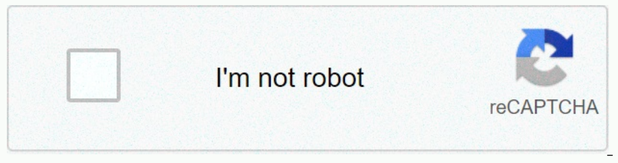

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Costing sheet configuration in sap pm

SAP Controlling Product Costing This is fourth and the final part of the series of posts related to creation of Costing Sheet. For previous parts click on the following links:Part-IPart-IIPart-III In the previous three posts we have already understood about creation of various components required for maintenance of a Costing Sheet. Now in this post we will see how the components in combination help us to create a Costing Sheet. Implementation ConsiderationIMG Path: Controlling > Product Cost Controlling > Product Cost Planning > Overhead > Basic Settings for Material Costing > Define Costing SheetsSystem will navigate us to the following screen: Here we first need to understand about the various columns made available by SAP and their purposeROWThis column contains serial numbers of the lines that will be createdBASEUnder this column, we have to enter the Calculation Base Key created.OVERHEAD RATEUnder this column, we have to enter the Overhead Rate Key created.DescriptionThis is non-editable column which gives us the description of the Calculation Base KeyFROM and TOUnder these columns we will be entering the Row Number to be considered for calculationCREDITUnder this column we enter the Key created for booking credits. Once we have understood with the information about various columns available under Costing Sheet, we will move forward to first step under Costing Sheet i.e. Calculation BaseStep - ICalculation BaseSelect the Row No. 10 which contains Calculation Base as B000 (Material) and double click on the Base Tab on left hand side of the screen and the system will navigate us to the following screen: In the image above, we can see that SAP has already provided various Costing Sheets. We will use Costing Sheet PP-PC1 (PP-PC Standard) for our understanding purpose Select the Costing Sheet PP-PC1 and double click on Costing sheet rows tab on the left hand side and the system will navigate us to the following screen: Enter the appropriate Controlling Area and press enter and the system will navigate us to the following screen: This part has various columns available for entry; let's understand them one by one: Column: FROM CELEM Column: TO CSTELEMUnder this column, we will have to enter the Cost Elements that contain value of material consumed. In other words we need to enter the Cost Elements assigned to book the Consumption of components for e.g. Packing Material/Raw Material/Semi Finished Goods etc. as per the requirement. Here we need to ensure that we enter only those cost elements which are necessary as the system considers total of these cost elements to calculate the overheads. Column: COST ELEM. GROUPIn cases where Cost Elements are not in sequence, we can create a Cost Element Group and assign it here. Column: ORIGIN GROUP FROM Column: ORIGIN GROUP TOOrigin Group is a key which can be assigned in Material Master. Given below is a brief information about Origin Group These groups serve to further subdivide the material costs. For controlling purposes, materials assigned to the same cost element by automatic account determination can be separated into origin groups. You enter the origin group in the costing view of the material master record. This helps us to consider values pertaining to particular material codes. Once we maintain the appropriate values in all the columns we will have to save the said configuration. Above these columns, we have an option to select if this cost constitutes part of Fixed or Variable cost.Step - IIOverhead RateNow we are through with the configuration required for Calculation Base, the next step in this configuration is to look into Overhead Rate Key. For this select the Row No. 20 and double click on Overhead Rate tab on the left hand side of the screen and the system will navigate us to the following screen: Here we find following columns: Column: VALID FROM Column: VALID TOThis is Validity date of the Overhead Rate. In other words it means, we can maintain different rates for same Overhead Rate Key for different periods. For e.g. We may maintain 5% for 1st Quarter and 6% for 2nd Quarter. Column: CONTROLLING AREAEnter the appropriate Controlling Area here Column: OVERHEAD TYPEThe overhead type differentiates between planned and actual overhead surcharges. Options available are given below; 1 Actual overhead rate2 Planned overhead rate3 Commitment overhead rate Column: PERCENTAGEEnter the appropriate Percentage here Column: UNITLeave blank and the system will consider this to be percentage. This completes our configuration of Overhead Rate Key.Step - IIICredits Now we will move ahead to the last step where we maintain the Credit Key. For this select the Row No. 20 and double click on Credit tab on the left had side of the screen and the system will navigate us to the following screen: Here also you will find lot information that is to be entered by us. We will look into everything one by one: Column: VALID TOHere we do not have an option to enter From and To Date, rather we have to enter Valid to date. Column: COST ELEM.Here we have to enter a Cost Element with Category 41 created specifically to carry the costs to be credited to the Cost Centre. Column: ORGRPOrigin Group, as explained earlier, we can maintain different cost elements based on different origin group. This key basically helps us to divide the costs for various materials based on categorisation. Column: FXD%This column allows us to idenfity Percentage of an amount represented by fixed costs. The default entry is "*" which means that the fixed and variable portions of the surcharge are determined in the same way as the fixed and variable costs in the calculation base. Example A total of $1000 is charged to an order, of which 60% is fixed costs and 40% is variable costs from a cost element. You want to add a further 10% for overhead surcharges. You specify a cost center as the credit object for the offset posting. If you enter "*" in the fixed percentage field, the surcharge will be comprised of 60% fixed costs and 40% variable costs. The cost center to be credited is credited with the same amounts in fixed and variable costs. If you enter "100" in the fixed percentage field, the whole surcharge will be comprised of fixed costs. This may be necessary, for example, if the cost center cannot accept variable costs. Column: COST CENTRE / ORDER / BUSINESS PROCESSEnter the Cost Centre / Order or Business Process that will accept the credit for the overhead here Enter all the data and save the same. Now our Costing Sheet is ready for assignment and use. Reference Material:Costing SheetOrigin Group Dear All, while creating PM maint. order i used material in component tab also select costing sheet in control tab as 30%, and release order .after that i got cost overhead value in cost tab on material. then i realize that i have selected wrong costing sheet so i have changed to 20%. and save order .but while checking cost tab ,the overhead cost it does not change according to 20% it remain same for 30%. as user want to change that cost as per costing sheet. Please help to resolve this, Regards, Ganesh Product Costing in SAP is a core module that relies on the correct setup of master data in logistics modules to create cost estimates. These cost estimates help plan and analyze costs and their different components.(Article Updated: 25th May 2021)What is for you in this articleClick on the link to directly jump over specific topic.An Intro to Product Costing Process.The result of using product costing is a standard price that you can release to the material master. Further, you can use this price for at least one period for the inventory valuation of those manufactured goods.In order to use Product Costing in SAP and create cost estimates with quantity structure, you need to activate Material Management and Production Planning Modules.Backbones of SAP Product CostingPrerequisites to use Product Costing in SAPApart from activating the MM and PP, there are some other requirements for applying Product Costing in SAP Controlling. These are as follows:Create the controlling areaThen assign the company code to the controlling areaNext, maintain the company code for Material ManagementAssign the Plant to the company codeAlso, create the valuation Classes in Material Management. These you need for the account determination of any material movement. You can assign these valuation classes in the automatic account determination process.Also Read: Changes in Controlling in S/4HANAWhy do You need to Know SAP CO Product Costing?Product Costing in SAP is the most important part of SAP Controlling. Thus, to know the controlling, you certainly need to know Product Costing. Moreover, if you wish to make a career in SAP Management Accounting, or if you want to upgrade your S/4HANA Finance profile with controlling knowledge, you must gain expertise on product costing in SAP.Now let's go ahead to learn the components.Learn: SAP S/4HANA Finance 2020 with Product CostingComponents of SAP Product CostingMaster DataCost Component StructureSpecial Procurement KeyCosting VariantCosting SheetCost EstimateMaster Data in SAPMaster Data in SAP plays a very important role in the creation of cost estimates. Cost Estimates with Quantity structure rely on the correct setup of master data. When creating a cost estimate, the system checks the correctness of master data and indicates any error.To calculate cost estimate through "product cost calculation with quantity structure", we need to create some master data in SAP. These are as follows:(a) Material MasterThe material master contains a number of characteristics that have an impact on Product Costing. Those characteristics are stored in Costing 1 view and Costing 2 view. To display the Costing 1 and Costing 2 tabs, go to Transaction MM03.Related: SAP FI MM IntegrationCharacteristics of Material Master in SAP Product Costing1. Do Not CostIf the "Do Not Cost checkbox" is set, you cannot create any cost estimate (cost component split). Likewise, if the material is part of another cost estimate, you can evaluate the material with the price according to the valuation variant in the costing variant. Hence, no bill of material (BOM) or routing will be exploded.I recommend that you select this checkbox due to performance reasons for trading goods and raw materials.2. With Quantity StructureThe system will search for a cost estimate with a quantity structure. (Quantity structure means that a BOM, a routing, or a recipe exists during the costing/costing run). Noteworthy, if you're working exclusively with cost estimates with quantity structure, you should select this checkbox to improve the performance.3. Overhead GroupYou can define the overhead group in the configuration. Further, you can define the overhead keys for overhead groups and can apply them in detailing the over-head rates.4. Variance KeyThe variance key allows the variance calculation. For all finished products (also semi-finished products) that are produced, you need to maintain a variance key. Surely, you can set the variance key as default in the production/process order, and you can overwrite it there.5. BOM UsageYou need to maintain the BOM usage together with the alternative BOM. This is so if you need to overwrite the quantity structure control in the costing variant with the entries which you have maintained in the material master.6. SAP Costing Lot Size in Material MasterThe costing lot size corresponds to the quantity with which you want to create the cost estimate. In order to avoid the rounding differences in the conversion of the standard price, the costing lot size should match the price unit.Please note, this Price unit is in the Accounting-1 tab in the material master in SAP.7. Production VersionIf you're using multiple production versions in production, you can determine with which production version you can create the cost estimate. On the other hand, if you don't maintain a production version in this field, the system would determine it with the help of the alternative selection in the MRP4 view in the material master.8. Future/Current/PreviousThe system saves the current (actual valid) cost estimate, the previous (last valid), and future (next valid) cost estimate in those fields.(b) Bills of Material in Product Costing in SAPBOM contains the materials that you require for the production and their respective quantities. You can display BOMs with Transaction CS03.Next, you can maintain the BOMs on the material level and plant level. Additionally, you can maintain the BOM by its type. This BOM type defines the usage of the BOM.Furthermore, the BOM has a header that you can see by clicking the top hat icon. In the header, you can see the base quantity of the product for which you created the BOM is created.Finally, in the BOM, you see different items that represent the materials required for the production of the header material and their quantities. You can double-click on each item to see the item details of the material. For example, you can check whether component scrap is maintained. Component scrap increases material consumption in the cost estimate.Related: SAP Product Costing Interview Questions(c) Activity TypeThe activity type is used to assess activities in production such as personnel hours or machine hours.We plan the price of the activity type on the cost center and activity type levels. In SAP Product Costing, we maintain the activity types in the routing/recipe and the cost center to the work center/resource.You will learn about routings, recipes, and work centers/resources in the following sections.You need to coordinate with production to know the units they use for the activities. I recommend that in order to avoid rounding differences, you should keep the units the same for production and Controlling (Activity Unit = H). It's also easier for the analysis if you don't have to convert the confirmed times. Surely, the cost center category (CCtr categories F) is important for the assignment of the cost center.(d) Work CenterThe work center in Production Planning or in the Process Industry module represents the place where you do the work. You can display the work center with Transaction CR03. Additionally, both the work center and the resource-display have a Costing tab.(d.1) Cost CenterThe cost center represents the place or department that is responsible for the production cost. Thus, if you create the Costing tab in the work center or routing, then the assignment of a cost center is mandatory. Please note that its various forms depend on the size of your organization. For example, production line 1, machine 1, and so on.(d.2) Activity Overview SectionIn the Activities Overview section, you need to assign activity types to the activities that the system maintains in the configuration for the work center.Firstly, the system assigns every line to an activity type. Secondly, the system also checks whether there is a price planned for the combination of cost center (assigned to the work center/resource). Likewise, it also checks whether the activity type is maintained in the Activities Overview.Importantly, if you will not assign any activity type to the single lines in costing, then you cannot calculate any cost for the single activities.In addition to the activity type, you need to assign every activity to a formula. Now, this formula determines how the system calculates the value at the work center/resource with the routing times.(e) RoutingThe routing contains the activities that you need to perform to produce the product. You work with routings if you use the classic Production Planning module. In order to display a routing, you need to go to Transaction CA03.The routing has different operations per activity. Noteworthy, every activity is linked to a work center.Watch Slide to Know what's new in Controlling in S/4HANA Finance 2020Cost Component StructureCost component splits break down the cost of a material, process, or activity type. Consequently, the cost component structure determines which costs you should consider in the cost component split. We use the cost components for the analysis of the product cost in Product Costing and Profitability Analysis. Noteworthy, there's a little strategy involved here. Before creating the cost component structure, you have to think about how you want to structure your cost of goods manufactured (COGM) in the best manner.Every cost component has a detailed view that you can open by clicking the magnifying glass icon.Also Read: Updates in SAP Profitability Analysis 2020The details view defines in section control where only variable costs or fixed and variable costs are shown in the cost estimate. The usage of fixed and variable costs is optional. Further, the variable costs depend on the activity type. Likewise, its decrease or increase is dependent on the activities in the manufacturing process.Also Read: WIP Configuration requirement in SAPSpecial Procurement KeyThe system maintains the special procurement key in the material master in the Costing 1 view. You can use the special procurement key to access cost estimates in another plant. For example, if you produce materials in Plant A but sell them from Plant B, you can display the costing in Plant B with the special procurement key. That too without creating all the master data that is required for the costing in Plant B.Costing VariantTo create a cost estimate, you need to first create a costing variant. Though you can create different costing variants for different purposes. For example, to calculate standard prices, you should calculate commercial prices.The costing variant determines the following main things:How we can evaluate the cost estimateWhich master data we need to evaluate (e.g., which BOM usage)Where we can release the price (e.g., standard price, plan price, etc.)The costing variant is structured in different pieces:Costing type in SAPValuation variantDate controlQuantity structure controlTransfer controlReference variantDo Check: Preliminary Costing in Product CostingCosting Sheet in SAPTo apply overhead rates such as overhead costs in the costing, you need to create a costing sheet in SAP application. The costing sheet contains three components: calculation base, overhead rates, and credits.Let's examine each now and discuss how you can create them.(a) Calculation base The calculation base defines the cost base on which we apply the overhead rates. Likewise, the cost base is defined by cost elements, a cost element interval, or a cost element group. It is one of the main components of the Costing sheet in SAP.(b) Percentage Overhead Rate Overhead rates are created on the basis of dependencies. These determine the characteristics that we can use to maintain the overhead rate. Subsequently, the different ways in which you can maintain overhead rates depend on your organizational structure and your cost component structure.The Overhead Type defines for which type of cost (e.g., actual or plan) you want to apply the surcharge. Like Actual Overhead Rate, plan Over Head Rate & Commitment Overhead Rate.Credits define cost objects that get credited when the cost estimate gets debited with the overhead surcharges. Here, for the credit, you can maintain a cost center, internal order, or a business process.(d) Costing Sheet RowsThe costing sheet in SAP is arranged in costing sheet rows. The calculation base is on top of the costing sheet, and the surcharges refer to the basis by having an entry in the From and To Row columns.Cost Estimate in SAP Product CostingIt is the final result of the cost of a product which includes Material Cost, Different Activities Cost, surcharge /Overhead Cost.Refer to the image below.Now that you've configured Product Costing in IMG settings, thus, now see how to run cost estimates. Noteworthy, it is an End User Activity.Next, Use Tcode – CK11N.(This Transaction Code CK11N user manual in SAP Application helps to create the Material Cost Estimate in SAP, also prompts SAPLCKDI to run in the background which is a standard SAP Program. Please note, this Tcode CK11N is part of the CK Package which is based on the R/3 Application for Product Costing).Finally, Execute.You may be interested in: List of Imp. SAP FICO Tcodes and their useYou may be interested in: SAP CO Interview Questions & AnswersThe list of components of SAP Product Costing is so big. It also involves deep technical aspect. This is to say, in order to learn it entirely, you need to learn the subject thoroughly.In the same way, in order to work on it in real-time, you need to practice it practically. Thus, along with learning the basics, you should also focus on learning it practically. For this, you need a lot of practice and work. I am sure if you have a real interest in this subject, you sure can achieve your goal.Product Costing Scenarios in SAPThis whole process of Product Cost calculation that I have explained is the scenario of Product Costing in SAP Controlling. It involves the calculation of the cost of production by using production order (manufacturing order). If the production order converted into complete status then we can calculate the variance. If it is there in the pending status, then in that current period we will calculate WIP.Hence those who look for SAP product Costing Scenarios, must understand that its the calculation that they need to learn here.Related Video: Practical Overview of SAP Product Costing