

Split Valuation: MM-FI Integration



Applies to:

SAP ECC 6.0. For more information, visit the [Enterprise Resource Planning homepage](#).

Summary

Many organizations today arrive at the different valuation for same material based on various factors crucial to their business. This whitepaper tries to bring more clarity on what is split valuation about and the approach to implement it in SAP. Finally it speaks about MM-FI integration point by providing example of how the account gets determined and material is valued if split valuation is implemented.

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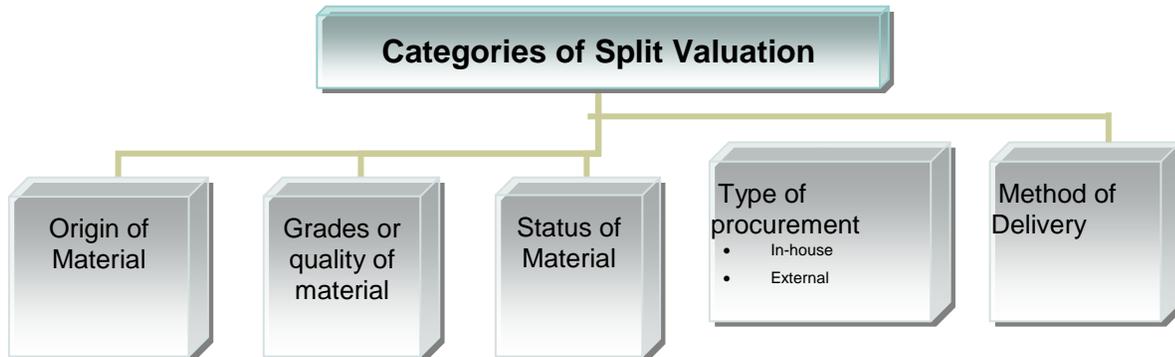
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Definition

Split valuation is to value stocks of a material in different kinds of category. Figure shown below highlights various possible valuation categories, example according to external procurement or in-house production.



Characteristics of Split Valuation

1. Material subjected to split valuation is managed with several buckets of stocks falling into different valuation types.
2. Depending on the valuation type of material and category of split valuation, the stock buckets are created by system. For example, during goods receipt if the valuation type of material is concerned is "X" and valuation category is origin of material "H" then the stock received will be created under the bucket of "X" where the "H" will be the category of account determination.
3. When the stock buckets are created for different valuation types, the total valued stock also gets calculated simultaneously.
4. Each valuation category belongs to different valuation types.

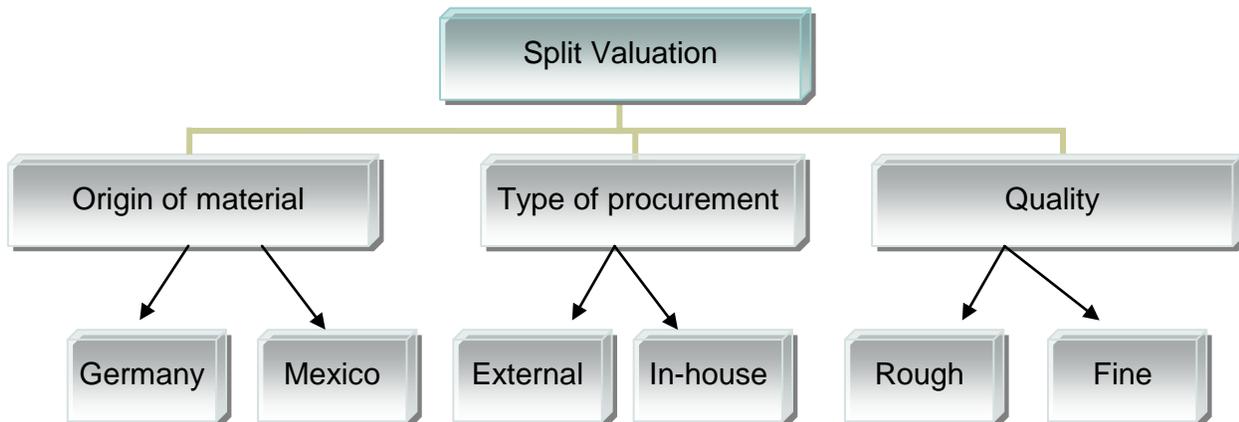
Split Valuation concept

Split Valuation for material is declared at material master level using two important fields at accounting-1 and accounting-2 level views:

1. Valuation category
2. Valuation type

1. The valuation category specifies what the criterion of dividing and splitting stocks into different buckets. In standard SAP, following are the valuation categories provided.
 - **B** (Procurement type): The stock is divided up based on whether the material is manufactured in-house or procured externally.
 - **H** (Origin of Material): The stock is divided up according to place from where it was originated

- **X:** There is no specific valuation types assigned to this category. Every system transactions like goods receipt may value materials differently where valuation type may be batch number, order number, delivery number etc.
2. The valuation type signifies the distinct characteristics of valuation category. For example if valuation category is "Origin of Material" then different countries from which material is originated becomes the valuation type which further represents buckets of stocks created based on origin of material.



Configuration of Split Valuation

4.1 Activation of split valuation

IMG Menu	<i>Material Management → Valuation and Account assignment → Split Valuation → Activate Split valuation</i>
Transaction Code	SPRO
Activity	Select Radio button

Activate Valuation

Material valuation

Split material valuation active

4.2 Configure Split Valuation

IMG Menu	Material Management → Valuation and Account assignment → Split Valuation → Configure Split valuation
Transaction Code	SPRO
Activity	<ol style="list-style-type: none"> 1. Define “Valuation types” (Global Types-applicable to company) 2. Define “Valuation categories (Global Categories-applicable to company) 3. Assign “Valuation types to Valuation categories” (Global) 4. Define Local Valuation types (applicable to plant) 5. Define Local Valuation category ((applicable to plant) 6. Assign “Valuation types to Valuation categories” (Local)



4.2.1. Define “Valuation types” (Global Types-applicable to company)

4.2.2 Define “Valuation categories (Global Categories-applicable to company)

4.2.3 Assign "Valuation types to Valuation categories" (Global)

Global Categories → Types → Cat. → Put a cursor on Valuation type and click "Activate"

Valuation Category B: Allocate Valuation Types

Valuation Category + Valuation Category - Cat. -> OUs Local Definitions Local Definitions

Valuation Cat. B Inhse/ext.proc.

Assignment

Status	Valuation Type	Ex	In	ARef	Description
Active	01	0	2	0001	Reference for raw materials
Active	02	2	0	0001	Reference for raw materials

Activate Deactivate Entry 1 of 191

4.2.4 Assign "Valuation categories to Org. Unit (Plant level)

Global Categories → Types → Cat. → Cat. → OU

Valuation Category H: Allocate to Plants

Valuation Category + Valuation Category - Local Definitions Local Definitions

Valuation Cat. H Origin

Assignment

Status	Plant	Organizational unit name
Active	0001	Centro 0001

Activate Deactivate

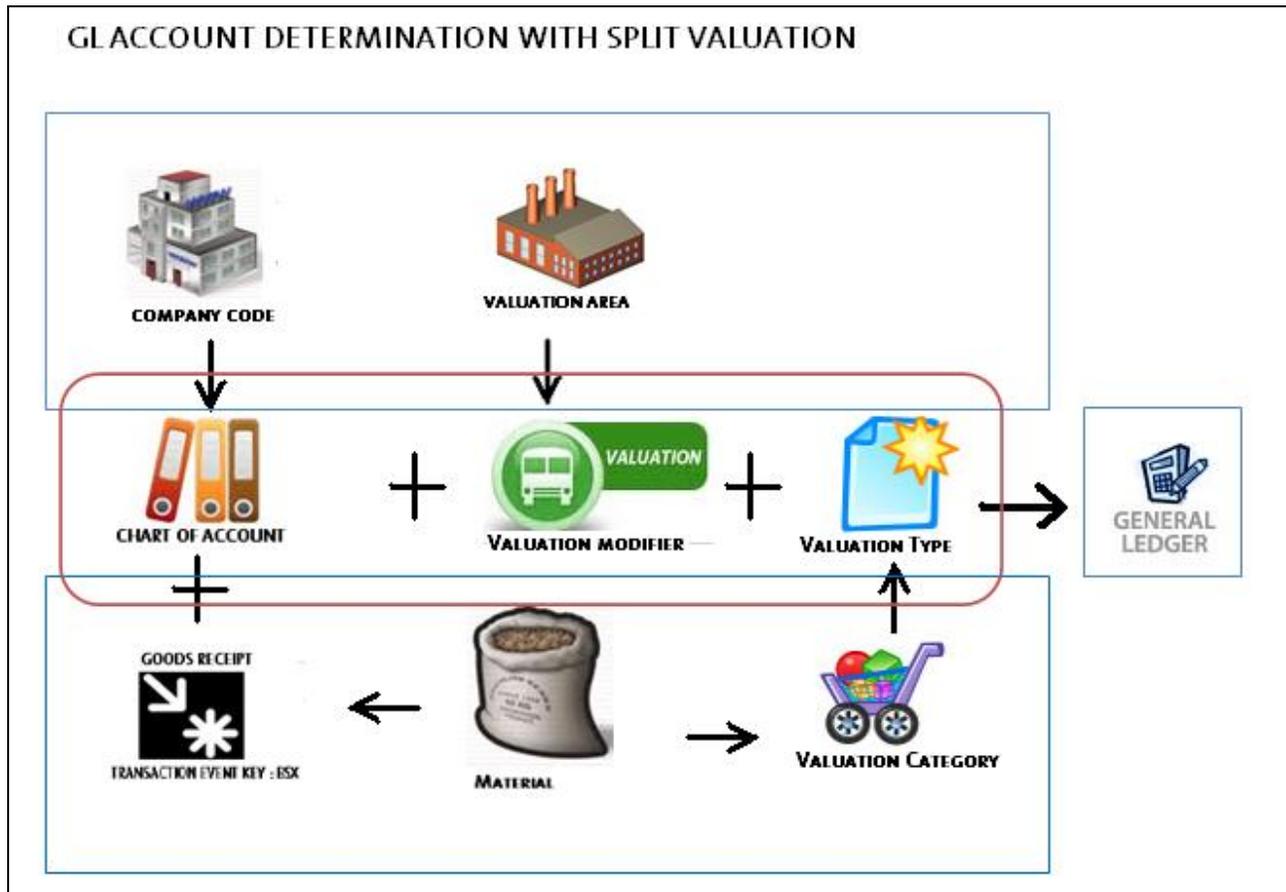
Note: System updates local valuation type and valuation categories based on settings made above. There is an option provided at local definition level to "change" the settings at local level.

GL Account determination with Split Valuation

Following are the basic pre-requisites for automatic GL account determination to take place for split valued materials.

Pre-requisites

No.	Nature of Pre-requisite	Example
1	Chart of accounts of the company code	BEST
2	Define valuation level	Plant 0001
3	Valuation grouping code is active and assigned to valuation areas	Plant (Valuation area): 0001 Valuation grouping code: IND
4	Account grouping OR General modification key (only for offsetting entries, consignment liabilities, and price differences)	General modification key: INV (only for offsetting entries)
5	Valuation class of material or (in case of split valuation) the valuation type	Valuation type based on Origin of material: DEU (Germany), MEX (Mexico)
6	Split Valuation is configured	Configuration made based on steps defined in section 5.
7	Material Master maintained	Material accounting views extended for valuation type DEU and MEX. Material maintained for valuation category "H" (accounting-1 view)
8	GL account maintenance for transaction event key	Inventory posting GL account no. for transaction event key BSX : 0000358001 GR/IR account: 0000208003



Scenario: Goods Receipt of material from against supplier PO

GL account determination during normal Goods receipt will takes place as follows (also as shown in above figure).

1. System checks company code of the valuation area. Chart of account is determined based on the company code.
2. If it is goods receipt then system finds out the goods movement related transaction event key BSX (Inventory posting).
3. Chart of accounts and transaction key event together tries to find out what are the valuation area grouping code (valuation modifier) and the valuation type based on valuation category and material master.
4. Valuation modifier and valuation type together then determines the General Ledger (GL) account.

Material price change with Split Valuation

Let us take an example to see how the stock of material lying at Inventory will be evaluated when the material is subjected to split valuation.

Data:		
Material : 101, Plant: 0001, Valuation Category: H, Valuation area: 0001, Total Stock: 100 PC		
Stock buckets	STOCK BUCKET 1	STOCK BUCKET 2
Criterion for split valuation	Origin of Material: GERMANY	Origin of Material: MEXICO
Valuation type	DEU	MEX
Stock (PC)	50	50
Moving average price MAP (USD)	8.00	6.00
Stock Bucket Value (Stock X MAP)	400	300
Total Stock Value	Sum of individual stock bucket value= 400+300 =700 USD	
Average Stock Value	Total Stock Value/Total Stock=700/100= 7.00 USD	

Above table shows the calculations involved during arriving at the average stock value if the material is subjected to split valuation based on origin of material.

Related Content

[SAP library: MM – Material Price Change](#)

[SAP library: Inventory Management and Physical Inventory](#)

[SAP library: FI Accounts Receivable and Accounts Payable](#)

For more information, visit the [Enterprise Resource Planning homepage](#)

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