Transfer Pricing Without Group Valuation: A Smarter Approach

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ERPfixers

SAP 2026 CONTROLLING FINANCIALS

SESSION ROADMAP

What We'll Cover

1 | THE PROBLEM	Profit embedded in inventory and COGS
2 | THE TRADEOFF	Why full Group Valuation may not always be proportionate
3 | THE ALTERNATIVE ARCHITECTURE	Material Ledger + AVR + targeted enhancement
4 | THE PROOF	What was demonstrated in S/4HANA 2025
5 | CONTROLS AND ADOPTION	Where the approach fits and how to scale it

The margin problem is not transfer pricing — it is valuation visibility

- This session is not about how to set transfer prices. It is about what happens to the internal profit those transfer prices create in inventory and COGS.
- Legal and tax transfer prices remain valid; the issue is valuation visibility.
- Enterprise margin is blurred when internal markup remains embedded in inventory and COGS.
- We will show a proportionate group-cost lens built on Material Ledger evidence—without rewriting legal valuation.

WORKED EXAMPLE FROM THE ARTICLE

A simple cross-company flow creates USD 8 of internal profit

COMPANY A
Manufacturing cost
USD 10

→

INTERCOMPANY SALE
Markup added
USD 8

→

COMPANY B
INVENTORY
Legal value
USD 18

→

GROUP VIEW
Economic cost
USD 10

LEGAL: USD 18

ELIMINATION: (USD 8)

GROUP: USD 10

Internal profit is valid legally but must be removed for enterprise economics.

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

TWO VALID VIEWS—NOT ONE REPLACEMENT

Legal and group views answer different management questions

LEGAL / TAX VIEW		GROUP / MANAGEMENT VIEW
What did the receiving entity pay?	⇄	What did the enterprise economically incur?
Supports statutory inventory and COGS	⇄	Supports product and consolidated margin
Includes arm’s-length intercompany markup	⇄	Eliminates profit created inside the group
Authoritative accounting record	⇄	Parallel analytical or ledger view

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

EVERY TRANSFER ADDS ANOTHER INTERNAL LAYER

Profit in inventory compounds across multi-tier supply chains

TIER 1
Cost 10
Transfer 18

→

TIER 2
Cost 18
Transfer 24

→

TIER 3
Cost 24
Transfer 30

→

EXTERNAL
Group cost 10

Embedded profit: 8

Cumulative: 14

Cumulative: 20

The group view removes every internal layer, not only the final transfer.

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

Four business problems reveal the same hidden markup

DISTORTED PROFITABILITY

Inventory and COGS include internal profit, obscuring consolidated margin.

INVISIBLE PRODUCT COST

Management sees transfer price rather than originating economic cost.

INCONSISTENT REPORTING

Legal reporting is correct, but group analysis depends on manual bridges.

COMPLEX ARCHITECTURE

Full Group Valuation can require broad ledger, currency, and migration change.

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

Group Valuation is powerful—but not always proportionate to the need

Traditional Group Valuation

- Real-time parallel valuation at goods movement
- Dedicated valuation and currency structures
- Broad company-code participation
- Activation and migration implications
- Best fit: strategic finance architecture requiring real-time parallel valuation

Material Ledger + Parallel / Extension Ledger

- Period-end or intramonth analytical group view
- Selective scope by material, plant, or entity
- Targeted and reversible enhancement
- No historical data conversion
- Best fit: narrower brownfield need where proportionate change matters

FOUR DOMAINS EXPAND THE FOOTPRINT

Traditional Group Valuation changes more than a report

OPTIONAL / TECHNICAL BACKUP

LEDGER & CURRENCY

Parallel valuation and currency structures must be designed and consistently applied.

MASTER & TRANSACTION DATA

Materials, plants, company codes, and movements require complete participation.

MIGRATION & CUTOVER

Opening balances, history, timing, and close sequencing become program decisions.

OPERATING MODEL

Tax, controlling, consolidation, supply chain, and local finance must share ownership.

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

A PROPORTIONATE DECISION FRAMEWORK

Solution readiness depends on five practical questions

1 | SCOPE	Is the pain concentrated in selected products, plants, or supply chains?
2 | TIMING	Is period-end visibility sufficient, or is real-time group valuation required?
3 | MATERIALITY	How large is profit in inventory relative to implementation effort?
4 | CONTROL	Can legal and group views reconcile with a clear audit trail?
5 | REVERSIBILITY	Can the design scale or migrate later without rewriting legal history?

The smarter approach preserves legal valuation and adds a parallel group lens

- KEEP THE LEGAL MODEL INTACT
- Official Material Ledger actual costing remains authoritative
- Statutory inventory and COGS are not rewritten
- Existing transfer-pricing and tax processes continue
- No enterprise-wide valuation conversion is required

- ADD A PARALLEL MANAGEMENT VIEW
- Read intercompany markup already captured by Material Ledger
- Create a negative markup-elimination component
- Post or report the adjustment in an alternative or extension ledger
- Analyze legal versus group cost by material, plant, and profit center

THE CORE EVIDENCE ALREADY EXISTS

Material Ledger preserves the quantity and value trail

QUANTITIES	VALUES	COST COMPONENTS	TRACEABILITY
Receipts Consumption Ending inventory Transfers	Standard price Actual price Price differences Exchange effects	Direct material Freight and duty Labor and overhead Intercompany markup	Material Plant Company code Period

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

Actual Quantity Structure is the reusable foundation

OPTIONAL / TECHNICAL BACKUP

PERIOD ACTIVITY → **ACTUAL QUANTITY STRUCTURE** → **ALLOCATION**

How much was consumed?

How much remains in stock?

Which lower-level materials flowed upward?

Which cost components belong to each quantity?

The elimination follows the same consumption-versus-inventory proportions as actual costing.

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

ANALYTICAL VIEW FIRST; POSTED VIEW OPTIONAL

Two capability levels keep analytics separate from accounting

LEVEL 1 — ANALYTICAL GROUP VIEW

Material Ledger
Alternative Valuation Run
Targeted BAdI enhancement
No FI posting; no change to legal PUP
Group cost visible in CKM3 / analytics

LEVEL 2 — POSTED GROUP VIEW

Optional accounting layer
Posts group adjustment separately
Target: dedicated parallel or extension ledger
Legal ledger remains authoritative
Reversible and auditable

STANDARD VS CUSTOM

AVR extension point is delivered by SAP; the ERPfixers posting layer is a custom PoC component.

ERPfixers

The primitive: MLDOC-MARKUP

MLDOC-MARKUP is populated by SAP standard logic in qualifying cross-company scenarios.

No recalculation

The framework does not need to invent or recalculate the markup.

Independent of the CCS

The value exists independently of the cost component split.

Source for elimination

This stored markup becomes the source for the elimination logic.

> **“We are not building this number. The Material Ledger already stores it.”**

Sources: SAP KBA 3528612; SAP Notes 2893718, 3080844, 3441617.

Two markup routes determine implementation effort

OPTIONAL / TECHNICAL BACKUP

- **ROUTE A — MARKUP ALREADY CAPTURED**
- Qualifying cross-company flows populate MLDOC-MARKUP
- Includes the 5D2 Advanced Intercompany Sales PoC
- Read the SAP primitive directly; no reconstruction
- Lower implementation effort, still requiring controls and testing

- **ROUTE B — MARKUP MUST BE DERIVED**
- Where MLDOC-MARKUP is not populated by the specific intercompany process, the markup must be derived from the origin-to-destination value chain
- Reconstruct the origin-to-destination value chain
- Feed the same AVR, allocation, posting and reconciliation logic
- More design and testing; the management objective is unchanged

PROOF OF CONCEPT

From Concept to Proof

What We Built and Tested in S/4HANA 2025

SYSTEM CONTEXT

Scope of the proof of concept

Parameter	Value
System	S/4HANA 2025 appliance — S4CORE 109 SP00, client 100
Material	FG_GV_AVR — PoC Group Valuation, markup calc AVR
Selling company (plant)	1710 — company code 1710, United States
Buying company (plant)	1010 — company code 1010, Walldorf, Germany
Intercompany process	5D2 — Advanced Intercompany Sales
Business process	6401
Standard price	41.12 EUR / 43.59 USD per PC
Period	5 / 2026 — group currency USD
Cost component structure	Y1 — element 900 (AVR GV I/C Markup), element 910 (Stat I/C Markup)

What was NOT touched

- No DMLT historical data conversion
- No UPA activation (FINS_PARALLEL_ACCOUNTING_BF)
- No currency type 11 / 31 retrofit
- Material master PUP unchanged — the AVR is statistical

Known constraint on this release

5D2 (Advanced Intercompany Sales) is the canonical path and is fully working. 5HP (Advanced Intercompany Stock Transfer) does not run on S4CORE 109 SP00 — it requires SAP Note 3653306, available only from FPS1 / SP01. This is a release constraint, not a configuration error.

Sources: V3 section 4.1; SAP Note 3653306.

Move 2 — the 5D2 document flow

OPTIONAL / TECHNICAL BACKUP

#	Document	Step	Description
1	60000285	SOIC	Intercompany sales order — selling company 1710
2	4500002207	POIC	Intercompany purchase order — buying company 1010
3	80006687	ODDC	Outbound delivery
4	4900009103	GIOD	Goods issue for outbound delivery into stock in transit
5	4900009104	GIFV	Post goods issue from issuing stock in transit
6	**4900009105**	**GRTS**	**Post goods receipt to storage location**
7	4900009106	GIFS	Post goods issue from storage location
8	4900009107	GITC	Post goods issue from stock in transit to customer
9	90005841	CISC	Customer invoice — external

Where the markup enters

Step 6 — the cross-company goods receipt. This is the posting that triggers process category BBK and writes MLDOC-MARKUP for the receiving company code.

Why 5D2 and not classic STO

5D2 gives a clean, fully released chain with stock in transit and an explicit intercompany billing step — the reference case for the demo. The elimination logic itself depends only on BBK, not on the flow variant.

Source: V3 section 4.2 — document flow captured in the SAP Fiori Process Flow app on MM_2025.

Move 3 — the legal view after CKMLCP

Category	Qty	Prelim. value	Actual value	Price	IntercProf
Beginning inventory	0	0.00	0.00	0.00	0.00
Receipts	**1,000**	**43,590.00**	**42,400.00**	**42.40**	**25,821.05**
Consumption	100	4,359.00	4,240.00	42.40	2,582.10
Ending inventory	900	39,231.00	38,160.00	42.40	23,238.95

42.40

USD per PC — legal PUP

Markup included

Reading the IntercProf column

This column became reliable across the goods receipt and invoice steps with the March 2025 delivery in component CO-PC-ACT. Before that fix, projects maintained a parallel reconciliation report.

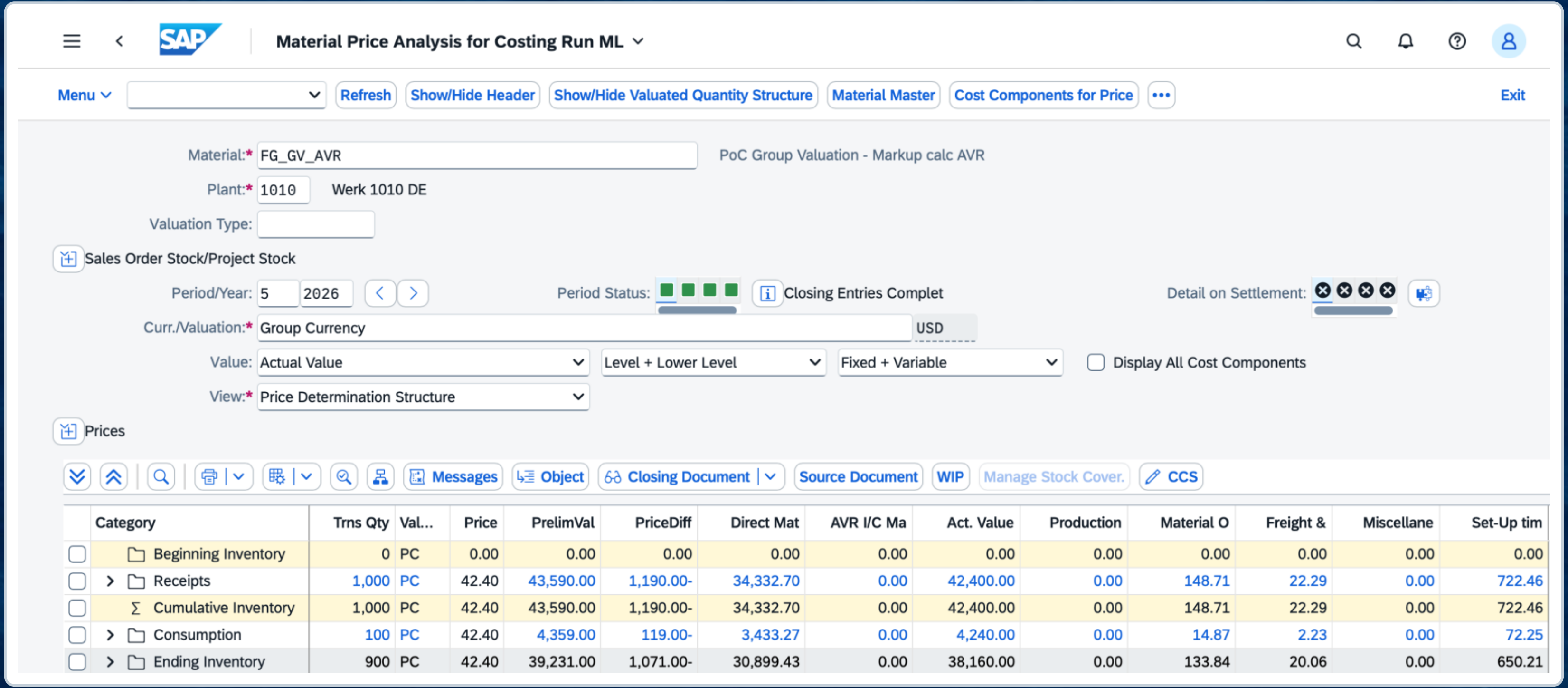
The periodic unit price of 42.40 USD is the legally correct actual cost for company code 1010. It also carries 25,821.05 USD of profit generated inside the group — sitting in inventory, and already partly released to COGS through the 100 PC consumed.

Reading the period

1,000 PC received at 42.40 USD. Of the 42,400.00 USD booked, 25,821.05 USD is intercompany profit — 60.9% of the receipt value. 2,582.10 USD of it already reached COGS through the 100 PC consumed; the remaining 23,238.95 USD is still sitting in the 900 PC of ending inventory.

Source: V3 section 5.1 — CKM3 Material Price Analysis, costing run ML, group currency USD.

The legal run on screen



Category	Trns Qty	Val...	Price	PrelimVal	PriceDiff	Direct Mat	AVR I/C Ma	Act. Value	Production	Material O	Freight &	Miscellane	Set-Up tim
Beginning Inventory	0	PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts	1,000	PC	42.40	43,590.00	1,190.00-	34,332.70	0.00	42,400.00	0.00	148.71	22.29	0.00	722.46
Cumulative Inventory	1,000	PC	42.40	43,590.00	1,190.00-	34,332.70	0.00	42,400.00	0.00	148.71	22.29	0.00	722.46
Consumption	100	PC	42.40	4,359.00	119.00-	3,433.27	0.00	4,240.00	0.00	14.87	2.23	0.00	72.25
Ending Inventory	900	PC	42.40	39,231.00	1,071.00-	30,899.43	0.00	38,160.00	0.00	133.84	20.06	0.00	650.21

42.40

USD per PC — legal PUP

1,000 PC at 42,400.00 USD

AVR I/C Markup reads 0.00

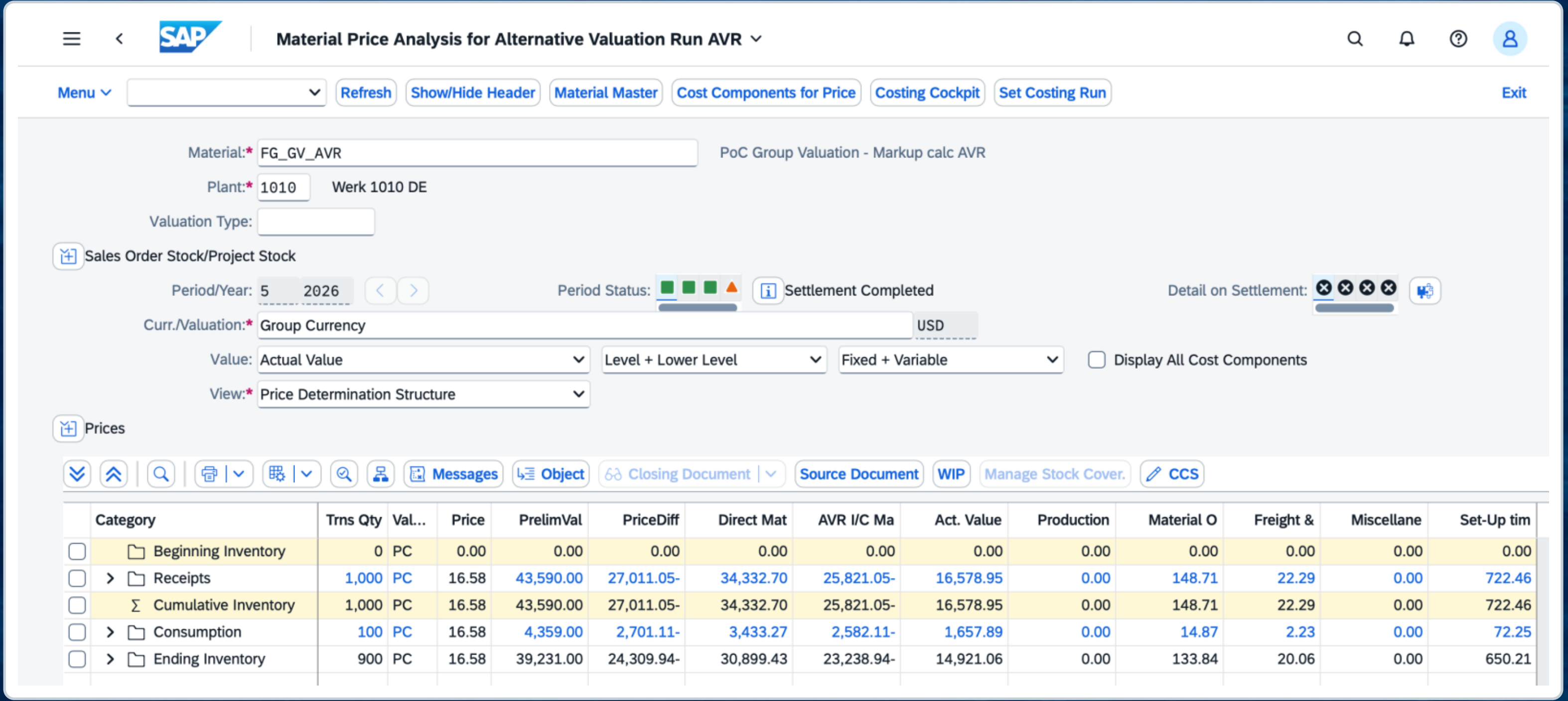
Element 900 does not exist in the legal run — it is created by the BAdI inside the alternative valuation run. The InterProf column on the previous slide is a different field: it records the markup, it does not remove it.

Read the header before the numbers

FG_GV_AVR, plant 1010, period 5 / 2026, group currency USD, actual value, level plus lower level. Every figure in this deck carries that header, and every figure on this slide reconciles to the table two slides back.

Screen captured on MM_2025 / S8H, client 100. This is the receiving company code, carrying the transfer price it legally paid.

The group run on screen



Category	Trns Qty	Val...	Price	PrelimVal	PriceDiff	Direct Mat	AVR I/C Ma	Act. Value	Production	Material O	Freight &	Miscellane	Set-Up tim
Beginning Inventory	0	PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts	1,000	PC	16.58	43,590.00	27,011.05-	34,332.70	25,821.05-	16,578.95	0.00	148.71	22.29	0.00	722.46
Σ Cumulative Inventory	1,000	PC	16.58	43,590.00	27,011.05-	34,332.70	25,821.05-	16,578.95	0.00	148.71	22.29	0.00	722.46
Consumption	100	PC	16.58	4,359.00	2,701.11-	3,433.27	2,582.11-	1,657.89	0.00	14.87	2.23	0.00	72.25
Ending Inventory	900	PC	16.58	39,231.00	24,309.94-	30,899.43	23,238.94-	14,921.06	0.00	133.84	20.06	0.00	650.21

16.58

USD per PC — group PUP

1,000 PC at 16,578.95 USD

Where the delta lands

Every visible cost component is unchanged from the legal run. The elimination shows up in exactly two places: the AVR I/C Markup element, and the price difference — which moves by precisely the same amount, 25,821.05 on receipts.

USD	Receipts	Consumption	Ending inv.
Legal actual value — PUP 42.40	42,400.00	4,240.00	38,160.00
Less: AVR I/C markup	**-25,821.05**	**-2,582.11**	**-23,238.94**
Group actual value — PUP 16.58	**16,578.95**	**1,657.89**	**14,921.06**

The two screens were taken minutes apart on the same material, plant, period and currency type. Legal minus markup equals group, to the cent, on all three legs.

GROUP COST RECONCILES TO THE PRODUCING PLANT

Where the group cost comes from

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We are not inventing a group cost. We are returning the receiving plant to the actual economic cost that already existed at the producing plant.

Material Price Analysis for Costing Run ML

Menu | Refresh | Show/Hide Header | Show/Hide Valuated Quantity Structure | Material Master | Cost Components for Price | Exit

Material:* FG_GV_AVR — PoC Group Valuation - Markup calc AVR

Plant:* 1710 — Plant 1 US

Valuation Type:

Sales Order Stock/Project Stock

Period/Year: 5 2026 — Period Status: — Closing Entries Complet — Detail on Settlement:

Curr./Valuation:* Group Currency — USD

Value: Actual Value — Level + Lower Level — Fixed + Variable — Display All Cost Components

View:* Price Determination Structure

Prices

Messages | Object | Closing Document | Source Document | WIP | Manage Stock Cover. | CCS

Category	Trns Qty	Va...	Price	PrelimVal	PriceDiff	Direct Mat	AVR I/C Ma	Act. Value	Production	Material O	Freight &	Miscellane	Set-Up tim
Beginning Inventory	0	PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts	1,500	PC	16.58	39,585.00	14,716.58-	12,767.48	0.00	24,868.42	0.00	223.07	33.43	0.00	1,083.68
Σ Cumulative Inventory	1,500	PC	16.58	39,585.00	14,716.58-	12,767.48	0.00	24,868.42	0.00	223.07	33.43	0.00	1,083.68
Consumption	1,000	PC	16.58	26,390.00	9,811.05-	8,511.65	0.00	16,578.95	0.00	148.71	22.29	0.00	722.46
Ending Inventory	500	PC	16.58	13,195.00	4,905.53-	4,255.83	0.00	8,289.47	0.00	74.36	11.14	0.00	361.22

16.58

USD per PC — actual at origin

1,500 PC produced, 1,000 sold on

The value crosses intact

Plant 1710 consumed 1,000 PC at 16,578.95 USD when it sold to 1010. Plant 1010's group view carries those same 1,000 PC at 16,578.95 USD. Nothing was added on the way across the company code boundary.

16.58 at the origin → 42.40 legal at the destination → 16.58 in the group view

Three screens, one material, one period. The framework returns the group to the number it started from.

Screen captured on MM_2025 / S8H, client 100 — plant 1710, company code 1710, United States.

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The Proof

42.40 USD
Legal PUP

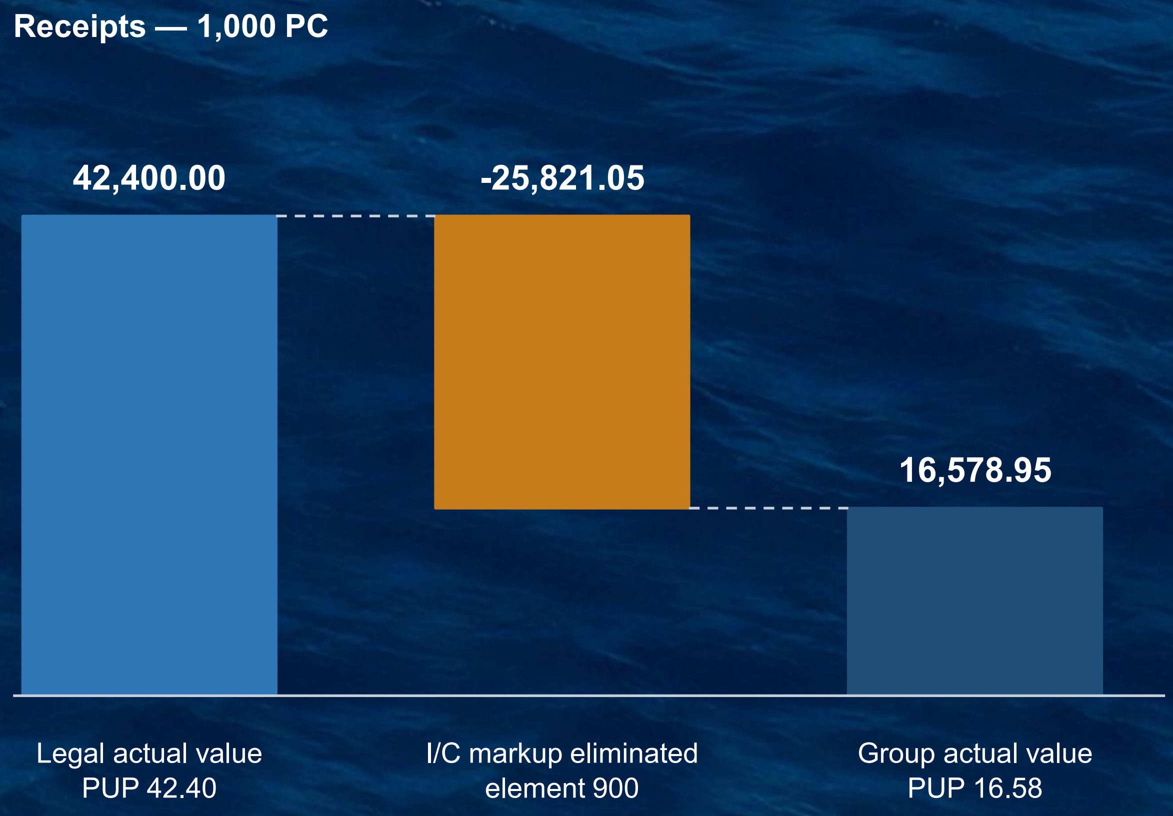
25,821.05 USD
Internal markup identified

16.58 USD
Group PUP

42.40 USD − 25.82 USD = 16.58 USD per PC

16.58 USD is the same actual economic cost the goods carried at the producing plant.

Move 5 — the legal-to-group bridge



	Receipts	Consump.	Ending inv.
Legal actual value (PUP 42.40)	42,400.00	4,240.00	38,160.00
Less: I/C markup eliminated (element 900)	**-25,821.05**	**-2,582.11**	**-23,238.94**
Group actual value (PUP 16.58)	**16,578.95**	**1,657.89**	**14,921.06**

This table is the deliverable

We are not inventing a group cost. We are returning the receiving plant to the actual economic cost that already existed at the producing plant.

Source: V3 section 5.3 — figures reconcile line by line to CKM3 on MM_2025.

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Cost component preservation

Cost component	ML (legal)	AVR (group)	Difference
101 Direct Material	34,332.70	34,332.70	0.00
104 Freight & Landing Cost	22.29	22.29	0.00
109 Material Overhead	148.71	148.71	0.00
201 Personnel time	3,338.02	3,338.02	0.00
202 Machine time	3,835.82	3,835.82	0.00
203 Set-Up time	722.46	722.46	0.00
209 Production Overhead	0.00	0.00	0.00
900 AVR GV I/C Markup	**0.00**	**-25,821.05**	**-25,821.05**
910 Stat I/C Markup	25,821.05	25,821.05	0.00
Sum of cost components	**42,400.00**	**16,578.95**	**-25,821.05**

One line of divergence

Direct Material, Freight, Overhead, Personnel, Machine and Setup are unchanged. Only the markup-elimination element changes.

The group view is not a recosting. It is the same economic cost structure with internal profit removed.

900 versus 910

- 910 Stat I/C Markup — populated by Material Ledger standard. Representation only; it shows the markup.
- 900 AVR GV I/C Markup — created by the BAdI inside the run as the negative offset. It removes the markup.

Actual cost component split, structure Y1, group currency USD. Element 910 is statistical and is not included in the total.

The same comparison, self-service

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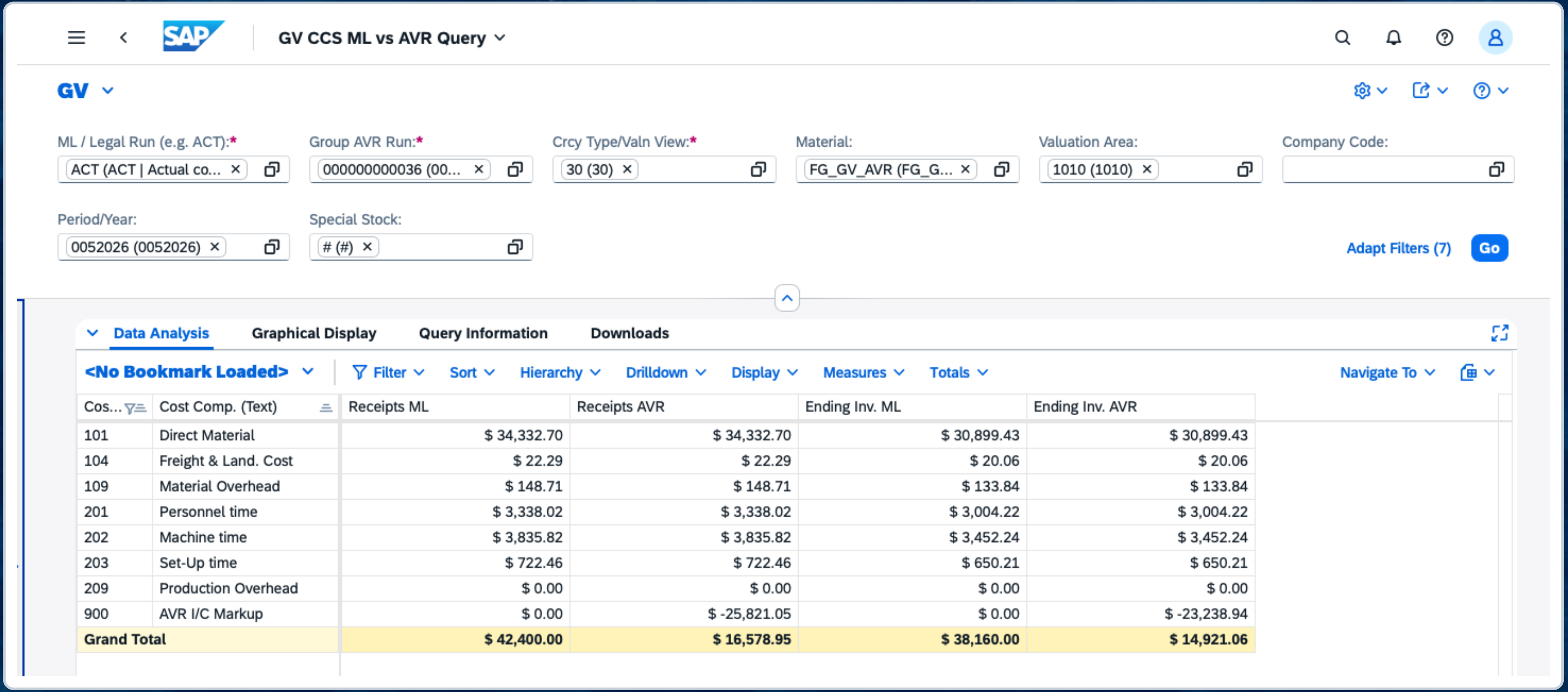
OPTIONAL / TECHNICAL BACKUP

Not a slide someone built — a query a controller runs from the Fiori launchpad.



Cos...	Cost Comp. (Text)	Receipts ML	Receipts AVR	Ending Inv. ML	Ending Inv. AVR
101	Direct Material	$ 34,332.70	$ 34,332.70	$ 30,899.43	$ 30,899.43
104	Freight & Land. Cost	$ 22.29	$ 22.29	$ 20.06	$ 20.06
109	Material Overhead	$ 148.71	$ 148.71	$ 133.84	$ 133.84
201	Personnel time	$ 3,338.02	$ 3,338.02	$ 3,004.22	$ 3,004.22
202	Machine time	$ 3,835.82	$ 3,835.82	$ 3,452.24	$ 3,452.24
203	Set-Up time	$ 722.46	$ 722.46	$ 650.21	$ 650.21
209	Production Overhead	$ 0.00	$ 0.00	$ 0.00	$ 0.00
900	AVR I/C Markup	$ 0.00	$ -25,821.05	$ 0.00	$ -23,238.94
Grand Total		**$ 42,400.00**	**$ 16,578.95**	**$ 38,160.00**	**$ 14,921.06**

Parametrised on both runs

ML / Legal Run = ACT, Group AVR Run = 000000000036, currency type 30, material, valuation area, period. The run reference is a filter, not something hardcoded.

What it settles at a glance

Seven economic cost components identical between the two runs, line by line. Element 900 the only one that moves. Grand totals 42,400.00 against 16,578.95 on receipts, 38,160.00 against 14,921.06 on ending inventory.

This is the whole of phase 1

The enhancement uses SAP's delivered Alternative Valuation Run extension point to inject the negative markup during the run—not an external spreadsheet or separate recosting process.

Screen captured on MM_2025 / S8H, client 100 — Custom Analytical Queries, material FG_GV_AVR, valuation area 1010, period 005/2026.

ERPfixers

How the BAdI does it

OPTIONAL / TECHNICAL BACKUP

Custom ERPfixers PoC enhancement — not SAP standard functionality

1. **Anchor**

   Loop the price determination structure on categ = 'ZU' and ptyp = 'BBK' — direct intercompany goods receipts only.

2. **Read the primitive**

   SELECT SUM(markup) FROM mldoc WHERE ptyp = 'BBK' AND (runref = 'ACT' OR runref = space). No dependency on CKMLCP.

3. **Offset**

   Create element 900 (AVR GV I/C Markup) carrying the negative of the total markup.

4. **Propagate**

   Adjust PRD so the elimination flows through to profit in inventory.

5. **Hand back**

   Set MOD_TYPE = 'M' so the AVR processes the modification record.

Prerequisites

- BAdI CKML_CROSS_COMPANY active — methods REVAL_MARKUP_AT_ACTUAL_COSTS, ROLLUP_COST_COMP_SPLIT and DISPLAY_COST_COMPONENTS all returning 'X'.
- Elements 900 and 910 defined in cost component structure Y1.
- AVR run reference — mandatory for parallel valuation.

Why this is the right seam

If you find yourself writing a Z-program to post correction entries after the AVR finishes, FCML4H_MODIFY_VALUES is almost certainly where that work belongs instead.

Source: V3 sections 6.1 to 6.3 — full ABAP source in the framework document.

Closing the accounting loop

Custom ERPfixers PoC component — not SAP standard functionality

Legal Actual Costing posts the legal result. AVR + BAdI creates a statistical group-cost result. A custom posting layer can optionally create separate accounting entries.

LEGAL ACTUAL COSTING

Updates the legal ledger and legal PUP. Legal valuation remains authoritative.

AVR + BAdI

Creates the statistical group-cost result. No FI posting. No PUP update.

CUSTOM POSTING LAYER

Optional. Builds separate entries for the group adjustment.

POSTED GROUP VIEW

Separate, reversible and auditable adjustment; intended for a dedicated ledger.

How the markup is split — no ratio, driven by MLDOC-CATEG

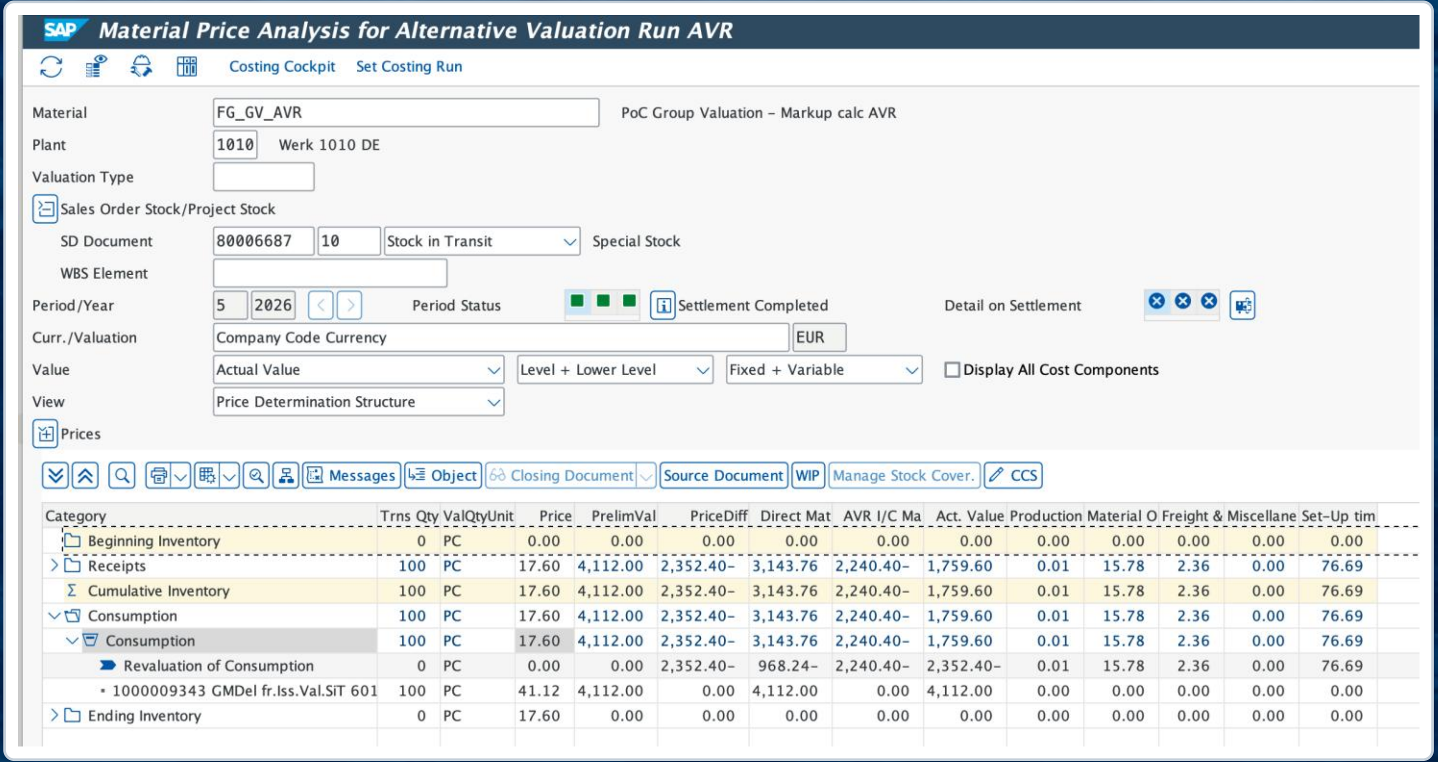
Category	Meaning	Target	Treatment
VN	Consumption — the goods have left stock	Group COGS adjustment (P&L)	Realised: posted once and kept
EB	Ending inventory — the goods are still in stock	Group inventory adjustment (balance sheet)	Unrealised: reversed and reposted each period until the goods leave stock

Design of the ZGV accounting layer built on MM_2025 — posting date is the last day of the period; documents balance to zero.

SPECIAL STOCK — SD DOCUMENT 80006687 ITEM 10, STOCK IN TRANSIT

The elimination follows the goods

OPTIONAL / TECHNICAL BACKUP



Category	Trns Qty	ValQtyUnit	Price	PrelimVal	PriceDiff	Direct Mat	AVR I/C Ma	Act. Value	Production	Material O	Freight &	Miscellane	Set-Up tim
Beginning Inventory	0	PC	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receipts	100	PC	17.60	4,112.00	2,352.40-	3,143.76	2,240.40-	1,759.60	0.01	15.78	2.36	0.00	76.69
Σ Cumulative Inventory	100	PC	17.60	4,112.00	2,352.40-	3,143.76	2,240.40-	1,759.60	0.01	15.78	2.36	0.00	76.69
Consumption	100	PC	17.60	4,112.00	2,352.40-	3,143.76	2,240.40-	1,759.60	0.01	15.78	2.36	0.00	76.69
Consumption	100	PC	17.60	4,112.00	2,352.40-	3,143.76	2,240.40-	1,759.60	0.01	15.78	2.36	0.00	76.69
Revaluation of Consumption	0	PC	0.00	0.00	2,352.40-	968.24-	2,240.40-	2,352.40-	0.01	15.78	2.36	0.00	76.69
• 1000009343 GMDel fr.Iss.Val.SiT 601	100	PC	41.12	4,112.00	0.00	4,112.00	0.00	4,112.00	0.00	0.00	0.00	0.00	0.00
Ending Inventory	0	PC	17.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Why this segment matters

The 100 PC consumed in the period did not go to a production order — they went into stock in transit on the way to the external customer. The 5D2 chain routes value through a special stock segment, and the group valuation has to follow it there.

Revaluation of consumption

The goods issue posted at the standard 41.12 EUR per PC with no markup component. The revaluation line then carries the full 2,240.40 elimination, moving the segment from 41.12 to the group actual of 17.60 per PC.

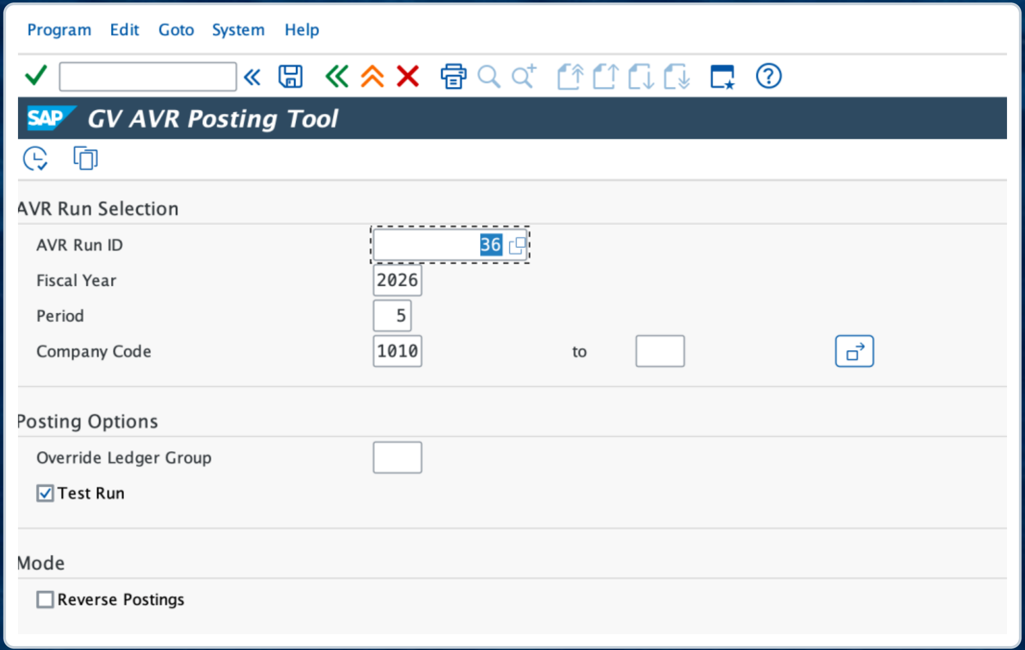
Same 2,240.40 that GRP_COGS_ADJ posts.

Screen captured on MM_2025 / S8H, client 100 — CKM3N with special stock, stock in transit, price determination structure.

The posting program

OPTIONAL / TECHNICAL BACKUP

Custom ERPfixers PoC component — not SAP standard functionality



One selection screen closes the loop: an AVR run, a period, a company code range, and a mode.

Test run

Runs BAPI_ACC_DOCUMENT_CHECK. Nothing is written — the mode used to prove account determination and balancing before anyone commits.

Productive run

Posts through BAPI_ACC_DOCUMENT_POST. Posting date is the last day of the period and every document balances to zero. The ledger group comes from ZGV_ACCDET — see open items.

AVR Run ID is the anchor

Run 36 for fiscal year 2026, period 5, company code 1010. Override Ledger Group is the escape hatch when the ledger group in ZGV_ACCDET is not the intended target.

Reverse postings

Locates the documents of a given run through the BKPF-XBLNR reference and reverses them. This is what makes the whole construct safe to repeat.

Screen captured on MM_2025 / S8H, client 100. Run 36 was subsequently executed productively — see the next three sections.

The posting result

ERPfixers

PoC technical validation only — The demonstrated productive posting was made to 0L to validate document mechanics, account determination and reconciliation. The intended production design is a separate parallel / extension ledger so the legal ledger remains authoritative.

Document	Posting category	PK	Account	Account name	EUR	USD
100000020	GRP_COGS_ADJ	40 Debit	91100011	GV IC Profit Offset	2,240.40	2,374.82
100000020	GRP_COGS_ADJ	50 Credit	91200010	GV COGS Adjustment	-2,240.40	-2,374.82
100000021	GRP_INV_ADJ	40 Debit	91100011	GV IC Profit Offset	20,163.61	21,373.43
100000021	GRP_INV_ADJ	50 Credit	91100010	GV Inventory Adjustment	-20,163.61	-21,373.43

Document currency is EUR

Company code 1010 posts in EUR, as configured in ZGV_CONFIG. The USD column is the group currency amount carried on the same lines.

Posting date 05/31/2026

The last day of the period, by design, so the adjustment sits in the period it belongs to rather than the day the run happened.

Ledger group 0L — PoC only

Technical validation of posting mechanics—not the intended production target. Production design: dedicated parallel / extension ledger.

Controls turn an enhancement into an auditable close process

COMPLETENESS

All scoped intercompany receipts and transfers are included.

ACCURACY

Markup source and sign are validated against cost components.

ALLOCATION

Consumption and ending inventory tie to Actual Quantity Structure.

RECONCILIATION

Legal cost + elimination = group cost; entries can be reversed and rerun.

Source: ERPfixers, “Transfer Pricing Without Group Valuation: A Smarter Approach,” June 3, 2025.

What We Have Proven — and What Comes Next

Custom ERPfixers PoC components — not SAP standard functionality

PROVEN

- Legal and group actual cost side by side in CKM3 — same material, same period, same quantity structure.
- 25,821.05 USD of intercompany markup identified and eliminated; periodic unit price 42.40 to 16.58.
- Cost component split preserved and visible in a self-service query — element 900 the only line that moves.
- The group cost at the receiving plant equals the actual cost at the producing plant, to the cent — 16.58 USD on both sides.

BUILT AND RUNNING IN THE PoC

- Configuration layer live: markup source per company code, ML category mapping, account determination.
- Posting engine with test, productive and reversal modes, anchored on the AVR run reference.
- Amounts reconcile exactly to CKM3N — 2,240.40 to consumption, 20,163.61 to ending inventory.
- Group adjustment posted and visible in the trial balance: inventory and cost of sales both net of the eliminated markup.

STILL TO HARDEN / COMPLETE

- Extension ledger is the intended target; the demonstrated productive posting used ledger group 0L.
- Production chart-of-account design and account classification must be finalized.
- Multiple-material and multi-period behavior needs broader testing.
- Fiori roles, catalogs and operational close procedures remain implementation tasks.

This is a working proof of concept, not a shipped SAP product.

ERPfixers

Client qualification: where this approach fits

1 **Actual Costing active**
Required

Material Ledger Actual Costing is active. Settlement itself is not a prerequisite for the framework.

2 **Cross-company flow**
Required

Intercompany receipts cross company-code boundaries. The process determines whether markup is captured or must be derived.

3 **Design package**
Project scope

Cost components and configuration; AVR run reference; FCML4H_MODIFY_VALUES / CKML_CROSS_COMPANY logic; posting and reconciliation design.

Implementation considerations

Accounting and controls

Choose statistical-only versus posting; map consumption, ending inventory and stock in transit; define account determination; anchor and reverse postings by AVR run ID.

What the PoC did not require

No DMLT historical conversion. No UPA activation. No currency type 11/31 retrofit. No greenfield implementation.

Targeted • selective • reversible • proportionate to a concentrated business need

Best fit: Actual Costing is active, cross-company scope is concentrated, and period-end or intramonth visibility is sufficient—not a universal replacement for Group Valuation.

WHERE A CLIENT CAN START

Four-phase adoption model

1 Report

Embedded analytics query on the ML and AVR cost component split

No GL impact — reporting only

No change to the costing process

2 Split

COGS split + actual CCS delta

COGS split to separate GL accounts

Configuration only

3 Eliminate

AVR + BAdI FCML4H_MODIFY_VALUES

Full inventory revaluation and COGS at group actual

Targeted BAdI enhancement plus configuration, controls and reconciliation

4 Consolidate

UPA + AIS + group ledger 4G

Real-time intercompany elimination in the group ledger

UPA / strategic architecture path

Phase 3 is the core of this framework and the subject of this proof of concept. Each phase adds capability without disrupting the previous layer — a client can stop at any of them and still hold the value already delivered.

Source: V3 section 3.

Five Takeaways

- Keep Material Ledger legal valuation authoritative; add the group view without rewriting statutory inventory or COGS.
- Use the intercompany markup already captured to create a targeted elimination in a parallel or extension ledger.
- Choose traditional Group Valuation when real-time parallel valuation is strategic; use the alternative when the need is narrower and proportional.
- The PoC preserved every economic cost component and changed only the markup-elimination line.
- 42.40 USD − 25.82 USD = 16.58 USD per PC—and 16.58 USD matches the producing plant’s actual cost.

Questions & Answers

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