

Functional Requirements Document (FRD) SKU margin.

General Information

Financial department has report Profit and Loss statements. It consists of:

- Revenues (Gross sales) - our sales
- Cost of Goods sold – cost of our sold goods
- Gross profit – subtotal of Revenues minus Cost of Goods sold
- ...

This report is not detailed by SKU. It based on report of **sales** that is detailed by:

Period (date), Project, Customer, SKU, Order number, Quantity, Sales summa, Summa cost of goods

Financial department has report of **overhead costs**. Each cost is detailed by:

Period (date), Project, Cost name, Summa

Functional Requirements

We need to allocate overhead costs to SKU level. The cost allocation process should take into account the matching of project values in sales and overhead costs. Finally, we need to have report margin SKU. This report needs to have Period (date), Project, Customer, SKU, Order number, Quantity, Sales summa from sales report. Additionally, we need have columns:

1. Gross profit = Sales summa - Summa cost of goods.
2. Overhead Costs as result of allocation Overhead Costs to SKU level.
3. Profit = Gross profit - Overhead Costs.

Resulting report margin SKU.

Project	Customer	SKU	Quantity	Summa sales	Summa cost of goods	Gross profit	Overhead Costs	Profit
Advertising	Allegro	Ball	100	1000	600	400	300	100
Marketing	Amazon	Book	200	3000	2500	500	100	400
Advertising	Olx	Tea	100	500	300	200	150	50
Blogs	Allegro	Tea	100	700	300	400	0	400

Example.

Sales report

Project	Customer	SKU	Quantity	Summa sales	Summa cost of goods
Advertising	Allegro	Ball	100	1000	600
Marketing	Amazon	Book	200	3000	2500
Advertising	Olx	Tea	100	500	300
Blogs	Allegro	Tea	100	700	300

Overhead costs

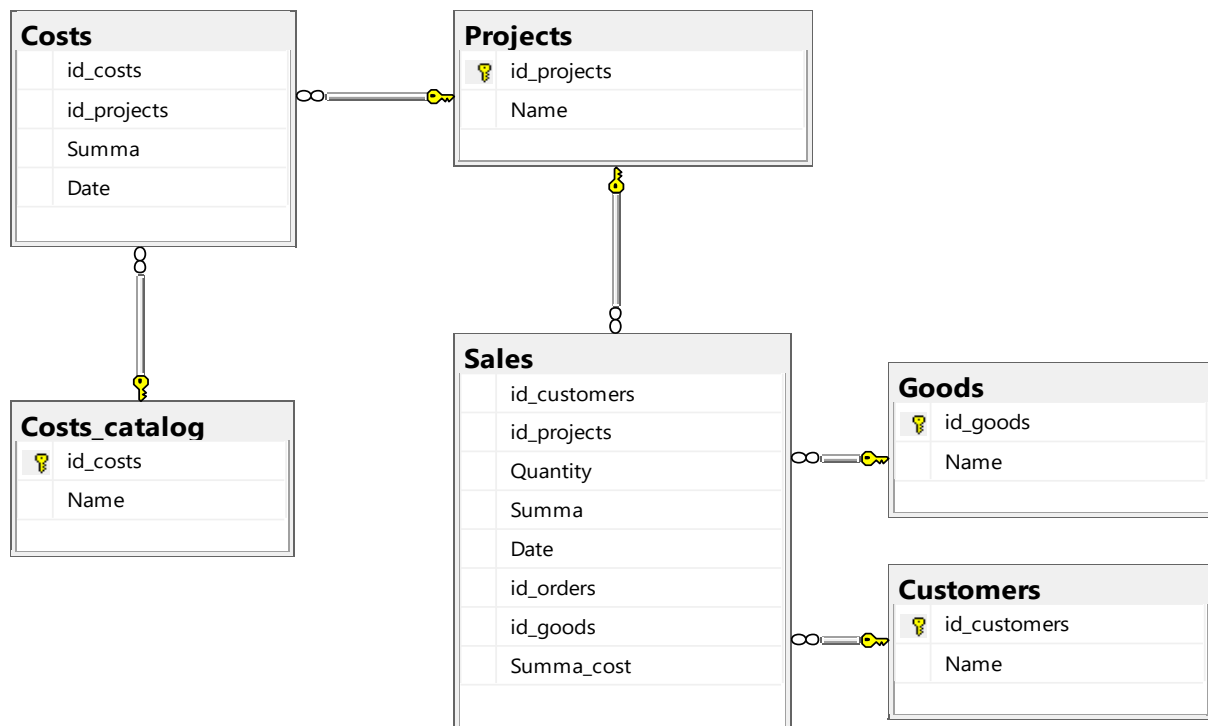
Project	Cost name	Summa
Advertising	Salary admin	150
Marketing	TV	100
Advertising	TV	300

Formula for allocating costs.

1. In table sales for each row you need to calculate coefficient by dividing "summa sales" on subtotal "summa sales" on the same project. (Need to calculate "summa sales" for all rows that matches project in the row). In our case for first row for project "Advertising" we have "summa sales" = 1000 and subtotal "summa sales" = 1000+500=1500. Coefficient will 1000 divide on 1500.
2. For each row of costs, we need use each row of sales when projects match and multiple summa costs on coefficient from item 1. From "Overhead costs" in row 3 we have Costs Summa=150 and from sales in row 1 we have coefficient 1000/1500. Just we need multiple 150 by coefficient 1000/1500.

Solution

1. Database diagram.



2. Next views are created to calculate coefficients for allocation costs:
 - a. [dbo].[Total_Sales_Project] – subtotal costs by projects.
 - b. [dbo].[Total_Sales] – resulting coefficients.
3. Cost allocation is in view [dbo].[Draft_Margin] – result of cost allocation.
4. Final report is in view [dbo].[MarginSKU].