



Business Value - Factsheet

Cost Accounting in Microsoft Dynamics NAV 2013

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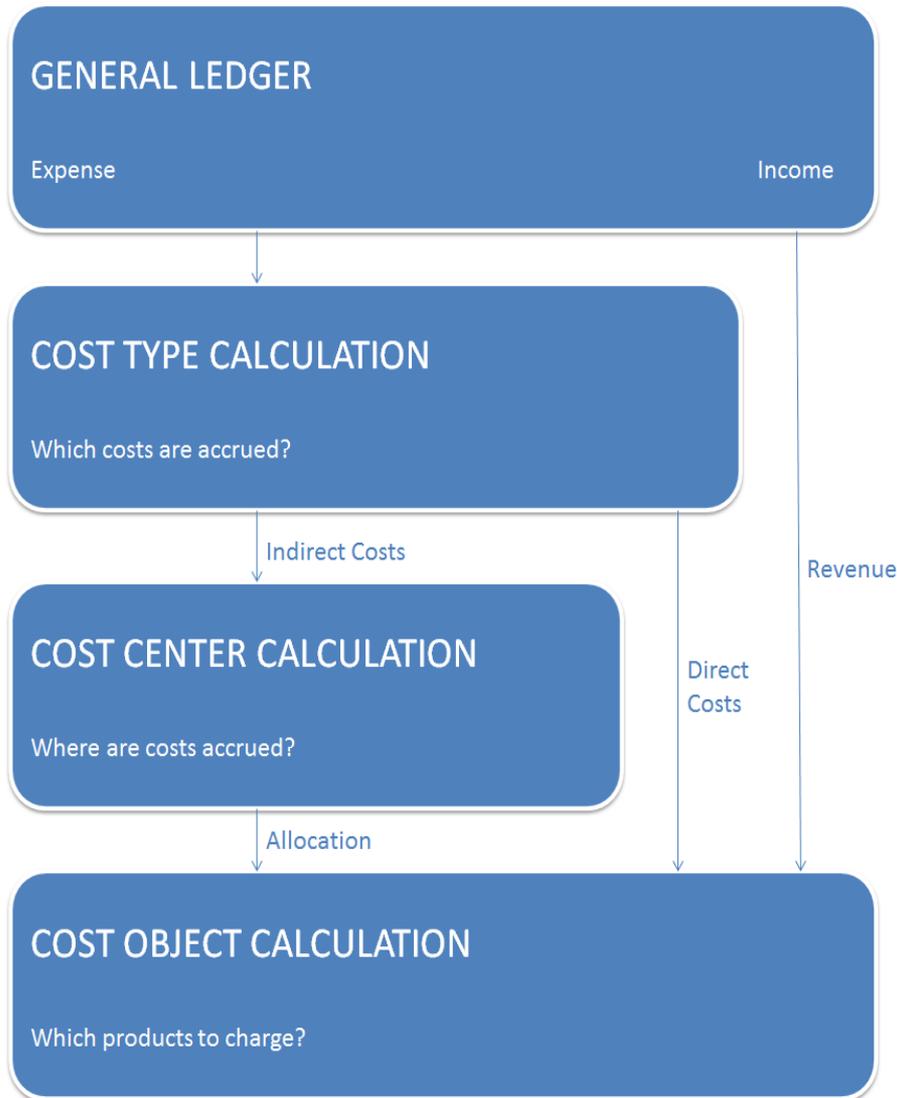
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Cost Accounting

Microsoft Dynamics NAV 2013 delivers compelling application functionality that helps businesses gain greater control of their business through increased visibility and insight into how the business is performing.

Cost Accounting in Microsoft Dynamics NAV 2013 gives you an efficient way to control your company's costs by providing visibility and insight into budgeted and actual costs of operations, departments, products, and projects.

Cost Accounting Overview



- Unlike the general ledger, cost accounting captures and evaluates the effective operational costs to precisely analyze the costs per cost center and cost object, and create a dependable foundation for the cost accounting.
- Cost centers are often departments and profit centers that are largely responsible for costs and income.
- Cost objects are products, product groups or services of a company—the company’s output that must carry the costs.
- Operational costs can largely be transferred from the general ledger. Cost accounting records and posts pure operational costs, internal charges, and allocations.
- Overhead costs are first posted to cost centers, such as a sales department that sells several products at the same time, and then charged to cost objects.
- Direct costs can be directly allocated to a cost object, such as a material purchase for a specific product.
- The allocation base used and the precision of the allocation definition directly influence the results of the cost accounting. The allocation definition is used to allocate costs first from pre-cost centers to main cost centers, and then from cost centers to cost objects.

Cost Definition

- Cost means the amount of expenditure (actual or notional) incurred on, or attributable to, a given thing.

Cost Types

- The chart of cost types of the company's accounting has almost the same tasks as the chart of accounts in the general ledger.
- It is possible to transfer the general ledger chart of accounts and then adapt it.
- However, it can also be modified, extended, or even created from scratch independently of the general ledger.

Cost Centers

- Cost Centers are usually the company's departments which are largely responsible for costs and revenues.
- They are synchronized with general ledger dimensions but it's also possible to add new Cost Accounting related Cost Centers and define their own sorting with subtotals.

Cost Objects

- Cost Objects are the company's products, product groups, or services which have to bear the costs.
- They can be synchronized with general ledger dimensions but it's also possible to add new Cost Accounting related Cost Objects and define their own sorting with subtotals.

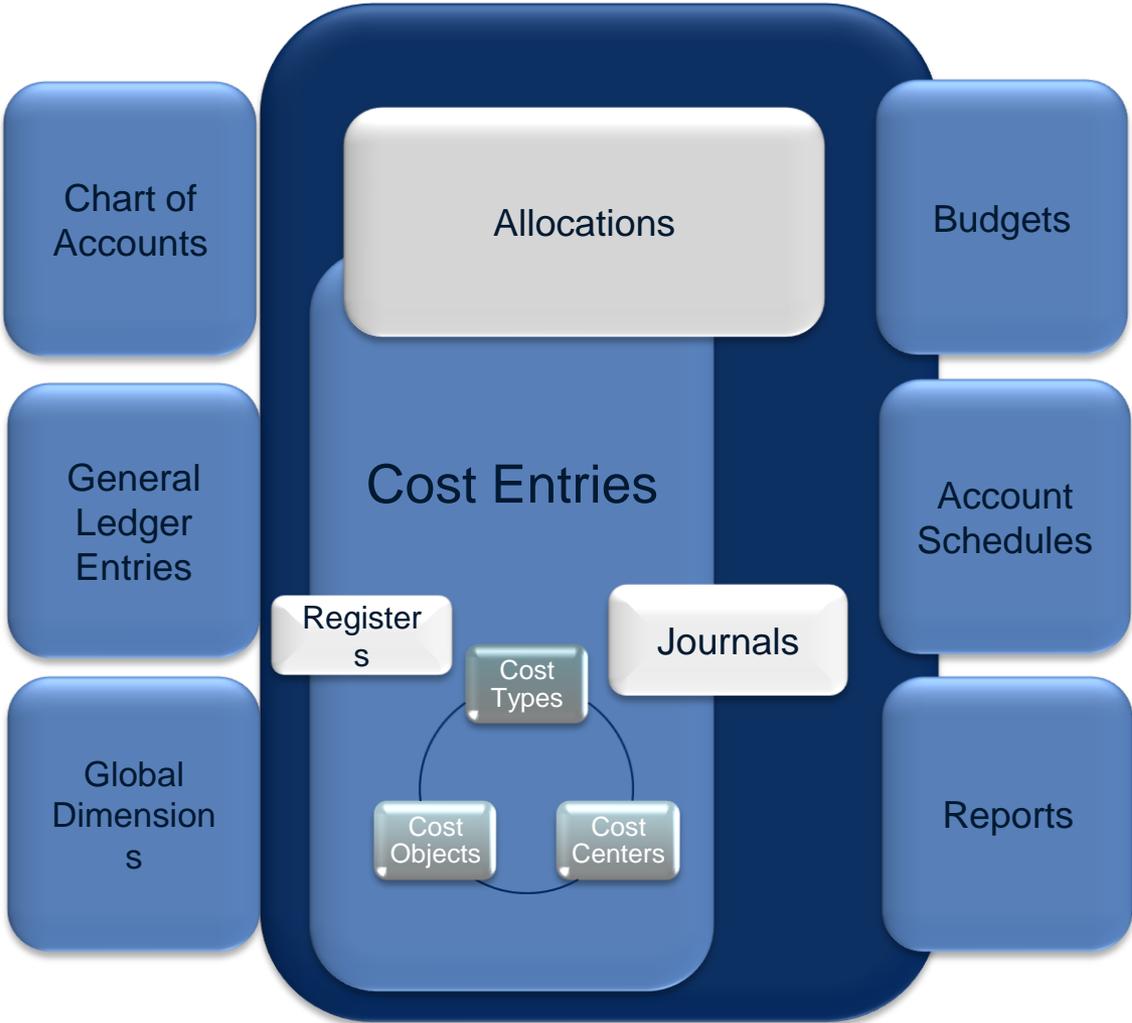
Cost Allocation

- Microsoft Dynamics NAV 2013 provides flexibility when defining allocations. Basically, users can define as many allocations as they need. Each allocation consists of an Allocation Source and one or more Allocation Targets. For example, all costs for the cost type Building (an allocation source) can be allocated to the cost centers Workshop, Production and Sales (three allocation targets).
- For each allocation, users can define an allocation level, a validity period, and a variant identifier. If users run an automatic cost allocation, they can use filters to select the allocation definitions to be handled in the batch job.
- The most important part of the allocation definition is the allocation base. The allocation base can be either static or dynamic:
 - Static allocation bases are based on a definite value, such as square footage or an established allocation ratio, such as 5:2:4.
 - Dynamic allocation bases are dependent on other, changeable values, such as the number of employees in a cost center or sales revenue of a cost object within a certain time period.

Cost Accounting Highlights

- Cost accounting offers different ways of managing costs:
 - Transfer costs from the general ledger.
 - Enter and post internal charges and allocations directly in the cost accounting cost journal.
 - Predefine recurring cost allocation rules on cost allocations and execute them in a batch job.
 - Undo cost allocations.
 - Cost budgets and the ability to transfer cost budget entries to actual entries.

Cost Accounting Integration





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