

SAP MM

***SAP Material
Management
Practice
Book(2021)***

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Inventory Management

Inventory Management Overview

- Inventory Management is a part of a Material Management module.
- Inventory management means managing the material stock by maintaining the proper records or material movements.
- Inventory management works on two ways
 - On Qty. updating (at store location)
 - On Value updating (at A/c)
- Inventory Management is fully integrated with PP, SD, QM, FI/CO

Goods movement

There will be a transaction resulting in a change in stock.

Types of Goods movement

- Goods Receipt (GR)
- Good Issue (GI)
- Stock Transfer
- Transfer posting

Goods Receipt (GR)

It is a goods movement, with which the receipt of the goods from vendor or production is posted.

A good receipt leads to an increase in warehouse stock

Goods Issue (GI)

It is also a good movement, with this

- Material with drawl
- Material Issue
- Material consumption
- Shipment of goods to a customer - is posted

A goods issue leads to a reduction in warehouse stock

Stock Transfer

- It is also one more goods movement
- It means removal of material from one storage location (or plant) to other storage location (or other plant) with in or between company codes

Transfer Posting

- It is a general term for changes in stock type or stock category or stock status of a material
- Transfer posting from material to material
- Release from quality inspection stock

[Note: It is irrelevant whether the posting occurs in connection with Phy. movement or not]

Result of Goods movement.

When you enter a goods movement

- A Material document is created
- If the movement is relevant for financial a/c accounting document will also be created
- Stock quantities of the material are updated
- Stock value of the material master is updated
- Depending on the movement type additional updates are also carried out like in case of good issue for cost center the consumption values of the items are also updated.

Document concept:

- The account principle of „No posting without document” is applies even IT based Inventory management system
- A document is a proof that a transaction involving stock changes has taken place
- When a good movement is posted, a Material Document is generated as a proof of the movement.
- If the movement is relevant to the financial accounting (i.e. if it leads to an update of G/L accounts) an accounting document will be generated parallel to the material document.

Material Document consists of

Document Header
Posting date
Name of the person who created
At item level
Quantity
Storage location
Plant, Movement type

Accounting Document consists of

Document Header
posting date
Document currency
At item level
G/L Account no
Associated amount posted

Note: The Material and Accounting Documents are independent documents

Document type in Inventory management:

WA - Goods Issue
WE - Gross Goods Receipt
WN - Net Goods Receipt
WI - Physical Inventory Document
WL - Transfer posting

Movement Type

- It is a three digit identification key
- In order to differentiate various goods movements movement type is used
- Movement type has an important control function in Inventory Management
 - Updating the quantity fields
 - Updating the stock and consumption accounts
- Determining which fields are to be displayed during the entry of a document in a system

- Example of Movement types are

Movement type	Description of the goods movement
101	Good receipt for PO
103	Good Receipt + Blocked stock (GR Blocked)
105	Releasing from GR blocked
122	Return to vendor/supplier
124	Return to vendor from blocked stock
201	Goods Issue for a cost center
301	Stock transfer from plant to plant with 1st step
303	Stock transfer from plant to plant with 2 step - issue
305	Stock transfer from plant to plant with 2 step - receiving

Note1: Movement type + 1 = reversal

Note2: for 121 - no reversal movement type

MIGO Transaction code

It is meant for

- Goods Receipt
- To display of material document
- Goods Issue
- Releasing of GR Blocked stock
- Place in storage
- Removal from storage
- Cancellation of material document

Tcodes in Inventory Management

1. Material documents
 - a. MB51 - List of Material documents
 - b. MR51 - List of Accounting documents
2. Stock

MMBE - Stock Overview	MB52 -- Warehouse Stock
MB53 - Plant Stock Availability	MB5B - Stock between Posting Dates
MB5T - Stock in Transit	MBLB - Stock with Subcontract Vendor
ME2o -- Stock provided to the vendor	MB50 -- Total Stock all materials
MB5S -- List of GR/IR balances	
3. MB1A - Goods Issue
4. MB1B - Transfer Posting
5. MB1C -- Good Receipt
6. Layouts:
 - a. ME9F -- PO Printout
 - b. MB90 -- Output from Goods Movements
 - c. ME9A -- RFQ Printout
 - d. ME9E -- Schedule Agreement Printout
7. Reports:
 - a. ME80FN - General Analysis PO Report
 - b. MC48 -- Current Inventory
 - c. MC45 -- Consumption Value

Inventory Management IMG settings

1. Plant Parameters

SPRO→IMG→Materials Management→Inventory Management and Physical Inventory→Plant Parameters

- System displays list of plants with their parameters
- Check your plant entry in this table
 - click position
 - Enter Plant = XPL1
 - If your plant entry available
 - No need to do any thing
 - Else
 - Select SAP std. Plant 0001
 - Click copy as
 - Your XPL1 Plant parameters
 - Click saves
- repeat the same for your plant 2

2. Define Number Assignment for Material and Phys. Inv. Docs (OMBT)

SPRO→IMG→Materials Management→Inventory Management and Physical Inventory→Number Assignment→Define Number Assignment for Material and Phys. Inv. Docs

- Click pencil marked group button
- On Menu bar→Groups→insert or F6
 - Enter Grp. name text as 'XMOT GR NR grp'
 - | Year | Frm. | To | Currno. | Ext |
|------|------|-----|---------|-----|
| 2015 | XXX | XXX | 0 | |
 - Click save
- Assign WE Doc type to your NR grp
 - Double click WE color of WE change into blue
 - Check the Check box of your GR NR grp.
- click 'Element/group' button on application tool bar or F5
- Save and transport it manually
- Repeat the same steps for WA and PI docs

3. Define Number Assignment for Accounting Documents (OMBA)

SPRO→IMG→Materials Management→Inventory Management and Physical Inventory→Number Assignment→Define Number Assignment for Accounting Documents

- click 'Financial A/c doc types' button
- System displays the list of Doc types
- click position
- enter your doc type = WE
- Select WE doc type
- Click details button on appl. tool bar
- System displays WE doc Details
- Click 'Number range information' button
- Enter your company Code..... XMOT
- Click Pencil marked interval button
- System displays a list Number range for every doc grp name year wise
- Check for an entry of Number range
 - 50 with year 2013
 - If this entry not available
 - Click + interval

- Create 50 with year 2013 a number range
 - Else
 - no need to do any thing
- Click save and transport it manually

3. Set Tolerance Limits (OMC0)

SPRO→IMG→Materials Management →Inventory Management and Physical Inventory →Goods Receipt →Set Tolerance Limits

SAP std. Tolerance keys are three

- B1 Order price qty. variance (GR)/E-MSG
- B2 Order price qty. variance (GR)/W-MSG
- VP Moving average price variance
- In this steps SAP provides The 3 TL keys for every co_cd in this table
- Check Your Co_cd is having the above 3 TL Keys or not?
 - Click Position
 - Enter Company Code ASMT
 - If your co_cd does not have these 3 TL keys
 - Copy the same from existing SAP Std. Co_cd
 - Else
 - No need to do any thing

Before GR	After GR
In Material Master Record (MM03)	In Material Master Record (MM03)
- No new View will be Created	- A new View Storage loc. will be Created
No Material and A/c Documents will be created	one Material and one A/c Documents will be created
No Updates in Stock status (MMBE)	Updates in Stock status (MMBE) will be done By increasing the Quantity of the material
In Purchase Order (ME23N)	In Purchase Order (ME23N)
- In Header Data - Status tab: Ordered Qty. - X Nos. Delivered Qty. - 0 Nos. Still to be delivered Qty. - X Nos.	- In Header Data - Status tab: Ordered Qty. - X Nos. Delivered Qty. - Y Nos. Still to be delivered Qty. - (X-Y) Nos.
- In Item Details Delivery Tab Y No check on Deliver completion indicator	- In Item Details Delivery Tab <input checked="" type="checkbox"/> check on Deliver completion indicator (If the full Qty. received)
- No New Tab: PO History will be created	- New Tab: PO History will be created with GR updated details

Goods Movements

Goods Movements are 4 types

- A. Goods Receipt (GR)
- B. Goods Issue (GI)
- C. Stock Transfers (ST)
- D. Transfer Postings (TP)

A) Goods Receipt:

Goods Receipt can be made in the following ways

- Goods Receipt - Un-restricted stock type
- Goods Receipt - QI stock type
- Goods Receipt - Blocked stock type
- Goods Receipt - Blocked
- Release of GR-Blocked stock
- Goods Receipt - Others
- GR others - Initial stock entry - by using MB1C
- GR others - Initial stock entry - By using MIGO
- GR others - W/o PO
- GR - Single line item - partial quantities in to multiple stock types

B Stock transfer

Stock Transfer are two types

1) Intra Company Stock transfer (With in the Co_cd)

a) Str. loc - to - Str. loc

i) One step method

ii) Two step method

a) Rem. from str. loc.

a) Placing into str. loc.

b) Plant - to - Plant

i) One step method

ii) Two step method

a) Rem. from str. loc.

a) Placing into str. loc.

2) Inter Company Stock transfer (Between Co_cd)

c) Co_cd - to Co_cd

i) W/o SD w/o billing

ii) With SD w/o billing

iii) With SD with billing

C) Transfer Posting:

Un-restricted to Blocked

Blocked to QI stock type

QI Stock type to U/R

D) Goods Issue:

Goods Issue - (To Cost
Center)

Goods Movements

Goods Movements are 4 types

- E. Goods Receipt (GR)
- F. Goods Issue (GI)
- G. Stock Transfers (ST)
- H. Transfer Postings (TP)

A) Goods Receipt:

Goods Receipt can be made in the following ways

- Goods Receipt - Un-restricted stock type
- Goods Receipt - QI stock type
- Goods Receipt - Blocked stock type
- Goods Receipt - Blocked
- Release of GR-Blocked stock
- Goods Receipt - Others
- GR others - Initial stock entry - by using MB1C
- GR others - Initial stock entry - By using MIGO
- GR others - W/o PO
- GR - Single line item - partial quantities in to multiple stock types

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1 Goods Receipt - Un-restricted stock type

User Entries

In Header data

Use Tcode = MIGO

Action: Goods Receipt

Sub action: Purchase Order

Mvt: **101**

Press enter

Enter PO No: xxxx

Delivery Note : xx/xx/xx

Bill of Lading xx/xx/xx

Click execute button or F8

In Item overview or item details

Check Item OK button either

Enter qty in case partial GR

Stock Type : Un-restricted
(default)

Click Check button on appl. tool
bar

Click save

System Response

System validate your entries

System pull relevant PO data

System validates our entries

displays a message as 'Doc OK'

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below
a/cs

	<u>G/L Accounts</u>	<u>Description</u>
	300000	Inv.- Raw Mate
+ve		
	191100	Goods Rcvd/Inv.
-ve		

3. Stock Status:

	U/R stock qty
Plant:	Increased
Str. Loc:	Increased

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2 Goods Receipt - QI stock type

User Entries

In Header data

Use Tcode = MIGO

Action: Goods Receipt

Sub action: Purchase Order

Mvt: **101**

Press enter

Enter PO No: xxxx

Delivery Note : xx/xx/xx

Bill of Lading xx/xx/xx

Click execute button or F8

In Item overview or item details

Check Item OK button either

Enter qty in case partial GR

Stock Type : QI stock

Click Check button on appl. tool bar

Click save

System Response

System validate your entries

System pull relevant PO data

System validates our entries
displays a message as 'Doc
OK'

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

191100

Description

Inv.- Raw Mate +ve

Goods Rcvd/Inv. -ve

3. Stock Status:

Plant:

Str. Loc:

QI stock qty

Increased

Increased

SAP: MM- Inventory Management

3 Goods Receipt - Blocked stock type

User Entries

In Header data

Use Tcode = MIGO
Action: Goods Receipt
Sub action: Purchase Order
Mvt: **101**
Press enter
Enter PO No: xxxx
Delivery Note : xx/xx/xx
Bill of Lading xx/xx/xx
Click execute button or F8

In Item overview or item details

Check Item OK button either
Enter qty in case partial GR
Stock Type : Blocked
Click Check button on appl. tool bar

Click save

System Response

System validate your entries

System pull relevant PO data

System validates our entries
displays a message as 'Doc OK'
System will Post the document

Observations

1. A material document will be created
2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

191100

Description

Inv.- Raw Mate +ve

Goods Rcvd/Inv. -ve

3. Stock Status:

Plant:

Str. Loc:

Blocked stock qty

Increased

Increased

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- 4 **Goods Receipt - Blocked** : Due to administrative reasons some times company will receive the material inside the premises, however not taken into the str loc

User Entries

In Header data

Use Tcode = MIGO

Action: Goods Receipt

Sub action: Purchase Order

Mvt: **103** -GR wrt PO into GR Blocked

Press enter

Enter PO No: xxxx

Delivery Note : xx/xx/xx

Bill of Lading xx/xx/xx

Click execute button or F8

In Item overview or item details

Check Item OK button either

Enter qty in case partial GR

Stock Type : - Blank filed-

Click Check button on appl. tool bar

Click save

System Response

System validate your entries

System will block the Str loc field

System pull relevant PO data

System validates our entries

displays a message as 'Doc OK'

System will Post the document

Observations

1. A material document will be created

2. No accounting doc will create so no GL a/cs

G/L Accounts

Description

-

-

-

-

3. Stock Status:

GR Blocked stock qty

Plant:

Increased

Str. Loc:

No change

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- 5 **Release of GR-Blocked stock** : Once the Material has been blocked under GR Blocked action, we can release the same by using Two methods

User Entries

In Header data

Method - I

Use Tcode = MIGO

Action: Goods Receipt

Sub action: Purchase Order

Mvt: **105** -Rel of GR blocked stock

Method - II

Use Tcode = MIGO

Action: Rel GR Blocked

Sub action: Material Doc No

MVT field will disappear

Press enter

Enter PO No: xxxx

Delivery Note : xx/xx/xx

Bill of Lading xx/xx/xx

Click execute button or F8

In Item overview or item details

Check Item OK button either

Enter qty in case partial GR

Stock Type : U/R or QI or Blocked

Click Check button on appl. tool bar

Click save

System Response

System validate your entries

System will block the Str loc field

System pull relevant PO data

System validates our entries displays a message as 'Doc OK'

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

191100

Description

Inv.- Raw Mate +ve

Goods Rcvd/Inv. -ve

3. Stock Status:

Plant:

Str. Loc:

U/R or QI or Blocked

Increased

Increased

6 Goods Receipt - Others

There are two types of GR others - 1. GR - Initial stock entry, 2. GR - w/o PO

GR- Others Initial stock entry: In general this action will be performed only before Go-live of SAP

It does not require any PO. It is to update the stock in Stores we use this method

GR others - Initial stock entry are again can be done in two ways

a) By using MB1C b) By using MIGO

a) GR others - Initial stock entry - by using MB1C

User Entries

System Response

Observations

Use Tcode = MB1C

In Initial Screen

Mvt: 561 initial stock entry - U/R

Plant : xxxx

Storage Location : XX

Press enter

In Second Screen

Material No xxxxx

Qty xxxx

Press enter

Click save

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

Description

300000

Inv.- Raw Mate +ve

399999

Inventory taking -ve

3. **Stock Status:**

U/R stock qty

Plant:

Increased

Str. Loc:

Increased

System validate your entries

System will Post the document

Note: 1

GR - Initial stock entry - QI stock type

Enter Mvt: 563 initial stock entry - QI, Rest of the procedure is same as above

Note: 2

GR - Initial stock entry - Blocked stock type

Enter Mvt: 565 initial stock entry - Blocked, Rest of the procedure is same as above

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6 b) GR others - Initial stock entry - By using MIGO

In this step at a time you can enter all materials with different stock type into warehouse as initial stock entries

User Entries

In Header data

Use Tcode = MIGO

Option : Goods Receipt

Sub option : Others

Mvt: 561

Press enter

In Item overview or item details

Material No xxxxx/xxxxx/xxxxx

Qty xxxx/xxx/xxx

Mvt: 561/563/565

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

399999

Description

Inv.- Raw Mate +ve

Inventory taking -ve

3. Stock Status:

Plant:

Str. Loc:

U-R/QI/Blocked stock qty

Increased

Increased

Note: 1

Mvt: 563 initial stock entry - QI

Mvt: 565 initial stock entry - Blocked

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6 c) GR others - W/o PO

This is use full after go live time

User Entries

In Header data

Use Tcode = MIGO

Option : Goods Receipt

Sub option : Others

Press enter

In Item overview or item details

Material No xxxxx/xxxxx/xxxxx

Qty xxxx/xxx/xxx

Mvt: 501/503/505

Press enter

Click save

System Response

System automatically chooses
the MVT 501

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

<u>G/L Accounts</u>	<u>Description</u>
300000	Inv.- Raw Mate +ve
400020	Raw materials consum -ve
	U-R/QI/Blocked stock qty
Plant:	Increased
Str. Loc:	Increased

3. Stock Status:

Note: 1

Mvt: 503 w/o PO - QI

Mvt: 555 w/o PO - Blocked

7 GR - Single line item - partial quantities in to multiple stock types

User Entries

In Header data

Use Tcode = MIGO

Option : Goods Receipt

Sub option : Purchase order

Press enter

Enter Purchase Order (3 times)

In Item overview or item details

Qty xxxx/xxx/xxx (partial qty)

Stock types : U-R/QI/Blocked

Press enter

Click save

System Response

System validate your entries

System displays warning msgs.
about deficit qty

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

<u>G/L Accounts</u>	<u>Description</u>
300000	Inv.- Raw Mate +ve
191100	Goods Rcvd/Invoice R -ve
300000	Inv.- Raw Mate +ve
191100	Goods Rcvd/Invoice R -ve
300000	Inv.- Raw Mate +ve
191100	Goods Rcvd/Invoice R -ve

3. **Stock Status:**

Plant:

Str. Loc:

U-R/QI/Blocked stock qty

Increased

Increased

Note: Single GR -Multiple POs - Single Vendor - Possible

Note: Single GR -Multiple POs - Multiple Vendor - **NOT** Possible

B Stock transfer

Transferring of Stock from one organizational unit to other organizational unit can be called as Stock Transfer

Stock Transfer are two types

1) Intra Company Stock transfer (With in the Co_cd)

a) Str. loc - to - Str. loc

i) One step method

ii) Two step method

a) Rem. from str. loc.

a) Placing into str. loc.

b) Plant - to - Plant

i) One step method

ii) Two step method

a) Rem. from str. loc.

a) Placing into str. loc.

2) Inter Company Stock transfer (Between Co_cd)

c) Co_cd - to Co_cd

i) W/o SD w/o billing

ii) With SD w/o billing

iii) With SD with billing

B Stock transfer (Intra company Stock Transfer)

a) Str. loc - to - Str loc

i) One step method : This steps will be carried out at supplying str loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 311 (Transfer posting from str - str onestep)

Plant : XPL1 (supplying Plant)

Storage Location : xx (Supplying str . Loc)

Press enter

In second screen

Str loc : xx (Receiving Str loc)

Mat No : xxxxx

Qty : xx (which to be transferred to dest. Str)

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. No accounting doc will be created

G/L Accounts

Description

-

-

-

-

3. **Stock Status:** **Supplying side** **Received side**

Plant:

No change

No change

Str. Loc:

Decreased

Increased

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B Stock transfer (Intra company Stock Transfer)

a) Str. loc - to - Str. loc - Two step method

i) Rem. from str. loc. - This step will be carried out by the Supplying Str loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 313 (Rem. from str. loc.)

Plant : XPL1

Storage Location: xx (Supplying str . Loc)

Press enter

In second screen

Str. loc : xx (Receiving Str. loc)

Mat No : xxxxx

Qty : xx (which to be transferred to dest.. Str.)

Press enter

Click save

System Response

Observations

1. A material document will be created

2. No accounting doc will be created

<u>G/L Accounts</u>	<u>Description</u>
---------------------	--------------------

-

-

-

-

3. Stock Status: Supl side Rec. side
Transf(strloc)

Plant: No change No change Increased

Str. Loc: Decreased No change

System validate your entries

System will Post the document

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B Stock transfer (Intra company Stock Transfer)

a) Str. loc - to - Str loc - Two step method

ii) Placing into the str loc - This step will be carried out by the Receiving Str loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 315 (Placing into str loc)

Plant : XPL1

Storage Location : xx (Receiving str loc)

Press enter

In second screen

Mat No : xxxxx

Qty : xx (Receiver can receive max qty of stock in transit)

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. No accounting doc will be created

<u>G/L Accounts</u>	<u>Description</u>
---------------------	--------------------

-

-

-

-

**3. Stock Status: Supl side Rec. side
Transf(strloc)**

Plant: No change No change Decreased

Str. Loc: No change Increased

B Stock transfer (Intra company Stock Transfer)

b) Plant - to - Plant

i) One step method : This steps will be carried out at Supplying plant/str loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 301 (Transfer posting from olnt-plnt onestep)

Plant : XPL1 (supplying Plant)

Storage Location : xx (Supplying str . Loc)

Press enter

In second screen

Receiving Plant : xxx

Str loc : xx (Receiving Str loc)

Mat No : xxxxx

Qty : xx (which to be transferred to dest. Str)

Press enter

Click save

System Response

System validate your entries
System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

300000

Description

Inv.- Raw Mate -ve (suply plnt)

Inv.- Raw Mate +ve (Recv plnt)

3. Stock Status:

Supplying side Received side

Plant:

Decreased

Increased

Str. Loc:

Decreased

Increased

SAP: MM- Inventory Management

B Stock transfer (Intra company Stock Transfer)

b) Plant - to - Plant

i) One step method : This steps will be carried out at Supplying plant/str loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 301 (Transfer posting from olnt-plnt onestep)

Plant : XPL1 (supplying Plant)

Storage Location : xx (Supplying str . Loc)

Press enter

In second screen

Receiving Plant : xxx

Str loc : xx (Receiving Str loc)

Mat No : xxxxx

Qty : xx (which to be transferred to dest. Str)

Press enter

Click save

System Response

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

300000

Description

Inv.- Raw Mate -ve (suply plnt)

Inv.- Raw Mate +ve (Recv plnt)

3. Stock Status:

Supplying side Received side

Plant:

Decreased

Increased

Str. Loc:

Decreased

Increased

System validate your entries

System will Post the document

SAP: MM- Inventory Management

B Stock transfer (Intra company Stock Transfer)

b) Plant - to - Plant - Two step method

i) Rem from str. loc. - This step will be carried out by the Supplying Str loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 303 (Transfer posting Plant-Plant rem frm str loc)

Plant : XPL1 (supplying Plant)

Storage Location : xx (Supplying str . Loc)

Press enter

In second screen

Receiving Plant : xxx

Receiving Str loc : xx (Optional)

Mat No : xxxxx

Qty : xx (which to be transferred to dest. Str)

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

300000

Description

Inv.- Raw Mate -ve (suply plnt)

Inv.- Raw Mate +ve (Recv plnt)

3. Stock Status: Supl side Rec. side Stk in trnst(plnt)

Plant: Decreased No change Increased

Str. Loc: Decreased No change -

B Stock transfer (Intra company Stock Transfer)

b) Plant - to - Plant - Two step method

ii) Placing into the str. loc - This step will be carried out by the Receiving Str. loc

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 305 (placing into str. Loc.- plant. - plant)

Plant : XPL2 (Receiving Plant)

Storage Location: xx (Receiving str. Loc.)

Press enter

In second screen

Mat No : xxxxx

Qty. : xx (Receiver can receive max qty. of stock in transit)

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. No accounting doc will be created

G/L Accounts

Description

-

-

-

-

3. Stock Status: Supl side Rec. side Transfer (str.loc)

Plant: No change Increased Decreased

Str. Loc: No change Increased

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C) Transfer Posting:

Changing of the stock status from one stock type to another stock type can be called as Transfer posting

Tcode for Transfer posting = MB1B

SAP std. Stock types are

Un-restricted

Blocked

QI stock

Transfer Postings

QI - U/R

U/R - Blocked

Blocked - QI

MVT

321

344

349

Transfer Postings

U/R - to - QI

QI - to - Blocked

Blocked - to - U/R

MVT

322

350

343

Transfer Posting QI - to - U/R

User Entries

Use Tcode = MB1B

In Initial screen

Mvt: 321 (Transfer posting from QI - to - U/R)

Plant : XPL1

Storage Location : xx

Press enter

In second screen

Mat No : xxxxx

Qty. : xx

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. No accounting doc will be created

G/L Accounts

-

-

Description

-

-

3. Stock Status: QI Stock

Plant: Decreased

Str. Loc.: Increased

U/R Stock

Decreased

Increased

D. Goods Issue:

It can also be called with the following name

Material with drawl (from the production point)

Material consumption (from Fincance point)

Goods Issue - (To Cost Center)

User Entries

Use Tcode = MB1A

In Initial Screen

Mvt: 201 (Consumption to Cost center)

Plant : xxxx

Storage Location : XX

Press enter

In Second Screen

Cost center = XX_CC (Your production cost center)

Material No xxxxx

Qty xxxx

Press enter

Click save

System Response

System validate your entries

System will Post the document

Observations

1. A material document will be created

2. An accounting doc will create & trigger below a/cs

G/L Accounts

300000

400000

Description

Inv.- Raw Mate +ve

Consumption, raw mat.1 +ve

3. **Stock Status:**

U/R stock qty.

Plant:

Decreased

Str. Loc.:

Decreased

Physical Inventory

What is Physical Inventory?

- Physical Inventory is the procedure used to maintain an accurate count of material
- This involves physically counting the quantity of stock at storage location.

Which stocks can be inventoried?

- Company's own stock
- Special stock (consignment stock at customer, external consignment stock from vendor or returnable packaging material)

Notes:

1. Above stocks to be taken separately in different physical inventory documents.
2. Physical inventory can be carried out for the following stock types
 - a. Unrestricted stocks in warehouse
 - b. Quality inspection stock
 - c. Blocked stock
 - d. If batch status management is active, stock type 1 covers both unrestricted-use stock and restricted-use stock
3. Inventory of all stock types mentioned could be taken in a single transaction
4. For the material to be inventoried, one item is created in the physical inventory document for every stock type.
5. Physical inventory takes place at storage location level.
6. A separate physical inventory document is created for every storage location
7. If no storage location segment exists for a material, this means that no goods movement has ever taken place for the material in the storage location.
8. The material therefore has never had any stock at the storage location and does not exist at stock management level.
9. It is therefore not possible to carry out a physical inventory for the material in this storage location
10. This is not to be confused with a material for which a goods movement has taken place and for which the stock balance is currently zero.
11. A Physical inventory must be carried out in this case.
12. It is also possible to carry out a physical inventory since storage location data is not deleted when the stock balance is zero

Physical inventory procedure:

- Periodic Inventory
- Continuous inventory
- Cycle counting
- Inventory sampling

Periodic Inventory:

- In periodic Inventory all stocks of the company are physically counted on the balance sheet key date.
- Every material must be counted
- During counting, the warehouse must be blocked for material movements.

Continuous Inventory:

- With the continuous Inventory procedure, stocks are counted continuous during the entire fiscal year.
- In this case, it is important to ensure that every material is physically counted at least once during the year.

Cycle Counting:

- Cycle Counting is a method of physical inventory where the inventory is counted at regular intervals with in the fiscal year.
- These intervals (or cycles) depend on the cycle counting indicator set for the moving items for examples.

Inventory Sampling:

- In inventory Sampling, randomly selected stock of the company are physically counted on the balance sheet key date.
- If the variance between the result of the count and the book inventory balance are small enough, it is presumed that the book inventory balances for the other stock are correct.

Physical Inventory process:

Independent of the Physical inventory procedure, the physical inventory process can be divided into three phases:

- Physical Inventory Preparation
 - This includes creating a physical inventory document
 - Blocking the material for posting and printing.
 - Distributing the physical inventory document
 - Physical Inventory count
 - The stocks in the warehouse are counted and the count results are entered in the count list.
 - These are then transferred from the count list to the system in the step "Enter Physical inventory count"
 - Physical Inventory check
 - Using the list of inventory differences, you can check variances in the stocks.
 - You should check whether the transferred count result is correct (change count) or whether you want to initiate a recount.
 - If the difference is accepted, it is posted and stock is corrected.
 - Posting the difference
 - A Physical inventory document is corrected to record the results of a physical Inventory.
 - Once actual counts are entered in to the physical inventory document, the values are posted online, resulting in creation of SAP material and accounting documents
- Tolerance group can be limited to a maximum difference per physical inventory document and maximum difference per line item with in a document.

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Steps in Physical inventory

1. Create a Physical Inv. document

Steps:

- Use Tcode = MI01
- In initial screen
 - Document date 12.04.2013
 - Planned count date 12.04.2013
 - Plant VPL1
 - Storage Location S11
- Press enter
 - Material no"s (for which you wish to carry out the Physical Inventory)
- Click save

2. Entering of Inventory count

Steps:

- Use Tcode = MI04
- In initial screen
 - Phys. Inventory Doc. 510 (Phy. doc created in the above step)
 - Fiscal Year 2013
 - Count Date 12.04.2013
- Press enter
- In second screen
 - Enter Material qty. counted against each stock type
- click save

3. List of Inventory differences

Steps:

- Use Tcode = MI20
- In Initial screen
 - Plant ASP1
 - Storage Location S11
 - Physical Inventory Document 510
- Press execute button
- System displays the
 - Book qty. and value against Phy. counted qty. and value
- Click select all button and
- Click Post the difference button on application tool bar
 - or do the following step

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4. Post the Inventory difference

Steps:

- Use Tcode = MI07
- In initial screen
 - Phys. Inventory Doc. 510
 - Fiscal Year 2013
 - Posting Date 12.04.2013
- Press enter
- In second screen
 - System display the difference qty. (either excess or less)
 - Enter if any reason (optional)
 - Click save
- Observations:
- system will create a material doc as a proof of posting this differences
- Go to MIGO see the material document
 - for Less Qty. of material
 - System triggers Mvt 702 (GI for Phy. Inv. from warehouse)
 - for Excess Qty. of material
 - System triggers Mvt 701 (GR for Phy. Inv. to warehouse)
- During this action for less qty. and excess qty.
 - System will trigger an a/c ing document and hit the following a/c.s

	<u>G/L A/c</u>	<u>Description</u>
For Less Qty.	300000	Inventory - Raw Mate -ve.
	233000	Losses - inventory +ve.
For Excess Qty.	300000	Inventory - Raw Mate +ve.
	283000	Gain - inventory diff - ve.
- Stock status:
 - All Counted Qty. only will be the stock qty. from now onwards

Logistic Invoice Verification (LIV)

IMG settings: LIV

1. Maintain Number Assignments for Accounting Documents (OMR4)

Path: SPRO→IMG→Materials Management →Logistics Invoice Verification →Incoming Invoice
→Number Assignment →Maintain Number Assignments for Accounting Documents

Steps:

- Click 'Document type' button
- System displays the List of Doc types
- Click Position
 - Enter Document Type RE (Gross Inv. Receipt)
- Select RE and
- Click details button
- Click 'Number Range Information' button
- Company Code : VMOT
- Check an entry for 51 with year 2013
 - If it is available
 - no need to do any thing
 - If it is not available
 - Click + interval and create Number range for 51 with year 2013

2. Maintain Number Range Intervals for Invoice Documents (OMRJ)

Path: SPRO→IMG→Materials Management →Logistics Invoice Verification →Incoming Invoice
→Number Assignment →Maintain Number Assignment for Logistics Documents →Maintain Number
Range Intervals for Invoice Documents

Steps:

- Click Pencil marked interval button
- Check for an entry 01 with year 2013
 - In case if you find this entry
 - No need to create
 - Else
 - Create an entry for 01 with year 2013
- Click save

Tax settings: LIV

1. Check Calculation Procedure (OBYZ)

Path: SPRO→IMG→Financial Accounting →Financial Accounting Global Settings →Tax on
Sales/Purchases →Basic Settings →Check Calculation Procedure

Steps:

- Click 'Define Procedures'- System displays the list of tax procedures
- Click 'New entries'

<u>Procedure</u>	<u>Description</u>
TAXVOL	Volvo Tax Procedure

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- Click save
- Select TAXVOL - and Click Control data folder
- An empty schema in non-editable mode will appear
- click New entries

<u>Step</u>	<u>counter</u>	<u>Cod type</u>	<u>Description</u>	<u>frm.</u>	<u>to</u>	<u>A/c key</u>	<u>AK acc.</u>
1	0	BASB	Base Amt.				
2	0	MWVS	I/p Tax	1		VST	VST
3	0		Total	1	2		

- Click save

2. Assign Country to Calculation Procedure (OBBG)

Path: SPRO→IMG→Financial Accounting →Financial Accounting Global Settings →Tax on Sales/Purchases →Basic Settings →Assign Country to Calculation Procedure

Steps:

- System displays the list of countries and their Tax procedures
- Click Position
- Enter Country = IN
- Replace the existing procedure with your tax procedure

<u>Country</u>	<u>Tax procedure</u>
IN	TAXVOL

- Click save

3. Define Tax Codes for Sales and Purchases (FTXP)

Path: SPRO→IMG→Financial Accounting →Financial Accounting Global Settings →Tax on Sales/Purchases →Calculation →Define Tax Codes for Sales and Purchases

Steps:

- Enter country = IN
- In initial screen
 - Country Key IN India
 - Tax Code V1
- Press enter
- In Properties screen
 - Tax Code V1 Volvo 10% Tax code
 - Tax type V
- Press enter
- System displays the following screen

Country Key	IN	India							
Tax Code	V1	Volvo 10% Tax code							
Procedure	TAXVOL								
Tax type	V	Input tax							
Tax Type	Acct Key	Tax	Percent	Rate	Lev	Frm	Lvl	To	Cond. Type
Base Amount					1	0			BASB
Input Tax	VST		10		2	1			MWVS
Total					3	1			

- Enter tax percentage as 10
- Repeat the same for A2 as Volvo 4% tax code

SAP: MM- Inventory Management

How to do the Logistic Invoice Verification (LIV)

- In this module system verify the vendor Invoices for its content and price
- Tcode for Invoice verification = MIRO
- Pre requisites are:
 - You should have a PO for which GR has to be made
Or
 - You can have a Scheduling Agreement and its GR

Check Points:

Note: before processing MIRO the following 4 Check points to be verified

1. Check the Co_cd in Basic data - tab
 - a. If it is your Co_cd
 - i. No need to do anything...proceed to point no 2
 - b. Else
 - i. On menu bar-->Edit-->Switch Co_cd or F7
 - ii. Enter Co_cd = Your Co_cd
 - iii. Press enter
2. Enter Invoice date = Current date
3. Check the Drop down list of Tax codes.
 - a. It should show your tax codes (for ex: V1 - Volvo 10% Tax code and V2 - Volvo 4% tax code)
 - b. If system does not show your Tax codes
 - i. Go to OBBG
 - ii. Click Position
 - iii. Enter country = IN
 - iv. Replace the existing tax proc. with your tax proc, = TAXVOL - Volvo tax proc.
 - v. Click save
 - vi. In MIRO tax codes will appear
 - vii. choose your tax code from tax code list
4. Check the 'Calculate Tax' check box

How to do the Invoice verification

Steps:

- Use Tcode = MIRO
- In initial screen
- Check the above 4 check points
- Enter the PO no = XXXX
- Enter the Amount as Balance amount
- No errors will be appeared
- green light indicates to proceed for post by clicking save button
- Click Save to post the document
- Note down the document No

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Observations:

- System will create an invoice document as a proof of entering the incoming invoice
- How to view this Invoice document?
- Use Tcode = MIR4 (display of Invoice doc)
- Enter the document No and year
- Press enter
- system will display the invoice doc
- To view an a/c if any created during this process
- Click 'follow-on document' button
- System will display the a/c doc which is attached to this invoice doc
- The Following a/c will trigger during the invoice verification

<u>G/L A/cs</u>	<u>Description</u>
400000	JK Tyres Limited -ve
191100	Goods Rcvd/Invoice R +ve
154000	Input tax +ve