

- Periodic repostings are used purely as a posting aid.
- Primary postings (such as telephone costs) are collected on an allocation controlling object to minimize the number of postings to FI. These costs are then allocated to the appropriate controlling objects at period-end closing according to a user-defined key (fixed amounts or tracing factors). The sender controlling object can be a cost center, internal order, or other object. You can specify the allowed sender and receiver objects for periodic reposting in customizing.
- Only primary costs can be reposted. The original cost elements are retained on the postings to the receivers.
- Distribution is intended for the transfer of primary costs from a sender cost center to receiver controlling objects. Only cost centers may serve as senders in a distribution.
- Primary postings (such as energy costs) are collected on a service cost center and allocated according to user-defined keys.
- Only primary costs can be distributed. The original cost elements are retained on the postings to the receivers.
- Assessment is designed for the allocation of primary and secondary costs from a sender cost center to receiver controlling objects. Only cost centers may serve as senders in an assessment.
- Primary and secondary postings are allocated according to user-defined keys.
- In the assessment framework, the original cost elements are grouped together into assessment cost elements (secondary cost element category = 42). The relationship between original and assessment cost elements is defined in an allocation structure.

Cost Center: Production

Activity Type 鋸 machine Hours "

Planned quantity: 10,000 hrs
 Capacity: 12,000 hrs
 Activity price: Fixed _____ Variable _____
 Cost element: 620 000

Activity Type 鋸 employee Hours "

Planned quantity: 800 hrs
 Capacity: 1,000 hrs
 Activity price: Fixed _____ Variable _____
 Cost element: 625 000

...

© SAP AG 1999

- Activity types serve as a measurement of cost center performance. They describe the quantity output of a cost center and can be used to determine an operating rate and target costs.
- Activity types are allocated under a secondary cost element, which is stored as a default value in the activity type master record.
- The activity price is determined per cost center/activity type either manually or in automatic activity price calculation:
 - You can set manual activity prices for your cost center/activity type combination if the activity price is fixed within your company and unaffected by any internal exchange of activities.
 - In automatic activity price calculation, all primary and secondary costs planned as activity-dependent or activity-independent for the appropriate cost centers are included in the activity price.
 - If several activity types are planned on a cost center, the activity-independent plan costs are broken down (split) onto these activity types for activity price calculation. You can accomplish this by entering equivalence numbers along with each planned activity type, or with plan cost splitting.
 - The unit price for an activity type is calculated by dividing planned costs for an activity by the planned quantity of activity type units. Alternatively, the capacity of a cost center to produce a given activity type can be used in calculating the fixed portion of the activity price.
- For activity type planning, SAP provides the Standard-Layout 1-201, assigned to the standard planner profile SAPALL.

Cost Center: Production

Activity Type Machine Hours? 1200 hrs

Primary cost elements	Fixed costs	Variable costs
420000 Direct Labor Costs	600,000.00	400,000.00
421000 Indirect Labor Costs	200,000.00	130,000.00
453000 Maintenance Costs	100,000.00	100,000.00
481000 Estim. Depreciation	300,000.00	270,000.00

Activity Type Employee Hours? 800 hrs

420000 ...

© SAP AG 1999

- Activity-dependent primary cost planning enables you to plan primary costs on a cost center that are dependent on the work performed by the cost center, in terms of activity type quantities.
- After completing activity type planning, you can plan the costs dependent on these activities in fixed and variable portions. Variable costs are the costs incurred in proportion to the quantity of activity produced. If the cost center produces several activities, you may plan fixed costs on the basis of the individual activity types, along with the activity-independent costs already planned on the cost center itself. This means that the activity type price can include two fixed cost portions:
 - Activity-independent plan costs for the cost center
 - Activity-dependent fixed plan costs for the activity type
- SAP provides the Standard-Layout 1-101 included in the SAP-profile SAPALL to plan activity-dependent primary costs.

Receiver Cost Center: Production

Sender CCtr.	Sender activity type	Input quantity	Plan costs
4100	Repair hours	100 hrs	8000.--

Sender Cost Center: Technical Service - Maintenance 4100

Activity type	Planned Quantity	Scheduled Quantity	Fixed price	Variable price
Repair hours	100 hrs	100 hrs	30.--	50.--

$$80.-- \times 100 \text{ hrs} = 8000.--$$

© SAP AG 1999

- In addition to primary costs, secondary costs are often incurred by a cost center, because a cost center must use services (activity inputs) from other cost centers. You can plan the activity input as activity-independent and activity-dependent.
- You plan activity input as activity-independent if you need services, such as maintenance hours, which are not dependent on the performance of an activity by the receiving cost center. The consumption of the planned activity input is considered to be fixed in this situation. The activity input is planned as activity-dependent if the consumption of that activity will vary based on the quantity of some other activity that the receiving cost center performs. For example, you may have to maintain equipment that you use in the performance of a production activity type. You plan to consume a quantity of maintenance hours activity type from a maintenance cost center, but only in some proportion to the number of hours you will use the equipment.
- You must plan secondary costs for your cost centers in order to obtain meaningful periodic comparisons of plan and actual data. In actual postings, you would be the receiver of internal activity allocations as you obtain the services from other cost centers.
- A cost center that plans to receive secondary costs from activity allocations must always identify a sender cost center and the quantity of the activity to be received.
- To calculate planned secondary costs, the R/3 system multiplies the total unit price of the activity type supplied by the sender cost center by the activity quantity consumed by the receiving cost center. Activity-independent secondary costs planned for a receiver cost center are always fixed costs.
- The Standard-Layout 1-102 assigned to the profile SAPALL can be used here.



- **Planning Statistical Key Figures**
- **Activity Type Planning**
- **Primary Cost Planning
(Activity-Dependent / Activity-Independent)**
- **Secondary Cost Planning
(Activity-Dependent / Activity-Independent)**
- **Indirect Activity Allocation**
- **Reconciliation**
- **Automatic Price Calculation**

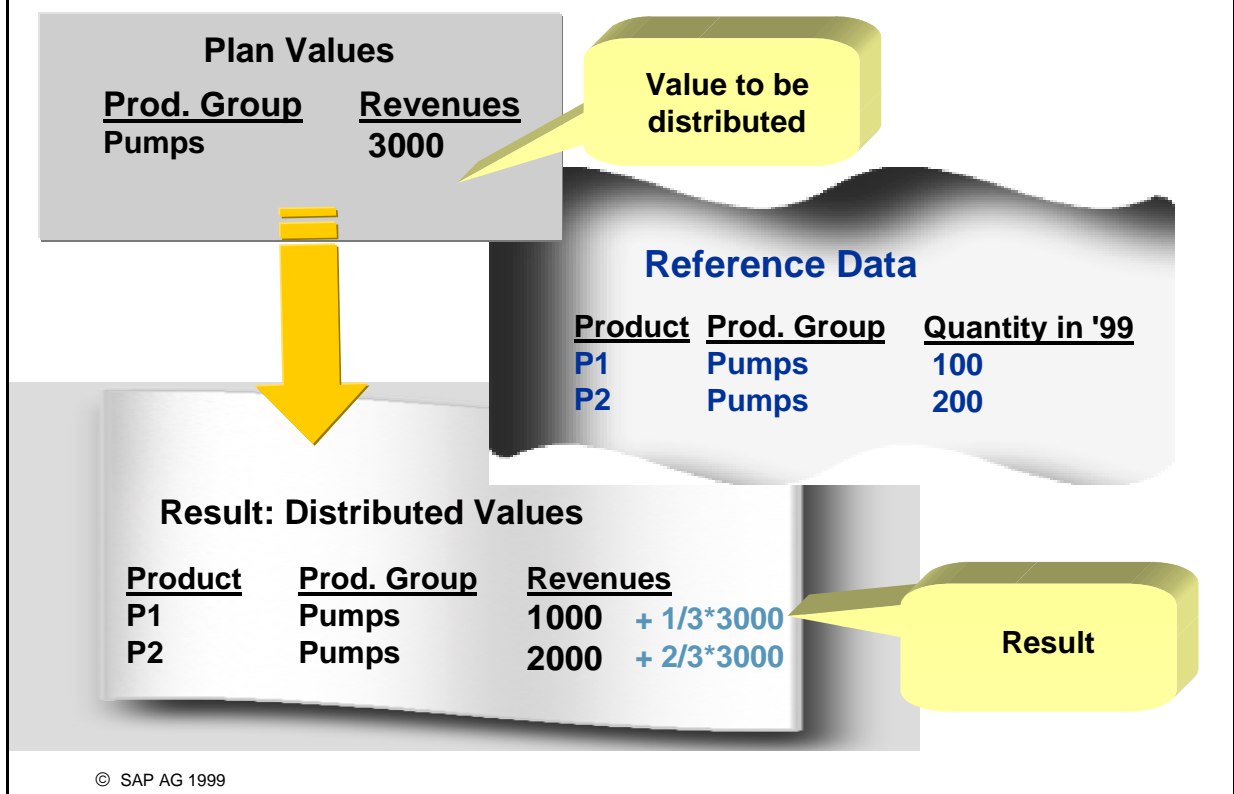
© SAP AG 1999

- There is no required fixed sequence for cost center planning. However, SAP offers some general guidelines that may help in developing a logical procedural flow that fits your requirements. Some of the following steps may not be relevant in your situation, or you may find that the sequence of certain steps should be modified.
- The first suggested step is to plan statistical key figures. Statistical key figures are frequently used as tracing factors in plan distributions and assessments. (Note: actual distributions, assessments, and indirect cost allocations can also use plan statistical key figures as tracing factors).
- Activity type planning is generally the next step in cost center planning, because the planned activity quantities will determine the costs a cost center must incur to produce those activity quantities.
- Primary cost planning is the next logical step. Primary costs can be planned manually as either activity-independent or activity-dependent. You can split the activity-dependent primary costs into fixed and variable costs. Automatic Primary Cost Planning steps include accruals and distributions.
- Secondary cost planning includes activity input planning, assessments, and indirect activity allocations.
- Plan reconciliation is then used to check and reconcile the planned exchange of internal activities. The activity quantity planned for a cost center is adjusted to the quantity of the activity scheduled by the receiver cost centers.
- Activity price calculation is the final stage of the planning process. The SAP System calculates the activity prices for all activity type / cost center combinations iteratively, then uses the activity prices to value the planned exchange of activities.
- Cost center budgeting can be performed at any time independently from the other planning steps.
-

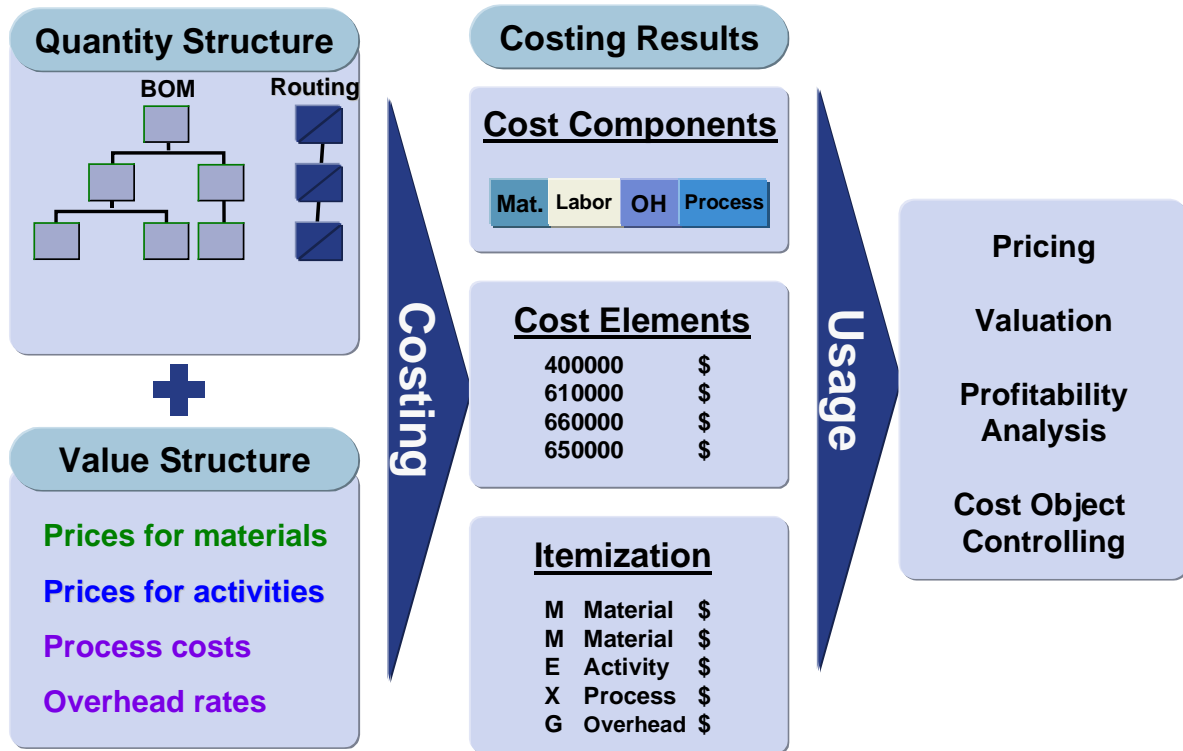
Sales Organization				
Period From ? To				
Record Type				
Version				
Industry	Product	Quantity	Revenue	CoGS
Media		1000	3000	2000
Hitech		5000	4000	3000
Paper		3000	1000	800

© SAP AG 1999

- Planning layouts are customized screens for entering plan data. The definition of a planning layout controls not only the appearance of the planning screen, but also some of the functionality. This allows for complete flexibility in controlling the planning entry process.
- A planning layout definition consists of three parts: the general data selection, the lead columns, and the value columns. The general data selection is where characteristic values are specified that are valid for the entire layout. The lead columns are where additional characteristics that are to be planned may be specified. And the value columns contain characteristic/value field combinations.
- Valid values for the special characteristics version, record type (for costing-based CO-PA), and plan/actual indicator, are required for each row/column intersection in a planning layout definition. By employing these intelligently in the layout design, layouts can be created in which values can be planned for more than one version at a time and in which actual history data may be displayed for reference.
- Variables may be used when defining planning layouts to give them maximum flexibility. Variables can be used for any characteristic, and they can be installed anywhere they are necessary: rows, columns, or the general data selection. Users will be prompted to enter values for these variables when planning.
- Separate planning layouts are necessary for costing-based CO-PA and account-based CO-PA, as planning figures on the two sides of CO-PA are not related or linked in any way. When defining layouts in costing-based CO-PA, the characteristic record type is necessary. When defining layouts in account-based CO-PA, the characteristic cost element is mandatory.



- Top-down distribution is a process for distributing data which has been planned at one level in CO-PA to additional lower levels, based on some reference data (which can be plan or actual CO-PA data).
- One example of this might be planning values at the product group level, and then distributing these values to the individual products in a group. Another example might be planning values at the individual product level, and then distributing those values to the plants from which the products are sold.
- Plan values can be distributed strictly according to the reference data by period, or based on the reference data aggregated across the periods. The latter has the effect of equalizing the distribution *percentages* across periods for the receivers.
- When performing a top-down distribution, it is necessary to specify the field(s) in the reference data whose values should be used as the distribution basis.
- In this slide, revenue for product group is distributed down to the individual products in that group. The reference data would be the values of a single value field 'sales qty'. The distribution basis is the value 100 for product P1, and the value 200 for product P2.



© SAP AG 1999

- When you create a cost estimate with a quantity structure, you enter the costing variant, the material, the plant, and the lot size. The dates are proposed from the costing variant and determine the following:
 - the period of validity of the cost estimate (costing date from/to)
 - the selection date for the bill of material and routing (quantity structure date)
 - the pricing date for the material components and activities (valuation date)
- With the Transfer control indicator you specify that you either want to use an existing cost estimate for component materials, or create a new cost estimate.
- The system selects and values the quantity structure automatically.
- The costing results can be saved and displayed as an itemization, a cost element itemization, or a cost component split. The itemization shows detailed information on the origin of the costs, such as the quantities and prices of the materials and internal activities used.
- The cost element itemization groups the individual costing items into cost elements. The cost elements group the costs according to how they were incurred. For materials, cost elements are determined through account determination; for activities, through the activity type master or through activity type planning; for processes, through the process master record.
- The cost component split groups the cost elements into cost components. When a multilevel structure is costed, the cost component split is rolled up so that the original identity of the costs is retained for analysis.
- You can analyze the results of the cost estimate directly or in the information system.