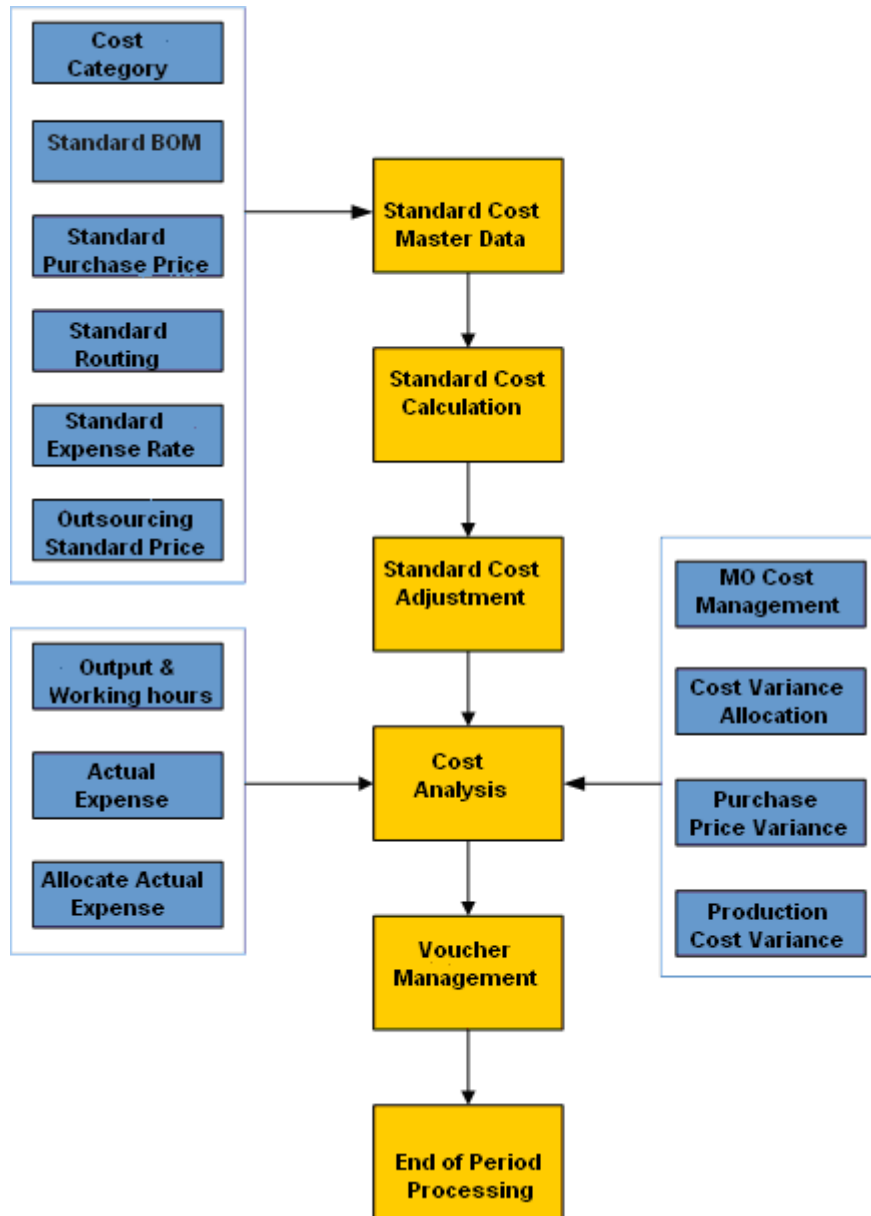


Standard Costing

Introduction

Kingdee K/3 Standard Costing module is designed for entities with high standard management level. Rather than assigning the actual costs of direct material, direct labor, and manufacturing overhead to a product, many manufacturers assign the expected or standard cost. This means that a manufacturer's inventories and cost of goods sold will begin with amounts reflecting the standard costs, not the actual costs, of a product. Manufacturers, of course, still have to pay the actual costs. As a result there are almost always differences between the actual costs and the standard costs, and those differences are known as variances. These variances will be booked to P&L. Standard costing usually runs together with Purchase, Warehouse modules. Besides that, it can also be integrated with Manufacturing Order (MO), Shop Floor Control (SFC), General Ledger and Payroll modules in order to provide an overall data integration and analysis solution.

Process



Functions

1、 Standard cost generation

You may apply standard cost management on specified material, specified manufacturing order or manufacturing operation. For purchased material, standard cost is standard purchase price and is maintained in the system manually. For manufactured product, standard cost is the result of a roll-up from standard BOM, standard routing, etc. System can do roll-up automatically so as to help you improve the efficiency of standard cost calculation. Standard cost explosion report displays the detailed composition of standard cost like direct material, director labor and overhead.

0	1	Levels	Material Code	Material Name	BUoM	Cost BOM	Cost Routing Code	Cost Routing Name	Cost Item Code	Cost Item Name	Consumption / Standard Hour	Standard Unit Price / Rate	Standard Cost
		0	SC101	Subcontract	Piece	BOM000001							110.54
		0											29.12
		0											23.39
		.1	RM102	Purchase	Piece				4001	Direct	2.3392	10.00	23.39
		.1	ZBOLT	ZBolt	Piece				4001	Direct	1.1455	5.00	5.73
		0							4004	Material			0.87
		0							4005	Subcontract			80.55

2、 Standard Costing

All the stock-in and stock-out transactions are recorded based on standard cost. By generating journal entry at the moment transaction takes place, managers can query cost report in a real time manner. This makes it possible for managers to be focused on key problems, seeking root cause and therefore taking measures to improve cost control.

3、 Variance Analysis

Cost variance analysis reports display variance between standard cost and actual cost. Variance will be a debit or credit item of overhead. Variance can be logically classified into two types as price variance and quantity variance. On the other side, it can also be sorted as purchase variance and production variance from the point variance happens. Purchase receipt variance report displays PPV (purchase receipt price versus purchase order) and IPV (purchase invoice price versus purchase order). Production variance report breaks down production variance into direct material variance, direct labor variance and overhead variance. Abundant variance analysis reports make it easy to track cost variance and evaluate performance of production department. To comply with the present Chinese accounting and tax regulation, standard cost can be reverted into actual cost by allocating cost variances that have been booked to P&L to inventory, sales and WIP cost at a lump-sum level.

8. Multiple cost types

It is possible to build multiple cost types with different BOM, routing, etc. and make a comparison between these cost types. By simulating standard cost, you can compare standard cost of your company with standard cost of benchmarking company and derive information for operating analysis and management decision-making.

Standard Cost - [Cost Type Comparison & Analysis]													
System File View Window Help													
Filter Refresh Print Preview Font Page Decimal Chart Exit													
Cost Type Comparison & Analysis													
Base Cost Code: Basic_SC										Comparison Cost Code: 01			
Material Code Range: All Materials													
Material Name	Costing BOM		Cost Routing		Cost Item Name	Subitem Code	Subitem Name	Consumption/Standard Hour		Standard Unit Price/Rate		Standard Cost	
	Base Cost	Comparison Cost	Base Cost	Comparison Cost				Base Cost	Comparison Cost	Base Cost	Comparison Cost	Base Cost	Comparison Cost
Subcontract	BOM000001	BOM000001			Direct Mtrl. ZBOLT	ZBolt	Purchase	1.13	1.13	5.00	5.00	5.73	5.73
								2.34	2.34	10.00	10.00	23.39	23.39
					Subtotal							29.12	29.12
					Material Ove							0.87	0.87
					Subtotal							0.87	0.87
					Subcontract							80.55	80.55
					Subtotal							80.55	80.55
Subtotal												110.54	110.54
Subcontract					Direct Mtrl. RM103	RM103	Purchase	1.05		15.00		15.79	-15.79
					Direct Mtrl. SP101	SP101	Self-mad	1.05		1,064.41		1,120.43	-1,120.43
					Subtotal							1,136.22	-1,136.22
					Material Ove							0.47	-0.47
					Subtotal							0.47	-0.47
					Subcontract							20.22	-20.22
					Subtotal							20.22	-20.22
Subtotal												1,156.91	-1,156.91
Self-made			RT000001		Direct Mtrl. RM103	RM103	Purchase	5.26		15.00		78.95	-78.95
					Subtotal							78.95	-78.95
					Direct Labor			40.00		8.25		330.00	-330.00
					Direct Labor			23.52		7.56		177.83	-177.83
					Subtotal							507.83	-507.83
					Manufacturin			40.00		7.75		310.00	-310.00
					Manufacturin			23.52		6.21		145.99	-145.99
					Subtotal							455.99	-455.99
					Material Ove							2.37	-2.37
					Subtotal							2.37	-2.37
					Production O							19.28	-19.28
					Subtotal							19.28	-19.28