Price determination - Price control

Price determination, price control and Actual Costing for materials: 3S or 2V

You are using Material Ledger with Actual Costing and wonder if using materials 3S (price determination = 3; price control = S) or materials 2V (price determination = 2; price control = V).

Setting 2 for transaction-based price determination functions in the same way as the system without the Material Ledger, but has the added advantage of allowing you to carry prices in multiple currencies or valuations.

Materials with price determination = 2 generally do not participate in the multilevel actual costing.

These materials are treated like S-price and MA-price materials without Material Ledger. If price difference postings occur with an MA-price material, the price differences are not assigned to the consumption or to the ending inventory from the single-level or multilevel price determination. These price differences remain on the price difference account.

Materials which are to participate in the Actual Costing get price determination = 3 (single-level/multilevel material price determination).

Goods movements of such materials are valued with a preliminary valuation price first. The price variances which often occur with procurement transactions are collected per material in the Material Ledger and displayed immediately in the material ledger data display (transaction CKM3).

At the period end, the collected price differences are assigned to the consumptions and the ending inventory of the material (single-level price determination). Price differences which are assigned to multilevel usages are rolled up to the next higher
Advantages of the price determination control 3 for materials:

- A realistic valuation price develops periodically.
- Occurring price differences are assigned to the consumption and to ending inventory at the end of the month and activated in the inventory, if necessary.
- Price variances can be charged to the manufactured material (rolled up) even if the invoice is posted after a consumption.
- With controlling level vendor/purchasing organization a procurement actual price can be determined per vendor (Transaction CKM3).
- The following notes provide detail information concerning price determination:

  81682  Pr.contr.V for semi-finished and finished products
  721360  MAP-controlled materials and actual costing
  1949907  How to update Price determination field in materials with split valuation
  1575904  How to use transaction CKMM with split valued materials
  155874  Change valuation category in material master