

Cepheo Project Cost Allocation

Use cases

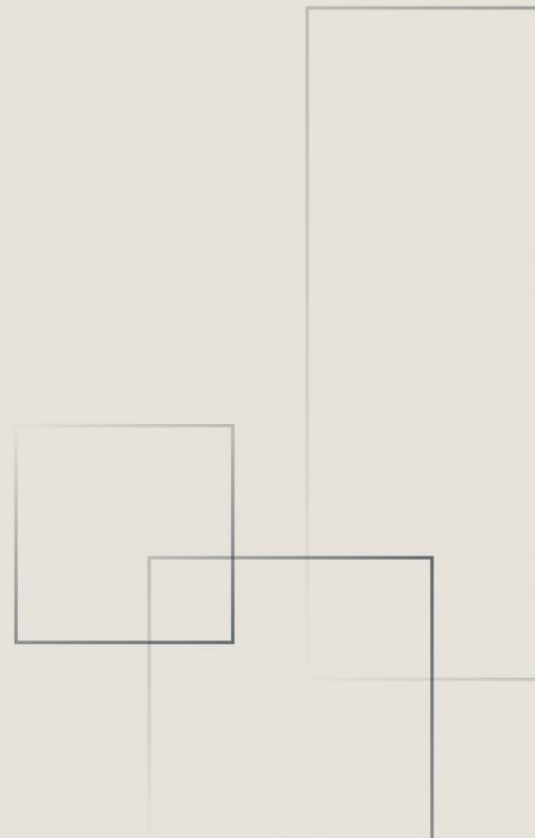


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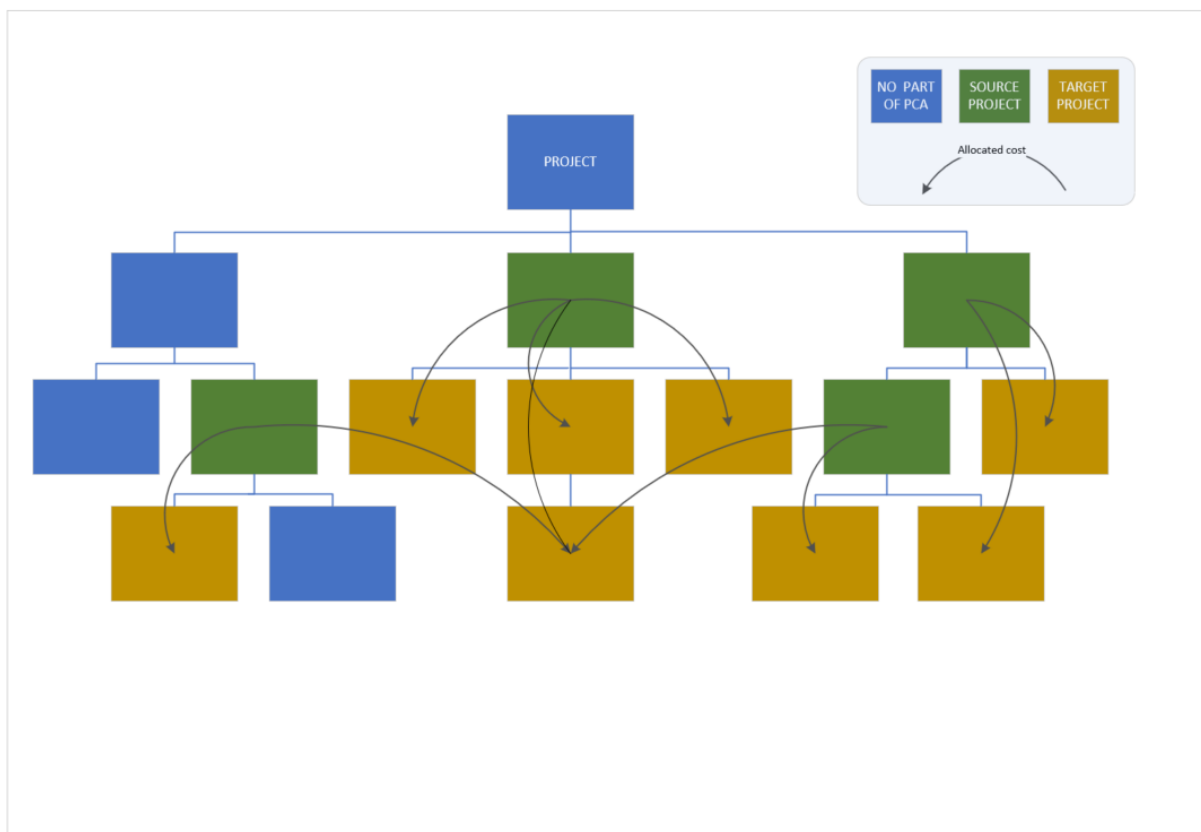
1 INTRODUCTION

The **Project cost allocation (PCA)** feature allows for cost distribution across projects within a project structure. Both transactions and/or forecast may be allocated, either partly or entirely, depending of the purpose and business needs.

There may be several source projects in the same project, and on different levels of the structure. The same source project may also be specified in several Project cost allocation setups, allocating different type of cost in different directions across the project structure, even to other part (project leg) of the project. A source project can never be specified as a target project. A target project, on the other hand, may receive allocated cost from several different source projects.

This document describes some scenarios how the feature *can* be used.

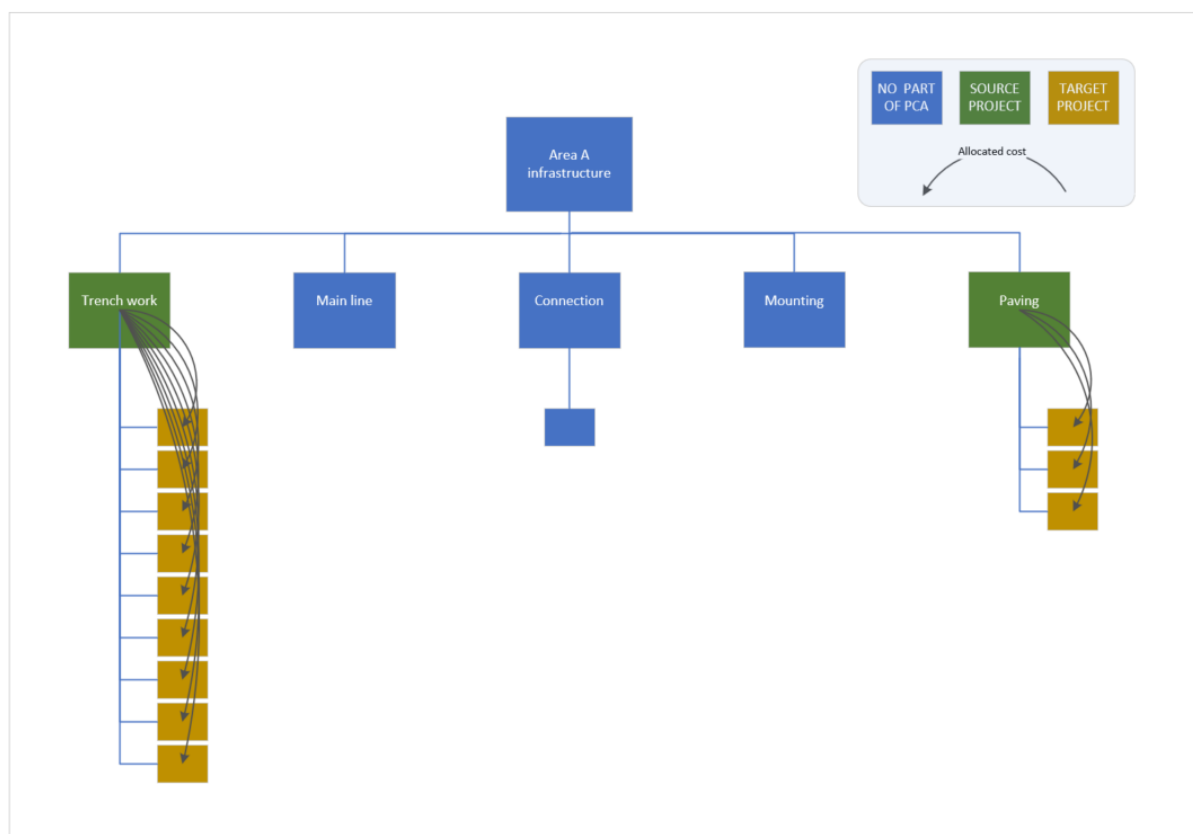
Illustration of a project structure where a Cost allocation project is established for the main project. The arrows represent allocated cost from source to target projects, and allocated cost might be both transactions and/or forecast.



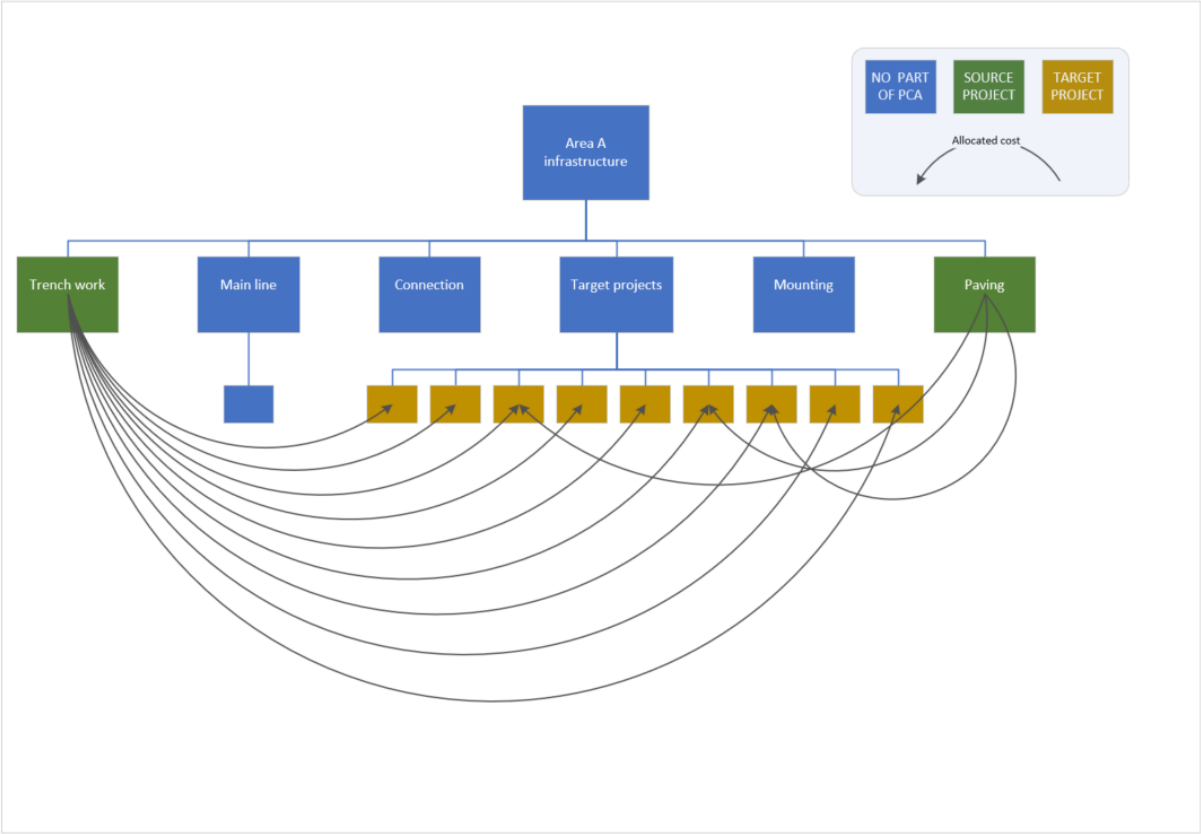
2 EXAMPLE 1: CONSTRUCTION PROJECT

In following scenario, an enterprise company runs a project for building electricity and communication infrastructure. Parts of the project are investments which should be partly allocated to own companies, and partly are funded through external stakeholders such as companies, private persons and a municipality. Other parts of the project are not to be allocated.

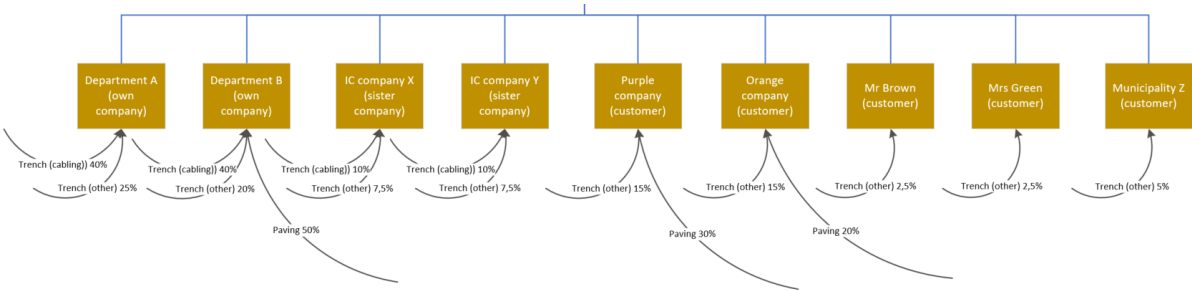
The first illustration below shows the two parts of the project which is subject to Project cost allocation, represented by 2 different subprojects defined as source projects. Below each of these source projects, separate subproject for each stakeholder could be created. These subprojects would be specified as target projects, and cost from the parent project could then be allocated by allocation keys assigned to each individual target project. This approach would imply that a target project for one party must be created below each of the source projects.



An other approach to the project structure is to only create one target project for each party in the project. This could be done as illustrated below, where cost from different source projects are allocated to the respective target projects according to the agreements. Which approach to use is optional, and could depend on business needs and how the cost should be treated in the target projects going forward.



By this setup, the total allocated cost for one party will be located in the same target project instead of several. A target project may receive allocated cost from several source projects, and even cost with various allocation keys from the same source project, i.e. based on different activities.

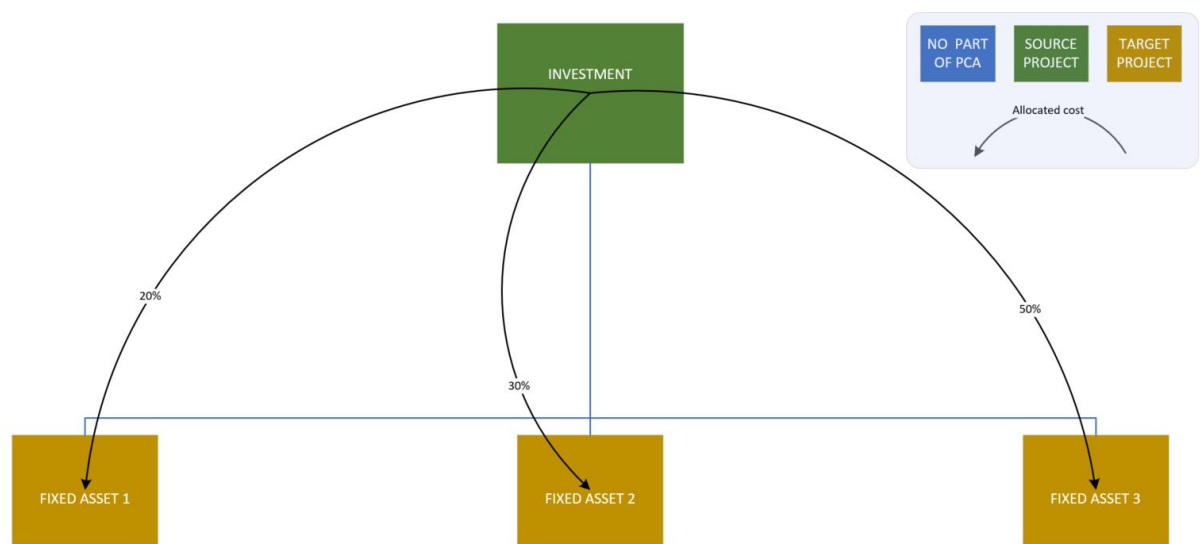


In Dynamics 365 Finance and Operations, the setup above would look something like this:

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3 EXAMPLE 2: INVESTMENT PROJECT

Cepheo Project Cost Allocation may also be utilized for various investment project scenarios. Both if an investment project is part of a project structure as described in previous chapter, or in own investment project structures. In the illustrations below, cost is allocated to three fixed assets based on registration of actuals in on common Source project:



In Dynamics 365 Finance and Operations, the setup above would look something like this:

Project cost allocation setup | Standard view | 00001428 : INVESTMENT PROJECT

Cost allocation project ID: 00001428 | Project name: Investment project

Project cost allocation setup

Project cost allocation setup ID	Status	Priority	Source project	Allow partly allocation	Activity number	Transaction type	Category group	Category	Start date	End date
S000000013	Effective	1	00001428	<input type="checkbox"/>		All			1/1/2021	12/31/2021

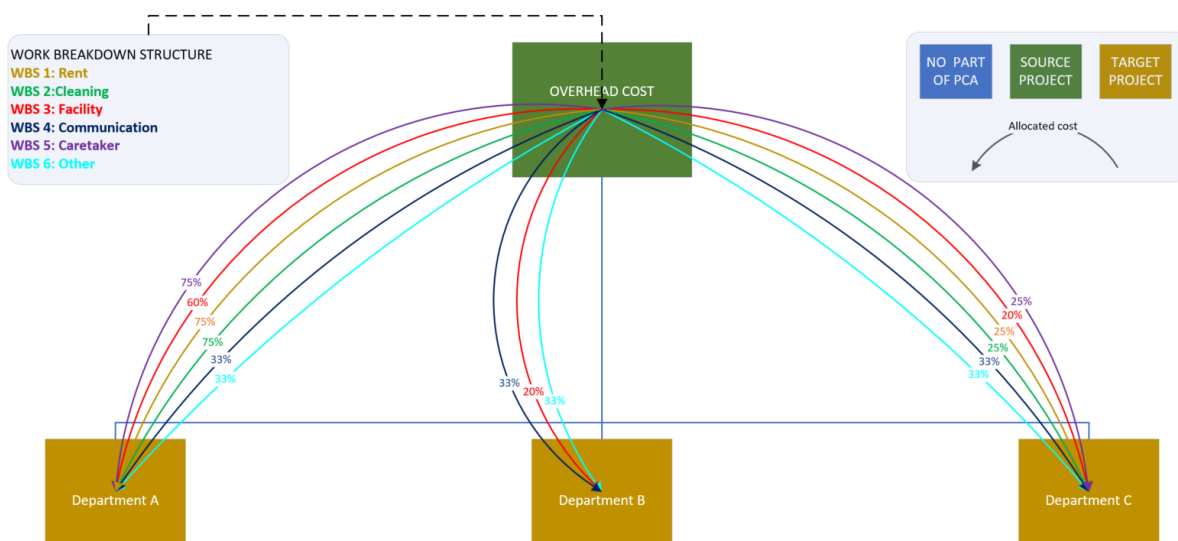
Project cost allocation rules

Project cost allo...	Target project	Allocation	Rounding	Sales price method	Sales price...	Split per a...	Target activity number	Reversal activity number	Split per resource	Hour	Expense	Item
R000000047	00001428-01	20.00	<input checked="" type="checkbox"/>	Cost price		<input type="checkbox"/>			<input type="checkbox"/>	PCA_HO...	PCA_EXP	PCA_ITEM
R000000051	00001428-02	30.00	<input type="checkbox"/>	Cost price		<input type="checkbox"/>			<input type="checkbox"/>	PCA_HOUR	PCA_EXP	PCA_ITEM
R000000052	00001428-03	50.00	<input type="checkbox"/>	Cost price		<input type="checkbox"/>			<input type="checkbox"/>	PCA_HOUR	PCA_EXP	PCA_ITEM

4 EXAMPLE 1: ADMINISTRATIVE PROJECT

Internal projects, i.e. for overhead cost, could be set up for project cost allocation in order to distribute share of cost across departments and financial dimensions or other companies/customers.

In illustration below, department A and C are physically located in the rented office space, but are different in size. Department B does not use office space, but are using the canteen as well as broadband and telephony. The posted transactions are differentiated and allocated across the departments by use of activities in the source project, and the different project cost allocation rules specifies the share of cost from each activity the three departments should have.



In Dynamics 365 Finance and Operations, the setup above would look something like this:

Edit

New

Delete

Project cost allocation

Options

Forecast

Allocation forecast models

Forecast allocation history

Process

Project cost allocation

Project cost allocation processing status

View

Allocated project transactions

Project cost allocation log

Filter

00001381

Overheads

Project cost allocation setup | Standard view

Cost allocation project ID

00001381

Project name

Overheads

Project cost allocation setup

+ New

Delete

Status

Create new version

Project cost allocation log

Allocated project transactions

Show closed

Project cost allocation setup ID	Status	Priority	Source project	Allow partly allocation	Activity number	Transaction type	Category group	Category	Start date	End date
5000000001	Effective	1	00001381		W00007976	Expense	ProjExp	Rent	1/1/2021	12/31/2021
5000000002	Effective	2	00001381		W00007977	Expense	ProjExp	Cleaning	1/1/2021	12/31/2021
5000000003	Effective	3	00001381		W00007978	Expense	ProjExp	Facility	1/1/2021	12/31/2021
5000000004	Effective	4	00001381		W00007979	Expense			1/1/2021	12/31/2021
5000000005	Effective	5	00001381		W00007980	Hour	Project	CT	1/1/2021	12/31/2021
5000000006	Effective	6	00001381			All			1/1/2021	12/31/2021

Project cost allocation rules

+ New

Delete

Project cost allo...	Target project	Allocation ...	Rounding	Sales price method	Sales price...	Split per a...	Target activity number	Reversal activity number	Split per resource	Hour	Expense	Item
R000000007	00001381-01	60.00	✓	Cost price		0	W00007983				PCA_EXP	
R000000008	00001381-02	20.00		Cost price		0	W00007988				PCA_EXP	
R000000009	00001381-03	20.00		Cost price		0	W00007993				PCA_EXP	