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Accounts Payable Processing and Fixed Asset Capitalization in SAP: A Comparative Study at Whirlpool of India Limited, Pune

Shruti Kailas Khedkar, Sanskar Sangharsh Holikar

MBA (Finance), Indira University School of Business, Pune, Maharashtra

ABSTRACT

From 15 May to 15 July 2026 I worked as a finance trainee at the Pune plant of Whirlpool of India Limited. Over those eight weeks I handled two kinds of work that my coursework had always kept apart: accounts payable (AP) processing and fixed asset capitalization. In this paper I compare the two as I saw them on the same finance desk and inside the same SAP system. My evidence comes from 24 activities recorded in four fortnightly progress reports, my own process notes, and regular guidance from my company mentor. I found that each process is built around one document-based control. For payables it is the three-way match of purchase order, goods receipt note and invoice. For assets it is the review of capitalization criteria before an asset record is created. SAP enforces much of both controls automatically, but people still decide the exceptions. Work on the New Line 4 expansion made up the largest share of my logged activity (29%), and AP followed at 21%. I end with a few practical recommendations for the finance team and for trainees who come after me.

Keywords: accounts payable, fixed asset capitalization, SAP, three-way match, capital work-in-progress, Ind AS 16, internal control

1. Introduction

Most finance students first encounter payables and fixed assets in different chapters. Payables are included in working capital. Fixed assets are included in capital budgeting or asset accounting. I studied them in that manner as well, so I expected them to feel like two unrelated jobs when I joined the finance team at Whirlpool's Pune facility.

They did not. In the same week, I could be checking a routine vendor invoice in the morning and reading a contractor bill for the New Line 4 capacity expansion after lunch. Both ended up in the same ERP system, were checked by the same small group of people, and were held to the same standard: the paperwork had to be complete before the books were allowed to change.

That overlap is the reason for this paper. I wanted to describe both processes as they actually ran, set them side by side, and see whether they really are as different as the textbooks suggest. I also wanted to record what a trainee can learn from watching them together, since I found very little student-level writing that does this inside a single organization.

The remainder of this paper is organized as follows. Section 2 reviews the literature that was relied on. Section 3 states the objectives. Section 4 explains how the data were collected and analyzed. Section 5 describes the two processes. Section 6 compares them. Section 7 covers the challenges and limitations of the study, and Section 8 presents the recommendations. Section 9 concludes.

2. Review of Literature

Accounts payable and internal control. Standard financial management texts, including Pandey's *Financial Management*, treat payables as part of working-capital management. The central trade-off is simple to state but difficult to manage: holding cash longer helps the company, but paying too slowly strains vendor relationships and can disrupt supply. Internal control literature points to the three-way match as the main safeguard in the payment cycle. It rests on the segregation of duties, so that the person who orders, the person who receives, and the person who pays are not the same. Practitioner writing on ERP-based payables adds that automated tolerances shift staff effort away from checking every invoice and towards investigating the ones that fail the match.

Fixed assets and capital work-in-progress. Ind AS 16 (and IAS 16 internationally) states that an item of property, plant, and equipment is recognized when future economic benefits are probable and its cost can be measured reliably. Capital work-in-progress (CWIP) is a holding account for project costs, not a depreciable asset. The real discipline lies in deciding when an asset is ready for its intended use, because that is the point where costs leave CWIP and depreciation starts. Capitalizing too early understates profit for the period, and capitalizing too late leaves the asset register behind what is actually happening on the shop floor.

ERP systems. The literature on ERP-based finance describes one shared data source for procurement, stores, and accounts. A goods receipt entered once flows through to payables and asset accounting without being typed again, and every payment can be traced to its source documents. This is what makes controls such as the three-way match workable at the volume of a manufacturing plant.

Gap. Each process is well documented on its own. I could not find much practice-based work that follows both on one desk and compares their control logic. This paper is a small exploratory attempt to fill that space.

3. Objectives

The study had four objectives.

1. To document the accounts payable process at Whirlpool of India Limited, from invoice receipt to payment, including the three-way match and SAP-based approval.
2. To document the fixed asset capitalization process followed for the New Line 4 project, including criteria review, CWIP tracking, asset master creation and the capitalization entry.
3. To compare the two processes in SAP on frequency, objective, control point, documentation, and risk.
4. To analyze my training activities by functional area and draw findings and recommendations from them.

4. Research Methodology

The study is descriptive and observational. I was not testing a hypothesis. I wanted to understand two operating processes by taking part in them, so a task-based, applied approach made the most sense.

Primary data came from three places: my own participation in invoice verification, payment-approval review and capitalization documentation checks; guidance from my company mentor on SAP navigation and control checkpoints; and four fortnightly progress reports in which I logged what I did.

Secondary data came from Ind AS 16, SAP Help Portal documentation, Pandey's *Financial Management*, and Whirlpool's public corporate information.

The analysis covers 15 May to 15 July 2026 at the Pune plant only. I counted and grouped the 24 logged activities by functional area, mapped each process step by step, built a side-by-side comparison table, and wrote up the patterns qualitatively. Because I kept the progress reports while the work was going on, I could check my observations against them instead of relying on memory at the end. My mentor reviewed my process descriptions as I went, which helped me keep them close to real practice.

Confidentiality shaped the method. I do not name vendors, quote invoice amounts, or provide project cost figures in this paper. Every example is at the process level, and any worked example is hypothetical.

5. The Two Processes as I Observed Them

5.1 Accounts payable

The payables cycle I followed had six broad steps. An invoice arrives and is checked against its purchase order. The goods receipt note is then matched to confirm that the goods or services were actually received. Tax details, including the HSN/SAC code, are verified. The payment proposal is reviewed and routed through SAP approval. Payment is made and its status monitored. Finally, vendor ledger balances are reconciled against vendor statements and any difference is resolved.

The three-way match is the heart of it. When I started, I thought of it as a checklist. In SAP, it works more like a gate. If the quantity or price on the invoice does not agree with the purchase order and the goods receipt within the permitted tolerance, the system blocks the invoice, and it goes back to procurement or the vendor to be sorted out. Every invoice I reviewed went through this check, whatever its value or vendor. My own tasks were limited to completeness checks on supporting documents, cross-checking order and receipt details against invoice lines under supervision, verifying tax codes on sample invoices, observing payment-proposal review, and helping with ledger reconciliation.

5.2 Fixed asset capitalization

The New Line 4 project provided me with a live capitalization case to follow from start to finish. I observed it in five stages.

In the first stage, costs such as machinery purchase, installation, testing, and commissioning were checked against the Fixed Asset team's capitalization-criteria checklist. Items that sat near the line between capital and revenue spending were flagged for my mentor to decide. In the second stage, confirmed capital costs were recorded in the CWIP ledger, and I helped check that each entry had a supporting invoice or contractor bill and sat under the correct cost center. The third stage was the most paper-heavy. It involved verifying invoices and contractor certificates against delivery and installation records and confirming that amounts matched contract terms.

Once the relevant part of the line was ready for use, asset master records were created in SAP with an asset class, useful life, and depreciation start date, and the costs were moved out of CWIP into capitalized assets. I observed this happening in the sixth and seventh weeks. In the last stage, I helped compare capitalized values against the verified documents to ensure that nothing was left unexplained.

Borderline costs were the hardest part to understand. A trial run during commissioning, for instance, may count as bringing the asset to working condition, or it may be an operating cost incurred after the asset was already ready. The checklist narrows the question but does not always answer it, and that is where experienced judgment came in.

5.3 Where my time went

The 24 activities in my progress reports fall into the groups listed in Table 1.

Functional area	**Activities**	**Share**
Fixed asset capitalization (New Line 4)	7	29%
Accounts payable and vendor payment processing	5	21%
Wrap-up, documentation and consolidation	3	13%
Month-end closing support	2	8%
Vendor ledger reconciliation	2	8%
Financial controls and compliance (HSN/SAC, documents)	2	8%
SAP Finance navigation and orientation	1	4%
Physical inventory audit	1	4%
Induction and orientation	1	4%

Table 1. Distribution of logged activities by functional area (n = 24).

Figure 1. Distribution of logged activities by functional area (n = 24).

Number of logged activities

Figure 2. Number of logged activities by functional area (n = 24).

These are counts of logged activities, not hours. One capitalization review could take most of an afternoon while an AP check took a few minutes, so the real weight of the asset work is probably higher than 29% suggests. The pattern over time was clearer. The first fortnight was mostly induction and SAP orientation. The middle two fortnights carried most of the hands-on AP and capitalization work, running side by side. The last stretch was review, reconciliation and handover.

6. Comparative Analysis

Table 2 compares the two processes under the same parameters.

Parameter	**Accounts payable**	**Fixed asset capitalization**
Frequency	Continuous, driven by transactions	Episodic, driven by projects
Main objective	Timely and accurate vendor payment	Correct classification and valuation of capital assets
Key SAP areas	Invoice processing, PO/GRN matching, payment run	Asset accounting, CWIP tracking, asset master
Key documents	Purchase order, GRN, tax invoice	Project invoices, capitalization checklist, CWIP report
Primary control	Three-way match	Criteria review before asset master creation

System enforcement	Payment block when documents disagree beyond tolerance	CWIP reconciliation flags unverified or incomplete entries
Manual element	Exception invoices reviewed by hand	Supporting documents checked before capitalization entry
Escalation	Back to procurement or vendor	To the Fixed Asset team lead
Audit trail	PO, GRN and invoice numbers in SAP	CWIP ledger entries and asset master log

Table 2. Comparison of accounts payable and fixed asset capitalization

The two processes look very different in frequency and size. One is a steady stream of small decisions, and the other is a handful of large decisions. However, underneath, they share the same skeleton: one defined control point, system enforcement wherever SAP can manage it, and manual review for cases that fall outside the rules. I did not expect this when I started, and it is the main thing I take from this study.

The risks also differ in where they sit. In payables, most of the remaining risk comes after the control point, in handling exceptions: delayed payment beyond agreed terms, or a wrong tax code slipping through. In fixed assets, the pressure comes before the control point, in the volume of paperwork and the judgment needed to prepare it for review. The biggest risks I noted were premature capitalization and misclassifying a capital cost as revenue or the reverse. This suggests that efforts to improve each process should be aimed at a different stage.

SAP sits under all of it. Tax and documentation checks, such as HSN/SAC verification, appeared in both processes, not only in payables. I also found that the month-end close and vendor ledger reconciliation worked as a periodic reality check on both. If daily processing had drifted, these were the points where it would have shown. The physical inventory audit I joined in the second week added a third kind of control, comparing counted stock with system records, and reminded me that finance control reaches beyond payables and assets.

7. Challenges and Limitations

The first two weeks were the hardest. I could not follow the accounting logic in either process until I could read SAP screens and move between them; therefore, I spent that time learning the system before I could contribute much. Switching between the quick rhythm of payables and the slower pace of capitalization review also took some getting used to.

The documents themselves were another challenge. The New Line 4 project involved several vendors, phased deliveries, and contractor bills, and cross-checking all of them against CWIP entries required patience. Some papers arrived incomplete. A contractor bill might come before the delivery confirmation, or an invoice might quote a purchase order with a small error. Learning to distinguish a real control exception from a timing gap that would close once the missing document arrived was a skill no checklist could fully teach me.

As a trainee, I could observe and assist but not approve; therefore, every borderline judgment went to my mentor. This was appropriate for my level, although it meant waiting before a task could be treated as finished.

The study has clear limits. It covers only one plant, one company, and two months, including a single month-end close and no year-end. I describe processes at a general level because of confidentiality; therefore, I cannot offer exact payment cycle times or cost figures. The activity counts show emphasis, not time spent. As I took part as a learner, this is a learner's view of the processes and not an audit of them. The findings describe one finance desk. The underlying logic of matching documents and reviewing criteria is likely to carry over to other SAP-enabled manufacturers, but I have not tested this.

8. Recommendations

These suggestions are mainly for future trainees and the finance team to consider.

1. **A SAP quick-reference sheet.** A short guide to the most used payables and asset accounting transaction codes would shorten the slow start I went through.
2. **A standard capitalization-readiness checklist** for project assets to verify supporting documents before an asset master is created.
3. **A running log of invoice-matching discrepancies.** Recurring problems from the same vendors would become visible, and exception handling can shrink over time.
4. **Short joint walkthroughs for the AP and Fixed Asset teams.** They use the same SAP data and similar verification logic, and each team could learn from the other's exceptions.
5. **A condensed SAP orientation in the first three or four days** of a placement and, where confidentiality allows, anonymized sample documents early on.
6. **Exposure to year-end closing** in future placements, in addition to the month-end experience I had.

Future researchers can build on this work in several directions. A quantitative study of Days Payable Outstanding and capitalization cycle time would turn my qualitative observations into measurable benchmarks. A comparison with the Faridabad and Puducherry plants would test whether the Pune patterns hold elsewhere. A study of how capital budgeting decisions connect to capitalization documents would cover the stage before the one I could see.

9. Conclusion

Before this placement, I saw accounts payable and fixed asset capitalization as two topics in two chapters. After this placement, I see them as two versions of one job. In payables, the three-way match decides whether an invoice may be paid. In assets, the criteria review decides whether a cost may become part of an asset. Different frequency, different size, same idea: a number should not move through the books until its documents tell a complete and traceable story.

The theory behind both processes is well established. What I learned is how much of the real work depends on knowing SAP, keeping clean documents, and checking carefully at every step. Following New Line 4 from its first cost review to the final reconciliation made capital work-in-progress something I had watched, not just something I had read about. I expect the habit of asking what the paperwork says before asking what the number is to stay with me well beyond this training.

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