CO 1: Review Cost Center Standard Hierarchy

**Exercise** Review the cost center standard hierarchy.

**Task** Use the SAP Easy Access Menu to review the cost center standard hierarchy.

**Name (Position)** Jamie Shamblin (Cost Accountant)

The cost center structure is a hierarchically organized data object that is used to assign and capture costs in a meaningful manner thereby permitting managerial accounting analyses that support decision-making. A cost center is an area of responsibility within a company that is deemed to be accountable for incurring and influencing costs.

In order to review the cost center standard hierarchy, follow the SAP Easy Access menu path:

**Accounting ► Controlling ► Cost Center Accounting ► Master Data ► Standard Hierarchy ► Display**

In the Set Controlling Area window, press F4 to display a list of controlling areas defined in GBI. You should see the following screen.

![Set Controlling Area Window](image)

Double-click on the GBI North America controlling area (NA00) to select it.

Back on the Set Controlling Area screen with controlling area NA00 filled in, click on ✅ or press Enter. This should produce the following screen.

![Set Controlling Area Screen](image)

Initially, the system displays the root folder NA00 (GBI North America CCtr. Std. Hierarchy) and its second level elements. Clicking on the triangle will expand that section to display lower level groups or individual cost centers.

Opening the first sub-level folder (Corporate), reveals the third-level folders shown below.
EXERCISE

You may single-click on the root folder and choose the button to expand the subtree completely. The systems displays you now the complete hierarchy.

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<table>
<thead>
<tr>
<th>Standard Hierarchy</th>
<th>Name</th>
<th>Activation stati...</th>
<th>Person respons...</th>
<th>Company code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N1000</td>
<td>Corporate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N1100</td>
<td>Executive Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N1200</td>
<td>Internal Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N2000</td>
<td>Administration and Financials</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N3000</td>
<td>Marketing &amp; Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N4000</td>
<td>Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N5000</td>
<td>Information Technology</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
```

Double-clicking on any element displays details on the bottom of the screen.

What is N5000?  
What is NAMK1000?  

Click on the exit icon to return to the SAP Easy Access screen.
EXERCISE

CO 2: Display Cost Elements

**Exercise** Display cost elements.  
**Time** 10 min

**Task** Use the SAP Easy Access Menu to display primary and secondary cost elements.

**Name (Position)** Jamie Shamblin (Cost Accountant)

Primary cost elements have a one-to-one relationship with expense accounts activated for a chart of accounts. They serve to establish postings between FI and CO thereby permitting the sharing of information between financial and managerial accountants. In effect, costs that are entered into an expense account that has been associated with a primary cost element will be posted to both the financial and managerial accounting systems concurrently. Secondary cost elements are exclusive to managerial accounting. They are used to distribute and/or divide expenses thereby assigning costs to responsible parties exclusively within the managerial accounting system.

To review cost elements, follow the menu path:

**Accounting ► Controlling ► Cost Element Accounting ► Master Data ► Cost Element ► Individual Processing ► Display**

This takes you to the Display Cost Element: Initial Screen. Because you do not know any element IDs, you need to find them. In order to do so, in the Cost Element field press **F4**.

In the Cost Element (1) screen, navigate to the Cost element tab (second tab). In the CElem category field, press **F4** again.
EXERCISE

From the list of all cost element categories defined in the SAP system, double-click on Primary costs/cost-reducing revenues (1).

Back on the Cost element (1) screen, press Enter or click on to display all primary cost elements defined in the GBI North America controlling area.

Double-click on LABOR (700000) to select it. Back on the Display Cost Element: Initial Screen and with the correct Cost Element number filled in, press Enter.

What is this cost element’s validity period?  

Click on to go back to the Display Cost Element: Initial Screen. Now, you want to display a secondary cost element. In the Cost Element field, press again. This time, on the Cost element tab, leave the CElem category field blank and click on or press Enter to display the complete list of cost elements in North America (including secondary cost elements).
Double-click on LABOR (800000) to select it. Back on the Display Cost Element: Initial Screen, press Enter.

What is this cost element’s CElem category? _______________________

Can you explain the difference between cost element Labor (700000) and Labor (800000)?

Click on the exit icon twice to return to the SAP Easy Access screen.
CO 3: Display Cost Element Groups

**Exercise** Display cost element groups.

**Task** Use the SAP Easy Access Menu to display existing cost element groups.

**Name (Position)** Jamie Shamblin (Cost Accountant)

These groups facilitate working with both primary and secondary cost elements by creating logical groupings. A cost element “group” is an organizational unit consisting of a particular collection of cost elements.

To review cost element groups, follow the menu path:

**Accounting ► Controlling ► Cost Element Accounting ► Master Data ► Cost Element Group ► Display**

In the Display Cost element group: Initial Screen, press **F4**. In the following Cost Element Group selection screen, the Chart of Accounts is already entered. Simply press Enter or click on ✅ to display all GBI cost element groups.

Double-click on the cost element group for all primary cost elements in North America (NAPRIM1000). Back on the initial screen, press Enter.
In this interactive list, you can double-click on any cost element to display its master data details. As an example, double-click on Rent Expense (740300).

Click on twice to go back to the Display Cost element group: Initial Screen and repeat the same procedure for the secondary cost elements in Europe.

What is the unique number for cost element group “EU Secondary Cost Element Total”? ________________

Click on the exit icon until you are back on the SAP Easy Access screen.
CO 4: Display Individual Line Items

**Exercise** Display individual line items

**Task** Use the SAP Easy Access Menu to display line items for the North America Internal Services cost center and its primary cost elements.

**Name (Position)** Jamie Shamblin (Cost Accountant)

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Note: You need to have successfully processed exercise FI 6 (Post Purchase of Office Supplies) from the set of Financial Accounting exercises in order to do this CO exercise!

To display cost center line items, follow the menu path:

**Accounting ▶ Controlling ▶ Cost Center Accounting ▶ Information System ▶ Reports for Cost Center Accounting ▶ Line items ▶ Cost Centers: Actual Line Items**

In the Cost Center field (left), find and select cost center Internal Services (NAIS1000). Make sure to delete any entries in the Cost Center Group, Cost Element and Cost Element Group fields. If not already entered, select the **current month** as Posting Date (enter first and last day of month).

Then, click on 📅.

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**Display Actual Cost Line Items for Cost Centers:**

**Cost Center:** NAIS1000  
**Posting Date:** 05/01/2010 to 05/31/2010
As you may remember, in the FI exercise you posted office supply expenses in of $80.00 to your alternate bank account. Here, you see the impact on the CO side of the posting.

Note: In your screen, you may see multiple lines of $80.00 supply expenses. Remember that you share the same company code with its set of books with your fellow students analogous to employees in GBI’s accounting department.

Double-click on any line to display the corresponding FI document.

Click on ☑️ twice and choose Yes to exit the line item list. Then, repeat the procedure for cost center North America IT Costs (NAIT1000) to find the $95.00 software expenses from the FI exercise.

Click on the exit icon ☑️ until you are back on the SAP Easy Access screen.