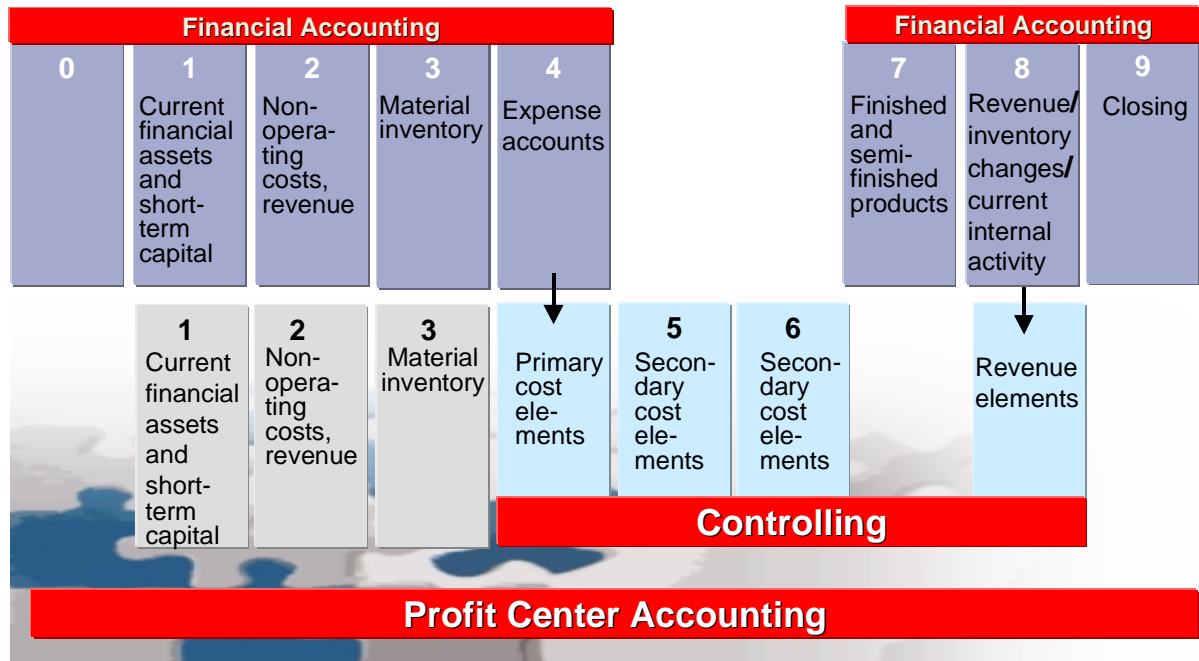




**At the conclusion of this TOPIC,
you will be able to:**

- **Name the types of the Master Data are used within each of the components of CO.**
- **Define the purpose of each of these types of Master Data.**
- **List at least three ways in which Groups of Master Data can be used.**

Example: International Chart of Accounts



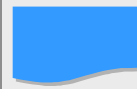
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- The integration of the R/3 System requires you to create expense accounts in Financial Accounting (FI) with corresponding primary cost elements in Controlling. This ensures that expenses in FI and primary costs in CO can be reconciled. You must create the primary cost elements in FI as G/L accounts before you can create them in CO.
- Postings with primary cost elements are made to cost-carrying controlling objects, such as cost centers or internal orders. Examples of primary cost elements are material costs, salary & wage costs, and utilities costs.
- Secondary cost elements are used exclusively in CO to identify internal cost flows, such as assessments or settlements. They do not have corresponding general ledger accounts in FI and are defined only in CO.
- If you analyze revenues in Controlling, the R/3 System records them as revenue elements, which are simply a different category of primary cost element. Revenue postings are normally made to Profitability Analysis and Profit Center Accounting. Revenues in Cost Center Accounting can be treated as statistical only, which means they can

not be allocated elsewhere in CO.

- When you create a cost element master record, you must assign a cost element category. The category determines the transactions for which you can use the cost element. For example, category 01 (general primary cost element) is used for the standard primary postings to CO from Financial Accounting, Materials Management, or other R/3 modules.

Overhead Cost Controlling



Internal
Order



Cost Center



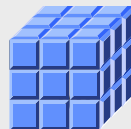
Process

Product Cost Controlling



Cost
Object
CO

Profitability Analysis

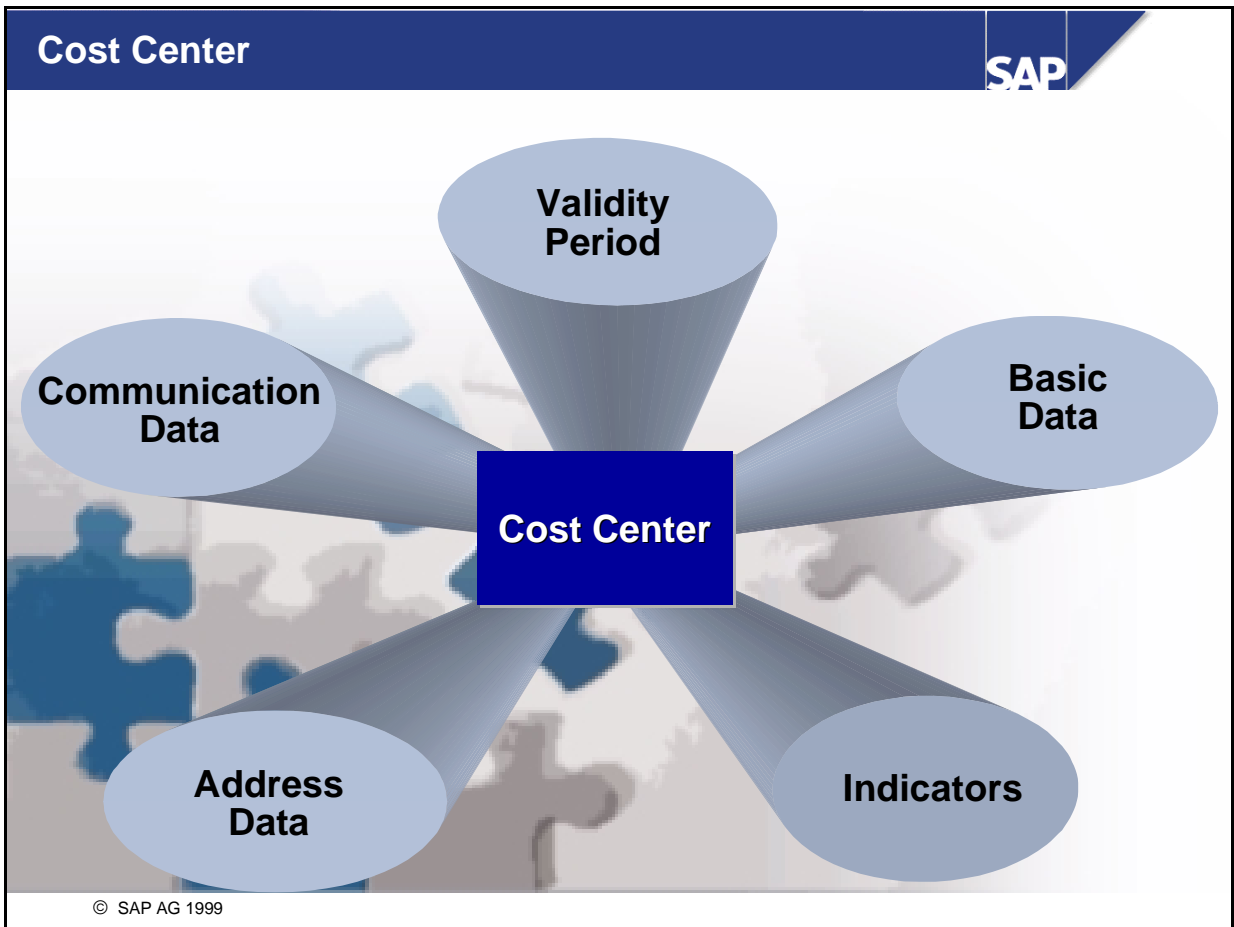


Profitability
Segment

Profit Center Accounting

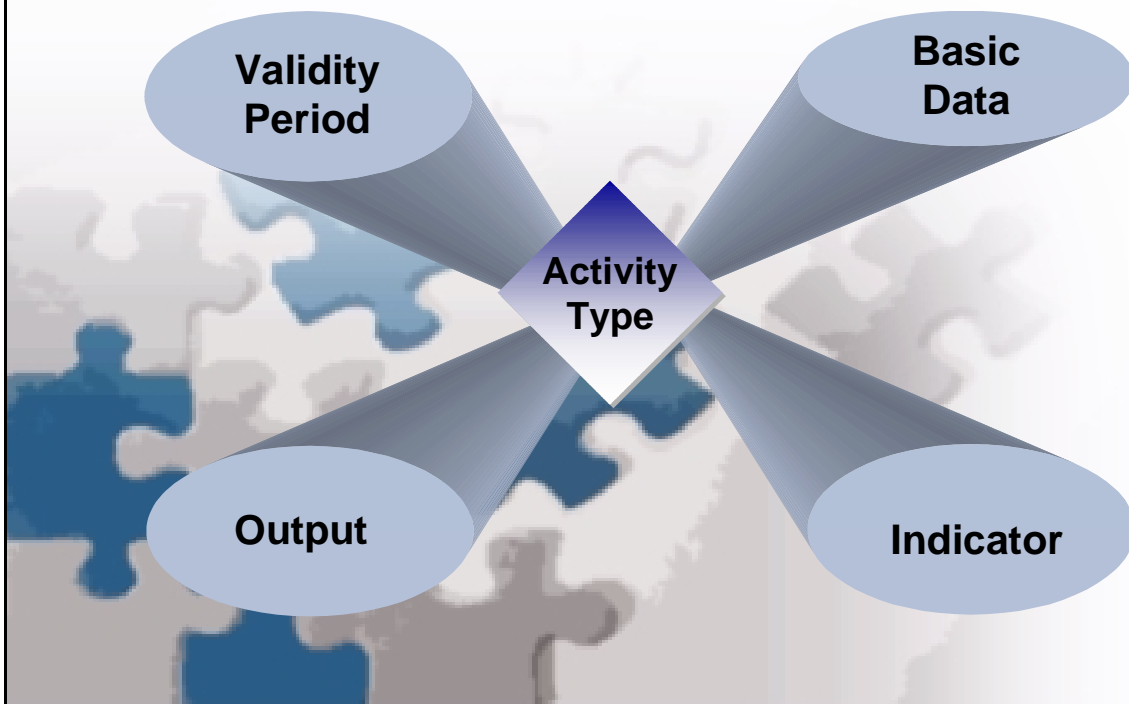


Profit
Center



- The cost center master record contains several different categories of information. The header of the master record includes the cost center ID, the controlling area to which the cost center is assigned, and the validity date range for the cost center.
- Under the “Basic data” section, there are fields for the name and description of the cost center, the person responsible for the cost center, and the department to which the cost center is assigned. The next field is the “Cost center category”, which identifies the general business purpose of the cost center, such as production, service, sales, administration, etc.
- The “Hierarchy area” field specifies the node of the standard hierarchy to which the cost center has been assigned; it is a required field. The standard hierarchy is a control feature of Cost Center Accounting; each controlling area must have a unique standard hierarchy which includes every cost center created in that controlling area.
- The company code and business area fields reflect the close ties between CO and FI. If a controlling area has multiple company codes, then each cost center must specify

y with which company code it is linked. If business areas are used for that company code (as defined in FI), then a business area must also be specified in the cost center master record.

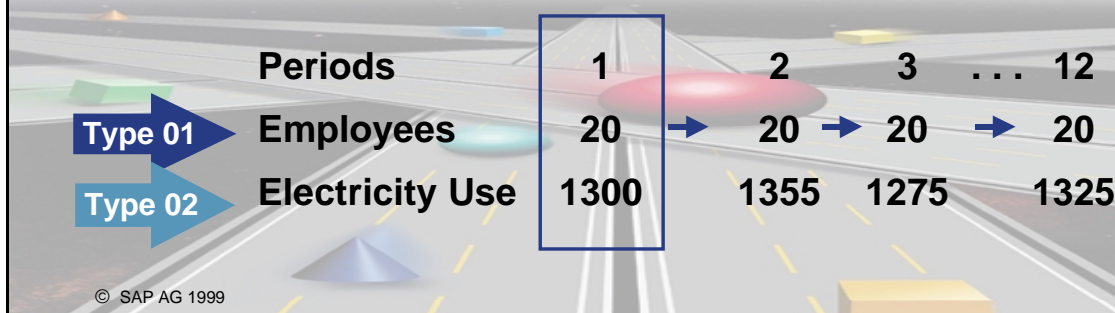


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- The activity type represents some form of productive output by a cost center. Common examples of activity type would include labor hours or minutes of machine time. Activity types are used to allocate costs from a sender cost center to another CO object (e.g. cost center, internal order, production order, etc.) based on the number of units of the activity performed. A unit price is used to value the activity quantity.
- The header information for the activity type master record is very similar to that of the cost center. It includes the activity type ID, the controlling area to which the activity type is assigned, and the validity period.
- The Basic data includes fields for the name and description. There is an "Activity unit" field that specifies how the activity type will be measured (e.g. hours, days, seconds, etc.), and a "CCTR categories" field that identifies which cost center categories may utilize the activity type for allocations.
- The "Allocation default values" section of the master record defines various aspects of the activity type relating to how it can be used in performing activity allocation.

Two key fields included here are the activity type category and the price indicator. The former specifies how the activity type may be allocated (e.g. during or at the end of each accounting period), and the latter indicates how the activity price is calculated.

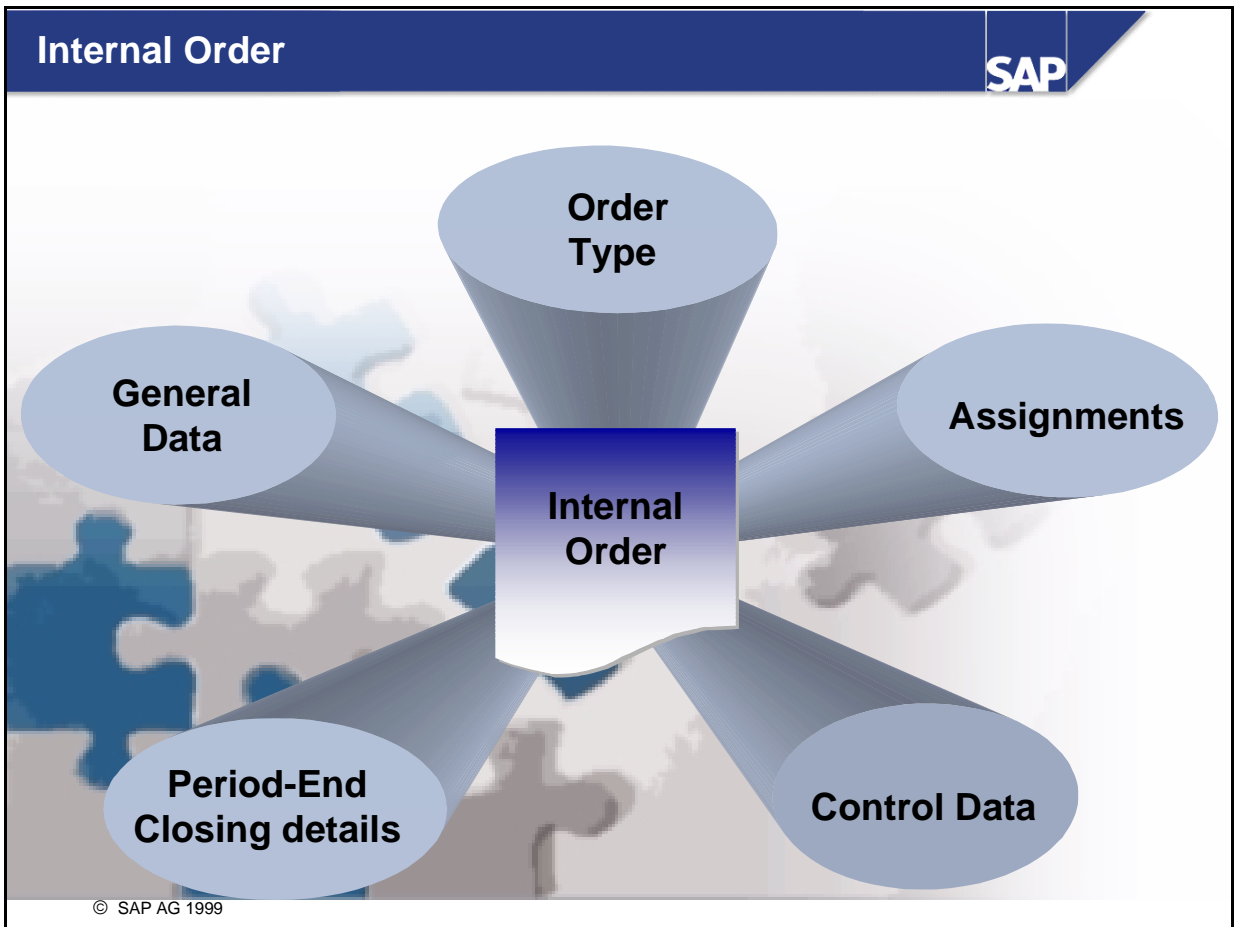
- A measurable quantity that can be assigned to Cost Centers, Activity Types, Overhead Orders, Business Processes and Profit Centers
- Used as an allocation base (Tracing Factor? in overhead cost allocations)
- Two categories: Type 1 = Fixed, Type 2 = Totals
- Can be linked to Logistics Information System (LIS)



- Statistical key figures define some measurable value applicable to cost centers, profit centers, internal orders, or processes. Examples could include total number of employees in a cost center, minutes of long-distance phone calls, number of employees in the Transportation cost center who perform vehicle repairs, etc.
- You can post both plan and actual values for statistical key figures.
- You can use statistical key figures as an allocation base (“tracing factor” in CO terminology) for periodic allocation transactions, such as distributions or assessments, as well as for analysis purposes (e.g. to calculate the rent cost per employee).
- You define a statistical key figure as a fixed value or a totals value:
 - The fixed value is carried over from the period in which it is posted to all subsequent periods of the same fiscal year. This is useful for statistical key figures that tend to remain constant over time (such as the number of employees). You enter a new posting only when the value changes.
 - The totals value is not transferred to the following period but must be entered for

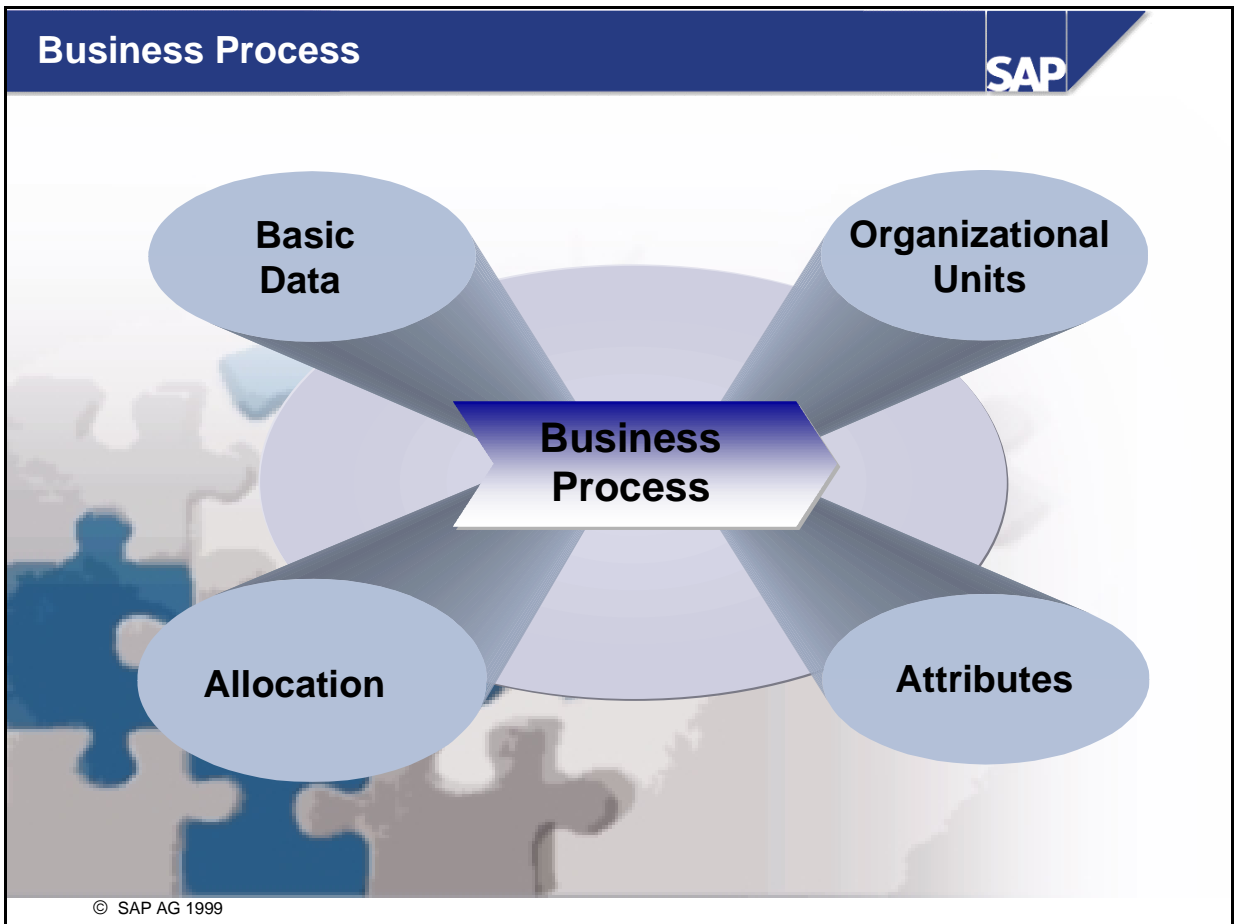
each individual period. This is preferable for statistical key figures whose values tend to change each period (such as kilowatt hours of electricity consumption).

- You can also transfer statistical key figure values from the Logistics Information System (LIS). This is accomplished by linking a key figure from LIS to a statistical key figure in Cost Center Accounting.



- Internal orders are used to plan, collect, monitor, and settle the costs of specific operations and tasks performed within a company. The SAP R/3-System allows you to control your internal orders throughout their entire life-cycle from initial creation through the planning and posting of actual costs right up to final settlement.
- Internal orders can be used for different purposes. This functional classification is reflected in the different order types, which define the way orders are processed in the system. The general categories of internal orders include overhead orders, investment orders, accrual orders, and orders with revenue.
- Perhaps the single most important field in the order master record is the order type. Orders are subdivided into different order types depending on their purpose. The order type determines default values for the various master record data fields, and defines certain order characteristics, such as settings for settlement, planning, and budgeting.
- The master record of an internal order has several different sections, consisting of ta

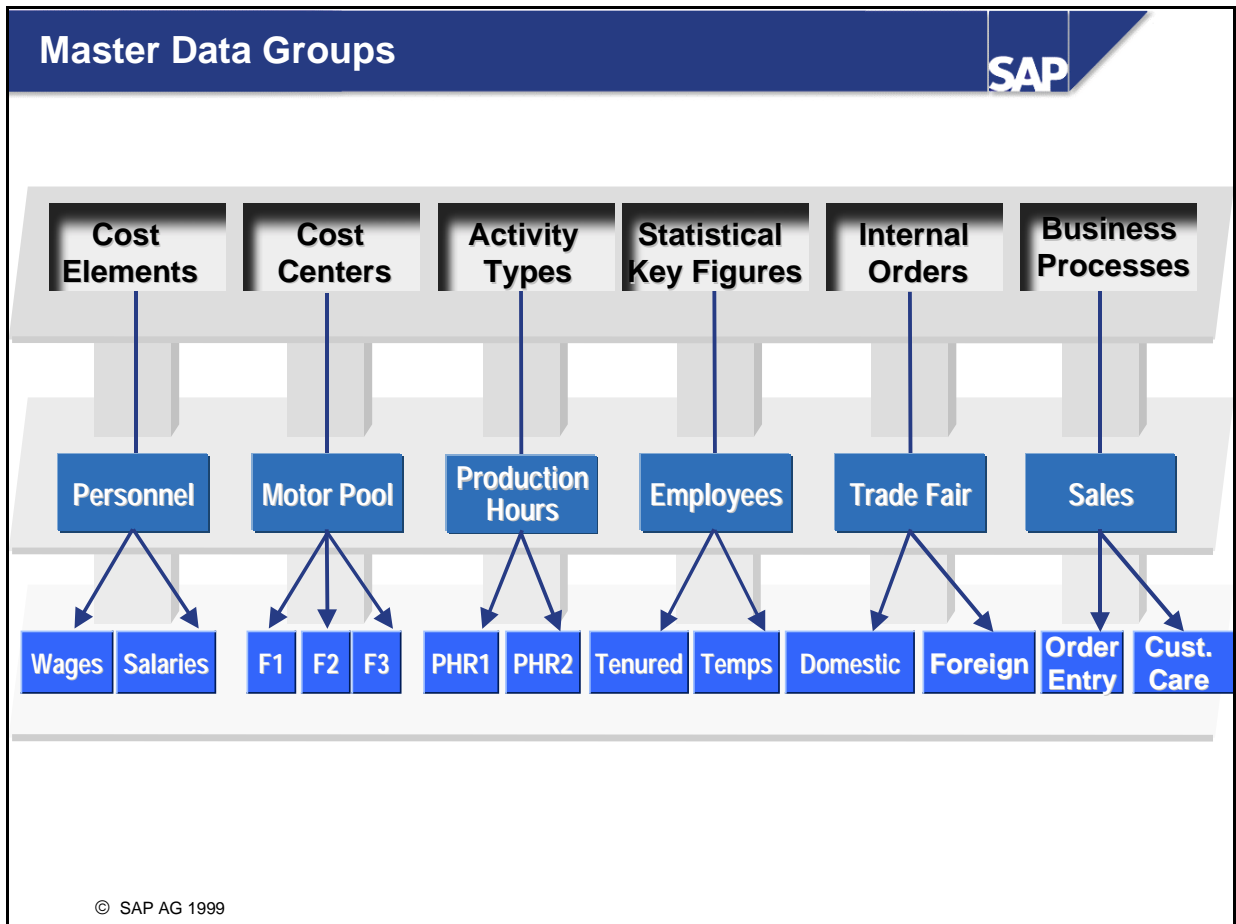
b pages with predefined groups of fields in each. You can change the titles of the tab pages in Customizing as well as assign fields individually to the tab pages.



- A business process describes a procedure or series of actions within an organization that consumes resources and may cross internal organizational boundaries.
- A process in ABC is not "tied" to any specific cost center. It is a cross-functional CO object which can receive costs from multiple cost centers with different functional responsibilities.
- A process can also carry different types of attributes, such as "value added/non-value added", which provide an additional dimension to managing the processes within an Activity Based management framework. When looking for ways to improve operating efficiency, a process identified as adding low value would be an attractive candidate for cost reduction.
- The process master record header information includes the business process ID number and description, the controlling area to which it is assigned, and the validity period.
- There are four major areas in the master record: Basic data, Organizational units, Attr

tributes, and Allocation.

- The Basic data area contains the text descriptions, name of the responsible person, the location (node) of the process on the Standard Hierarchy, the company code and business area assignments, currency for the process (object currency), and the profit center assignment. The business process category is also included, which is used for default allocation purposes. And finally, the business process template is identified, which provides detailed calculation instructions for process allocations.
- The Organizational units area has fields for assigning the business process to a plant, sales area (combination of sales organization, distribution channel, and division), cost center, and cost center group.



- With master data groups, you can summarize or group together various types of master data in CO-OM for use in analysis (reporting), planning, and allocations. These groups can be useful for processing multiple master data records in a single transaction. For example, in a single cost planning transaction you could enter plan data for all the cost elements used by your cost center by creating an appropriate cost element group, and specifying it in the planning selection screen. Similarly, you could produce a report summarizing the results for all the cost centers that you manage by creating the cost center group, and then specifying it in your report definition.
- Master data groups can be “flat” (meaning all values are at the same level), or can incorporate a hierarchical structure. When using these groups in reporting, each hierarchical level can produce automatic totals of the levels beneath it. The master data itself is assigned to the lowest level nodes in the structure. The R/3 System checks that a value (cost center, cost element, activity type, etc.) is represented only once in the group. You can create as many different groups as are required to support your

business. A given value can appear in multiple different groups.

- The cost center standard hierarchy is a special type of cost center group. Each controlling area must have a unique standard hierarchy. All cost centers in that controlling area must be assigned to a node on the standard hierarchy.
- A master data group name may be used only once in a client. If, for example, you create a cost center group named “Utilities”, you cannot use this name for any other group, whether it is a cost center group, cost element group, etc.