



SAP

CCA

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About the Tutorial

SAP Cost Center Accounting (CCA) is used to perform Controlling activities in an Organization. In any organization, cost incurred to perform certain activities should be transparent. Using Cost Center Accounting, you can perform profitability analysis of each functional area and helps all cost to be assigned to source.

Using CCA, you can differentiate between different types of responsibility areas such as Cost Centers, Profit Centers, and Investment Centers.

Audience

This tutorial has been prepared for anyone who has a basic knowledge of controlling activities in an organization. After completing this tutorial, you will find yourself at a moderate level of expertise in maintaining SAP Cost Center Accounting and Controlling advance functions.

Prerequisites

Before you start proceeding with this tutorial, we assume that you are well-versed with basic Controlling and Accounting concepts. You should have a good exposure to Cost Center Management activities. If you are not aware of these concepts, then we recommend that you first go through our tutorial on SAP FICO.

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1. SAP CCA – Overview

A Cost center is defined as a component in an organization that adds to the cost and indirectly adds to the profit of the organization. Examples include Marketing and Customer Service.

A company can classify business unit as profit center, cost center or an investment center. The simple and straightforward division in an organization can be classified as cost center as cost is easy to measure.

To create a cost center in system, you need to define a cost center hierarchical structure. The structure of a Cost center and its characteristics depend on the accounting objective and on the system, you want to use to maintain accounting.

Use of a Cost Center

Following are the key uses to create cost centers and performing cost center accounting in an organization-

- Cost center is used to align overhead costs with activities performed in an organization. It is possible to assign different activity type to a cost center.
-
- You perform cost center accounting to manage cost in the organization and to check profitability of each functional area and decision-making data.
-
- You can manage and analyze the overhead cost in an organization and verify if they are incurred in the organization activities.
-
- When you plan costs at cost center, this allows you to check the cost efficiency at the point when costs are incurred in the organization.
-
- You can directly assign the cost-to-cost centers for products, services, and market segments, which are involved in performing these activities.

You have to implement Cost Center Accounting with Financial Accounting, which includes General Ledger (G/L), Accounts Payable (AP) and Account Receivable (AR). To implement Cost Center Accounting with Finance Accounting, you need to create company code, Chart of Accounts COA's in Financial Accounting.

Key Features of Cost Center

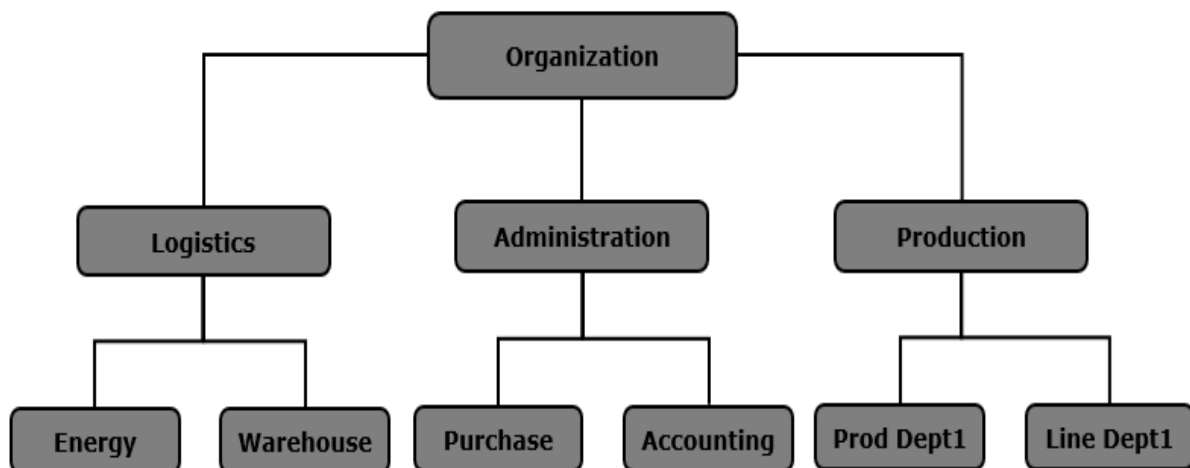
The key features of Cost Center are-

- **Actual Cost Accounting:** You can transfer actual cost from other components like Material Management MM, Asset Accounting AA, etc. and you can also record other actual cost in the system.
-
- **Actual Cost Allocation:** There are different methods that you can use to record actual cost. Actual cost can be distinguished as per transaction-based allocation and period based allocation.

- **Plan cost allocation:** You can also plan the actual cost allocations for the cost centers.
-
- **Activity Accounting:** This is used to calculate the operating cost. For a cost center and activity, output defines the target cost of cost center.

Hierarchy of Cost Center

In the following illustration, you can see cost center hierarchy. At the top, you have organization, which is further divided as per the functional areas. Each Functional area is further divided into sub-areas and can be further divided as per the activities performed.



2. SAP CCA – Activity Types

Activity type is defined as activity performed in Cost Center within controlling area. For each cost center, you perform the following activities:

Activities performed by the Cost Center

- Costs are debited to products when they use the activities of the Cost Center.
-
- In Cost Center Accounting, to plan and allocate the activities, the system records quantities that are measured in activity units.
-
- Each activity in a Cost Center contains activity types and the costs can be allocated to these activity types.
-
- When you create the activity types, prices of these can be entered manually or this can be calculated in the system as per the costs allocated.
-
- The cost planning, allocation and control can be performed while defining activity or can also be performed at Cost Center.

Setting up Activity Types

To create an activity type, follow the given steps-

Step 1: Use the T-Code: KL01



Step 2: In the next window, you have to select Controlling Area

- Enter the name Activity Type
- Validity Date
- Click Master data

Create Activity Type: Initial Screen

Master Data

Activity Type to

Valid From to

Copy from

Activity type

Controlling Area

Controlling Area (1) 61 Entries found

Controlling Areas

COAr	Name	Crcy	ChAc
0001	Kostenrechnungskreis 0001	EUR	INT
0003	SAP US (is-ht-sw)	USD	INT
1000	CO Europe	EUR	INT
2000	CO N. America	USD	CAUS
2200	CO France	EUR	CAFR
2600	CO Italien	EUR	INT1
2800	China	CNY	CACN
2801	China Material ledger	EUR	INT
4100	Korea	KRW	CAKR
4200	Taiwan	TWD	CATW

Set Controlling Area

Controlling Area

Step 3: Go to Master data and you can see different tabs in next window. Go to basic tab and enter the following details-

- Activity Name
- Description
- Activity Unit
- CCtr Categories

Activity type category: You can select from the following options-

ATyp category	Short Descript.
1	Manual entry, manual allocation
2	Indirect determination, indirect allocation
3	Manual entry, indirect allocation
4	Manual entry, no allocation

Step 4: Enter the details in other fields as shown below.

Create Activity Type: Basic Screen

Activity Type: TEST TEST
Controlling Area: 0001 Kostenrechnungskreis 0001
Valid From: 05.10.2015 to 31.12.9999

Basic data | Indicators | Output | History

Names
Name: TEST
Description: TEST

Basic Data
Activity Unit: HZ Hertz
CCtr categories: 1

Allocation default values
ATyp category: 4 Manual entry, no allocation
Allocation cost elem: []
Price indicator: 3 Determined manually
 Actual qty set Average price
 Plan quantity set PreDistribFixedCosts

Variance Values for Actual Allocation
Actl Acty Type Cat.: [] As in planning
Act. price indicator: []

Step 5: Go to the Output tab to define the output unit.

Create Activity Type: Output

Activity Type: TEST TEST
Controlling Area: 0001 Kostenrechnungskreis 0001
Valid From: 05.10.2015 to 31.12.9999

Basic data | Indicators | Output | History

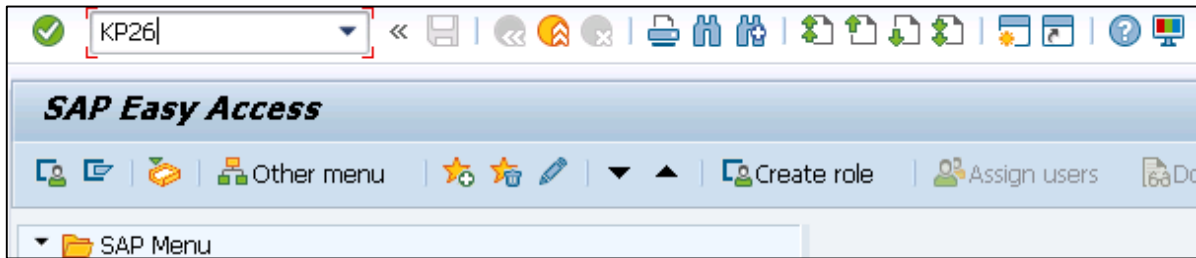
Output
Output Unit: HZ
Output factor: []

Step 6: Once you define all the fields, click the save button at the top.

Activity type has been created

Assign rates for an activity

Step 1: If you want to assign the Rates for an activity type & Cost Center in the combination, you can use T-Code: KP26



Step 2: In next screen, you have to enter the following details-

- Enter version as 0 from period 1 and to period as 12
- Fiscal Year
- Enter the cost center,
- Activity type

The screenshot shows the 'Change Activity Type/Price Planning: Initial Screen' in SAP. The layout is '1-201' and the activity types with prices are 'standard'. The variables section is highlighted with a red box and contains the following data:

Version	0
From period	1
To period	12
Fiscal year	2015
Cost Center	110001
to	
or group	
Activity Type	
to	
or group	

Step 3: Next go to the Overview screen at the top to assign hourly rate.

Enter per hour Rate under Fixed price and set value as 2 for distribution key and plan price indicator as 3.

You can use this combination of activity type and Cost Center while creating work centers to be assigned.

3. SAP CCA – Master Data

In SAP system, you use Cost Center to determine the structure of your organization. Master data in Cost Center remains same for longer time periods. In order to find out errors in Cost Center, you need to execute Cost Center planning that generates area reports. It is necessary to keep master data same to perform these analysis.

You can maintain master data in SAP system manually or move from the external system. To load the master data, you can use following processes-

- External data from Functional modules
- External data from BAPI's

In SAP system, you generally have two types of data-

Transaction data

Transaction data keeps on changing in system and is stored in line item tables.

Master data

You can use the following functions to create or change the master data-

- Cost Center
- Cost Elements
- Activity Types
- Key Figures
- Resources

For each of the above objects, you can perform multiple functions in SAP system. The following functions are available-

Master Data Elements	Functions
Cost Center	Create, Change, Display, Delete and Display changes
Cost Elements	Create, Change, Display, Delete and Display Changes
Activity Types	Create, Change, Display, Delete and Display Changes
Key Figures	Create, Change, Delete and Display
Business Processes	Create, Change, Delete and Display

Cost Center

Cost center in accounting is used to differentiate between different activities and for differentiated controlling of costs arising in an organization. Each cost center is

assigned with different activity types and each activity type shows the specific activities in cost center.

Cost centers can be further combined into Cost Center groups and they can be used to create Cost Center hierarchies by combining responsibility area and other factors. To create a Cost Center, you have to first define Cost Center hierarchical structure.

Cost Elements

Cost Element is known as cost relevant item in Chart of Accounts. In SAP Cost Center Accounting, you have the following Cost elements-

Primary Cost Elements

A Primary cost element is defined as elements for which General Ledger Account G/L exists in Finance Accounting FI.

Common primary cost element includes-

- Personnel Costs
- Material Costs

Secondary Cost Elements

These elements are maintained in Cost Accounting. To create a secondary cost element, the system first checks already existing accounts in Financial Accounting and if an account exists, then secondary cost element cannot be created.

Cost element for Order settlement is a common example of secondary cost element.

Cost Element Category Types

Cost element category is used to define if you can post to cost element directly or not. When you post a fixed amount to a cost element by mentioning account number, it is called **direct posting**. In direct posting, you can post directly to all primary cost elements by specifying the account number.

When you cannot enter account number with posting transaction and the system determines the account at the time of posting it automatically, is known as **indirect posting**.

Maintaining Cost Element Master data

In SAP system, cost element master data is maintained using time based dependencies. There are different time-based dependencies in a SAP system-

Time-independent fields (I)	Fiscal-year based fields (Y)	Period-based fields (P)	Day-based fields (D)
Description	Cost element characteristics	None	Default account assignment
Name	Cost element category		
	Record quantity indicator		
	Unit of measure		

Statistical Key Figures

Statistical key figures can be defined manually or you can transfer it automatically from the information system of SAP system application.

Key figures can be defined as-

- **Fixed values:** All the key figures that you define as fixed values are available for posting in full fiscal year.
-
- **Total values:** Key figures defined as total values are available only for posting in the defined period.

Resources

Resources are used to perform quantity-based cost planning for cost centers, orders and WBS element. In SAP system as per the available data, you can select from the following resource types-

- Type R for overhead cost controlling
- Type M represents for Material type
- Type B refers to base planning objects

The structure of resource master data contains the following fields-

- Resource key
- Purchasing organization
- Resource type
- Validity period of the resource
- Plant
- Resource units
- Cost element
- Resource name
- Material
- Base object costing

4. SAP CCA – Cost Center Groups

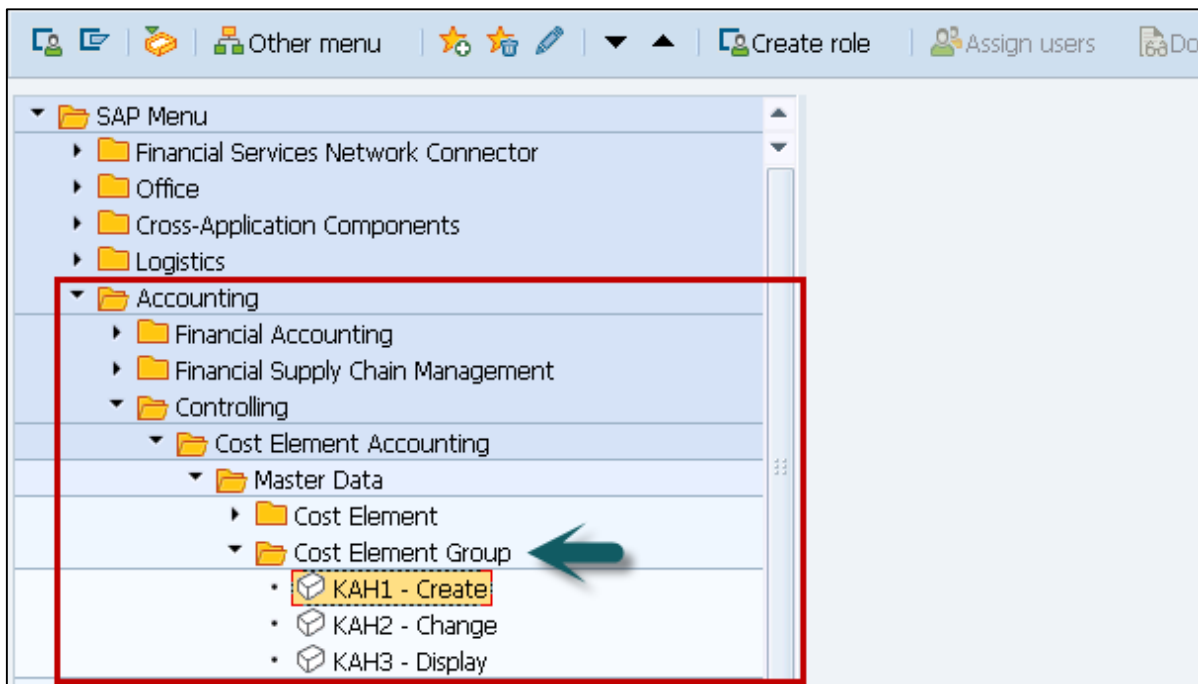
You can divide cost center in cost center groups. In system, it should have at least one group that contains all cost centers and represents the entire business organization. This cost center group is described as the standard hierarchy. You can assign more cost center groups to the standard hierarchy.

Note: In standard hierarchy, you can only assign each cost center to one group.

Create Cost Center Group

To create a cost center group-

Step 1: Navigate to Accounting -> Controlling -> Cost Center Accounting -> Master Data -> Cost Element Groups -> Create/Change/Display

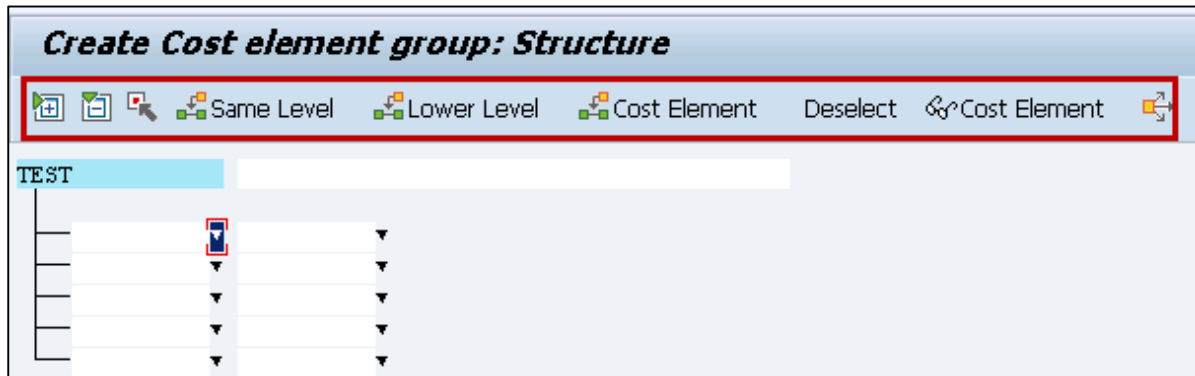


While creating a new group, it is possible to use an existing group as a template. The template group can belong to the same Controlling Area or COA.

Enter the name of new group. The highest node contains the group names entered. The existing structure is appended to the highest node. This means that every change to the original automatically affects the copy.

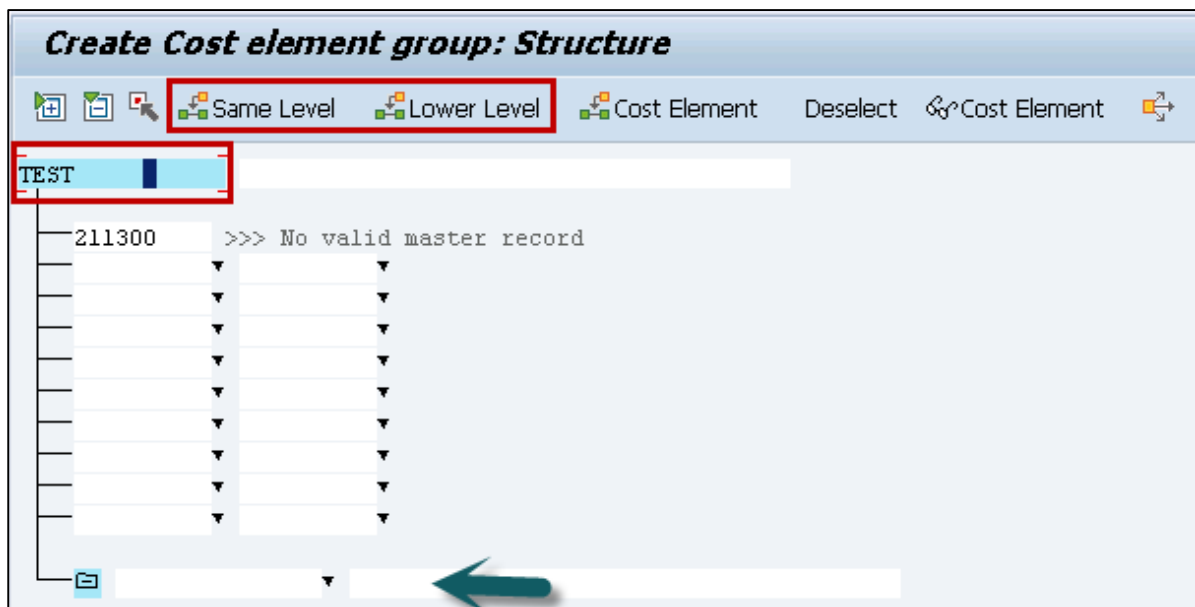
You can create your groups successively in the group structure display.

Step 2: Choose the node that you want to extend the group, and select from Insert at same level or Insert at lower level.

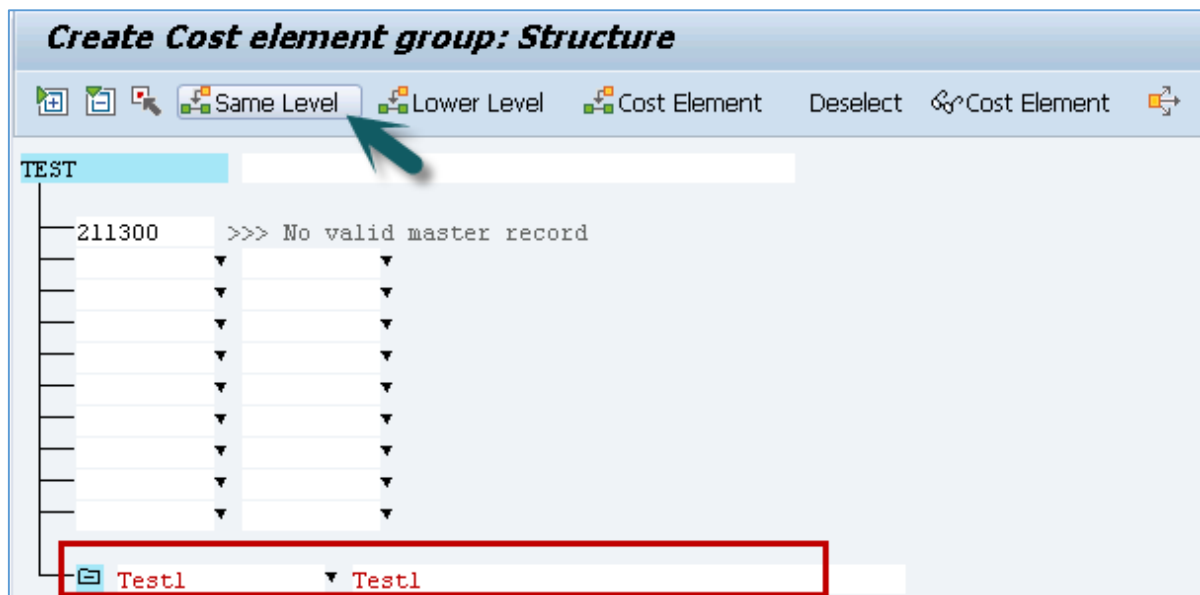


You can create your groups successively in the group structure display.

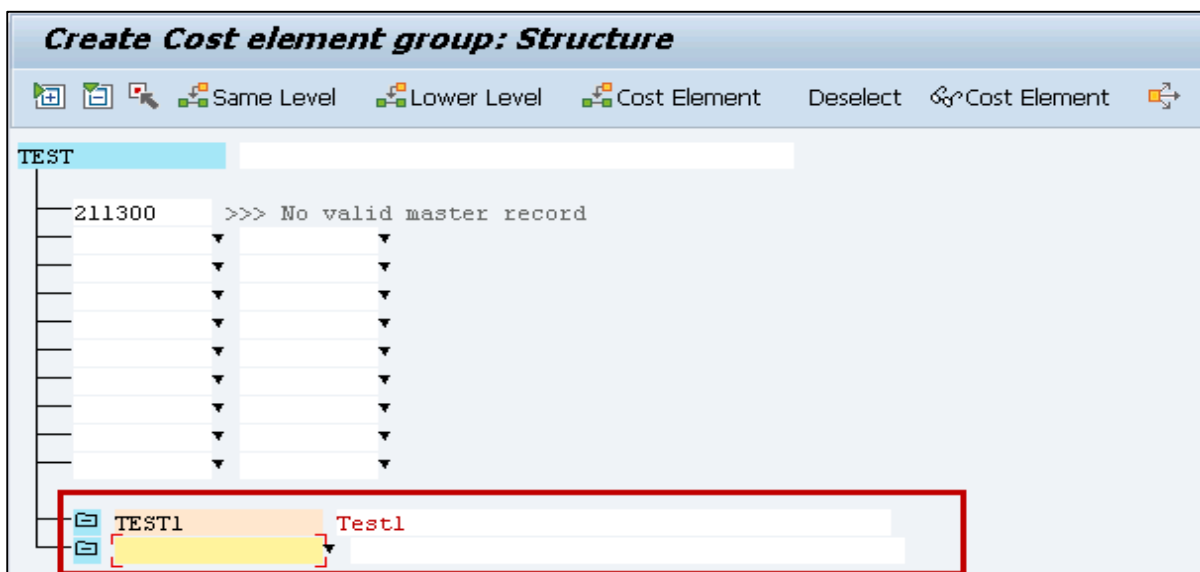
Step 3: Choose the node from which you want to extend the group. Click insert at same level or Insert at lower level.



Step 4: Enter the name and description for the new subgroup.



When you select the sub group and click same level, a new subgroup is created as shown below-



This is how you can define cost elements groups and hierarchy in system.

Step 5: To save the hierarchy, click the save button at the top.

The changes have been saved

End of ebook preview

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