**Lab 5 Summary - Controlling Process (CO-CCA & CO-PC)**

**Objective :** In this lab, I learned how to perform two key controlling processes in SAP S/4HANA using the Global Bike dataset:

1. **Cost Center Accounting (CO-CCA)** – allocating indirect costs across departments, and
2. **Product Costing (CO-PC)** – calculating the manufacturing cost of a new product variant.

The goal was to understand how cost planning, assessment, and product cost calculation support internal decision-making and financial transparency within a company.

**Part A - Cost Center Accounting (CO-CCA)**

**1. Create Cost Centers**

I created three cost centers — Cafeteria, Maintenance, and Assembly using transaction KS01. Each cost center was assigned to a specific hierarchy area and business area so that costs could be tracked and reported accurately.

**2. Create Statistical Key Figure**

To allocate cafeteria costs, I created a statistical key figure called "Number of Employees," which would serve as the basis for distributing overhead costs among the three cost centers.

**3. Create Secondary Cost Elements**

I set up secondary cost elements to record internal cost allocations. These accounts allowed for internal service cost flows between cost centers.

**4. Create Activity Types**

I created two activity types "Maintenance Hours" and "Assembly Hours" to plan and measure internal activities. Each activity type was linked to its respective cost center.

**5. Create Cost Center Group**

I grouped all three cost centers into one cost center group called Cafeteria Cost Receivers. This made it easier to assess and allocate cafeteria costs in a single step.

**6. Plan Employees, Activities, and Primary Costs**

I planned the number of employees for each cost center (5 in Cafeteria, 5 in Maintenance, 15 in Assembly) and entered the primary cost inputs, including salaries and purchased services. I also planned activity outputs, such as maintenance and assembly hours, to determine workload distribution.

**7. Create and Execute Assessment Cycle**

Using the cost center group, I created an assessment cycle to allocate cafeteria costs to the other two cost centers based on the number of employees. After executing the assessment, the cafeteria's planned costs were distributed $30,000 to Maintenance, $90,000 to Assembly, and $30,000 remained in the Cafeteria.

**8. Calculate Activity Prices**

I ran the price calculation for the Maintenance and Assembly activity types. Based on the total cost and activity hours, the system calculated an hourly rate of $45 for Assembly.

**9. Review Results**

Finally, I reviewed the cost center reports to verify that all planned and allocated costs appeared correctly. The assessment and pricing results showed a complete and accurate cost distribution across all departments.

**Part B - Product Costing (CO-PC)**

**1. Create Variant Finished Product**

I created a new version of the Deluxe Touring Bike (White) by copying the black model and updating the description and standard price to $1,400.

**2. Create Variant Raw Material**

Next, I created a new raw material called Touring Frame – White, which would be used in the new bike's Bill of Material (BOM).

**3. Create Bill of Material (BOM)**

I copied the BOM from the black bike and replaced the black frame with the new white frame. This defined the components required to manufacture the new bike.

**4. Create Routing**

I copied the routing for the black bike and updated it to include the white frame in the production operations. This ensured the production process matched the new product configuration.

**5. Create Cost Estimate**

Using the updated BOM and routing, I generated a standard cost estimate for the white bike. SAP calculated a total manufacturing cost of approximately $732.05 per unit, which included material and labor costs.

**6. Mark and Release Price Updates**

I marked and released the new standard cost estimate so that the updated cost became effective in the material master record for the current period.

**7. Verify Standard Price**

After releasing, I checked the Costing 2 view of the material master and confirmed that the standard price was correctly updated for the Deluxe Touring Bike (White).

**Result & Reflection**

Through this lab, I gained practical experience in internal cost allocation and product cost calculation within SAP. At first, it was challenging to understand how costs flowed between cost centers and how product cost estimates were structured, but working through both exercises clarified the process. I learned how the Controlling (CO) module integrates with Production Planning (PP), Materials Management (MM), and Financial Accounting (FI) to provide accurate cost data for decision-making. By completing this lab, I now understand how SAP supports internal management accounting by linking cost planning, allocation, and product valuation in a single, transparent system.