

Enterprise importer of  
phosphate products.  
these products are



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## ENTERPRISE RESOURCE PLANNING

### TERMPROJECT

#### ERP SYSTEM AT ENGRO FERTILIZER(FI MODULE)

AYESHA KHAN 17191 Introduction of the Company

Engro Fertilizer's Limited, which is a subsidiary of Engro Corporation produces leading fertilizer brands which are optimized for local cultivation needs. According to Pak investors guide, Engro is a renowned 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 phosphatic fertilizers. As stated on Engro Fertilizer webpage, the Vision of Engro Fertilizer is to improve productivity and lifestyle for thousands of farmers across Pakistan.

#### Objective

The objective of this research is to study the implementation, automation and challenges behind ERP processes.

The intention behind for this research is to study how the Accounting and Finance department in companies are using ERP software to integrate system, and what they are achieving with the implementation of the software.

#### Methodology

The team member underwent detailed interview with the Finance head in Engro Fertilizer, so as to get insight of the running SAP processes, what challenges they face and how they are integrating their processes using SAP ERP solutions.

## Literature Review

In the Research about the effects of ERP in the Accountants function, (Keller 2004) stated that ERP – Enterprise Resource Planning is a concept broadly diffused to people and organizations, since when it was coined by Gartner Group in early 1990 as the next-generation of MRP II. According to Burns et al (1999), the growing use of ERPs such as SAP and the progresses in the information technology have great implications for the accountant. The information is now thoroughly dispersed in the organization. As a result, managers have direct access, in real time, instead of depending on the accountants to get them. Enterprise resource planning system which is a kind of integrated information transformation system is widely used in various enterprises. The enterprises resources planning system SAP R/3 benefits the structures of many organizations. It works as an IT tool to consolidate data flows and record business transactions in the organization (Granlund 1998).

According to (Hayen 2007) the key technological skill of this software is in the computer controller of all the main processes of a business: from sales order entry to manufacturing to invoicing to collection. More than 80% of international companies are organized under this information system (Eresource 2013).

According to the study “Effects of Implementation of Sap on Management Accounting” an ERP system offers technological, process efficient, financial, strategic and organizational benefits over diverse computing systems. This study focuses on how enterprise resource planning system changes management accounting in an organization. Before

the implementation of ERP software, managers had the responsibility for monitoring budgets, producing forecasts and explaining variances.

The work previously done by a management accountant, is now undertaken by SAP software.

Benefits that

the Accounting and Finance Department gets with the implementation of ERP System

As stated in Udemy Blog, Financial Accounting (FI) is the core module which manages all financial transactions, for internal as well as external auditing purposes in Engro Fertilizer Limited. With the help of this module, Engro Fertilizer was able to track financial accounting data within a framework of multiple languages and currencies (Actouchtech article).

According to article Open source ERP, Financial accounting Module helped to gather financial data from various functional departments of Engro, and it generates valuable financial reports such as general ledger, trial balance, balance sheet and quarterly financial statements..

According to ERP guide blogspot, Financial accounting module of an ERP helps to provide company wide control, and integration of financial information.

As stated in Udemy Blog, before the implementation of this module at Engro, business and financial accounting processes used to consume a lot of time and resources in preparing statements, reports, forecasts, charts and other important data on a day-to-day basis. The SAP ERP software has redefined the way businesses are conducted at Engro, making them highly efficient and profitable. According to Sssbi Article, SAP FI Module is integrated

with many parallel modules such as Material Management (MM), Sales & <https://assignbuster.com/enterprise-importer-of-phosphate-products-these-products-are/>

Distribution (SD), Human Resources (HR), Production Planning (PP), Controlling (CO), that enabled Engro to unify processes that may have needed the utilization of many software packages (myerp guide blogspot)

According to the article ERP technicals and tutorialspoint,

Financial Accounting module of SAP mainly deals with 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 the article SAP Financials and SAP Accounting Modules, SAP FI Module comprises of the following submodules

- General Ledger
- Accounts Payable
- Accounts Receivable
- Bank Accounting
- Asset Accounting
- Funds Management
- Travel Management

**SAP General Ledger:** The major aim of general ledger accounting is to provide a system for managing all external accounts of Engro Fertilizer limited. It records all the business transactions along with various other operation areas and it also provides real-time assessment of cost accounting areas. **SAP Accounts Payable and Receivable:** SAP accounts payable help to record all the components and data for vendors. SAP account receivable records all the components and data for customers.

Balance sheets and account statements are created using these modules.

**SAP Bank Accounting:** As stated in Simplilearn, this module handles all bank accounting transactions. From managing bank master data, cash balance management to processing incoming and outgoing payments; everything is

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managed using this module

**Asset Accounting:** This module is designed to manage and supervise fixed assets along with providing detailed information and reporting data. **SAP**

**Funds Management:** This SAP accounting module supports all the related tasks in creating and managing budgets. **SAP Travel Management:** According to simplilearn, this SAP module accounts all the transactions related to corporate trips organized by Engro.

Approvals, bookings, settlement and diverse travel expenditures are recorded and managed with the help of this module. As stated in SSSI article the Implementation of Financial Accounting Module at Engro Fertilizer simplified processes such as scheduling, financial consolidation, reporting and allowed better management of cash-flow, receivables and payables, credit management, collections, finance and treasury functions etc. FI module store large amounts of financial data to generate helpful reports and maintain a highly reliable financial system at Engro Fertilizer Limited. The inclusion of ERP in the Financial Area gives support to decision making since it guarantees reliability and total security on the accounting information. According to exforsys, another advantage provided by ERP is the great operational flexibility it is a very useful tool for multinational companies and corporate bodies like Engro Fertilizer since it permits them to execute the fiscal closing.

As stated in Exforsys, ERP also offers better access and more safety. All the components of the financial department are able to access the chain of flow management

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## Evaluation Rubric References

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