

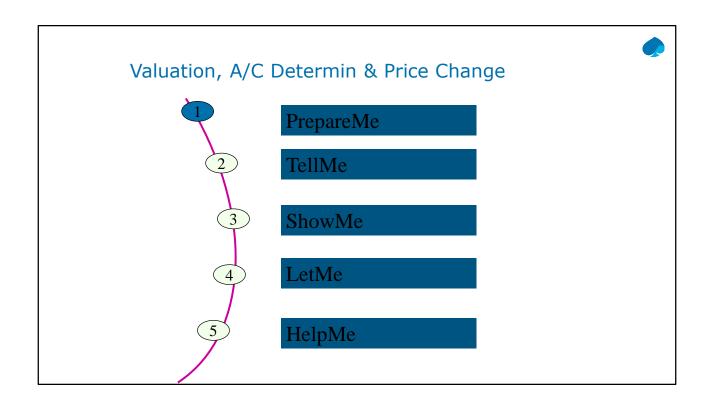


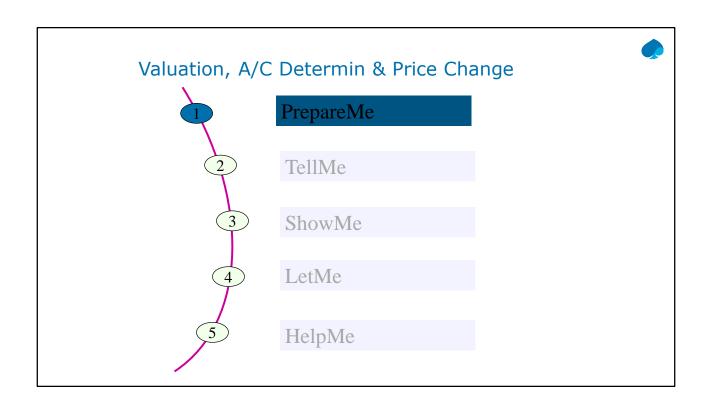
M1006- Valuation, A/C Determination & Price Change

This In-house course was developed to meet the needs of SAP R/3 Consultants working at Capgemini. This course is designed to present a high level view of 'Valuation, A/C Determin & Price Change' and to provide the Consultants with basic information about how to use this Functionality.

More in-depth courses have been developed to train Consultants in specific areas discussed during this course.

Your comments at the conclusion of this training session are appreciated and will help us better tailor future courses to meet your training needs.





Course Objective

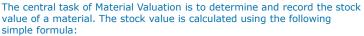
- > List the organizational levels that are important for material valuation and account updating at the time of different transactional posting.
- > List the influencing factors and their grouping characteristics, upon which the settings for automatic postings depend.
- > Outline the account determination process
- > Configure account determination for certain Materials Management transactions.
- > Use the simulation function
- > Case Study & Exercise.
- **≻Tips & Tricks**
- > Test Your Knowledge & Answers



Purpose







Stock value = Stock quantity x Material price

Thus, if the stock quantity or the material price changes, the stock value changes.

In addition, Material Valuation has the following tasks:

- · Adjusting material prices to market prices · Performing revaluations
- · Carrying out physical inventories
- · Carrying out valuation of stocks for balance sheet purposes

Use



- •Statutory requirement to show value of inventories according to the accounting principle applicable
- •Estimate the working capital (which is dependent on the stock value) to manage the funds requirement efficiently
- Product Costing essential for calculating the profit is not possible without Material Valuation
- •Material Valuation plays a key role is many business decision. Example: Make or buy decision, Introduction\discontinuation of a product
- Key Report required for various business analysis. Example: Total cost incurred in procurement of material, total consumption of A class material
- Valuating Material at moving Average, help to adjust the Material price along with the changing market price



Challenges

What is the right method for valuation of stock materials?

For each transaction, how will the accounting take place?

Above all, how does a logistics person remember all the information on material accounting & valuation & perform his functions?

How does the material play a role in valuation?

Does the material play a role in Accounting too?

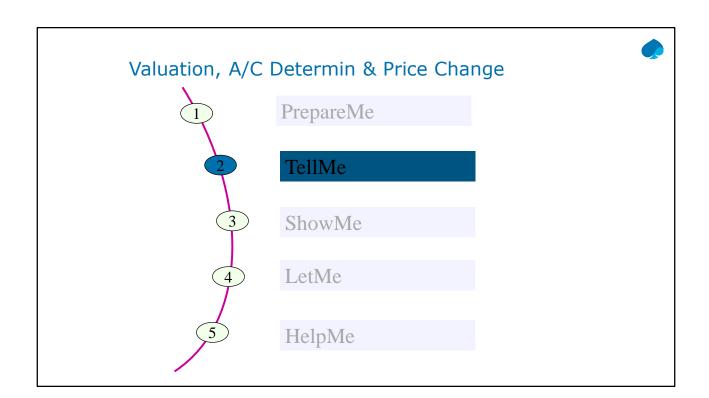
How does the Organization take part in material valuation & Accounting?

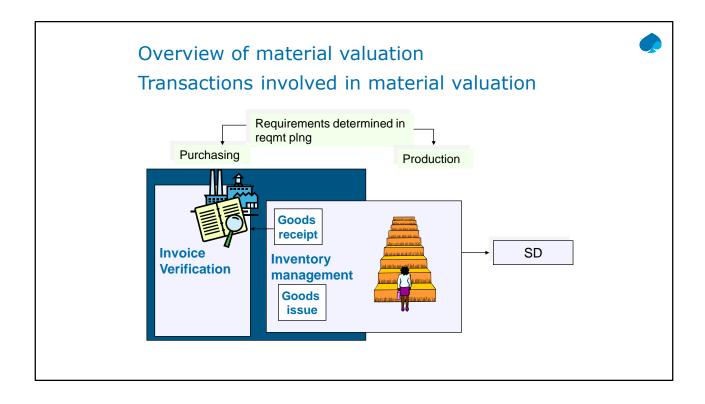
Challenges



- Reduce complexity of logistics operations
- · Reduce time for posting
- Taking the correct strategy for valuation & account determination
- Increase efficiency of logistics operation
- Run the supply chain logistics smoothly

All the above should add up to run the business in the most cost effective way





- •Transactions in Inventory Management that affect material valuation & accounting are goods receipts, goods issues and transfer postings. These transactions can change the valuation price of the material, depending on the type of price control
- •Material Valuation also gets effected during the Initial entry of Stock balance. The material can be valuated either at current material price or using another amount specified externally
- •Postings in Invoice Verification can also affect Material Valuation
- •For the materials with account assignment with a material master record, the valuation class from the accounting view is used for automatic account determination
- •For the materials with account assignment but without a material master record, the valuation class of the material group is used for automatic account determination

Control of material valuation	→Value update	Price Control ?
Material Type ? Raw material- ROH	Y N	V= mvg average S= Std
Semi-finished material- HALB	Valuation type ?	price
Finished goods- FERT	Mvt type ?	Valuation category ?
Services- DIEN	Valuation	on area

Material Type:

Material type when created. Material type has the

Every material satisfied to a material type when created at Material type uhas the following control features

for Waith aftion trol should be used?
Which valuation class can the material be assigned to?
Is the material managed on a qty basis?

Is the material movement is assigned to a movement type. Movement type has the following control features for valuation: the material myt cause qty update?

Which price control should be used?

Which valuation class can the material be assigned to?

Overview of valuation of Goods Movements



Initial entry of stock balances:

Receipts are valuated at the current material price or using another amount specified externally

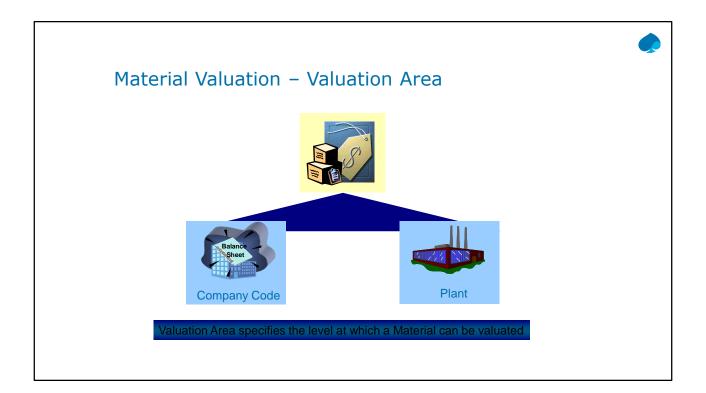
Goods receipt for purchase order: Receipts are valuated at the order price (GR before IR) or at the invoice price (IR before GR

Goods issue:

Issues are valuated at the current material price (or using another amount specified externally

Free delivery:

The value of receipts is zero.

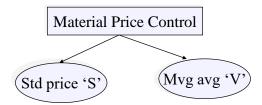


Material can be valuated at:

- •Company Code level: All the stocks of a particular Material in the Company is valuated together
- •Plant Level: All the stocks of a particular material in these plants are valuated together. Stocks in other plants are not included in this valuation area



Price control for material types



Valuation of goods receipts depends on the price control procedure set in the Material Master record. In the R/3 System, Material Valuation can be carried out according to the moving average price procedure (V price) or the standard price procedure (S price)

If a material is valuated at the standard price, it is always valuated at the same price. The development of delivered prices is included in the material master for statistical purposes, but not used for material valuation. The price differences are posted to a price difference account.

If a material is valuated at the moving average price, the price changes with every goods movement and incoming invoice if the purchase order price or invoice price varies from the moving average price. In other words, the price automatically reflects the delivered price.





In the standard price procedure (price control "S"), the system carries out all stock postings at a price defined in the material master. Variances are posted to price difference accounts

Exact values are available for Cost accounting/Controlling purposes

In the Accounting view, you can display differences between the delivered price and the standard price

You can change material prices if required (generally at the end of a period)

This causes the system to revaluate the total stock for a valuation area

If standard price is maintained, then any cost estimates coming from cost roll-up in CO updates the standard price field

When a Material is calculated in Standard Price, the system calculates the values of goods in following ways:

Quantity (new) = Quantity (old) + Quantity (inward)
Value (new) = Value (old) + Quantity (inward) X Price in Material

Master

Price unit in

Material Master

Price (new) = **Price** (old) = **Price** in Material Master



	Transaction	Stock	Total value	Standard price w	MAP
1	Initial balance	100	1000	10	10
2	GR for PO: 100@12	200	2000	10	11*
3	IR for PO: 100@11	200	2000	10	10.50**

(2) 1000				
Price difference				
(2) 200	(3) 100			

Stock account

GR/IR clg account
(3) 1200 (2) 1200

Vendor/ GL account
(3) 1100

If a material is assigned a standard price, the value of the material is always calculated at this price. If goods movements or invoice receipts contain a price that differs from the standard price, the differences are posted to a price difference account. The variance is not taken into account in valuation.

Material Valuation – Moving Average Price "V"

For price control 'V', receipts are valuated at their actual value (as per purchase orders, invoices, $\ldots)$

The system modifies the price in the material master according to the delivered price

Issues are generally valuated at the current material price.

The data used for cost accounting/controlling purposes therefore contains price fluctuations

Only in exceptional circumstances does the system post a difference to the "Expenses/revenue from price differences" account

You can change material prices if required (generally at the end of a period) $\,$

This causes the system to revaluate the total stock for a valuation area



	Transaction	Stock	Total value	MAP 💥
1	Initial balance	100	1000	10
2	GR for PO: 100@12	200	2200	11*
3	IR for PO: 100@11	200	2100	10.50**
4	Goods issue 100@10.50	100	1050	10.50

*New MAP= ${100X10+100X12}$ / ${100+100}$ (old value+ new value)/ total stock

**New MAP=\(\{ 100X10+100X11 \} / \(\{ 100+100 \} \) \\
\text{(old value+ new value)} / total stock



Changing the Type of Price Control

From Standard Price to MAP

This change can be made any time. The MAP (which till date has been updated for information only) replaces the standard price & is used for valuation from that time onwards

The type of price control can be changed by overwriting the price control indicator in the material master record with the new indicator





Changing the price control from S to V does not change the value of the material stock since the current price becomes the new price

Changing the Type of Price Control



From MAP to Standard Price

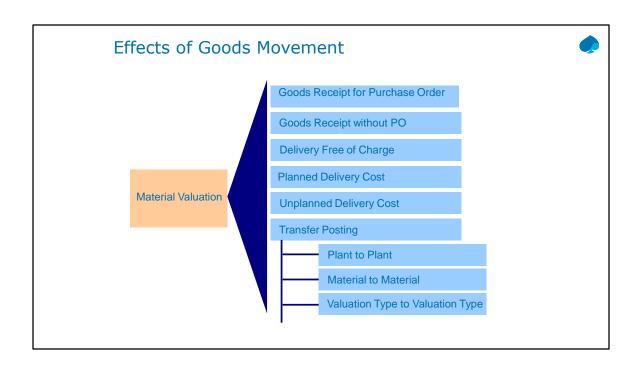
This change cannot be made in the following two cases:

- o If the material master record is set up as a valuation header record for a material subject to split valuation
- o If the standard price comes from costing & is not equal to the MAP

If the change is possible, the MAP becomes the standard price, which is then $\,$



Changing the price control from V to S does not change the value of the material stock since the current price becomes the new price





Goods receipt for a Purchase Order



- •The GR is valuated based on the quantity received & the net PO price
- •If an invoice is posted before GR, the value calculation is based on the actual value for the invoice quantity & on the PO price for the balance quantity

Goods receipt without a Purchase Order

- •The GR is valuated on the basis of the valid price in the Material Master record. Thus the price in material master record does not change, the stock qty & value increase proportionally
- •The Stock Account is debited & the credit goes to the 'stock change' account





Delivery free of Charge

A GR is posted, but no IR.

If the price control is `S' the total value of the material increases in relation to the GR qty & the stock account is credited with this value. The offsetting entry goes to the `income from price difference' account

If the price control is 'V', no account is debited/ credited since there is no change of value $% \left\{ 1,2,\ldots,n\right\} =0$

Total stock increases with value remaining the same. Thus, MAP decreases



Planned Delivery Costs

During GR, the delivery costs planned in the PO is posted to a clearing account. The offsetting entry is posted to either the stock account (for material with price control 'V') or to a price difference account (for material with price control 'S')

The corresponding clearing account is cleared during Invoice Verification



Unplanned Delivery Costs

•Unplanned delivery costs are entered during Invoice Verification. For material with price control 'V', this is posted to the stock account & for price control 'S', this goes to price difference account



Transfer Posting

Plant to Plant



•In the issuing plant, the stock is reduced by the qty transferred & the value is reduced accordingly:

Transfer posting value= TP qty X price in issuing plant

- •In the receiving plant, the stock is increased by the qty transferred & the value is increased in accordance with the price control defined for the material
- •If the TP results in the price differences , the differences are posted to stock account (for price control 'V' of the receiving plant) & to an 'expense/ income from stock transfer' account (for price control 'S' of the receiving plant)



Transfer Posting

Material to Material & Valuation type to Valuation type
This is exactly the same as the previous case of Plant to Plant transfer.

If the TP results in the price differences , the differences are posted to stock account (for price control 'V' of the receiving material/ valuation type) & to an 'expense/ income from stock transfer' account (for price control 'S' of the receiving material/ valuation type).

Transfer posting from one storage location to another within the same valuation area has no effect on Material Valuation

Changes in Material Valuation



There are two types of changes in material valuation:

Auto tic changes - Changes due to Goods Receipts & Involver eceipts

Manual changes- Revaluation of a material due to:

- > A price change
- > A material debit/ credit
- > Posting of physical inventory differences



Revaluation of material



The material price can be adjusted to the current market price by making a price change

If the stock value of a material is to be increased or decreased, you can make a direct credit or debit posting for this material

Result: Inventory is revaluated with all price controls

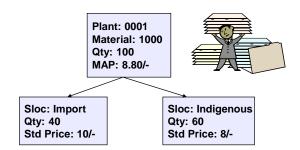
If a physical inventory reveals differences in quantity between the physical stocks and the book inventory, the book inventory balance is to be adjusted manually, that is, the physical inventory differences must be posted



Changes in Material Valuation due to goods receipts and invoice receipts are carried out automatically when the relevant transaction is posted

Overview of Split Valuation





- •Split Valuation is when a material is valuated at two different prices. It can be used with Material valuated both at Standard Price and at Moving Average Price.
- •If a material is subject to Split Valuation, the account determination process is carried out with the valuation class of the valuation type record.
- •Split Valuated Material is always valuated at Moving Average Price at Header Level irrespective of its valuation at Valuation Level.

A material can be valuated differently based on Valuation Category as Procurement type, Origin, Status (new/damaged etc.) & on individual characteristic of the valuation category, called Valuation Type, such as internal or external, in the case of procurement.

Valuation Structure for Split Valuation



Valuation Category

Based on valuation category, split valuation is carried out. A material can be valuated differently based on certain criteria as Procurement- whether it is in-house manufactured/ procured externally

Origin- imported or indigenous Status- new/ used/ repaired

Valuation Type

It specifies the individual characteristic of the valuation category, such as internal or external, in the case of procurement.

For every material with split valuation all allowed valuation types should be entered in the material master record.

Split Valuation



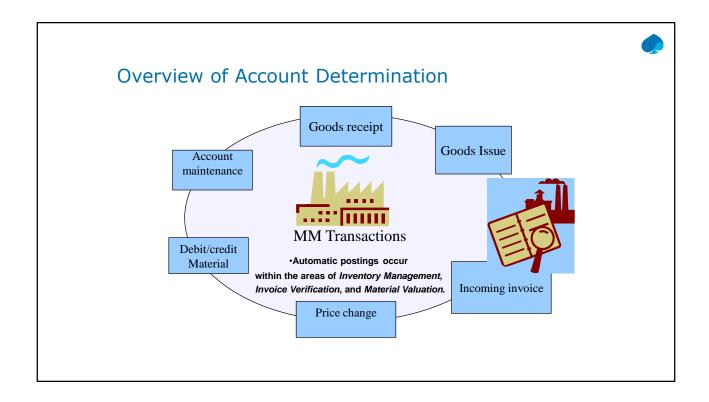
Split Valuation is necessary if:

Stock from in-house production has a different valuation price than externally procured stock

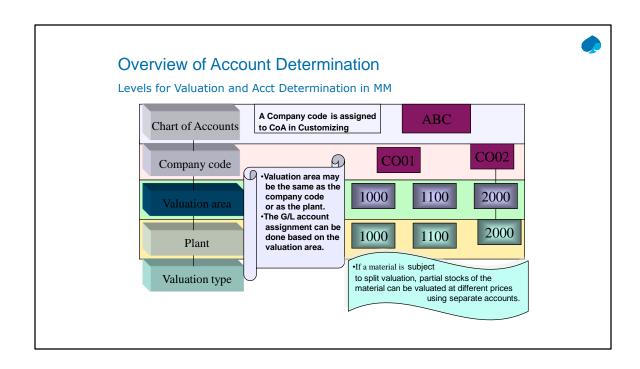
Stock from one vendor is valuated at a different price than stock procured from another vendor

Different batch stocks of a material have different valuation prices

Damaged & repaired parts are valuated differently from a new part



- •All the Goods Receipt, Goods Issue movements and Invoice Postings are the events relevant to Accounting. These transactions or events effects the accounting and there is a need to post the value to certain GL Account.
- •Account Determination is a process to automatically identify the GL Account and post it when a relevant Transaction or events takes place.





Client	Chart of Accounts	Transaction	VGC*	Account grouping	VC**	GL (Debit)	GL (Credit)
100	INT	BSX	0001		3000	Х	Х
100	INT	WRX	0001		3000	Y	Y
100	INT	GBB	0001	VBR	3000	Z	Z

Based on the influencing factors (Chart of Accounts, Valuation grouping code, Business transactions, Plant & the material), the system determines the GL for postings.

^{*} Valuation grouping code

^{**} Valuation class

Account Determination - Chart of Account





Chart of accounts

- A Chart of Account provides a framework for the recording of values to ensure an orderly rendering of accounting data
- This is used as a key for account determination, to enable a differentiation for the purposes of G/L account assignment
- You must assign a chart of accounts to each company code
- You must configure automatic account determination separately for each chart of accounts

Account Determination - Valuation Area





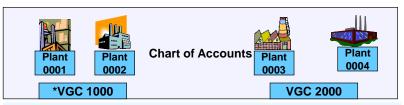
- The Valuation Area is the organizational level at which material is valuated. Plant and company code are two possible valuation areas in the R/3 System
- When stock is valuated at plant level, a material in different plants can be valuated at different prices. When stock is valuated at company code level, the valuation price of a material is the same in all of a company's plants

SAP recommendation: that you valuate material at plant level. Valuation at plant level is mandatory if you want to use either of the Production Planning or Product Cost Accounting components, or if your system is a Retail system.

Caution: Defining the valuation level in Customizing is a fundamental setting, and is very difficult to reverse.

Account Determination – Valuation Grouping Code



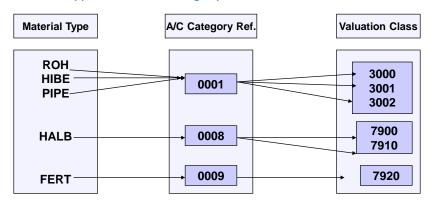


- By activating or deactivating the Valuation Grouping Codes, you can turn on or off the dependency of the Account determination function on the Valuation Area
- You must configure automatic account determination separately for each valuation grouping code within a chart of accounts





Material type- Account category reference- Valuation class

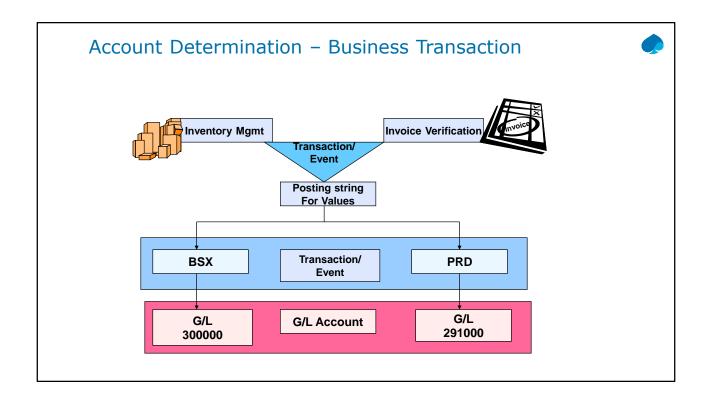


Valuation Class:

- •The Valuation Class is a key for grouping materials that have the same Account Determination
- •The relationship between Valuation class and Material Types is established by the Account Category reference. The Account Category reference is a compilation of valuation classes
- •A material type is assigned to only one account category reference

Account Category Reference:

- •Account Category References link the valuation Classes with the material Types
- •The combination "Material Type-Account Category Reference-Valuation Class" determines the G/L accounts updated for a valuation relevant transaction



Account Determination – Business Transaction



In the R/3 System, posting transactions are defined for each transaction in Materials Management that is relevant for Accounting. General posting records are assigned to each transaction or event in a "value string"

- Example of a <u>transaction/ event</u> is a <u>goods mvt or an invoice receipt</u>
- Example of <u>transaction/ event keys</u> are <u>BSX</u> for stock posting & <u>PRD</u> for a price difference posting
- Example of <u>value strings</u> are <u>WE01</u> attached to transaction 'GR' for std. PO & <u>WA01</u> assigned to various 'GI' & other goods receipts

Instead of definite G/L account numbers, this value string contains transaction keys for the relevant posting transaction. The first transaction key for a posting rule usually stands for the debit posting

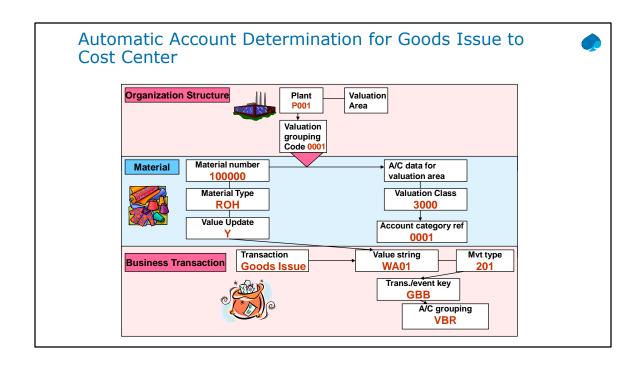
Account Determination - Business Transaction

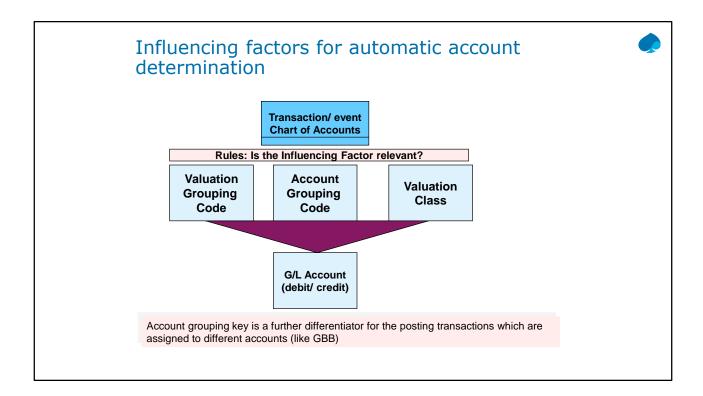


The posting transactions for the transactions in Inverse Management and Invoice Verification that are relevation accounting are fixed. Posting records are assigned to each relevant movement type in Inventory Management and to each transaction in Invoice Verification

The assignments of value strings to goods movements and the breakdown of the same into transaction keys can be seen in Customizing for Inventory Management and Physical Inventory, but they can not be changed

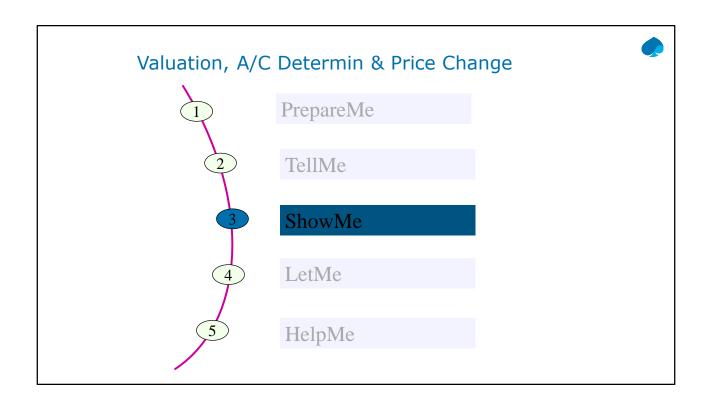
In Customizing for Valuation and Account Assignment, G/L accounts for the various posting transactions are mentioned





Since the transaction *Offsetting entry for inventory posting* is used for various transactions (such as goods issue, scrap, physical inventory), and these transactions should be assigned to different accounts (such as consumption accounts, scrap accounts, expense/revenue from physical inventory differences), it is essential to subdivide the posting transaction according to another key - the account grouping.

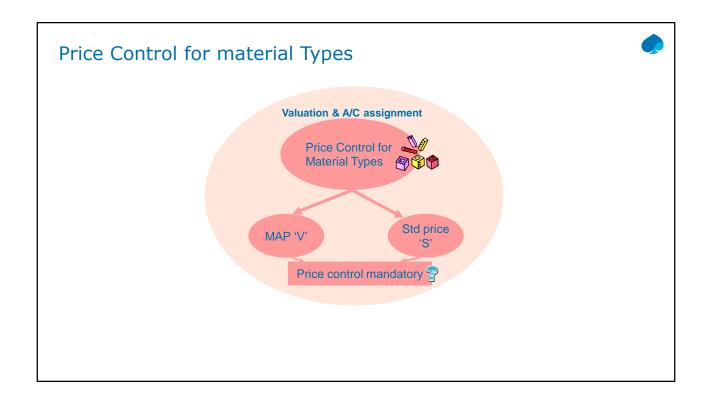
Account grouping is a key that allows to subdivide number assignments for each transaction key in account determination.



Valuation & Automatic Postings

When a goods movement is entered, the G/L accounts need not be entered manually since SAP automatically determines the correct accounts.

The settings for this automatic account determination & material valuation are done by using the account information set up in advance in an area of Customizing known as "Valuation & Account Assignment".

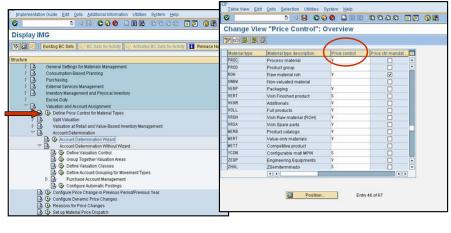


For each material, a price control (Standard 'S' or Moving average price 'V') is mentioned in the 'Accounting View' of the material master. Whether this indicator is mandatory can be set in Customizing.

Define Price Control for material Types



SPRO→ IMG → Materials Management → Valuation & Account Assignment → Define price control for material types

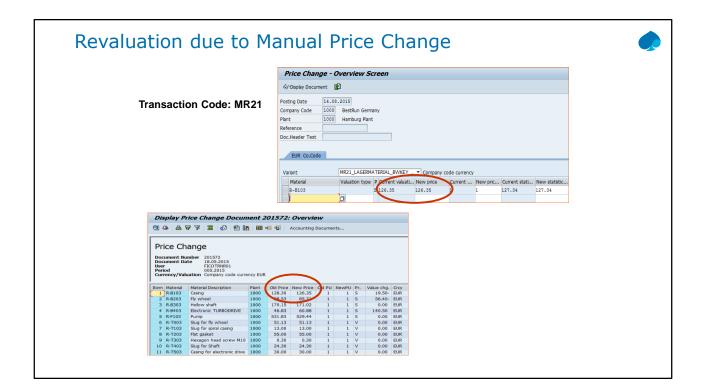


Each material is valuated according to the 'price control indicator' set in the material master record.

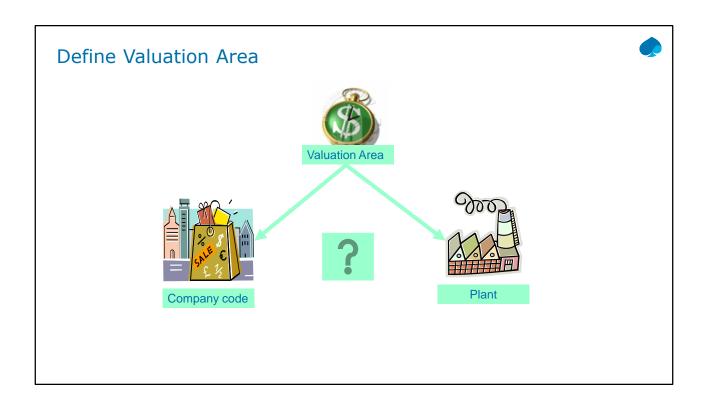
There are two types of price control indicator:

- V- Moving average price
- S- Standard price

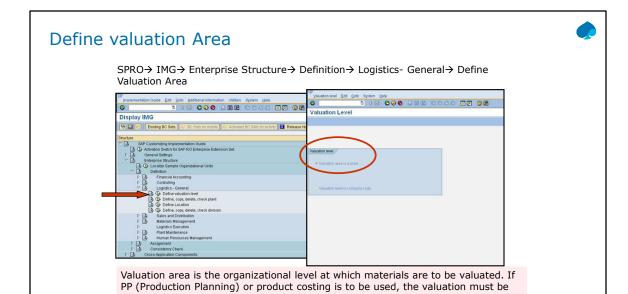
SAP recommends that all externally procured materials be kept at 'V' while all in-house produced materials be kept at 'S'.



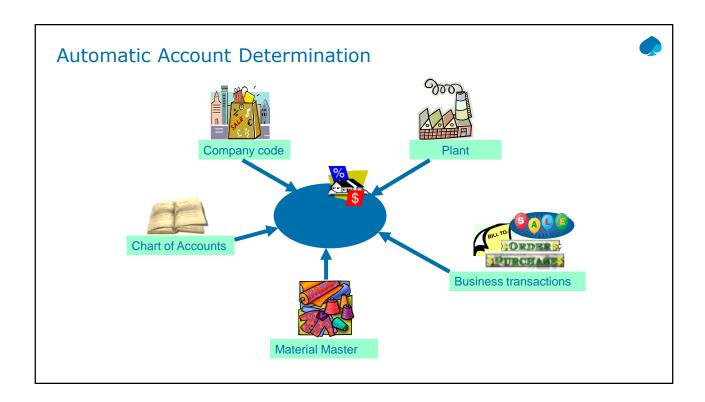
The current valuation price of a material can be changed through the transaction MR21. As a result, a price change document gets generated which reflects the old price & new price & the change in valuation.



The valuation area (Company code or Plant) is also set through Customizing. It is to be done carefully as once set, it's very difficult to reverse.



set at Plant level.



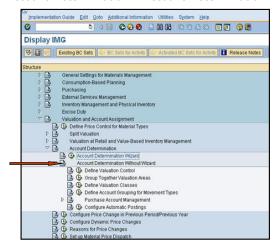
The various factors related to the Organization level, material master & business transactions, which participate in automatic account determination, are configured in the step 'Account Determination' in Customizing.

The valuation level (areas), Valuation Grouping codes, Valuation class, Account category reference etc. are some of the important settings defined & assigned through 'Automatic Account Determination'.

Automatic Account Determination



SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard



Under the node 'Account Determination without Wizard', there are subsequent steps for configuration of 'Automatic Account Determination'.

Valuation Grouping Code



- The valuation grouping code represents group of valuation areas (Plants) for which the same account determination comes into play
- Plants (valuation areas) with different account determination should be grouped separately



Plant P01



Plant P02







Valuation Area

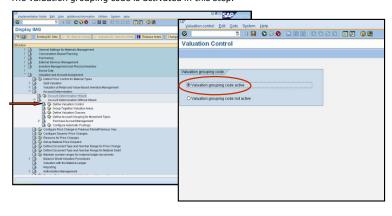
Valuation grouping code 0001

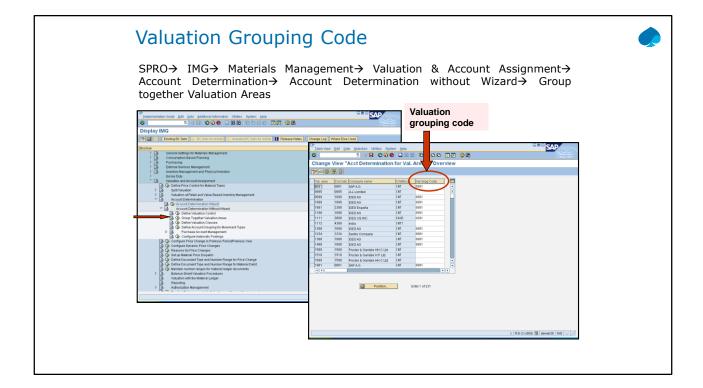
Valuation Grouping Code



SPRO \Rightarrow IMG \Rightarrow Materials Management \Rightarrow Valuation & Account Assignment \Rightarrow Account Determination \Rightarrow Account Determination without Wizard \Rightarrow Define Valuation Control

The valuation grouping code is activated in this step.



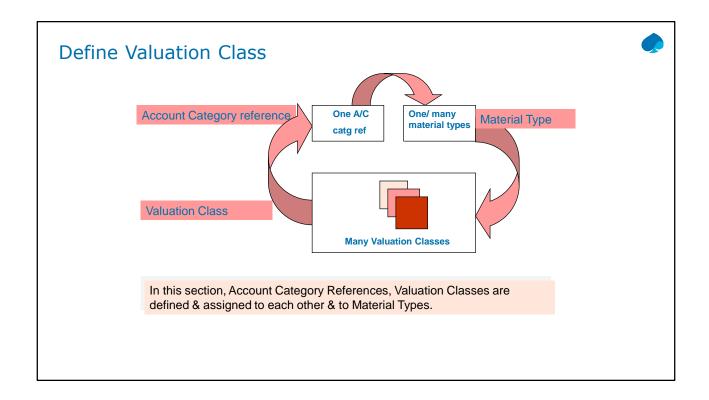


Prerequisites:

- Valuation grouping code activated
- Valuation level defined
- •Each Plant assigned to Company code- This ensures that the valuation areas are defined automatically

Use:

The VGC makes it easier to set automatic postings. Within the Chart of Accounts, the same VGC is assigned to the valuation areas which are to be assigned to the same accounts.



Pre-requisites:

- Material types must be defined
- The Chart of Accounts must be defined
- Financial Accounting must decide which materials are assigned to which accounts

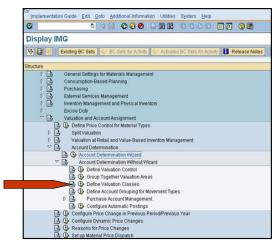
Use:

- •The Valuation Class must be entered in the Material Accounting data when the material is created
- •Account Category References link the valuation Classes with the material Types
- •The combination "Material Type-Account Category Reference-Valuation Class" determines the G/L accounts updated for a valuation relevant transaction

Define valuation Classes

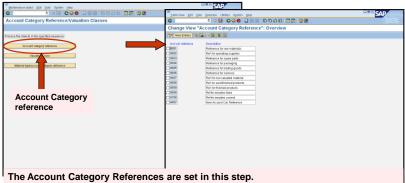


SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Define Valuation Classes



The valuation classes & account category references are defined in these steps. SAP provides with most of the required valuation classes & account category references. Others can be defined as per the business requirements. The relationship between valuation classes & account category references & their assignments with Material Types are made in these steps.

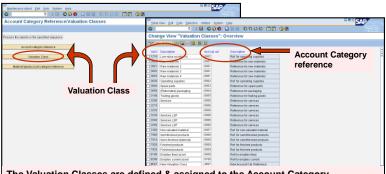
Account Category Reference SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Define Valuation Classes



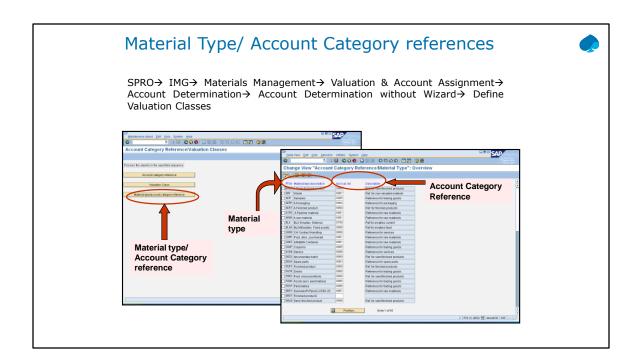
Valuation Class



The Valuation Class must be entered in the Material Accounting data when the material is created.



The Valuation Classes are defined & assigned to the Account Category References in this step.



Define Account grouping for Mvt Types



Example of Account Grouping

Mvt Type

Account Grouping

G/L Account

561- Initial entry of stock balance

BSA

399999

201- GI for Cost center

VBR

400000

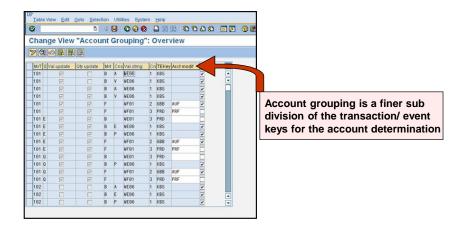
The account grouping is used for following transactions:

- GBB (Offsetting entry for inventory posting)
- PRD (Price differences)
- KON (Consignment liabilities)

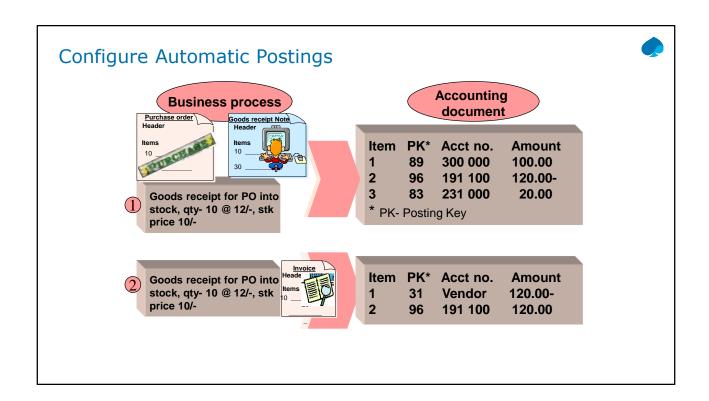
Define Account grouping for Mvt Types



SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Define Account grouping for Mvt Types



The movement types in different transactions are tagged to Value Strings & Transaction/ Event keys. For transactions GBB, PRD & KBS where further divisions are required, the transactions are tagged to Account Modification Key (Account Grouping).

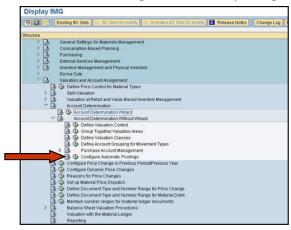


The settings & assignments required for automatic account determination for various business transactions (such as Goods Receipts, Invoice Verifications etc.) are configured in Customizing through 'Automatic Account Determination'.

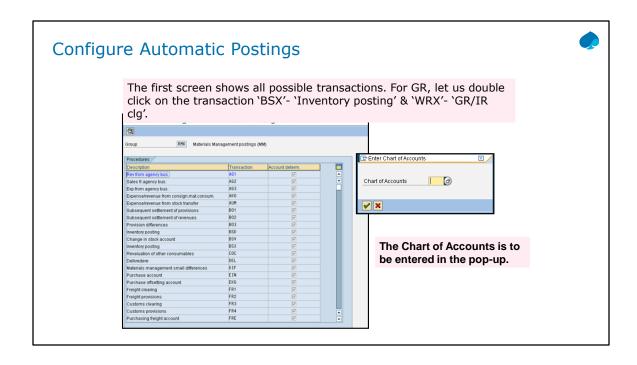
Configure Automatic Postings

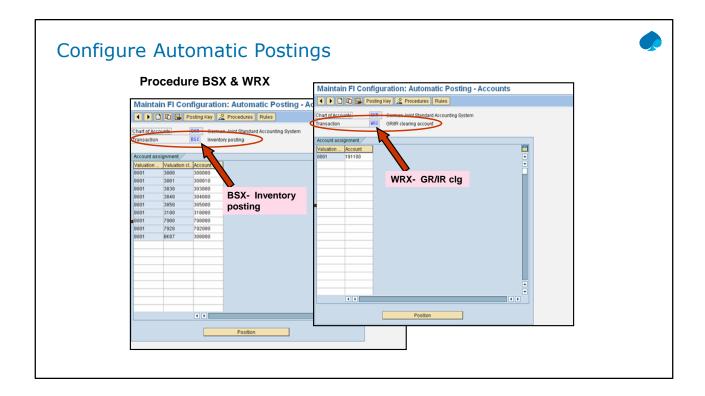


SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Configure automatic postings

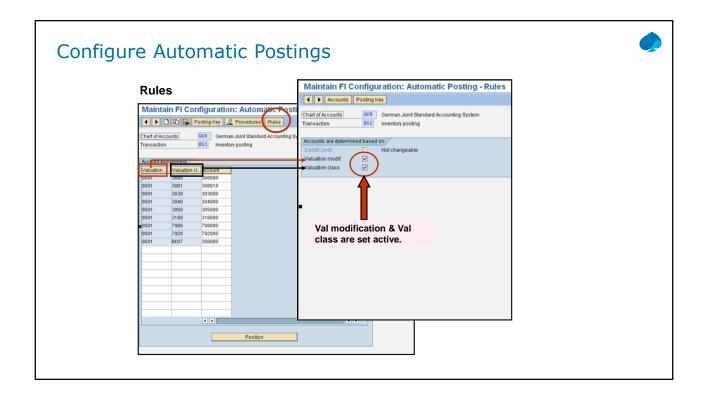


Under the node 'Configure Automatic Postings', there are subsequent steps for configuration as per different transactions.

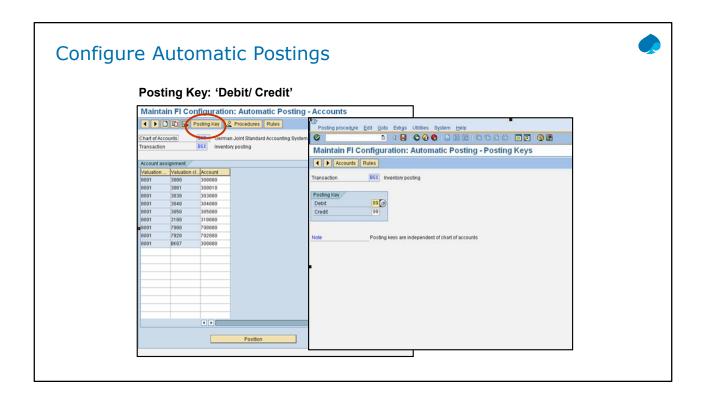




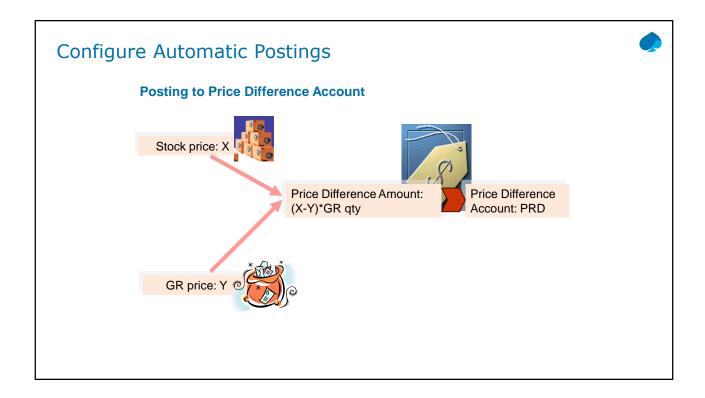
When a business transaction as GR takes place, transaction 'BSX' is hit. Based on the valuation class set in material master, valuation grouping code (or, valuation modification) & the value string WE01 (derived from mvt type 101), the G/L account is determined.



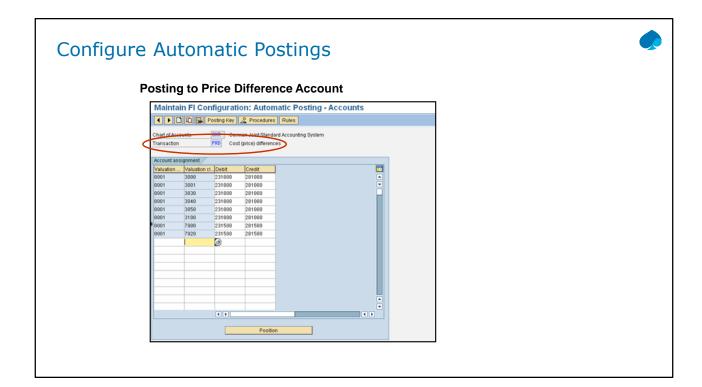
The combination of valuation grouping code & valuation class for a particular G/L is set under 'Rules'.



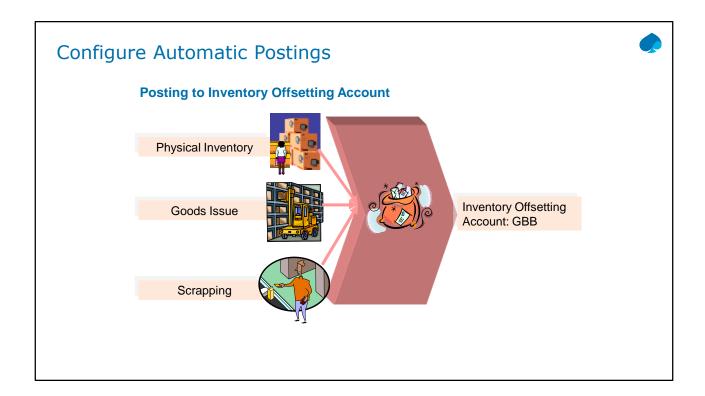
Some of the 'Posting Keys' are inbuilt in the SAP system. For Goods Receipt, transaction 'BSX', posting keys are '89' & '99' respectively.



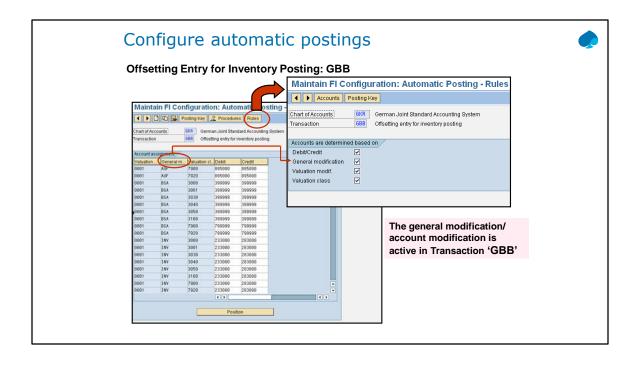
If a material is valuated at the standard price, it is always valuated at the same price. The development of delivered prices is included in the material master for statistical purposes, but not used for material valuation. The price differences are posted to a price difference account PRD.

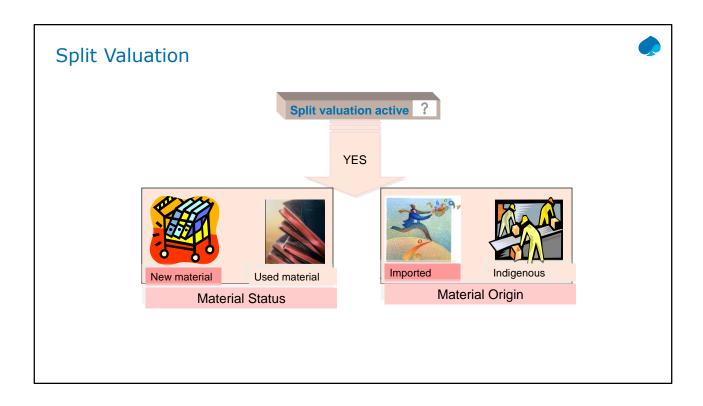


The G/L accounts are defined for transaction 'GBB' with valuation class-valuation grouping code combination.



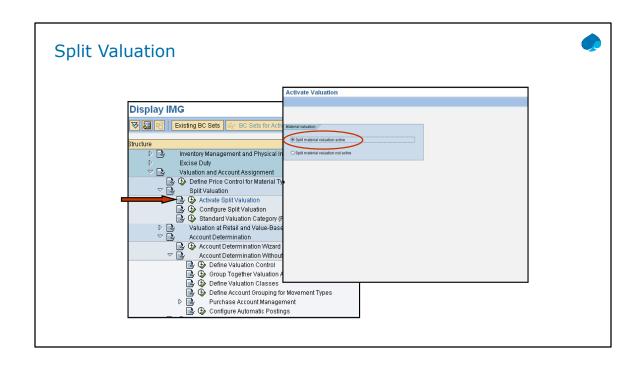
The posting transaction 'Offsetting entry for inventory posting' (GBB) is used for different transactions as goods issues, scrapping, physical inventory etc. These are assigned to different accounts like the consumption account,

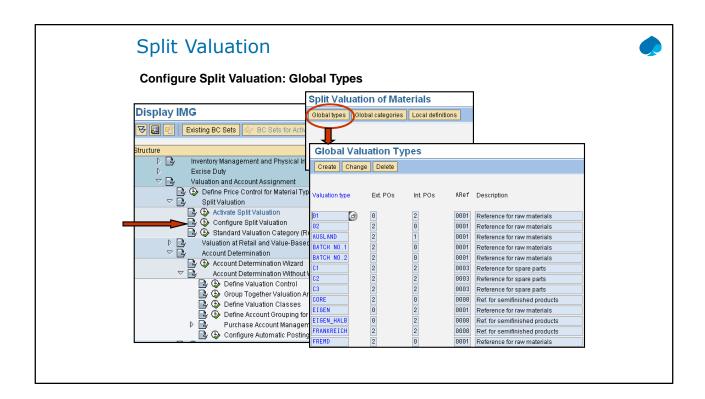




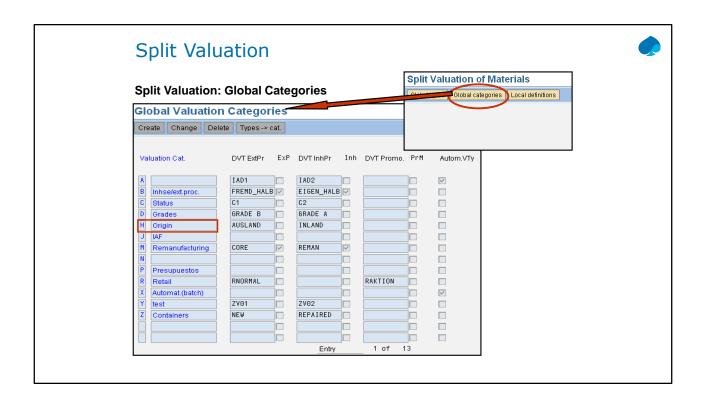
•Split Valuation is when a material is valuated at two different prices. It can be used with Material valuated both at Standard Price and at Moving Average Price.

A material can be valuated differently based on Valuation Category as Procurement type, Origin, Status (new/damaged etc.) & on individual characteristic of the valuation category, called Valuation Type, such as internal or external, in the case of procurement.

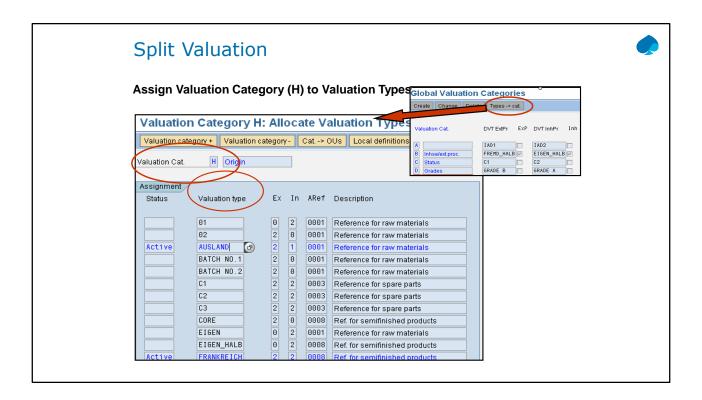




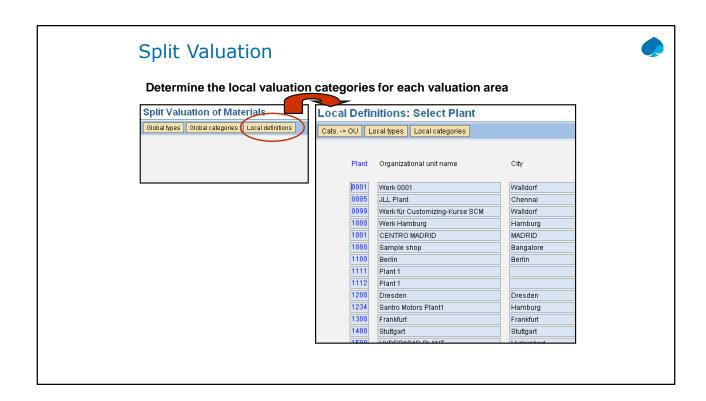
With this setting, you can determine which valuation types (global types) exist in your company.



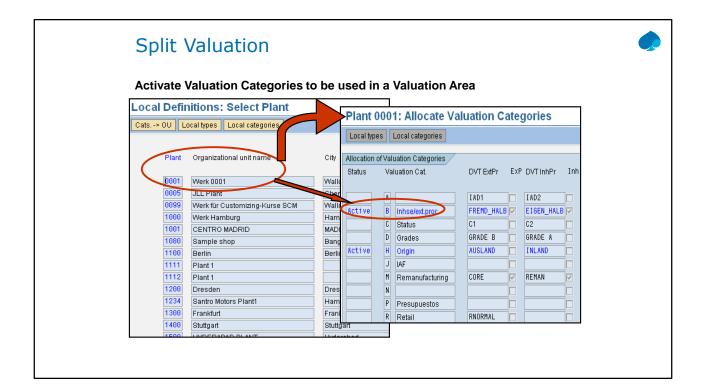
With this setting, you can determine which valuation categories (global categories) exist in your company.



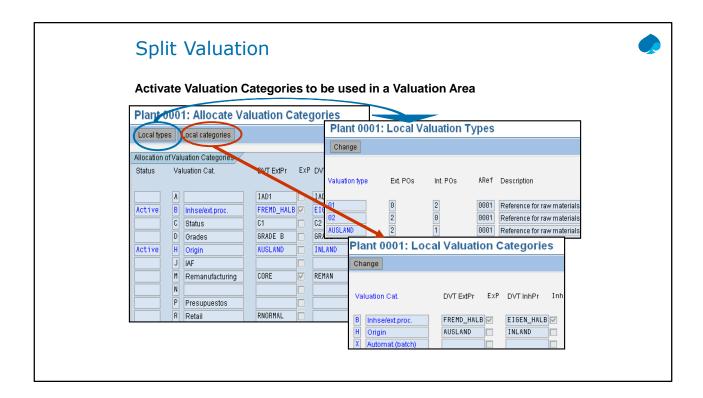
With this setting, you can determine which valuation types belong to which valuation category.



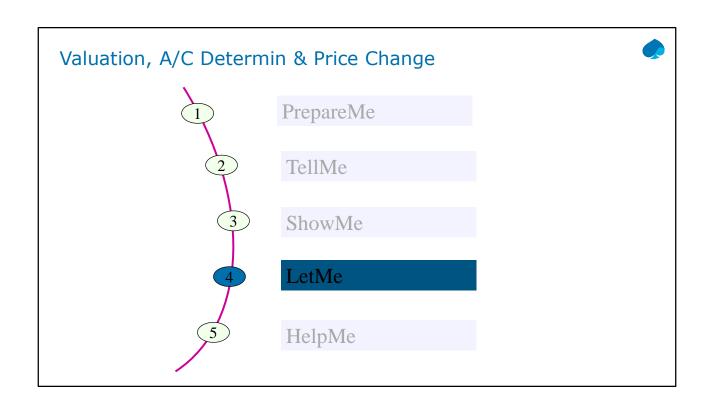
With this setting, you can determine which valuation categories exist in a valuation area (local categories).



With this setting, you can determine which valuation categories exist in a valuation area (local categories). The system creates the local valuation types for this valuation area.



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LetMe

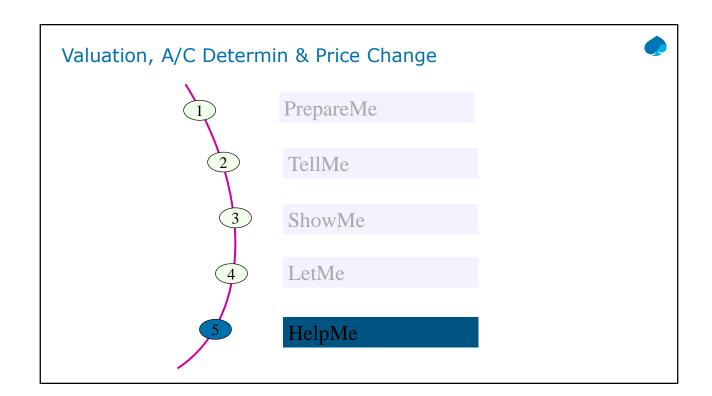


- A raw material should be posted to account 300000 at Goods receipt. Make the required settings for the same in Plant P001.
 - > The material code is created for the specific Plant
 - > In the accounting view, a suitable valuation class (say, 3000) is assigned based on the material type (ROH- raw material)
 - ➤ Choose 'SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Group together Valuation Areas' to find out the valuation grouping code for the Plant
 - ➤ Choose 'SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Configure Automatic postings' & double click on 'BSX'-Inventory Posting
 - > Put the chart of accounts in the pop-up & in the next screen fill up 'valuation grouping code-valuation class- G/L account' combination provided the 'Rules' are set before

LetMe



- Which account grp code is used for offsetting entry to stock posting in case of GI to a cost center?
- Assign the consumption account 400000 for offsetting entry to stock posting for GI with mvt type 201 for materials with valuation class XXXX for both debit & credit postings?
 - ➤ Choose 'SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Define Account Grouping for Movement Types'
 - Place the cursor on mvt type 201, with both stock quantity & value updates & without the special stock indicator
 - > The account grp code for GBB is VBR
 - ➤ Choose 'SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Configure Automatic postings' & double click on 'GBB'
 - ➤ Choose 'New Entries'
 - Create a new entry for account grp code VBR, valuation class XXXX & account 400000 for the debit & credit postings & save the input



Tips & Tricks





 While posting offsetting entry, you encounter error as 'ABC 0001 GBB 3000 ----' does not exist"

Here, ABC is the Chart of Accounts, 0001 is valuation grp code & 3000 is the valuation class. But the error occurs as the assignment of this string with G/L code is missing.

- ➤ In such cases, choose 'SPRO→ IMG→ Materials Management→ Valuation & Account Assignment→ Account Determination→ Account Determination without Wizard→ Configure Automatic postings' & double click on 'GBB'
- Then assign the G/L for 'ABC 0001 GBB 3000'
- Whenever you create new entries in Customizing, always remember to copy an SAP standard entry and then modify it as the system copies several information in the background

Additional Info





- The same material with the same valuation class & the account category reference can be posted to two different accounts based on valuation grouping code
- Val can be done at batch level
- The transaction keys are determined from the mvt type in Inventory Management & from the transaction itself in Invoice Verification
- The lowest value principle is a method of valuating material stocks for balance sheet purposes.

A list of possible devaluations is generated based on the results of lowest value determination. This list is used to decide which stock values to enter on the balance sheet. You make the corresponding posting to the balance sheet account manually. The offsetting entry is made to an expense account.