



# Subcontracting SAP MM

## By Murtaza



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## Sub-contracting process in SAP MM

Definition:- Subcontracting is a form of procurement in which the product to be procured is manufactured by a supplier (the subcontractor) to whom the procuring entity supplies components for the purpose.

Scenario :- ordering two assembly items cooler & cycle from vendor by supplying components for each assembly & then receiving the assembly.

Steps: -

- 1- maintain stock of raw material & by product (By product only if applicable for scenario)
  - 2- maintain BOM for finished product
  - 3- Create info record with info category "Sub-contracting"
  - 4- Create a Sub-contracting PO through ME21N & maintain item category as "L"
  - 5- Issue raw materials to vendor through transfer posting or MB1B (movement type 541)
  - 6- Receive finished product through MIGO –movement type 101 for finished product, 543 for components issued, 545 for any by product
  - 7- Verify accounting documents in MIGO document
  - 8- Invoice verification – MIRO
- 
- 1- maintain stock of raw material & by product (By product only if applicable for scenario)

MARD: Display of Entries Found

Table to be searched: MARD Storage Location Data for Material

Number of hits: 8

Runtime: 0 Maximum no. of hits:

Material	Plant	Sloc	Status	SL	Year	Pe	Pl	Unrestricted	StockInTr	Qual.Insp.	Restricted	Blocked	Returns	Unrest.	Rtk in tr	Qual.Insp.	Restr.use	Blocked	Returns	WHG	QuS	RUs	Blk	WHS	QuS	Retn	Blk	W	SPT	Record
AXLES-1	SPID	SL01	D		2023	6		940,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
BLADES-1	SPID	SL01	D		2023	6		888,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
CHAB-1	SPID	SL01	D		2023	6		870,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
COVERS-1	SPID	SL01	D		2023	6		1,496,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
MOTOR-1	SPID	SL01	D		2023	6		988,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
PIPES-1	SPID	SL01	D		2023	6		876,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
SEAT-1	SPID	SL01	D		2023	6		870,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
TYRES-1	SPID	SL01	D		2023	6		960,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	

2- maintain BOM for finished product



Material: COOLER-2, Item: 53760  
 Part: 3PFI Spd Inval plant  
 Alternative BOM: 1

Item ID	Component	Component description	Quantity	UoM	A...	Stk	Valid From	Valid to	Change No.	F...	SortStng	Item ID	Chg No. To	G. FL.	L.	Function
0110 L	BLADES-1	blades - 252560	1	EA			04.06.2023	31.12.9999				00000001				
0210 L	MOTOR-1	motor-53825	1	EA			04.06.2023	31.12.9999				00000002				
0310 L	PIPES-1	pipes - 593660	3	EA			04.06.2023	31.12.9999				00000003				
0410 L	COVERS-1	covers - 523258	2	EA			04.06.2023	31.12.9999				00000004				

Material: CYCLE-2, Item: 139572  
 Part: 3PFI Spd Inval plant  
 Alternative BOM: 1

Item ID	Component	Component description	Quantity	UoM	A...	Stk	Valid From	Valid to	Change No.	F...	SortStng	Item ID	Chg No. To	G. FL.	L.	Function
0110 L	CHAIN-1	chain - 282698	1	EA			04.06.2023	31.12.9999				00000001				
0210 L	AXLES-1	Axles 835999	4	EA			04.06.2023	31.12.9999				00000002				
0310 L	TYRES-1	Tyres 25720	2	EA			04.06.2023	31.12.9999				00000003				
0410 L	SEAT-1	seat 274255	1	EA			04.06.2023	31.12.9999				00000004				

Maintain production version in MM01, work scheduling

## Production version- 0001

Material: COOLER-2 (Finished product FERT)  
Plant: SP10 Spid rswal plant

MRP 4 | **Work scheduling** | Accounting 1 | Accounting 2 | Plant stock 5

Material: COOLER-2 | Icon: 53766

Plant: SP10 | Spid rswal plant

General Data

Base Unit of Measure	EA	Each	Unit of Issue	
Production unit			#-S mat status	valid from
Prod. Supervisor			#Prod.stor.loc.	31/01
Prod.Sched.Profile			Mat. Grouping	
Serial no. profile	9999	SeLevel	Overall profile	
<input type="checkbox"/> Insp. stock	<input type="checkbox"/> Critical Part	<input checked="" type="checkbox"/> Version Indicator	<input checked="" type="checkbox"/> ProdVersions	
<input type="checkbox"/> OB Management	<input type="checkbox"/> Batch rec. req.	<input type="checkbox"/> Batch entry	<input type="checkbox"/> Batch Management	
<input type="checkbox"/> OB Management		OB ref. matral		

Tolerance data

Underliely tol. 0,0 percent | Overliely tol. 0,0 percent |  Unlimited

In-house production time in days

Lot size dependent | Lot size independent

Setup time 0,00 | Interoperation 0,00 | InhsaProdTime 0

Processing time 0,00 | Base quantity 0

EH7 (2) 000 | ECCE07 | INS |

Material: CYCLE-2 (Finished product FERT)  
Plant: SP10 Spid rswal plant

MRP 4 | **Work scheduling** | Accounting 1 | Accounting 2 | Plant stock 5

Material: CYCLE-2 | Icon: legs Cycle 139572

Plant: SP10 | Spid rswal plant

General Data

Base Unit of Measure	EA	Each	Unit of Issue	
Production unit			#-S mat status	valid from
Prod. Supervisor			#Prod.stor.loc.	31/01
Prod.Sched.Profile			Mat. Grouping	
Serial no. profile	9999	SeLevel	Overall profile	
<input type="checkbox"/> Insp. stock	<input type="checkbox"/> Critical Part	<input checked="" type="checkbox"/> Version Indicator	<input checked="" type="checkbox"/> ProdVersions	
<input type="checkbox"/> OB Management	<input type="checkbox"/> Batch rec. req.	<input type="checkbox"/> Batch entry	<input type="checkbox"/> Batch Management	
<input type="checkbox"/> OB Management		OB ref. matral		

Tolerance data

Underliely tol. 0,0 percent | Overliely tol. 0,0 percent |  Unlimited

In-house production time in days

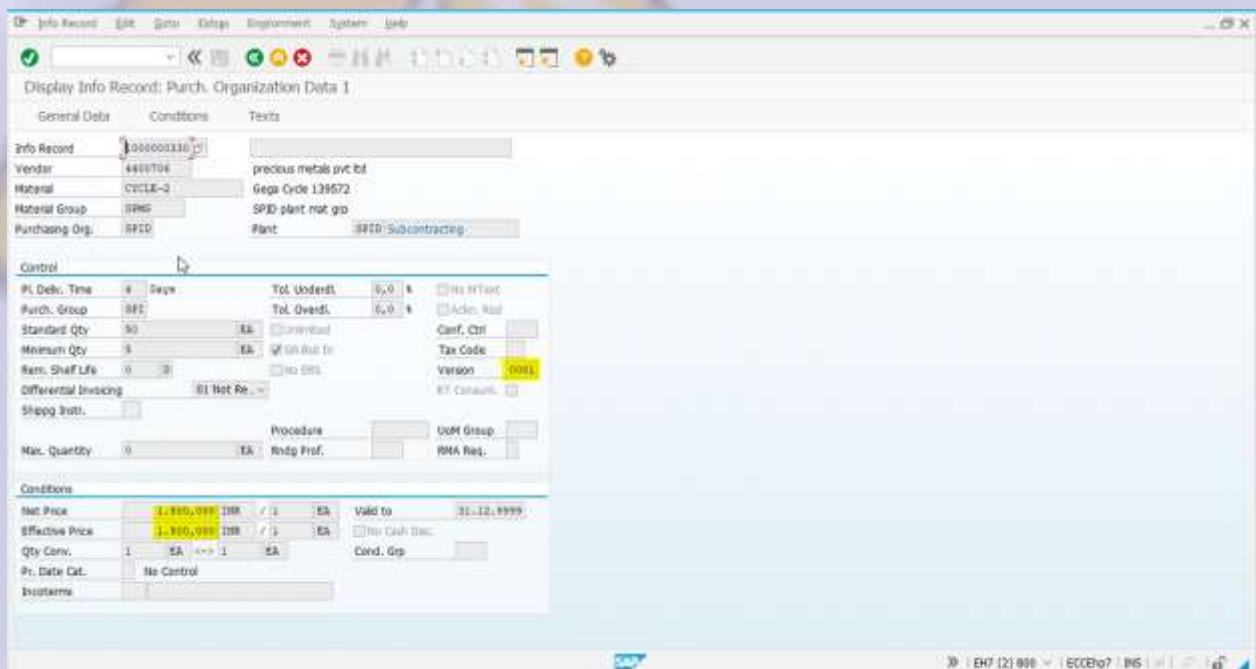
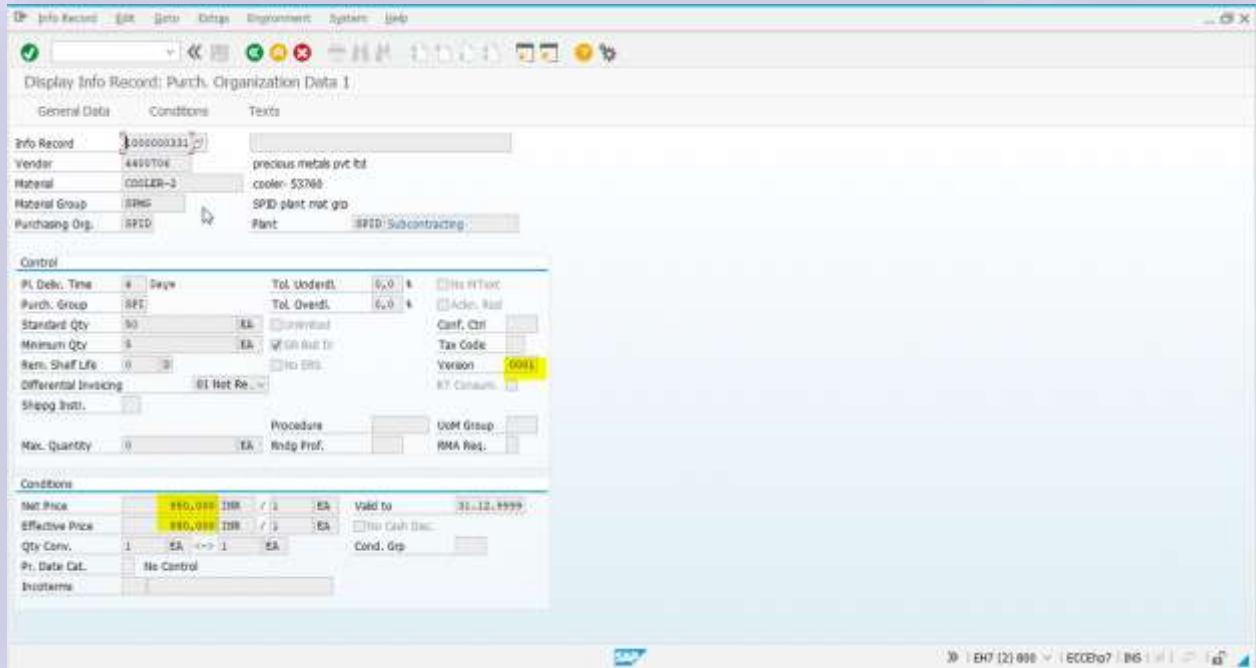
Lot size dependent | Lot size independent

Setup time 0,00 | Interoperation 0,00 | InhsaProdTime 0

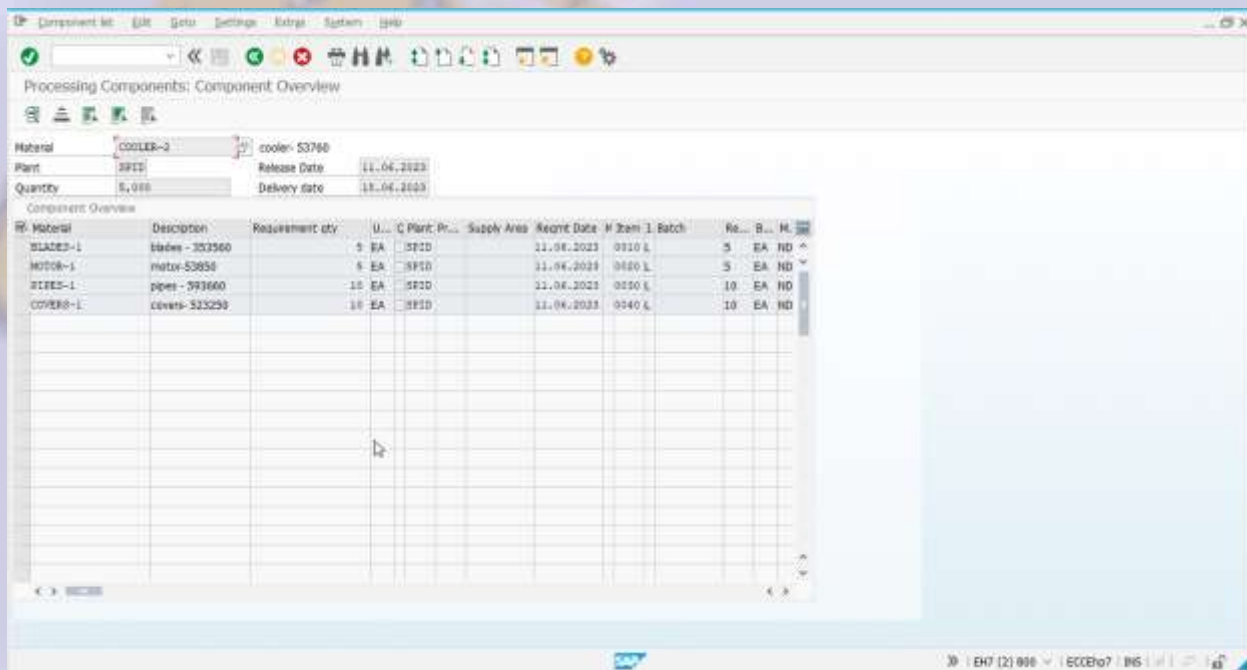
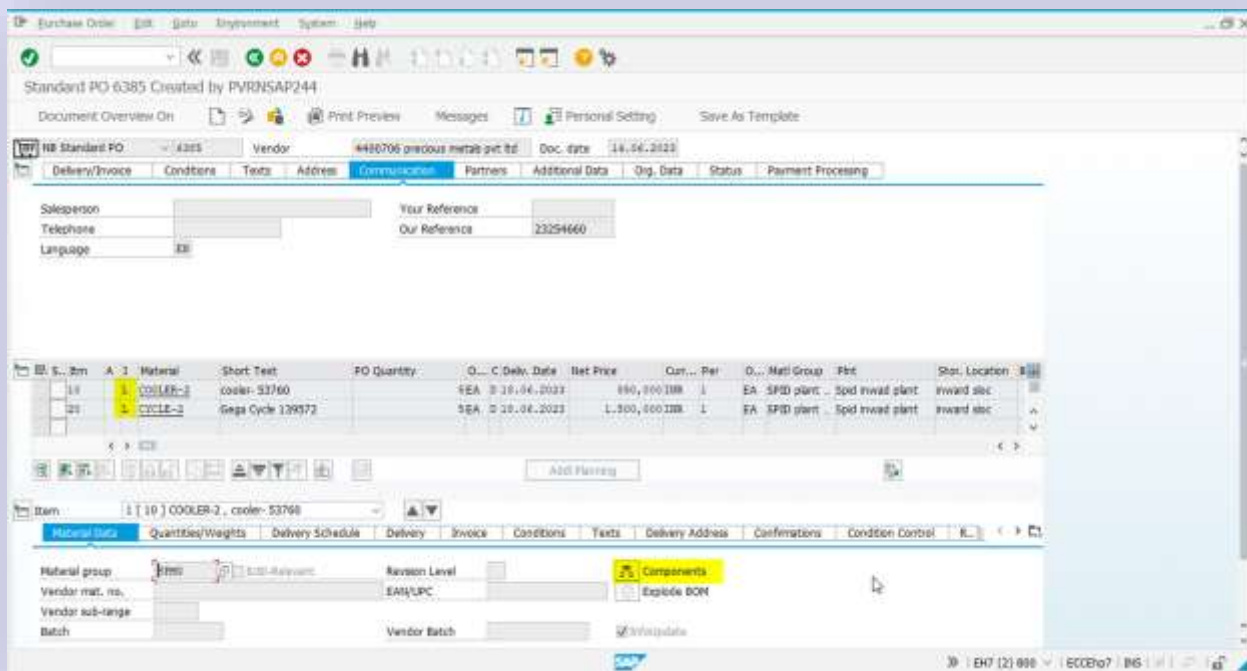
Processing time 0,00 | Base quantity 0

EH7 (2) 000 | ECCE07 | INS |

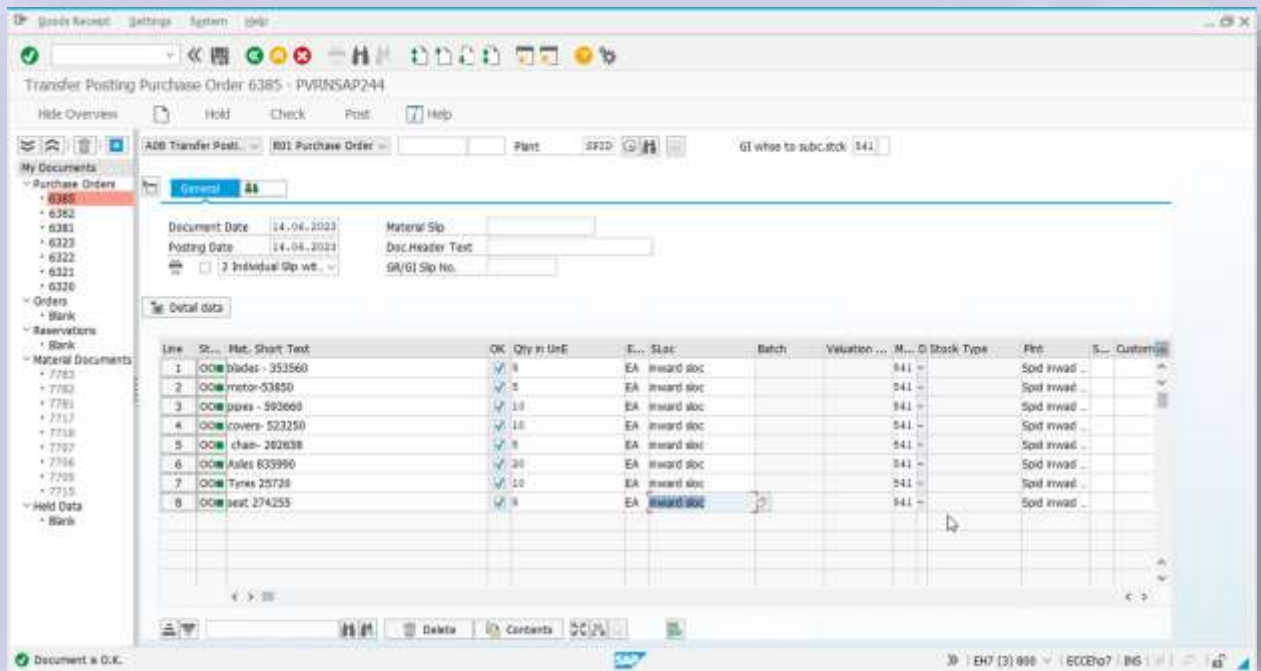
3- Create info record with info category “Sub-contracting” & Maintain production version in info record



4- Create a Sub-contracting PO through ME21N & maintain item category as “L”



- 5- Issue raw materials to vendor through transfer posting or MB1B (movement type 541) Transfer posting against PO (541)



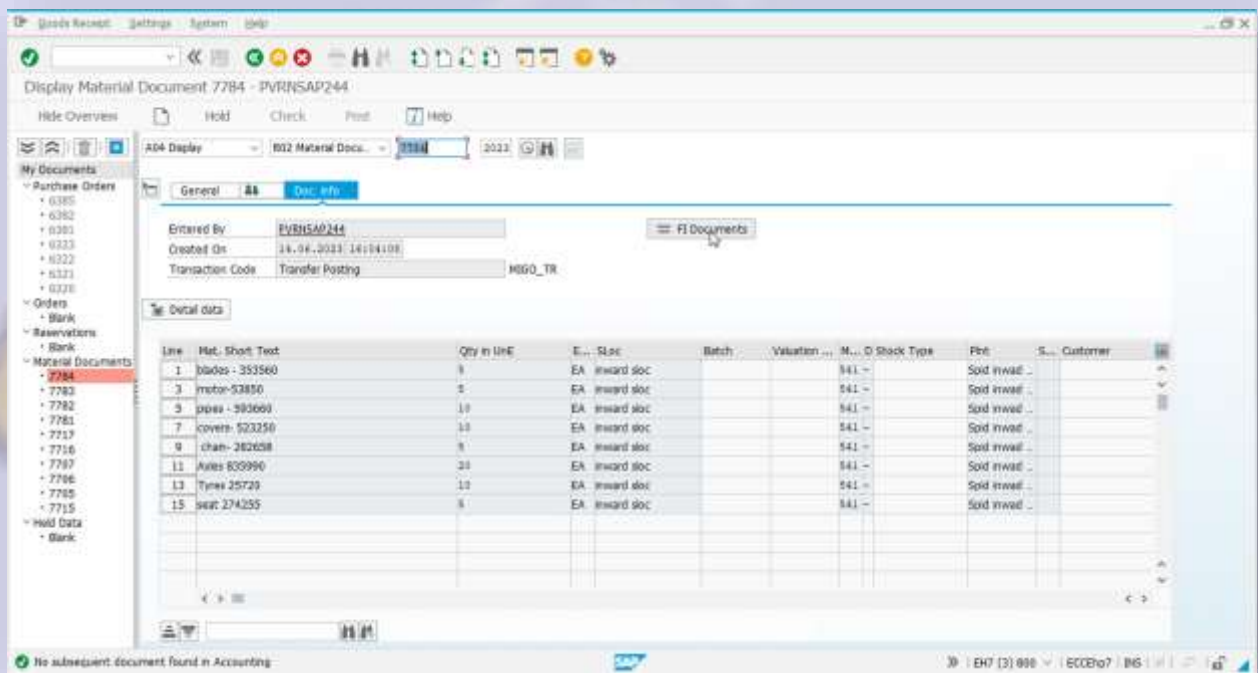
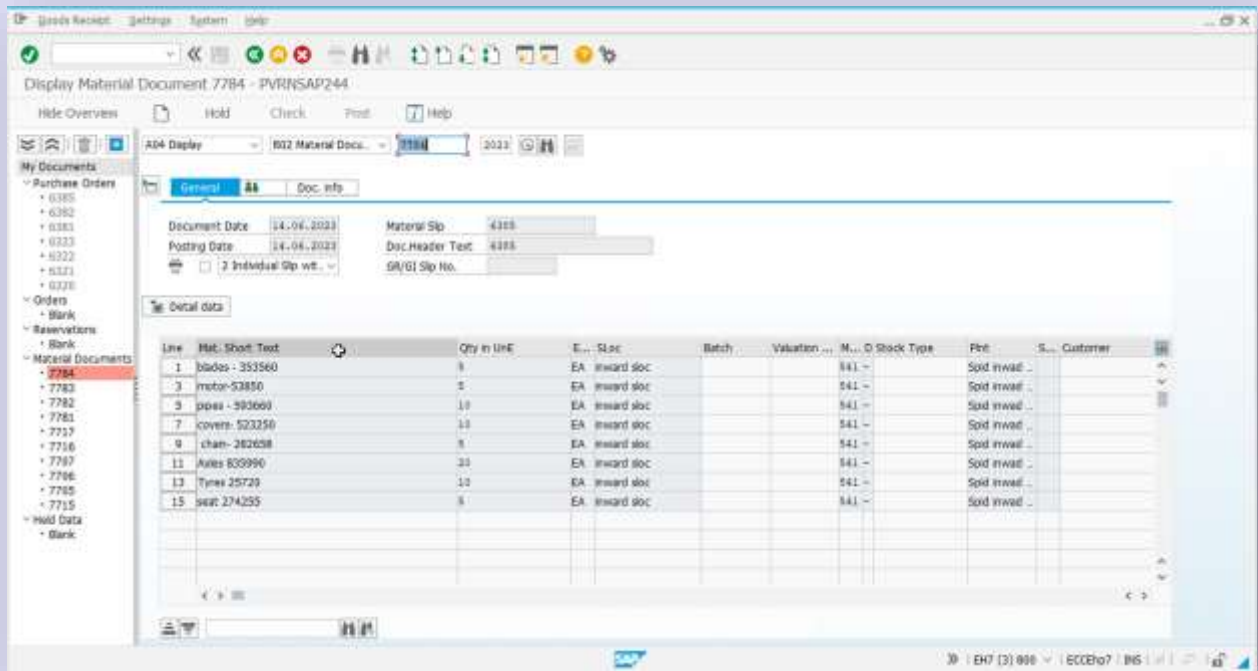
The screenshot shows the SAP Transfer Posting MB1B interface. The title bar reads "Transfer Posting Purchase Order 6385 - PVRINSAP244". The main window is divided into several sections:

- Header Data:**
  - Document Date: 14.04.2023
  - Posting Date: 14.04.2023
  - Material Slp: [Blank]
  - Doc Header Text: [Blank]
  - GR/IR Slip No.: [Blank]
  - GI value to sub.stock: 341
- Detail Data Table:**

Line	Qr...	Mat. Short Text	OK	Qty in UoE	E... Slap	Batch	Valuation...	M...	D Stock Type	Fre	S... Custom
1	OCM	blades - 351560	✓	8	EA Inward doc				841		Spd Inwad
2	OCM	motor-53850	✓	3	EA Inward doc				841		Spd Inwad
3	OCM	pipes - 592668	✓	10	EA Inward doc				841		Spd Inwad
4	OCM	covers- 523250	✓	10	EA Inward doc				841		Spd Inwad
5	OCM	chain- 282638	✓	8	EA Inward doc				841		Spd Inwad
6	OCM	Axles 833990	✓	30	EA Inward doc				841		Spd Inwad
7	OCM	Tines 25728	✓	10	EA Inward doc				841		Spd Inwad
8	OCM	heat 274255	✓	8	EA Inward doc				841		Spd Inwad







No accounting impact since issue of raw materials does not create liability to pay

Display stock provided to vendor/ components Stock available with vendor

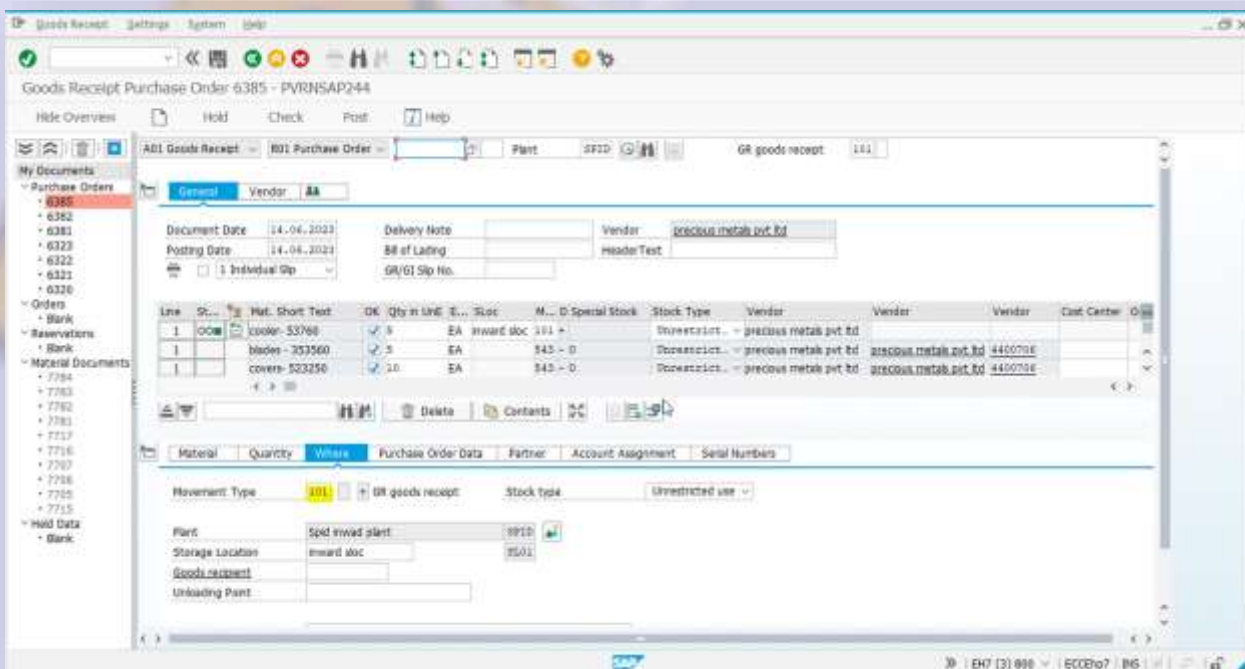
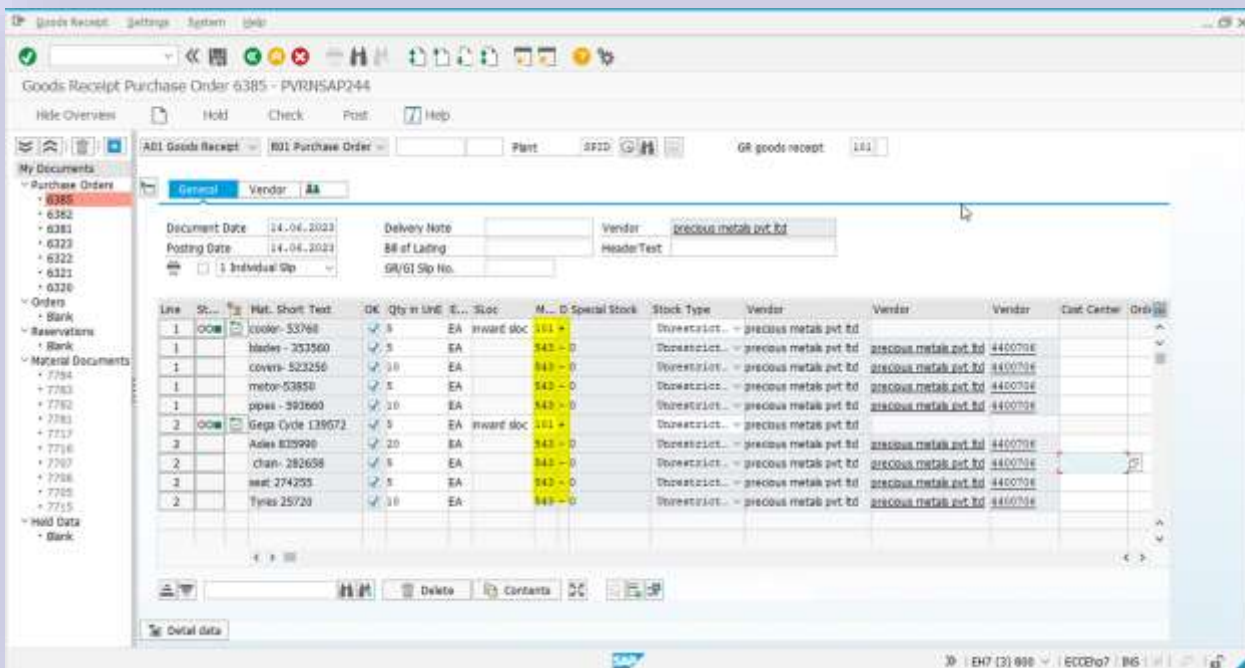
Material Document List

Material	Material Description	Plant Name
<b>AXLES-1</b> Axles 302550		
941 C 7783	12 14.06.2023	20 EA
941 C 7784	12 14.06.2023	20 EA
941 C 7699	4 11.06.2023	20 EA
941 C 7701	4 11.06.2023	20 EA
<b>BLADES-1</b> blades - 302548		
941 C 7783	2 14.06.2023	2 EA
941 C 7783	2 14.06.2023	3 EA
941 C 7784	2 14.06.2023	3 EA
941 C 7699	10 11.06.2023	3 EA
<b>CHAIN-1</b> chain- 202658		
941 C 7783	10 14.06.2023	3 EA
941 C 7784	10 14.06.2023	3 EA
941 C 7699	2 11.06.2023	3 EA
941 C 7701	2 11.06.2023	20 EA
<b>COVERS-1</b> covers- 302593		
941 C 7784	0 14.06.2023	10 EA
941 C 7783	0 14.06.2023	10 EA
941 C 7781	0 14.06.2023	4 EA
941 C 7699	14 11.06.2023	10 EA
<b>MOTOR-1</b> motor-50265		
941 C 7781	4 14.06.2023	2 EA
941 C 7783	4 14.06.2023	3 EA
941 C 7784	4 14.06.2023	3 EA
941 C 7699	12 11.06.2023	3 EA

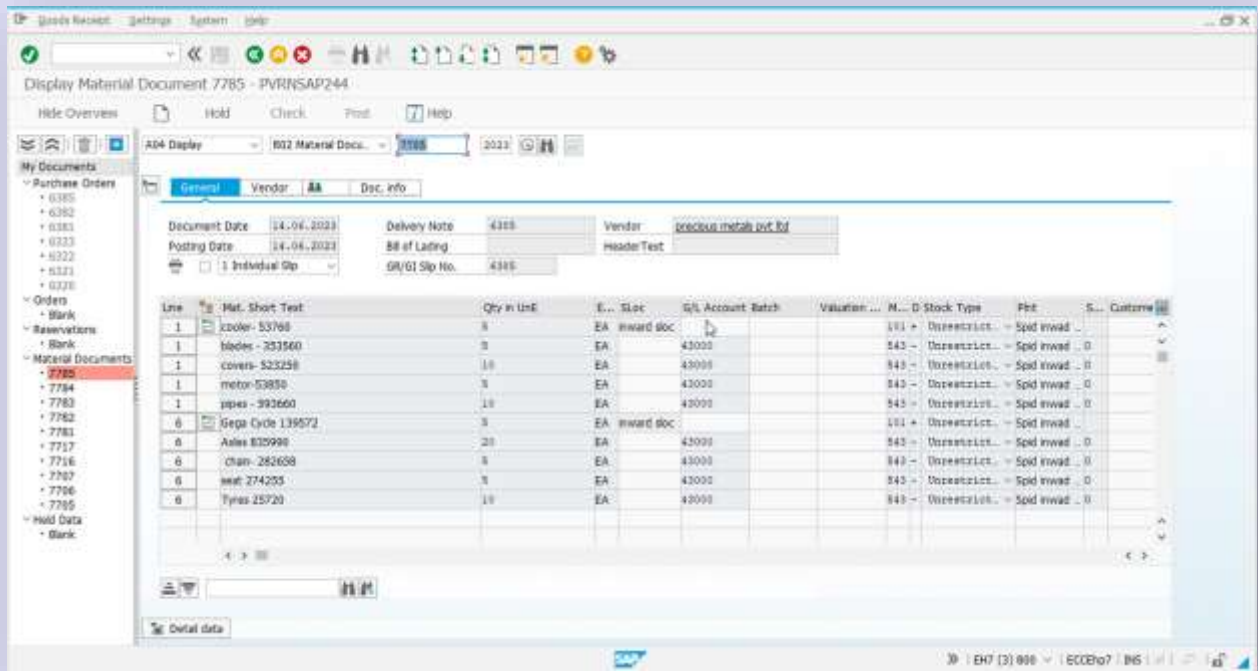
Material Document List

941 C 7784	0 14.06.2023	10 EA
941 C 7783	0 14.06.2023	10 EA
941 C 7781	0 14.06.2023	4 EA
941 C 7699	14 11.06.2023	10 EA
<b>MOTOR-1</b> motor-50265		
941 C 7781	4 14.06.2023	2 EA
941 C 7783	4 14.06.2023	3 EA
941 C 7784	4 14.06.2023	3 EA
941 C 7699	12 11.06.2023	3 EA
<b>PIPES-1</b> pipes - 302601		
941 C 7781	4 14.06.2023	4 EA
941 C 7783	4 14.06.2023	10 EA
941 C 7784	4 14.06.2023	10 EA
941 C 7699	14 11.06.2023	10 EA
<b>SEAT-1</b> seat 276286		
941 C 7783	14 14.06.2023	3 EA
941 C 7784	14 14.06.2023	3 EA
941 C 7699	0 11.06.2023	3 EA
941 C 7701	0 11.06.2023	20 EA
<b>TYRES-1</b> Tyres 20720		
941 C 7783	14 14.06.2023	10 EA
941 C 7784	14 14.06.2023	10 EA
941 C 7699	0 11.06.2023	10 EA
941 C 7701	4 11.06.2023	20 EA

- 6- Receive finished product through MIGO –movement type 101 for finished product, 543 for components issued, 545 for any by product



Display material document



7- Verify accounting document in MIGO document



Document: 304 Date: 14.04.2023 Settings: Environment: System: 004

Display Document: Data Entry View

Display Currency: General Ledger View

Data Entry View

Document Number: 300000012 Company Code: SP10 Fiscal Year: 2023  
 Document Date: 14.04.2023 Posting Date: 14.04.2023 Period: 4  
 Reference: 4318 Cross-Comp.No.:  
 Currency: INR Tools: Post Ledger Group:

CoCd	Plant	Item	PK	SE Account	Description	Amount	Curr.	Transaction	Tx	Cost Center	Order	Profit Center
SP10	SP10	1	50	41000	Goods Rcvd/Invoice R	4,250,000	INR	WRX				
SP10	SP10	2	80	417001	Purchased services	4,250,000	INR	FRL				
SP10	SP10	3	50	300000	stock posting	1,250,000	INR	BSX				
SP10	SP10	4	81	43000	Raw material consump	1,250,000	INR	GBB				
SP10	SP10	5	50	300000	stock posting	1,400,000	INR	BSX				
SP10	SP10	6	81	43000	Raw material consump	1,400,000	INR	GBB				
SP10	SP10	7	50	300000	stock posting	1,400,000	INR	BSX				
SP10	SP10	8	81	43000	Raw material consump	1,400,000	INR	GBB				
SP10	SP10	9	50	300000	stock posting	1,800,000	INR	BSX				
SP10	SP10	10	81	43000	Raw material consump	1,800,000	INR	GBB				
SP10	SP10	11	50	41000	Goods Rcvd/Invoice R	7,500,000	INR	WRX				
SP10	SP10	12	80	417001	Purchased services	7,500,000	INR	FRL				
SP10	SP10	13	50	300000	stock posting	10,000,000	INR	BSX				
SP10	SP10	14	81	43000	Raw material consump	10,000,000	INR	GBB				
SP10	SP10	15	50	300000	stock posting	600,000	INR	BSX				

EH7 (3) 998 | ECCE07 | INR

Document: 304 Date: 14.04.2023 Settings: Environment: System: 004

Display Document: Data Entry View

Display Currency: General Ledger View

Data Entry View

Document Number: 300000012 Company Code: SP10 Fiscal Year: 2023  
 Document Date: 14.04.2023 Posting Date: 14.04.2023 Period: 4  
 Reference: 4318 Cross-Comp.No.:  
 Currency: INR Tools: Post Ledger Group:

CoCd	Plant	Item	PK	SE Account	Description	Amount	Curr.	Transaction	Tx	Cost Center	Order	Profit Center
SP10	SP10	7	50	300000	stock posting	1,400,000	INR	BSX				
SP10	SP10	8	81	43000	Raw material consump	1,400,000	INR	GBB				
SP10	SP10	9	50	300000	stock posting	1,800,000	INR	BSX				
SP10	SP10	10	81	43000	Raw material consump	1,800,000	INR	GBB				
SP10	SP10	11	50	41000	Goods Rcvd/Invoice R	7,500,000	INR	WRX				
SP10	SP10	12	80	417001	Purchased services	7,500,000	INR	FRL				
SP10	SP10	13	50	300000	stock posting	10,000,000	INR	BSX				
SP10	SP10	14	81	43000	Raw material consump	10,000,000	INR	GBB				
SP10	SP10	15	50	300000	stock posting	600,000	INR	BSX				
SP10	SP10	16	81	43000	Raw material consump	600,000	INR	GBB				
SP10	SP10	17	50	300000	stock posting	750,000	INR	BSX				
SP10	SP10	18	81	43000	Raw material consump	750,000	INR	GBB				
SP10	SP10	19	50	300000	stock posting	6,000,000	INR	BSX				
SP10	SP10	20	81	43000	Raw material consump	6,000,000	INR	GBB				

EH7 (3) 998 | ECCE07 | INR

## Accounting entries

Finished goods -101 / Services---- (debit/credit) ---- 4 (WRX/ FRL)--- As two finished product received— $2 \times 2 = 4$  entries

Consumed components--- 543 --- (debit/credit) ---- 16 (BSX / GBB) (As 4 components are issued for each final product manufacturing) ---  $(4 + 4) \times 2 = 16$

Total -20 entries

### Cooler

- 1- WRX---- Credit - --GR IR clearing – 850 INR, For quantity = 5 cycles, Total= 4250 INR (From info record)
- 2- FRL---- Debit for services 850 INR, For quantity = 5 cycles, Total= 4250 INR
- 3- BSX---Credit---- stock posting—materials received (components)- 250 INR, For quantity = 5,  
Total= 1250 INR (As per material master record price)-----Blades
- 4- GBB---Debit---- raw material consumption— offsetting entry–250 INR, For quantity = 5, Total= 1250 INR (As per material master record price)
- 5- BSX---Credit---- stock posting—materials received (components)- 280 INR, For quantity = 5,  
Total= 1400 INR (As per material master record price)----- Motor
- 6- GBB---Debit---- raw material consumption— offsetting entry–280 INR, For quantity = 5, Total= 1400 INR (As per material master record price)
- 7- BSX--- Credit--- --- stock posting—materials received (components ) 140 INR, For quantity= 10, total = 1400 INR-----Covers
- 8- GBB--- Debit---- raw material consumption— offsetting entry–140 INR, For quantity= 10, total = 1400 INR
- 9- BSX--- Credit--- --- stock posting—materials received (components ) 180 INR, For quantity= 10, total = 1800 INR-----Pipes
- 10- GBB--- Debit---- raw material consumption— offsetting entry–180 INR, For quantity= 10, total = 1800 INR

### Cycle

- 1- WRX---- Credit - --GR IR clearing – 1500 INR, For quantity = 5 coolers, Total=7500 INR (From info record)
- 2- FRL---- Debit for services --- 1500 INR, For quantity = 5 coolers, Total=7500 INR
- 3- BSX---Credit---- stock posting—materials received (components)- 500 INR, For quantity =  
20, Total= 10000 INR (As per material master record price)-----Axles

- 4- GBB---Debit---- raw material consumption— offsetting entry–500 INR, For quantity = 20,  
Total= 10000 INR (As per material master record price)
- 5- BSX---Credit---- stock posting—materials received (components)– 120 INR, For quantity = 5,  
Total= 600 INR (As per material master record price)----- Chain
- 6- GBB---Debit---- raw material consumption— offsetting entry– 280 INR, For quantity = 5,  
Total= 1400 INR (As per material master record price)
- 7- BSX---Credit---- stock posting—materials received (components)– 150 INR, For quantity =5,  
Total= 750 INR (As per material master record price)----- seat
- 8- GBB---Debit---- raw material consumption— offsetting entry– 150 INR, For quantity =5,  
Total= 750 INR (As per material master record price)
- 9- BSX--- Credit--- --- stock posting—materials received (components ) 600 INR, For quantity=  
10, total = 6000 INR-----Tyres
- 10- GBB--- Debit---- raw material consumption— offsetting entry– 600 INR, For quantity= 10, total = 6000 INR

8- Invoice posting - MIRO

Enter Incoming Invoice: Company Code SPID

Transaction: 1 Invoice      OOB Balance: 0,000 INR

Diff. Posting: Not Applicable

Vendor: 0904400706  
 precious metals pvt ltd  
 PO Box 121212  
 212121  
 3N00A  
 8746337425

Invoice date: 14.06.2022      Reference: 3437541  
 Posting Date: 14.06.2022  
 Amount: 11,150,000       Calculate tax  
 Tax amount:      VO VB (0 % INPUT GST) v

Company Code: SPID Spid metals pvt ltd Pune  
 Lot No.:

Item	Amount	Quantity	UoM	Purchase ...	Item	PO Text	Outline A
1	4,290,000	SEA	EA	EA	33	coolen-33769	
2	7,500,000	SEA	EA	EA	20	Gepa Circle 139572	

EH7 (3) 998 | ECC807 | 86





Invoice Document | Edit | Goto | System | Help

Enter Incoming Invoice: Company Code SPID

Show PO structure | Show workbook | Hold | **Simulate** | Messages | Help

---

Simulate Document > IB (Document currency)

Position	A/G/L	Act/Mat/Agr/Vndr	Amount	Du...	Purchasing...	Item	T. Jurid. Code	Tax date	St...	Cont
	K 42214	precious metals pvt ltd	11,750,000	IBR			VO			
15	41000	Goods Rcvd/Invoice II	4,250,000	IBR	6385	10	VO			
15	41000	Goods Rcvd/Invoice II	7,500,000	IBR	6385	20	VO			

Debit 11,750,000 | Credit 11,750,000 | Bal. 0,000

Back | Post

---

Invoice Document | Edit | Goto | System | Help

Display Invoice Document 5105609475 2023

Show PO structure | Follow On Documents ... | Help

Transaction: 1 Invoice | 5105609475 | 2023  
 Diff. Posting: Not Applicable

Basic Data | Payment | Details | Tax | Contacts | Note

Invoice date: 14.06.2023 | Reference: 3437543  
 Posting Date: 14.06.2023  
 Amount: 11,750,000 | IBR | Calculate  
 Tax amount: 0,000 | VO VO (0 % INPUT GST)  
 Bus.placer/sectn: / |  
 Text:   
 Company Code: SPID Spid metals pvt ltd Pune  
 Lot No.:

Vendor 0004400700  
 precious metals pvt ltd  
 PO Box 121212  
 212121  
 INDIA  
 6746337425

PO Reference | G/L Account | Material | Contract Reference

Layout: ?\_6310 All information

Item	Amount	Quantity	D...	Purchase ...	Item	PO Text	Outline A
1	4,250,000		SEA	6385	10	cooler-S5769	
2	7,500,000		SEA	6385	20	Gege Cycle L39572	

Item | Search Term | 0 / 4 | Bars

EH7 (3) 888 | 600Eh7 | IN

Document Overview: Data Entry View

Document Number: 140900000 Company Code: SPIS Fiscal Year: 2023  
 Document Date: 14.04.2023 Posting Date: 14.04.2023 Period: 4  
 Reference: 3437140 Cross-Comp.No.:  
 Currency: INR

CocP	Plant	Item	SE Account	Description	Amount	Curr.	Transaction	Tx	Cost Center	Order	Profit Center
SPIS	1	31	4408706	precious metals pvt ltd	11,736,000	INR	KBS	VB			
SPIS	2	40	41003	Goods Rcvd/Invoice R	4,250,000	INR	WRX	VB			
SPIS	3	40	41004	Goods Rcvd/Invoice R	7,500,000	INR	WRX	VB			

Standard PO 6385 Created by PVRNSAP244

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Standard PO: 6385 Vendor: 4480706 precious metals pvt ltd Doc. date: 14.04.2023

S. Item	A	Material	Short Text	PO Quantity	Q. C. Date	Net Price	Curr.	Per	D. Mat Group	Pvt	Stor. Location
11	1	COOLER-2	cooler 53760		14.06.2023	650,000	INR	1	EA SPIS plant	Spid Inward plant	Inward sloc
20	1	CYCLE-2	Sega Cycle 129572		14.06.2023	1,500,000	INR	1	EA SPIS plant	Spid Inward plant	Inward sloc

Item: 11 11 COOLER-2 cooler 53760

Sh. Text	MvT	Material	Document	Item	Posting Date	Quantity	Delivery cost	quantity	Qty in LC	Amount in LC	Qty in DF	DelCostQty (DFIn)	Order Price	Unit	Amount	Cc
WE	101	7785			14.06.2023	5		0	EA	4,250,000	INR	5	0	EA	4,250,000	INR
Tr./Ev.									EA	4,250,000	INR	5		EA	4,250,000	INR
RE-L					14.06.2023	5		0	EA	4,250,000	INR	5	0	EA	4,250,000	INR
Tr./Ev.									EA	4,250,000	INR	5		EA	4,250,000	INR

# THANK YOU



- **Corporate Training**
- **Instructor LED Training**
- **Seminars & Workshop Internship**
- **Mock Interview**
- **Customised Courses**
- **Project Support For Implementation**
- **Staff Augmentation And Talent**



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