

What is a Cost Center in SAP | How to Create Cost Centers in SAP

SAP tutorials guide you what is cost center in SAP controlling and how to create cost centers in SAP CO using transaction code KS01.

What is a cost center in SAP

Cost center in SAP is a location where the costs are occurred inside the organization. In SAP cost center is the lowest organizational unit in controlling enterprise structure.

Cost centers are responsibility areas for costs within organization and used to capture actual costs of an organization. Costs can be captured as per department wise, product wise, area wise, responsibility person wise, etc. Assigning the costs to cost centers determines where the costs are incurred within the organization. Each cost center in SAP can belong to one or more cost center groups.

Here we are going to configure the following costs centers in SAP.

Cost Center	Description
TK01TRNS	Transportation
TK01PACK	Packing
TK01FACA	Factory Admin
TK01SDST	Selling & Distribution
TK01PGEN	Plant general
TK01HRM	Human Resource

Recommended configuration : – Before you create cost centers, you need to assign standard hierarchy in controlling area using transaction code OKKP or you will get an error as Controlling area TK01 does not have a standard hierarchy (please assign one).

Change View "Basic data": Details

New Entries

Controlling Area

- Basic data
 - Activate component
 - Assignment of comp.

Controlling Area: TK01

Name: Controlling Area for TK01

Person Responsible: []

Assignment Control

CoCd->CO Area: Controlling area same as company code

Currency Setting

Currency Type: 10 Company code currency

Currency: INR Indian Rupee Diff. CCode Currency

Curr/Val. Prof.: [] Active

Other Settings

Chart of Accts: TKCA Chart of Accounts for TK Software Group

Fiscal Year Variant: T3 April - March, 4 Spl periods

CCTR Std. Hierarchy: TK01_STDH []

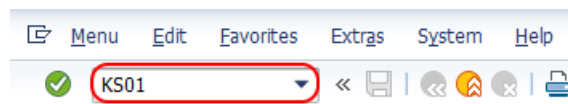
How to create cost centers in SAP

You can create cost centers in SAP by using one of the following navigation method.

□ Transaction code : – KS01

SAP path : – Accounting > Controlling > Cost center accounting >> Master data > Cost center > Individual processing > Create.

Step 1 : – Enter SAP Tcode “KS01” in the SAP command field and enter.



Step 2 : – Now the system asking for entering the controlling area for which you like to create cost centers in SAP.

Create Cost Center: Initial Screen

Master Data

Cost Center

Valid From to 31.12.9999

Reference
Cost center
Controlling Area

Set Controlling Area

Controlling Area TK01

Step 3 : – On create cost center initial screen, update the following details

- **Cost Center** : – Enter the new key in the field cost center that you like to create in SAP.
- **Valid From** : – Update the valid period of cost center in SAP
- After entering the new cost center key, press enter to continue.

Create Cost Center: Initial Screen

Master Data

Cost Center TK01TRNS

Valid From 01.04.2017 to 31.12.9999

Reference
Cost center
Controlling Area

Step 4 : – On create cost center basic screen, update the following details.

- **Name** : – Enter the name of cost center that identifies in SAP
- **Description** : – Update the descriptive text of cost center
- **Person Responsible** : – User id that responsible for cost center.
- **Cost center category** : – Choose the **cost center category** from the list that applicable for cost center.
- **Business Area** : – Choose the **business area** key for cost center.
- **Currency** : – Update the currency of cost center.

Create Cost Center: Basic Screen

Drilldown

Cost Center: TK01TRNS Transportation
 Controlling Area: TK01 Controlling Area for TK01
 Valid From: 01.04.2017 to: 31.12.9999

Basic data Control Templates Address Communication History

Names

Name: Transportation
 Description: Transportation

Basic data

User Responsible:
 Person Responsible: TK
 Department:
 Cost Center Category: T Transportation
 Hierarchy area: TK01_STDH
 Business Area: TK10 Bangalore Business Area
 Functional Area: Imp. expenses(not in P&L)
 Currency: INR
 Profit Center:

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Click on save button and save the configuration details. Similarly create other cost center in SAP as per organizational requirements.

SAP CO

‣ SAP CO Tutorial

Basic SAP CO Settings

‣ Maintain controlling area

‣ Assign Company code to controlling area

‣ Define number range interval for SAP co documents

‣ Maintain Versions

SAP CO Cost Center Accounting

‣ What is SAP Cost center accounting

‣ Create Cost center

‣ What is cost element accounting

‣ Create primart cost elements

‣ Create cost element group

‣ Create secondary cost elements in SAP

‣ Activate cost center accounting

‣ Define cost center categories

‣ Define cost center standard hierarchy

SAP CO Profit Center Accounting

‣ Create dummy profit center

‣ Define profit center group

‣ Maintain Profit center standard hierarchy

SAP CO cost element Accounting

SAP CO Internal Orders

SAP CO Profitability Analysis

SAP CO Reports, Tables

SAP TCodes

‣ SAP TCodes

‣ SAP CO TCodes