

WP2 Costing Model Budget

What is the Costing Model?

Costing model is the process which explains the way fixed costs and depreciations are allocated to product costing in order to determine the cost of sales and inventory valuation.

When does it occur and how is it prepared?

Once a year (around November) the plant costing model is prepared for the next year. FRA (Finance Responsible Assigned) are in charge of preparing the costing model based on the budget using the respective template of WP2. FRA asks for the validation of the GCCO (GBU Costing Control Owner) and PM (Plant Manager).

All this process has to be completed before the validation of the Costing Run of 01.Year N+1.

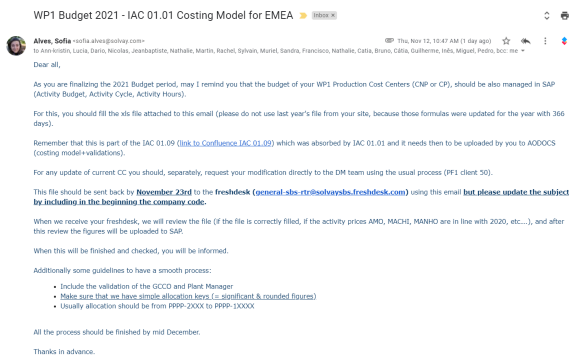
Who performs the costing model in SAP?

SU MAC (Service Unit Management Accounting) receives the costing models prepared by each FRA of his/her zone and perform the respective update in SAP.

SU MAC is making sure that costing model has been reviewed and validated by the GCCO for each plant in the scope of internal control.

After Costing Model is uploaded in SAP, a consistency check has to be made between SAP and the excel file.

On a yearly basis (around the 10th of November), an email is sent to all FRA requesting to prepare the costing model for the next year.



Scope



WW

ERP

WP2

Frequency

Yearly

Useful links

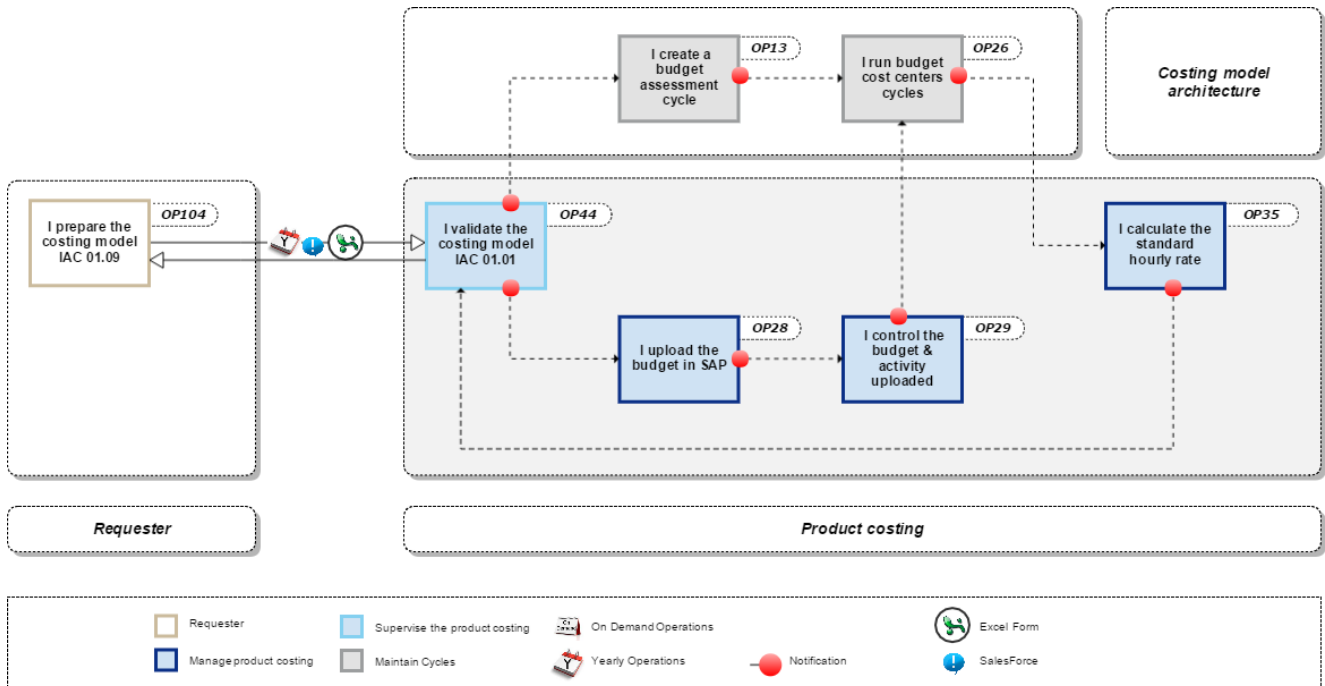
The Costing Model is controlled in a google sheet, in order to cover all the information needed.

[Link to the file.](#)

Country	Company	Company Name	Plant	Plant Name	Contacts	Emails	Ticket / Email subject	Person handling the ticket	Validation from GCCO & PM	Budget Cycle Name	Status Budget Cycles	Specificities of the file or Cycle
DE	6111	SOLVAY P&S GMBH	8167	Genthin	Ann-Kristin Kasper	ann-kristin.kasper@solvay.com	Ticket #4913838	Guilherme	YES	8167BU	Done	For the cycles: - CC 8167-1000 must have 4 segments with Sender CE and Assessment CE (note that we need to add manually the assessment CE and sender CE based in the CE posted in the CC credit)
DE	7772	CYTEC ENG MAT (DE)	8347	Oestringen	Wolfram Rinderle / Carl Machado / Bryan Jacobs	wolfram.rinderle@solvay.com carl.machado@solvay.com bryan.jacobs@solvay.com	Ticket #4989810	Guilherme	YES	8347BU	Done	
NL	6301	SOLVAY SOLUTIONS NEDERLAND B.V	8298	Moerdijk	Ann-Kristin Kasper	ann-kristin.kasper@solvay.com	Ticket #4914054	Cátia Silva / Sofia	YES	8298BU	Done	2c) CC 8298-2000: we cannot use 1 segment with allocation structure CM, because of the labor costs direct. We have to create 3 segments: AMO with sender CE 98300100, CNP with sender CE 98300207 and MANHO with sender CE 98300041
IT	8090	SOLVAY SOLUTIONS ITALIA	0087	Livorno	Lucia Morelli	lucia.morelli@solvay.com	Ticket #4927575	Inês / Sofia	YES	0087BU	Done	NA
IT	8090	SOLVAY SOLUTIONS ITALIA	7851	Ospiate Di Bollate	Dario Castagnanova	dario.castagnanova@solvay.com	Ticket #4949849	Inês	YES	7851BU	Done	NA
FR	ZFR3	RHODIA OPERATIONS	7512	Clamecy	Nicolas Humbert	Nicolas.Humbert@solvay.com	Ticket #4913839	Cátia / FO team	YES	7512BU 7512B1	Done	2c) 7512-2009 must have 4 segments (AMO, MACH1, MANHO and CNP). This can be seen in transaction S_AUR_87013651 to know which sender Cost Element to use based in the CE posted in the CC Debit); 2d) All CCs allocating depreciation must be included in a separated cycle (7512B1) using as Sender CE the CE posted in the line items
FR	ZFR3	RHODIA OPERATIONS	7622	Collonges	Jean-baptiste Legouy	Jean-baptiste.Legouy@solvay.com	Ticket #4918605	Cátia / FO team	YES	7622B1 7622BU	Done	2a) CC starting with ZFR3 need to be updated separately using "ZFR3" in SAP instead of "7666"
FR	ZFR3	RHODIA OPERATIONS	7666	Melle	Nathalie Marche	nathalie.marche@solvay.com	Ticket #4913839	Cátia / Sofia	YES	7666B1 7666BU	Done	2a) 7666-1039 must have 2 segments with Sender CE and Assessment CE (copy from last year) CC 7677-1012 needs to be MACH12 instead of MACH1. CC 7677-1045 needs to be LABOUD instead of MACH1.
FR	ZFR3	RHODIA OPERATIONS	7677	La Rochelle	Martin Heliot	Martin.Heliot@solvay.com	Ticket #4935261	Cátia / FO team	YES	7677B1 7677BU	Done	For CC 7677-1012, as it has depreciation but in the excel file he wants to have all costs in MACH12, we need to update the segment picking sender CE ZNCS-AMO, but with assessment CE from Fixed Costs (...375). 99423052 Also, the file should be updated (last sheet) including a red line with CC 7677-1017, depreciation amount, in order to eliminate the AMO amount - And update the SUJH in the end of the file, to consider all lines until this new one (Check email Fixed WPI Budget 2017 - IAC 01-09 Costing model for EMEA Plant with Production)
FR	ZFR3	RHODIA OPERATIONS	7681	Saint-Fons Chimie	Rachel Buisson / Sylvain Mazeres	Rachel.BUISSON@solvay.com Sylvain.mazeres@solvay.com	Ticket #4981440	Cátia / FO team	YES	7681BU	Done	Cycle using receiver CC group 7681BUDGET
FR	ZFR3	RHODIA OPERATIONS	7682	Salindres	Muriel Zuncheddu	muriel.zuncheddu@solvay.com	Ticket #4917124	Cátia / FO team	YES	7682BU	Done	

Costing Model overall process

The Costing Model process is composed by several main steps.



Useful links:

[IAC 01.01. Costing model validation](#)

[Costing Model - Process Steps](#)

Please take in consideration if it is a "normal year" with 365 days or a "leap year" with 366 days.

Validate all the information of the file in each sheet.

Confluence link: [SBS-OP-DRTR-02-044 - IAC 01.01. Costing model validation](#)

Steps:

- Upload the budget in SAP
- Check the budget & activity uploaded
- Create the budget assessment cycle(s)
- Run budget cycle(s)
- Check cost centers balance
- Calculate the standard hourly rate
- Compare the costing model with SAP
- Create the actual assessment cycle(s)

Upload the budget in SAP

Upload the budget

- Check sheet "2a-Activity Budget"
- Prepare the information of column "Normal capacity" using the function ROUNDUP, to round number upwards.

Upload the activity hours

- Check sheet "2b-Activity Hours"

Confluence Link: [SBS-OP-DRTR-02-028 - I upload the budget information into the system](#)

Check the budget & activity uploaded

Check the cost centers data are aligned on the budget file

Compare the data of the cost centers, in sheets "2a-Activity Budget" and "2b-Activity Hours", with transaction code S_ALR_87013611, to check if they are matching.

Confluence Link: [SBS-OP-DRTR-02-029 - I control the budget & activity uploaded](#)

Create the budget assessment cycle(s)

After receiving the file, please check sheets: "2c-Activity Cycles" and "1-Cost centers"

Cost centers		8035-1000	8035-1001	8035-1002	8035-1003	8035-1004
8035-2100	ZJG GM	40	10	4	36	10
8035-2101	ZJG Plant Manager	40	10	4	36	10
8035-2102	ZJG PlantSupervisor1	40	10	4	36	10
8035-2103	ZJG PlantSupervisor2	40	10	4	36	10
8035-2200	Taxes and Insurance	40	10	4	36	10
8035-2201	HSE Supplies	40	10	4	36	10
8035-2202	Utilities - Power	40	10	4	36	10
8035-2203	Utilities - Water	40	10	4	36	10
8035-2204	Quality assurance	40	10	4	36	10
8035-2205	Quality control lab	40	10	4	36	10

A	B	C	M	N
CoCod	Cost Ctr	Description	Responsible	Group
7810	8035-2100	ZJG GM	Correct	EPRD6X PRODUCTION - INDIRECT
7810	8035-2101	ZJG Plant Manager	Correct	EPRD6X PRODUCTION - INDIRECT
7810	8035-2102	ZJG Plant Supervisor 1	Correct	EPRD6X PRODUCTION - INDIRECT
7810	8035-2103	ZJG Plant Supervisor 2	Correct	EPRD6X PRODUCTION - INDIRECT
7810	8035-2200	Taxes and Insurance	Correct	EPRD6X PRODUCTION - INDIRECT
7810	8035-2201	HSE Supplies	Correct	EPRD54 HEALTH, SECURITY & SAFETY
7810	8035-2202	Utilities - Power	Correct	EPRD4X UTILITES FIXED COSTS
7810	8035-2203	Utilities - Water	Correct	EPRD4X UTILITES FIXED COSTS
7810	8035-2204	Quality assurance	Correct	EPRD57 QUALITY
7810	8035-2205	Quality control laboratory	Correct	EPRD3X QUALITY LABORATORY
7810	8035-2206	Finance	Correct	EPRD52 FUNCTIONS
7810	8035-2207	HSE	Correct	EPRD52 FUNCTIONS
7810	8035-2208	Purchasing	Correct	EPRD52 FUNCTIONS
7810	8035-2209	HR	Correct	EPRD52 FUNCTIONS
7810	8035-2300	Production Support/Maintenance	Correct	EPRD1X MAINTENANCE
7810	8035-2400	Logistic In	Correct	EPRD51 INTERNAL LOGISTIC
7810	8035-2401	Warehousing	Correct	EPRD51 INTERNAL LOGISTIC
7810	8035-2402	Technology - Manager Office	Correct	EPRD2X TECHNICAL ASSISTANCE
7810	8035-2403	Technology - Product Development	Correct	EPRD2X TECHNICAL ASSISTANCE

Read me first | 1-Cost centers | **2a-Activity Budget** | 2b-Activity Hours | 2c-Activity Cycles | 2d-Activity TOTAL

The rule is cost center with codification PPPP-2* should be allocated to cost centres with codification PPP-1*.

After, create the budget cycle by using transaction code **KSU7**.

Confluence Link: [SBS-OP-DRTR-02-013 - I create a budget assessment cycle](#)

Run budget cycle(s)

After the budget cycle is created and the budget is uploaded in SAP, we can run the budget cycle.

Transaction code **KSUB**.

Confluence Link: [SBS-OP-DRTR-02-026 - I run budget cost centers cycles](#)

Check Cost Centers Balance

Check the cost centers are balanced.

Confluence Link: [SBS-OP-DRTR-02-029 - I control the budget & activity uploaded](#)

Calculate the standard hourly rate

After cycle run and the related cost centers are balanced, we need to calculate the standard hourly rates (activity rates) and after control the result

Transaction code **KSPI**

Transaction code **KSBT**

Confluence Link: [SBS-OP-DRTR-02-035 - I calculate the standard hourly rate](#)

Compare the costing model with SAP

After costing model is uploaded in SAP, we must compare the activity rates calculated in the system with what is in the file sent by the FRA.

Transaction **KSBT**

Excel file

Activity Type Price Report: Overview Screen						Description	Normal capacity KRW	7603-1021	7603-1221
Cost Center Group 7603 Activity Type Version 0 Fiscal Year 2015 Period 1 To 12 Price unit 1						Depreciation	9.499.600.000	4.460.000.000	91.500.000
						Labor costs dir	10.406.000.000	4.169.000.000	-
						Labor costs ind	-	-	-
						Maintenance	17.984.000.000	7.791.000.000	-
						Other CNP	-	-	-
						AMO	9.499.600.000	4.460.000.000	91.500.000
						MACHI	17.984.000.000	7.791.000.000	-
						MANHO	10.406.000.000	4.169.000.000	-
						AMO		8.280	8.280
						MACHI		8.280	8.280
						MANHO		8.280	8.280
						AMO		538.647	11.051
						MACHI		940.942	-
						MANHO		503.502	-
dget < 2b-Activity Hours < 2c-Activity Cycles < 2d-Activity TOTAL									

Confluence Link: [SBS-OP-DRTR-02-044 - IAC 01.01. Costing model validation](#)

Create the actual assessment cycle(s)

Every year, January closing should be prepared with the creation of new cycles. After the validation of the budget cycle "PPPPBU", we need to create the assessment cycle "PPPPCO" with reference of the new budget.

If you know in advance that no major changes are required for the new cycles, the "easiest" way to do this is to create the new cycle by copy of the one of previous year. After, you need to change the end date and the description of the cycle (if needed).

Confluence Link: [SBS-OP-DRTR-02-027 - I create the actual assessment cycle](#)

Cycle creation – Transaction code KSU1

If you know in advance that no major changes are required for the new cycles, the "easiest" way to do this is to create the new cycle by copy of the one of previous year. After, you need to change the end date and the description of the cycle (if needed).

Please take special attention to the percentages to be used in the new cycle and check if they changed, comparing with previous year.

Create Actual Assessment Cycle: Initial Screen

Controlling Area
Cycle
Start Date

Copy from
Cycle
Start Date
Controlling Area

Controlling Area Solvay Europe
Cycle Status
Start Date To
Text

Indicators
 Iterative
 Cumulative
 Cumulated Opt

Field Groups
 Object Currency
 Transaction Currency