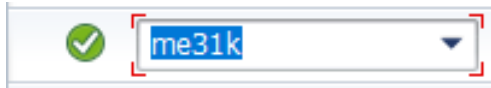


## Create a contract in SAP: ME31K

Sometimes it's beneficial to lock in a purchase price over the long term. Contracts are outline agreements that lock in either a specified quantity or dollar amount of a product to be purchased during a defined time interval.



Let's create a contract in SAP by entering transaction code ME31K and pressing Enter.

Supplier	17300015
Agreement Type	MK
Agreement Date	30.04.2024
Agreement	

Organizational Data	
Purch. Organization	1710
Purchasing Group	001

That brings us to our Create Contract initial screen. The first field we need to enter is the supplier number. We'll enter 17300015. Next, we have the Agreement Type field. Contracts can be defined by quantity or by value. We want to create a quantity contract, so we'll choose MK. Next, the agreement date is auto-populated with today's date. This is the date the agreement is created so we'll leave this set to today. We can also see our organizational data with purchasing organization and purchasing group auto-populated. We can now proceed by pressing Overview.

Administrative Fields					
Agreement Date	30.04.2024	Item Number Interval	10	Subitem Interv.	1
Validity Start	30.04.2024	Validity End	30.04.2025	Language	EN
<input type="checkbox"/> GR Message					

The system gives us an error message to let us know we must define the end date for this contract. We'll enter one year from today and press Enter.

Outline Agreement Items												
	Item	I	A	Material	Short Text	Targ. Qty	O...	Net Price	Per	O...	Mat. Grp	P..
	10			U RM16	RAW16,PD	50.000,000		0,181			L002	1

This brings us to our Create Contract item overview screen. In the first line item, we'll enter our material, which is RM16. Next in the Target Quantity field, we'll enter 50,000. And in our Net Price field, we'll enter 18 cents. We'll now press Enter to populate the rest of this line item. We get a warning message that says account assignment is required for this material. The Account Assignment category determines which accounts are to be charged when the incoming invoice or goods receipt is posted. They can be assigned to different cost centers. In our situation we're not yet sure so we'll choose Unknown. Because contracts do not specify delivery dates, this is all the information we need to create this quantity contract. We'll press Save.

We now have a success message that shows our quantity contract was created and assigned a document number. Because we've created this contract, we've locked in a price of 18 cents each for the next 50,000 units ordered during the next calendar year.