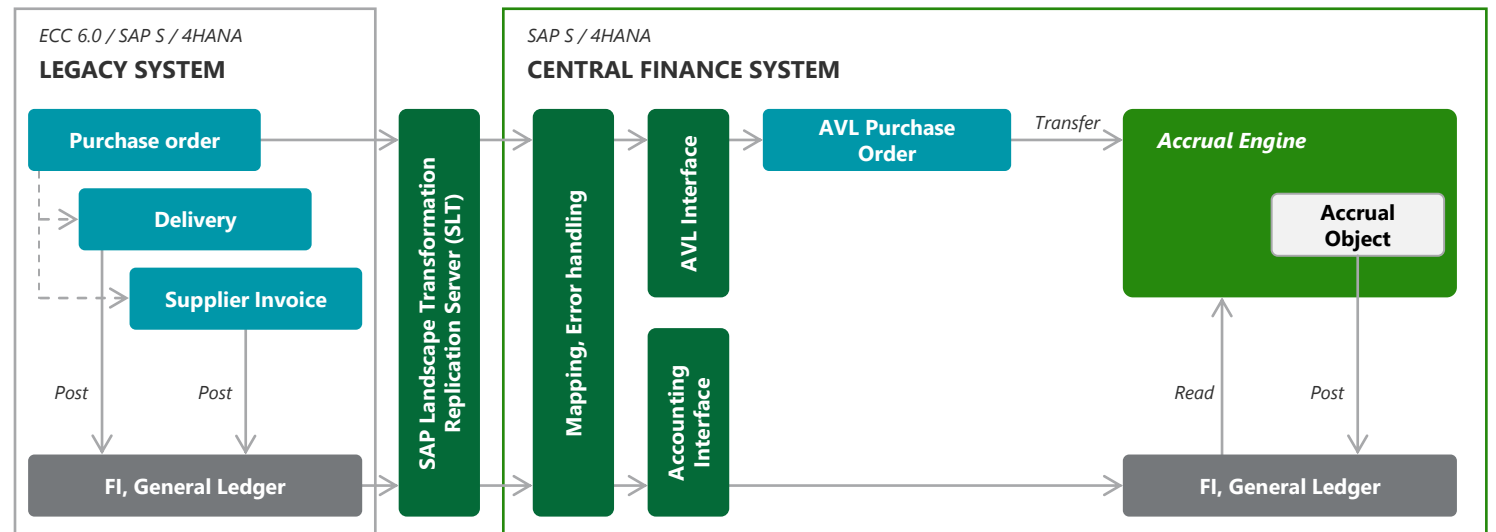
BENEFITS

By automating accrual calculations and postings in Central Finance, organizations experience enhanced reporting & operational efficiency, via Central Finance as a single source of truth, transparent reporting & auditability, and improved compliance.

CONCLUSION

In summary, Central Accrual Management is a pragmatic solution for finance community seeking precision and efficiency in finance operational process, using Central Finance as a centralized single source of truth for finance information.

Central Accrual management is a catalyst for unlocking financial excellence in the journey towards the unified and intelligent financial landscape.

Functional Architecture of Central Accrual Management (Source: SAP SE)