

# IAC 01.02 - Variance analysis

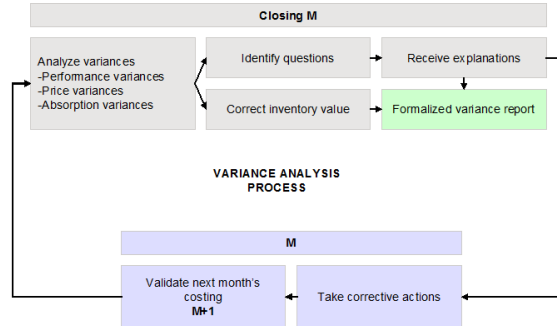
The variance is the difference between the expected standard cost and the actual cost incurred. Variance analysis involves breaking down the total variance to explain how much of it is caused by usage of resources being different from the standard and how much of it is caused by the price of resources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

## STEP 1

Step 1: Open the file.

Choose the authorization scope and the period / fiscal year

SCOPE : SCO

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
<b>TOTAL</b>			<b>2,377,238 CNY</b>

**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
208455	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1133 AMO	17,900	0,000	H		0,00	376,83	B332	AA13
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1133 CNP	17,900	0,000	H		3 830,24	0,00	B332	AA13
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1133 MANHO	17,900	0,000	H		2 665,87	0,00	B332	AA13
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1141 AMO	0,000	18,239	H		0,00	385,40	B332	AA13
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1141 CNP	0,000	18,239	H		3 719,52	0,00	B332	AA13
	53789	TY A 218 V30 BLACK 34NG XXXX	7822-1141 MANHO	0,000	18,239	H		2 805,63	0,00	B332	AA13
208455				53,700	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	148,92	2 665,87	18,24	153,83	2 885,83	-139,96
CNP	17,90	202,25	3 620,24	18,24	203,83	3 719,52	-99,28
<b>E05 FC Process0 Var</b>			<b>6 286,11</b>			<b>6 605,35</b>	<b>-319,24</b>
AMO	17,90	21,05	376,83	18,24	21,13	385,40	-8,57
<b>F05 DEP Process0 Var</b>			<b>376,83</b>			<b>385,40</b>	<b>-8,57</b>

**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 Z006/7822-1304/AMO	96,000	84,261	H	0,00	284,50	PC41	PC41
	64712	PA 66 MOLTEN POLYMER	7822-1304 CNP	ATY Z006/7822-1304/CNP	96,000	84,261	H	1 866,32	0,00	PC41	PC41
	64712	PA 66 MOLTEN POLYMER	7822-1304 MANHO	ATY Z006/7822-1304/MANHO	96,000	84,261	H	493,75	0,00	PC41	PC41
208098					288,000	252,783	H	2 164,07	284,50		

	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	499,30
CNP	96,00	141,95	13 626,91	84,26	141,95	11 960,60	1 666,32
<b>E05 FC Process0 Var</b>			<b>17 702,74</b>			<b>15 537,32</b>	<b>2 165,42</b>
AMO	96,00	22,55	2 164,84	84,26	22,55	1 900,12	264,72
<b>F05 DEP Process0 Var</b>			<b>2 164,84</b>			<b>1 900,12</b>	<b>264,72</b>

**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 Z006/7822-1008/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 Z006/7822-1180/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 Z006/7822-1180/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 Z006/7822-1180/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
<b>D00 VC Variable Cost</b>			
<b>Others (D01+D55+D60+D70+D80)</b>			
<b>Std VC + Others</b>			
<b>1.Perf variance (D05)</b>			
a. structure			
b. yield			
c. purchased vs produced			
d. subcontractor			
e. others			
<b>2.Variance / CC (D45)</b>			
a. utilities			
b. subcontractor			
c. others			
<b>3.Revaluation (D50+D52)</b>			
<b>4.Purchase variance (D47)</b>			
<b>VC on MP Sales</b>			

**STEP 6**

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

**Performance variance analysis**

<b>a1. Structure: Recurring cases of production line change</b> Please describe for your site
<b>a2. Structure: Recurring cases of switch between Raw material / Recycling</b> Please describe for your site
<b>b. Yield: Productivity variance</b> Standard analysis based on ZIVFP40A
<b>c. Purchased vs produced: Material purchased instead of produced</b> Please describe for your site
<b>d. Subcontractor variance</b> Please describe for your site
<b>e. Others</b> 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: [ ]  
 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 D45 VC CC Variance => click on the amount, right click and select "Line Items" or click F9

222-90LV01 6526 Rhodia Feixiang Spec 26.03.2013

Per operation type 1

Company Code 6526 Rhodia Feixiang Spec

Pal Lines	SD	FI	om	Order	tl	Cost Center			
Total standard VC	84,558,871.08	0.00	0.00	0.00	0.00		4,012.85	84,562,883.93	
D01 VC Durg Var	0.00	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		0.00	2,489,315.84	
D45 VC CC Variance	0.00	0.00	1,638.46	0.00	0.00	927,363.18	0.00	929,001.64	
D87 CP Cr/T030	0.00	1,007,399.41	0.00	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		0.00	13,940,406.08	
D82 CP Rev.OCR T030	0.00	10,658,044.14	0.00	0.00	0.00		0.00	10,658,044.14	
D58 VC Free 1	0.00	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	0.00	
D70 Neutral.VC/marg	0.00	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	0.00	
VC Variance	0.00	2,273,323.87	2,489,315.84	927,363.18	0.00		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			85,700,239.06	

Right-click on the amount 927,363.18 and select "Line Items" or click F9.

**STEP 3**

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

**Display Actual Line Items: List**

Company Code: 6526  
 Fiscal Year: 2013  
 CO Area: 2026  
 Currency type: 10  
 Plan/Act. Indicator: 0  
 Record type: 0  
 Period/year: 002.2013  
 Number of line items: 257  
 Mode of access: Read acc. to current structure  
 Op. concern currency: USD

Layout setting: All

Layout: /D45 CC VAR D45 CC variance analysis

Layout description: lines D47 and 625/682/

Layout description: /DIPH SG&A  
 /FO1 FO1  
 /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
<b>CNY</b>	<b>..</b>	<b>1 110 327,33</b>

**STEP 4**

To have the detail of the cost centers, you can use the transaction **S\_ALR\_8 7013611**

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... 1

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		3
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

Cost Center/Group: 8160-7000 Purchase Costs Var Column: 1 / 2

Person responsible: 50014824

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

**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-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: [ ]  
 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

222-90LV01 6526 Rhodia Feixiang Spec 26.03.2013

Per operation type 1

Company Code 6526 Rhodia Feixiang Spec

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 Durg Var	0.00	0.00	0.00	0.00	0.00	0.00	
D05 VC Processo Var	0.00	0.00	2,483,315.84	0.00	0.00	2,483,315.84	
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	13,840,406.08	0.00	0.00	0.00	13,840,406.08	
D82 CP Rev.OCR T030	0.00	10,658,044.14	0.00	0.00	0.00	10,658,044.14	
D85 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	2,483,315.84	927,363.18	0.00	1,137,355.15	
VC on NP Sales	84,558,871.08	2,273,323.87	2,483,315.84	927,363.18	4,012.85	85,700,239.08	

Right-click on the amount '1,007,399.41' and select 'Line items' or click F9.

**STEP 3**

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

Display Actual Line Items: List

Save as... Save with

Layout: Layout description

Layout	Layout description
/D47-CC-VAR	D47-CC-variance analysis
<b>/D47-PPV</b>	<b>D47-Purchase price variance</b>
/D47-G35	lines D47 and G35 G85
/DIPH SG8A	
/E01	E01
/EC-DEP	
/EC-DEPPERIO	Period fixed cost and depreciation
/EIPA	All EIPA lines

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 :

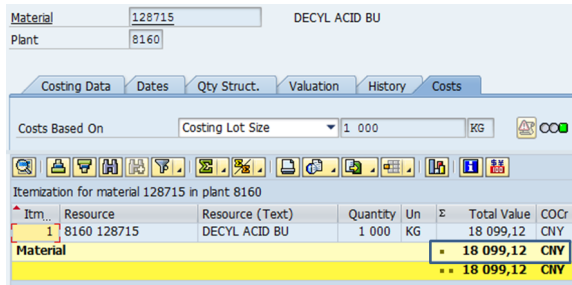
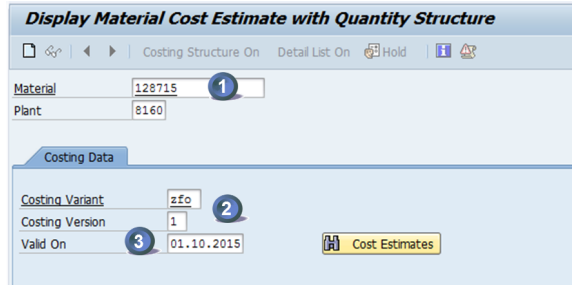
1. The material & plant code
2. The costing variant
3. The validity date

Enter ↵

and

The standard cost of the material code 128715 is

**18 099,12 CNY / 1 000 kg**



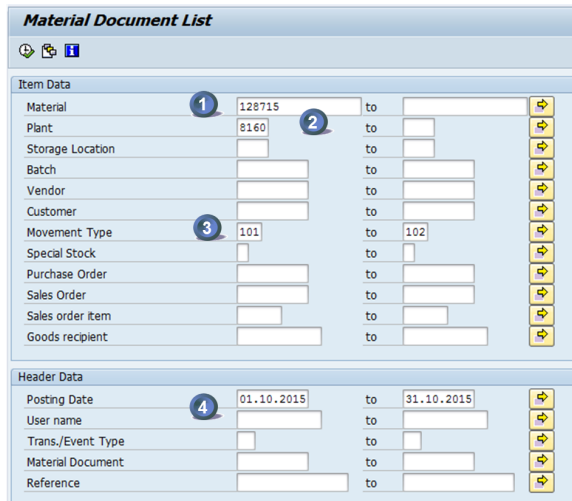
**STEP 5**

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

The list of purchase orders to be analysed is displayed



Material	Material Description	Plant Name 1	Item	Posting Date	Quantity in Unit of Measure	Amount in LC	Batch	Customer	Vendor
128715	DECYL ACID BU	8160 6524 Zhaoguang							
4510 101	S01766652	1 29.10.2015	20 040 KG	25 040 KG	562 706,36	4502507841	2151028008	128197	
4510 101	S01766628	1 29.10.2015	39 500 KG	39 500 KG	714 915,24	4502507796	2151028005	127941	
4510 101	S017659492	1 29.10.2015	39 470 KG	39 470 KG	714 372,27	4502507796	2151028006	127941	
4510 101	S017638263	1 27.10.2015	39 850 KG	39 850 KG	721 249,80	4502507796	2151027020	127941	
4510 101	S017628113	1 16.10.2015	39 740 KG	39 740 KG	719 259,03	4502507796	2151016009	127941	
4510 101	S017604890	1 10.10.2015	39 420 KG	39 420 KG	713 447,31	4502506340	2151010016	129143	
<b>Total:</b>					<b>218 020 KG</b>	<b>3 945 970,14</b>			

**STEP 6**

Display a purchase order to calculate the purchase price variance

- a - Quantity purchased
- b - Purchase price

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
<b>Tr./Ev. Delivery costs</b>							<b>39 420</b>	<b>0</b>	<b>5 806,56 CNY</b>
GR		10.10.2015	S017504930	1	10.10.2015		39 420	625 318,47	
<b>Tr./Ev. Goods receipt</b>							<b>0</b>	<b>39 420</b>	<b>625 318,47 CNY</b>

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

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

The image shows two screenshots of SAP IAC sheets. The left screenshot is for 'IAC 01.09' and the right is for 'IAC 01.02'. Both show a table with columns for Description, Normal capacity, and values for plant codes 7971-1000 and 7971-1001. An arrow points from the '2d-Activity TOTAL' sheet in the IAC 01.09 screenshot to the IAC 01.02 screenshot, indicating data transfer.

**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)"

The image shows a screenshot of the 'CC variance' sheet in SAP. It contains three tables. The first table, 'BUDGET in CNY', shows values for AMO, MACHI, and MANHO across different plant codes. The second table, 'HOURS', shows values for MACHI and MANHO. The third table, 'CC variance', shows columns for Code, Description, EBI FC Period, Normal capacity (year), Normal capacity (month), Budget (month), Actual hours, Standard capacity (h) (year), and Standard capacity (h) (month). Blue and green boxes highlight specific data points and arrows indicate the flow of information between the tables.

**STEP 3**

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

The price variance & the absorption variance will be automatically calculated

Cost centers	E81 FC Period	Normal capacity (year)	Normal capacity (month)	Budget (month)	Actual hours	Standard capacity (h)	Standard capacity (month)	A. price variance	% absorption variance	E81 + E80 Total CC variance	E80 FC absorption
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
9999-1000 Prod CC 1		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 2		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 3		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 4		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 5		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 6		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 7		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 8		0	0	0	0	0	0	0	0	0	0
9999-1000 Prod CC 9		0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>MANCH</b>										

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

**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 Solvay Shanghai - Direct Production

- 7971-1000 Compounding
  - 7971-1001 Packing **1**

Cost Center/Group: 7971-1000 Compounding **2**

Person responsible: 50001634 **3**

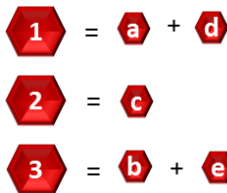
Reporting period: 1 to 1 2015

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-	924 980,41-
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-
<b>** Over/Underabsorption</b>		<b>1,74</b>

Activity Types	Act. Acty	Plan Acty
AMO Direct Depreciation	2 322,42 H	2 678,75 H
MANCH 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



Cost Center/Group: 7971-1000

Person responsible: 50001634

Reporting period: 1

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

Code	Description	E81 FC Period
7971-1000	Compounding	<b>1</b> 1208.931
7971-1001	Pack-aging	
<b>TOTAL MANCH</b>		<b>1208.931</b>
7971-1000	Compounding	<b>2</b> 801.937
7971-1001	Pack-aging	
<b>TOTAL MANHO</b>		<b>801.937</b>
<b>TOTAL CNP</b>		<b>2.080.868</b>

Code	Description	D30 DE period
7971-1000	Compounding	<b>3</b> 545.698
7971-1001	Pack-aging	
<b>TOTAL AMO</b>		<b>545.698</b>
<b>TOTAL AMO</b>		<b>545.698</b>

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	<b>a</b> 2 322,42 H
MANCH DIR FIX O/H (CNP) /h	<b>b</b> 2 322,42 H
MANHO Direct Labour	<b>c</b> 2 322,42 H

Code	Description	Actual hours
7971-1000	Compounding	<b>b</b> 2.322
7971-1001	Pack-aging	
<b>TOTAL MANCH</b>		<b>2.322</b>
7971-1000	Compounding	<b>c</b> 2.322
7971-1001	Pack-aging	
<b>TOTAL MANHO</b>		<b>2.322</b>
<b>TOTAL CNP</b>		<b>2.322</b>

Code	Description	Actual hours
7971-1000	Compounding	<b>a</b> 2.322
7971-1001	Pack-aging	0
<b>TOTAL AMO</b>		<b>2.322</b>
<b>TOTAL AMO</b>		<b>2.322</b>

**STEP 7**

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

Code	Description	a. price variance	b. absorption variance	E91 + E90 Total CC variance
7971-1001	Compounding	37,461	155,834	193,295
7971-1001	Packaging	-146,798	2,948	-143,850
<b>TOTAL</b>	<b>MACRI</b>	<b>-109,337</b>	<b>158,782</b>	<b>49,445</b>
7971-1001	Compounding	-173,844	153,645	-20,199
7971-1001	Packaging	1,992	4,982	2,990
<b>TOTAL</b>	<b>MABHO</b>	<b>-171,852</b>	<b>158,627</b>	<b>-13,225</b>
<b>TOTAL CHP</b>		<b>-280,189</b>	<b>317,409</b>	<b>37,220</b>

Code	Description	a. price variance	b. absorption variance	D90 + F90 Total CC variance
7971-1001	Compounding	635	72,487	73,122
7971-1001	Packaging	3,337	1,544	4,881
<b>TOTAL</b>	<b>AMO</b>	<b>3,972</b>	<b>74,031</b>	<b>78,003</b>
<b>TOTAL AMO</b>		<b>3,972</b>	<b>74,031</b>	<b>78,003</b>

January

<b>E00 FC Fixed Costs</b>	<b>2,025,287</b>
<b>4.CC variance (E01-E90)</b>	<b>49,446</b>
a. price variance	-237,373
b. absorption variance	286,819
<b>FC on production</b>	<b>2,074,733</b>
<b>F00 DEP Depreciation</b>	<b>581,344</b>
<b>4.CC variance (D90-F90)</b>	<b>78,282</b>
a. price variance	4,272
b. absorption variance	74,010
<b>DEP on production</b>	<b>659,627</b>