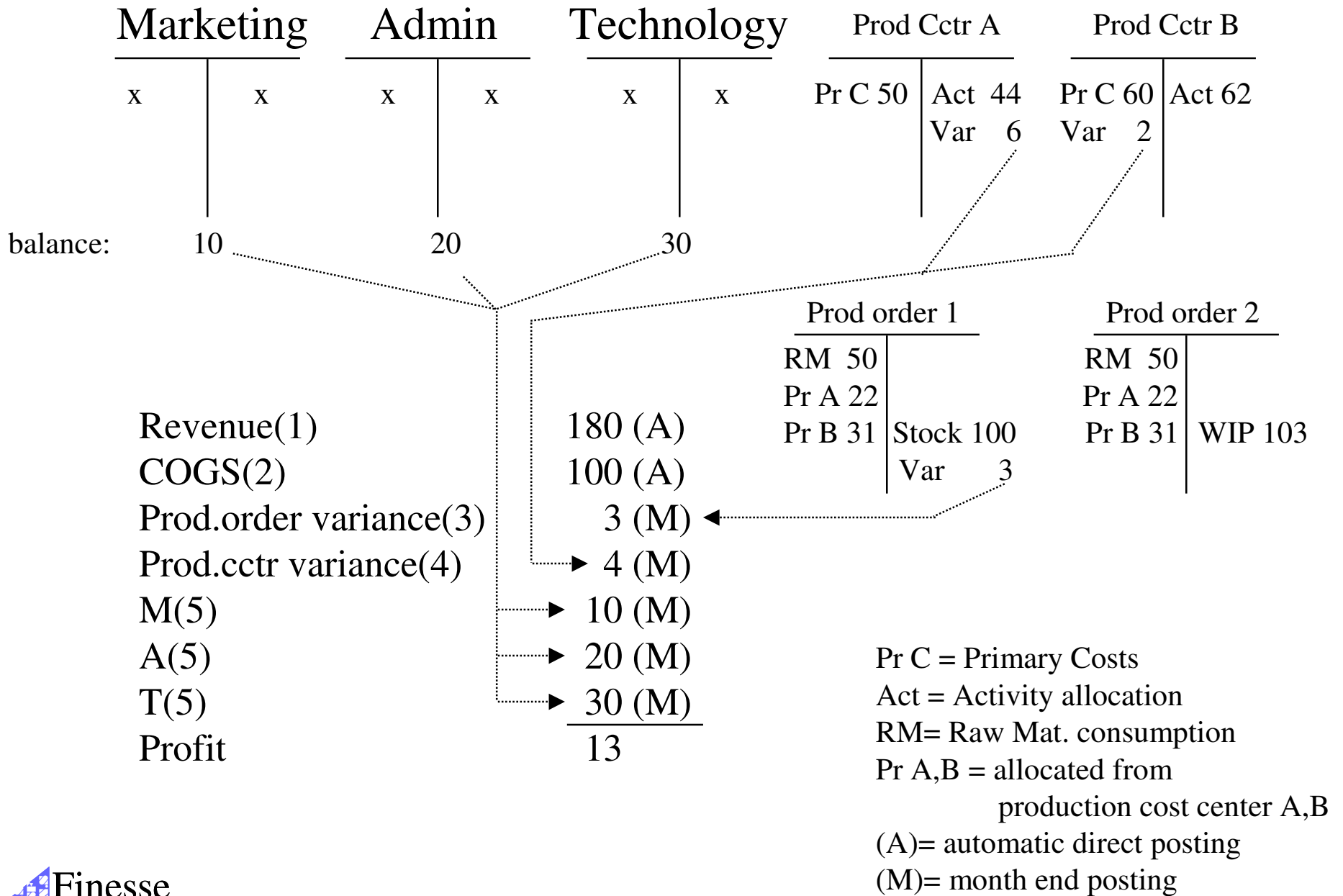


Cost of sales versus Profit Center Accounting Example

- One product, sales price 180, standard cost 100.
- The current period, one product is made and sold, one is still in WIP.
- Primary costs are posted to cost centers, cost centers charge to production orders.
- The following postings are made:
 - 1 Revenue posting from SD.
 - 2 Cogs posting from SD.
 - 3 Settlement of production order variance to FI/CO-PA.
 - 4 Month end assessment of cost center variances.
 - 5 Month end assessment of M,A and T cost.

Financial reporting: COPA/FI-SL



Alternative P&L reporting

Standard FI income statement

Revenue		180	
COGS	100		
MAT costs (split by prime elements)	60		
Production costs (same)	210		
Factory output		206	
Production order variance	3		
	373	386	Profit = 13

Income statement in CO-PCA

Revenue		180
Primary production costs (split by prime element)		210
MAT costs (same)		60
Changes in WIP/Finished goods inventory		103 -/-
Profit		13