SAP Controlling Configuration

Published by Team of SAP Consultants at SAPTOPJOBS

Visit us at www.sap-topjobs.com

TABLE OF CONTENTS

INTRODUCTION

The controlling area configuration is the starting point of configuration in the CO module, which will then enable us to configure profit center, product costing and then the profitability analysis module.

In this e-book we will configure controlling area 9100 (A Group). The management of **A group** is desirous of having a single controlling area, whereby they can have cross company code controlling. A Group is fast expanding group and will be setting company across the globe. Each company code then will be attached to this controlling area. Currently A Group has only one company called as 9100 (A Ltd). This company code is attached to controlling area 9100. A group is located in Saudi Arabia. The controlling area currency is kept as group currency SAR.

A Group requires the following modules within controlling:-

   1) Cost center accounting
   2) Internal orders
   3) Profit center accounting
   4) Profitability analysis

We will cover cost center accounting configuration only in this e-book.

1 Organizational Structures

For doing the configuration we use the following path on the SAP application screen:-

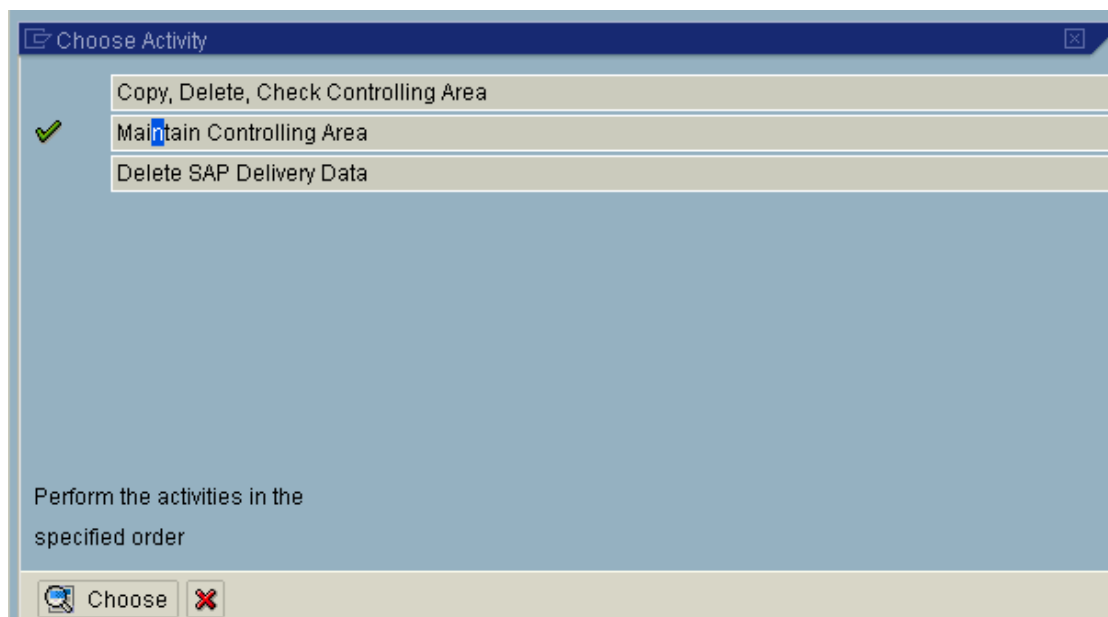SAP Menu → Tools → AcceleratedSAP → Customizing → SPRO - Edit

Project → **SAP Reference IMG**

Configuration for all the modules will be done here. The above path will not be referred henceforth; we will directly refer to the IMG node.
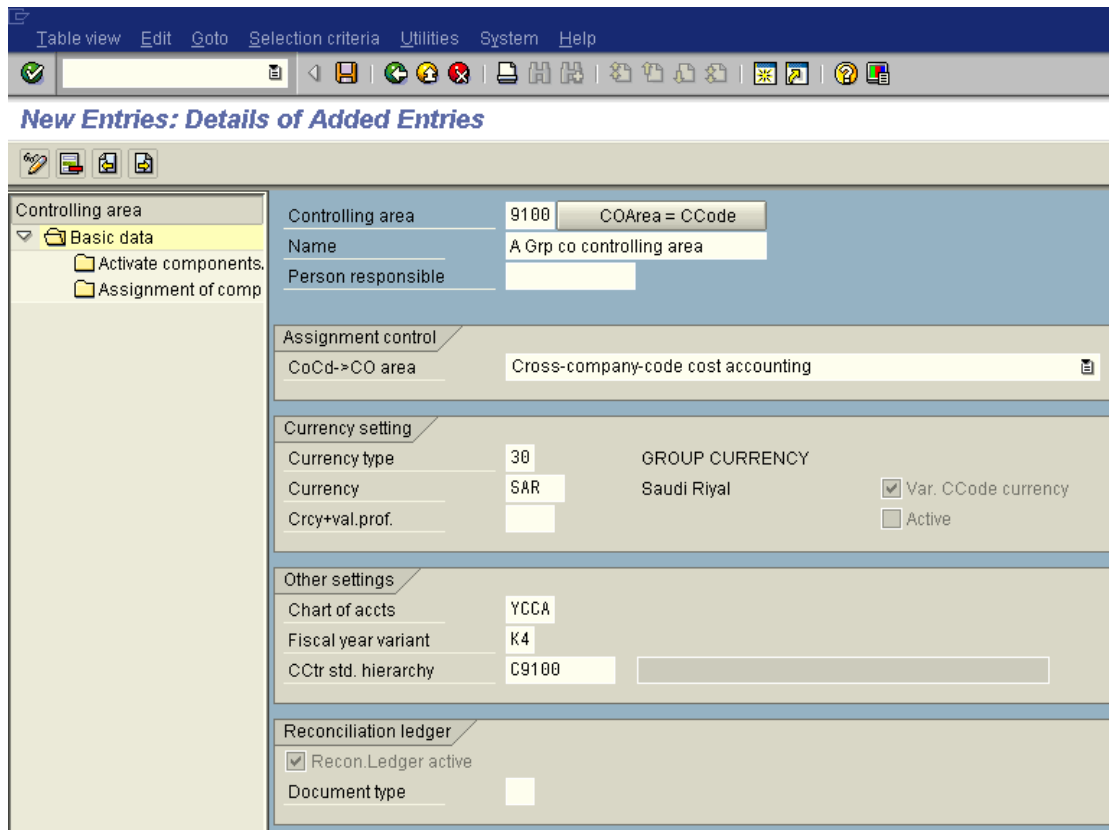
1.1 Maintain Controlling Area

IMG → Controlling → General Controlling → Organization → Maintain Controlling Area

Double click Maintain Controlling Area

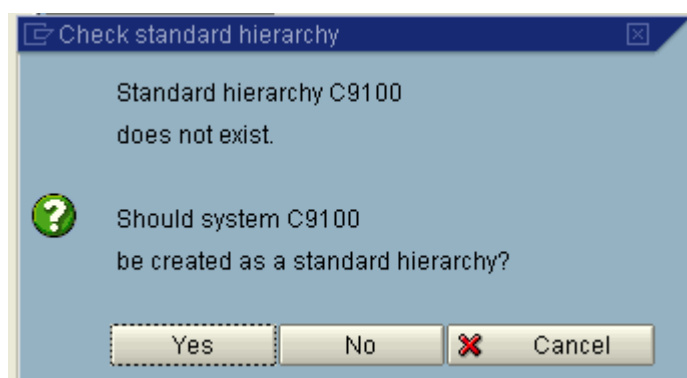**Click on New entries and update the following fields:-**

Group Currency definition comes from the client currency. A currency needs to be maintained for the client (when a client is created) in transaction SCC4.

Update document type SA

Click yes to create a standard hierarchy.

Double Click Activate components/

Click on New entries

A grp requires the following modules withing controlling:-

SAP CONTROLLING CONFIGURATION

1) Cost center accounting
2) Internal orders (order management)
3) Profit center accounting
4) Profitability analysis (we will update at a later stage)

It does not want activity based costing, further it wants commitments management to be activated.

Accordingly we update the following: -

Click on Save 💾

Double Click on [📁 Assignment of compa] to attach company code 9100

Click on [New entries] and update the following: -
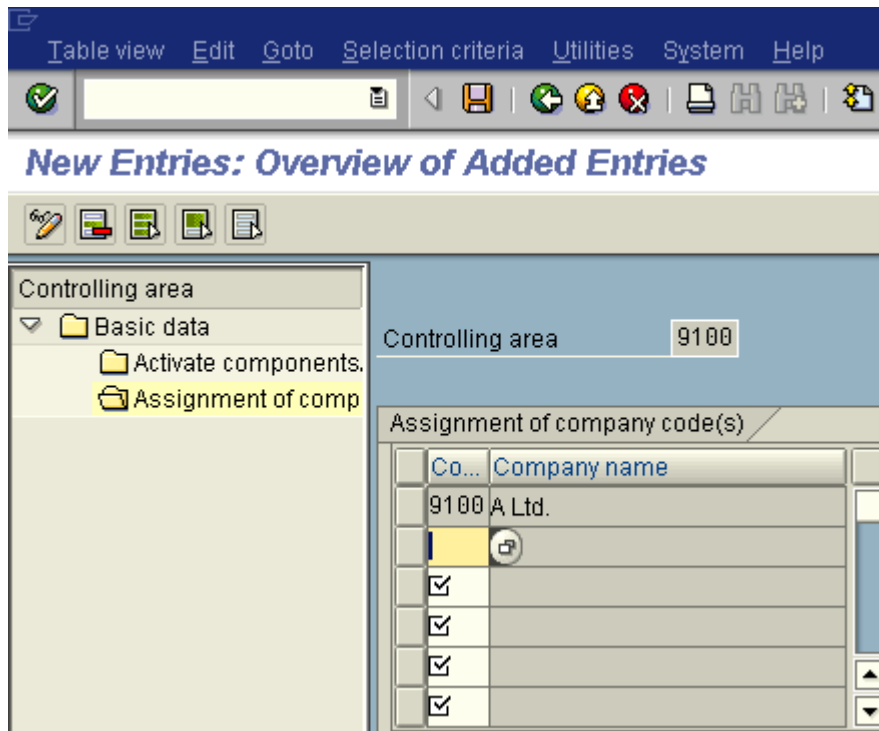
Click on Save 🖫

1.2 Maintain Number Ranges for Controlling Documents

IMG → Controlling → General Controlling → Organization → Maintain Number Ranges for Controlling Documents

We will copy number ranges from the SAP delivered controlling area 001.

Click on **Copy** 🖺 **and update the following: -**
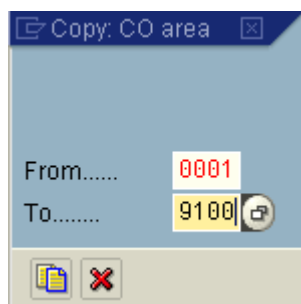
Click on 🖺

Note that the number intervals are not included in the customizing request they need to be transported manually. Click on Interval → Transport

To ensure data consistency, you should not transport number ranges for CO documents, but rather create them as new in the target system.

1.3 Maintain Versions

IMG → Controlling → General Controlling → Organization → Maintain Versions

Click on Extras → Set Controlling area
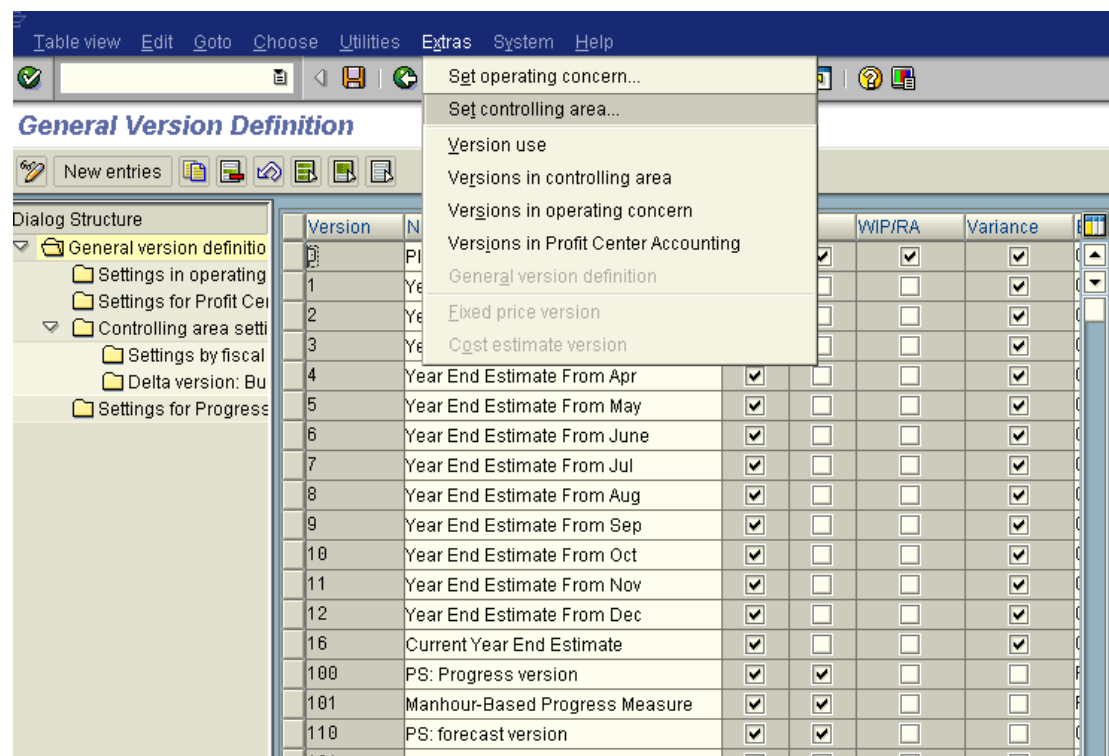
And update 9100 as the controlling area.

Select Version 0

And Double Click Controlling area setti

Version 0 is automatically created in controlling area 9100

Select

Double Click Settings by fiscal

Versions are automatically created for 5 fiscal years.

Select year 2005 and click on 🔍 **and update the following: -**

Click on Price calculation **and update the following: -**

Click on Save 💾

Similarly update the values for the remaining fiscal year.

2. Multiple Valuation Approaches/Transfer Prices (Optional)

2.1 Maintain Currency and Valuation Profile

IMG → Controlling → General Controlling → Multiple Valuation Approaches/Transfer Prices → Basic Settings → Maintain Currency and Valuation Profile

We only need the currency and valuation profiles if we want to manage various valuations in parallel in our system.

We have to take the following rules into account when we maintain the currency and valuation profiles because they are checked when we activate the C&V profile in the controlling area.
  ➢ Managing the company code currency in legal valuation is mandatory.
  ➢ In addition, we can always manage two further valuation approaches
In valuation, we can select among group valuation (1) and profit center valuation (2),

SAP CONTROLLING CONFIGURATION

In the currency, we can select among company code currency (10) and group currency (30).

All valuation approaches we manage in controlling must also be managed correspondingly in the material ledger.

All standard SAP report in controlling are shown in the reporting currency (controlling area currency), to get the object currency (Co. code currency) you will need to define new reports.

Click on New entries **and update the following: -**
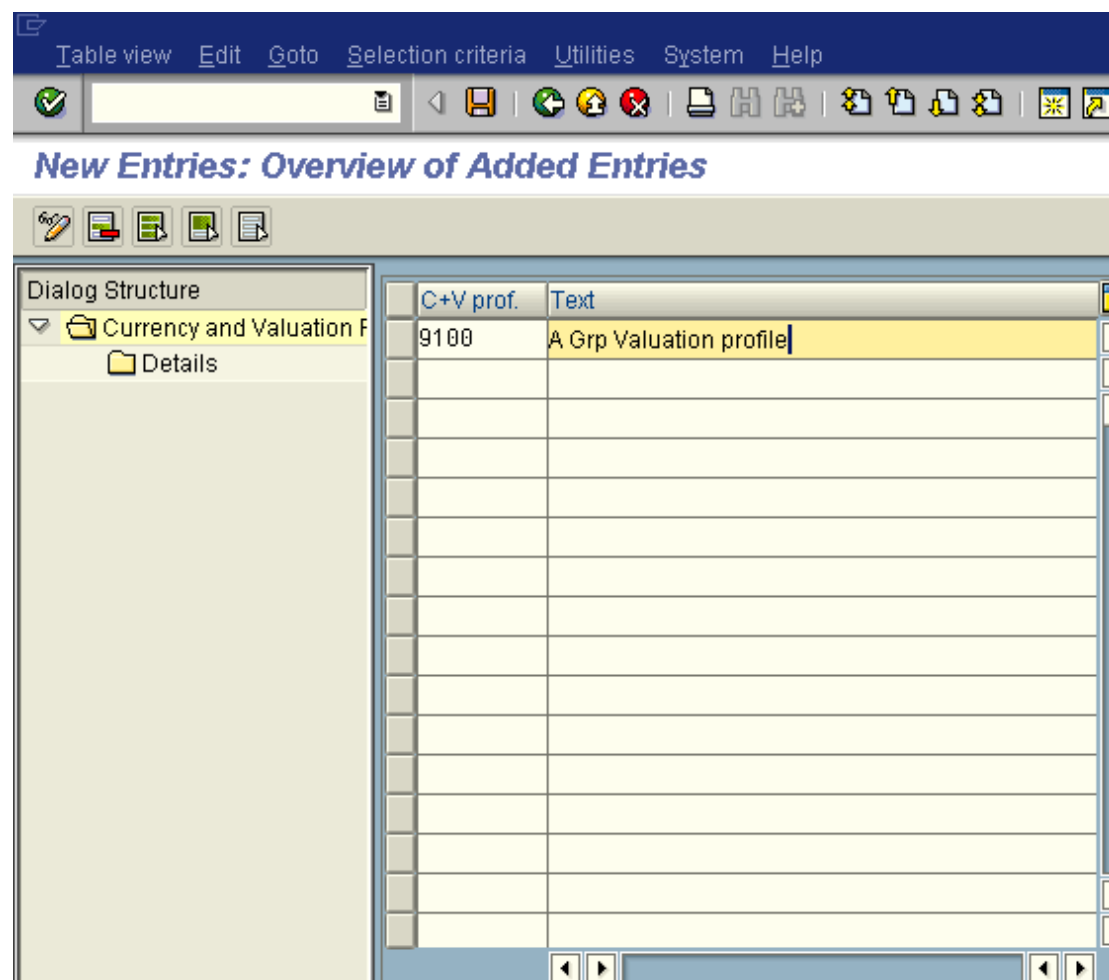
Select 9100 A Grp Valuation profile **and**

Double Click Details

Click on New entries **and update the following: -**

Click on Save 💾

2.2 Assign Currency and Valuation Profile to Controlling Area

IMG → Controlling → General Controlling → Multiple Valuation Approaches/Transfer Prices → Basic Settings → Assign Currency and Valuation Profile to Controlling Area

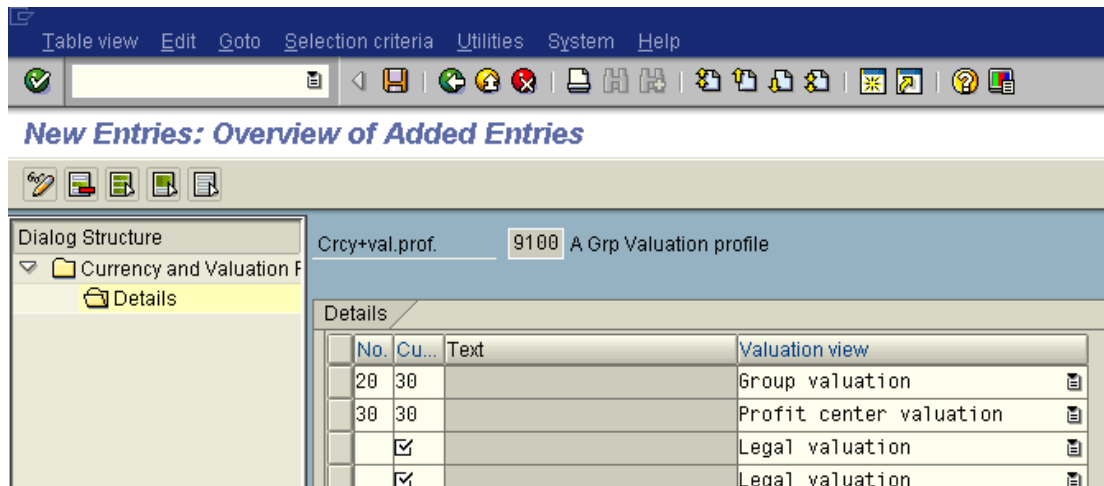We assign the currency and valuation profiles with which we want to represent scenarios for transfer prices to the respective controlling area. For this purpose, we must ensure that the controlling area currency of the affected controlling area corresponds to either the group currency (currency type = 30) or the company code currency (currency type = 10).

The assignment of the currency and valuation profiles indicates that we want to use transfer prices in the controlling area. It enables us to create actual versions for different valuations.

Assign C+V prof 9100 to controlling area 9100.
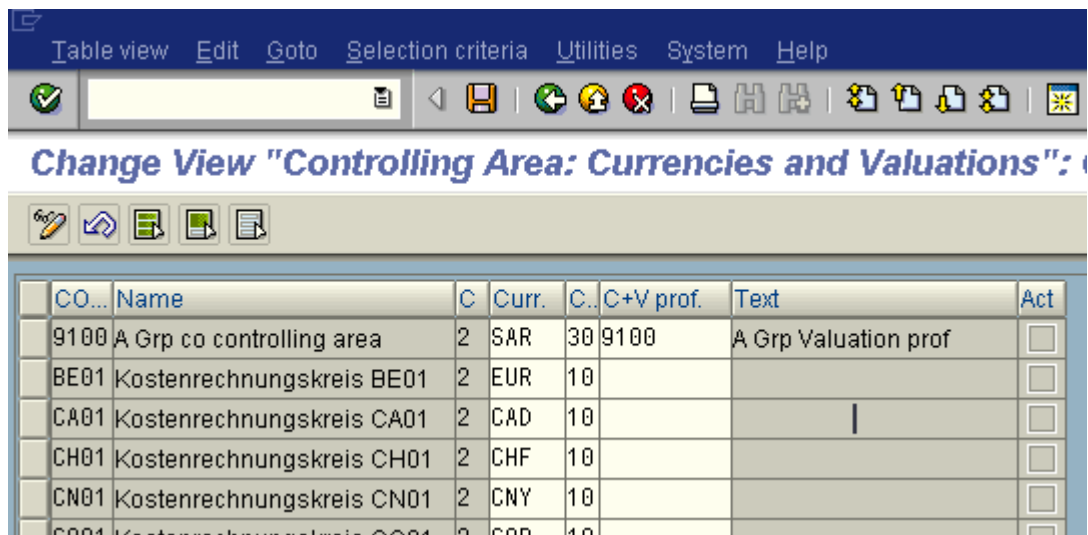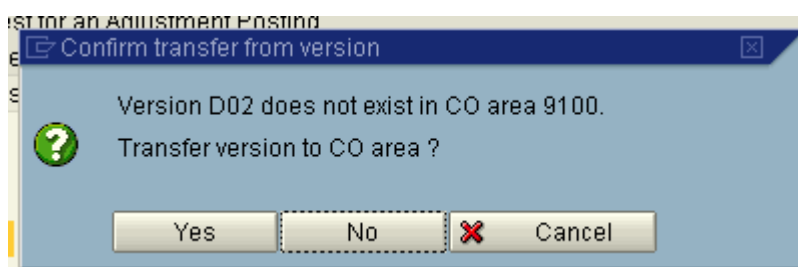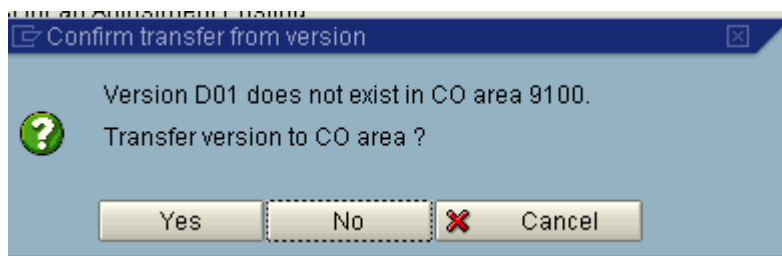
Click on Save 💾

2.3 Create Versions for Valuation Methods

IMG → Controlling → General Controlling → Multiple Valuation Approaches/Transfer Prices → Basic Settings → Create Versions for Valuation Methods
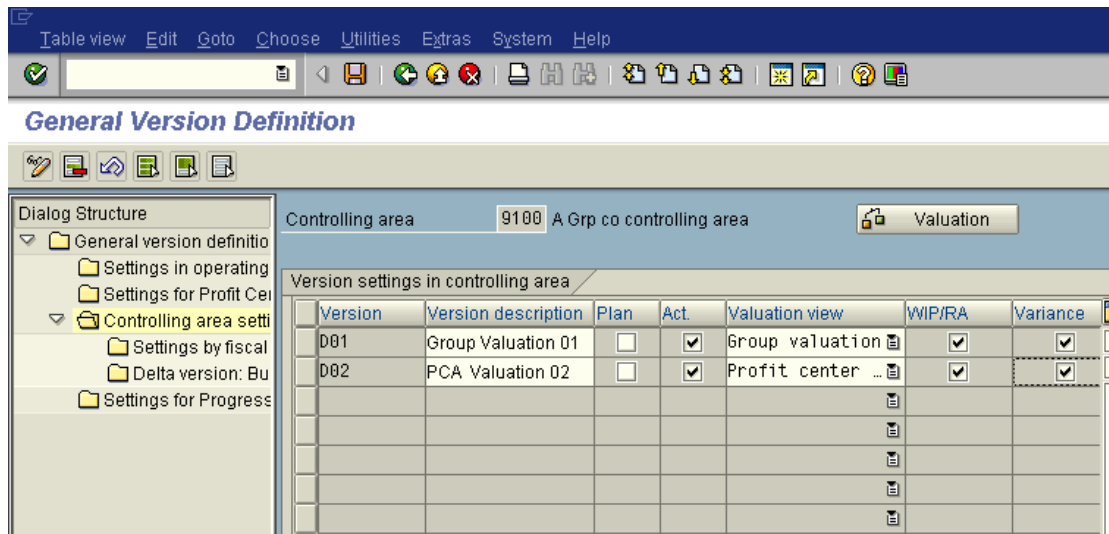
Select

And Double Click on Controlling area settings

Select Yes to transfer version and update the following: -

Click on Save 🖫

2.4 Define Valuation Clearing Account

IMG → Controlling → General Controlling → Multiple Valuation Approaches/Transfer Prices → Level of Detail → Define Valuation Clearing Account

Here we specify profit and loss accounts for valuation differences that arise in business transactions between group companies.

When we use parallel valuation approaches/transfer prices, payables and receivables are only posted using legal valuation, since that represents the amount in which the payment is made. If, however, we want to record other valuation approaches in the valuation clearing account, we need to post the difference to accounts for intercompany profits so that this amount appears in the group report. The system assigns the valuation difference for each item to the corresponding profit center.

With this function we can designate valuation-clearing accounts in which to record valuation differences separately for each company code and partner company.
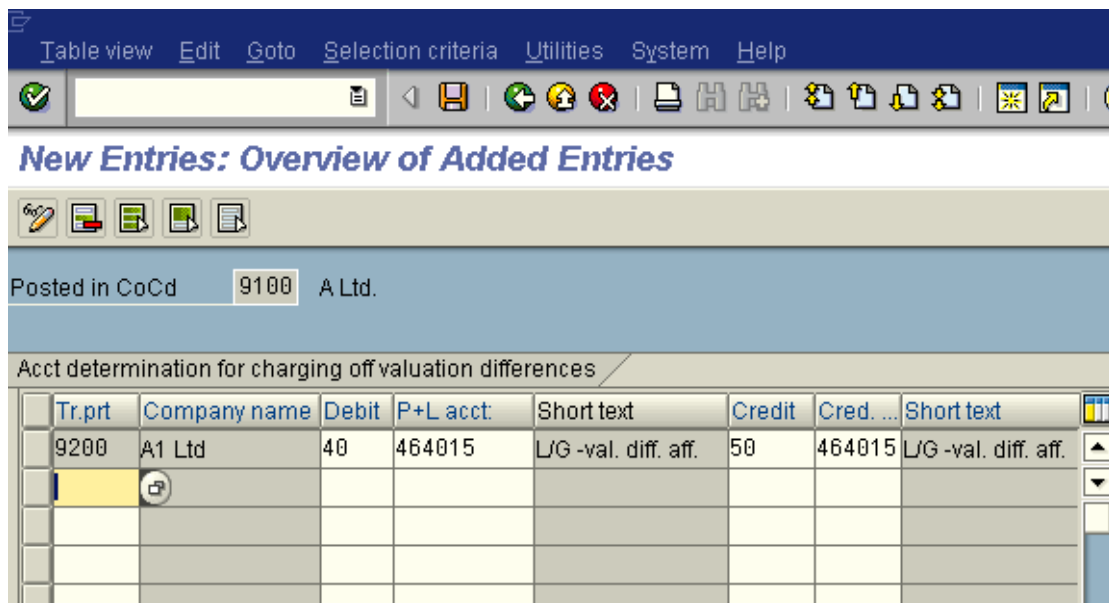
Update the following: -
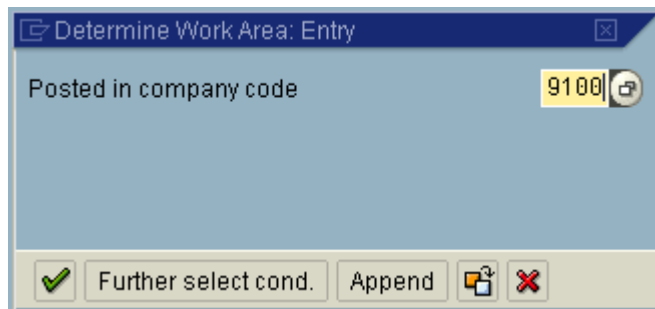
Click on **New entries**

The trading partner 9200 is the company created for company code 9200.

Click on Save 💾

2.5 Parallel Valuation Approaches: Check Activation / Execute

IMG → Controlling → General Controlling → Multiple Valuation Approaches/Transfer Prices → Activation → Parallel Valuation Approaches: Check Activation / Execute

Enter the controlling area 9100 and click 🔄 to check activation.

We also need to maintain the settings in profit center accounting, thereafter, which we can activate the currency and valuation profile

Click on **to check activation. The message given is as follows**

We need to create result analysis version 0 in the product cost controlling component. Nevertheless we can still activate the currency and valuation profile.

Select radio button `Activate in controlling area` and click

```
Activate currency and valuatio                                          ⊠

Activate profile

    Message number KM446

Diagnosis

    Warnings were output when the system checked profile 9100 in controlling
    area 9100. You can still activate the profile. To do so, choose
    "Activate".

    If you want to display the warnings, cancel the activation and call up
    the function again with the option "Check".


 🕯 Activate  ✖
```
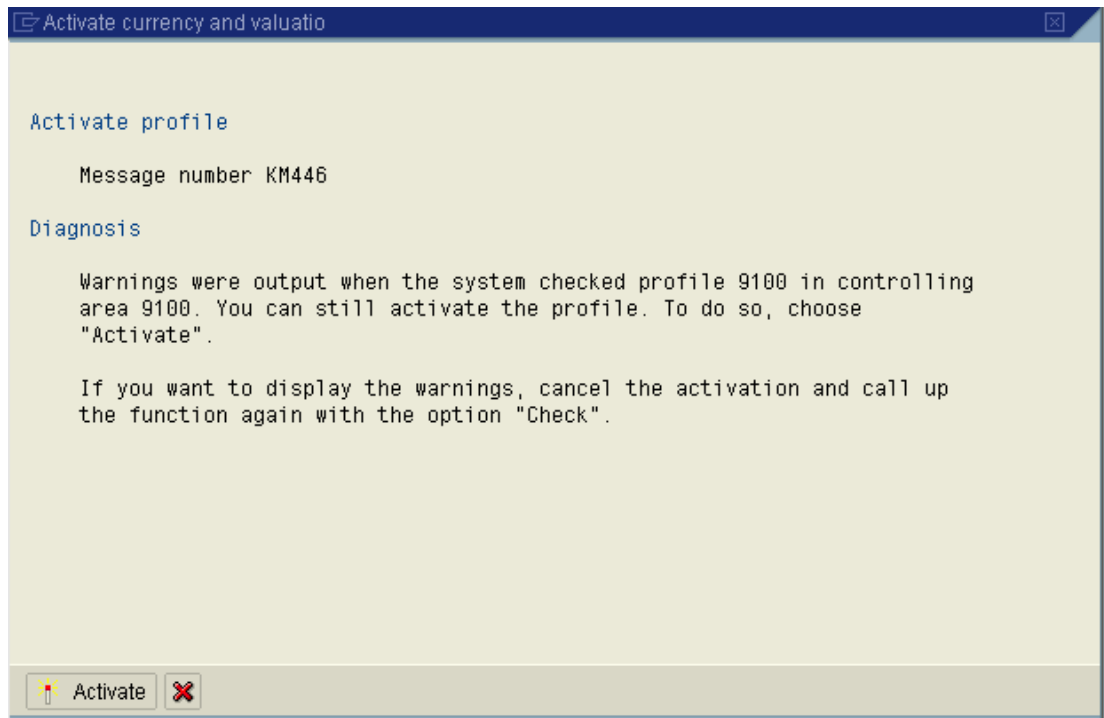
Click Activate

3 Production Start-Up Preparation

3.1 Set "Update All Currencies" Indicator

IMG → Controlling → General Controlling → Production Start-Up Preparation
→ Set "Update All Currencies" Indicator

In this step we activate or reset the update all currencies indicator. The Update all currencies indicator enables us to reduce the amount of memory used when posting data to CO objects (for example, cost centers or orders). However, it only works if our database system compresses empty fields. If you are not sure whether your database system compresses empty fields, you should **always** activate this indicator.

Click on Set controlling area remove the test run and select

Activate   ◉
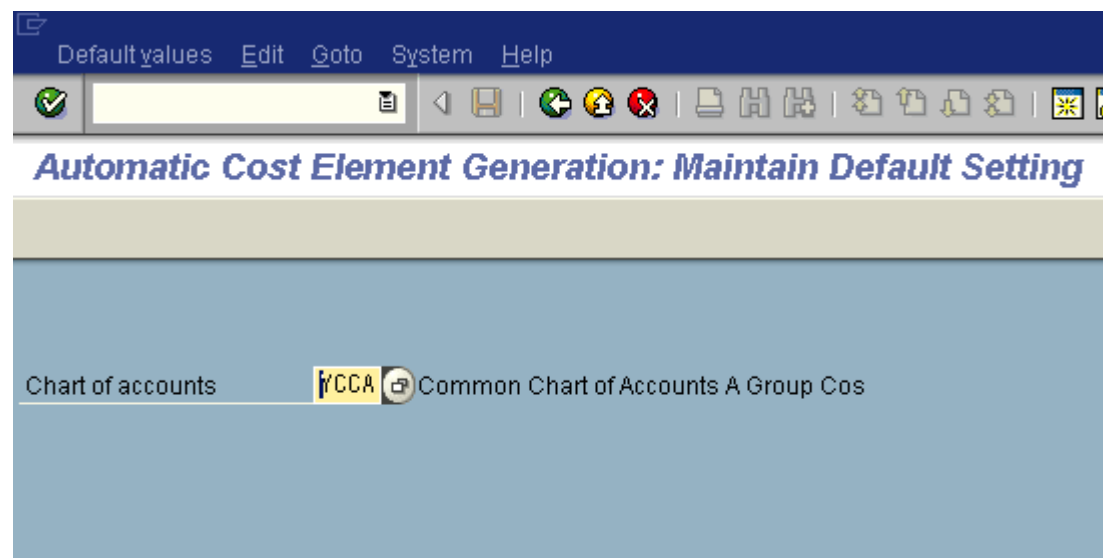
Click on 🕔

4 Cost Element Accounting

4.1 Make Default Settings

IMG → Controlling → Cost Element Accounting → Master Data → Cost Elements → Automatic Creation of Primary and Secondary Cost Elements → Make Default Settings

Here we give the cost elements individually or as an interval with the corresponding cost element category in the default setting. The cost elements are created by a batch input session using this default setting.

These defaults are used for automatic generation of primary and secondary cost elements.

Update the following: -
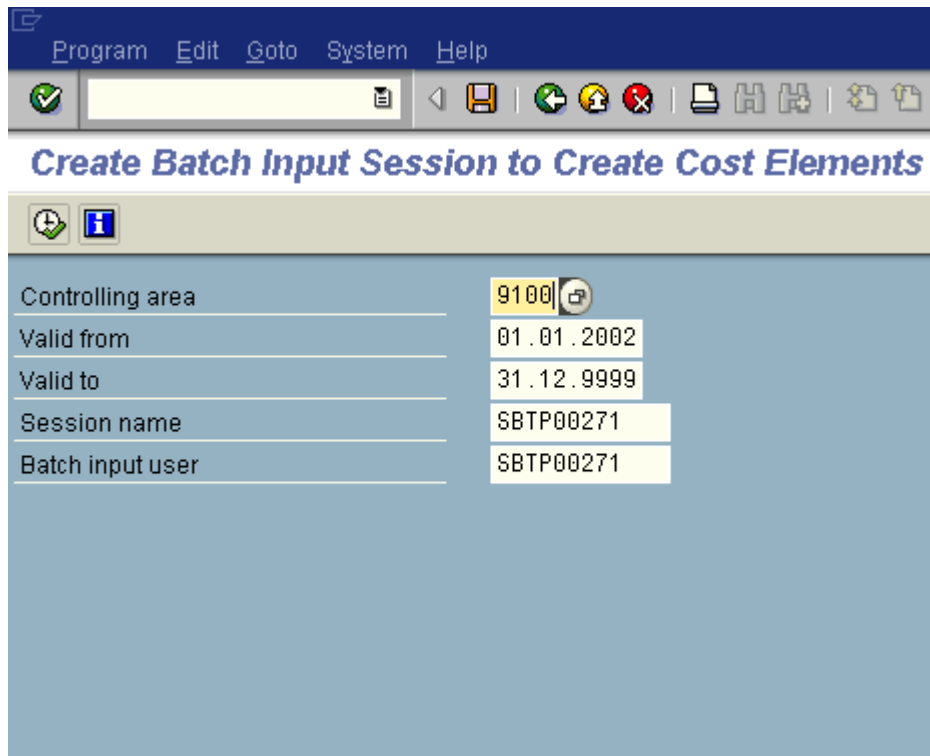
Click on Save 💾

4.2 Create Batch Input Session

IMG → Controlling → Cost Element Accounting → Master Data → Cost Elements → Automatic Creation of Primary and Secondary Cost Elements → Create Batch Input Session

Here we generate a batch input session for each controlling area in order to create cost elements.
The SAP System determines the chart of accounts to be processed (including the cost elements to be created) according to the company code and chart of accounts to which the controlling area is assigned.

Update the following: -

SAP CONTROLLING CONFIGURATION

Create Batch Input Session to Create Cost Elements

Controlling area	9100
Valid from	01.01.2002
Valid to	31.12.9999
Session name	SBTP00271
Batch input user	SBTP00271

Click Execute

```
 List  Edit  Goto  System  Help

Create Batch Input Session to Create Cost Elements


Create Batch Input Session to Create Cost Elements

 CElm      Cat.   Description

 400000    1      Raw Material Consumed ( Others )
 400013    1      Others Material
 400300    1      Semi -Finished Material Consumed
 400700    1      Packaging Materials Consumed
 400800    1      Production Consumable
 402001    1      Fuel/ Gas
 402002    1      Electricity
 402003    1      Fresh Water
 402004    1      Sea Water
 402005    1      Waste Water
 402006    1      Steam
 402008    1      Nittrogene
 420003    1      Regular Pay - Trainees & Training Costs
 420004    1      Transport Allowance
 420005    1      Overtime &CallBack Allowance
 420006    1      Incentive Pay
 420007    1      Shift Allowance
 420010    1      Housing Allowance
 420011    1      Vacation Pay
 420211    1      Bonus
 420212    1      Early Retirement
 420401    1      Medical
 420407    1      Home Leave Expense
 420408    1      Furniture Allowance
 420409    1      Housing Rentals
 420410    1      Housing Maintenance
 420411    1      Relocation Allowance
 420413    1      Other Employee Benefits (Misc. Payment)
 420414    1      Miscellaneous Deduction
 420415    1      Food Allowance
 420501    1      Training and Seminar Fees
 420502    1      Training Seminar Expenses
```

4.3 Execute Batch Input Session

IMG → Controlling → Cost Element Accounting → Master Data → Cost
Elements → Automatic Creation of Primary and Secondary Cost Elements
→ Execute Batch Input Session

Here we execute a batch input session and thereby generate cost elements.

Session name	Created by	Date	Time	Lock date
SBTP00271	SBTP00271	11.04.2005	11:55:14	

Select the session

and click ⏱ Process

Select [⦿ Display errors only] **and run in foreground**

Select [☑ Extended log]

Select [☑ Expert mode]

Deselect [☐ Dynpro standard size]

Click [Process]

Click on Save 💾

5 Reconciliation Ledger

5.1. Activate/Deactivate Reconciliation Ledger

IMG → Controlling → Cost Element Accounting → Reconciliation Ledger → Activate/Deactivate Reconciliation Ledger

In the reconciliation ledger, the data from Accounting is summarized and valuated. Cost flows occurring exclusively in Controlling (secondary postings) between company code and business area boundaries which are not noted in Financial Accounting, can be passed on through Reconciliation ledger. Thus Reconciliation between Financial accounting (external) and controlling (internal) is possible.
You do not need the reconciliation ledger in the following situations:
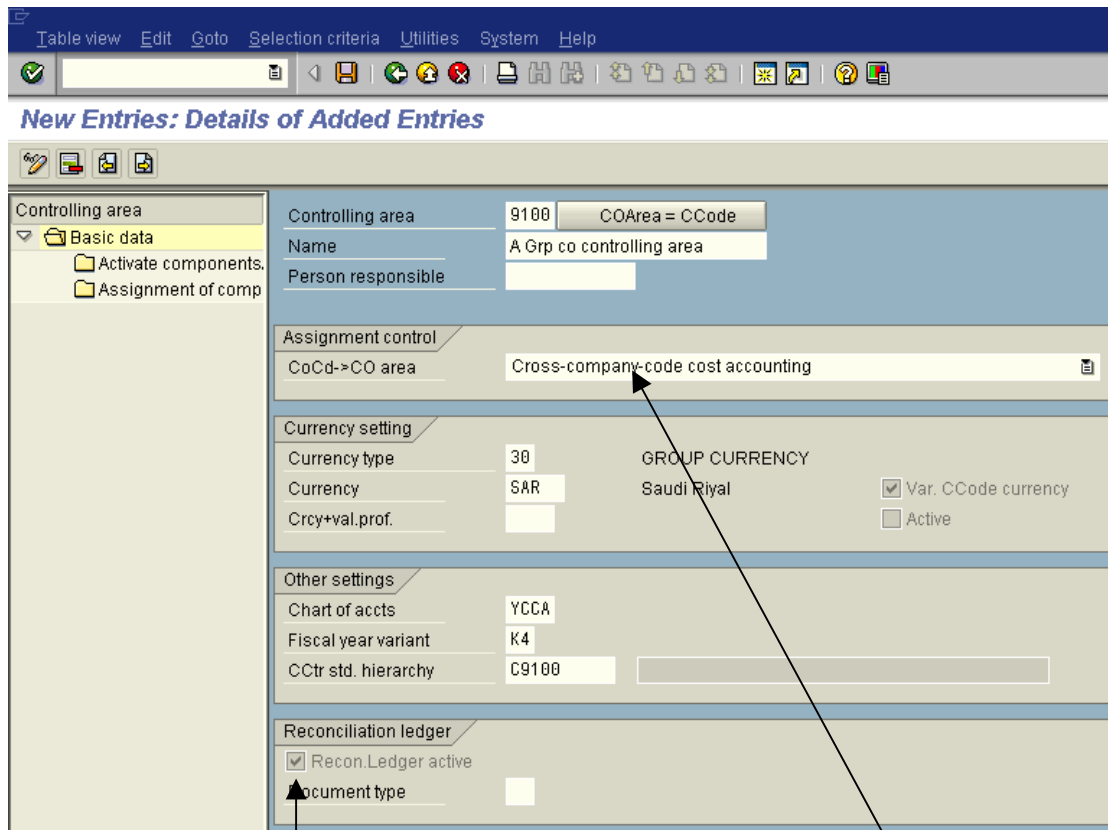
- no profit and loss accounting using cost of sales accounting occurs

- there is no interest in cross-application reports

- there is no interest in evaluating cross-company-code and cross-business area postings

Controlling area maintenance indicates whether the reconciliation ledger is activated or deactivated for the controlling area.

This activation step is generally not required if we select cross company cost accounting when maintaining controlling area which can be seen below.

Indicates reco. Ledger is active

Activation step is generally not required if we select cross company cost accounting when maintaining controlling area which can be seen below.

In case the reconciliation ledger is still not active we can proceed as follows:-

Double Click Activate Reconciliation Ledger

Update the following: -
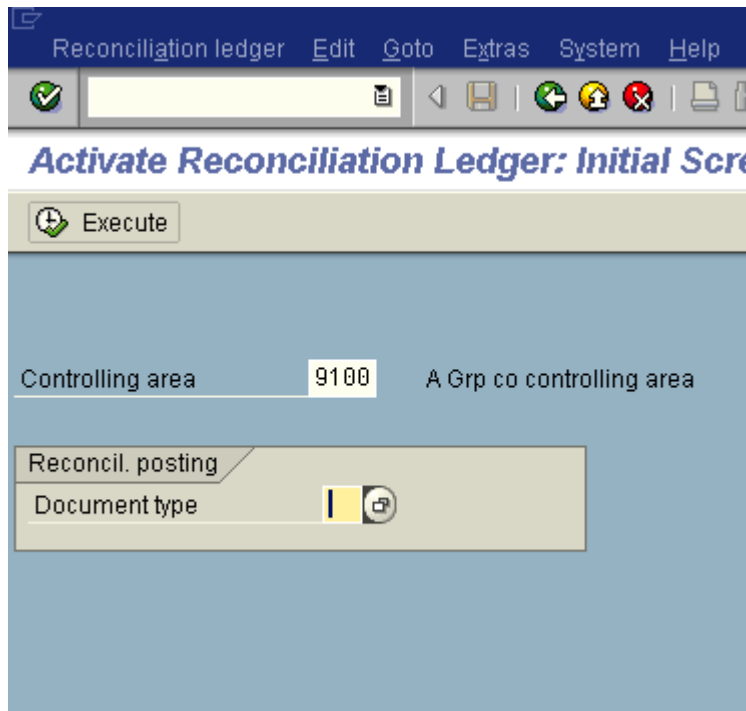
Click on Execute

5.2 Define Adjustment Accounts for Reconciliation Posting
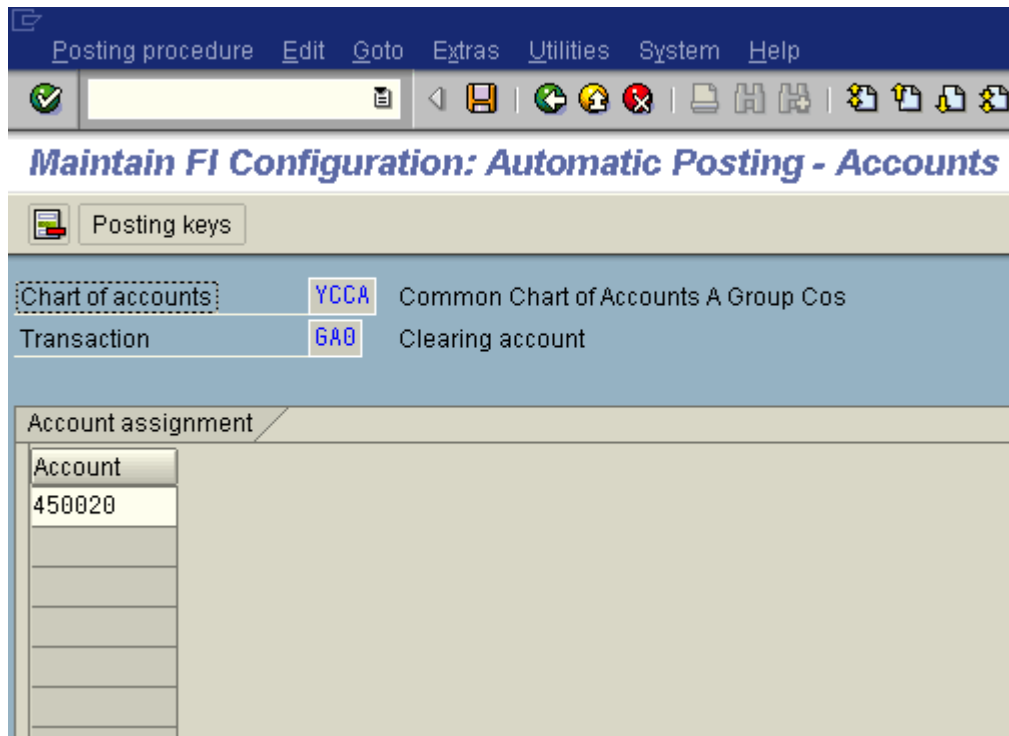
IMG → Controlling → Cost Element Accounting → Reconciliation Ledger → Define Adjustment Accounts for Reconciliation Posting

Create a GL account in FI for the FI-CO reconciliation. In our example we have created a GL code **450020 FICO Reconciliation account**

Double Click Maintain Clearing Accounts for Business Area/Functional Area

Update chart of accounts YCCA and update the following: -
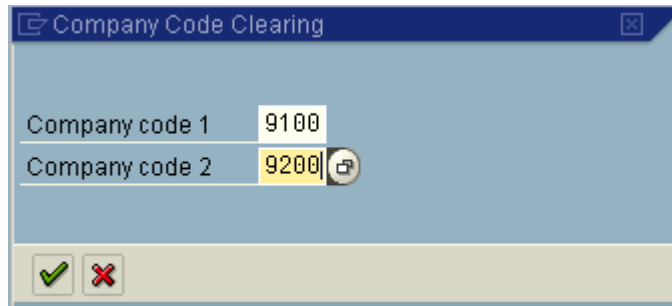
Click on Save

Double Click **Maintain Clearing Accounts for Company Codes**

Click on Save 🖫

5.3 Specify Document Number Range for Reconciliation Posting

IMG → Controlling → Cost Element Accounting → Reconciliation Ledger →
Specify Document Number Range for Reconciliation Posting

Click on 🗐 **and update the following: -**
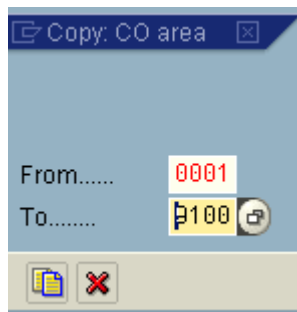
Click

Click on Save

6 Cost Center Accounting

6.1 Define Standard Hierarchy

IMG → Controlling → Cost Center Accounting → Master Data → Cost Centers → Define Standard Hierarchy

The hierarchy logic is built in the following manner.

The top node (first level) C9100 is the total A group node.

The second level is the company which is represented by 2 digits 91

The third level is the function 01 – Production 02 maintenance etc. Therefore we create 9101 as production

At the fourth level we create the cost center.

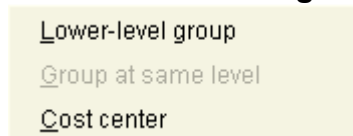**Thus the cost center numbering is 9101000 – Production common.**
The first 2 digits from the left 91 represent company code
The 3rd and 4th digit represents function
The 5th 6th 7th digit represents running number.

Click

Select Lower level group

Lower-level group
Group at same level
Cost center

and update the following: -

Click on **Save**

Create a lower level node below 91, by position your cursor on 91

Click on **and select** **and update the following: -**
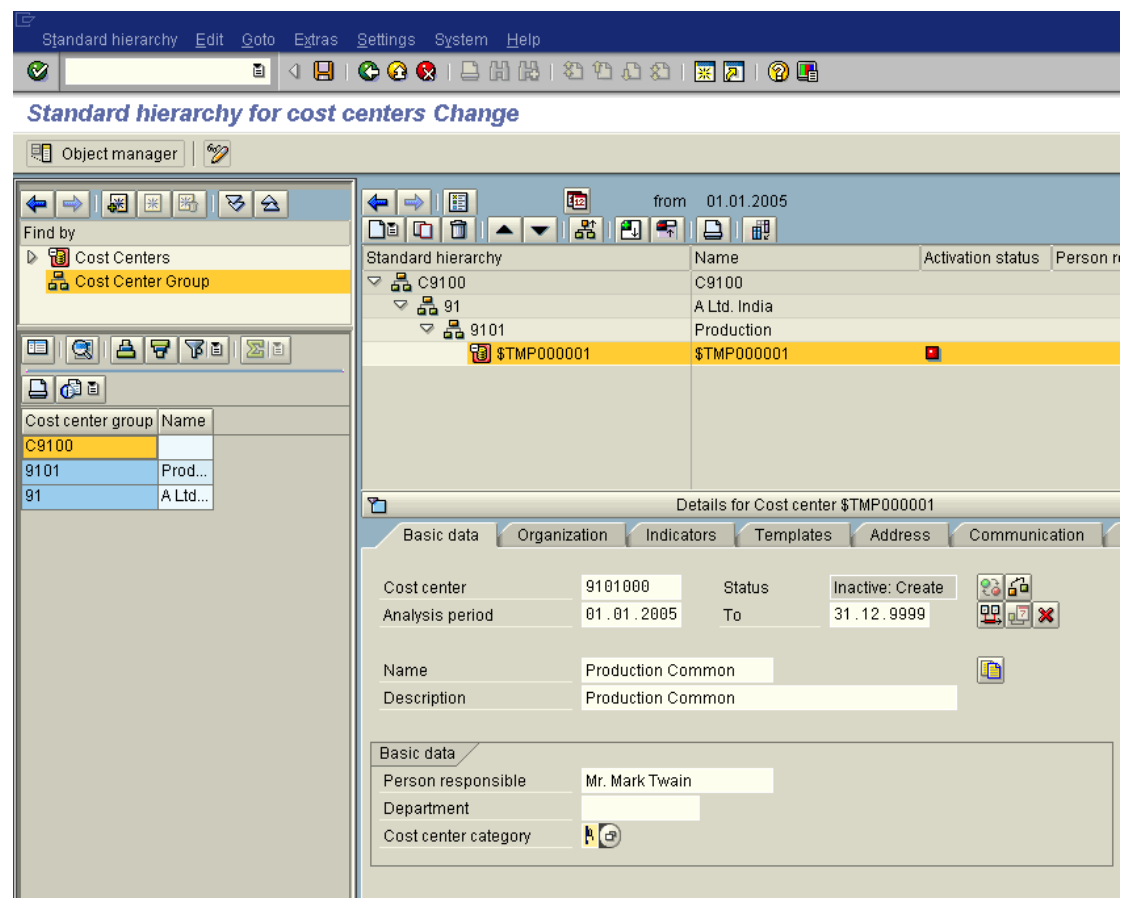
SAP CONTROLLING CONFIGURATION

Click on Save

Now we want to create cost center at this node 9101

Click

Lower-level group
Group at same level
Cost center

And select cost center **and update the following: -**

Page 29 of 29

Click on Save 🖫

Create another cost center group. Position your cursor on 🖧 9101

Click 🗋📄

Select Group at same level and update the following
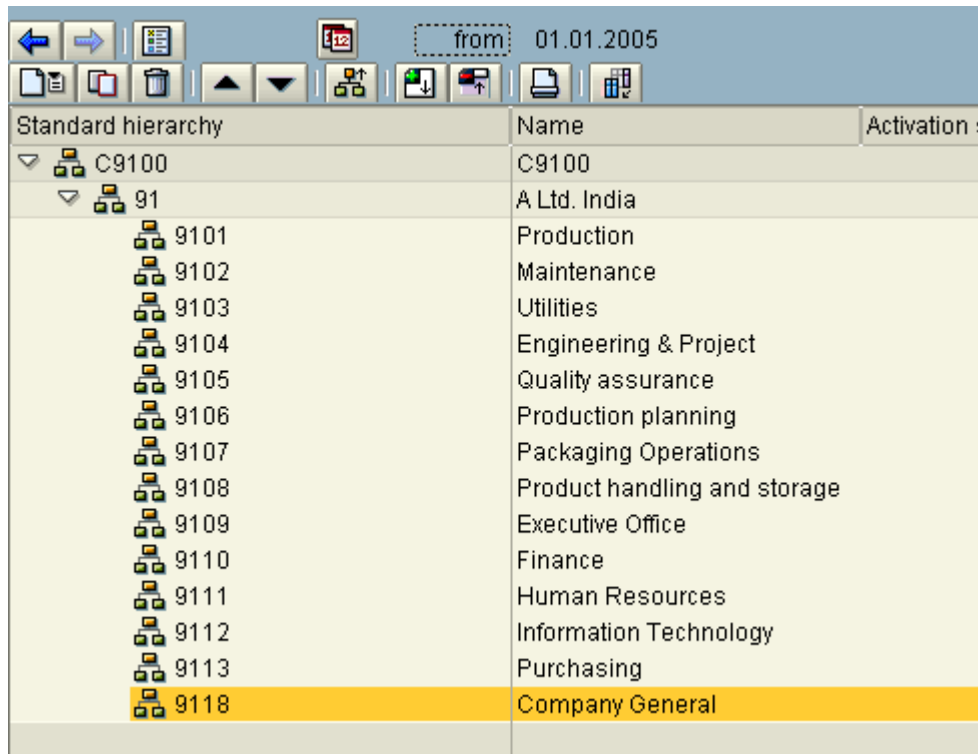
Click on Save 🖫

Similarly create other cost center groups which would like this.

Standard hierarchy	Name	Activation :
▽ 🖧 C9100	C9100	
▽ 🖧 91	A Ltd. India	
🖧 9101	Production	
🖧 9102	Maintenance	
🖧 9103	Utilities	
🖧 9104	Engineering & Project	
🖧 9105	Quality assurance	
🖧 9106	Production planning	
🖧 9107	Packaging Operations	
🖧 9108	Product handling and storage	
🖧 9109	Executive Office	
🖧 9110	Finance	
🖧 9111	Human Resources	
🖧 9112	Information Technology	
🖧 9113	Purchasing	
🖧 9118	Company General	

from 01.01.2005

6.2 Define Cost Center Categories

IMG → Controlling → Cost Center Accounting → Master Data → Cost Centers → Define Cost Center Categories

We can define our own cost center categories or use SAP supplied cost center categories.

We activate/deactivate the following indicators for each cost center category:
Lock primary postings
Lock secondary postings
Lock revenue postings and revenue planning
Lock commitment update
Lock primary cost planning
Lock secondary cost planning
Lock consumption quantities

We will lock **actual revenue posting** and **Planned revenue posting** in all of the cost center categories.
The cost center category when selected during the cost center master creation, defaults this indicator such as Lock actual revenue and lock plan revenue.

Click on Save 💾

6.3 Create Cost Center

IMG → Controlling → Cost Center Accounting → Master Data → Cost Centers → Create Cost Centers

Double Click on Create cost center

Click on Extras → Set controlling area

Update the following: -

Click on Save

6.4 Define Cost Center Groups

IMG → Controlling → Cost Center Accounting → Master Data → Cost Centers → Define Cost Center Groups

Double Click Create Cost Center Group **and update the following: -**
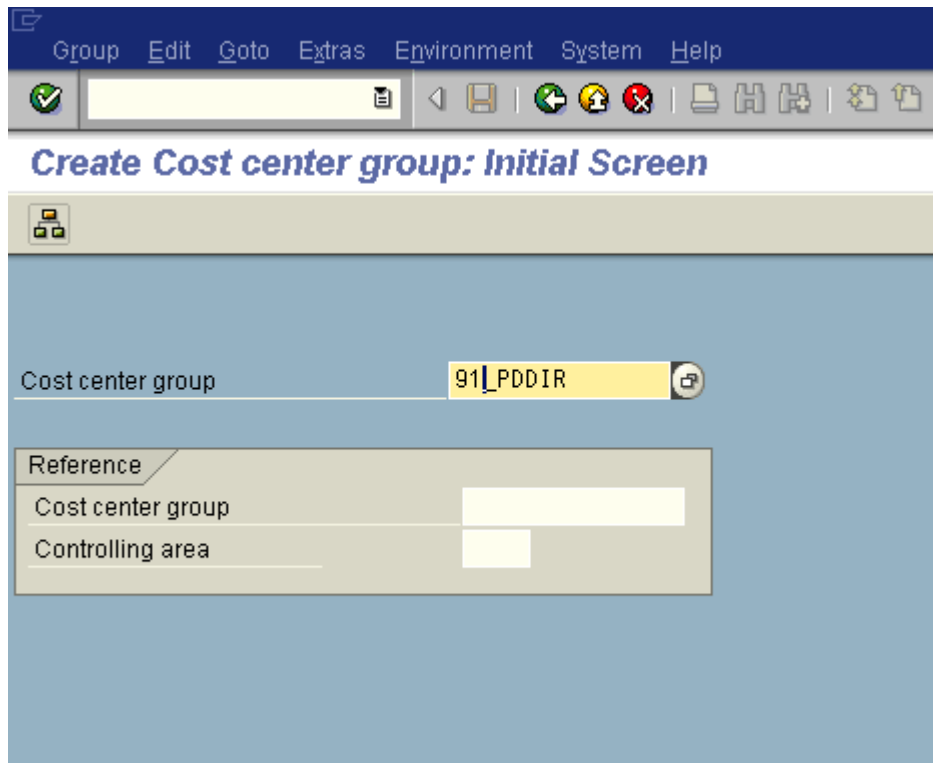
SAP CONTROLLING CONFIGURATION

Update the following: -
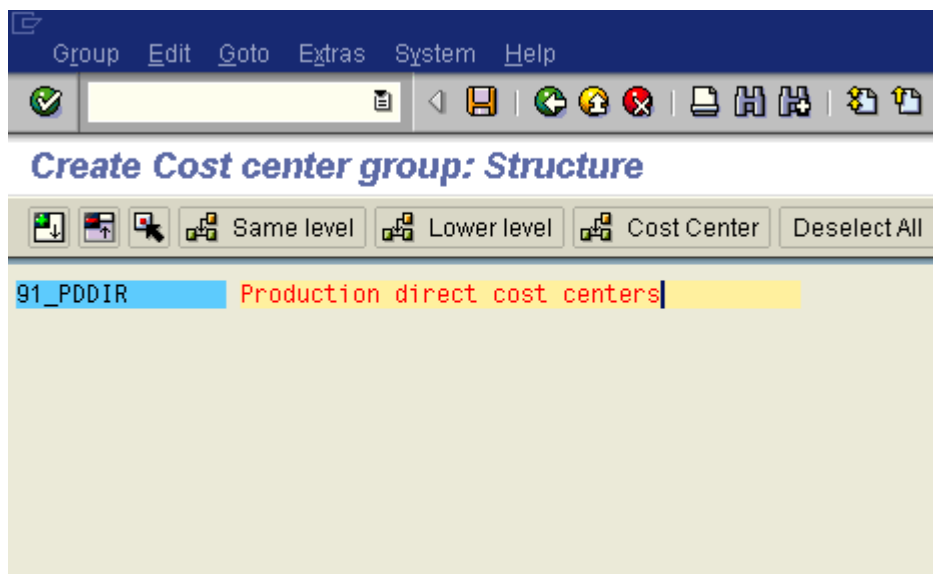
Click on **and update the following: -**
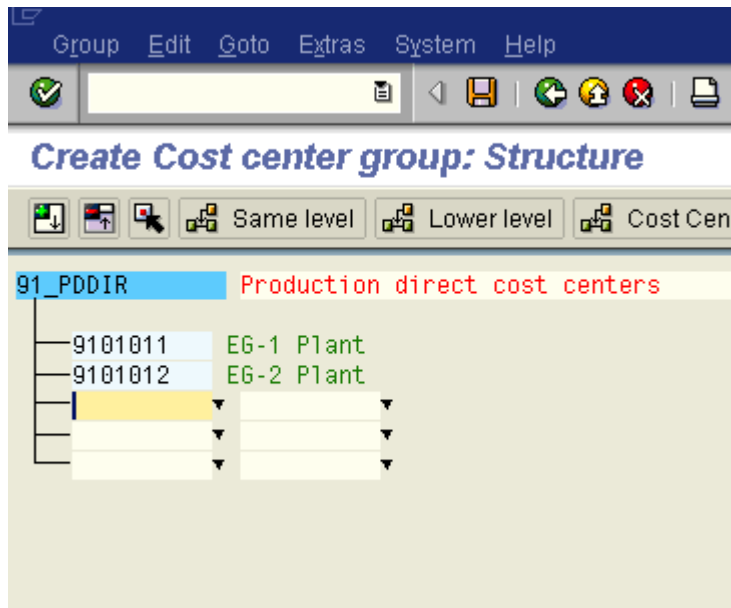
Click on Save 🖫

6.5 Define Cost Elements for Activity Allocation

IMG → Controlling → Cost Center Accounting → Master Data → Activity Types → Define Cost Elements for Activity Allocation

Double Click Create Cost Element for Activity Allocation **and update the following:-**

Click on Save 🖫

6.6 Create Activity Types

IMG → Controlling → Cost Center Accounting → Master Data → Activity Types → Create Activity Types

Double click Create activity type and update the following:-

Activity type Edit Goto Extras System Help

Create Activity Type: Initial screen

Master data

Activity type	1PDH01
Valid from	01.01.1900 To 31.12.9999

Copy from

Activity type	
Controlling area	

Click on Save 🖫

6.7 Maintain Statistical Key Figures

IMG → Controlling → Cost Center Accounting → Master Data → Statistical Key Figures → Maintain Statistical Key Figures

Double Click on Create Statistical Key Figures

Update the following: -

Create Statistical Key Figure: Initial screen

Statistical key figure   Edit   Goto   Extras   System   Help

Master data

| Stat. key figure | PRDUNT |

Copy from

| Stat. key figure | |
| Controlling area | |

Create Statistical Key Figure: Master data

Statistical key figure   Edit   Goto   System   Help

Link to LIS

| Stat. key figure | PRDUNT | |
| Controlling area | 9100 | A Grp co controlling area |

Basic data

| Name | Production output for allocation |

| Stat. key fig. UnM. | EA | each |

| Key fig. cat. | ○ Fxd val. |
| | ◉ Tot. values |

Click on Save 💾

7 Cost Center Planning

7.1 Create Planning Layouts for Cost Element Planning/Activity type planning/Statistical key figure planning

IMG → Controlling → Cost Center Accounting → Planning → Manual Planning → User-Defined Planning Layouts → Create Planning Layouts for Cost Element Planning/Activity type planning/Statistical key figure

Double Click Create planning layout for cost planning **and update the following: -**
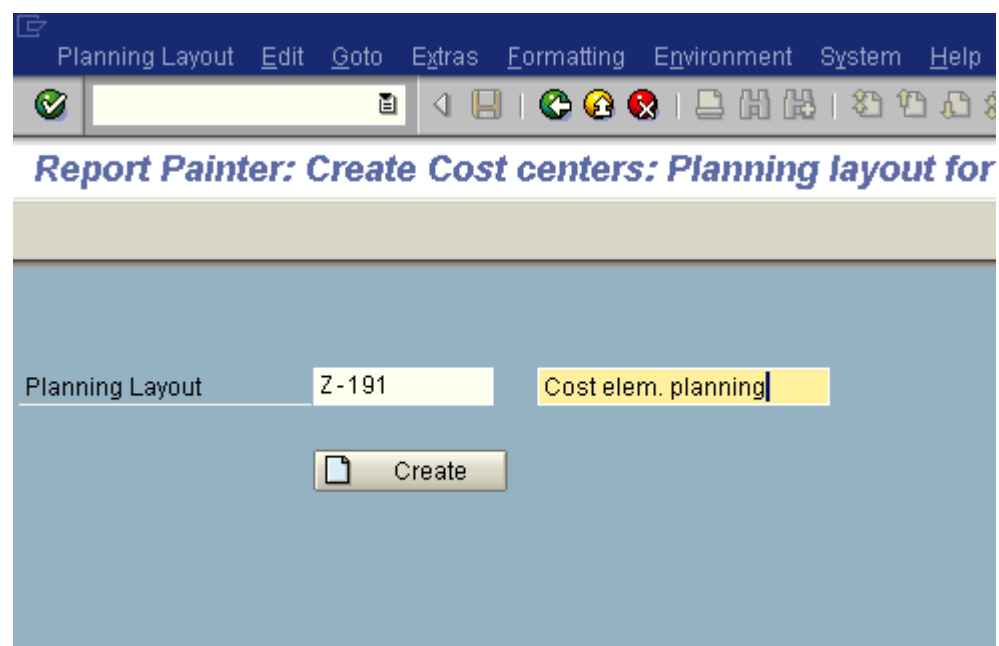
Click on Create

Click Edit → Gen. Data selection

Select
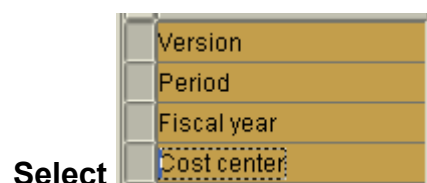
Double Click Lead column

Select and transfer to selected characteristics

Click on Confirm

Select ⦿ Characteristic value and name
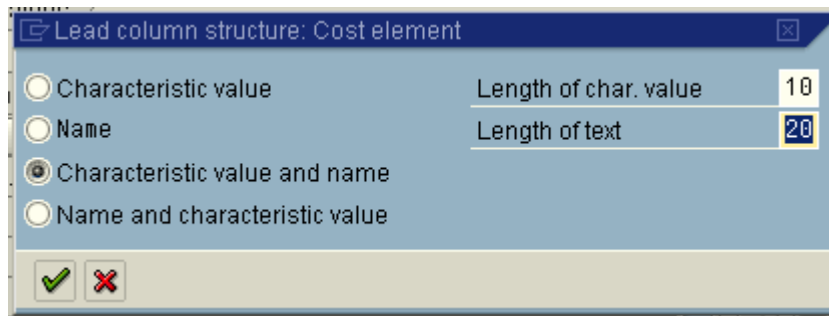
Double Click Column 1

And select | PWOG | Total plan costs in object currency |

Click Confirm

Double Click on the column next Ttl plan costs OCr

And select
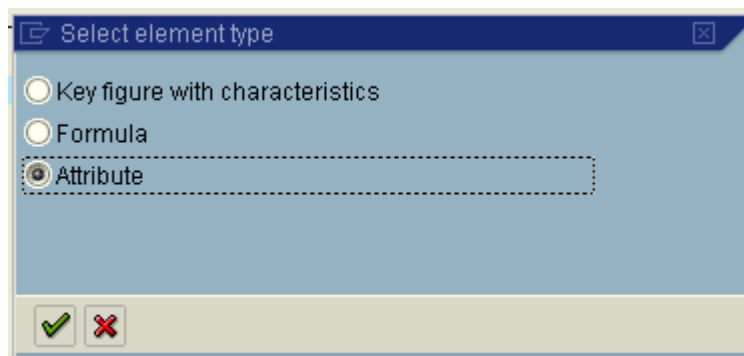
Select distribution key
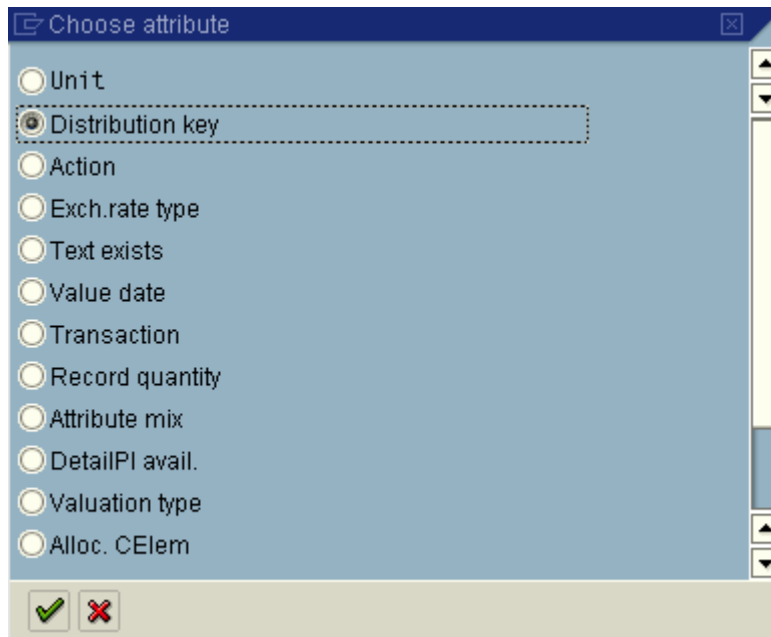
Double Click on Column next to Dist

Select

Select

Click on and update the following: -

Click Confirm
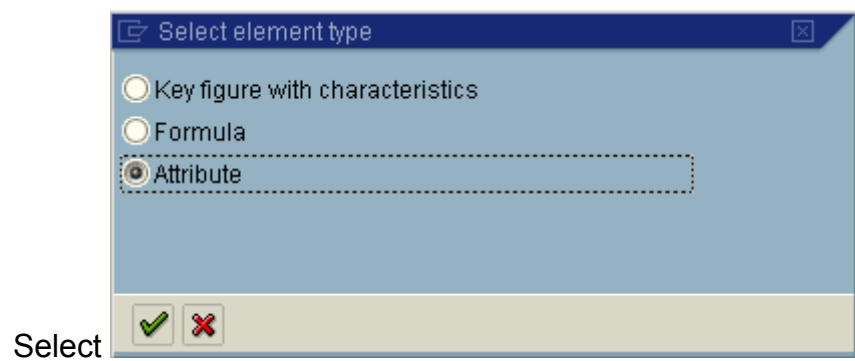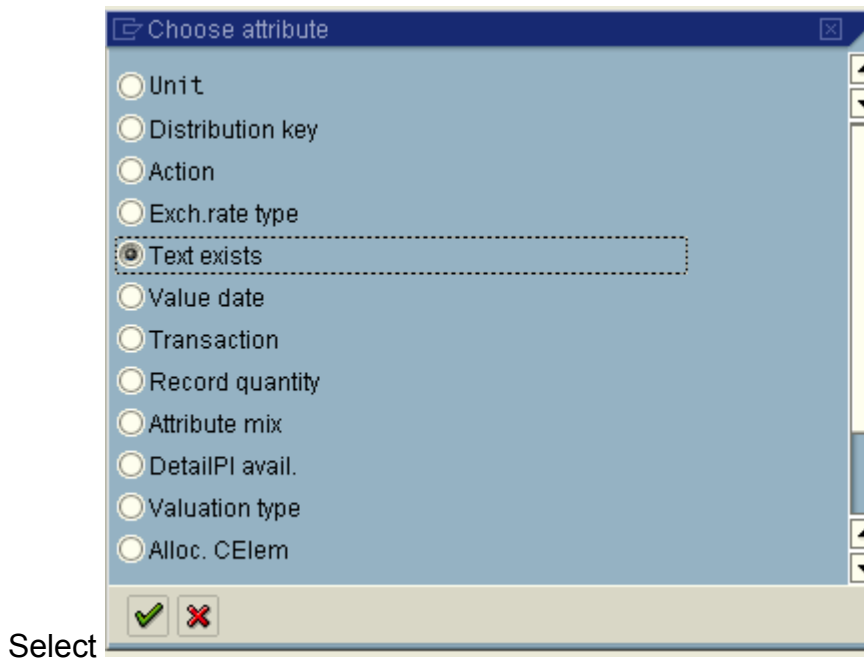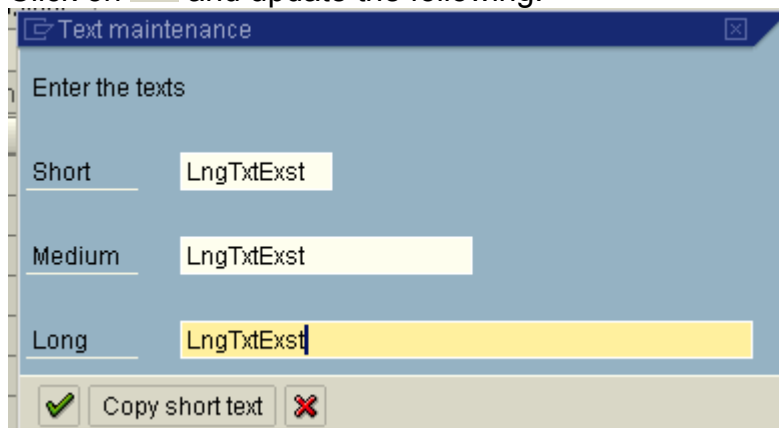
Click to check the report. If there are no errors then you can save the planning layout.

7.2 Define User-Defined Planner Profile

IMG → Controlling → Cost Center Accounting → Planning → Manual Planning → Define User-Defined Planner Profiles

Select

Click Copy

And update the following: -

Click on Save

Select | ZOCM91 | A grp cos Object curr CO-OM: Prim. Cost/ATyp/StKF |
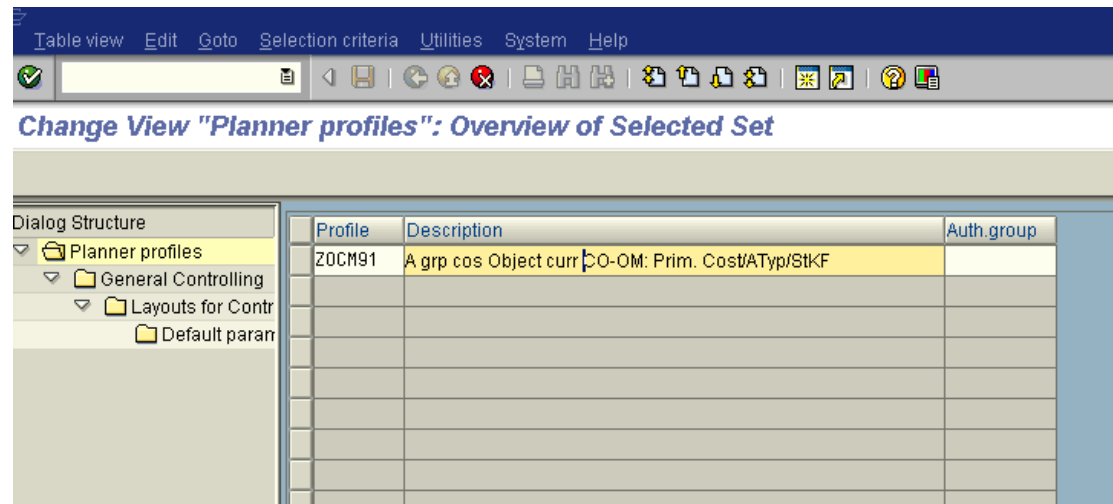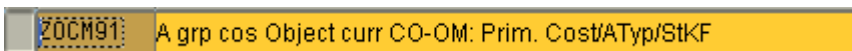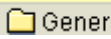
Double Click General Controlling **and change the distribution keys from 2 to 1**

Click on Save

Select Cost ctrs: Cost element/activity inputs | 1 | 1 |
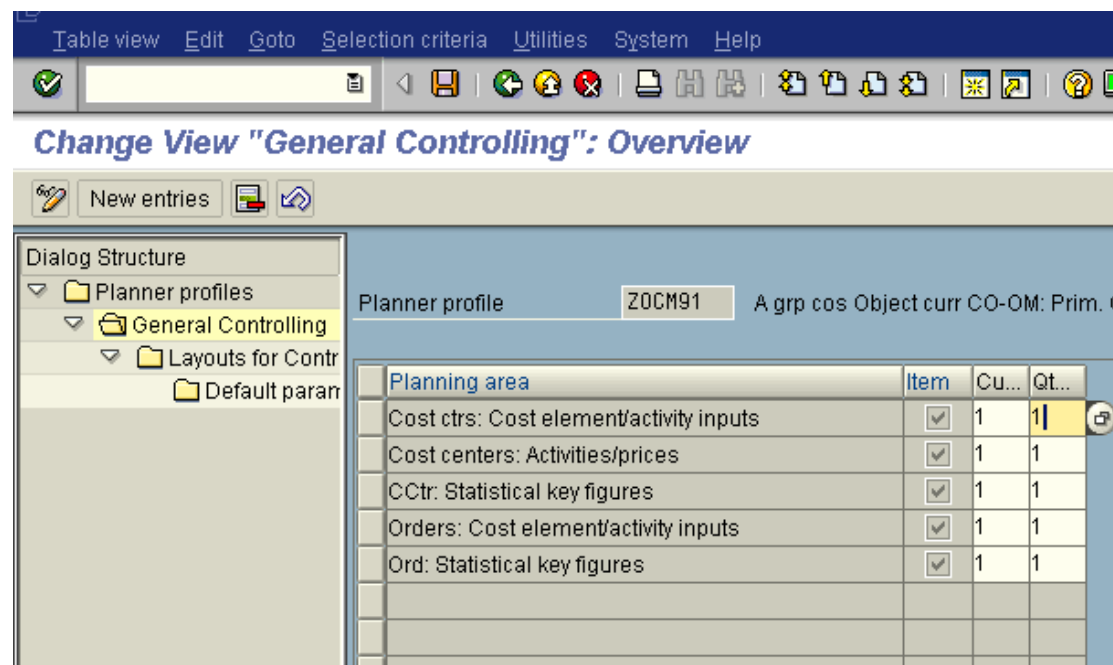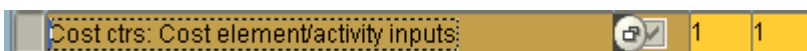
Double Click Layouts for Contr

Delete the SAP layouts by selecting

	1	1 - 161	Cost element planning: simple lay…	✔	✔	☐	
		1 - 162	Cost element planning: central, si…	✔	✔	☐	

Click on

Click on New entries **and update the following: -**

Click on Save

Select
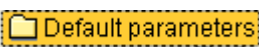
	Itm	Layout	Description	Deflt	Overw	Integrate…	File de…
		Z - 191	Cost elem. planning	☐	✔	☐	

Double Click Default parameters **and update the following: -**

Cost Element/Activity Input Planning: Init. screen pre-parameteriz.

Layout   Z-191   Cost elem. planning

Variables

Version	0
Period	1
Period	12
Fiscal year	

Cost center	
to	
Cost center group	
Cost element	
to	
Cost element group	

Entry

○ Free   ⦿ Form-based

Click on Save 🖫
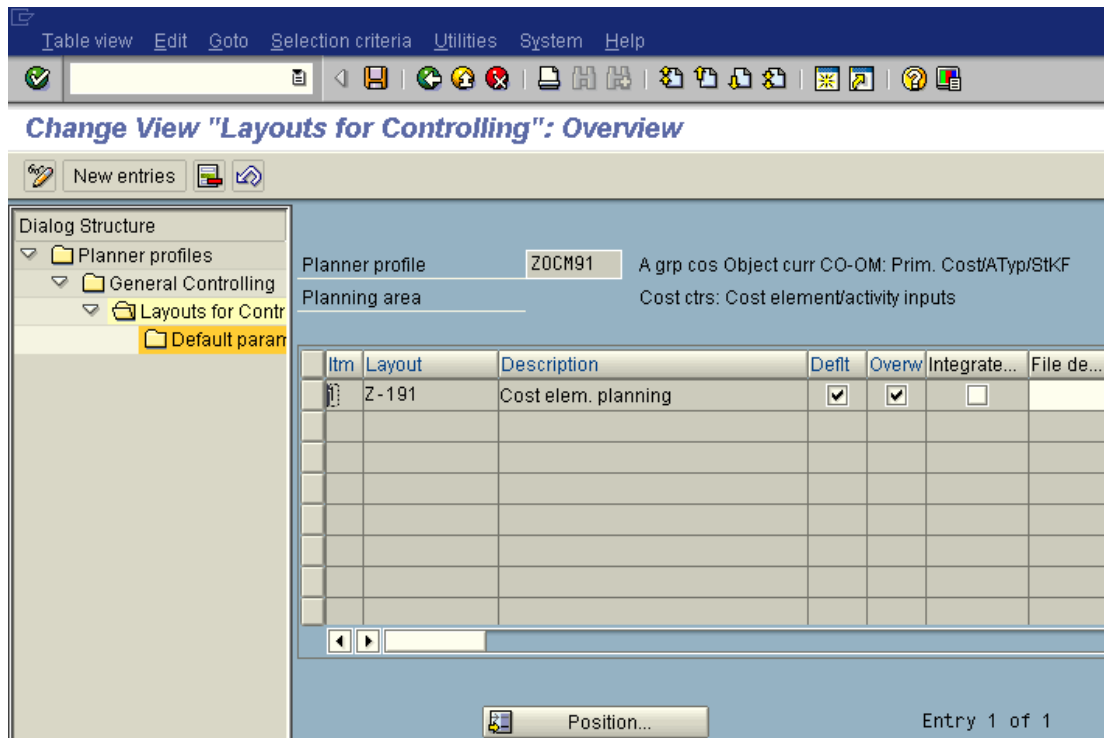
7.3 Define Distribution

IMG → Controlling → Cost Center Accounting → Planning → Allocations → Distribution → Define Distribution

Distribution is an allocation method which uses the original cost element of the sender cost center to the receiver cost center. Thus only primary costs can be allocated using distribution cycle.

Double Click Create Plan Distribution

Click extras → Set controlling area and update 9100

Update the following: -

The naming convention of a cycle should be logical. It should have P for plan cycle, A for actual cycle.

91PDCP – 91 is the co. code PDC – Production common and P is plan.

Iterative and object currency is defaulted.

Click on Attach segment

In **sender values** we have the following rules:-
1) Posted amounts - The posted amounts on the sender serve as the sender values.
2) Fixed amounts - You define fixed amounts for senders defined in the selection Criteria on the "Sender Values" screen. The senders are credited directly with these amounts.
3) Fixed rates - On the "Sender Values" screen you enter fixed prices for the senders you entered in the selection criteria. These prices are multiplied by the receiver tracing factors and the result allocated to the receivers.

In **receiver tracing factor** we have various options:-
1) Variable portions – The tracing factors are determined based on the following parameters: - Plan statistical key figures, Plan activity, plan costs, plan consumption.
2) Fixed amounts – We can define fixed amounts in the tracing factor screen. The receivers are charged directly with these amounts. The amount credited to the sender is derived from the total of the receiver debits. The rule for determining the sender values is not used here. SAP system ignores posted sender amounts or defined sender amounts.
3) Fixed percentage - We define fixed percentages for the receiver in the tracing factor screen. The value from the sender is distributed to the receivers according to this percentage. The total receiver tracing factor must not exceed 100% .The sender based must be fully distributed. If the total of the receiver tracing factors is less than 100%, then a portion of the sender value remains on the sender.
4) Fixed portions - This process is similar to the fixed percentage process, with the exception that the amount is not limited to 100. The sender base is derived from the total of the receiver tracing factors.

We will use **posted amounts** for sender values and **fixed portion** for receiver tracing factors.

Create Plan Distribution Cycle: Segment

Attach segment

Controlling area	9100	A Grp co controlling area
Cycle	91PDCP	Production Common Planning
Segment name	91PDCP0001	Production common

Lock indic

Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor

Sender values
Sender rule   Posted amounts
Share in %   100.00 %
○ Act. vals   ◉ Plan vals

Receiver tracing factor
Receiver rule   Fixed portions

Cycle   Edit   Goto   Extras   System   Help

Create Plan Distribution Cycle: Segment

◀ ▶ 💾 🔍 🖨 Attach segment 🔒

Controlling area	9100	A Grp co controlling area
Cycle	91PDCP	Production Common Planning
Segment name	91PDCP0001	Production common	☐ Lock indicator

| Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor |

	From	To	Group
Sender			
Cost center	9101000		
Cost element	400000	999999	
Receiver			
Order			
Cost center			91_PDDIR
Cost object			
WBS element			

You can attach further segments if you want.

Click on Save 💾

Click 🔙

Click on 🔲 **to check the cycle.**

7.4 Create Assessment Cost Elements

IMG → Controlling → Cost Center Accounting → Planning → Allocations → Assessment → Create Assessment Cost Elements

Update the following: -

Click on Save

7.5 Define Allocation Structures

IMG → Controlling → Cost Center Accounting → Planning → Allocations → Assessment → Define Allocation Structures

If the assessment for each segment is not made with a pre-defined assessment cost element, you can assign the source cost elements to the desired Assessment cost element in the allocation structure. During cycle definition, enter the allocation structure instead of an assessment cost element in the segment.

An allocation structure for the assessment consists of at least one assignment, stating the assessment cost element to which the source element is assigned. The original cost elements will already have assignments in the source.

In our scenario we are not using the allocation structure.

7.6 Define Assessment

IMG → Controlling → Cost Center Accounting → Planning → Allocations → Assessment → Define Assessment

Assessment is a method of allocation which allocates costs using assessment cost element. Thus there in no traceability of original cost elements on the receiver cost center from the sender cost center. Various Costs elements from the sender are summarized under a single assessment cost element. The assessment cost elements are updated both on the sender and receiver.

We are allocating costs from purchasing department to the production departments based on output of production departments. The output is entered as statistical key figures.

Double Click Create Plan Assessment

Create Plan Assessment Cycle: Header Data

Click on Attach segment

Create Plan Assessment Cycle: Segment

◄ ► 🖫 🔍 🖼 🖨 | Attach segment

Controlling area	9100	A Grp co controlling area	
Cycle	91PURP	A Ltd. 9100 Purch cost alloc	
Segment name	91PDCP0001	Purc to Production cost center	☐ Lock indicator

| Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor | Rec.wght.factors |

Assessment CEle   942001   Purchasing costs
Allocation structure

Sender values
Sender rule   Posted amounts
Share in %   100.00 %
○ Act. vals   ⦿ Plan vals

Receiver tracing factor
Receiver rule   Variable portions
Var.portion type   Plan costs
Scale neg. tracing factors   No scaling

Create Plan Assessment Cycle: Segment

Attach segment

Controlling area	9100	A Grp co controlling area
Cycle	91PURP	A Ltd. 9100 Purch cost alloc
Segment name	91PDCP0001	Purc to Production cost center

Lock indicator

Segment hdr / **Sender/receiver** / **Sender vals** / **Recvr tracing factor** / **Rec.wght.factors**

	From	To	Group
Sender			
Cost center	9113000		
Cost element	400000	899999	
Receiver			
Order			
Cost center			91_PDDIR
Cost object			
WBS element			

Create Plan Assessment Cycle: Segment

◄ ► 💾 👤 🖨 | Attach segment

Controlling area	9100	A Grp co controlling area
Cycle	91PURP	A Ltd. 9100 Purch cost alloc
Segment name	91PDCP0001	Purc to Production cost center	☐ Lock indicator

Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor | Rec.wght.factors

Sender values

Share in %   100.00

○ Act. vals   ● Plan vals

Selection criteria

	From	to	Group
Version			

Create Plan Assessment Cycle: Segment

Attach segment

Controlling area	9100	A Grp co controlling area	
Cycle	91PURP	A Ltd. 9100 Purch cost alloc	
Segment name	91PDCP0001	Purc to Production cost center	☐ Lock indicator

Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor | Rec.wght.factors

Tracing factor

Var.portion type	Plan stat. key figures
Scale neg. tracing factors	No scaling

Selection criteria

	From	to	Group
Version	0		
Stat. key fig.	PRDUNT		
Activity type			

Click on Save 💾

Click on 🔙

Click on 🔧 **to see whether cycle is Ok.**

7.7 Define Activity Types for Indirect Activity Allocation

IMG → Controlling → Cost Center Accounting → Planning → Allocations → Activity Allocation → Indirect Activity Allocation → Define Activity Types for Indirect Activity Allocation
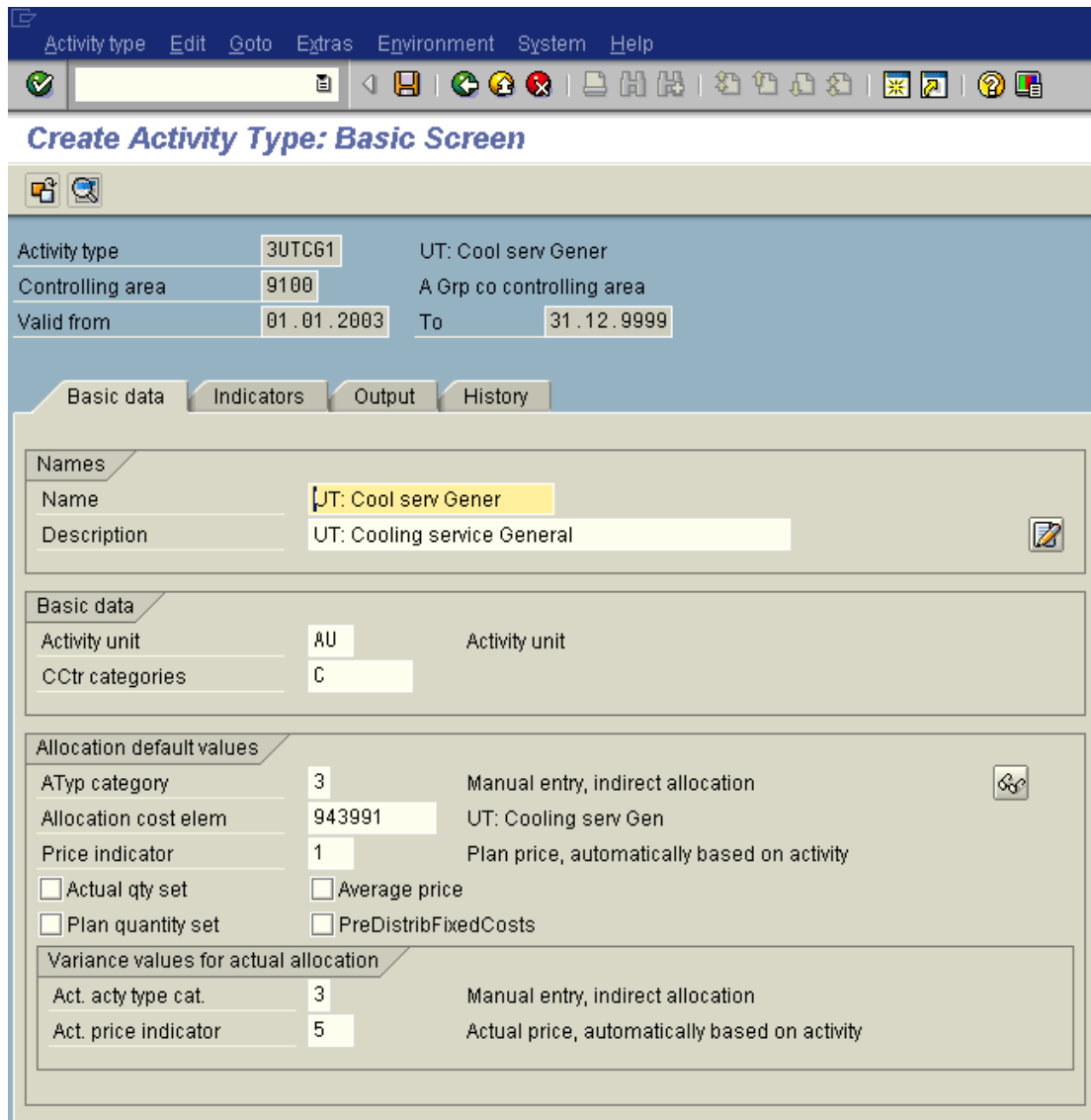
Double Click Create activity type

Update the following: -

Click on Save 🖫

7.8 Define Indirect Activity Allocation

IMG → Controlling → Cost Center Accounting → Planning → Allocations → Activity Allocation → Indirect Activity Allocation → Define Indirect Activity Allocation

Indirect activity allocation is used when direct activity allocation is not possible. For example:- Quality control departments spending time on checking the finished goods, semi finished goods. It is difficult to measure the time spent on each product. In such a scenario indirect activity allocation is done based on the output produced of finished goods and semi finished goods.

Price= 70 INR /hr
Activity quantity = 10000 hr
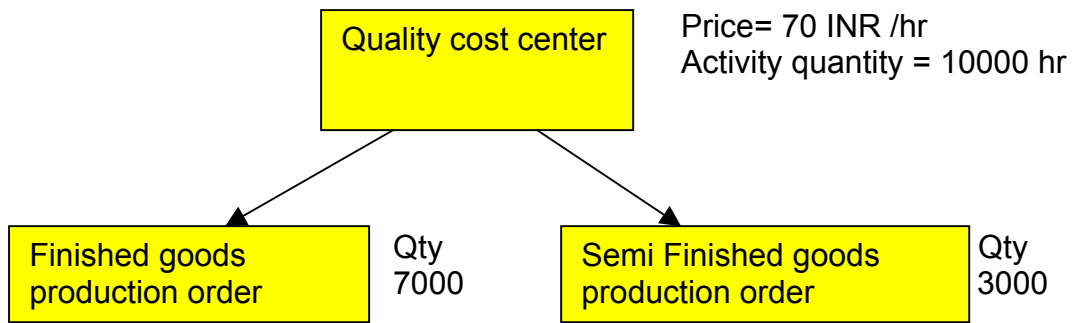
Thus Quality cost center has a cost of 70000 INR (70 INR X 10000 hr).

This cost will be allocated to finished goods production order based on the output (70000 INR X 7000 qty) / 10000 qty = 49000 INR
And to semi finished goods production order (70000 INR X 3000 qty) / 10000 qty = 21000 INR

We are creating a cycle for allocating costs from Cooling services General to Cooling services EG-1 and EG-2.

The planned output will be entered on cooling services general using activity type 3UTCG1. (Here the total cost to be allocated will be entered with price 1)

The output will be entered on the Cooling services EG-1 and EG-2 using Statistical key figures.

Double Click Create plan indirect activity allocation

We will name the cycle 91CGP (91 the company code CG – Cooling services general 1st cycle and P – Plan)

Update the following: -

Create Plan Indirect Activity Allocation Cycle: Init

Cycle   91CG1P

Starting date   01.01.2003

Copy from

Cycle

Starting date

Controlling area

Click on [Attach segment]

The following options are available in Sender values:-

1) Posted quantities- The quantities posted to the sender are taken as the sender values.
2) Fixed quantities – On the sender value tab, enter fixed quantities for the senders we defined in the selection criteria. The senders are directly credited with these quantities.
3) Quantities calculated inversely – The sender values are calculated indirectly from the receiver tracing factors. We can valuate these sender values with a weighting factor. We define the weighting factors on the Sender values tab.

The following options are available in Receiver tracing factor:-

1) Variable portions- The tracing factors are determined based on the following parameters:- Plan statistical key figures, Plan activity, plan costs, plan consumption.

2) Fixed quantities – We can define fixed quantities in the tracing factor screen. The receivers are charged directly with these quantities. The quantity credited to the sender is derived from the total of the receiver debits.

3) Fixed percentages – We define fixed percentages for the receiver in the tracing factor screen. The quantity from the sender is distributed to the receivers according to this percentage. The total receiver tracing factor must not exceed 100% .The sender based must be fully distributed. If the total of the receiver tracing factors is less than 100%, then a portion of the sender value remains on the sender.

4) Fixed portions – This process is similar to the fixed percentage process, with the exception that the quantity is not limited to 100. The sender base is derived from the total of the receiver tracing factors.

```
Plan stat. key figures          📋
Actual costs
Plan costs
Actual consumption
Plan consumption
Actual stat. key figures
Plan stat. key figures
Actual activity
Plan activity
Actual statistical costs
Statistical plan costs
```

Cycle   Edit   Goto   Extras   System   Help

Create Plan Indirect Activity Allocation Cycle: Segment

◀ ▶ 💾 👤 🖨 | Attach segment | 🔓

Controlling area	9100	A Grp co controlling area	
Cycle	91CG1P	Cooling service General - Plan	
Segment name	91CG1P001	Cooling services General	☐ Lock indicator

| Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor | Rec.wght.factors |

	From	To	Group
Sender			
Cost center	9103001		
Activity type	3UTCG1		
Receiver			
Order			
Cost center	9103002	9103003	
Activity type			
WBS element			
Cost object			

Cycle   Edit   Goto   Extras   System   Help

Create Plan Indirect Activity Allocation Cycle: Segment

Attach segment

Controlling area	9100	A Grp co controlling area	
Cycle	91CG1P	Cooling service General - Plan	
Segment name	91CG1P001	Cooling services General	☐ Lock indicator

| Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor | Rec.wght.factors |

Sender values

Share in %   100.00

○ Act. vals   ◉ Plan vals

Selection criteria

| | From | to | Group |
| Version | | | |

Create Plan Indirect Activity Allocation Cycle: Segment

◀ ▶ 💾 👤 🖨 | Attach segment

Controlling area	9100	A Grp co controlling area	
Cycle	91CG1P	Cooling service General - Plan	
Segment name	91CG1P001	Cooling services General	☐ Lock indicator

| Segment hdr | Sender/receiver | Sender vals | Recvr tracing factor | Rec.wght.factors |

Tracing factor

Var.portion type	Plan stat. key figures	🗐
Scale neg. tracing factors	No scaling	🗐

Selection criteria

	From	to	Group
Version			
Activity type			
Stat. key fig.	UTCG01		

Click on Save 💾

Click on ↩️

Click on 📇 **to check the cycle**

7.9 Define Splitting Structure

IMG → Controlling → Cost Center Accounting → Planning → Allocations →
Activity Allocation → Splitting → Define Splitting Structure

Need for a splitting structure:- If a cost center is rendering 2 activities (which
are activity independent) then we need to apportion the costs of the cost
center to these activities. If we do not define a splitting structure, SAP system
will divide the costs equally between these activity types. In case you don't
want this to happen we need to define the splitting structure. Thus in splitting
structure we define which cost elements will get allocated to which activity
type.This applies to both plan and actual costs.
A splitting structure consists of one or more assignments, which define the
connection between the cost element(s) or cost element group to be split and
the splitting rule used to divide the costs.

Each splitting rule is based on a splitting method. Based on the splitting methods, which are fixed in the R/3 System, we can split plan costs according to the following criteria:

- Activity quantity

- Equivalence number

- Capacity

- Output

- Scheduled activity

- Statistical key figure (quantity)

- Statistical key figure (maximum quantity)

- No splitting is executed

After we define a splitting structure, we must assign it to the cost centers on which we want to split costs according to the given rules. We can assign a structure to:

All cost centers

All cost centers in a given group

All cost centers in a given interval

The structure can apply to a single version or to all versions in a controlling area for a fiscal year.

Double Click Maintain Splitting Structure

Click on New entries **and update the following: -**

Click on Save 💾

Create splitting rule

Double Click ▽ 📁 Splitting rules

Click on New entries **and update the following: -**
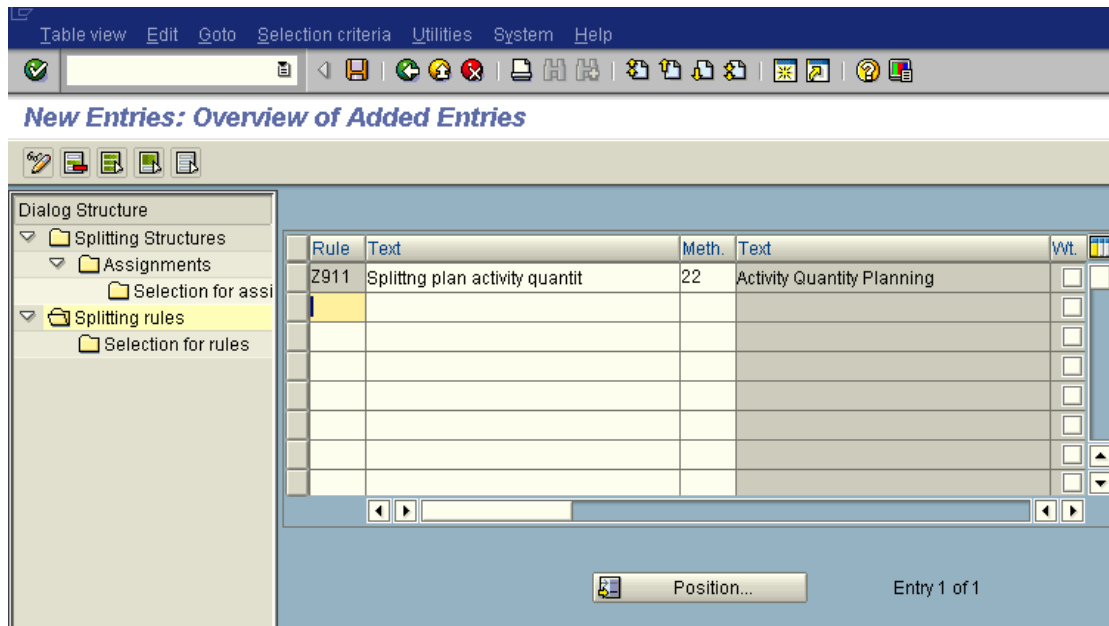
Click on Save

Assign the splitting structure to rule

Select

Double Click

Click on **and update the following: -**

New Entries: Overview of Added Entries
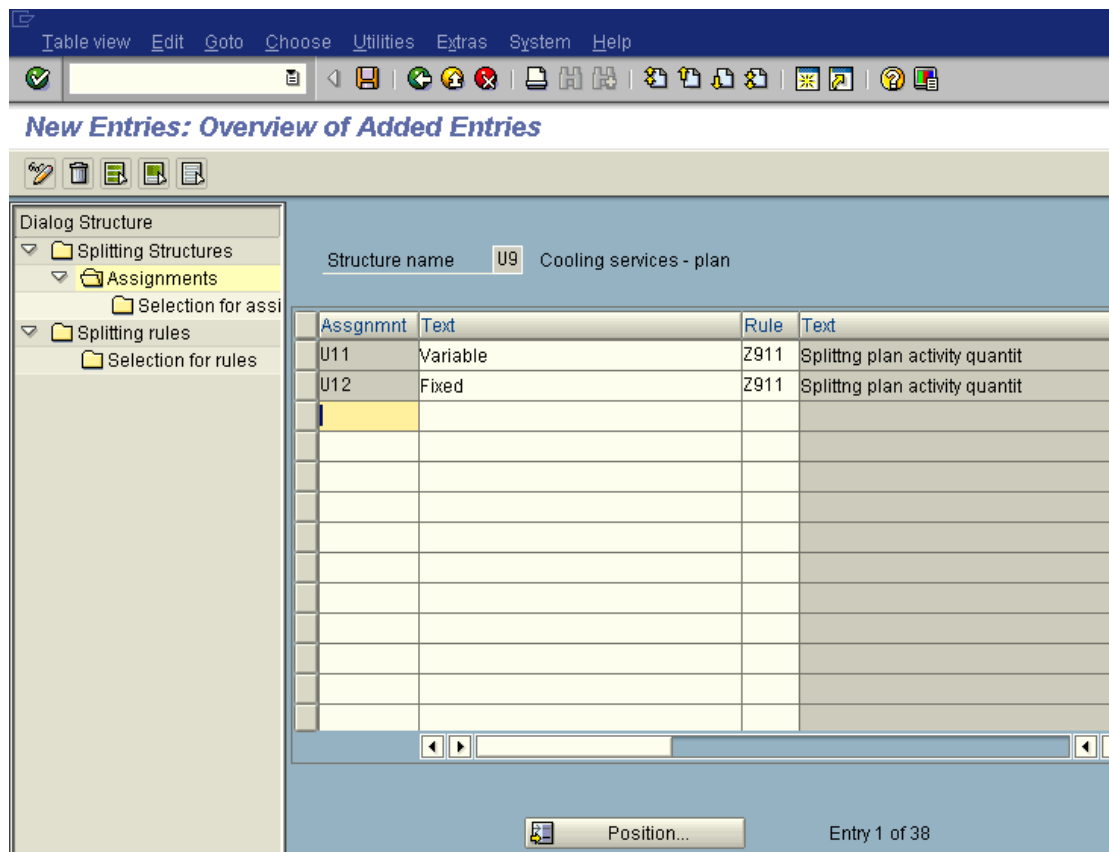
Dialog Structure
- Splitting Structures
  - Assignments
    - Selection for assi
- Splitting rules
  - Selection for rules

Structure name   U9   Cooling services - plan

Assgnmnt	Text	Rule	Text
U11	Variable	Z911	Splittng plan activity quantit
U12	Fixed	Z911	Splittng plan activity quantit

Position...   Entry 1 of 38

Select U11   Variable   Z911   Splittng plan activity quantit

Double Click Selection for assi

Click on New entries **and update the following: -**

Click on Save

Click

Select

U12	Fixed	Z911	Splittng plan activity quantit

Double Click Selection for assi

Click on New entries **and update the following: -**

Click on Save 🖫

8 Actual Postings

8.1 Edit Automatic Account Assignment

IMG → Controlling → Cost Center Accounting → Actual Postings → Manual Actual Postings → Edit Automatic Account Assignment (**OKB9)**

Here we define automatic additional account assignments for postings to primary cost elements.

Automatic assignment occurs during postings in external accounting (within the FI, MM, or SD components) if we did not enter a CO account assignment object (cost center, order, or project) for a cost accounting relevant posting. **This always happens in SAP in case of automatically created line item.**

Examples of Automatically Created Items are:-

Discounts, exchange rate differences, and banking fees in FI

Price differences and minor differences in MM

Possible automatic additional account assignments include:
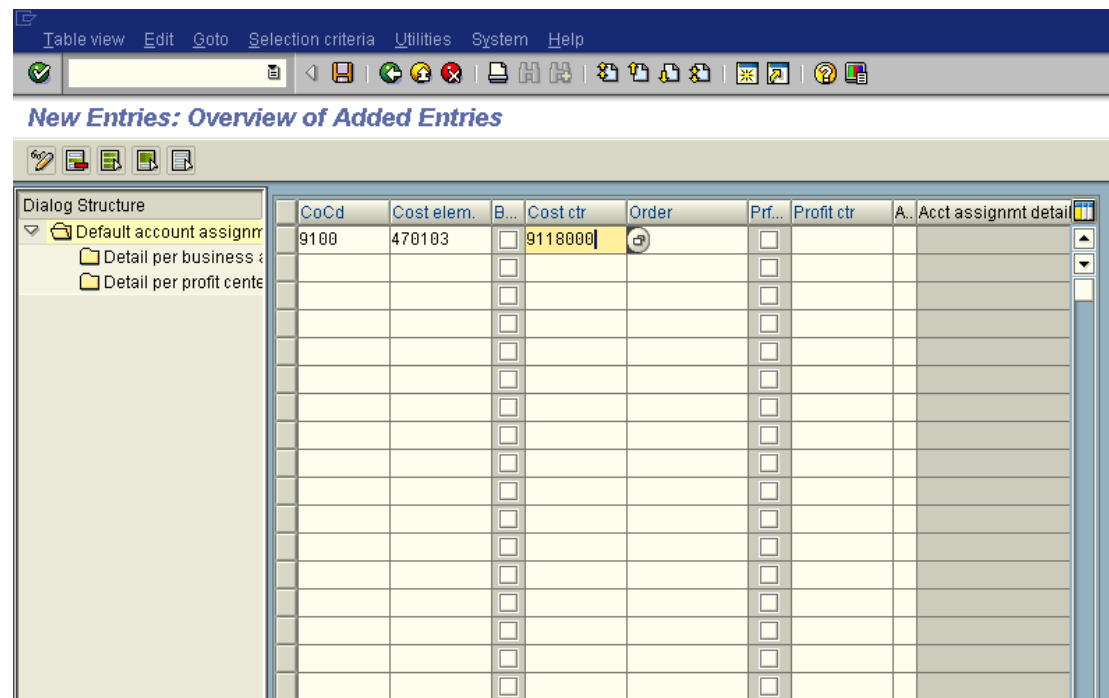
Cost center

Order

Profit center (for revenue postings)

Account assignment can be made mandatory for business area, valuation area or the profit center level. We need to select the relevant mandatory account assignments

.

Bank charges should be defaulted to a particular cost center. In our case Bank charges GL code is 470103 and should be defaulted to Company General profit center 9118000

Click on New entries **and update the following: -**

Click on Save

8.2 Distribution

IMG → Controlling → Cost Center Accounting → Actual Postings → Period-End Closing → Distribution → Define Distribution

Configuration similar to plan distribution except that no version needs to be selected. **You can copy the plan distribution cycle into actual cycles.**

8.3 Assessment

IMG → Controlling → Cost Center Accounting → Actual Postings → Period-End Closing → Assessment→ Maintain Assessment

Configuration similar to plan assessment except that no version needs to be selected. **You can copy the plan assessment cycle into actual cycles.**

8.4 Define Indirect Activity Allocation

IMG → Controlling → Cost Center Accounting → Actual Postings → Period-End Closing → Activity Allocation → Indirect Activity Allocation → Define Indirect Activity Allocation

Configuration similar to plan indirect activity except that no version needs to be selected. **You can copy the plan indirect activity cycle into actual cycles.**

8.5 Define Splitting Structure

IMG → Controlling → Cost Center Accounting → Actual Postings → Period-End Closing → Activity Allocation → Splitting → Define Splitting Structure

Configuration similar to plan Splitting structure