

Actual Costing

Material Ledger

Actual Costing

Multi-level
Periodic Actual Prices



Transparency of Value Chain



Material Ledger

Parallel Currencies

Valuation with Historic
Exchange Rates



Parallel Valuation

Transfer prices



Group



Legal



Profit Center

Actual Costing in Material Ledger

Actual costing in SAP for a product = Standard cost of product + Production Variances

Standard cost in SAP for a product = Material cost + Conversion cost + Overhead cost

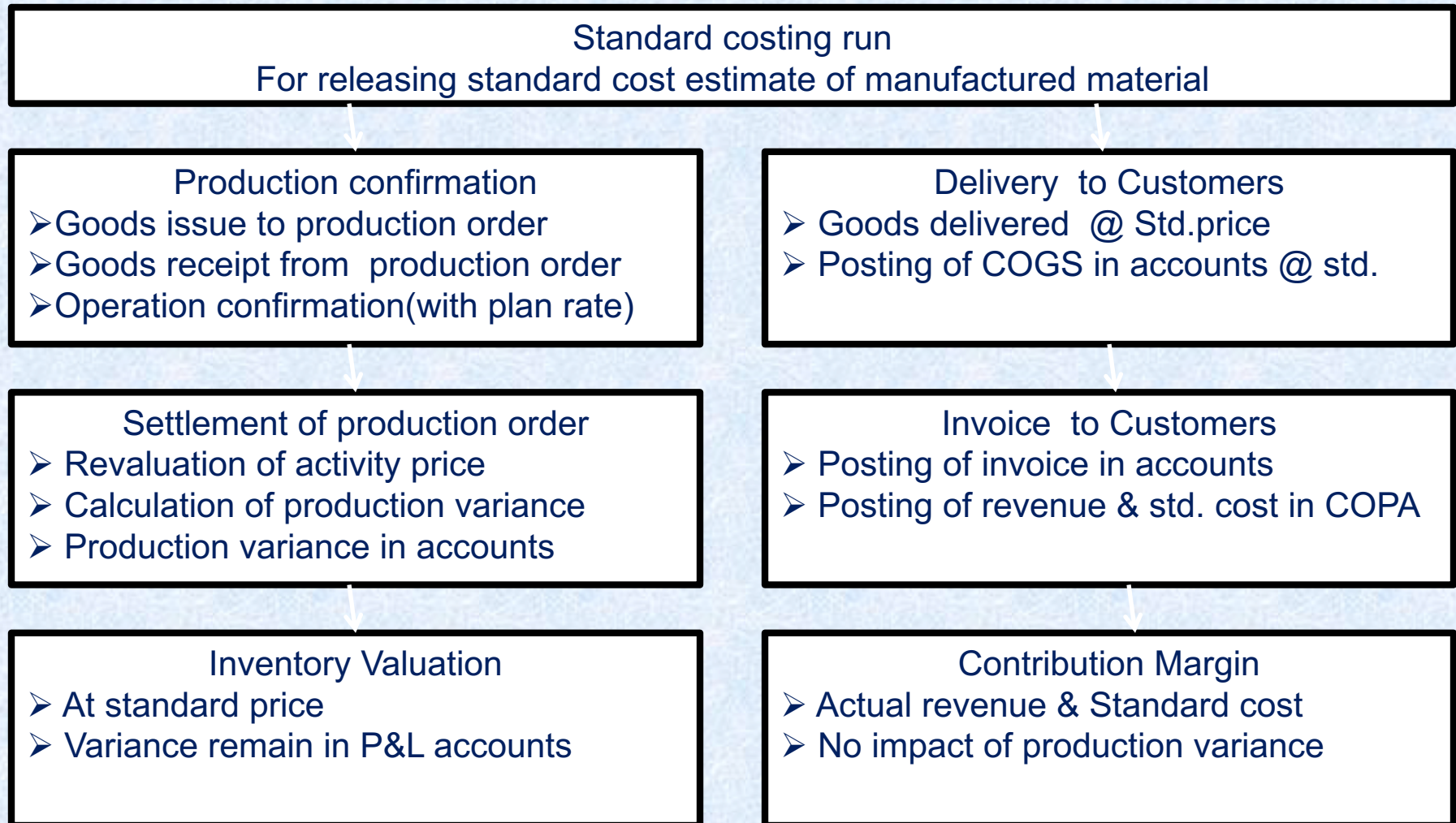
Material cost = Input material in BOM * Price in Material master

Conversion cost = Production Hours * Cost / Hours

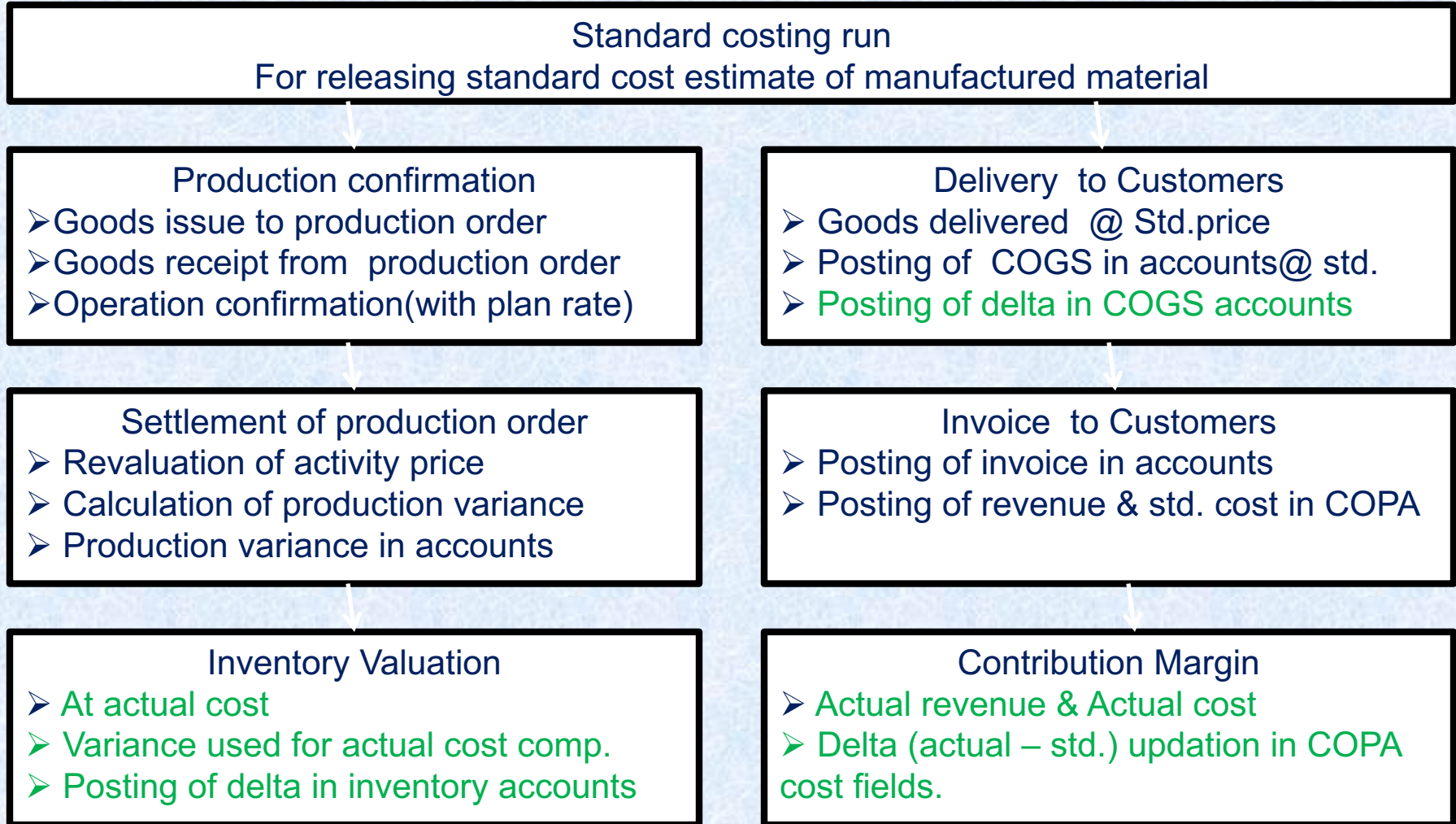
Overhead cost = Allocated overhead on agreed basis

Production variance in SAP for product = Actual cost of production – Standard cost

Process flow w/o actual costing



Process flow with actual costing



Actual Costing Process in SAP

How does it work?

During the Period ...

Collection of Values

Mat

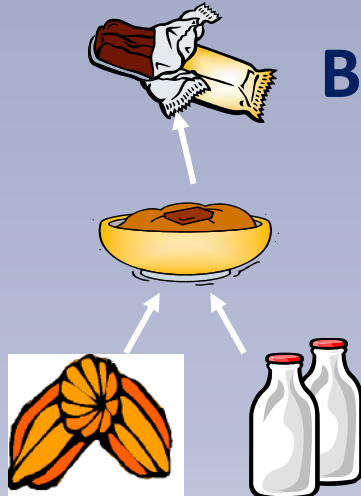
Proc

Lab

OH

- Material Movements
- Purchasing
- Invoices
- Production order settlements
- Debits/Credit

Prices are frozen



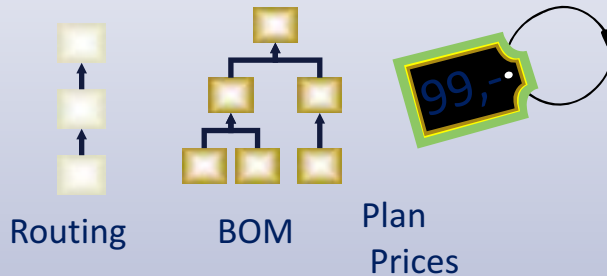
Building the quantity Structure

- Goods Issue to Production
- Activities to Production
- Goods receipt from Production
- Material Transfers

Actual Costing vs. Product Cost Planning

Product Cost Planning

Master Data



Cost Estimate

Standard Price with



Cost Component Split

Preliminary Price

Actual Costing

Material Movements



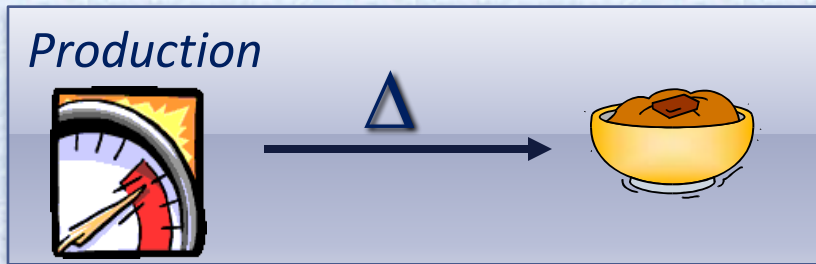
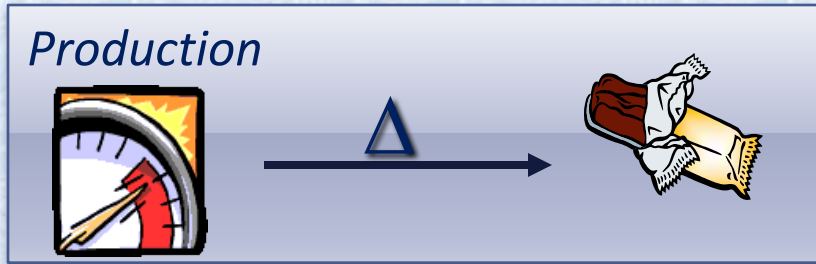
Price Determination

Periodic Unit Price with



Actual Cost Component Split

Period End: Single Level Differences

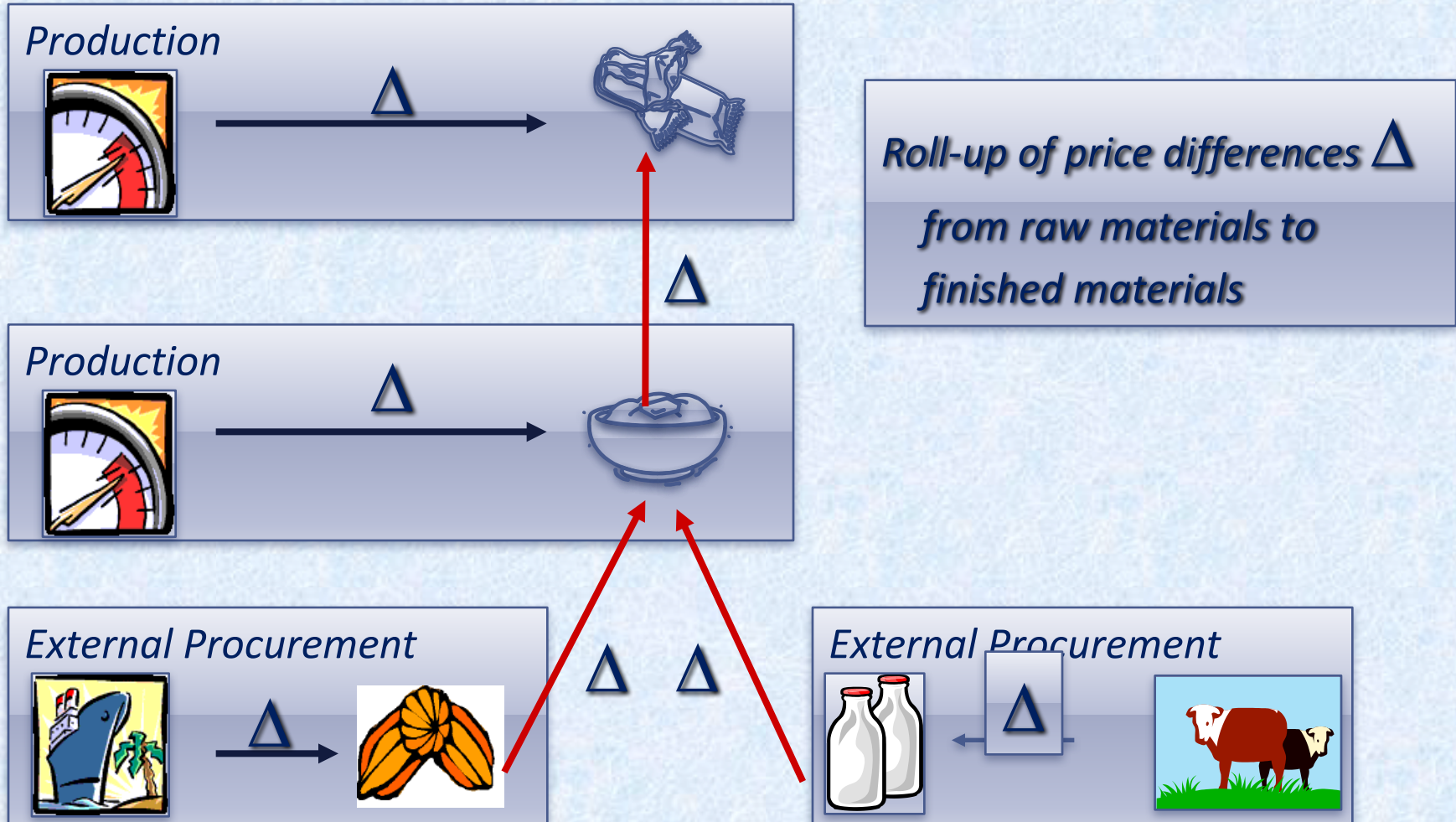


*Production
Variances*

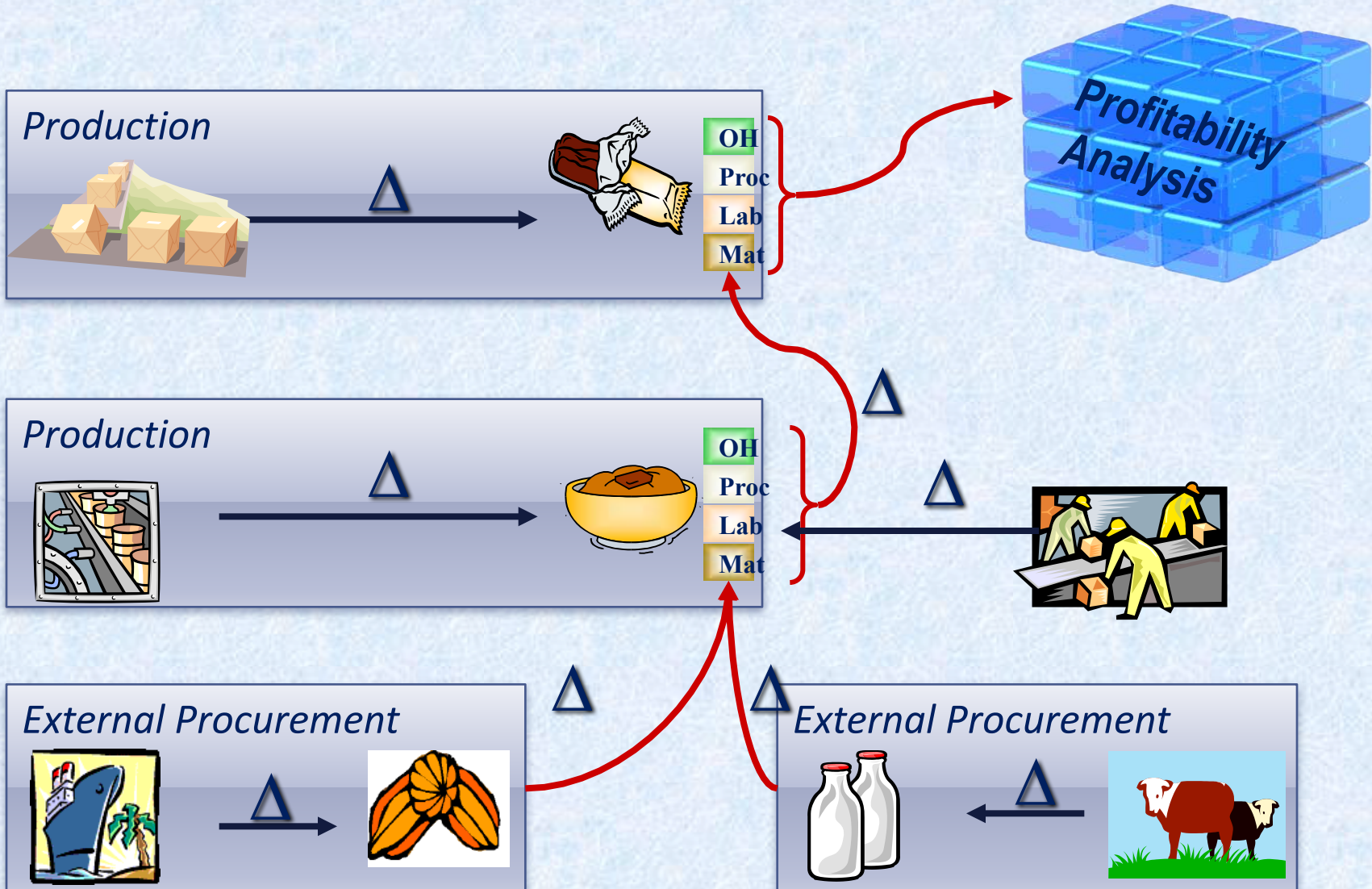


*Price
Differences
from
Procurement*

Multi-Level Settlement



Actual Cost Component Split



Step 1 - Preliminary Valuation

- Preliminary Valuation (FI) with Standard Price
- Recording of Price Differences by Material / Plant

Category	Quantity	PrelValue	PriceDif	Price
▶ Beginning Inventory	100	1,000	160	11,60
▼ Receipts	900	9,000	2,340	12,60
▼ Purchase Order	300	3,000	1,500	15,00
Trading Inc	200	2,000	1,200	16,00
Best Price Ltd
▼ Production	500	5,000	500	11,00
Prod. Version1
▼
▶ Cumulative Inventory	1,000	10,000	2,500	12,50
▶ Consumption	600	6,000		10,00
▶ Ending Inventory	400	4,000		10,00

Step 2 - Price determination

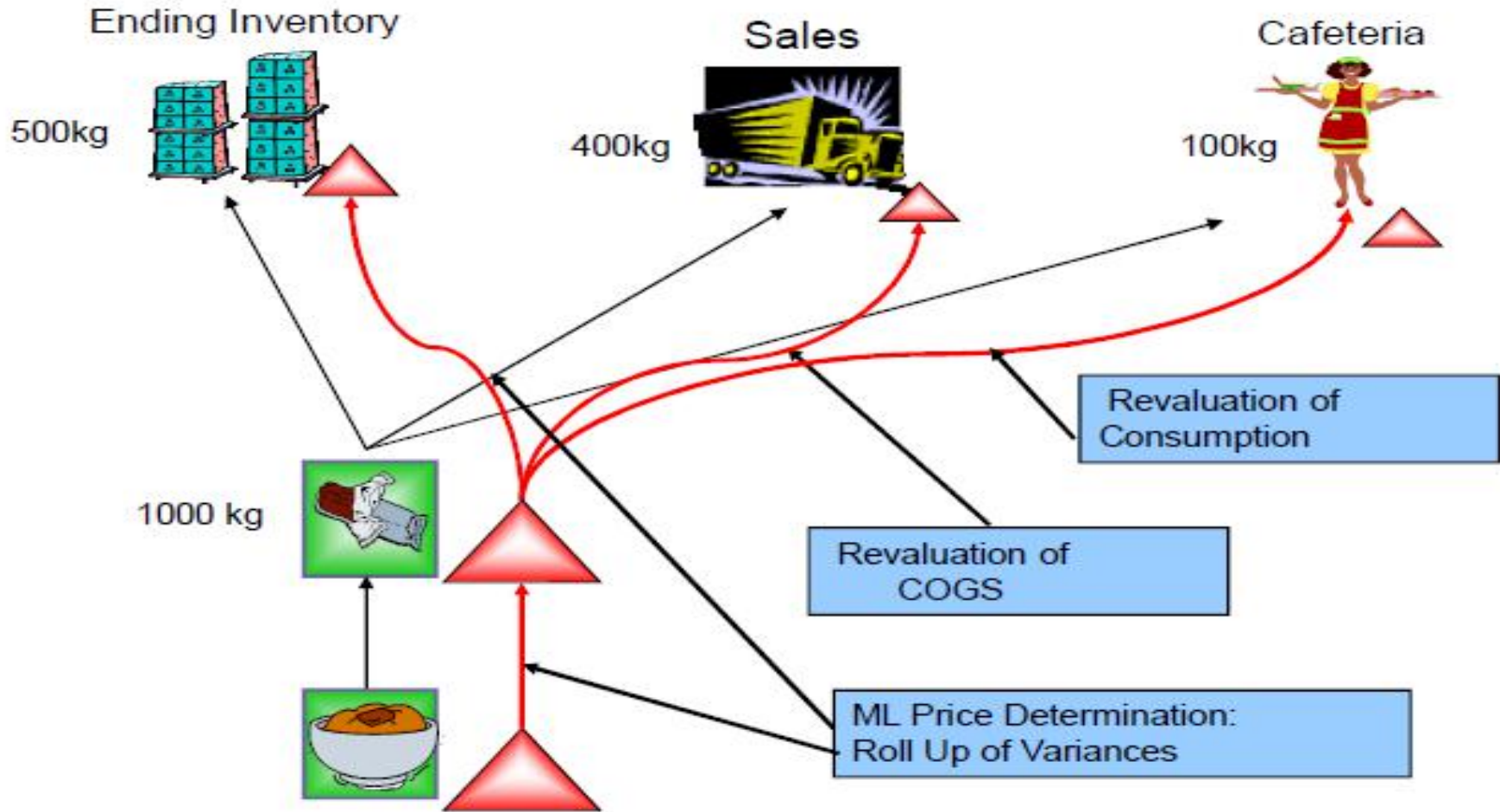
➤ Determination of Periodic Unit Price

➤ Distribution of variances

Category	Quantity	PreValue	PriceDif	Price
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▶ Ending Inventory	400	4,000	1,000	12,50

Revaluation of

Inventory, COGS and Consumption



Inventory Valuation Example with Actual Costing

Materials	Price Ctrl.	Qty Purch./ Prod.	Price /Qty	Inv. Value	Var. Amt. - Single Level	Periodic Unit Price Before Costing Run	Var. Amt. - Multi Level	Periodic Unit Price After Costing Run	Clos. Stock	Value - Before Cost Run	Value - After Cost Run
Raw Materials	V	100	10	1200		12		12	60	720	720
SFG Level 1	S	40	15	600	40	16		16	10	150	160
SFG Level 2	S	30	20	600	60	22	30	23	10	200	230
FG	S	20	25	500	60	28	60	31	20	500	620

Thanks

