



## Activity Based Costing

SYSPRO's Activity Based Costing solution allows for the accumulation and recovery of costs associated with the purchasing, manufacturing and selling of items and thereby improved accuracy in calculating product profitability. Overhead costs are accumulated against items by attaching elements of cost at the transition point of purchasing, manufacturing, or selling.

### The Value of Activity Based Costing

- Adopt a migration approach, recovering additional overheads according to an implementation plan
- Attach user-defined elements of costs to transition points in the purchase, production and sale of products
- Appropriate pre-production costs as stock is received from purchasing
- Apportion manufacturing costs as stock is received from Work in Progress
- Distribute post-production costs through cost of sales as the final item is invoiced
- Calculate single batch or item based activities

### Matching Activity Based Costing to your business

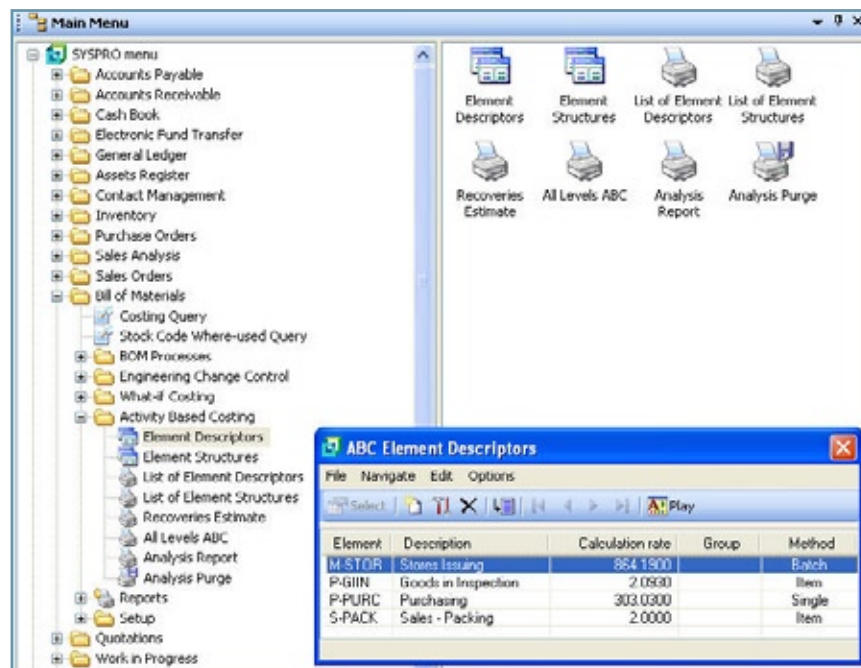
- Define the cost elements required that are to be allocated to stock
- Assign the drive quantities for each element
- Run Activity Based Costing parallel to traditional costing during implementation
- Estimate appropriate recovering rates using system-generated estimates

### Integration

- Integrates with the following modules:
  - Bill of Materials (Essential)
  - Inventory (Essential)
  - General Ledger
  - Sales Orders
  - Purchase Orders
  - Work in Progress

### Audit trails and reporting

- The ABC costing variance account is designed to accumulate rounding errors that can arise during processing of a receipt into stock
- The Recoveries Estimate Report program produces a report of the expected overhead recoveries relative to the quantity of the stock item processed
- The ABC Analysis Report program prints a report listing of all the recoveries made against various elements according to a specific ledger period or all ledger periods



The screenshot displays the SYSPRO software interface. On the left is the 'Main Menu' tree view, which includes various modules such as Accounts Payable, Accounts Receivable, Cash Book, Electronic Fund Transfer, General Ledger, Assets Register, Contact Management, Inventory, Purchase Orders, Sales Analysis, Sales Orders, Bill of Materials, Costing Query, Stock Code Where-used Query, BOM Processes, Engineering Change Control, What-if Costing, and Activity Based Costing. The 'Activity Based Costing' folder is expanded, showing sub-items like Element Descriptors, Element Structures, List of Element Descriptors, List of Element Structures, Recoveries Estimate, All Levels ABC, Analysis Report, and Analysis Purge. On the right side of the main menu, there are icons for Element Descriptors, Element Structures, List of Element Descriptors, List of Element Structures, Recoveries Estimate, All Levels ABC, Analysis Report, and Analysis Purge. In the foreground, the 'ABC Element Descriptors' window is open, displaying a table with the following data:

| Element | Description         | Calculation rate | Group | Method |
|---------|---------------------|------------------|-------|--------|
| M-STOR  | Stores Issuing      | 864.1900         |       | Batch  |
| P-GIIN  | Goods in Inspection | 2.0900           |       | Item   |
| P-PURC  | Purchasing          | 303.0300         |       | Single |
| S-PACK  | Sales - Packing     | 2.0000           |       | Item   |