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Topic: 1
Unified Scenario Simulation
Kaieteur Metal Roofing: Standard Cost Planning for a New Roofing Profile
Business Context
Kaieteur Metal Roofing manufactures profiled galvanized steel roofing sheets at a single plant in Georgetown, Guyana, supplying builders and roofing contractors along the country's low-lying coastal belt. The company runs SAP S/4HANA Cloud Private Edition through the SAP Fiori launchpad, and its small controlling team owns product costing alongside the plant accountant. As a new fiscal period opens, the plant is introducing a heavier-gauge roofing profile aimed at the commercial-building market, and leadership wants a reliable standard cost in place for it before the first units are produced and put into stock, so that inventory and margins are stated on a sound basis from the outset.
System Landscape
During the product's engineering release, a complete bill of material and a routing were maintained for the new profile: the raw galvanized steel, the coating and fastening consumables, and the sequence of forming and profiling operations are all captured in the system. The new sheet is not built purely from purchased inputs — it consumes an in-house galvanized coil that the plant produces internally and that already carries its own cost estimate. The standard costing approach and the costing variant used for standard cost estimates were configured to standard during the project. The controlling team expects to build the new profile's standard cost from this maintained structure rather than from hand-entered figures.
Costing Preparation
The cost analyst begins by reviewing what master data exists for the new profile. Because the bill of material and routing are complete and active, the analyst must decide how to cost the sheet: derive the estimate from that maintained structure, or key the costing items in by hand. A colleague, mindful of the deadline, suggests entering the items manually to save setup time. The analyst also notes that the sheet's in-house coil sits one level below it in the structure, which raises the question of how a finished-product estimate should treat a semi-finished component that is itself produced in-house.
Costing Variant Context
When the analyst first runs the estimate, the material cost comes out far higher than expected, even though the bill of material has been checked and is correct. The analyst recognizes that an unexpected valuation, with a sound structure, points less to the structure than to how the estimate was valued. On inspection, the estimate had been executed under a costing variant meant for a different valuation purpose, which selected prices the analyst had not intended. The costing variant — carrying the costing type, the valuation variant, and the quantity and date controls — determines which prices and structure feed the result, so the analyst prepares to re-run the estimate under the intended standard-cost variant.
Activation Context
With a sensible estimate produced, the analyst marks it for the new profile. Some time later, the material master still shows the old standard price and the sheet's inventory is not valued at the new cost. The analyst confirms the estimate was marked but recognizes that marking only stores a future planned price; it does not activate it. The step that makes the estimate the active standard price in the material master, and revalues inventory at the new cost for the period, has not yet been carried out. The analyst prepares to complete that activation and then confirm, on the material master, that the new standard price is effective.
Composition Context

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Finally, management asks the controlling team to explain what the new standard cost is made of. Reviewing the released estimate, a team member points to the material cost component and reads it as the sheet's total standard cost. The analyst notes that the estimate's result is presented as a cost component split — material, labor, overhead, and any others — so a single component is only a portion of the whole, not the total. Before the composition is reported upward, the analyst intends to confirm that the parts of the split reconcile to the released standard cost, so the make-up of the new profile's cost is stated accurately.

Your assignment

You are supporting Management Accounting for a single-plant manufacturer running SAP S/4HANA Cloud Private Edition through the SAP Fiori launchpad, building a standard cost for a newly introduced roofing profile at the start of a period. The profile has a complete bill of material and routing, consumes an in-house coil that carries its own estimate, and the standard-cost costing variant is configured. Work through the tasks below and record the observable evidence that each is complete. Refer to functions by name; do not assume any value or setting not stated in the scenario

1. CHALLENGE 1 — Costing the New Roofing Profile from Its Maintained Structure

• Confirm that the new profile's bill of material and routing are complete and active.
• Select the product cost planning method that derives the estimate from the maintained structure rather than from hand-entered items.
• Ensure the in-house coil one level below the sheet is included through a multilevel estimate.

Checkpoints

• The estimate is built with a quantity structure and reads the bill of material and routing directly.
• The finished sheet's cost includes the lower-level in-house coil rolled up through the structure.

2. CHALLENGE 2 — Running the Estimate Under the Correct Costing Variant

• Investigate why the material cost is far higher than expected while the bill of material is confirmed correct.
• Identify that the estimate ran under a costing variant intended for a different valuation purpose.
• Re-run the estimate under the intended standard-cost costing variant.

Checkpoints

• The costing variant driving the estimate is the one intended for standard cost, with the correct valuation approach and prices.
• The re-run estimate returns a value consistent with the correct, confirmed structure.

3. CHALLENGE 3 — Activating the New Standard Cost Through Release

• Determine why the material master still shows the old standard price after the estimate was marked.
• Perform the step that activates the marked estimate as the standard price for the period.
• Confirm on the material master that the new standard price is now effective.

Checkpoints

• The marked estimate is released so it becomes the active standard price in the material master.
• The material master shows the new standard price and the sheet's inventory is valued at it.

4. CHALLENGE 4 — Reading the Cost Component Split Correctly

• Review the released estimate's cost component split for the new profile.
• Explain why a single component, such as material, is not the total standard cost.
• Confirm that the composition is stated correctly before reporting it upward.

Checkpoints

• The cost component split is read as parts of the whole, not as a single total.
• The split's parts — material, labor, overhead and any others — reconcile to the released standard cost.

Question: 1

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CHALLENGE 1 — Costing the New Roofing Profile from Its Maintained Structure

The new roofing sheet already has a complete bill of material and a routing maintained in the system. Which product cost planning method should the analyst use to build its standard cost estimate?

A. Enter every costing item by hand in a cost estimate without a quantity structure, since keying each material and activity manually gives the analyst the most direct control over each line of the new sheet.
B. Build a cost estimate with a quantity structure so it is derived from the maintained bill of material and routing, since that master data already supplies the quantities to cost.
C. Layer an additive cost estimate onto the material and enter the missing values there, since adding extra costs on top of the item is what completes the standard for a newly introduced sheet.
D. Copy the standard cost of a similar existing sheet and adjust the figure, since reusing a near match is quicker than costing the new product from its own structure.

Answer: B

Explanation:
With a complete bill of material and routing in place, a cost estimate with a quantity structure reads those quantities directly and values them, giving a standard cost that stays aligned with the product's real structure without manual keying.

Question: 2

CHALLENGE 1 — Costing the New Roofing Profile from Its Maintained Structure

To save setup time, a colleague proposes costing the new sheet without a quantity structure even though its bill of material and routing exist.
What is the main drawback of that choice here?

A. It prevents the estimate from applying any overhead to the product at all, so the resulting standard cost would exclude overhead entirely no matter which method is later chosen for the sheet.
B. It changes the standard price in the material master the moment it is saved, so inventory would be revalued before the estimate has even been reviewed and approved by the team.
C. It ignores the maintained bill of material and routing and relies on manually keyed items, so the estimate can drift from the real structure and must be maintained by hand.
D. It forces the sheet into make-to-order costing by sales order, so the product could no longer be costed for stock the way the plant intends to run it.

Answer: C

Explanation:
Because the sheet already has a bill of material and routing, costing it without a quantity structure discards that master data and depends on hand-entered items, which can fall out of step with the real structure and must be corrected manually each time it changes.

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Question: 3

CHALLENGE 1 — Costing the New Roofing Profile from Its Maintained Structure

The new roofing sheet is assembled from an in-house galvanized coil that is produced internally and carries its own cost estimate.
What does a multilevel cost estimate with a quantity structure do in this case?

A. It rolls the cost of the in-house coil into the sheet's estimate through the lower level of the structure, so the finished sheet reflects the full build.
B. It costs only the top-level sheet and leaves the coil out of the result, since a single estimate never reaches below the first level of the product structure to value what feeds it.
C. It requires the coil to be purchased from an external supplier instead, since an in-house lower level cannot be included in a finished product's cost estimate at all.
D. It overwrites the coil's own cost estimate with a manually entered value, since the finished estimate always replaces any costing already held at the lower level of the sheet.

Answer: A

Explanation:
A multilevel estimate costs the lower-level in-house coil and carries that value up into the finished sheet, so the sheet's standard cost includes both its own operations and the cost of the semi-finished coil it is built from.

Question: 4

CHALLENGE 2 — Running the Estimate Under the Correct Costing Variant

The analyst runs the estimate, but the material costs come out far higher than expected even though the bill of material is correct.
Where should the analyst look first?

A. Rebuild the bill of material from scratch, since an unexpectedly high material cost almost always means the product structure itself is wrong and has to be fully re-entered before anything else.
B. Post the gap as an additive cost, since adding a correcting entry is the fastest way to bring the estimate back down to the figure the analyst expected to see.
C. Release the estimate as it stands, since the standard price will settle to the right value once inventory is posted against it during the period.
D. Check the costing variant, since it controls which valuation approach and material prices the estimate uses, so the wrong variant explains an unexpected result.

Answer: D

Explanation:

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The costing variant governs how the estimate is valued and which prices it selects, so when the structure is correct but the value is surprising, an unintended costing variant pulling the wrong prices is the first thing to examine.

Question: 5

CHALLENGE 2 — Running the Estimate Under the Correct Costing Variant

The analyst finds the estimate ran under a costing variant intended for a different valuation purpose. What is the role of the costing variant in the estimate?

A. It sets the order in which the finished product is first marked and then released, so an unintended variant would block the release step later in the period.
B. It controls the costing type, valuation variant, and quantity and date settings the estimate uses, so it drives which prices and structure feed the result.
C. It assigns the profit center that will receive the finished product's postings, so an unintended variant would route the sheet's result to the wrong responsibility area entirely.
D. It fixes only the overhead percentage that is applied to the product at period-end closing, so an unintended variant would change overhead alone and leave material prices untouched.

Answer: B

Explanation:
The costing variant bundles the costing type, the valuation variant, and the quantity and date controls, so it decides how the estimate is executed and which prices it applies — which is why the wrong variant produced an unexpected value.
Topic: 2
Micro Skill Drill Exam

Question: 6

Zambezi Sugar Estates, a cane-sugar producer near Lusaka, Zambia, has gone live with profit center accounting. For most product lines, actual value flows from financial and logistics postings update the correct profit center, and the margin reports populate as expected. One newly added refined-sugar line behaves differently: its profit center was created and appears in master data, yet its profitability report stays empty even though the related financial and goods-movement postings are clearly going through. The management accountant checks the postings and confirms the values are reaching the general ledger, but they are not landing on the new profit center. The profit center is defined, but the objects those postings are made against do not carry it, so nothing derives it at posting time. She must restore the value flow so the new line's actuals update its profit center and the report fills, rather than reworking figures after the postings have already been made.
What must be corrected so that actual postings update the new product line's profit center?

A. Activate transfer pricing for the new profit center, because enabling the multiple-valuation view will route the missing actual value flows onto the profit center and make its profitability report populate.

B. Re-run profit center planning for the new product line, because refreshing the planned values will populate the profit center's report and bring it into line with the actual postings from the other components.
C. Create a substitution that forces the profit center onto every posting, because overriding the assignment at the moment of posting is the most direct way to get the values onto the new profit center and fill its profitability report for that product line.
D. Assign the profit center to the relevant account assignment objects so postings derive it, because value flows update profit center accounting only when the posting's object carries the profit center that should receive the actuals.

Answer: D

Explanation:
Profit center accounting is updated by actual value flows only when the object a posting is made against carries the profit center. The new line's objects do not, so nothing derives it. Assigning the profit center to the relevant account assignment objects restores the derivation and lets the actuals update the report.

Question: 7

Coromandel Pumps, an industrial-pump manufacturer in Chennai, India, is running period-end closing in cost object controlling. Several production orders for a large centrifugal-pump batch are still in process and have not been finally delivered. A costing clerk ran variance calculation across these open orders to recognise the period's result, but the run returned no meaningful variances, and the costs already incurred on the orders were left uncapitalised at period-end. The finance reviewer flags that the close does not reflect the value tied up in the unfinished orders. The orders are genuinely open — production will continue into the next period — so the clerk needs to apply the correct period-end treatment for cost on orders that are not yet finished, and to schedule the step that measures the difference between actual and target cost for the point at which it actually belongs.
What is the correct period-end treatment for the cost on these still-open production orders?

A. Settle the open orders now so their incurred cost moves to the receiver, because settling at period-end clears the cost from each order and completes the close regardless of whether the orders have been finally delivered yet.
B. Set the orders to technically complete so variances can be calculated, because marking them finished lets the close proceed and captures the incurred cost as the period's variance on each order.
C. Post the incurred cost manually to a variance account for now, because the orders are not delivered, so a manual entry is the correct way to recognise the period's cost until the orders eventually close.
D. Calculate work in process on the still-open orders and defer variance calculation to final delivery, because open-order cost is capitalised as WIP and the variance is measured only once the order is finally delivered.

Answer: D

Explanation:

While the orders are open their incurred cost is capitalised as work in process, and the variance between actual and target cost is calculated only when the order is finally delivered. Applying WIP now and deferring variance to final delivery reflects the correct cost object controlling lifecycle for the period.

Question: 8

Baltrail Rolling Stock, a rail-vehicle components maker in Vilnius, Lithuania, uses profitability analysis to report margin by market segment. After a period of billing, the operating-result data reaches profitability reporting, but the region-level margin report is incomplete: on many line items the sales-region characteristic is blank, so those revenues and costs are not grouped under any region. A reporting analyst confirms the postings themselves are correct and that other characteristics, such as product, are populated normally. Only the region field is empty, and only on the postings that flow in automatically. The setup that is supposed to fill a segment's characteristics from each posting does not populate region, leaving a gap the report cannot recover. The analyst must correct the configuration so the region characteristic is filled at posting time and the segment-level margin report becomes complete, rather than trying to patch the missing values after the fact.
What must be corrected so the sales-region characteristic is populated on the incoming profitability postings?

A. Add the sales-region field as a new value field in the operating concern, because extending the value-field set will capture the region on the incoming postings and complete the segment-level margin report.
B. Complete the derivation strategy so the region characteristic is derived on each posting, because derivation fills a segment's characteristics from the posting and a gap in the strategy leaves that field blank on the incoming data.
C. Realign the existing profitability segments, because a realignment run reorganises stored segments and is the correct way to add a characteristic that the incoming postings are not providing.
D. Re-run valuation with product costing for the affected line items, because refreshing the cost-based valuation recomputes the segments and will supply the missing sales-region characteristic onto the region-level profitability report for each item.

Answer: B

Explanation:
Derivation fills a segment's characteristics from each posting, and the region field is blank because the derivation strategy has a gap for it. Completing the derivation strategy so region is derived at posting time populates the characteristic on the incoming data and makes the segment-level margin report complete.

Question: 9

Rioja Ceramica, a ceramic floor-tile manufacturer in Logrono, Spain, set up an internal order to control the cost of refurbishing a production kiln. The project team entered the approved figure and expected the system to stop any postings that would push the order beyond it. As the work progressed, purchase commitments were raised and supplier invoices posted, and the order sailed past the approved amount

with no warning or block at any point. Reviewing the setup, the controller sees that the figure was captured as planned values, and that the check meant to guard the limit was never active on the order. She needs the order to warn or block when committed and actual costs would breach the approved amount, and she must correct the configuration so the guard actually evaluates spending against the intended ceiling rather than allowing it to run through untouched.
What is required so that postings which would exceed the approved amount are warned or blocked on the internal order?

A. Convert the open purchase commitments into actual costs sooner, because the guard evaluates only actual costs, so clearing the commitments faster will let it detect and stop the overspend in time.
B. Enter a budget on the internal order and activate availability control, because the check compares commitments and actual costs against an entered budget, and only an active budget — not a plan figure — warns or blocks a breach.
C. Increase the planned values on the internal order to the higher expected figure, because raising the plan gives the order more headroom so the recorded spending no longer breaches the planned amount that was entered on the order for the refurbishment.
D. Move the refurbishment to a cost center that already has a plan, because a responsibility-area cost center enforces its planned amount automatically and will block any postings that exceed it on the order.

Answer: B

Explanation:
A plan is a reference figure, whereas a budget with availability control is the active guard: it compares commitments and actual costs against the entered budget and warns or blocks a breach. Entering a budget and activating the control is what makes the order enforce the approved ceiling.

Question: 10

Tasman Dairy Co-operative, a milk-powder processor in Hamilton, New Zealand, has finished costing a reformulated whole-milk-powder product for the new period. A cost analyst created the new standard cost estimate and marked it, expecting inventory and new production orders to pick up the updated cost. Days later, finished-goods inventory is still valued at the previous standard price, and production orders created this week are drawing the old cost into their calculations. The estimate exists and its values look correct, but nothing downstream has changed. The analyst confirms the estimate was created and marked but has not yet been made effective as the price the material master actually uses for the period. She must complete the step that activates the new figure so inventory is revalued and new orders cost at the current standard, without editing the price by hand or re-running the estimate needlessly.
What step makes the new standard cost estimate effective as the standard price for the period so inventory and new orders use it?

A. Release the marked cost estimate so it becomes the active standard price, because marking only stores the estimate as the future planned price and inventory is revalued only once the estimate is released for the period.

B. Re-run the costing estimate and mark it a second time, because repeating the marking step overwrites the previous price and pushes the newly costed value into the material master as the standard automatically.
C. Adjust the costing variant and recost the product, because the standard price failed to update, so the variant that ran the estimate must be misconfigured and has to be corrected before the new figure can take effect for inventory.
D. Edit the standard price in the material master by hand to the new value, because directly overwriting the price is the most reliable way to make the new cost effective for inventory valuation and for new orders.

Answer: A

Explanation:
Marking a standard cost estimate stores it as the future planned price only; it does not change the price the material master uses. Releasing the marked estimate activates it as the standard price for the period, which is what revalues inventory and makes new production orders cost at the current standard.

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