

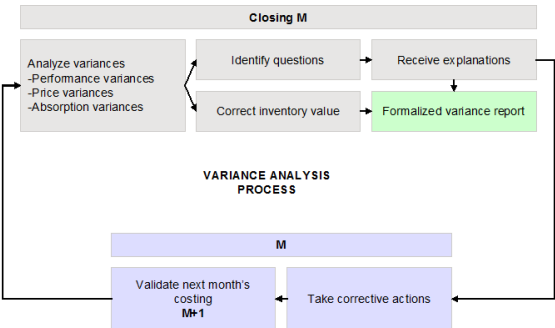
IAC 01.02 - Variance analysis

The variance is the difference between the expected standard cost and the actual cost incurred. Variance analysis involves breaking down the total variance to explain how much of it is caused by usage of resources being different from the standard and how much of it is caused by the price of resources being different from the standard.

Each site controller has the responsibility to analyze each month the variance and to explain this variance in order to :

- Understand the reasons
- Initiate corrective actions
- If needed adjust the inventory value and change the semi-standard way of calculation, depending on the origin of the variance.

This process of analysis, whatever the result be a change of costing or not, must be formalized, and archived as a justification of records based on following sheets :



Variance Template / Perf. analysis / Revaluation / CC variance / IAC 01.09

Open the sheet "Variance Template"

The screenshot shows a complex spreadsheet titled 'Variance Analysis 2015'. It has multiple columns for months (Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec) and rows for various variance categories like 'Performance variances', 'Price variances', and 'Absorption variances'. The data is organized into several sections, each with a header row and multiple data rows. The spreadsheet is part of a system called 'SOLVAY'.

STEP 1

Step 1: Open the file.

Choose the authorization scope and the period / fiscal year

SCOPE : SCO

The screenshot shows a form titled 'Auth Scope on Plant (Auth with input)'. It has a dropdown menu for 'Auth' set to 'ECO'. Below it, there is a section for '* Period/Fiscal Year (Selection Option, Mandatory)' with a dropdown menu set to '007.2024'. There are also fields for 'Target Curr. for conversion (Single value, Optional)' and 'UoM for Qty conv. (Single value, Optional)'. At the bottom, there is a section for 'Choose the plant:' with a dropdown menu and a search icon.

BW File on

BW - IMEP - WP2 Variance Analysis

STEP 2

Control that the report BW = KE30:
Total column P = D05
Total column Q = E05
Total column R = F05

STEP 3

List the products that generate the main variances

Total		
128581	FENTAMINE MADHT BULK(CN)	101,523 CNY
128201	FENTACARE DHT21 I 75 BULK	109,349 CNY
128428	FENTACARE EAPB BULK(CN)	145,125 CNY
128568	FENTAMINE DMAPA CRUDE BULK(CN)	170,968 CNY
128192	FENTACARE DHT21 E 75 BULK	201,829 CNY
124051	FENTAMINE DMA1270 BULK	204,609 CNY
128620	JAGUAR C 14 S BULK(CN)	224,074 CNY
128541	FENTAMINE DMA1270D BULK(CN)	246,764 CNY
128567	FENTAMINE DMAPA BULK(CN)	354,980 CNY
128278	INT NITRIL HT BULK(CN)	618,017 CNY
TOTAL		2,377,238 CNY

STEP 4

Explain the main variances

a. structure: Production version change / Raw material / Recycling / Others

How to read this variance ?

- Material 53789 TY A 218 V30 BLACK 34NG XXXX was produced with a different production version than the one used for the costing
- In the production version (B332) used for the costing, it is forecasted to produce one batch in 18,239 hours. But this material was produced in 17,90 h on an other production line.

It creates the following variance on process order :

Order	Mat	Material description	Origin	Actual Qty	Tgt Qty	SCE	Item UM	FC Var	DEP Var	PrdVar	PrVr
208485	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1133 AMO	17,900	0,000	H		0,00	376,83	B332	A413
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1133 CNP	17,900	0,000	H		3 820,24	0,00	B332	A413
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1133 MANHO	17,900	0,000	H		2 665,87	0,00	B332	A413
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1141 AMO	0,000	18,239	H		0,00	385,40	B332	A413
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1141 CNP	0,000	18,239	H		3 719,52	0,00	B332	A413
208489				53,789	54,717	H		239,24	8,57		

	Actual hours	Standard hourly rate 7822-1133	Actual costs	Std hours	Standard hourly rate 7822-1141	Standard costs	Variances
MANHO	17,90	149,92	2 665,87	18,24	153,83	2 895,53	-139,66
CNP	17,90	202,25	3 620,24	18,24	203,93	3 719,52	-99,28
E05 FC ProcessO Var			6 286,11			6 615,05	-328,94
AMO	17,90	21,05	376,83	18,24	21,13	385,40	-8,57
F05 DEP ProcessO Var			376,83			385,40	-8,57

b. yield: RM consumption is higher or lower than std quantity

How to read this variance ?

- The actual time (96 h) to produce material 64712 PA 66 MOLTEN POLYMER is higher than the standard time (84,261h)
- It creates the following variance on process order :

Order	Mat	Material description	Origin	Origin Description	Actual Qty	Tgt Qty	Item	FC Var	DEP Var	PrdVar	PrVr
208098	64712	PA 66 MOLTEN POLYMER	7822-1304 AMO	ATY 2006/7822-1304/AMO	96,000	84,261	H	0,00	264,56	PC41	PC41
	64712	PA 66 MOLTEN POLYMER	7822-1304 CNP	ATY 2006/7822-1304/CNP	96,000	84,261	H	1 666,32	0,00	PC41	PC41
	64712	PA 66 MOLTEN POLYMER	7822-1304 MANHO	ATY 2006/7822-1304/MANHO	96,000	84,261	H	497,75	0,00	PC41	PC41
208099					288,000	252,783	H	2 164,07	264,56		

	Actual hours	Standard hourly rate 7822-1304	Actual costs	Std hours	Standard hourly rate 7822-1304	Standard costs	Variances
MANHO	96,00	42,45	4 075,83	84,26	42,45	3 576,73	499,10
CNP	96,00	141,95	13 626,91	84,26	141,95	11 960,60	1 666,32
E05 FC ProcessO Var			17 702,74			15 537,32	2 165,42
AMO	96,00	22,55	2 164,84	84,26	22,55	1 900,12	264,72
F05 DEP ProcessO Var			2 164,84			1 900,12	264,72

c. purchased vs produced: material is purchased instead of produced or vice & versa

How to read this variance ?

- Material 63324 is supposed to be produced but it was purchased
- As it is purchased, the production cost = 100 % CP while in the costing the production cost is splitted into CP / CNP / AMO

Order	Mat	Material description	Origin	Origin Description	Actual Qty	Tgt Qty	Item	FC Var	DEP Var
2084538	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	63324	SB 27 AE 1 F (EX 27/A-00 MS) N	8 000	8 000	KG	2 863,94	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	1050003	CARTON TOP 1121*1121*190	0	8 960	PC	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	1050009	CARTON BOTTOM FOR CRATE 1	0	8 960	PC	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	1050012	BELT REP FOR CARTON 1085X	0	8 960	PC	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	1050019	CARTON SIDE EXT 1101X1101X	0	8 960	PC	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	1050023	PE SACK 2000X3300 200µ	0	8 960	PC	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	1060594	WOOD PALLET CP8 1140X1140	0	8 960	PC	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	62575	SB 27 AE 1 F (ex 27/A-00 MS)	0	8 000	KG	8 836,34	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E						0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	7822-1008 Uelec	ATY 2006/7822-1008/Uelec	0	0,256	MWH	0,00	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	7822-1180 AMO	ATY 2006/7822-1180/AMO	0,000	5,336	H	0,00	59,65
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	7822-1180 CNP	ATY 2006/7822-1180/CNP	0,000	5,336	H	155,15	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	7822-1180 MANHO	ATY 2006/7822-1180/MANHO	0,000	5,336	H	0,34	0,00
	63324	SB 27 AE 1 F (EX 27/A-00 MS) NAT (811)E	SETLEMENT	SETLEMENT				0,00	0,00
2084538					0,000	16,008	H	6 127,89	59,65

d. subcontractor: Material is produced by a subcontractor instead of an internal production

How to read this variance ?

- Same principle as the previous variance

- When a material is produced by a subcontractor instead of an internal production

e. others: to be commented

STEP 5

Fill in those information in « variance template » tab

	YTD	Comments	Action
D00 VC Variable Cost			
Others (D01+D55+D60+D70+D80)			
Std VC + Others			
1.Perf variance (D05)			
a. structure			
b. yield			
c. purchased vs produced			
d. subcontractor			
e. others			
2.Variance / CC (D45)			
a. utilities			
b. subcontractor			
c. others			
3.Revaluation (D50+D52)			
4.Purchase variance (D47)			
VC on MP Sales			

STEP 6

When there are recurring performance variances, they can be listed in the sheet "Perf. analysis"

Performance variance analysis

a1. Structure: Recurring cases of production line change
Please describe for your site
a2. Structure: Recurring cases of switch between Raw material / Recycling
Please describe for your site
b. Yield: Productivity variance
Standard analysis based on ZVFP40A
c. Purchased vs produced: Material purchased instead of produced
Please describe for your site
d. Subcontractor variance
Please describe for your site
e. Others
Please describe for your site

STEP 1

Use the transaction **KE30** and choose the report **ZZZ-SOLV01**

Run Profitability Report: Initial Screen	
Report	Description
Report	
ZZZ-IFRS00	IFRS Periods
ZZZ-IFRS01	Per operation type
ZZZ-IFRS02	Variance Others
ZZZ-IFRS03	Quarter/Year
ZZZ-IFRS04	Month/Year
ZZZ-IFRS05	Do not use anymore
ZZZ-IFRS07	P&L Production variance New
ZZZ-SOLAUD	L2015 - Audit
ZZZ-SOLV00	IFRS Periods/Year
ZZZ-SOLV01	Per operation type
ZZZ-SOLV04	Month/Year
ZZZ-SOLVFC	L2015 - Income Statement
ZZZ-SOLVFCMI	L2015 - Income Statement / M

Enter

1. the reporting currency = 10
2. the period
3. the company code
4. the plant code
5. the IECRA (when applicable)
6. select : "Classic drilldown report"

Selection: Per operation type

Attributes

Report selections

Reporting Currency: 10
Fiscal year: 2015
From period: 10
To period: 10
Company Code: 6526
Plant: 8160 to
Customer:
Product:
Division:
Distr. Channel:
Trading Partner:
Enterprise: to
Product line 00: to
Iecra: to
From Profit Center:
To Profit Center:

Output type

☐ Graphical report output
☒ Classic drltdown report
☐ Object list (more than one lead column)

STEP 2

To have the detail of the value field D45 VC CC Variance => click on the amount, right click and select "Line items" or click F9

222-SOLV01	6526 Rhodia Feixiang Spec	26.03.2013	Adapt report width	Enter
Per operation type	2	2013	Help	F1
Company Code	6526	Not assigned	Choose	F2
Navigation			Back	F3
Customer			Possible Entries	F4
Product			Report parameters	F5
Division			2D graphic column	F7
Distr. Channel			Line items	F9
			Save Definition	Ctrl+S
			Cancel	F12
			Exit	Shift+F3
			Customer	Shift+F4

Per Lines	SD	FI	on Order	Cost Center					
Total standard VC	84,558,871.08	0.00	0.00	0.00	4,012.85	84,562,883.93			
D01 VC Dury Var	0.00	0.00	0.00	0.00	0.00	0.00			
D05 VC Processo Var	0.00	0.00	2,489,315.84	0.00	0.00	2,489,315.84			
D45 VC CC Variance	0.00	1,638.66	0.00	927,363.18	0.00	929,001.84			
D47 CP Co/T030	0.00	1,007,399.41	0.00	0.00	0.00	1,007,399.41			
D50 VC PC Reval Var	0.00	13,940,406.08	0.00	0.00	0.00	13,940,406.08			
D52 CP Rev.CCH T030	0.00	10,658,044.14	0.00	0.00	0.00	10,658,044.14			
D55 VC Free 1	0.00	0.00	0.00	0.00	0.00	0.00			
D60 VC Free 2	0.00	0.00	0.00	0.00	0.00	0.00			
D70 Neutral.VC/marg	0.00	0.00	0.00	0.00	0.00	0.00			
D80 VC margin	0.00	0.00	0.00	0.00	0.00	0.00			
VC Variance	0.00	2,273,323.87	2,489,315.84	927,363.18	0.00	1,137,355.15			
VC on NP Sales	84,558,871.08	2,273,323.87	2,489,315.84	927,363.18	4,012.85	85,700,239.08			

STEP 3

Use the lay out /D45 CC VAR to have the variance by cost center

Display Actual Line Items: List

Choose layout

Layout setting: All

Layout	Layout description
/D45 CC VAR	D45 CC variance analysis
/D47/G25	lines D47 and G25 G887
/DIPH SG8A	
/F01	F01
/EC DEP	
/EC DEPPERIO	Period fixed cost and depreciation
/EIPA	All EIPA lines
/GMDATA	Data por Gross Margin
/GOLDEN TAX	golden tax

Currency	Sender cost center	D45 VC CC Variance
CNY	6526-9201	2,39-
CNY	8160-1050	578 119,71
CNY	8160-1051	282 321,47
CNY	8160-1052	9 204,15-
CNY	8160-1053	127 524,10
CNY	8160-1054	7 515,07-
CNY	8160-1055	441 620,78-
CNY	8160-1056	10 999,99
CNY	8160-7000	28 483,77
CNY	8160-7008	466 330,78
CNY	8160-7040	74 889,90
CNY		1 110 327,33

STEP 4

To have the detail of the cost centers, you can use the transaction **S_ALR_87013611**

Enter :

1. the controlling area
2. the period
3. the list of cost centers you want to analyse

Cost Centers: Actual/Plan/Variance: Selection

Data Source...

Selection values

Controlling Area	2026	1
Fiscal Year	2015	
From Period	10	2
To Period	10	
Plan Version	0	

Selection groups

Cost Center Group			
Or value(s)	8160-1050	to	
Cost Element Group			
Or value(s)		to	

STEP 5

Double click on the amount you want to analyse

Cost Centers: Actual/Plan/Variance Date: 25.11.2015 Page: 2 / 2

Column: 1 / 2

Cost Center/Group	8160-7000	Purchase Costs Var
Person responsible:	S0014824	
Reporting period:	10 to 10 2015	

Cost Elements	Act. Costs	Plan Costs	Var. (Abs.)	Var. (%)
98150890 VC FREIGHT ON FM	28 483,77		28 483,77	
* Debit	28 483,77		28 483,77	
99429900 PA-AS CP	28 483,77		28 483,77	
* Credit	28 483,77		28 483,77	
** Over/Underabsorption				

STEP 6

Fill you the variance template with your analysis

	YTD	Comments	Action
D00 VC Variable Cost			
Others (D01+D55+D80+D70+D80)			
Std VC + Others			
1.Perf variance (D05)			
a. structure			
b. yield			
c. purchased vs produced			
d. subcontractor			
e. others			
2.Variance / CC (D45)			
a. utilities			
b. subcontractor			
c. others			
3.Revaluation (D50+D52)			
4.Purchase variance (D47)			
VC on MP Sales			

STEP 1

Use the transaction **KE30** and choose the report **ZZZ-SOLV01**

Run Profitability Report: Initial Screen

Report

Report	Description
ZZZ-IFRS00	IFRS Periods
ZZZ-IFRS01	Per operation type
ZZZ-IFRS02	Variance Others
ZZZ-IFRS03	Quarter/Year
ZZZ-IFRS04	Month/Year
ZZZ-IFRS05	Do not use anymore
ZZZ-IFRS07	P&L Production variance New
ZZZ-SOLAUD	L2015 - Audit
ZZZ-SOLV00	IFRS Periods/Year
ZZZ-SOLV01	Per operation type
ZZZ-SOLVU4	Month/Year
ZZZ-SOLVFC	L2015 - Income Statement
ZZZ-SOLVFCMT	L2015 - Income Statement / M

Enter

1. the reporting currency = 10
2. the period
3. the company code
4. the plant code
5. the IECRA (when applicable)
6. select : "Classic drilldown report"

Selection: Per operation type

Attributes

Report selections

Reporting Currency: 10
Fiscal year: 2015
From period: 10
To period: 10
Company Code: 6526
Plant: 8160 to
Customer:
Product:
Division:
Distr. Channel:
Trading Partner:
Enterprise: to
Product line 00: to
Iecra: to
From Profit Center:
To Profit Center:

Output type

☐ Graphical report output
☒ Classic drilldown report
☐ Object list (more than one lead column)

STEP 2

To have the detail of the value field D47 Ec/T030 => click on the amount, right click and select "Line items" or click F9

222-SOLV01	6526 Rhodia Feixiang Spec	26.03.2013	Adapt report width	Enter
Per operation type	1		Help	F1
2	2013		Choose	F2
2	Not assigned		Back	F3
			Possible Entries	F4
			Report parameters	F5
			2D graphic column	F7
			3D graphic	F8
			Line items	F9
			Save Definition	Ctrl+S
			Cancel	F12
			Exit	Shift+F3
			Customer	Shift+F4

Pal Lines	SD	FI	on Order	Cost Center					
Total standard VC	84,558,871.08	0.00	0.00	0.00	4,012.85	84,562,883.93			
D01 VC Dury Var	0.00	0.00	0.00	0.00	0.00	0.00			
D05 VC Processo Var	0.00	0.00	2,489,315.84	0.00	0.00	2,489,315.84			
D45 VC CC Variance	0.00	1,638.66	0.00	927,363.18	0.00	929,001.84			
D47 CP Ec/T030	0.00	1,007,399.41	0.00	0.00	0.00	1,007,399.41			
D50 VC PC Reval Var	0.00	13,940,406.08	0.00	0.00	0.00	13,940,406.08			
D52 CP Rev.OCC T030	0.00	10,658,044.14	0.00	0.00	0.00	10,658,044.14			
D55 VC Free 1	0.00	0.00	0.00	0.00	0.00	0.00			
D60 VC Free 2	0.00	0.00	0.00	0.00	0.00	0.00			
D70 Neutral.VC/marg	0.00	0.00	0.00	0.00	0.00	0.00			
D80 VC margin	0.00	0.00	0.00	0.00	0.00	0.00			
VC Variance	0.00	2,273,323.87	2,489,315.84	927,363.18	0.00	1,137,355.15			
VC on NP Sales	84,558,871.08	2,273,323.87	2,489,315.84	927,363.18	4,012.85	85,700,239.08			

STEP 3

Use the lay out /D47 PPV to have the variance by material code

Display Actual Line Items: List		Save as...	Save with
Company Code	6526	Layout	Layout description
Fiscal Year	2013	/D47-CC-TR03	/D47-CC-TR03
CO Area	2026	/D47 PPV	/D47 PPV
Currency type	10	/D47-CC-TR03	/D47-CC-TR03
Plan/Act. Indicator	0	/D47-CC-TR03	/D47-CC-TR03
Record Type	A Z	/D47-CC-TR03	/D47-CC-TR03
Period/year	002.2013 002.2013	/D47-CC-TR03	/D47-CC-TR03
Number of line items	7,495	/D47-CC-TR03	/D47-CC-TR03
Mode of access	Read acc. to current structure	/D47-CC-TR03	/D47-CC-TR03
Op. concern currency	USD	/D47-CC-TR03	/D47-CC-TR03

Product	Σ	D47 CP Ec/T030
128730		118,48
128738		8 958,14-
128746		139 256,44
128747		160 507,75
128750		8 030,52
128751		52 574,80
128760		49 182,45
128763		84 364,24
128764		43 254,41-
128769		655,67
128772		0,18
128773		20 245,17

STEP 4

Explain the main variances

Display the standard costing of the material with CK13N.

Enter :

1. The material & plant code
2. The costing variant
3. The validity date

Enter ↵

and

The standard cost of the material code 128715 is

18 099,12 CNY / 1 000 kg

Display Material Cost Estimate with Quantity Structure

Costing Structure On Detail List On Hold

Material 128715 1
Plant 8160

Costing Data

Costing Variant zfo 2
Costing Version 1
Valid On 01.10.2015 3

Cost Estimates

Material 128715 DECYL ACID BU
Plant 8160

Costing Data Dates Qty Struct. Valuation History Costs

Costs Based On Costing Lot Size 1 000 KG

Itemization for material 128715 in plant 8160

Item	Resource	Resource (Text)	Quantity	Un	Σ	Total Value	COCr
1	8160 128715	DECYL ACID BU	1 000	KG		18 099,12	CNY
Material						18 099,12	CNY
						18 099,12	CNY

STEP 5

Display the actual purchase price of the same material with the transaction MB51.

Enter:

1. the material code
2. the plant code
3. the movement type = **101 to 102**
4. posting date = 1 month

Material Document List

Item Data

Material 128715 1 to
Plant 8160 2 to
Storage Location to
Batch to
Vendor to
Customer to
Movement Type 101 3 to 102
Special Stock to
Purchase Order to
Sales Order to
Sales order item to
Goods recipient to

Header Data

Posting Date 01.10.2015 4 to 31.10.2015
User name to
Trans./Event Type to
Material Document to
Reference to

The list of purchase orders to be analysed is displayed

Material Document List

Material	Material Description	Plant Name 1	Quantity BtN	Amount in LC	PO	Batch	Customer	Vendor
128715	DECYL ACID BU	8160 4524 Zhaojiagang	39 420	5 806,56				
4510 101	801766602 1 29.10.2015	39 500	39 500	714 915,24	4502051796	2151028908		129197
4510 101	801766628 1 29.10.2015	39 500	39 470	714 372,27	4502051796	2151028908		127941
4510 101	801769462 1 23.10.2015	39 850	39 850	719 259,03	4502051796	2151028908		127941
4510 101	801769462 1 17.10.2015	39 740	39 740	719 259,03	4502051796	2151028908		127941
4510 101	801769462 1 10.10.2015	39 420	39 420	719 259,03	4502051796	2151028908		129143
Total			218 020	3 945 970,14				

STEP 6

Display a purchase order to calculate the purchase price variance

Item [10] 128715, DECYL ACID BU

Material Data Quantities/Weights Delivery Schedule Delivery Invoice Conditions Purchase Order History

Sh. Text	Mvt	Posting Date	Material Document	Item	Entry Date	Delivery cost quantity	Quantity	Amount in LC	Unit
DCGR		10.10.2015	S017504930	1	10.10.2015	39 420	0	5 806,56	CNY
Tr./Ev. Delivery costs						39 420	0	5 806,56	CNY
GR						101 10.10.2015	S017504930	1	10.10.2015
Tr./Ev. Goods receipt						0	39 420	625 318,47	CNY

a - Quantity purchased

b - Purchase price

c - Delivery costs

d - TOTAL costs = b + c

e - Actual unit price = d / a

f - Standard cost (from CK13N)

h - Purchase price var = (f - e) / a

Purchase orders	4502561849	
Purch qty	39.420,00	KG a
Purchase price	625.318,47	CNY b
Delivery costs	5.806,56	CNY c
TOTAL costs	631.125,03	CNY
Actual unit price	16.010,27	CNY / Ton
Standard cost	18.099,12	CNY / Ton
Purchase price var	82.342,28	CNY

Each month, the inventory is revaluated with the new standard cost.

Revaluation = [Standard cost (M) – Standard cost (M-1) x Quantity 01/01/M (00h00)

The variance is due to a more or less efficient use of the time available to carry out the actual production. It compares the actual time taken to carry out an activity with the standard time allowed and values the difference at the standard.

The analysis is performed with the report ZWPP40A

Each month, the inventory is revaluated with the new standard cost. Revaluation = [Standard cost (M) – Standard cost (M-1) x Quantity 01/01/M (00h00)

There is a revaluation of fixed costs when:

- there is a modification of the production process
- in January with the new standard hourly rate

STEP 1

Once a year, when the control **IAC 01.09** is completed and uploaded in WP2.

- Copy the result of the sheet "2d-Activity TOTAL" and paste the result in the tab "IAC 01.09"

Plant code 7971		Plant Name		Year 2023		Currency CNY		IAC 01.09	
TOTAL - Do not change		Description		Normal capacity (h)		7971-1000		7971-1001	
BUDGET in CNY		Depreciation		6.924.868		6.537.163		387.705	
BUDGET in HOURS		Labor costs ind		14.905.355		14.057.635		740.498	
BUDGET in HOURS		MANHO		12.538.781		11.099.775		1.254.006	

STEP 2

Update the sheet "CC variance" and enter:

- the list of production cost centers
- the column "normal capacity (year)"
- the column "Budget (month)" - usually it is equal to the column "Normal capacity (month)"
- the column "standard capacity (h) (year)"

IAC 01.09		Normal capacity CNY		7971-1000		7971-1001	
BUDGET in CNY		AMO		6.924.868		6.537.163	
BUDGET in CNY		MACHI		14.905.355		14.057.635	
BUDGET in CNY		MANHO		12.538.781		11.099.775	
HOURS		AMO		32.145		4.584	
HOURS		MACHI		32.145		4.584	
HOURS		MANHO		32.145		4.584	
CC variance		Code		Description		E81 FC Period	
CC variance		7971-1000		Compounding		14.057.635	
CC variance		7971-1001		Packaging		740.498	
CC variance		TOTAL MACHI		14.798.133		1233.178	
CC variance		7971-1000		Compounding		11.099.775	
CC variance		7971-1001		Packaging		1.254.006	
CC variance		TOTAL MANHO		12.353.781		1.029.482	
CC variance		TOTAL CNP		27.151.914		2.262.659	
CC variance		Code		Description		D90 DE period	
CC variance		7971-1000		Compounding		6.537.163	
CC variance		7971-1001		Packaging		387.705	
CC variance		TOTAL AMO		6.924.868		577.072	
CC variance		TOTAL AMO		6.924.868		577.072	

STEP 3

Each month, you have to update the actual costs & hours.

The price variance & the absorption variance will be automatically calculated

Cost centers	ES1 FC Period	Normal capacity (year)	Normal capacity (month)	Budget (month)	Actual hours	Standard capacity (h)	Standard capacity (h)	a price variance	b absorption variance	ES1 + ES2 Total CC variance	ES2 FC absorption
9999-xxxx Prod CC-1	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
9999-xxxx Prod CC-2											
9999-xxxx Prod CC-3											
9999-xxxx Prod CC-4											
9999-xxxx Prod CC-5											
9999-xxxx Prod CC-6											
9999-xxxx Prod CC-7											
TOTAL	MACHI										

CO-PA	IAC 01.09	=	(2) / 12	Budget	Actual hours	IAC 01.09	=	(6) / 12	=	(1) - (4)	=	[-(5) - (7)] x (3) / (7) + [(4) - (3)]	=	(8) + (9)	CO-PA
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STEP 4

For the monthly update use the transaction S_ALR_87013611

Enter

1. the controlling area
2. the period
3. the group of production cost centers

Cost Centers: Actual/Plan/Variance: Selection

Data Source...

Selection values

Controlling Area: 2026 **1**

Fiscal Year: 2015

From Period: 1 **2**

To Period: 1

Plan Version: 0

Selection groups

Cost Center Group: 7971-1 **3**

Or value(s): to

Cost Element Group: to

Or value(s): to

STEP 5

1. Production cost centers
2. Actual fixed costs
3. Plan costs from IAC 01.09 (local currency)
4. Actual hour
5. Normal capacity from IAC 01.09 (h)

Variation: Cost Center

7971-1 Solway Shanghai - Direct Production

7971-1000 Compounding

7971-1001 Packing

Cost Center/Group: 7971-1000 Compounding

Person responsible: 50001634

Reporting period: 1 to 1 2015

Cost Elements	Act. Costs	Plan Costs
99429910 PA-AS CNP	193 294,41-	
99429920 PA-AS AMO	73 400,29-	
99430020 Direct Labour	801 937,23-	924 950,41-
99430120 Dir Fxd Ohd/H (CNP)	1 015 636,63-	1 171 465,27-
99438000 Depreciation	472 298,16-	544 763,99-
* Credit	2 556 566,72-	2 641 212,67-
** Over/Underabsorption		1,74

Activity Types	Act. Acty	Plan Acty
AMO Direct Depreciation	2 322,42 H	2 678,75 H
MACHI DIR FIX O/H (CNP) /h	2 322,42 H	2 678,75 H
MANHO Direct Labour	2 322,42 H	2 678,75 H

STEP 6

Report the actual costs of each cost center per activity

$$1 = a + d$$

$$2 = c$$

$$3 = b + e$$

Cost Center/Group: 7971-1000

Person responsible: 50001634

Reporting period: 1

Cost Elements	Act. Costs
99429910 PA-AS CNP	193 294,41-
99429920 PA-AS AMO	73 400,29-
99430020 Direct Labour	801 937,23-
99430120 Dir Fxd Ohd/H (CNP)	1 015 636,63-
99438000 Depreciation	472 298,16-
* Credit	2 556 566,72-
** Over/Underabsorption	

Code	Description	ES1 FC Period
7971-1000	Compounding	1208.931
7971-1001	Packaging	
TOTAL MACHI		1208.931
7971-1000	Compounding	801.937
7971-1001	Packaging	
TOTAL MANHO		801.937
TOTAL CNP		2.010.868

Code	Description	D30 DE period
7971-1000	Compounding	545.698
7971-1001	Packaging	
TOTAL AMO		545.698
TOTAL AMO		545.698

Report the actual hours of each cost center per activity

Cost Center/Group: 7971-1000

Person responsible: 50001634

Reporting period: 1

Activity Types	Act. Acty
AMO Direct Depreciation	2 322,42 H
MACHI DIR FIX O/H (CNP) /h	2 322,42 H
MANHO Direct Labour	2 322,42 H

Code	Description	Actual hours
7971-1000	Compounding	2.322
7971-1001	Packaging	
TOTAL MACHI		2.322
7971-1000	Compounding	2.322
7971-1001	Packaging	
TOTAL MANHO		2.322
TOTAL CNP		2.322

Code	Description	Actual hours
7971-1000	Compounding	2.322
7971-1001	Packaging	0
TOTAL AMO		2.322
TOTAL AMO		2.322

STEP 7

Once the file is completed, the price & absorption variance can be reported in the variance analysis template

					January	
	Code	Description	a. price variance	b. absorption variance	E01 + E90 Total CC variance	
CHP	7971-1000	Compounding	37.461	155.834	193.295	
	7971-1001	Packaging	-146.798	2.948	-143.850	
	TOTAL	MAKCH	-109.337	158.782	49.445	
	7971-1000	Compounding	-173.844	4.862	-168.982	
	7971-1001	Packaging	-123.036	123.037	2	
	TOTAL	MAIRHO	-296.880	127.900	-168.980	
	TOTAL CHP		-227.373	286.619	49.446	
					E00 FC Fixed Costs	
					2,925,287	
					4.CC variance (E01-E90)	
					49.446	
					a. price variance	
					-237.373	
					b. absorption variance	
					286.619	
					FC on production	
					2,974,733	
					F00 DEP Depreciation	
					581,344	
					4.CC variance (D90-F90)	
					78,282	
					a. price variance	
					4,272	
					b. absorption variance	
					74,010	
					DEP on production	
					659,627	