

# [Enterprise importer of phosphate products. these products are](https://assignbuster.com/enterprise-importer-of-phosphate-products-these-products-are/)

ENTERPRISE RESOURCE PLANNING TERMPROJECT                                                                                                   ERP SYSTEM AT  ENGRO FERTILIZER(FI MODULE)                                                                                                   AYESHA KHAN 17191 Introductionof the Company                                                                                                                                  Engro Fertilizer’s Limited , which  is a subsidiary of Engro Corporation produces leading fertilizer brands  whichare optimized for local cultivation needs.  According to Pak investors guide , Engro is arenowned name in Pakistan Fertilizer Industry and it holds a vast, nationwide production and marketing infrastructure. According to Universal Hunt, It is also a leading   seller  and importer of Phosphate products. These   products  are marketed extensively across Pakistan as phospatic  fertilizers.  As stated on Engro Fertilizer webpage , theVision of Engro Fertilizer is to improve productivity and lifestyle forthousands of farmers across Pakistan.                                                                                                                                                        Objective                                                                                                                                                      The objective of this research is tostudy the implementation, automation and   challenges behind ERP processes.

The intentionbacked for this research is to study how the   Accounting and Finance  department in companies are using ERP tosoftware to integrate system, and what they are achieving with theimplementation of the software.                                                                                    Methodology                                                                                                               The team memberunderwent detailed interview with the  Financehead in Engro Fertilizer, so as to get insight of the running SAP processes, what challenges they face and how they are integrating their processes usingSAP ERP solutions.                                                                                           Literature Review                                                                                                                                  Inthe Research  about the effects of ERP inthe Accountants  function, (Keller 2004)stated that  ERP – Enterprise ResourcesPlanning is a concept broadly diffused to people and organizations, since whenit was coined by Gartner Group in early 1990 as the next-generation of MRP II . According to Burns et ali (1999 ), the growing use of ERPs such as SAP and theprogresses in the information technology have great implications for theaccountant. The information is now thoroughly dispersed in the organization Asa result, managers have direct access, in real time, instead of depending onthe accountants to get them. Enterprise resource planning system which is a kind of integrated informationtransformation system is widely used in various enterprises.  The enterprises resources planning system SAPR/3 benefits the structures of many organizations. It works as an IT tool toconsolidate data flows and record business transactions in the organization(Granlund 1998) .

According to (Hayen 2007) the key technological skill of thissoftware is in the computer controller of all the main processes of a business: from sales order entry to manufacturing to invoicing to collection More than80% of international companies are organized under this informationsystem(Eresurce 2013).                                                                                                         Accordingto the study  “ Effectsof Implementation  of Sap on ManagementAccounting” an ERP system offers technological, process efficient, financial, strategic and organizational benefits over diverse computing systems . Thisstudy focuses on  how enterprise resourceplanning system changes management accounting in an organization . Before theimplementation of Erp software , managers had the responsibility for monitoringbudgets, producing forecasts  andexplaining variances .

The work previously done by a management accountant, arenow undertaken by SAP software.                                                         Benefits that the Accounting and Finance Department gets with the implementation of ERPSystem                              .                                                                                                                                                                   As stated in Udemy Blog , Financial Accounting (FI) is the core module whichmanages all financial transactions, for internal as well as external auditingpurposes in Engro Fertilizer Limited. With the help of this module, EngroFertilizer was able to track financial accounting data within a framework ofmultiple  languages and currencies(Actouchtecharticle). According to article OpensourceERP, Financial accounting  Modulehelped to gather financial data from various functional departments of Engro, and it  generates valuable financialreports such as general ledger, trail balance, balance sheet and quarterly financial statements..

According to ERP guideblogspot, Financial accounting module of an ERP helps to provides company widecontrol , and integration of  financialinformation.                                                                                                                                                                                                                                                                                                        As stated in Udemy Blog , beforethe implementation of this module at Engro, business and financial accountingprocesses  used to consume a lot of timeand resources in preparing statements, reports, forecasts, charts and otherimportant data on a day-to-day basis. The SAP ERP software has redefined theway businesses are conducted at Engro, making them highly efficient andprofitable.  According to Sssbi Article, SAP FI Module isintegrated with many parallel modules such as Material Management (MM), Sales & Distribution (SD), Human Resources (HR), Production  Planning (PP), Controlling (CO),  that enabled Engro tounify processes that may have needed the utilization of many software packages(myerp guide blogspot)                                                                                                                                                                        According to  the article ERP technicals and tutorialspoint, FinancialAccounting module Of  Sap mainly dealswith the following financial components which are as follows:• Fixed asset• Accrual• Cash journal• Accounts receivable and payable• Inventory• Tax accounting• General ledger• Fast close functions• Financial statements• Parallel valuations• Master data governance                                                                                                                                                                                         According to thearticle SAP Financials and SAP Accounting Modules, Sap Fi Module comprises of the folllowing submodules                                                                                                                                                                                                 ·        General Ledger·        Accounts Payable·        AccountsReceivable·        Bank Accounting·        Asset Accounting·        Funds Management·        Travel Management                                                                                                                                                                                   SAP General Ledger:  The major aim of general ledger accounting is to provide asystem for managing all external accounts of Engro Fertilizer limited. Itrecords all the business transactions along with various other operation areasand It also provides real-time assessment of cost accounting areas. SAP Accounts Payable and Receivable:  SAP accounts payable  helpsto records all the components and data for vendors . SAP account receivablerecords all the components and data for customers.

Balance sheets and accountstatements are created using these modules. SAPBank Accounting: Asstated in Simplilearn, this module handles all bank accounting transactions. From managing bank master data, cash balance management to processing incomingand outgoing payments; everything is managed using this module                                                                                                                                             Asset Accounting: This module isdesigned to manage and supervise fixed assets along with providing detailedinformation and reporting data. SAP Funds Management: This SAPaccounting module supports all the related tasks in creating and managingbudgets. SAP Travel Management: According tosimplilearn , this SAP module accounts all the transactions related to corporatetrips organized by Engro.

Approvals, bookings, settlement and diverse travelexpenditures are recorded and managed with the help of this module  As stated inSssbi article the Implementation of Financial accounting Module at EngroFertilzer  simplified processes such asscheduling, financial consolidation, reporting and allowed better management ofcash-flow, receivables and payables, credit management, collections, financeand treasury functions etc. FI modulestore large amounts of financial data to generate helpful reports and maintaina highly reliable financial system at Engro Fertilizer LimitedThe inclusion of ERP in theFinancial Area gives support to decision making since it guarantees reliabilityand total security on the accounting informationAccording to exforsys , anotheradvantage provided by ERP is the great operational flexibility it is a veryuseful tool for multinational companies and corporate bodies like EngroFertilizer since it permits them to execute the fiscal closing.                                                                                                               As stated in Exforsys, ERP alsooffers better access and more safety. All the components of the financialdepartment are able to access the chain of flow management                                                                                              Evaluation Rubric References                                                                                                                                            Wang, Y.(2013). Effectsof implementation of SAP on Management Accounting.

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