

I run the Internal Margin

Domain: Costing

Responsibility area: Perform product costing monthly closing-ML

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Scope



WW

ERP

PF2

Frequency

References

Z1K_INTERNAL_MARGIN

Forms

Attachments

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1. Objective and Scope

1.1. Objective of this Operation

Within the same Solvay legal entity a single product may have different purposes and usages encouraging potential synergies between the Business Units (BUs):

- The BU A manufactures and sells the product Y
- The BU B uses the product Y(*) to manufacture the product Z

The involved BUs may negotiate a fixed price that is reviewed with an agreed frequency. This is known as the transfer price.

As the product Y manufacturing cost in BU A product Y transfer price in BU, a margin is generated in BU A. This is the so called Internal Margin flow.

1.2. Scope

This procedure is applied to all companies WW, in case we have a situation where:

- Product Y is manufactured in BU A. Then BU B uses this product to manufacture the product Z. In case the manufactured costs in BU A are different from the transfer price to BU B, we have a flow called Internal Margin.
- In order to have this flow correctly posted in PL, the sender material needs to have price control = S (standard price), and the receiver material needs to have valuation class Z049 (Interplant raw materials).

2. Definitions

See [Finance - Glossary](#)

3. Tasks description

3.1. I understand the process of internal margin

During the month the product's transfer between BUs is processed as-is.

The price difference between the product's cost in BU A and BU B is posted to P&L in value field VVD61 (D61 Elim.Margin Inv), linked to BFC heading R15430.

During the closure, the transaction Z1K_INTERNAL_MARGIN is executed. This transaction performs the following actions:

- It cancels the product's transfer operation impact in the P&L
- It posts a new document identifying the following elements from BU A.
 - Sales in value field VVINT (INT Internal Sales), linked to BFC heading R10000
 - COS split by Fix/Var/Dep costs:

Cost at Standard Price	Delta between Standard and Actual cost	BFC heading
FERTF - Fix prod. costs	VVE0X - E0X FC Var. COGS	R25490
FERTP - Vbl.manuf.costs	VVD0X - D0X VC Variance COGS	R15400
VVF00 - F00 DEP Std	VVF0X - F0X DEP Var. COGS	R25490

3.2. I correct the internal margin side effect

With posting creation (Test run is not marked)

- When the documents are created:
 - The document generated in each step is informed in field Comment
 - The 3rd step is split by cost element 60980*

Potential errors show up in RED in field Comment

Tasks to be completed when documenting an SAP Transaction, Report or Message code.

1. Title of the page = SAP Transaction code, SAP Report or SAP Message

2. Add the following Labels, respectively:

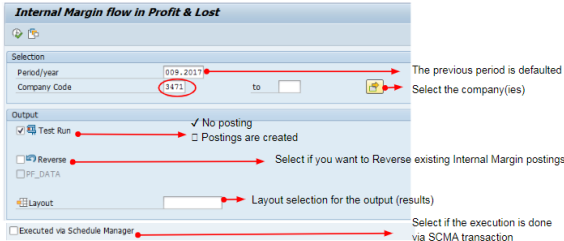
- SAP Transaction => "sap_transaction", Transaction code "xxxx"
- SAP Report => "sap_report"
- SAP Message => "sap_msg"

3. On the left section, describe the steps. On the right section, insert respective print screens and additional guidelines, if needed (e.g. Main selections of the transaction...)

STEP 1

Use transaction code:

 Z1K_INTERNAL_MARGIN
- Internal Margin Flow in P&L: Initial Screen



Go to transaction Z1K_INTERNAL_MARGIN and fill the fields according to the screen on the right

STEP 2

When running the transaction in test mode there are some useful information that can be checked

- Green line - The document that triggers the Internal Margin flow
- Blue lines - The postings to be created in SAP

STEP 3

With posting creation (Test run is not marked) we can see:

- The document generated in each step is informed in field Comment
- The 3rd step is split by cost element 60980*

Potential errors show up in RED in field Comment

When attempting multiple executions for the same business case:

- The field Comment informs that the postings have already been done

STEP 4

If necessary to reverse the transaction in Real Mode, the logic is the same.

**Note**

The reversal is done for the for **all** the internal margin flows within the same company.

3.3. Check and analysis in case of issues

As mentioned on point 3.1., after running the Internal Margin the impact on the PL should be cancelled. This means that VF D61 must be zero

P&L Lines		January	February	March	April
VVD61	Elim.Margin Inv R15430	0,00	0,00	0,00	0,00
VC	variances	935,46	388,72	177,34	7,188

In case we have amounts still on D61, there are some things that we need to check (as the program will only work if these points are verified):

- The **sender material** has price control = S (standard price).
- The **receiver material** is assigned to valuation class **Z049** (Interplant raw materials) in the destination plant (BU B).
- The P&L data origin is the specific G/L account customized for these operations: 6096331000.
 - This G/L account is posted whenever there are price differences between the sender and the receiver material during transfer operations between plants (*).
 - These transfers are linked to several MM movement types, for example: 301 (transfer plant to plant) and 309 (transfer material to material).
- The batch needs to be correctly created with the respective plant (can be checked in transaction MSC3N):

Display Batch

Material: 35030 H2O2 ST-6
 Batch: J795180928
 Plant: HOA SCHIM-DE
 Stor. Location: 01 Bad Hoenn

Basic Data 1 Basic Data 2 Classification Mat

Classification of Batch

Class: Z_H2O2ST
 Class Type: 023

Values for Class Z_H2O2ST - Object 35030 J795180928

General

Characteristic Description	Value
Industrial origin	JEI
Manufacturing Plant	JEI
Production date	27.09.2018
Date of last goods receipt	27.09.2018