

CBS - Function costs

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Scope

- Worldwide
- All consolidated legal entities in PF1, P11, WP1

Users

- Corporate Controlling Controllers : at aggregated level, to report to COMEX -> query synthesis
- Function Controllers : at detailed level, to pilot activity of their Function / scope -> query by function
- Accountants : for reconciliation ERP / BW / FC -> query by company

Authorizations

- Function x Company Code

Structures

The structure is based on:

- The [Cost Centers hierarchy ZCBS](#)
- The [Cost Elements Group ZRCS-FC](#)

Function costs are split in 4 parts:

- Corporate (not re-invoiced)
- Function services (re-invoiced and under guarantee)
- R&D and engineering projects
- Interco flows - It allows the identification of inter-company billing at company level

Costs included in the report:

- Actual costs only: Statistical costs are not taken into account
- IFRS rules only: Costs posted using local gaap accounts are excluded (Brazilian entities)
- Costs posted on CBS (Corporate Business Services) cost centers (directly or through orders or WBS). It corresponds to the cost centers included in the following groups of the [cost centers hierarchy ZCBS](#):
 - ZCBS-CORPO = Corporate
 - ZCBS-FUNCT = Function services
 - ZCBS-PROJ =Projects
 - ZCBS-ICO = Interco
- Costs are organized with the [cost elements group ZRCS-FC](#)
- Inter-company re-invoiced function service costs should be posted on cost centers of the group ZCBS-ICO

Function cost tracking reports

Design

5 queries available, corresponding to 2 approaches

- Point of entry : function(s) or company(ies)
- End of month (final settlement on function CC) or During the month (link to function CC before settlement)

		End of Month	During the Month
		to be used for reporting after the closing when all costs posted in orders are settled on CBS cost centers	to be used during the month when orders are not yet settled
By Function	function controlling	BW_QRY_MPR_FC001_001 ★ BW_QRY_MPR_FC001_005	BW_QRY_MPR_FC001_003
	corporate controlling		
By company	local controlling	BW_QRY_MPR_FC001_002 ★★	BW_QRY_MPR_FC001_004

★ BW_QRY_MPR_FC001_001 CBS Functions - end of month => for reporting to corporate controlling

★★ BW_QRY_MPR_FC001_002 CBS Functions by companies => for reconciliation FC vs BW

Possibility to analyze a “one-level-up” cost cascade

Data

- CO documents: actual costs in local currency + report in other currency with BFC exchange rate
- Entries on Cost Centers, Orders and WBS elements
- Postings to COPA & Local Gaap cost elements are excluded

“Synthesis” & “Function – end of month” reports

Additional axis : Structure with 6 categories

	Category	Definition	Example
(1)	Gross	All costs excluding depreciation before any deduction (sales, capitalization, etc...)	all labour costs + travel + services + ...
(2)	Depreciation	Postings with depreciation cost elements	depreciation costs
(3)	Sales	postings with sales cost elements (excluding capitalization) + postings with all other cost elements linked to Invoicing WBS element (partners with object class “Profitability Analysis”)	activity (man Hr) posted on invoicing WBS -> time spent on IT project reinvoced to customer
(4)	Costs going to be capitalized	postings linked to Investment WBS or Orders (partners with object class “Investment”)	activity (man Hr) posted on investment WBS -> time spent on IT project for development phase
(5)	Cost transferred ★	Credits from overheads CC WBS IO (partners with class object “Overheads” - excluding sales cost elements)	activity (man Hr) posted on overhead WBS -> time spent on IT project for training phase
	Net Function	Balance of the cost center	(1) + (2) - (3) - (4) - (5)
	★	postings on function CC from WBS or internal order settlement are classified in Gross	

BW Reports

Synthesis

- Costs posted on function cost centers only
- Categorization of costs following the structure described in the slide ""Synthesis" & "Function – end of month" report".
- Highest level of detail: cost center x cost element
- The sign of the amount is seen from the function cost center (+: costs increase / -: costs decrease)
- [List of characteristics available](#)

Functions – End of month

- Costs posted on function cost centers only
- Categorization of costs following the structure described in the slide ""Synthesis" & "Function – end of month" report".
- Highest level of detail: partner CO object
- The sign of the amount is seen from the function cost center (+: costs increase / -: costs decrease)
- [List of characteristics available](#)

Functions – During the month

- Costs posted on function cost centers and CO objects with function CC as responsible CC
- No categorization of costs
- Highest level of detail: partner CO object
- The sign of the amount is seen from the function cost center (+: costs increase / -: costs decrease)
- [List of characteristics available](#)

Functions by Company – End of month

- Costs posted on function cost centers only
- No categorization of costs
- Highest level of detail: partner CO object
- The sign of the amount is seen from the function cost center (+: costs increase / -: costs decrease)
- [List of characteristics available](#)

Functions by companies – During the month

- Costs posted on function cost centers and CO objects with function CC as responsible CC
- No categorization of costs
- Highest level of detail: partner CO object
- The sign of the amount is seen from the function cost center (+: costs increase / -: costs decrease)
- [List of characteristics available](#)
- Same layout as "Functions – During the month"

Characteristics available in CBS reports

Characteristic		Synthesis	Functions – End of month	Functions by Companies – End of Month	Reports – During month
0 – Hierarchy	Level 0 of ZCBS hierarchy	X	X	X	X
1 – Organization	Level 1 of ZCBS hierarchy	X	X	X	X
2 – Function	Level 2 of ZCBS hierarchy	X	X	X	X
3 – Sub-Funct Group	Level 3 of ZCBS hierarchy	X	X	X	X
4 – Sub-Function	Level 4 of ZCBS hierarchy	X	X	X	X
Controlling area	Controlling area of the function CC	X	X	X	X
Company	Company of the function CC	X	X	X	X
Country	Country of the company	X	X	X	X
Geographical zone	Zone to which the country is attached	X	X	X	X
Cost center	Function cost center	X	X	X	X
Responsible Cost Center	Function CC responsible of an order or a WBS element				X
WBS element	WBS element with a function CC as a responsible CC				X
Order	Order with a function CC as a responsible CC				X

Fixed Cost Group 1	Level 2 of ZRCS-FC hierarchy	X	X	X	X
Fixed Cost Group 2	Level 3 of ZRCS-FC hierarchy	X	X	X	X
Fixed Cost Group 3	Level 4 of ZRCS-FC hierarchy	X	X	X	X
Cost Element	Cost element used to post function costs	X	X	X	X
Partner Cost Center	Cost center with which the function CC exchanges costs (credit or debit)		X	X	X
Partner Activity Type	Type of activity used to transfer costs to the function CC from a partner CC		X	X	X
Partner WBS element	WBS with which the function CC exchanges costs (credit or debit/Posting or settlement)		X	X	X
Partner Order	order with which the function CC exchanges costs (credit or debit/Posting or settlement)		X	X	X
Partner Vendor	Vendor in purchase flows		X	X	
Sender / Receiver	indicator that identifies the direction of the posting		X	X	X
Cost Structure	slide ""Synthesis" & "Function – end of month" reports	X	X		