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Multicurrency
PeopleBook

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Multicurrency Overview

If your company does business internationally, you work with different currencies. As part of working with different currencies, your accounting system has additional setup requirements and added complexity. You must be able to process transactions in different currencies and follow the reporting and accounting requirements of the countries in which you do business.

Some of the fundamental needs of an international organization include the ability to:

- Convert foreign currency amounts to domestic currency amounts
- Receive or make payments in a domestic or foreign currency, as well as in a currency other than the foreign or domestic currency (alternate currency)
- Revalue currencies as exchange rates fluctuate
- Restate amounts using one common currency for consolidated reporting

To work with foreign and alternate currencies, you use the J.D. Edwards multicurrency programs. Many of the programs are used only by multicurrency clients, while others are standard J.D. Edwards programs with multicurrency functionality. For example, you use the same program when entering an invoice in a foreign currency as you use when entering an invoice in a domestic currency.

With the J.D. Edwards multicurrency programs, you can do the following:

| | |
|--|--|
| Assign currencies | When you set up your system for multiple currencies, you can assign a currency to companies, object accounts, and address book records, such as customers and suppliers. |
| Control your exchange rates | You control the exchange rates for your various currencies. When you enter a transaction, the system retrieves the exchange rate that you set up in the exchange rate table. You can override this rate, if necessary. |
| Set up currencies using the multiplier, divisor, or no inverse methods as well as triangulation | All programs that calculate and use exchange rates use the multiplier and divisor methods, in addition to the no inverse and triangulation methods of exchange rate calculation. Although no inverse and triangulation were originally designed for EMU currencies and the euro, they can be used by all companies. |
| Enter many kinds of foreign currency transactions | <p>You can enter foreign currency transactions for invoices, vouchers, and journal entries.</p> <p>Enter your transactions in the original currency of the documents that you receive or send. You do not need to convert currencies before you enter transactions.</p> <p>When you enter a transaction, the system compares the currency of the transaction with the currency of the company. Currency that is different from the company's currency is considered a foreign transaction. The system converts foreign amounts to domestic amounts, based on the currency of the transaction and the company with which the transaction is associated.</p> |
| View transaction amounts in an "as if" currency | You can view transaction amounts as if they were stored in a currency other than the currency in which they were actually stored. Regardless of whether the original transaction was entered in a foreign or domestic currency, "as if" currency processing allows you to view and report on transaction amounts in an alternate currency. |
| Realize your gains and losses automatically | When you make or receive a payment, the system uses the current exchange rate to realize a gain or loss. It realizes a gain or loss if the exchange rate changed between the time an invoice or voucher was entered and the time a payment was made or received. |
| Revalue your open transactions | Use the currency gains and losses reports to revalue open transactions at the end of a period. You can also revalue monetary (currency-specific) accounts using a program that creates journal entries for unrealized gains and losses. |
| Restate your foreign transactions | <p>Before you run financial reports at the end of a period, you can:</p> <ul style="list-style-type: none"> • Restate account balances for companies with different base currencies into one currency for consolidated reporting in one currency • Restate amounts at the transaction level • Restate foreign transactions at a new exchange rate for analyzing budgets and job costing |

Multicurrency Setup for General Accounting

Multicurrency Checklist for General Accounting

Use this checklist as a reference when you set up your General Accounting system for multicurrency processing.

Basic Multicurrency Setup

To use multicurrency processing, you must set up basic information that is used throughout the J.D. Edwards system.

| To do this ... | You must do this ... | Program | ✓ |
|---|---|--------------------------------------|---|
| Set up constants for multicurrency | <ul style="list-style-type: none">Specify the currency conversion methodTurn on the Allow Multicurrency Intercompany Transactions optionSpecify method 2 for the intercompany settlement method <p>See <i>Setting Up Multicurrency Constants</i>.</p> | General Accounting Constants (P0000) | |
| Set up the currency codes that you will use | Enter a currency code for each currency in which you will transact business. See <i>Setting Up Currency Codes</i> . | Designate Currency Codes (P0013) | |
| Set up companies for multicurrency | For each company: <ul style="list-style-type: none">Assign a domestic currency code. See <i>Setting Up Companies for Multicurrency</i>.Determine whether to post account balances by currency. See <i>Balances by Currency Versus Summarized Balances</i>.Allow detailed currency restatement, if applicable. See <i>Detailed Currency Restatement</i>.Enter a restatement computation ID, if applicable. See the task <i>To assign a computation ID to a company</i>. | Company Names & Numbers (P0010) | |
| Set up currency-specific accounts | Assign a currency code to each currency-specific (monetary) account. See <i>Assigning Currency Codes to Monetary Accounts</i> . | Designate Monetary Accounts (P0901) | |

| To do this ... | You must do this ... | Program | ✓ |
|--|--|---------|---|
| Change from a non-currency environment to a currency environment | Complete the steps required to change your system to multicurrency processing. See <i>Changing from a Non-Currency to a Multicurrency Environment</i> . | Various | |

Exchange Rate Setup

After the initial exchange rate setup, you will update currency exchange rates on a regular basis to provide a default rate for transactions and for realized and unrealized gains and losses.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|---|---|
| Convert amounts from one currency to another using the multiplier or divisor method | Set up “from” and “to” currency relationships and exchange rates for all the currencies in which you transact business. After the initial set up, you will continue to set up exchange rates on a regular basis. See <i>Setting Up Exchange Rates for the Multiplier or Divisor Method</i> . | Set Daily Transaction Rates (P0015) | |
| Convert amounts from one currency to another using the no inverse method | Set up “from” and “to” currency relationships for no inverse records, and then set up exchange rates for those currency relationships. See <i>Setting Up No Inverse Exchange Rate Records</i> . | Set Up No Inverse Rule and Triangulation (P0015) | |
| Convert amounts when exchange rates are not quoted in a financial market publication | Create a cross-rate relationship for two currencies, based on a common currency. See <i>Creating Currency Cross-Rate Relationships</i> . | Set Cross Rates Calculation (P111511) Calculate Cross Currency Rates (R11153) | |
| Convert amounts through a triangulation currency | <ul style="list-style-type: none"> • Set up “from” and “to” currency relationships for no inverse records • Set up triangulation records for currency relationships in no inverse records • Set up exchange rates See <i>Setting Up Triangulation Records</i> . | Set Up No Inverse Rule and Triangulation (P0015) Set Daily Transaction Rates (P0015) | |

| To do this ... | You must do this ... | Program | ✓ |
|---------------------------------------|---|---|---|
| Upload exchange rates from a Web site | See <i>Uploading Exchange Rates from an External Source</i> for detailed information. | External Currency Exchange Rates Revisions (P0015Z1) and External Currency Exchange Rates Processor (R0015Z1) | |

Automatic Accounting Instruction Setup

The system uses automatic accounting instructions (AAIs) to distribute amounts to the correct G/L accounts.

| To do this ... | You must do this ... | Program | ✓ |
|---|--|---|---|
| Record unrealized gains and losses on monetary (currency-specific) accounts | <p>Set up AAI items for:</p> <ul style="list-style-type: none"> • GVxxx – unrealized gains • GWxxx – unrealized losses • GRxxx – unrealized gain/loss offset <p>See <i>Setting Up AAIs for Unrealized Gains and Losses on Monetary Bank Accounts</i>.</p> | Automatic Accounting Instructions (P0012) | |
| Post account balances by currency | <p>Set up AAI items PBCxx for beginning and ending account ranges for posting balances by currency.</p> <p>See <i>Setting Up AAIs for Posting Balances by Currency</i>.</p> | Automatic Accounting Instructions (P0012) | |

Detailed Currency Restatement

This method of currency restatement allows you to maintain a second set of transactions in a stable currency for reporting purposes.

| To do this ... | You must do this ... | Program | ✓ |
|---|---|---|---|
| Set up your companies for detailed currency restatement | <p>Set up constants. See the task <i>To set up constants for detailed currency restatement</i>.</p> <p>Set up companies. See the task <i>To set up companies for detailed currency restatement</i>.</p> <p>Set up ledger types and rules for the alternate (XA), domestic origin (YA), and foreign origin (ZA) ledger types. See the task <i>To set up ledger types and rules for currency restatement</i>.</p> <p>Set up exchange rates. See the task <i>To set up exchange rates for detailed currency restatement</i>.</p> <p>Set up AAI items for:</p> <ul style="list-style-type: none"> • CRxx – beginning and ending account ranges for detailed currency restatement • CR – offset for detailed currency restatement <p>See <i>Setting Up AAIs for Detailed Currency Restatement</i>.</p> | General Accounting Constants (P0000) Company Names & Numbers (P0010) User Defined Codes (P0004A) Setup Ledger Type Rules (P0025) Set Daily Transaction Rates (P0015) Automatic Accounting Instructions (P0012) | |
| Restate transactions in an alternate (stable) currency | Run the Detailed Currency Restatement program. See <i>Calculating Detailed Currency Restatement</i> . | Detailed Currency Restatement (R11411) | |

Balance Currency Restatement

This method of currency restatement restates balances into a single currency for consolidated reporting purposes.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|---|---|
| Set up your companies for balance currency restatement | <p>Set up ledger type and rules for the consolidation (AC) ledger. See the task <i>To set up ledger types and rules for currency restatement</i>.</p> <p>Set up exchange rates. See <i>Setting Up Restatement Rates for Balance Currency Restatement</i>.</p> <p>Set up computations and assign each company a computation ID. See <i>Setting Up Computations for Balance Currency Restatement</i> and the task <i>To assign a computation ID to a company</i>.</p> | User Defined Codes (P0004A) Setup Ledger Type Rules (P0025) Set Daily Transaction Rates (P0015) Revise Company Currency Conversions (P1114) Company Names & Numbers (P0010) | |

| To do this ... | You must do this ... | Program | ✓ |
|--|---|------------------------------------|---|
| Restate balances to the consolidation ledger | Run the Compute Restated Balances program. See <i>Calculating Restated Balances for Balance Currency Restatement</i> . | Compute Restated Balances (R11414) | |

“As If” Currency Restatement

This method of currency restatement eliminates fluctuations in currency exchange rates over a period of time for comparison purposes.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|---|---|
| Set up your companies for “as if” currency restatement | Set up ledger type and rules for the “as if” restatement (AD) ledger. See the task <i>To set up ledger types and rules for currency restatement</i> . Set up exchange rates. See the task <i>To set up exchange rates for the multiplier or divisor method</i> . | User Defined Codes (P0004A) Setup Ledger Type Rules (P0025) Set Daily Transaction Rates (P0015) | |
| Recalculate balances on a transaction level | Run the “As If” Repost program. See <i>Calculating Restated Balances for “As If” Currency Restatement</i> . | “As If” Repost (R11415) | |

Multicurrency Intercompany Transactions

If your organization allows transactions between its companies and those companies have different base currencies, you must create and post multicurrency intercompany balancing entries.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|--------------------------------------|---|
| Set up your system for multicurrency intercompany transactions | In General Accounting Constants, assign intercompany settlement method 2 (no hub company) and turn on the Allow Multi-Currency Intercompany Trans option. See <i>Multicurrency Intercompany Transactions and Settlements in Setting Up Multicurrency Constants</i> . For non-currency specific information about intercompany transactions, see <i>Intercompany Transactions</i> in the <i>General Accounting Guide</i> . | General Accounting Constants (P0000) | |

Changing from a Non-Currency to a Multicurrency Environment

If you have been using J.D. Edwards software without multicurrency activated and you are now changing to multicurrency accounting, complete the following checklist:

- Decide whether you will use currency restatement and, if so, which method you will use (balance or detailed).

See *Currency Restatement Methods*.

- Decide whether you will maintain account balances by currency.

See *Balances By Currency Versus Summarized Balances*.

- Select a method for converting amounts from one currency to another, and decide whether to allow journal entries between companies that have different base currencies.

See *Setting Up Multicurrency Constants*.

- Specify the currency code for each currency that you want to use.

See *Setting Up Currency Codes*.

- For each company in your organization, specify the currency code, the restatement method, and whether you will maintain account balances by currency.

See *Setting Up Companies for Multicurrency*.

- Specify the general ledger accounts that will accept transactions in a specific currency and assign the currency to the accounts.

See *Assigning Currency Codes to Monetary Accounts*.

- Assign currency codes to your customers and suppliers to specify the currency for their invoices and vouchers. See the following:

- *Assigning Currency Codes to a Customer Record*
- *Assigning Currency Codes to a Supplier Record*

- Enter the initial exchange rate between your company domestic currency and each other currency that you have defined.

See *Setting Up Exchange Rates for the Multiplier or Divisor Method* or *Setting Up No Inverse Exchange Rate Records*.

To determine an exchange rate that is not quoted in a financial publication, you must locate a currency that has exchange rates with both of the currencies between which you want the exchange rate. See *Creating Currency Cross-Rate Relationships* or *Setting Up Triangulation Records*.

- Review the ledger types in the user defined code tables (09/LT and 09/LA). Decide whether you want to set up any additional ledgers and whether each additional ledger should contain only one currency.

See *Reviewing Multicurrency Ledger Types*.

- Set up multicurrency automatic accounting instructions (AAIs). See the following:

- *AAIs for Accounts Receivable Gains and Losses*

- *AAIs for Accounts Payable Gains and Losses*
 - *Multicurrency AAIs for General Accounting*
- Run the Load Domestic Currency Code programs to attach valid currency codes to existing transactions.
- See *Updating Domestic Currency Codes*.
- Run the Update Display Decimals program, if necessary.
- See *Updating Display Decimals* in the *System Administration Guide*.
- Repost the Account Ledger to update the currency code fields in the Account Balances table (F0902).
- See *Reposting the Account Ledger* in the *General Accounting Guide*.
- Close the fiscal year to update the balance forward fields in the Account Balances table.
- See *Closing a Fiscal Year* in the *General Accounting Guide*.

Updating Domestic Currency Codes

If you have been using J.D. Edwards software without multicurrency activated and are now changing to multicurrency accounting, you must update transactions that already exist so that they have a valid (not blank) currency code.

To update the domestic currency codes for all existing transactions, run the Load Domestic Currency Codes program for each J.D. Edwards system that you use. These batch programs also update the mode for each transaction and print an error report if either of the following occurs:

- A company does not exist in the Company Constants table (F0010).
- A company does not have a domestic currency code.

To add a company or assign a currency code, use the Designate Company Currency program (P0010).

Prior to running the Load Domestic Currency Codes program, all records must have a blank currency code. The program will not finish if any records have a currency code.

Note

Do not run the Load Domestic Currency Code program if you are setting up your J.D. Edwards software for the first time and are using the multicurrency accounting features.

The Load Domestic Currency Code programs can be accessed from the Multi-Currency Advanced Operations menu (G1131). The following table lists the load programs and the tables that they update:

| Program | Tables Updated |
|---|---|
| Load Domestic Curr Code – G/L | Account Ledger (F0911) |
| Load Domestic Curr Code – A/P | Accounts Payable Ledger (F0411) Accounts Payable - Matching Document (F0413) Accounts Payable Matching Document Detail (F0414) |
| Load Domestic Curr Code – A/R | Customer Ledger (F03B11) Invoice Revisions (F03B112) Receipts Header (F03B13) Receipts Detail (F03B14) Credit and Cash Management (F03B15) A/R Statistical History (F03B16) A/R Statistical Summary (F03B16S) A/R Notification History (F03B20) A/R Notification History Detail (F03B21) A/R Fee Journal History (F03B22) A/R Fee Journal History Detail (F03B23) A/R Deduction Management (F03B40) A/R Deduction Activity (F03B41) |
| Load Domestic Curr Code – Tax | Tax (F0018) For more information about the F0018 table, see the <i>Tax Reference Guide</i> . |
| Load Domestic Curr Code – Acct. Balances | CRCX field in Account Balances (F0902) |
| Load Domestic Curr Code – System 48S/52 | Billing Detail Workfile (F4812) Billing Workfile History (F4812H) Invoice Summary Work File (F4822) Contract Master (F5201) Contract Billing Line Detail (F5202) |

Setting Up Multicurrency Constants

Before you can use any of the multicurrency features, you must set up multicurrency constants for your system on the General Accounting Constants form. The multicurrency constants are used to:

- Specify which multicurrency conversion method to use when calculating amounts from one currency to another

- Specify that you allow multicurrency intercompany transactions
- Specify which intercompany settlement method to use

The system stores this multicurrency information in the General Constants table (F0009). For non-currency specific information about the general accounting constants, see *Setting Up Constants for General Accounting* in the *General Accounting Guide*

Multicurrency Conversion Methods

The two multicurrency conversion methods are:

- Y – Use the multiplier rate to convert amounts from one currency to another. The system multiplies the foreign amount by the exchange rate to calculate the domestic amount.
- Z – Use the divisor rate to convert amounts from one currency to another. The system divides the foreign currency amount by the exchange rate to calculate the domestic amount.

Caution

After you select the method of currency conversion (Y or Z), do not change it or you will get unpredictable results, including:

- Accounts receivable and accounts payable gains and losses will be incorrect
 - Voids and reversing entries will be incorrect
 - Monetary account valuations will be incorrect
 - Restatement will be affected
-

Multicurrency Intercompany Transactions and Settlements

Typically, companies that work with different base currencies create transactions and balancing entries between their companies.

With multicurrency intercompany transactions, you can enter and distribute invoices, vouchers, and journal entries to multiple companies with different base currencies. You set an option in General Accounting Constants to allow multicurrency intercompany transactions.

You also specify the intercompany settlement method in General Accounting Constants. The method that is valid for multicurrency processing is 2 (no hub company). This method must be compatible with the offset method constant you specify in Accounts Receivable Constants and Accounts Payable Constants. If it is not compatible, the system will issue an error message when you post transactions to the general ledger.

Review the following table to determine the offset methods that are compatible with intercompany settlement method 2.

| Intercompany Settlement Method | A/R and A/P Offset Method | | |
|-----------------------------------|--|------------|------------|
| | B = batch; Y = transaction; S = pay item | B | Y |
| 2 – no hub company | Incompatible | Compatible | Compatible |

For the post program to create an offset entry for each detail record, you must set the offset method to Y or S.

Intercompany settlement methods 1, *, and N are not valid for multicurrency processing.

Note

If your company does not enter intercompany transactions, be aware that J.D. Edwards software was designed to allow multicurrency intercompany transactions and settlements. This means that regardless of whether you actually enter intercompany transactions, you must allow multicurrency intercompany transactions and specify intercompany settlement method 2 in the General Accounting Constants. As long as you do not enter batches that contain transactions between companies, intercompany transactions and settlements will not be created.

► To set up multicurrency constants

Use one of the following navigations:

From the Multi-Currency Setup menu (G1141), choose Set Multi-Currency Option.

From the General Accounting System Setup menu (G0941), choose General Accounting Constants.

1. On System Setup, choose General Accounting Constants.
2. On General Accounting Constants, complete the following field:
3. Turn on the following option:

You must turn on this option, regardless of whether you actually allow multicurrency intercompany transactions. See the note in *Setting Up Multicurrency Constants* for more information.

4. Enter 2 in the following field:

Setting Up Currency Codes

For your currency amounts to reflect the correct decimal positions, you must set up a currency code for each currency with which you work. For each currency code, you also assign a program that converts amounts to words when writing payments.

After you set up your currency codes, you assign them to:

- Companies
- Monetary accounts (usually bank accounts)
- Suppliers and customers
- Ledger types

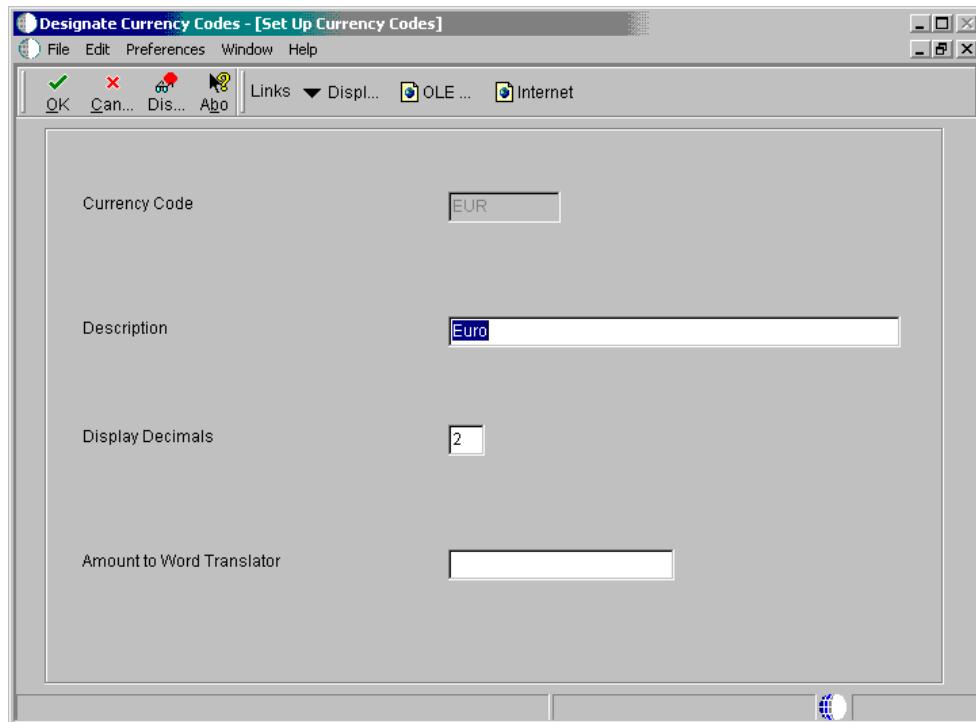
The system stores this information in the Currency Codes table (F0013).

The currency codes that are provided with the J.D. Edwards demo data are recognized by the International Standards Organization (ISO).

► To set up currency codes

From the Multi-Currency Setup menu (G1141), choose Designate Currency Codes.

1. On Work With Currency Codes and Rates, click Add.



2. On Set Up Currency Codes, complete the following fields and click OK:

- Currency Code
- Description
- Display Decimals
- Amount to Word Translator

Caution

After you define the number of decimals (Display Decimals field) for a currency, do not change it. If you change it, transactions that are already processed will be adversely affected.

How Currency Decimals Are Handled

The number of decimal positions that the system displays for an amount varies depending on the type of ledger used in the transaction and the currency code. Review the following table to determine how the system handles decimals in a multicurrency environment.

| | |
|--|---|
| Decimals for amounts that appear without a company number | Controlled by the value of the Display Decimals field (CDED) in the Data Dictionary for the amount fields used. |
| Decimals for amounts in unit ledgers (ledger types ending in U) | Controlled by the value of the Display Decimals field (CDED) in the Data Dictionary for the amount fields used. |
| Decimals for transaction amounts in ledger type CA (foreign currency) Post Account Balances by Currency: On | Controlled by the transaction currency code. The number of decimals for a currency is defined in the Currency Codes table (F0013). |
| Decimals for transaction amounts in ledger type AA (domestic currency) | Controlled by the base (company) currency code. The number of decimals for a currency is defined in the Currency Codes table (F0013). |
| Decimals for transaction amounts or balances that are not unit, AA, or CA ledger types | Controlled by the base (company) currency code. The number of decimals for a currency is defined in the Currency Codes table (F0013). Note An exception to this rule occurs when a currency has been assigned to a ledger type in the Ledger Type Master File table (F0025). In this case, the decimals are controlled by the currency assigned to the ledger, not the company. |
| Decimals for transaction amounts in ledger type CA (foreign currency). Post Account Balances by Currency: Off | Controlled by the first currency code that is associated with a particular total amount. The system obtains the currency code from the following tables in the order listed: <ul style="list-style-type: none">• Account Balances (F0902) and Asset Account Balances File |

| | |
|--|--|
| | <p>(F1202) - account currency code</p> <ul style="list-style-type: none"> • Account Ledger (F0911) - account currency code, first or last transaction currency code • Customer Ledger (F03B11) and Accounts Payable Ledger (F0411) - first or last transaction currency code |
|--|--|

Setting Up Companies for Multicurrency

You must set up the following multicurrency information for each company in your organization:

- Domestic currency. Assign a domestic currency code to specify the base currency of a company. The system maintains amounts in the AA ledger in this currency, using the correct decimal positions.
- Restatement computation. Identify the computation method to use for balance currency restatement.
- Detailed currency restatement. Specify whether to allow detailed currency restatement. For more information, see *Currency Restatement Methods*.
- Balances by currency. Specify whether to post account balances to the foreign currency (CA) ledger in the Account Balances table (F0902) by currency. For more information, see *Balances by Currency Versus Summarized Balances*.

You use the Company Names & Numbers program (P0010) to set up your companies for multicurrency. For noncurrency-specific information about the Company Names & Numbers program, see *Setting Up Companies* in the *General Accounting Guide*.

The system stores company currency information in the Company Constants table (F0010).

Balances by Currency Versus Summarized Balances

The ability to review balance amounts in different currencies depends on whether you post amounts in the Account Balances table (F0902) by currency. For each company, you choose whether to turn on the Post Balances by Currency option in the Company Names & Numbers program (P0010). If you do not turn on this option, the system summarizes all currency amounts in one total amount for the ledger.

The differences between posting balances by currency and not posting them by currency (referred to as summarized balances) are described in the following table:

| | |
|-----------------------------|---|
| Balances by Currency | <p>Separates transaction amounts for the transaction currency in both the CA and AA ledgers. To review balances according to the currency in which transactions occurred, set up your system to post balances by currency.</p> <p>Posting balances by currency allows you to review amounts that are posted to your sales accounts in Canadian dollars, U.S. dollars, and British pounds and, by extension, to review the amounts sold in each country without using subsidiary accounts.</p> |
| Summarized Balances | <p>Does not separate transaction amounts by currency in the CA ledger. If you do not post balances by currency, the CA ledger contains numerous currencies, the totals in the ledger are meaningless, and the ledger does not balance.</p> <p>Posting summarized balances creates fewer records in the F0902 table than posting balances by currency, and therefore requires less disk space. The system uses the transaction detail to calculate currency totals for most reports.</p> |

For more information, see *Setting Up AAs for Posting Balances by Currency*.

How the System Updates Currency Fields in the F0902 Table

When you post transactions in a multicurrency environment, the system updates two currency fields in the Account Balances table (F0902) for reporting purposes:

- CRCD. The code in this field represents the transaction currency, the currency in which the transaction was entered.
- CRCX. The code in this field represents the denominated currency, the currency assigned to the company entered on the transaction. For journal entries, the system uses the currency of the company assigned to the first line item.

Depending on whether you have the option turned on to post account balances by currency, the system updates these fields with different values. The following table outlines which fields the system updates based on the posting option.

| Posting Option | Ledger Type | Transaction Currency (CRCD) | Denominated (Base) Currency (CRCX) |
|---------------------------|------------------------|-----------------------------|--|
| Off (summarized balances) | AA | Blank | Currency assigned to the company |
| Off (summarized balances) | CA | Blank | Currency assigned to the company |
| Off (summarized balances) | All other ledger types | Blank | Currency of ledger type, if specified; otherwise, currency assigned to the company |
| On (balances by currency) | AA | Transaction Currency | Currency assigned to the company |
| On (balances by currency) | CA | Transaction Currency | Transaction Currency |

How Amounts Are Stored in the F0902 Table

Depending on whether you post balances by currency or post summarized balances, amounts are stored differently in the Account Balances table (F0902), as illustrated in the following examples.

In the examples, the base currency for company 100 is U.S. dollars (USD). The denominated-in-currency is the financial reporting currency and the originated-in currency is the transaction currency.

Example: Balances by Currency

| Account | Company | Ledger Type | Amount | Transaction Currency (CRCD) | Denominated (Base) Currency (CRCX) |
|---------|---------|-------------|----------|-----------------------------|------------------------------------|
| 1.1210 | 100 | AA | 4,502.00 | EUR | USD |
| 1.1210 | 100 | CA | 5,000.00 | EUR | EUR |
| 1.1210 | 100 | AA | 1,917.00 | CAD | USD |
| 1.1210 | 100 | CA | 3,000.00 | CAD | CAD |

Example: Summarized Balances

| Account | Company | Ledger Type | Amount | Transaction Currency (CRCD) | Denominated (Base) Currency (CRCX) |
|---------|---------|-------------|----------|-----------------------------|------------------------------------|
| 1.1210 | 100 | AA | 6,419.00 | <blank> | USD |
| 1.1210 | 100 | CA | 8,000.00 | <blank> | <blank> |

► To set up companies for multicurrency

Use one of the following navigations:

From the Multi-Currency Setup menu (G1141), choose Designate Company Currency.

From the Organization and Account Setup menu (G09411), choose Company Names & Numbers.

1. On Work With Companies, choose the company and click Select.
2. On Company Setup, click the Currency tab.
3. Complete the following fields:

Valid values are:

- Blank – do not allow detailed currency restatement processing.

- 1 – allow detailed currency restatement processing. The system automatically determines whether this is Y or Z, based on the multicurrency conversion method in General Accounting Constants.
- Y – allow detailed currency restatement processing. You can manually enter Y if the multicurrency conversion method is Z (divisor).
- Z – allow detailed currency restatement processing. You can manually enter Z if the multicurrency conversion method is Y (multiplier).

Note

Values 1, Y, and Z all allow detailed currency restatement processing. The primary difference is that by choosing 1, you let the system determine the value whereas by choosing Y or Z, you actually enter the value.

4. To post account balances by currency, turn on the Post Balances by Currency option.
5. Click OK.

Reviewing Multicurrency Ledger Types

When you work with multiple currencies, the system uses the AA (actual amounts) and CA (foreign currency amounts) ledger types as well as the following multicurrency-specific ledger types:

- XA – used for detailed currency restatement
- YA – used for detailed currency restatement
- ZA – used for detailed currency restatement
- AC – used for balance currency restatement
- AD – used for “as if” restatement

The system never assigns a currency code to amounts in the AA and CA ledgers; however, it does assign currency codes to amounts in these five ledgers. Review UDC 09/LT to ensure that these ledger types are set up. For detailed information, see *Ledgers Used for Currency Restatement*.

You decide whether your organization must maintain any other ledgers. If so, add the ledger type to UDC 09/LT. Then use the Setup Ledger Type Rules form to define the financial rules for the ledger type and, if applicable, assign a currency code. For more information, see the task *To set up ledger types and rules for currency restatement*.

Assigning Currency Codes to Monetary Accounts

For most general ledger accounts, you need the system to accept a transaction in any currency. This is accomplished by not assigning a currency code to the account. However, you might want an account to accept only transactions in a specific currency. J.D. Edwards calls this a monetary account. Monetary accounts are usually bank accounts.

For example, a Japanese organization has a company with a currency that is Japanese yen and that company has a Canadian dollars (CAD) bank account. If you assign CAD as the only valid transaction currency for that account, it becomes a monetary account.

The system stores currency codes for monetary accounts in the Account Master table (F0901).

Caution

Do not change an account from monetary to non-monetary, or vice versa, if any activity has been posted to the account.

► To assign currency codes to monetary accounts

From the Multi-Currency Setup menu (G1141), choose Designate Monetary Accounts.

1. On Work With Accounts, locate the monetary account to which you want to assign a currency code and click Select.
2. On Revise Single Account, complete the following field and click OK:

Multicurrency AAIs for General Accounting

When the system calculates unrealized gains and losses on monetary accounts, posts account balances by currency, and restates amounts in a different currency, it uses automatic accounting instructions (AAIs) to distribute the amounts to the correct G/L accounts.

Some AAI items have a suffix of xxx to accommodate a three-character currency code. You use the xxx suffix to set up multiple currency-specific AAI items for each company. If you do not specify a currency code (that is, leave it blank), the system uses the currency code of the company as the default.

You can set up AAIs for company 00000, or you can set up specific AAIs for an individual company. Each AAI item in the J.D. Edwards system has a hierarchical order by which the system locates an account number. For example, the hierarchical order might be as follows:

1. AAI item with xxx (currency code). If not found, then search for:
2. AAI item for a specific company. If not found, then search for:
3. AAI item for company 00000.

The following form shows an example of AAIs used for unrealized gains on monetary accounts.

You set up multicurrency AAIs in General Accounting for the following:

- Unrealized gains and losses on monetary accounts
- Posting balances by currency
- Detailed currency restatement

Setting Up AAIs for Unrealized Gains and Losses on Monetary Bank Accounts

If you work with monetary bank accounts and foreign currencies, you need to periodically revalue your bank accounts to reflect current exchange rates. The system calculates the current domestic amount of a foreign currency balance to determine an unrealized gain or loss. In this way, it shows what the gain or loss would be if you converted the balance of your foreign currency bank account to your domestic currency.

The following AAI items define the accounts that the system uses for unrealized gains and losses on monetary accounts:

- GVxxx – unrealized gains
- GWxxx – unrealized losses
- GRxxx – unrealized gain/loss offset

The following applies to AAI items GV, GW, and GR:

- The system uses the account number assigned to AAI items GV and GW to create unrealized gains and losses on monetary accounts.
- The system uses the account number assigned to AAI item GR to create unrealized gain/loss offsets.

If the gain/loss offset goes to the monetary account, which is usually the case, you must delete AAI item GR. If you do not do this, the system will search for AAI item GR and use it if it is set up or issue an error message if the AAI item exists but is not set up properly.

- xxx represents the currency code, which is optional. The system uses the currency code (xxx) to track gains and losses by currency.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for GV, GW, and GR.

| AAI Item | Description | Hierarchy |
|-----------|-------------------------------------|--|
| GV | Unrealized Gain on Monetary Account | The system uses the following hierarchy: <ul style="list-style-type: none">• GVxxx, where xxx is the currency of the company assigned to the monetary account• GV for the company assigned to the monetary account• GV for company 00000 |
| GW | Unrealized Loss on Monetary Account | The system uses the following hierarchy: <ul style="list-style-type: none">• GWxxx, where xxx is the currency of the company assigned to the monetary account• GW for the company assigned to the monetary account• GW for company 00000 |

| | | |
|-----------|---|--|
| GR | Unrealized Gain/Loss Offset on Monetary Account | The system uses the following hierarchy: <ul style="list-style-type: none"> • GRxxx, where xxx is the currency of the company assigned to the monetary account • GR for the company assigned to the monetary account • GR for company 00000 |
|-----------|---|--|

See Also

- Unrealized Gains and Losses on Foreign Currency Invoices*
- Unrealized Gains and Losses on Foreign Currency Vouchers*

Setting Up AAIs for Posting Balances by Currency

AAI item PBCxx defines the account ranges that the system uses to track and post balances by currency in the Account Balances table (F0902). If you post balances by currency for a company, you must set up AAI item PBCxx as well as turn on the Post Balance by Currency option in the Company Names & Numbers program (P0010).

When you set up account ranges for PBCxx, make sure that you do not include the retained earnings account (AAI item GLG4) in any of the account ranges. If you include the retained earnings account, the Annual Close program (R098201) might create duplicate records for balance forward amounts in the F0902 table. Read the following for a detailed explanation:

The Annual Close program creates balance forward amounts for the next year in the CRCX field, which contains company currency amounts (AA). It does not create balance forward amounts in the CRCD field, which contains foreign currency amounts (CA). Therefore, if you include the retained earnings account in the account range for AAI item PBCxx *and* run the annual close, the program might create duplicate CRCX records in the F0902 table.

The following applies to AAI item PBCxx:

- The system uses the account number ranges assigned to AAI items PBCxx to post balances by currency.
- xx represents both the beginning and the end of a set of ranges. For example, PBC01 represents the first account in a range and PCB02 represents the last account in a range.
- Ranges cannot be skipped and must be in sequential order, as follows:
 - 01 – 02 = first range of accounts
 - 03 – 04 = second range of accounts
- Ranges must be company specific. You can set up a set of ranges for each company.

Example: PBCxx Setup

Company 00070 posts balances by currency for all accounts. The retained earnings object account is 4980.

To exclude account 4980, set up four AAI items for PBCxx and two ranges as follows:

| Item Number | Description | Object Account | Subsidiary |
|--------------------|---|-----------------------|-------------------|
| PBC01 | Post Balances by Currency – Beginning Account Range 1 | 1000 | |
| PBC02 | Post Balances by Currency – Ending Account Range 1 | 4979 | 9999999 |
| PBC03 | Post Balances by Currency – Beginning Account Range 2 | 4981 | |
| PBC04 | Post Balances by Currency – Ending Account Range 2 | 9999 | 9999999 |

Exchange Rate Setup

Exchange Rate Overview

As part of working with multiple currencies, you need to ensure that the transactions that you enter are based on the most current exchange rates in the international financial market. To do so, you set up currency exchange rates and update them on a regular basis. These exchange rates:

- Provide a default rate when you enter a transaction
- Are used to calculate realized gains and losses on foreign and alternate currency receipts and payments
- Are used to calculate unrealized gains and losses on open foreign currency invoices and vouchers
- Are used for valuation of open transactions for monetary bank accounts

You specify the tolerance limits for changes in exchange rates in a processing option for the exchange rate entry programs (Set Daily Transaction Rates and Speed Transaction Rates Entry). For example, 5.0 specifies a tolerance limit of 5 percent. If you try to enter an exchange rate that is 6 percent greater or less than the previous rate entered, you will receive a warning.

The tolerance limit that you specify for the exchange rate entry programs also applies when you enter exchange rates on data entry forms for individual transactions, such as journal entries and vouchers.

Exchange Rate Methods

The following exchange rate methods are available:

- Multiplier method – multiplies the foreign amount by the exchange rate to calculate the domestic amount. The divisor rate is the inverse (reciprocal) of the multiplier rate.
- Divisor method – divides the foreign amount by the exchange rate to calculate the domestic amount. The multiplier rate is the inverse (reciprocal) of the divisor rate.
- No inverse method – multiplies or divides the foreign amount by the exchange rate to calculate the domestic amount. The divisor and multiplier rates are the same rate and not the reciprocal of each other.

You specify whether you use the multiplier or divisor method in the General Accounting Constants. For the no inverse method, you specify the multiplier or divisor method on the no inverse record, which overrides the method in the General Accounting Constants.

For examples of these methods, see the following:

- *Example: Multiplier Method*
- *Example: Divisor Method*
- *Example: No Inverse Method*

Example: Multiplier Method

The following example shows the exchange rate setup for a CAD to USD currency relationship that uses the multiplier method.

The multiplier method (Y) multiplies the foreign amount by the exchange rate to calculate the domestic amount.

| Currency Relationship | Multiplier Method (Y) and Rate | Divisor Method (Z) and Rate |
|-----------------------|--------------------------------|-----------------------------|
| CAD to USD | 1.60420 | 0.62336 |
| USD to CAD | 0.62336 | 1.60420 |

The system uses the multiplier rate when calculating from CAD to USD and from USD to CAD. Notice that the USD to CAD multiplier rate ($1/1.60420 = 0.62336$) is the inverse of the CAD to USD rate (1.60420).

Example: Divisor Method

The following example shows the exchange rate setup for a CAD to USD currency relationship that uses the divisor method.

The divisor method (Z) multiplies the foreign amount by the exchange rate to calculate the domestic amount.

| Currency Relationship | Multiplier Method (Y) and Rate | Divisor Method (Z) and Rate |
|-----------------------|--------------------------------|-----------------------------|
| CAD to USD | 1.60420 | 0.62336 |
| USD to CAD | 0.62336 | 1.60420 |

The system uses the divisor rate when calculating from CAD to USD and from USD to CAD. Notice that the CAD to USD divisor rate ($1/1.60420 = 0.62336$) is the inverse of the USD to CAD divisor rate (1.60420).

Example: No Inverse Method

The following example shows the exchange rate setup for a CAD and USD currency relationship that uses the no inverse method.

The no inverse method for CAD to USD is Z (divisor), whereas the no inverse method for USD to CAD is Y (multiplier). Both methods Z and Y use the same exchange rate amount, 0.62336. The opposite rate on each exchange rate record is blank because, with no inverse, that rate has no purpose.

| Currency Relationship | Multiplier Method (Y) and Rate | Divisor Method (Z) and Rate | No Inverse Method (Y or Z) |
|-----------------------|--------------------------------|-----------------------------|----------------------------|
| CAD to USD | blank | 0.62336 | Z |
| USD to CAD | 0.62336 | blank | Y |

Note

If you plan to set up a triangulation currency, the setup that is illustrated in this example is mandatory. That is, the CAD to USD currency relationship must use the divisor method (Z) and the USD to CAD must use the multiplier (Y). If you do not plan to set up a triangulation currency, the CAD to USD relationship can use either the multiplier or divisor method, as long as the USD to CAD currency relationship uses the opposite method.

No Inverse and Triangulation

Although no inverse and triangulation functionality was originally designed for Economic and Monetary Union (EMU) currencies and the euro, companies outside of the EMU might choose to use either or both of these methods of exchange rate calculation.

Prior to 2002, the no inverse method of exchange rate calculation was a requirement for companies in Economic and Monetary Union (EMU) member countries that transacted business with each other. Similarly, triangulation was a requirement for companies in EMU member countries that transacted business with each other, unless they created a cross-rate that produced the same result as triangulation.

Today, EMU and non-EMU companies alike can choose to use the no inverse method when transacting business, or they can continue to use the multiplier or divisor method of exchange rate calculation. Similarly, the same companies can choose to use triangulation when transacting business, or they can continue to create cross-currency relationships if applicable.

No Inverse

The no inverse method of exchange rate calculation is called no inverse because it does not use the inverse (reciprocal) rate when calculating amounts between currencies, as do the divisor and multiplier methods. With the no inverse method, the divisor and multiplier rates are the same rate and not the reciprocal of each other.

When you set up currency exchange rates using the no inverse method, you can specify a divisor rate when calculating to a currency, and a multiplier rate when calculating from a currency, or vice versa. The exception to this procedure is setting up both no inverse and triangulation, in which case you must specify a divisor rate when calculating to a triangulation currency and a multiplier rate when calculating from a triangulation currency.

The no inverse method reduces the rounding differences that can occur when you are working with large amounts using the divisor or multiplier method and the reciprocal rate. Any rounding differences that might occur with the no inverse method are usually immaterial.

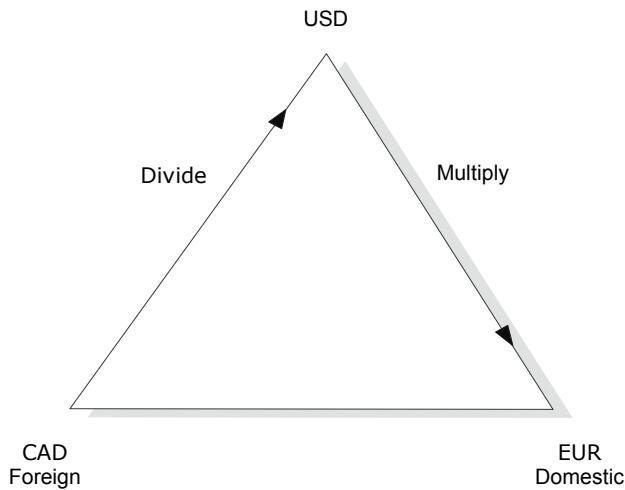
Triangulation

With triangulation, amounts between two currencies are calculated through a third “common” currency. Triangulation is a composite of two rates divided and multiplied through a third currency to produce the domestic amount. While some companies might prefer to set up currency cross-rate relationships to produce similar results, others will choose to set up triangulation.

When you set up triangulation for a currency relationship, the system uses the divisor rate to convert to the triangulation currency and the multiplier rate to convert from the triangulation currency.

A French company, for example, can use a triangulation currency when calculating amounts between CAD and EUR currencies, or it can continue to set up currency cross-rates between those currencies. To calculate amounts from CAD to EUR through the USD, the system calculates the CAD to USD amount using the divisor method, and then the USD to EUR amount using the multiplier method. In this way, the CAD to EUR amounts are calculated through the USD using triangulation.

The following is a visual representation of triangulation:



If you activate triangulation, be aware that you do not have to use it for all currencies. You control whether a currency relationship uses triangulation. If you use triangulation for some currency relationships within a company, you do not have to use it for all currency relationships within that company.

Caution

Triangulation is activated when you enter a currency in the Triangulation Currency field on the Set Up No Inverse Rule and Triangulation form. Activating triangulation is irreversible. After you activate it, you cannot turn it off. Make sure you thoroughly understand the triangulation functionality and determine whether it relates to your business before activating it.

Example: No Inverse and Triangulation Setup

In this example, a German company uses no inverse and triangulation when calculating amounts from Canadian dollars to the euro through the U.S. dollar. To calculate transaction amounts among these currencies, the German company must set up the following records:

- No inverse
- Triangulation
- Exchange rates for no inverse

Remember that if you set up both no inverse and triangulation, you must use the divisor method when calculating from the "from currency" to the triangulation currency and the

multiplier method when calculating from the triangulation currency to the “to currency.” If you set up only no inverse, this is not a requirement.

No Inverse

Set up two no inverse records.

1. On Set Up No Inverse Rule and Triangulation, set up a no inverse record from CAD to USD, using the divisor method (Z).

When you set up a no inverse record from CAD to USD, the system automatically creates a record from USD to CAD with the multiplier method (Y).

2. Set up a no inverse record from USD to EUR, using the multiplier method (Y).

When you set up a no inverse record from USD to EUR, the system automatically creates a record from EUR to USD with the divisor method (Z).

Triangulation

Set up a triangulation currency record.

1. On Set Up No Inverse Rule and Triangulation, set up a triangulation record from CAD to EUR with USD as the triangulation currency.

When you set up a triangulation record from CAD to EUR, the system automatically creates a record from EUR to CAD with USD as the triangulation currency.

Exchange Rates for No Inverse

Set up two currency relationships and rates. With no inverse, the same rate is used for both the multiplier and divisor records.

1. On Set Up Currency Exchange Rates, set up an exchange rate record (divisor) from CAD to USD. When converting from CAD to USD, transaction amounts are divided by the rate in the Exchange Rate Divisor field.

When you set up an exchange rate record from CAD to USD, the system automatically creates an exchange rate record (multiplier) from USD to CAD using the same rate. When converting from USD to CAD, transaction amounts are multiplied by the rate in the Exchange Rate Multiplier field.

2. Set up an exchange rate record (multiplier) from USD to EUR. When converting from USD to EUR, transaction amounts are multiplied by the rate in the Exchange Rate Multiplier field.

When you set up an exchange rate record from USD to EUR, the system automatically creates an exchange rate record (divisor) from EUR to USD using the same rate. When converting from EUR to USD, transaction amounts are divided by the rate in the Exchange Rate Divisor field.

Setting Up Exchange Rates for the Multiplier or Divisor Method

When you initially set up your J.D. Edwards system for multicurrency processing, you set up exchange rates between your domestic currency and the currency of other countries.

Regardless of whether you use the multiplier or the divisor method of exchange rate calculation, you set up exchange rates for your records using the Set Daily Transaction Rates program (P0015).

Unlike other setup tasks, setting up exchange rates is a recurring task. After your initial exchange rate setup, you can continue to set up exchange rates for your multiplier or divisor records using the Set Daily Transaction Rates program. Or, if you have a large volume of exchange rates to set up at one time, you can use the Speed Transaction Rates Entry program.

Advantages to using the Speed Transaction Rates Entry program include:

- It allows you to set up exchange rates from multiple currencies to a single currency on one form. You can view all currency rates associated with a specific currency at one time.
- It eliminates locating “from” currencies one at a time to set up associated exchange rates. You can quickly update multiplier or divisor exchange rates for currencies.
- It is used to set up new exchange rates only, making it appropriate for daily exchange rate use.

The Set Daily Transaction Rates and Speed Transaction Rates Entry programs update information stored in the Currency Exchange Rates table (F0015).

► **To set up multiplier or divisor exchange rate records**

Use one of the following navigations:

From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.

From the Multi-Currency Setup menu (G1141), choose Set Daily Transaction Rates.

1. On Work With Currency Exchange Rates, click Add.
2. On Set Up Currency Exchange Rates, complete the following fields in the header area:

If you need to set up exchange rates for payment methods used in the Expense Management system, enter the address number that was entered for the exchange rate identifier. You can use the same address number for exchange rates between different currencies. For example, you can set up an exchange rate between USD and CAD for address number 12345, and then set up another exchange rate between USD and EUR for address number 12345.

3. To display existing exchange rates for the “to” and “from” currencies for a specific date, complete the following field and click Find:
4. In the detail area, complete the following field for each exchange rate that you want to set up:

The system uses the effective date to locate the exchange rate.

5. Complete one of the following fields for each exchange rate.

The system calculates the value for the field that you leave blank.

6. Click OK.

► To set up multiple exchange rates

Use one of the following navigations:

From the Multi-Currency Processing menu (G11), choose Speed Transaction Rates Entry.

From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.

1. On Work With Currency Exchange Rates, choose a row that displays the code for the currency and, if applicable, the address number that you want to update in the following fields:

If you have only one exchange rate to set up, choose a row that displays the code for your currency and click Select. Then set up the rate on the Set Up Currency Exchange Rates form as needed.

2. From the Row menu, choose Multiple Rates.

The system copies the To Currency code and the address number (if one exists) to the header area of Currency Exchange Rate Speed Revisions form. The Effective Date field in the header area initially contains the system date. The program lists the most current exchange rates that are on or before the date in the header area.

3. On Currency Exchange Rate Speed Revisions, change the following field in the header area to the current date, and click Find:
4. For each “from” currency with an exchange rate, enter a new value in one of the following fields, as appropriate for the multicurrency conversion method specified in the general accounting constants:

If you enter a multiplier, the system calculates the divisor. If you enter a divisor, the system calculates the multiplier.

If you enter an exchange rate that exceeds the previous exchange rate by more than the tolerance limit that is specified in the processing option, you receive a warning. If a rate already exists for the effective date that you specified, you receive a warning. To override either or both warnings and use the new exchange rate, click OK twice.

5. When you have entered all the rates for the currency, click OK.

Related Tasks

| | |
|--|--|
| Reviewing currency exchange rates for a specific currency | On the Work With Currency Exchange Rates form, choose a row that displays the currency code in the To Currency column. And then choose Multiple Rates from the Row menu. |
|--|--|

Processing Options for Currency Exchange Rates (P0015)

Limits

1. Specify a Tolerance Limit to warn you of radical rate changes (i.e. 10 indicates 10%).

Tolerance Limit Percentage

No Inverse 1

WARNING: When Triangulation or No Inverse functionality have been activated, the Multi-Currency conversion method selected from the General Accounting Constants will be overridden. THE USE OF TRIANGULATION AND NO INVERSE IS IRREVERSIBLE. Once it has been activated, it cannot be changed.

2. Enter a '1' to allow extended override rate functionality related to the no inverse rule and triangulation.

No Inverse Rule and Triangulation.

No Inverse 2

3. Enter a '1' to prohibit additional exchange rates between European Union Member currencies after the effective date. NOTE: Setup for European Union Member currencies is located in UDC table 00/EU.

Prohibit Additional Exchange Rates

Setting Up No Inverse Exchange Rate Records

When you initially set up your J.D. Edwards system for multicurrency processing using the no inverse method of exchange rate calculation, you set up the following:

- No inverse records
- Exchange rates for no inverse records

You must set up no inverse records before you set up exchange rates for those records. If you use triangulation, you must set up triangulation records after you set up no inverse records and before you set up exchange rates for no inverse records.

Depending on whether you use triangulation, the no inverse method works as follows:

- For currency relationships without a triangulation currency, you can set up a no inverse record that uses the multiplier method when calculating to a currency and the divisor method when calculating from a currency, or vice versa.
- For currency relationships with a triangulation currency, you must set up a no inverse record that uses the divisor method when calculating to a currency and the multiplier method when calculating from a currency.

A no inverse record identifies the currency relationship between two currencies and specifies whether the multiplier or divisor method is used for exchange rate calculations. When you set up a no inverse record, the system automatically creates a corresponding record in the opposite direction. For example, if you set up a no inverse record from EUR to USD and specify the divisor method, the system automatically creates a record from USD to EUR with the multiplier method.

Similarly, when you set up an exchange rate for a no inverse record, the system automatically creates a corresponding record in the other direction. For example, when you set up an exchange rate from EUR to USD, the system creates an exchange rate from USD to EUR. The two rates are the same: one is the multiplier rate and the other is the divisor rate. The opposite rate for each exchange rate is blank because, with no inverse, that rate has no purpose.

You set up no inverse records and exchange rates using the Set Daily Transactions Rates program (P0015). Unlike other setup tasks, setting up exchange rates for no inverse records is a recurring task. After your initial setup, you can continue to set up exchange rates using the Set Daily Transaction Rates program. Or, if you have a large volume of exchange rates to set up at one time, you can use the Speed Transaction Rates Entry program.

Before You Begin

- ❑ Set the No Inverse Rule and Triangulation processing option to 1 for the Set Daily Transaction Rates and Speed Transaction Rates Entry programs. This activates the

Work with No Inverse form, which allows you to set up currency relationships for no inverse and, if applicable, triangulation.

Caution

For security purposes, J.D. Edwards recommends that you remove the value for this processing option after you set up your no inverse records and, if applicable, triangulation records. This way, the Work With No Inverse form can no longer be accessed, thus avoiding any erroneous entries by users.

► **To set up no inverse records**

To streamline your data entry process and reduce the potential for errors when you set up no inverse records, set up the records for either the multiplier or divisor method.

From the Multi-Currency Setup menu (G1141), choose Set Daily Transaction Rates.

1. On Work With Currency Exchange Rates, choose Advanced Setup from the Form menu.
2. On Work With No Inverse, click Add.
3. On Set Up No Inverse Rule and Triangulation, complete the following fields:

The system begins using no inverse for this currency relationship as of the date entered in this field.

Verify that the method (Y for multiplier or Z for divisor) is correct. If the method is incorrect, the system creates a corresponding no inverse record in the other direction that is also incorrect.

For a no inverse record, do not enter a value in the Triangulation Currency field or turn on the Prohibit Spot Rate option.

4. Click OK.

After you set up no inverse records (and, if applicable, triangulation records), set up exchange rates for your no inverse records. See one of the following:

- *Setting Up Triangulation Records*
- *To set up exchange rates for no inverse records*

► **To set up exchange rates for no inverse records**

From the Multi-Currency Setup menu (G1141), choose Set Daily Transaction Rates.

1. On Work with Currency Exchange Rates, click Add.
2. On Set Up Currency Exchange Rates, complete the following fields:
3. Based on the value in the Override Conversion Method field, enter an exchange rate in one of the following fields and click OK:

If the Override Conversion Method field contains Y (multiplier), enter the exchange rate in this field.

If the Override Conversion Method field contains Z (divisor), enter the exchange rate in this field.

If you enter an exchange rate with an effective date that is after the override effective date on the triangulation record, the program issues an error message and you must remove the exchange rate.

Setting Up Triangulation Records

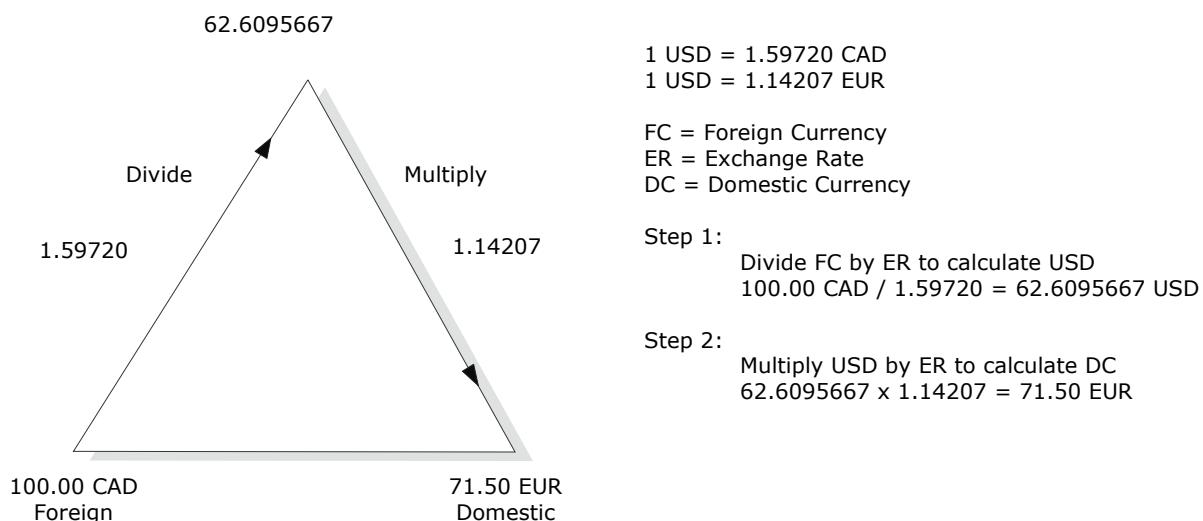
After you set up no inverse records, you can set up triangulation records if you choose to use triangulation for some or all of your currency relationships within a company. The triangulation record identifies a currency relationship between two currencies and a third currency. Triangulation is used to calculate amounts between two currencies through a third currency, which is referred to as the triangulation currency.

When you set up a triangulation record between two currencies, the system automatically creates a corresponding record in the opposite direction. For example, if you set up a triangulation record from CAD to EUR with USD as the triangulation currency, the system automatically creates a triangulation record for EUR to CAD with USD as the triangulation currency.

When calculating amounts through a triangulation currency, the system uses the divisor method (Z) to convert to the triangulation currency and the multiplier method (Y) to convert from the triangulation currency. Because of this, you must set up your no inverse records correctly. The no inverse record from the “from” currency to the triangulation currency must be set up with the divisor method, and the no inverse record from the triangulation currency to the “to” currency must be set up with the multiplier method.

Because triangulation is a composite of two rates that have been divided and multiplied to produce a domestic amount, two rates are retrieved and used in the calculation. Storing both rates on the transaction record is impossible. Therefore, an exchange rate of zero is stored but not used.

The following graphic shows how CAD to EUR amounts are calculated through the USD. To perform a currency calculation between CAD and EUR, you first calculate CAD to USD (step 1) and then calculate USD to EUR (step 2).



Triangulation and Spot Rates

When you set up a triangulation relationship for two currencies, you must specify whether spot rates are allowed on transactions between those currencies.

To specify whether spot rates are allowed, you use the Prohibit Spot Rate option on the Set Up No Inverse Rule and Triangulation form. If the Prohibit Spot Rates option is turned on, spot rates are not allowed, and if the option is turned off, spot rates are allowed. When you enter a transaction that involves a triangulation currency, the system looks at the triangulation record to determine whether spot rates are allowed for the currency relationship.

If spot rates are allowed and you enter a spot rate on an invoice or voucher, the system compares the converted currency amount to the amount that would be derived using the actual exchange rates. The system calculates the difference between the two amounts and validates the entry, based on the tolerance limit specified in the master business function (MBF) processing options for voucher entry (P0400047), invoice entry (P03B0011), and journal entry (P0900049). If the calculated amount is greater or less than the tolerance amount, you will receive a warning message.

For example, 5 specifies a tolerance limit of 5 percent. If you enter a spot rate that calculates an amount that is 6 percent greater or less than the amount that is derived using the actual exchange rates, you will receive a warning. In this way, the system helps to ensure that the spot rate you enter is reasonable, thus alerting you to possible data entry errors.

Before You Begin

- Set up no inverse records. See *Setting Up No Inverse Exchange Rate Records*.

► To set up triangulation records

From the Multi-Currency Setup menu (G1141), choose Set Daily Transaction Rates.

1. On Work With Currency Exchange Rates, choose Advanced Setup from the Form menu.
2. On Work With No Inverse, click Add.
3. On Set Up No Inverse Rule and Triangulation, complete the following fields:
For a triangulation record, do not enter a value in the Currency Conversion Method field.
4. If spot rates are not allowed between the two currencies, ensure that the following option is turned on:
5. Click OK.

Creating Currency Cross-Rate Relationships

If some of the exchange rates with which you work are not quoted in a financial market publication, you must create currency relationships to link existing exchange rates from one currency to another. These are called currency cross-rate relationships.

First you locate a common currency that is quoted for the two currencies for which you need the exchange rate. Then you create a cross-rate relationship so that the system can calculate

an exchange rate based on that cross-rate relationship. The system stores cross-rate relationships in the Currency Cross Rates Calculation Master table (F11151).

As an alternative to creating currency cross-rate relationships, consider setting up your system for triangulation. For more information, see *Setting Up Triangulation Records*.

Example: Creating a Currency Cross-Rate Relationship

Assume that no exchange rate between the Mexican Peso (MXP) and Columbian Peso (COP) is quoted in a financial market publication. However, exchange rates exist between these two currencies and the U.S. dollar (USD). To transact business between MXP and COP, you create a currency cross-rate relationship to USD based on the following exchange rates:

| | |
|------------|---|
| MXP to USD | Quoted in the <i>London Financial Times</i> |
| USD to COP | Quoted in the <i>Wall Street Journal</i> |

After you create the currency cross-rate relationship by setting up these two exchange rates, the system can calculate the exchange rate from MXP to COP.

► To create currency cross-rate relationships

From the Multi-Currency Processing menu (G11), choose Set Cross Rates Calculation.

1. On Work With Currency Exchange Rate Calculations, click Add.
2. On Set Up Currency Exchange Rate Calculations, complete the following fields in the header area:

The Currency Code field in the header area must match the From Currency 1 field in the detail area.

3. To set up a cross-rate relationship that applies to a contractual exchange rate, complete either or both of the following fields:

For example, if the contract is with a specific vendor, include the vendor's address book number, a unique sequence number, or both an address book number and a sequence number.

4. In the detail area, complete the following field:

The program copies the currency codes from the header area to the From Currency 1 and To Currency 2 fields. The To Currency Code in the header area must match the To Currency 2 field in the detail area.

5. Complete the following field with the code for the common currency:

The system copies your entry to the From Currency 2 field.

6. To specify contractual exchange rates for the calculation, complete either or both of the following fields:

7. Click OK.

After you create and review currency cross-rate relationships, you can calculate their new exchange rate. See *Calculating Currency Cross-Rate Relationships*.

Related Tasks

| | |
|---|--|
| Setting up additional currency cross-rate relationships | To set up additional relationships (for example, to specify a different currency as the common currency), use a different effective date for the new relationship or use an address book number in the header area. |
| Reviewing and revising currency cross-rate relationships | To review and revise a cross-rate relationship, use the Work With Currency Exchange Rate Calculations and Set Up Currency Exchange Rate Calculations forms. For example, to deactivate a cross-rate relationship, change the Status field in the detail area from active (A) to inactive (I). |

Calculating Exchange Rates Based on Currency Cross-Rate Relationships

From the Multi-Currency Processing menu (G11), choose Calculate Cross Currency Rates.

After you create and review your currency cross-rate relationships, you can calculate a new exchange rate based on the common currency. To calculate new exchange rates, the system uses the cross-rate relationships stored in the Currency Cross Rates Calculations table.

You can calculate new exchange rates in proof or final mode.

| | |
|-------------------|--|
| Proof mode | <p>The system prints a report that lists all currency relationships and the exchange rates that will be calculated in final mode. Possible error and warning messages that might print on the report are:</p> <ul style="list-style-type: none">• Combination Not Found. (The rate referenced does not exist.)• Currency Code Invalid.• Address Number Invalid.• Warning - Rate Exceeds Tolerance Limit.• Warning - Exchange Rate Exists For Date.• Exact Month/Year Match Error. (This error might occur if you require that the effective date in the processing options match the effective date of the exchange rates for the reference currencies.) <p>Use this report to correct any errors and run the Calculate Cross Currency Rates program again.</p> |
| Final mode | <p>The system prints a report that lists the new exchange rates calculated based on the currency cross-rate relationships. It updates the Currency Exchange Rates table (F0015) with the new exchange rates and effective date.</p> <p>A tolerance warning prints on the report when a new exchange rate differs from the previous rate by a certain percentage (specified in the processing options for Calculate Currency Cross Rates). The system updates exchange rates that have tolerance warnings.</p> |

Processing Options for Calculate Cross Currency Rates (R11153)

Mode

1. Enter a '1' to process the currency calculation in final mode. Leave blank to process in proof mode.

Mode

Creation Date

2. Enter the date to be used to create exchange rate entries. Leave blank to default the system date.

Date

3. Enter a '1' to require an exact data match between the date entered in option 2 and the exchange rate date of the reference currencies. If left blank, no date matching is required.

Exact Date Match

Tolerance

4. Specify a tolerance limit to warn you of radical rate fluctuations. For example: 15.0 indicates 15% +/-

Tolerance Limit

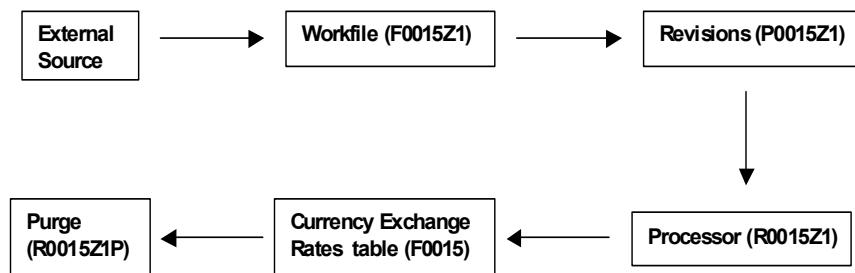
Uploading Exchange Rates from an External Source

If you transact business in multiple currencies, you deal with exchange rate fluctuations on a daily basis. As an alternative to entering new exchange rates manually, you can upload them from an external source, such as a Web site, into a J.D. Edwards workfile.

You must first create a custom program to transfer the external exchange rates to the External Currency Exchange Rates workfile (F0015Z1). After uploading the exchange rates, you use the following programs:

- External Currency Exchange Rates Revisions (P0015Z1). Revise unprocessed exchange rates in the F0015Z1 workfile, if necessary.
- External Currency Exchange Rates Processor (R0015Z1). Process exchange rate records from the F0015Z1 workfile and store them in the Currency Exchange Rates table (F0015).
- External Currency Exchange Rates Purge (R0015Z1P). Purge exchange rate records from the F0015Z1 workfile.

The process of uploading exchange rates from an external source and working with them in the J.D. Edwards Multicurrency system is illustrated in the following graphic:



Mapping Batch Exchange Rates

To successfully transfer external exchange rates from an external source such as a Web site, you must create a custom program that copies the exchange rates and provides proper data to fields in the External Currency Exchange Rates workfile (F0015Z1).

Certain fields are required for the external exchange rates upload process. For information about required and optional fields, see *Fields in the F0015Z1 Workfile*.

Fields in the F0015Z1 Workfile

To successfully upload exchange rates from an external source, you must create a custom program in a format that provides data to fields in the External Currency Exchange Rates workfile (F0015Z1).

Review the following tables for a list of required, optional, and unused fields in the F0015Z1 workfile. The field names in the workfile correspond to the field names on interactive forms.

Required Fields in the F0015Z1 Workfile

| Field name | Alias | Type | Length | Definition |
|--------------------------|--------|--------|--------|---|
| EDI – User ID | ZEEDUS | Alpha | 10 | A user-defined identification number. Enter the user ID of the person running the process or the person who is to receive messages in the Employee Work Center. This field, in conjunction with ZEEDBT and ZEEDTN, uniquely identifies a specific group of transactions. |
| EDI – Batch Number | ZEEDBT | Alpha | 15 | A number used to group transactions for processing. This field, in conjunction with ZEEDUS and ZEEDTN, uniquely identifies a specific group of transactions. |
| EDI – Transaction Number | ZEEDTN | Alpha | 22 | This field, in conjunction with ZEEDLN, uniquely identifies each transaction. This field, in conjunction with ZEEDUS and ZEEDBT, uniquely identifies a specific group of transactions. |
| EDI – Line Number | ZEEDLN | Number | 7 | This field, in conjunction with ZEEDTN, uniquely identifies each line of the transaction. |

| Field name | Alias | Type | Length | Definition |
|------------------------------------|--------|--------|--------|---|
| EDI – Successfully Processed | ZEEDSP | Alpha | 1 | <p>Leave this field blank. The system populates it as follows:</p> <ul style="list-style-type: none"> • 0 (zero) – The transaction has not been processed or was processed in error. • 1 – The transaction has been successfully processed. |
| Currency Code From | ZECRCD | Alpha | 3 | A code that specifies the “from” currency of the transaction. This code must exist in the Currency Codes table (F0013). |
| Date – Effective | ZEEFT | Date | 6 | The effective date of the transaction. |
| Currency Conversion Rate | ZECRR | Number | 15 | The exchange rate (multiplier) for the transaction. |
| Currency Code To | ZECRDC | Alpha | 3 | A code that specifies the “to” currency of the transaction. This code must exist in the Currency Codes table (F0013). |
| Currency Conversion Rate – Divisor | ZECRRD | Number | 15 | The exchange rate (divisor) for the transaction. |

Optional Fields in the F0015Z1 Workfile

The following field is optional and is not required by the External Currency Exchange Rates Processor program.

| Field name | Alias | Type | Length | Definition |
|----------------|-------|--------|--------|--|
| Address Number | ZEAN8 | Number | 8 | <p>The address book number of a customer or supplier, used when a contractual exchange rate is applicable. This number must exist in the Address Book Master table (F0101).</p> <p>You must create a separate batch for each customer and supplier with a contractual exchange rate. This is necessary because you review and revise rates in the F0015Z1 workfile based on batch number, and not address book number.</p> |

Unused Fields in the F0015Z1 Workfile

The following fields are not currently used by the External Currency Exchange Rates Processor program and should be left blank. The program ignores values entered in these fields.

| Field name | Alias | Type | Length | Definition |
|-----------------------------------|--------|--------|--------|---------------------------|
| EDI – Document Type | ZEDDCT | Alpha | 2 | Leave these fields blank. |
| Type – Transaction | ZETYTN | Alpha | 8 | |
| EDI – Translation Format | ZEDDFT | Alpha | 10 | |
| EDI – Transmission Date | ZEDDTT | Date | 6 | |
| Direction Indicator | ZEDRIN | Alpha | 1 | |
| EDI – Detail Lines Processed | ZEDDDL | Number | 5 | |
| Trading Partner ID | ZEPNID | Alpha | 15 | |
| Transaction Action | ZETNAC | Alpha | 2 | |
| Type Record | ZEDDTY | Alpha | 1 | |
| Record Sequence | ZEDDSQ | Number | 2 | |
| EDI – Transaction Set Number | ZEDDTS | Alpha | 6 | |
| EDI – Send/Receiver Indicator | ZEEDER | Alpha | 1 | |
| EDI – Transaction Action | ZEDDTC | Alpha | 1 | |
| EDI – Transaction Type | ZEDDTR | Alpha | 1 | |
| Batch File Create G/L record | ZEDDGL | Alpha | 1 | |
| Batch File Discount Handling Flag | ZEDDDH | Alpha | 1 | |
| User Address Number | ZEDDAN | Number | 8 | |

| Field name | Alias | Type | Length | Definition |
|---------------------|--------|--------|--------|------------|
| User ID | ZEUSER | Alpha | 10 | |
| Program ID | ZEPID | Alpha | 10 | |
| Date – Updated | ZEUPMJ | Date | 6 | |
| Time – Last Updated | ZEUPMT | Number | 6 | |
| Work Station ID | ZEJOBN | Alpha | 10 | |

Adding and Revising External Exchange Rates

After you upload exchange rates from an external source into the External Currency Exchange Rates workfile (F0015Z1), you might need to add, revise, or delete specific records before you process them.

To add, revise, or delete records, you use the External Currency Exchange Rates Revisions program (P0015Z1). This program accesses records in the F0015Z1 workfile based on the following key fields:

- User ID
- Batch Number
- Transaction Number
- Line Number

All key fields, except Line Number, appear on the External Currency Exchange Rates Revisions form. The Line Number field, which is a unique number for each record, appears only in the F0015Z1 workfile.

Note

If you uploaded external exchange rates for the wrong effective date, upload them again using the correct effective date. Then use the External Currency Exchange Rates Revisions program to revise specific records, if necessary.

The system does not edit exchange rates records in the F0015Z1 workfile. Instead, it edits them when you process records from the F0015Z1 workfile and moves them to the F0015 table.

► To add and revise external exchange rates

From the External Currency Exchange Rates menu (G11311), choose External Exchange Rates Revisions.

1. On Work With External Currency Exchange Rates, complete the following fields to limit your search and click Find:
2. To view unprocessed records, ensure that the Processed (Y/N) option is turned off.

Although you can view processed records on this form, you cannot revise them. Instead, you revise processed records on the Set Up Currency Exchange Rates form.

3. To revise an unprocessed exchange rate, choose the record and click Select.

The entire batch associated with the record appears.

On Revise External Currency Exchange Rates, you can change, delete, and add records to the batch.

4. To change an exchange rate, replace the existing value in any of the fields in the detail area of the form.
5. To delete an exchange rate, choose the record and click Delete.
6. To add an exchange rate, enter values in the following fields in the blank row of the detail area of the form:

Typically, you will not enter a value in the SP (Successfully Processed) field. A value of 1 means that the record is already processed. The system updates records with 1 (processed) when you run the External Exchange Rates Processor.

7. Click OK.
8. On Work With External Currency Exchange Rates, click Find to refresh the form and display the revisions.

Note

To manually create a new batch of exchange rates in the F0015Z1 workfile, click Add on the Work With External Currency Exchange Rates form.

Processing External Exchange Rates

From the External Currency Exchange Rates menu (G11311), choose External Exchange Rates Processor.

After you upload exchange rates from an external source into the External Currency Exchange Rates workfile (F0015Z1) and revise the rates, if necessary, run the External Exchange Rates Processor program (R0015Z1). This program processes information from the F0015Z1 workfile and stores it in the Currency Exchange Rates table (F0015).

Specifically, the External Exchange Rates Processor program:

- Selects unprocessed exchange rate records only.
- Validates the currency codes, exchange rates, and effective date against the F0015 table. If an exchange rate for a currency relationship and effective date already exists, the program does not overwrite the existing record.
- Validates exchange rates against the Currency Exchange Rates Header table (F00151) to ensure that they follow the no inverse method and triangulation, if applicable. You must set up no inverse and triangulation for a currency relationship in the F0015 table before you can upload exchange rates and use the External Exchange Rates Processor program.
- Produces a report that shows the number of records that were selected and failed, as well as the total number of records added to the F0015 table.

- Writes errors to the Work Center and displays the user ID, batch number, and transaction number.
- Updates successfully processed records with 1 (processed) in the F0015Z1 workfile.
- Purges records from the F0015Z1 workfile, if specified to do so in the processing option.

If you need to revise exchange rates that are successfully processed, you must use the Set Daily Transaction Rates program (P0015).

Processing Options for External Exchange Rates Processor (R0015Z1)

Options

1. Purge completed records

Blank = Do not purge records when upload complete

1 = Purge records when upload complete

Processing Options for External Currency Exchange Rates Purge (R0015Z1P)

Options

1. Purge non-processed records

Blank = Purge processed records only

1 = Purge processed and unprocessed records

Multicurrency Setup for Accounts Receivable

Multicurrency Checklist for Accounts Receivable

Use this checklist as a reference when you set up your Accounts Receivable system for multicurrency processing.

Foreign Currency Customer Records

The customer master record specifies the currency in which to issue invoices and the currency in which to record address book amounts.

| To do this ... | You must do this ... | Program | ✓ |
|---|---|--|---|
| Designate a default currency and an address book currency for each customer | <p>Set a processing option to specify a currency code for all address book amounts. You can override this currency code on the customer record.</p> <p>Assign default currency and address book currency codes on the customer record.</p> <p>See <i>Assigning Currency Codes to a Customer Record</i>.</p> | Customer Master Information (P03013) | |
| Change currency codes for multiple customers at one time | <p>Set processing options for:</p> <ul style="list-style-type: none">• Exchange rate date• Customer currency code• Address book currency code• Rounding factor <p>See <i>Converting Customer Currency Codes and Amounts</i>.</p> | Euro Address Book Conversion (R8903012E) | |

Foreign Currency Invoices

Foreign currency invoices are invoices that are not in the same currency as that of the company that issues them.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|--|---|
| Enter an invoice in a foreign currency | <p>Update exchange rates in the Currency Exchange Rates table (F0015).</p> <p>See <i>Entering Invoices in a Foreign Currency</i>.</p> | Set Up Currency Exchange Rates (P0015) | |

| To do this ... | You must do this ... | Program | ✓ |
|--------------------------------------|---|---|---|
| Print invoices in a foreign currency | <p>Set a processing option to print foreign currency amounts in either the domestic or foreign currency.</p> <p>See <i>Printing Invoices in a Foreign Currency</i>.</p> | Invoice Print (R03B505) | |
| Generate foreign currency statements | <p>Set a processing option to print statements in the domestic currency only or in both the domestic and foreign currencies.</p> <p>See <i>Before You Begin – Reviewing Statements in the Invoice and Receipt Currencies</i>.</p> | Statement Notification Refresh (R03B500X) | |

Foreign and Alternate Currency Receipts

A foreign currency receipt is applied to the foreign (transaction) amount of an invoice, whereas an alternate currency receipt is in neither the domestic nor the foreign amount of the receipt but can be applied to either amount.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|-------------------------------------|---|
| Apply a foreign currency receipt | <p>Set processing options for:</p> <ul style="list-style-type: none"> • Currency • Exchange rate • Edit effective date <p>See <i>Entering Manual Receipts in a Foreign Currency</i>.</p> | Standard Receipt Entry (P03B102) | |
| Apply an alternate currency receipt | <p>Set a processing option to allow alternate currency receipts.</p> <p>See <i>Entering Manual Receipts in an Alternate Currency</i>.</p> | Standard Receipt Entry (P03B102) | |
| Match and apply a foreign currency receipt to an invoice | <p>Ensure that each multicurrency field in the F03B13Z1 table contains a value.</p> <p>See <i>Multicurrency Fields Required in the F03B13Z1 Table</i>.</p> | Apply Receipts to Invoices (R03B50) | |

Foreign Currency Drafts

A draft is a type of payment instrument that requires direct communication between the bank of the payor and the bank of the payee. Foreign currency drafts are drafts that are not in the same currency as the company that issues them.

| To do this ... | You must do this ... | Program | ✓ |
|--------------------------------------|---|---|---|
| Process drafts in a foreign currency | <p>Set processing options to:</p> <ul style="list-style-type: none"> • Retain the currency after you enter a draft • Retain the exchange rate after you enter a draft <p>See <i>Foreign Currency Drafts and Processing Options</i>.</p> | Enter Customer Drafts (P03B602) | |
| Process drafts in a foreign currency | <p>Set a processing option to print currency information on invoice.</p> <p>See <i>Foreign Currency Drafts and Processing Options</i>.</p> | Invoice Print with Draft (R03B5151) | |
| Process drafts in a foreign currency | <p>Set a processing option to override the exchange rate in the Currency Exchange Rates table (F0015), if applicable.</p> <p>See <i>Foreign Currency Drafts and Processing Options</i>.</p> | Draft Collection with Status Update (R03B680) | |

Foreign Currency Automatic Debits

Automatic debits are used to record the withdrawal of funds from a customer's bank account. Foreign currency automatic debits are transactions that are not in the same currency as the company that issues them.

| To do this ... | You must do this ... | Program | ✓ |
|--|---|-------------------------------|---|
| Process automatic debits in a foreign currency | <p>Set processing options for:</p> <ul style="list-style-type: none"> • Bank format program and version • Invoice currency (domestic or foreign) in which to process auto debits • Override G/L bank account, if applicable <p>See <i>Processing Automatic Debits in a Foreign Currency</i>.</p> | Process Auto Debits (R03B571) | |

"As If" Currency Processing

With "as if" currency processing, you can view and print invoices as if they were entered in a currency other than the foreign or domestic currency in which they were actually entered.

| To do this ... | You must do this ... | Program | ✓ |
|---------------------------------------|--|------------------------------------|---|
| View invoices in an "as if" currency | <p>Set processing options for:</p> <ul style="list-style-type: none"> • "As if" currency • Exchange rate date <p>See <i>Reviewing Invoices in an "As If" Currency.</i></p> | Customer Ledger Inquiry (P03B2002) | |
| Print invoices in an "as if" currency | Set a processing option to print "as if" currency amounts. | Print Invoices (R42565) | |

Foreign Currency Realized and Unrealized Gains and Losses

Automatic accounting instructions (AAIs) are used to record exchange rate fluctuations between a domestic and foreign currency on open invoices and receipts.

| To do this ... | You must do this ... | Program | ✓ |
|------------------------------------|--|---|---|
| Record unrealized gains and losses | <p>Set up AAI items for:</p> <ul style="list-style-type: none"> • RVxxx – unrealized gains • RWxxx – unrealized losses • RRxxxx – unrealized gain/loss offset <p>See <i>Setting Up AAIs for Unrealized Gains and Losses on Foreign Currency Invoices.</i></p> | Automatic Accounting Instructions (P0012) | |
| Record realized gains and losses | <p>Set up AAI items for:</p> <ul style="list-style-type: none"> • RGxxx – realized gains • RLxxx – realized losses <p>See <i>Setting Up AAIs for Realized Gains and Losses on Foreign Currency Receipts.</i></p> | Automatic Accounting Instructions (P0012) | |
| Record rounding differences | <p>Set up AAI item R8 (rounding account).</p> <p>See <i>Setting Up AAIs for the Rounding Account for Foreign and Alternate Currency Receipts.</i></p> | Automatic Accounting Instructions (P0012) | |

Alternate Currency Realized Gains and Losses

AAIs are used to record exchange rate fluctuations for a domestic, foreign, and alternate currency when an alternate currency receipt is involved.

| To do this ... | You must do this... | Program | ✓ |
|----------------------------------|--|---|---|
| Record realized gains and losses | <p>Set up AAI items for:</p> <ul style="list-style-type: none"> • RYxxx – realized gains • RZxxx – realized losses <p>See <i>Setting Up AAIs for Realized Gains and Losses on Alternate Currency Receipts.</i></p> | Automatic Accounting Instructions (P0012) | |
| Record realized gains and losses | <p>Set up AAI item R7 (clearing account).</p> <p>See <i>Setting Up AAIs for the Clearing Account for Alternate Currency Receipts.</i></p> | Automatic Accounting Instructions (P0012) | |
| Record rounding differences | <p>Set up AAI item R8 (rounding account).</p> <p>See <i>Setting Up AAIs for the Rounding Account for Foreign and Alternate Currency Receipts.</i></p> | Automatic Accounting Instructions (P0012) | |

Setting Up the Offset Method in the Constants

The Offset Method constant in the Accounts Receivable and Accounts Payable systems has implications for multicurrency processing. This constant, along with three other non-currency specific constants, controls the Accounts Receivable and Accounts Payable systems for all companies.

Depending on the offset method that you specify in the A/R and A/P Constants, you can create one offsetting entry per:

- Batch (method B)
- Transaction (method Y)
- Pay item (method S)

If you use intercompany settlements and allow multicurrency intercompany transactions, the offset method in Accounts Receivable and Accounts Payable Constants must be compatible with the intercompany settlement method in General Accounting Constants. The intercompany settlement method that is valid for multicurrency processing is 2 (no hub company). Intercompany settlement methods 1, *, and N are not valid for multicurrency processing.

If you do not set the offset method in the A/R and A/P Constants and the intercompany settlements method in G/A Constants so that they are compatible, the system will issue an error message when you post transactions to the general ledger.

Review the following table to determine the offset methods that are compatible with intercompany settlement method 2.

| Intercompany Settlement Method | A/R and A/P Offset Method | | |
|-----------------------------------|---------------------------|------------|------------|
| | B | Y | S |
| 2 – no hub company | Incompatible | Compatible | Compatible |

For information about intercompany multicurrency processing, see *Intercompany Settlements for Multicurrency*.

► To set up the offset method in accounts receivable constants

From the Accounts Receivable Setup menu (G03B41), choose Accounts Receivable Constants.

1. On System Setup, click Accounts Receivable Constants.
2. On Work With A/R Constants, click Find.
3. Choose company 00000 and click Select.
4. On Accounts Receivable Constants, enter Y or S in the following field.
5. Click OK.

AAs for Accounts Receivable Gains and Losses

When the system calculates realized and unrealized currency gains and losses, it uses AAs to distribute the gain or loss amount to the correct G/L account. The potential for a currency gain or loss is due to exchange rate fluctuations that occur between:

- The time an invoice is issued and the end of a fiscal period, if the invoice is still open (unrealized gain or loss), or
- The time an invoice is issued and payment is received (realized gain or loss)

For open invoices and receipts in a foreign currency, the gain or loss is calculated between the domestic and foreign currency. For receipts in an alternate currency, the gain or loss is calculated among the domestic, foreign, and alternate currencies.

Some AA items have a suffix of xxx to accommodate a three-character currency code. You use the xxx suffix to set up multiple currency-specific AA items for each company. If you do not specify a currency code (that is, leave it blank), the system uses the currency code of the company as the default.

The following form shows an example of AAs used for A/R realized gains and losses.

You set up AAs to track currency gains and losses for the following:

- Unrealized gains and losses on open foreign invoices
- Realized gains and losses on foreign currency receipts
- Realized gains and losses on alternate currency receipts
- Rounding account for foreign and alternate currency receipts
- Clearing account for alternate currency receipts

Setting Up AAIs for Unrealized Gains and Losses on Foreign Currency Invoices

If you want the Accounts Receivable system to calculate unrealized gains and losses, you must set up AAIs.

The following AAI items define the accounts that the system uses for unrealized gains and losses on foreign currency invoices that are open at the end of a period:

- RVxxx – foreign currency unrealized gain
- RWxxx – foreign currency unrealized loss
- RRxxx or RRxxxx – foreign currency unrealized gain/loss offset

To create an unrealized gain or loss amount, the system compares the amount of the original invoice to the amount of the open invoice (which is revalued based on the exchange rate at the end of the period) and creates a gain or loss for the difference.

Unrealized Gains and Losses

The following applies to AAI items RV and RW:

- xxx represents the currency code, which is optional. The system uses the currency code (xxx) to track gains and losses by currency.
- The system uses the account number assigned to AAI items RV and RW to create foreign currency unrealized gains and losses when you run the A/R Unrealized Gain/Loss Report.
- The system creates reversing gain or loss entries on open items if the exchange rate changes after the original invoices are entered.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for AAI items RV and RW.

| AAI Item | Description | Hierarchy |
|----------|------------------------------------|--|
| RV | Foreign Currency Unrealized Gains | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• RVxxx, where xxx is the currency of the company entered on the invoice record• RVxxx, where xxx is the currency of company 00000• RV that is set up for the company entered on the invoice record• RV for company 00000 |
| RW | Foreign Currency Unrealized Losses | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• RWxxx, where xxx is the currency of the company entered on the invoice record• RWxxx, where xxx is the currency of company 00000• RW that is set up for the company entered on the invoice record• RW for company 00000 |

Unrealized Gain/Loss Offsets

The following applies to AAI item RR:

- xxx represents the currency code, which is optional, and xxxx represents the G/L offset. The system uses the currency code (xxx) or G/L offset (xxxx) to track gain/loss offsets.
- The system uses the account number assigned to AAI item RR to create foreign currency unrealized gain/loss offsets when you run the A/R Unrealized Gain/Loss Report.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for AAI item RR.

| AAI Item | Description | Hierarchy |
|----------|--|--|
| RR | Foreign Currency Unrealized Gain/Loss Offset | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• RRxxxx, where xxxx is the G/L offset of the company entered on the invoice record• RRxxx, where xxx is the currency of the company entered on the invoice record• RRxxxx, where xxxx is the G/L offset for company 00000• RRxxx, where xxx is the currency for company 00000• RR that is set up for the company entered on the invoice record• RR for company 00000 |

Setting Up AAIs for Realized Gains and Losses on Foreign Currency Receipts

The following AAI items define the accounts that the system uses for realized gains and losses on foreign currency receipts:

- RGxxx – foreign currency realized gain
- RLxxx – foreign currency realized loss

To create a gain or loss amount, the system multiplies the invoice amount by the difference in the exchange rate between the original invoice and the foreign currency receipt.

The following applies to AAI items RG and RL:

- xxx represents the currency code, which is optional. The system uses the currency code (xxx) to track gains and losses by currency.
- The system creates a gain/loss entry when the receipt is posted.
- The system uses the account number assigned to RG and RL to create foreign currency gain and loss amounts.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for AAI items RG and RL.

| AAI Item | Description | Hierarchy |
|----------|--------------------------------|---|
| RG | Foreign Currency Realized Gain | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • RGxxx, where xxx is the currency of the company entered on the receipt record • RGxxx, where xxx is the currency of company 00000 • RG that is set up for the company entered on the receipt record • RG for company 00000 |
| RL | Foreign Currency Realized Loss | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • RLxxx, where xxx is the currency of the company entered on the receipt record • RLxxx, where xxx is the currency of company 00000 • RL that is set up for the company entered on the receipt record • RL for company 00000 |

Setting Up AAIs for Realized Gains and Losses on Alternate Currency Receipts

The gains and losses for alternate currency receipts are recorded separately from standard gains and losses and are handled by using different accounts and AAIs.

The following AAI items define the accounts that the system uses for realized gains and losses on alternate currency receipts:

- RYxxx – alternate currency realized gain
- RZxxx – alternate currency realized loss

The following applies to AAI items RY and RZ:

- xxx represents the currency code, which is optional. The system uses the currency code (xxx) to track gains and losses by currency.
- The system creates a gain or loss entry when the receipt is posted.
- The system uses the account number assigned to RY and RZ to create alternate currency gains and losses as follows:
 - The system creates an entry in the gain account if the amount derived by converting from an alternate currency directly to a domestic currency is greater than the amount derived by converting from an alternate currency to a foreign currency to a domestic currency.
 - The system creates an entry in the loss account if the amount derived by converting from an alternate currency directly to a domestic currency is less than the amount derived by converting from an alternate currency to a foreign currency to a domestic currency.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for AAI items RY and RZ.

| AAI Item | Description | Hierarchy |
|----------|----------------------------------|---|
| RY | Alternate Currency Realized Gain | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • RYxxx, where xxx is the currency of the company entered on the receipt record • RYxxx, where xxx is the currency of company 00000 • RY that is set up for the company entered on the receipt record • RY for company 00000 |
| RZ | Alternate Currency Realized Loss | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • RZxxx, where xxx is the currency of the company entered on the receipt record • RZxxx, where xxx is the currency of company 00000 • RZ that is set up for the company entered on the receipt record • RZ for company 00000 |

Setting Up AAIs for the Rounding Account for Foreign and Alternate Currency Receipts

The AAI item R8 defines the foreign and alternate currency receipt account used for rounding when you post foreign and alternate currency receipts.

When you apply a foreign or alternate currency receipt to an invoice, the potential exists for a slight rounding difference. A rounding difference can occur when the system is converting amounts between a foreign and a domestic currency or between an alternate and a domestic currency. The rounding difference, which is immaterial, occurs when the domestic currency amount applied to an invoice is not the same as the domestic currency amount of the receipt.

To record rounding differences, the system creates an offset journal entry in the rounding account when you post the foreign or alternate currency receipt. See *Slight Rounding Differences Recorded by the Receipt Post* for more information.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for AAI item R8.

| AAI Item | Description | Hierarchy |
|----------|---|--|
| R8 | Foreign and Alternate Currency Rounding Account | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • R8 for the company entered on the receipt record • R8 for company 00000 |

Setting Up AAIs for the Clearing Account for Alternate Currency Receipts

The AAI item R7 defines the alternate currency clearing account used when you post alternate currency receipts. The alternate currency clearing account tracks the conversion from the receipt amount to the original invoice amount and provides an audit trail of the offset amounts for the following:

- The original foreign invoice and the domestic side of the foreign invoice
- The alternate currency receipt and the domestic side of the alternate currency receipt

The alternate currency clearing account will balance on the domestic side but not on the foreign side. This is because the foreign side contains different currencies, which will never balance.

The following applies to AAI item R7:

- The clearing account must be in the same company as the bank account from which the receipt was applied.
- It cannot be a monetary account.
- It must include a business unit.

Each AAI has a hierarchical order by which the system searches for an account number. The following table shows the sequence in which the system searches for AAI item R7.

| AAI Item | Description | Hierarchy |
|----------|--|--|
| R7 | Alternate Currency Receipt Clearing Account | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • R7 for the company entered on the receipt record • R7 for company 00000 |

Customer Records

Assigning Currency Codes to a Customer Record

Each customer record contains the following currency codes:

- Default currency code. The currency in which you will issue invoices to the customer. You can override the default currency code when you enter an invoice.
If you leave this field blank, the system uses the currency of the company assigned to the customer record as the default.
- Address book currency code. The currency in which you will track address book amounts, including summary balance amounts and limit amounts, for the customer.
If you leave this field blank, the system uses the Amount Currency Code value if it is specified in the processing options for Customer Master Information (P03013). Otherwise, it uses the currency assigned to the default company (00000).

This information is stored in the Customer Master table (F03B01).

For information about changing currency codes on multiple customer records, see *Converting Customer Currency Codes and Amounts*.

Before You Begin

- Specify the default currency code for address book amounts in a processing option for Customer Master Information (P03013).

► To assign currency codes to a customer record

For detailed procedures and field explanations, see the task *To enter default information for processing invoices and receipts* in the *Accounts Receivable Guide*. The following steps apply specifically to the customer setup that is required for multicurrency processing.

From the Multi-Currency Setup menu (G1141), choose Designate A/R Currency. This is the same program as Customer Master Information, which can be accessed from the Customer Invoice Entry menu (G03B11).

1. On Work with Customer Master, locate the customer and click Select.
2. On Customer Master Revision, click the Invoices tab.
3. Scroll down, if necessary, to complete the following fields and click OK:

Processing Options for Customer Master Information (P03013)

Defaults

2. Amount Currency Code

Use this processing option to specify the default value to use for the Amount Currency Code. Use the Visual Assist for a list of currency codes. If this processing option is left blank, and the corresponding field on the Customer Master Revision form is blank, when you click OK the system uses the default value from the company associated with the Security Business Unit in the Address Book.

This field is displayed only if multi-currency is activated in the General Accounting Constants.

Converting Customer Currency Codes and Amounts

You might need to convert customer currency codes or address book amounts for any number of reasons, including the following:

- Your customers want to receive invoices in a different currency
- You want to submit invoices to your customers in a different currency
- You want to view customer address book (statistical) amounts in a different currency

To convert customer currency codes and amounts, you run the Euro Address Book Conversion – F03012, F0301 program. Although this program was originally designed for Economic and Monetary Union (EMU) companies to use during the euro transition period, companies outside of the EMU might also find it useful. For example, a U.S. company that was recently purchased by a Japanese company has a corporate office that wants to view statistical amounts for all customers in the Japanese yen. In this example, you would convert the customer address book currency and amounts for all customers to JPY.

With the Euro Address Book Conversion – F03012, F0301 program, you can convert the following currency codes and amounts at the same time or independently of one another:

- Customer default currency code. To comply with customer requests to receive invoices in a different currency, convert the default currency code. If you have just a

few default currency codes to convert, you can change them manually on the Customer Master Revision form.

- Customer address book currency and amounts. To view address book amounts for customers in a different currency, convert the address book currency code and the following amounts in the Customer Master by Line of Business table (F03012):
 - Summary balance amounts (year-to-date invoice amounts and finance charges, prior-year invoice total, amount last paid, amount due, and so on).
 - Limit amounts (credit limit and minimum and maximum sales order amounts).

Customer address book amounts appear on the Account Status Summary form.

How the Address Book Conversion Program Works

The following conversion programs convert currency codes and amounts for multiple customers or suppliers:

- Euro Address Book Conversion – F03012, F0301
- Euro Address Book Conversion – F0401

You can run the conversion program and convert default currency codes, address book currency codes and amounts, or both, based on the processing options that you set.

You might consider setting up different versions of the Euro Address Book Conversion programs. For example, set up one version to convert default currency codes only, another version to convert address book currency codes and amounts only, and still another to convert both.

Processing Options

To convert customer or supplier currency codes and amounts in proof or final mode, you specify the following in the processing options:

- Exchange rate date to use to convert address book amounts.
- Currency code to use to convert address book currency code and address book amounts. Depending on which conversion program you run, the system updates the Amount Currency (CRCA) field in one of the following tables:
 - F03012 (Customer Master by Line of Business)
 - F0401 (Supplier Master)
- Currency code to use to convert customer default currency codes. Depending on which conversion program you run, the system updates one of the following fields:
 - Currency Code (CRCD) in the F03012 table
 - Currency Code (CRRP) in the F0401 table
- Rounding factor to use to round converted limit amounts. See *Example: Rounding Converted Limit Amounts*.

Data Selection

Use the data selection for the Euro Address Book Conversion program to select only those customers or suppliers whom you want to convert to another currency. If you do not specify

their address book numbers, the conversion program converts all customers or suppliers. To convert amounts for all customers or suppliers assigned a certain category code, specify the category code.

Example: Converting Customer Amounts

This example shows customer amounts before and after conversion from Canadian dollars (CAD) to the euro (EUR).

Before Conversion

The Currency Code and A/B Amount Codes fields on the customer master record = CAD.

For this example, the processing options for the Euro Address Book Conversion program were set as follows:

- Address book and amounts currency = EUR
- Default currency code = blank
- Credit limit, minimum and maximum order values = 50

The exchange rate in the Currency Exchange Rates table (F0015) is 1 CAD = 0.71097 EUR.

After Conversion

After running the Euro Address Book Conversion program, the customer address book amounts are in the euro; however, their invoices remain in Canadian dollars.

| F03012 Field | Description | Before Conversion | After Conversion | Rounded From |
|--------------|----------------------------|-------------------|------------------|----------------|
| A5CRCRCD | Currency Code - A/R | CAD | CAD | Not applicable |
| A5CRCA | Currency Code - A/B | CAD | EUR | Not applicable |
| A5AD | Amount Due | 100.00 CAD | 71.10 EUR | Not applicable |
| A5AFCP | Prior Year Finance Charges | 200.00 CAD | 142.19 EUR | Not applicable |
| A5AFCY | YTD Finance Charges | 300.00 CAD | 213.29 EUR | Not applicable |
| A5ASTY | Invoiced This Year | 400.00 CAD | 284.39 EUR | Not applicable |
| A5SPYE | Invoiced Prior Year | 500.00 CAD | 355.48 EUR | Not applicable |
| A5AHB | High Balance | 600.00 CAD | 426.58 EUR | Not applicable |
| A5ALP | Last Paid Amount | 700.00 CAD | 497.68 EUR | Not applicable |
| A5ABAM | Address Book Amount | Not used | Not used | Not applicable |
| A5ABA1 | Address Book Amount | Not used | Not used | Not applicable |

| F03012 Field | Description | Before Conversion | After Conversion | Rounded From |
|--------------|----------------------|-------------------|------------------|----------------|
| A5APRC | Open Order Amount | 1,000 CAD | 710.97 EUR | Not applicable |
| A5MINO | Minimum Order Amount | 1,000 CAD | 700 EUR | 710.97 EUR |
| A5MAXO | Maximum Order Amount | 50,000 CAD | 35,550 EUR | 35,548.30 EUR |
| A5ACL | Credit Limit | 10,000 CAD | 7,100 EUR | 7,109.66 EUR |

Caution

In the F03012 table, the field A5ABAM stores a user-defined fixed amount, and the field A5ABA1 is not functional. If you use either of these fields, be aware that the Euro Address Book Conversion program converts the amounts, regardless of whether they are monetary amounts.

Before You Begin

J.D. Edwards made substantial data structure changes to the customer master record in release B73.3. If you used the Accounts Receivable system prior to release B73.3, ensure that you have changed the data structure of your existing customer records before you convert any currency codes and amounts. To change the data structure, you must run the following programs:

- R8903012A (Convert F03012 from b732 to b733). This program converts the table structure in the F03012 table from release B73.2 (or above) to B73.3 (or above), and makes the necessary data structure changes.
- R8903012 (Convert F0301 to F03012). This program copies data from the F0301 to the F03012 table. The F03012 is the new Customer Master by Line of Business table, which replaces the F0301 table as of release B73.3 for the Accounts Receivable system.

Ensure that you have run these programs before you run the Euro Address Book Conversion – F03012, F0301 program.

► To convert customer currency codes and amounts

From the System Administration Tools menu (GH9011), choose Batch Versions.

1. On Work With Batch Versions – Available Versions, enter R8903012E in the following field and click Find:
 - Batch Application
2. Choose Address Book Conversion – Euro - F03012, F0301 and click Select.
3. On Version Prompting, choose the Data Selection option and click Submit.
4. On Data Selection, specify the address book numbers in the data selection and click OK.

If you do not do this, the conversion program converts all customers.

5. Set the processing options to convert one or both of the following:
 - Customer default currency code
 - Customer address book currency code and amounts
6. On Report Output Destination, choose a report destination and click OK.

Reviewing the Exceptions Report

When you run the Euro Address Book Conversion program, the system prints an exceptions report. Review the report for any of the following messages, and rerun the conversion program if necessary:

- *No processing errors.* Depending on which Euro Address Book Conversion program you ran, the conversion program updates one of the following tables if you set the processing option to update address book balances:
 - Customer Master by Line of Business (F03012)
 - Supplier Master (F0401)
- *Currency exchange rate not found.* The currency code that you are converting to is not set up in the exchange rate table, or the exchange rate or effective date is not set up for the currency code.
- *Invalid currency entered.* The currency code that you entered in either or both of the currency processing options is not valid.
- *Update error - record locked or not found.* The customer or supplier master record is in use.

Example: Rounding Converted Limit Amounts

Limit amounts are credit limit amounts and minimum and maximum order amounts that you assign to a customer or supplier master record. Limit amounts are usually rounded numbers and are stored without decimals.

The following example describes how the Euro Address Book Conversion program rounds converted limit amounts when converting from Canadian dollars (CAD) to U.S. dollars (USD), if you set the processing option to round limit amounts. In this example, the exchange rate is 1 CAD = 0.63492 USD and the rounding factor in the processing option is 50.

The conversion program rounds converted limit amounts up or down, as described in the following table:

| Converted Limit Amounts | Description |
|-------------------------|--|
| Round Up | <p>The conversion program converts 8,000 CAD to 5,079.36 USD. It rounds 5,079.36 USD up to 5,100 based on the following calculation:</p> <p>Converted Amount / Rounding Factor = Q with a remainder of R. If R is greater than or equal to one-half of the rounding factor, then subtract R from the rounding factor and add that amount to the converted amount.</p> <p>In this example, $5,079 \text{ USD} / 50 = 101$ with a remainder of 29, which is greater than one-half of 50. Subtract 29 from 50 ($50 - 29 = 21$) and add 21 to 5,079 to get a rounded value of 5,100.</p> |
| Round Down | <p>The conversion program converts 12,000 CAD to 7,619.05 USD. It rounds 7,619.05 down to 7,600 based on the following calculation:</p> <p>Converted Amount / Rounding Factor = Q with a remainder of R. If R is less than one-half of the rounding factor, then subtract R from the converted amount.</p> <p>In this example, $7,619 \text{ USD} / 50 = 152$ with a remainder of 19, which is less than one-half of 50. Subtract 19 from 7,619 to get a rounded value of 7,600.</p> |

Example: Parent/Child Structure with Different Currencies

If you have a parent/child structure with different default and address book currency codes, you can convert the parent independently from its children or vice versa. With this flexibility, you can continue to track address book amounts in the parent company's currency while issuing invoices or submitting payments to some of its subsidiaries in another currency. This flexibility also allows you to convert address book amounts at the subsidiary level, convert the currencies of a parent and its children at the same time, and so on.

Before Conversion

The following example shows a parent/child relationship with different currencies before running the Euro Address Book Conversion program to convert customer currency codes.

| Relationship | Address Book Currency | Default Currency |
|--------------|-----------------------|------------------|
| Parent | JPY | JPY |
| Child 1 | JPY | USD |
| Child 2 | JPY | GBP |
| Child 3 | JPY | EUR |

Child 1 and Child 3 have requested that you issue their invoices in Canadian dollars (CAD). You run the Euro Address Book Conversion program to convert their default currency from U.S. dollars (USD) and euro (EUR), respectively, to CAD.

Note

You can convert the currency codes of a parent and its children at the same time, if applicable.

After Conversion

The following example shows the results after running the Euro Address Book Conversion program.

| Relationship | Address Book Currency | Default Currency |
|--------------|-----------------------|------------------|
| Parent | JPY | JPY |
| Child 1 | JPY | CAD |
| Child 2 | JPY | GBP |
| Child 3 | JPY | CAD |

This example illustrates that you can track address book amounts in the parent company's currency (JPY) while issuing invoices to its subsidiaries in different currencies (CAD and GBP).

Multicurrency Invoices

Domestic Versus Foreign Currency Transactions

The relationship between the base currency of a company and the transaction currency of an invoice or voucher determines whether the invoice or voucher is a:

- Domestic currency transaction
- Foreign currency transaction

The currency of the company determines the *base currency* of an invoice or voucher, whereas the currency in which you issue or receive an invoice is the *transaction currency*.

To process invoices and vouchers in multiple currencies, you must assign a currency to every company that you set up. Likewise, you must assign a company to every invoice or voucher that you enter.

Domestic Currency Transaction

An invoice or voucher is considered a domestic currency transaction when the transaction currency that you assign to the invoice or voucher is the same as the base currency of the company that you enter on the invoice or voucher. When you are entering domestic currency transactions, the system does not update foreign amount fields as there are no foreign amounts involved in the transaction.

For example, company 00001 has a base currency of U.S. dollars (USD). You enter an invoice for company 00001 and assign a transaction currency of USD. The base currency (USD) is the same as the transaction currency (USD); therefore, the invoice is domestic.

Foreign Currency Transaction

An invoice or voucher is considered a foreign currency transaction when the transaction currency that you assign to the invoice or voucher is different from the base currency of the company that you entered on the invoice or voucher. The invoice or voucher has a foreign amount (based on the transaction currency) and a domestic amount (based on the base currency). The system calculates the domestic amount of a transaction using the exchange rate from the Currency Exchange Rates table (F0015) or the exchange rate that you enter on the invoice or voucher.

For example, company 00001 has a base currency of U.S. dollars (USD). You enter a voucher for company 00001 and assign a transaction currency of Japanese yen (JPY), or any other currency that is not USD. The base currency (USD) is not the same as the transaction currency (JPY); therefore, the voucher is foreign.

How Domestic Amounts Are Calculated on Foreign Transactions without Taxes

When you enter a foreign transaction without taxes, the system simply multiplies the foreign gross amount by the exchange rate to derive the domestic gross amount. If the transaction has a payment term that splits the amount entered into multiple pay items, the system performs soft rounding on both the foreign and domestic gross amounts so that the sum of

the foreign pay items equals the original foreign amount entered and the sum of the domestic pay items equals the original foreign amount entered multiplied by the exchange rate. See *Rounding Versus Soft Rounding*.

The following examples illustrate the differences between a foreign transaction that is split into multiple pay items and one that is entered with multiple pay items.

Example: Foreign Transaction Split into Multiple Pay Items

Assumptions:

- A voucher is entered in Canadian dollars for an American company (CAD to USD).
- The system is set up to use the multiplier method to calculate amounts.
- The exchange rate is 1.4.
- A payment term is used that splits the amount into three pay items and calculates a 1% discount.
- The foreign amount entered is 100.00 CAD.
- The domestic amount should equal 140.00 (100.00×1.4).

| Pay Item | Foreign Gross | Foreign Discount | Domestic Gross | Domestic Discount |
|--------------|---------------|------------------|----------------|-------------------|
| 001 | 33.33 | 0.33 | 46.67 | 0.47 |
| 002 | 33.34 | 0.34 | 46.66 | 0.46 |
| 003 | 33.33 | 0.33 | 46.67 | 0.47 |
| Total | 100.00 | 1.00 | 140.00 | 1.40 |

When you enter a foreign transaction with a split payment term, the system uses the foreign gross amount to calculate the domestic gross amount *before* it performs the split. In the example above, the system started with 140.00 USD and divided it by 3 (46.666666). Because the system performs soft rounding, it calculates the domestic pay items according to the example.

Example: Foreign Transaction Entered with Multiple Pay Items

If you enter the pay items separately, instead of using a split payment term as in the previous example, the domestic amounts for each pay item would be different because the system multiplies the amount entered by the exchange rate at the time you exit the pay item.

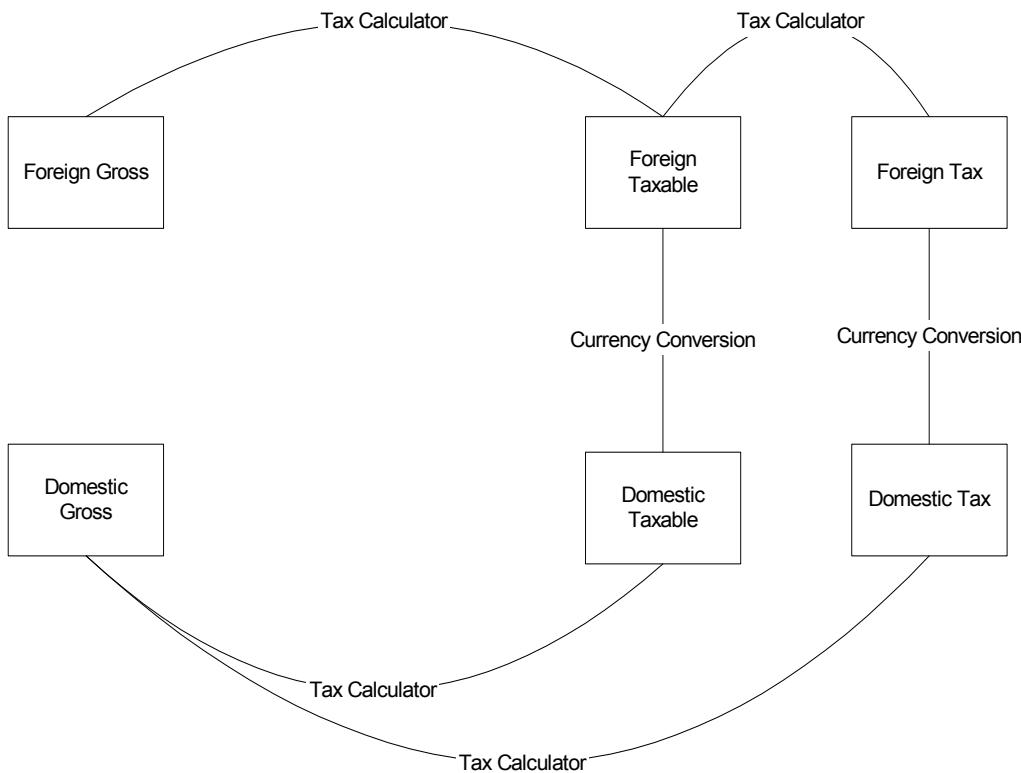
| Pay Item | Foreign Gross | Foreign Discount | Domestic Gross | Domestic Discount |
|--------------|---------------|------------------|----------------|-------------------|
| 001 | 33.33 | 0.33 | 46.66 | 0.46 |
| 002 | 33.34 | 0.34 | 46.68 | 0.48 |
| 003 | 33.33 | 0.33 | 46.66 | 0.46 |
| Total | 100.00 | 1.00 | 140.00 | 1.40 |

The system still performs the soft rounding for each pay item, and the total domestic gross amount still equals 140.00 USD, but the pay item amounts are different because the exchange rate is applied to each pay item.

How Domestic Amounts Are Calculated on Foreign Transactions with Taxes

When you enter a foreign transaction with taxes, the system calculates the tax and discount amounts on the foreign side of the transaction that you enter. Using those tax and discount amounts, the system retrieves the exchange rate and calculates the tax and discount amounts for the domestic side of the transaction. If the invoice or voucher has multiple pay items, the system performs soft rounding after it calculates the amounts for each side of the transaction. Although some clients enter the domestic side of a foreign transaction, most clients typically enter the foreign side.

The following graphic shows how the system calculates the tax and gross amount for a transaction that is entered in a foreign currency. The graphic assumes that the foreign taxable amount was entered.



As the graphic illustrates, the system:

- Multiplies the foreign taxable amount by the tax rate to determine the foreign tax amount
- Sums the foreign taxable and tax amounts to derive the foreign gross amount
- Multiplies the foreign taxable and tax amounts by the exchange rate, which is determined by the currency code, to derive the domestic taxable and tax amounts
- Sums the domestic taxable and tax amounts to derive the domestic gross amount

Note

The system does not multiply the foreign gross amount by the exchange rate to derive the domestic gross amount.

Example: Foreign Transaction with Taxes

Assumptions:

- An invoice is entered in the euro for a U.S. company (EUR to USD).
- The system is set up to use the divisor method to calculate amounts.
- The exchange rate is 0.8900757
- The tax rate is 5%.

| | Gross | Taxable | Tax |
|-----------------|--------------|----------------|------------|
| Foreign | 1527.75 | 1455.00 | 72.75 |
| Domestic | 1716.42 | 1634.69 | 81.73 |

Calculations:

- The system calculates the gross amount by adding 1455.00 (taxable) to 72.75 (tax), which equals 1527.75.
- The system calculates the domestic taxable amount by dividing 1455.00 by 0.8900757, which equals 1634.6924 and rounds to 1634.69.
- The system calculates the domestic tax amount by dividing 72.75 by 0.8900757, which equals 81.73462 and rounds to 81.73.
- The system calculates the domestic gross amount by adding 1634.69 (taxable) to 81.73 (tax), which equals 1716.42.

Note

If you were to derive the domestic amount by dividing the gross foreign amount (1527.75) by the exchange rate (0.8900757) the result would be 1716.43, not 1716.42. However, if the system performed this calculation, the sum of the taxable and tax amounts would not equal the gross.

Rounding Versus Soft Rounding

If you process a significant number of invoices and vouchers that have discounts, taxes, or both, rounding differences can add up quickly. This topic describes the differences between rounding and soft rounding. The system uses rounding on transactions with a single pay item and soft rounding on transactions with multiple pay items.

Rounding

Rounding automatically occurs when the system performs a calculation and the result does not exactly equal the lowest currency unit. In this situation, the following occurs:

- If the amount is 5 or greater, the system rounds up.
- If the amount is less than 5, the system rounds down.

For example, if the result of a calculation is 0.55672 and the currency is Canadian dollars (CAD), which has two decimal places, the system uses the third number to the right of the decimal to determine the rounding. In this example, it rounds the amount up to 0.56.

Conversely, if the amount were 0.55472, the system would use 4 to determine the rounding and rounds the amount down to 0.55.

Soft Rounding

When the total of two or more amounts must equal a specific amount, the system uses soft rounding to force the total. For example, if you split a voucher for 100 Japanese yen (JPY) into three payments, the system calculates the first pay item at 33, the second at 34, and the third at 33 so that the total of the three pay items equals 100. If the system did not use soft rounding, you would have to enter an amount that could be divided equally among pay items or submit pay items that did not equal the total amount due, which would not be acceptable.

To minimize the negative effects of rounding, the system uses soft rounding on transactions with multiple pay items. The system stores the amount that it adds or subtracts to a calculated amount in a cache (memory), and then adds or subtracts that amount from the next pay item as follows:

- If the system rounds up the amount for a pay item, it subtracts that amount from the next pay item before rounding that pay item.
- If the system rounds down the amount for a pay item, it adds that amount to the next pay item before rounding that pay item.

If the system did not perform soft rounding, you might overpay or underpay as well as overcharge or undercharge. While soft rounding does not control overpayments or underpayments and overcharges or undercharges between transactions, it does minimize the impact of rounding within a single transaction. The system does not carry soft rounding amounts from one transaction to another.

Multicurrency Batch Totals

Batch amounts are not currency-sensitive. For flexibility in data entry, you can enter transactions with different currencies in the same batch. The debit amounts of the entries are added to obtain the batch total.

If you enter transactions with different currencies in the same batch, the system does not adjust for the decimal notations of the different currencies. As a result, the totals for the batch are meaningless. For this reason, many users prefer to enter transactions with different currencies in separate batches.

To determine the expected input total for a batch with currencies that have different decimal places, add the amounts without using a decimal point.

For example, you enter invoices for 10,535.00 EUR and 16,433,500 JPY in the same batch. The system disregards the decimal point in the euro amount and calculates a hash total. The total amount entered is 17,487,000 (1053500 plus 16433500).

The system displays decimals in the input totals based on the setting in the data dictionary. Using the same figures:

- If you set the data dictionary to display zero decimals, the system displays 17,487,000.
- If you set the data dictionary to display two decimals, the system displays 174,870.00.

Entering Invoices in a Foreign Currency

You use the Standard Invoice Entry program to enter invoices in a foreign currency. You can enter the currency code at the time you enter the invoice, or let the system assign the default currency code from the customer record.

When you enter an invoice, the system simply multiplies the foreign gross amount by the exchange rate to derive the domestic gross amount. The default exchange rate is from the Currency Exchange Rates table (F0015). You can override this rate when you enter the invoice.

The system uses AAI item RC to locate the A/R trade account. The A/R trade account must be assigned to a company that has the same base currency as the company that you enter on the invoice.

Speed Invoice Entry

Like the Standard Invoice Entry program, you can use the Speed Invoice Entry (P03B11SI) program to enter an invoice in a foreign currency. Unlike the Standard Invoice Entry program, however, you cannot use the Speed Invoice Entry program to enter the domestic side of a foreign currency invoice. This is because the Speed Invoice Entry program does not allow you to deselect the Foreign option, which would indicate that you are entering the domestic side of the invoice.

For non-currency specific information, see *Entering Speed Invoices in the Accounts Receivable Guide*.

Before You Begin

- To enter foreign invoices with distributions to multiple companies, activate the Allow Multi-Currency Intercompany Transaction option in the General Accounting Constants. See *Setting Up Intercompany Settlements in the General Accounting Guide*.
- Ensure that AAI item RCxxx is set up for each company.

► To enter invoices in a foreign currency

From the Customer Invoice Entry menu (G03B11), choose Standard Invoice Entry.

1. On Work with Customer Ledger Inquiry, click Add.
2. On Standard Invoice Entry, enter the basic invoice information. See the task *To enter basic invoice information* in the *Accounts Receivable Guide*.
3. Complete the following additional fields:

If you leave this field blank, the system assigns the default currency code of the customer that you enter.

The system updates the Foreign option based on the currency code that you enter and its relationship to the base currency of the company.

If you leave this field blank, the system retrieves the exchange rate from the Currency Exchange Rates table (F0015).

4. In the detail area, complete the following field for each pay item:
To enter the domestic amount of a foreign invoice, the Foreign option must be deselected before you enter the gross amount. The Foreign option is not available to deselect until you click in the detail area of the form.
5. Click OK.
6. On G/L Distribution, enter the G/L information as usual. See the task *To enter G/L distribution information* in the *Accounts Receivable Guide*.
7. Click OK to accept the entry.

AID Field Updated During Invoice Entry

When you enter a foreign currency invoice, the currency of the company for the A/R trade account must be the same as the domestic currency of the invoice. For example, a U.S. company enters a foreign invoice in Canadian dollars. The base currency of the invoice is USD; therefore, the currency of the company for the A/R trade account must also be USD. If the currency of the company for the account assigned to AAI item RC is different from the base currency of the invoice, you receive an error message (*Trade Account Currency Incorrect*) and cannot continue entering the invoice.

When you enter a foreign currency invoice, the system searches for AAI item RC and locates the short account ID that corresponds to the account assigned to RC. It then updates the short account ID in the AID field of the invoice record in the Customer Ledger table (F03B11). Later, when you enter the receipt, the system uses the short account ID in the AID field on the F03B11 record to update the AID field in the Receipts Detail table (F03B14).

Each AAI has a hierarchical order by which the system searches for an account number. Review the following table for information about the sequence in which the system searches for AAI item RC with and without a G/L offset code.

| Account | AAI Hierarchy |
|-----------------------------------|--|
| A/R Trade Account with G/L Offset | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • RCxxx, where xxx is the currency of the invoice. The currency of the account assigned to RCxxx must be the same currency as the domestic currency of the invoice. • RCxxx for company 00000. • RCxxxx, where xxxx is the G/L offset of the company entered on the invoice. • RCxxxx for company 00000. <p>If the item does not exist, the system issues an error message (<i>Account Number is Invalid</i>). The system does not search for AAI item RC_____.</p> |

| Account | AAI Hierarchy |
|---|---|
| A/R Trade Account without G/L Offset (G/L offset = blank) | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • RCxxx, where xxx is the currency of the invoice. The currency of the account assigned to RCxxx must be the same currency as the domestic currency of the invoice. • RCxxx for company 00000. • RC____ (G/L offset = blank), where blank is the G/L offset of the company entered on the invoice. • RC____ (G/L offset = blank) for company 00000. <p>If the item does not exist, the system issues an error message (<i>AAI is Missing</i>).</p> |

The following examples show the relationships among the Currency, G/L Offset, and Company fields on an invoice.

Example: AAI Search Sequence with a G/L Offset

A U.S. company (company 00001) enters a foreign invoice in Canadian dollars (CAD) with a G/L Offset code (TRAD).

4. The system searches for AAI item RCCAD for company 00001. If the item does not exist, then:
5. The system searches for AAI item RCCAD for company 00000. If the item does not exist, then:
6. The system searches for AAI item RCTRAD for company 00001. If the item does not exist, then:
7. The system searches for AAI item RCTRAD for company 00000. If the item does not exist, the system issues an error message (*Account Number is Invalid*).

Example: AAI Search Sequence without a G/L Offset

A U.S. company (company 00001) enters a foreign invoice in Canadian dollars (CAD) without a G/L Offset code (that is, the G/L offset code is blank).

The system searches for the A/R trade account based on the following hierarchy:

8. The system searches for AAI item RCCAD for company 00001. If the item does not exist, then:
9. The system searches for AAI item RCCAD for company 00000. If the item does not exist, then:
10. The system searches for item RC____ (G/L offset = blank) for company 00001. If the item does not exist, then:
11. The system searches for item RC____ (G/L offset = blank) for company 00000. If the item does not exist, the system issues an error message (*AAI is Missing*).

Reviewing Invoices in a Foreign Currency

You can use the Work with Customer Ledger Inquiry form to review invoices in a foreign currency. Like other J.D. Edwards inquiry forms and reports, the grand total amounts on the Work with Customer Ledger Inquiry form are meaningless if you display more than one currency at a time.

To get meaningful results when reviewing invoices in a foreign currency, see the task *To review invoices in a foreign currency*.

► To review invoices in a foreign currency

From the Customer Invoice Entry menu (G03B11), choose Customer Ledger Inquiry.

1. On Work with Customer Ledger Inquiry, complete any of the fields in the header portion of the form to limit your search.
2. To expand the form and view more transactions, right click. Choose Grid, then Maximize/Restore. To return the form to normal size, choose Grid, then Maximize/Restore again.
3. To further limit your search, enter a value in any field in the QBE row and click Find.

To review invoices entered in a specific foreign currency, enter the currency code in the Trans Curr (Transaction Currency) field in the QBE row.

To review invoices for companies with a specific base currency, enter the currency code in the Base Curr (Base Currency) field in the QBE row.

4. Review the totals for the gross, open, foreign, and foreign open amounts by scrolling to the bottom of the form, if necessary.

Note the following:

- The system displays foreign amount totals only if you limit your search to invoices with the same transaction currency. It does not display gross amount totals if the base currency is not the same.
 - The system displays gross amount totals only if you limit your search to invoices with the same base currency. It does not display foreign amount totals if the transaction currency is not the same.
5. To review detailed information for an invoice, choose the invoice and click Select.
 6. On Standard Invoice Entry, toggle between the foreign and domestic currency.

If you turn on the Foreign option, the foreign amount of the invoice appears.

If you turn off the Foreign option, the domestic amount of the invoice appears.

Related Tasks

| | |
|---|---|
| Revising unposted foreign currency invoices | <p>Use the Speed Status Change program (P03B114) to revise unposted invoices in a foreign currency.</p> <p>If you revise a foreign invoice using the Standard Invoice Entry program (P03B11), be aware that the system attempts to recalculate domestic amounts even if you do not revise an amount field.</p> <p>For example, if you revise the invoice remark on a foreign invoice, the system will recalculate the domestic amount based on the current exchange rate. Assuming the exchange rate changed between the time the invoice was entered and revised, this causes an out-of-balance condition between the invoice and G/L distribution and becomes an integrity issue.</p> |
| Deleting unposted foreign currency invoices | If you delete a foreign currency invoice, the system also deletes the domestic side of the invoice. If you delete a domestic currency invoice, the system also deletes the foreign side. |
| Revising the domestic side of unposted foreign currency invoices | The system displays a warning if you attempt to change a multicurrency transaction in domestic mode. |
| Changing the currency code on a foreign currency invoice | You cannot change the currency code after you enter a foreign currency invoice, regardless of whether it is posted. To change the currency, you must enter a new invoice with the correct currency code and delete (if unposted) or void (if posted) the incorrect invoice. |

Processing Options for Invoice Entry MBF (P03B0011)

Defaults

1. Select an option for default service/tax date. Enter a '1' to default from the invoice date. Leave blank to default from the G/L date.

Service/Tax Date Option

2. Enter the default pay status or leave blank to use the data dictionary default value.

Default Pay Status

3. Enter the default document types for the following:

Standard Invoice Type (default = RI)

Credit Memo Type (default = RM)

Edits

1. Select an option for invoice date editing:

Blank = No Edit, '1' = Warning, '2' = Error

Invoice Date > Today's Date

Invoice Date > G/L Date

Currency

1. Enter a '1' to allow value added tax on entries with currency.

Value Added Tax Option

2. Select the date to be used to retrieve the exchange rate. Enter a '1' to use the G/L date. Leave blank to use the invoice date.

Exchange Rate Date Option

3. Enter a '1' to edit the exchange rate effective date against the G/L period of the transaction.

Effective Date Option

4. Enter the exchange rate tolerance limit.

Tolerance Limit

Interoperability

1. Outbound Interoperability

Enter the version of the Invoice Interoperability Function (P03B0190).

Blank = Use ZJDE0001

Printing Invoices in a Foreign Currency

From the Statement Reminder Processing menu (G03B22), choose Invoice Print.

You can print invoices in a foreign currency showing either the foreign or the domestic amount as follows:

- The foreign amount of the invoice with currency code
- The domestic amount of the invoice with no currency code

Use the demo version called *Invoice Print - Foreign*.

For detailed information about the Invoice Print program, see *Printing Accounts Receivable Invoices* in the *Accounts Receivable Guide*.

Processing Multicurrency Batch Invoices

Before you process batch invoices in a foreign currency, you should understand the relationship between the currency mode and currency amount fields. You should also understand how amounts are calculated using the exchange rate. The fields that are required and the way amounts are calculated depend on the type of transaction that you enter. See *Guidelines for Amount, Exchange Rate, and Currency Mode Fields*.

To successfully upload batch invoice entries from an external source and process them in your J.D. Edwards system, you must first create a custom program that provides proper data to fields in the following tables:

- Invoice Transactions – Batch File (F03B11Z1)
- Journal Entry Transactions – Batch File (F0911Z1)

To successfully process batch invoices, you must understand what type of information the Invoice Batch Processor program R03B11Z1I requires from the F03B11Z1 and F0911Z1 tables. See *Multicurrency Fields Required in the F03B11Z1 and F0911Z1 Tables*.

For complete information about processing batch invoices, including all other fields required in the F03B11Z1 table, see *Batch Invoice Processing* in the *Accounts Receivable Guide*.

Guidelines for Amount, Exchange Rate, and Currency Mode Fields for Batch Invoices

Observe the following guidelines to determine how to enter amounts, exchange rates, and currency modes for domestic and foreign transactions when processing batch invoices in a multicurrency environment.

| Type of Transaction | Description of Values for Multicurrency Fields |
|---------------------|--|
| Domestic | <p>If the currency code of the transaction (as identified by the value in the Currency Code field, VJCRCD) is equal to the currency code of the company, the transaction is a domestic transaction.</p> <p>Enter the transaction amount in the Gross Amount field (VJAG) and enter D in the Currency Code field (VJCRRM). Do not enter an exchange rate.</p> <p>If you are entering discount information, complete the Discount Available field (VJADSC). If you leave the Discount Available field blank, and you entered a payment term (VJPCTC), the system calculates the discount based on the payment term. If you leave both the Discount Available and the Payment Term fields blank, the system calculates the discount based on the payment term in the Customer Master by Line of Business table (F03012). See <i>Required Fields for Processing Batch Invoices with Discounts</i> in the <i>Accounts Receivable Guide</i>.</p> <p>If you are entering tax information, complete the Taxable Amount (VLATXA), Non-Taxable Amount (VLATXN), and Tax Amount (VLSTAM) fields. If you leave these fields blank, the system calculates the amounts based on the tax rate area (VJTXA) and tax explanation code (VJEXR1) that you entered in the record. If you also leave the Tax Rate/Area and Tax Explanation Code fields blank, the system calculates the tax amounts based on the Tax Rate/Area and Tax Explanation Code fields in the Customer Master by Line of Business table (F03012). See <i>Fields Required for Processing Tax Information on Batch Invoices and Vouchers</i> in the <i>Tax Reference Guide</i>.</p> |
| Foreign | <p>If the currency code of the transaction (as identified by the value in the Currency Code field, VJCRCD) is different from the currency code of the company, the transaction is a foreign transaction.</p> <p>Enter the transaction amount in the Currency Amount field (VJACR) and enter F in the Currency Mode field (VJCRRM). The system calculates the domestic amount based on the Exchange Rate field (VJCRR).</p> <p>If you are entering discount information, complete the Foreign Discount Available field (VJCDS). See <i>Required Fields for Processing Batch Invoices with Discounts</i> in the <i>Accounts Receivable Guide</i>.</p> <p>If you are entering tax information, complete the Foreign Taxable Amount (VJCTXA), Foreign Non-Taxable Amount (BJCTXN), and Foreign Tax Amount (VJCTAM) fields.</p> |

| Type of Transaction | Description of Values for Multicurrency Fields |
|--|---|
| Domestic side of a foreign transaction | <p>If the currency code of the transaction (as identified by the value in the Currency Code field, VJCRCD) is different from the currency code of the company, enter the domestic amount in the Gross Amount field (VJAG).</p> <p>Unlike a foreign transaction, you do not enter an amount in the Currency Amount field.</p> <p>Enter F in the Currency Mode field (VJCRRM). The system calculates the foreign amount based on the exchange rate (VJCRR).</p> <p>If you are entering discount information, complete the Foreign Discount Available field (VJCDS). See <i>Required Fields for Processing Batch Invoices with Discounts</i> in the <i>Accounts Receivable Guide</i>.</p> <p>If you are entering tax information, complete the Foreign Taxable Amount (VJCTXA), Foreign Non-Taxable Amount (BJCTXN), and Foreign Tax Amount (VJCTAM) fields.</p> |

Multicurrency Fields Required in the F03B11Z1 and F0911Z1 Tables

Before you process batch invoices, review the following tables for a list of the multicurrency fields required in the Invoice Transactions – Batch File table (F03B11Z1) and the Journal Entry Transactions – Batch File table (F0911Z1).

Multicurrency Fields Required in the F03B11Z1 Table

For some fields, blank is a valid value.

| Field Name | Alias | Type | Length | Description |
|-----------------|--------|--------|--------|--|
| Currency Mode | VJCRRM | Alpha | 1 | <p>A code that indicates whether the invoice is domestic or foreign. This field is used in conjunction with the Currency Code (VJCRCD), Gross Amount (VJAG), Currency Amount (VJACR), and Exchange Rate (VJCRR) fields to calculate required amounts for the transaction.</p> <p>Enter D or F, depending on other information provided in the transaction.</p> <p>If you leave this field blank, the system determines this value based on other information provided in the transaction. The system updates this field when the invoice is processed.</p> |
| Currency Code | VJCRCD | Alpha | 3 | A code that identifies the invoice currency. The value that you enter in this field must exist in the Currency Codes table (F0013). |
| Currency Amount | VJACR | Number | 15 | Enter the transaction amount only if the value of the Currency Code field (VJCRCD) is different from the currency code assigned to the company, as defined in the Company Constants table (F0010). |

| Field Name | Alias | Type | Length | Description |
|----------------------------|--------|--------|--------|---|
| Exchange Rate | VJCRR | Number | 15 | <p>This field specifies the exchange rate for calculating either the domestic or foreign amount of the invoice, depending on the information provided.</p> <p>If you leave this field blank, the system retrieves the exchange rate from the Currency Exchange Rates table (F0015).</p> <p>Enter an exchange rate if you want to override the exchange rate in the F0015 table or if an exchange rate does not exist. If you set the processing option in the Invoice Entry MBF program (P03B0011) to activate tolerance checking, the system validates the exchange rate that you enter. If you do not have tolerance checking activated, no validation is performed.</p> |
| Foreign Discount Available | VJCDS | Number | 15 | <p>Enter an amount, or leave this field blank to have the system calculate the discount based on the Payment Terms Code field (VJPTC). If the Payment Terms Code field is blank, the system calculates the discount based on the payment term in the Customer Master by Line of Business table (F03012).</p> |
| Foreign Taxable Amount | VJCTXA | Number | 15 | <p>The system completes this field based on information in the Tax Rate/Area (VJTXA1), Tax Explanation Code (VJEXR1), and Currency Amount (VJACR) fields. The system calculates the information that is not provided in the record. For example, if you enter the foreign taxable amount and you leave the currency amount blank, the system calculates the currency amount.</p> <p>Do not complete both the Currency Amount (VJACR) and Foreign Taxable Amount (VJCTXA) fields.</p> <p>If the Currency Mode field (VJCRRM) is D, do not complete the Foreign Taxable Amount, Foreign Non-Taxable Amount, and Foreign Tax Amount fields. Instead, use the Taxable Amount (VJATXA), Non-Taxable Amount (VJATXN), and Tax Amount (VJSTAM) fields.</p> |

| Field Name | Alias | Type | Length | Description |
|--------------------------------------|--------|--------|--------|---|
| Foreign Non-Taxable Amount | VJCTXN | Number | 15 | <p>The system completes this field based on information in the Tax Rate/Area (VJTXA1), Tax Explanation Code (VJEXR1), and Currency Amount (VJACR) fields. The system calculates the information that is not provided in the record. For example, if you enter the foreign taxable amount and you leave the currency amount blank, the system calculates the currency amount.</p> <p>Do not complete both the Currency Amount (VJACR) and Foreign Taxable Amount (VJCTXA) fields.</p> <p>If the Currency Mode field (VJCRRM) is D, do not complete the Foreign Taxable Amount, Foreign Non-Taxable Amount, and Foreign Tax Amount fields. Instead, use the Taxable Amount (VJATXA), Non-Taxable Amount (VJATXN), and Tax Amount (VJSTAM) fields.</p> |
| Foreign Tax Amount | VJCTAM | Number | 15 | <p>The system completes this field based on information in the Tax Rate/Area (VJTXA1), Tax Explanation Code (VJEXR1), and Currency Amount (VJACR) fields. The system calculates the information that is not provided in the record. For example, if you enter the foreign taxable amount and you leave the currency amount blank, the system calculates the currency amount.</p> <p>Do not complete both the Currency Amount (VJACR) and Foreign Taxable Amount (VJCTXA) fields.</p> <p>If the Currency Mode field (VJCRRM) is D, do not complete the Foreign Taxable Amount, Foreign Non-Taxable Amount, and Foreign Tax Amount fields. Instead, use the Taxable Amount (VJATXA), Non-Taxable Amount (VJATXN), and Tax Amount (VJSTAM) fields.</p> |
| Domestic Entry w/Mult Currency Distr | VJDMCD | Alpha | 1 | <p>If the distribution accounts in the Journal Entry Transactions - Batch File table (F0911Z1) are in a company that has a different currency from the company in the F03B11Z1 table, enter 1 in this field and activate the multicurrency intercompany settlement function in the General Accounting Constants table (F0009).</p> <p>If you are not using multicurrency intercompany settlements, leave this field blank.</p> |
| Foreign Open Amount | VJACR | Number | 15 | Leave this field blank. The system automatically completes this field when the transaction is processed. |
| Foreign Discount Taken | VJDSC | Number | 15 | Leave this field blank. This field is not updated until a receipt is applied against an invoice containing an amount in the Foreign Discount Available field (VJCDS). |
| Foreign Open Amount | VJACR | Number | 15 | Leave this field blank. The system automatically completes this field when the transaction is processed. |

| Field Name | Alias | Type | Length | Description |
|------------------------|-------|--------|--------|---|
| Foreign Discount Taken | VJDSA | Number | 15 | Leave this field blank. The system completes this field when a receipt is applied against an invoice that contains an amount in the Foreign Discount Available field (VJCDS). |

Multicurrency Fields Required in the F0911Z1 Table

| Field Name | Alias | Type | Length | Description |
|-----------------|--------|--------|--------|--|
| Amount | VNAA | Number | 15 | If you are entering a domestic transaction, enter the amount in this field. |
| Currency Amount | VNACR | Number | 15 | If you are entering a foreign transaction, enter the amount in this field. |
| Ledger Type | VNLT | Alpha | 2 | Enter AA in this field or leave it blank. Do not enter CA as a ledger type. |
| Currency Code | VNCRCD | Alpha | 3 | The system completes this field based on the value in the corresponding field in the F03B11Z1 table. |
| Currency Mode | VNCRRM | Alpha | 1 | The system completes this field based on the value in the corresponding field in the F03B11Z1 table. |
| Exchange Rate | VNCRR | Number | 15 | The system completes this field based on the value in the corresponding field in the F03B11Z1 table. |

Reviewing Invoices in an "As If" Currency

Regardless of whether you enter an invoice in a domestic or foreign currency, you can review amounts as if they were entered in another currency.

To review amounts in an "as if" currency, you must enter a currency code and an exchange rate date in the processing options for the Customer Ledger Inquiry program (P03B2002). This activates the As If Currency Code field on the Work with Customer Ledger Inquiry form and retrieves the corresponding exchange rate in the Currency Exchange Rates table (F0015) to calculate the "as if" currency amount.

About "As If" Currency Processing

Reviewing amounts using "as if" currency processing allows you to view them as if they were entered in a currency other than the currency in which they were actually entered. For example, a Canadian company that enters a foreign transaction in the euro can review amounts as if they were entered in the Japanese yen and then compare those amounts to the domestic and foreign currency amounts.

Although "as if" currency processing was originally designed for reviewing amounts between two EMU currencies that were irrevocably fixed to one another, it can be used to review and compare amounts between any currencies. Be aware, however, that if the exchange rates are not fixed there are limitations to viewing amounts in an "as if" currency. The "as if"

currency amount that you view might not be the same amount as the actual invoice or receipt because of fluctuating exchange rates.

One of the advantages of "as if" processing is that it does not impact disk space. The "as if" currency amounts are not written to a table; instead, they are stored in temporary memory. Although this has no impact on disk space, it can impact processing time.

Dates That Affect the Transaction Amounts You View

Before you review foreign currency invoices and vouchers, it is important to understand the different dates that affect the amounts displayed on the Work with Customer Ledger Inquiry and Supplier Ledger Inquiry forms. By understanding these dates and how the inquiry program uses them, you help to ensure that you specify the correct date when reviewing your invoices and vouchers.

These dates are:

- The effective date on the Set Up Currency Exchange Rates form. The inquiry program searches for the most recent effective date for a currency and uses the corresponding exchange rate in the currency calculation.
- The "from" and "thru" dates on the Work with Customer Ledger Inquiry or Supplier Ledger Inquiry form. This date range determines which transactions appear on the form.
- One of the following dates, which is used to retrieve the transaction rate:
 - "As of" date in the processing options. If the "as of" date is blank, the program uses the "thru" date.

The As Of Date field on the inquiry form works in conjunction with the As If Currency field. If you complete the As Of Date field, the system compares the date that you enter with the G/L date of the receipt (if applicable) to determine the amount of the invoice that was open as of that date. If you also complete the As If Currency field, the system calculates the "as if" open amount based on the As Of Date field.

- Thru Date on the inquiry form. The Thru Date does not override the "as of" date in the processing options.

Before You Begin

- Complete the processing options on the Currency tab for Customer Ledger Inquiry (P03B2002).

► To review invoices in an "as if" currency

From the Customer Invoice Entry menu (G03B11), choose Customer Ledger Inquiry.

1. On Work with Customer Ledger Inquiry, complete any of the fields in the header portion of the form to limit your search.

In the following example, the gross amounts are in EUR (company 70), USD (company 1), and CAD (company 77); the foreign amounts are in EUR; and the "as if" amounts are in JPY.
2. To further limit your search, enter a value in any field in the QBE row and click Find.

3. Scroll to the right in the detail area, if necessary, to review the following fields for the "as if" currency:

Note

The Exchange Rate field, which appears in the detail area of the form, does not display the exchange rate used to calculate "as if" amounts. Instead, it displays the exchange rate used to calculate the foreign to domestic amount.

4. To display "as if" amounts in a different currency, change the currency code in the following field and click Find:

The system issues an error message if an exchange rate for the "as if" currency is not set up for the date entered in the processing option.

Processing Options for Customer Ledger Inquiry (P03B2002)

Currency

1. "As If" Currency

Use this processing option to specify the "as if" currency and to display the As If Curr Code field on the Work With Customer Ledger Inquiry form. The system recalculates domestic amounts based on the "as if" currency and the date in the Exchange Rate processing option, and displays them in the "as if" columns in the detail area on the form.

If you leave this processing option blank, the system does not display the As If Curr Code field or "as if" currency columns.

2. "As Of" Date

Blank = Thru date

Use this processing option to specify the date to use to retrieve the exchange rate between the "as if" currency and the domestic currency. If you leave this processing option blank, the system uses the value that you specify in the Thru Date on the Work With Customer Ledger Inquiry form. If you leave this processing option blank and do not specify a value in the Thru Date, the system uses the most recent exchange rate entered. If an exchange rate does not exist, the system returns an error.

Posting Foreign Currency Invoices

From the Customer Invoice Entry menu (G03B11), choose Post Invoices to G/L. Alternatively, you can post invoices using the Invoice Journal Review program.

After you enter, review, and approve foreign currency invoices, you must post them.

The invoice post program performs the tasks described in the following table, regardless of whether you use multicurrency processing. For information specific to posting invoices in a multicurrency environment, review the information under *Multicurrency Considerations*.

| Task Performed by Invoice Post | Multicurrency Considerations |
|---|--|
| Selects unposted invoice transactions from the Customer Ledger table (F03B11). | |
| Verifies that a corresponding F0911 record exists and the amount balances to the invoice amount. | |
| Verifies that the batch has an approved status. | |
| Creates automatic offset entries to debit the A/R trade account in the F0911 table. | Creates automatic offset entries to debit the A/R trade account for the AA (domestic) and CA (foreign) ledgers in the F0911 table. |
| Creates entries in the Account Balances table (F0902) as follows: Credits the income account Debits the A/R trade account | |
| Updates invoices to a posted (D) status in the F03B11 table. | |
| Updates corresponding records to a posted status (P) in the F0911 table. | |
| Updates the batch control record to a posted (D) status in the Batch Control Records table (F0011). | |

Multicurrency Receipts

Domestic, Foreign, and Alternate Currency Receipts

You can process receipts in a domestic, foreign, or alternate currency. With this flexibility, you can process a receipt in any currency and apply it to invoices in any currency as long as the company base currency on the receipt is the same as the domestic currency of the invoice. Stated another way:

Company base currency on receipt = Domestic currency of invoice

The following example illustrates what happens if you try to enter a receipt for a company with a base currency that is different from the domestic side of the invoice.

A receipt is entered for company 00077, which has a base currency of CAD. Note that because the company base currency on the receipt (CAD) is not the same as the domestic currency of the invoices (USD), the system will not accept the receipt entry. In other words:

- You cannot enter a receipt in CAD to pay the domestic amount of invoice 221 (USD).
- You cannot enter a receipt in CAD to pay the foreign amount of invoice 223 (CAD).

The domestic currency of the invoices (USD) does not equal the company base currency (CAD) on the receipts.

| Invoice | Invoice Domestic Currency | Invoice Foreign Currency |
|---------|---------------------------|--------------------------|
| 221 | USD | USD |
| 223 | USD | CAD |

To complete the entry, you must change the company number on the receipt to a company with a base currency of USD.

Review the following examples to understand how the system determines whether a receipt is a domestic, foreign, or alternate currency receipt.

Example: Domestic Currency Receipts

A domestic currency receipt is a receipt that is in the same currency as the base currency of the invoice. The following example applies to domestic currency receipts:

- You enter a receipt in USD to pay the domestic amount of invoice 221 (USD).
- You enter a receipt in USD to pay the domestic amount of invoice 222 (EUR).

| Invoice | Domestic Currency Invoice | Foreign Currency Invoice | Domestic Currency Receipt |
|---------|---------------------------|--------------------------|---------------------------|
| 221 | USD | USD | USD |
| 222 | USD | EUR | USD |

The receipts, which are in the domestic currency (USD), pay the domestic amount of the invoices, even though one of the invoices has a foreign amount (EUR). The system does not calculate a gain or loss on domestic currency receipts.

Example: Foreign Currency Receipts

A foreign receipt is a receipt that is in the same currency as the foreign currency of the invoice. The following example applies to foreign currency receipts:

- You enter a receipt in EUR to pay the foreign amount of invoice 223 (EUR).
- You enter a receipt in CAD to pay the foreign amount of invoice 224 (CAD).

| Invoice | Domestic Currency Invoice | Foreign Currency Invoice | Foreign Currency Receipt |
|---------|------------------------------|-----------------------------|-----------------------------|
| 223 | USD | EUR | EUR |
| 224 | USD | CAD | CAD |

The receipts, which are in the foreign currency of the invoice (EUR and CAD, respectively), pay the foreign amounts of the invoices. A gain or loss might be calculated if the exchange rate changes between the time the invoice was entered and the receipt is applied.

Example: Alternate Currency Receipts

An alternate currency receipt is a receipt that is in a currency different from the foreign or domestic currency of an invoice. The following example applies to alternate currency receipts:

- You enter a receipt in EUR to pay the domestic amount of invoice 225 (USD).
- You enter a receipt in JPY to pay the foreign amount of invoice 226 (CAD).

| Invoice | Domestic Currency Invoice | Foreign Currency Invoice | Alternate Currency Receipt |
|---------|------------------------------|-----------------------------|-------------------------------|
| 225 | USD | USD | EUR |
| 226 | USD | CAD | JPY |

The receipts, which are not in the foreign or domestic currency of the invoices, pay the domestic (USD) and foreign (CAD) currency amounts of the invoices. A gain or loss might be calculated if the exchange rate changes between the time that the invoice was entered and the receipt is applied.

If an invoice is domestic only and the receipt is not domestic (see invoice 225), the receipt is considered an alternate currency receipt, not a foreign currency receipt.

Programs for Foreign and Alternate Currency Receipts

The following table lists the programs that are available for processing receipts in multiple currencies, and indicates whether the programs can be used for foreign or alternate currency receipts.

| Program and Program Number | Menu | Foreign Currency | Alternate Currency |
|-------------------------------------|---------|------------------|--------------------|
| Standard Receipts Entry (P03B102) | G03B12 | x | x |
| Speed Receipts Entry (P03B0001) | G03B12 | x | |
| Apply Receipts to Invoices (R03B50) | G03B13 | x | |
| Process Auto Debits (R03B571) | G03B131 | x | |
| Enter Our Drafts (P03B602) | G03B161 | x | |
| Enter Customer Drafts (P03B602) | | | |

Forecasting Cash Flow in a Foreign Currency

Use one of the following navigations:

From the A/R Advanced & Technical Operations menu (G03B31), choose A/R Cash Forecasting.

From the A/P Advanced & Technical Operations menu (G0431), choose A/P Cash Forecasting Summarization.

The A/R and A/P Cash Forecasting Summarization programs build the Cash Forecasting Summarization table (F0032), which contains useful information for cash analysis and forecasting.

After you build the F0032 table, download the information to a standard spreadsheet program to view the total amount of all open invoices or vouchers, due dates, and the amount required to close the invoices and vouchers. The information is summarized by business unit, company, due date, and currency.

The F0032 table contains both domestic and foreign amounts and currency codes as follows:

- The domestic amount and currency appear in the Amount Open and Currency Code-From fields.
- For monetary accounts, the foreign amount and currency appear in the Amount Open-Foreign and Currency Code-To fields.
- For non-monetary accounts, the domestic amount and currency appear in the Foreign Amount and Currency Code fields.

For more information, see *Forecasting Cash Flow in the Accounts Receivable Guide* or *Accounts Payable Guide*.

Entering Manual Receipts in a Foreign Currency

A foreign currency receipt is a receipt that is in the foreign (transaction) currency of the invoice. You specify the foreign currency of the receipt at the time you enter the receipt. The foreign currency of a receipt must be the same currency as the transaction currency of the invoice for the system to process the receipt.

When you enter a manual receipt, the system converts the selected invoices to the foreign currency amount based on the exchange rate in the Currency Exchange Rates table (F0015) or, if applicable, a spot rate entered on the receipt record.

To enter a manual receipt in a foreign currency, you typically match the receipt to an invoice or group of invoices using the Standard Receipts Entry program. This is the most common method of applying receipts, regardless of whether a foreign currency is involved.

Before You Begin

- Ensure that the following AAIs are set up:
 - RBxxx – default bank account
 - RGxxx – realized gains on foreign currency receipts. See *Realized Gains and Losses on Foreign Currency Receipts*.
 - RLxxx – realized losses on foreign currency receipts. See *Realized Gains and Losses on Foreign Currency Receipts*.
 - R8 – rounding account for foreign currency receipts. See *Rounding Account for Foreign and Alternate Currency Receipts*.

► To enter manual receipts in a foreign currency

From the Manual Receipts Processing menu (G03B12), choose Standard Receipts Entry.

1. On Work with Customer Receipts Inquiry, click Add.
2. On Receipt Entry, complete the fields in the header area as usual. See the task *To enter an unapplied receipt* in the Accounts Receivable Guide for detailed steps.
3. Enter the currency code of the foreign currency receipt in the following field:

The default value is the currency code of the address book number in the Payor field. If no currency code is assigned to the payor, the system uses the currency code assigned to the company in the Company field.

4. Specify a spot rate, if applicable, in the following field:
The default value is the exchange rate between the payor and the base company, unless you override the default currency code in the Currency field.
5. Do one of the following:
 - To select specific open invoices and apply them to a receipt, complete steps 6–13.
 - To display all open invoices and select specific ones to apply to a receipt, complete steps 14–18.

To Select Specific Open Invoices and Apply Them to a Receipt

6. On Receipt Entry, choose Select from the Form menu.
7. On Select Invoices, accept the default values in the following fields or change them, if applicable:

The default value is the payor number that is entered in the receipt header.

The default value is the company number entered in the receipt header.

The default value is the currency code of the receipt that is entered in the receipt header. The system displays invoices only in the currency specified in this field. To display all invoices for the customer regardless of currency, enter *.

8. Click one of the following options to specify the type of address book number entered:
9. Do one of the following:
 - Click Find to display all open items that meet the search criteria in the header area of the Select Invoices form.
 - Use the QBE row in the detail area of the Select Invoices form to further narrow your search and click Find. If you use the QBE row, you must search for and select each invoice individually.
10. Choose the invoices to apply to the receipt and click Select.

The Select button acts like a toggle, allowing you to select or deselect invoices. Alternatively, you can choose Select/Deselect from the Row menu.

The system marks the invoices that you select. It keeps track of the number of invoices and the total amount of the invoices and displays that information at the bottom of the Select Invoices form.

11. Click Close to display the selected invoices in the detail area of the Receipt Entry form.

The system displays open invoices in the order in which they were selected.
12. On Receipt Entry, verify or, if necessary, complete the following fields:
13. Click OK to accept the receipt entry.

To Display All Open Invoices and Select Specific Ones to Apply to a Receipt

14. On Receipt Entry, choose Load from the Form menu.
15. On Load Invoices, accept the default values in the following fields or change them, if applicable:

The default value is the company number that is entered on the receipt header.

The default value is the payor number that is entered on the receipt header.

The default value is the currency code of the receipt that is entered in the receipt header. The system displays invoices only in the currency specified in this field. To display all invoices for the customer regardless of currency, enter *.

16. Click OK to load the invoices in the detail area of the Receipt Entry form.

The system displays open invoices in order by due date.
17. On Receipt Entry, verify or, if necessary, complete the following fields:
18. Click OK to accept the receipt entry.

Related Topics

| | |
|-------------------------|--|
| Chargebacks | <p>When you apply a receipt to an invoice, you can create a chargeback invoice for a disputed amount. The system creates chargebacks for a specific invoice in the invoice currency.</p> <p>To create a chargeback that applies to a specific invoice, you must specify the original invoice. The system uses this information to calculate the chargeback amount.</p> <p>The system creates stand-alone chargebacks for multiple invoices in the receipt currency. To create a stand-alone chargeback, do not specify the original document.</p> <p>To locate the A/R trade account for chargebacks, the system searches for AAI item RCxxx. For information, see <i>Multicurrency Automatic Entries Created by the Receipt Post</i>.</p> |
| Rounding Records | <p>The system assigns document type RR to a receipt record in the Receipts Detail table (F03B14) when the receipt is either fully applied on the foreign side, but not fully applied on the domestic side, or fully unapplied on the foreign side, but not fully unapplied on the domestic side. This rounding record is at the receipt level and is not associated with any particular invoice line.</p> <p>For more information about document types, see <i>Dates, Document Types, and Type Input Codes</i> in the <i>Accounts Receivable Guide</i></p> |

Processing Options for Standard Receipts Entry (P03B102)

8. Currency

Blank = Do not retain the currency

1 = Retain the currency

Use this processing option to retain the currency code entered on the Receipt Entry form after you enter the receipt. Valid values are:

Blank

Do not retain the currency.

1

Retain the currency.

9. Exchange Rate

Blank = Do not retain the exchange rate

1 = Retain the exchange rate

Use this processing option to specify whether to retain the exchange rate entered on the Receipt Entry form after you enter the receipt. Valid values are:

Blank

Do not retain the exchange rate.

1

Retain the exchange rate.

Currency

1. Edit Effective Date

Blank = Do not edit effective date

1 = Edit effective date

Use this processing option to specify whether the system validates the effective date that it uses to retrieve the exchange rate against the G/L date that you enter on the receipt. Valid values are:

Blank

Do not validate the effective date.

1

Validate the effective date. The system issues a warning when the effective date of the exchange rate retrieved from the Currency Exchange Rates table (F0015) is not in the same period as the G/L Date of the receipt.

2. Alternate Currency Receipts

Blank = Do not allow

1 = Allow

Use this processing option to specify whether to allow the payment of an invoice in an alternate currency (a currency other than the base or transaction currency of the invoice). Valid values are:

Blank

Do not allow payment in alternate currency.

1

Allow payment in alternate currency.

Entering Manual Receipts in an Alternate Currency

An alternate currency receipt is a payment that is in a currency other than the domestic or foreign currency of the invoice.

With alternate currency receipt processing, you can issue an invoice to a customer in one currency and receive payment in a currency that is different from the transaction currency of the invoice and the domestic currency of your company. This prevents you from having to void the original invoice and enter a new invoice that is in the same currency as the receipt.

For example, assume you work for a U.S company and you create invoices in the currency of your customer's company. Your customer's company forwards invoices to their parent company for payment. The parent company uses a different currency than your customer's company and your company. With alternate currency receipt processing, you can apply the receipt in whatever currency it is submitted.

Entering receipts in an alternate currency is similar to entering domestic and foreign receipts. Most of the processing for alternate currency receipts is based on the setup that you do before you actually enter the receipts. You activate alternate currency receipt processing in a processing option in the Standard Receipts Entry program.

The Standard Receipts Entry program converts the invoice amount to the alternate currency amount so that you can apply the alternate currency receipt. To convert the invoice amount, the program uses the exchange rate between the invoice currency and the alternate currency. The exchange rate is retrieved from the Currency Exchange Rates table (F0015), based on the G/L date.

Note

You can enter alternate currency receipts through Standard Receipts Entry only. Automatic receipt processing (including EDI), draft receipt processing, and the Speed Receipts Entry program do not support alternate currency.

► To enter manual receipts in an alternate currency

From the Manual Receipts Processing menu (G03B12), choose Standard Receipts Entry.

1. On Work with Customer Receipts Inquiry, click Add.
2. On Receipt Entry, complete the fields in the header area as usual.
3. Enter the currency code of the alternate currency receipt in the following field:

The system converts open invoice amounts to the alternate currency entered in this field, based on the exchange rate in the Currency Exchange Rates table (F0015).

4. Do not enter an exchange rate in the Exchange Rate field.

The default value in the Exchange Rate field, which is from the F0015 table, always reflects the base currency to alternate currency exchange rate. If you change the rate, be aware that the system ignores the rate entered.

If the alternate currency receipt applies to a foreign invoice, the system converts amounts using the foreign to alternate currency rate in the F0015 table. Similarly, if

the alternate currency receipt applies to a domestic invoice, the system uses the domestic to alternate currency rate in the F0015 table.

Unlike foreign currency receipts, the system does not allow spot rates on alternate currency receipts. If a spot rate applies to an alternate currency receipt, you must update the F0015 table with the rate before you enter the receipt.

5. Do one of the following:
 - To select specific open invoices and apply them to a receipt, complete steps 6–14.
 - To display all open invoices and select specific ones to apply to a receipt, complete steps 15–20.

To Select Specific Open Invoices and Apply Them to a Receipt

6. On Receipt Entry, choose Select from the Form menu.
7. On Select Invoices, accept the default values in the following fields or change them, if applicable:

The default value is the payor number entered in the receipt header.

The default value is the company number entered in the receipt header.

8. Click one of the following options to indicate the type of address book number entered:
9. Change the default value in the Currency field from the receipt currency to one of the following:
 - The transaction currency of the invoice. The system displays invoices only in the currency specified for the customer (or payor).
 - * (asterisk). The system displays all invoices for the customer (or payor) regardless of currency.
10. Do one of the following:
 - Click Find to display all open items that meet the search criteria in the header area of the Select Invoices form.
 - Use the QBE row in the detail area of the Select Invoices form to further narrow your search and click Find. If you use the QBE row, you must search for and select each invoice individually.

11. Choose the invoices to apply to the receipt and click Select.

The Select button acts like a toggle, allowing you to select or deselect invoices. Alternatively, you can choose Select/Deselect from the Row menu.

The system marks the invoices that you select and it keeps track of the number and total amount of the invoices and displays that information at the bottom of the Select Invoices form.

12. Click Close to display the selected invoices in the detail area of the Receipt Entry form.

The system displays open invoices in the order in which they were selected.

13. On Receipt Entry, verify or, if necessary, complete the following fields:

14. Click OK to accept the receipt entry.

To Display All Open Invoices and Select Specific Ones to Apply to a Receipt

15. On Receipt Entry, choose Load from the Form menu.

16. On Load Invoices, accept the default values in the following fields or change them, if applicable:

The default value is the company number entered on the receipt header.

The default value is the payor number entered on the receipt header.

17. Change the default value in the Currency field from the receipt currency to one of the following:

- The transaction currency of the invoice. The system displays invoices only in the currency specified for the customer (or payor).
- * (asterisk). The system displays all invoices for the customer (or payor) regardless of currency.

18. Click OK to load the invoices in the detail area of the Receipt Entry form.

The system displays open invoices in order by due date.

19. On Receipt Entry, verify or, if necessary, complete the following fields:

20. Click OK to accept the receipt entry.

T-Accounts for Alternate Currency Receipts

The following T-accounts illustrate how transactions move in and out of accounts when an alternate currency receipt is involved. The T-account entries are for a foreign invoice (500.00 CAD), the domestic side of the invoice (313.44 USD), and an alternate currency receipt (347.33 EUR). The following applies:

- Exchange rate (invoice date) 1 CAD = 0.62688 USD
- Exchange rate (receipt date) 1 CAD = 0.69466 EUR

| Revenue | Trade | Cash | Clearing |
|--------------------------|--------------------------|---------------------------------|---------------------------------|
| 313.44 USD 500.00 CAD | 313.44 USD 500.00 CAD | 313.44 USD 347.33 EUR | 313.44 USD 500.00 CAD |
| | | 313.44 USD 500.00 CAD | 313.44 USD 347.33 EUR |

The alternate currency entries are bold.

GLBA Field Updated During Receipt Entry

When you enter a foreign or alternate currency receipt, the currency of the company for the bank account must be the same as the domestic currency of the receipt. For example, a U.S. company enters a foreign receipt in Canadian dollars. The base currency of the receipt is USD; therefore, the currency of the company for the bank account must also be USD. If the currency of the company for the bank account is different from the domestic currency of the receipt, you receive an error message and cannot continue entering the receipt.

AAI item RB specifies the default bank account that the system uses when you enter a foreign or alternate currency receipt, and does not specify a bank account. The system searches for AAI item RB and locates the short account ID that corresponds to the account assigned to RB. It then updates the short account ID in the GLBA field of the receipt record in the Receipts Header table (F03B13). Later, when you post the receipt, the system uses the short account ID in the GLBA field on the F03B13 record to update the bank account in the Account Ledger table (F0911).

Each AAI has a hierarchical order by which the system searches for an account number. Review the following table for information about the sequence in which the system searches for AAI item RB.

| Account | AAI Hierarchy |
|--------------|---|
| Bank Account | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• RBxxx, where xxx is the currency of the receipt. The currency of the account assigned to RBxxx must be the same currency as the domestic currency of the invoice.• RBxxx for company 00000.• RB for the receipt company.• RB for company 00000. <p>If the item does not exist, the system issues an error message (<i>Account Number is Invalid</i>). The system does not search for AAI item RB_____.</p> |

Processing Automatic Receipts in a Foreign Currency

You can process automatic receipts in either the domestic or foreign currency of an invoice. To process automatic receipts in multiple currencies, you must enter the currency code, exchange rate, and currency mode in the Electronic Receipts Input table (F03B13Z1). The currency code that you enter must reflect either the domestic or foreign currency of the invoices being paid.

Automatic Receipts Processing works in conjunction with the following tables:

- Electronic Receipts Input (F03B13Z1). This table contains information that was loaded from a bank tape, and therefore contains information that was entered at the bank.
- Receipts Header (F03B13). The system creates records in this table when you run the Update Receipts Register program (R03B551).

To successfully upload automatic receipt entries from an external source and process them in your J.D. Edwards system, you must first create a custom program that provides proper data

to fields in the Electronic Receipts Input table (F03B13Z1). To successfully match and apply foreign currency receipts to invoices using automatic receipts, you need to understand what type of information the Apply Receipts to Invoices program (R03B50) requires from the F03B13Z1 table. See *Multicurrency Fields Required in the F03B13Z1 Table*.

For complete information about the Automatic Receipts program, including all other fields required in the F03B13Z1 table, see *Automatic Receipts Processing in the Accounts Receivable Guide*.

Note

The system cannot process automatic receipts in an alternate currency (a currency other than the domestic or foreign currency of the invoice). You must enter alternate currency receipts manually through the Standard Receipt Entry program (P03B102).

Multicurrency Fields Required in the F03B13Z1 Table

Review the following table for a list of the multicurrency fields in the Electronic Receipts Input table (F03B13Z1).

| Field Name | Alias | Type | Length | Description |
|---------------------|--------|--------|--------|---|
| Currency Code | RUCRCD | Alpha | 3 | A code that identifies the currency of the receipt. The value entered in this field must exist in the Currency Codes table (F0013). |
| Exchange Rate | RUCRR | Number | 15 | The rate that is used to calculate any gain or loss for the invoice that is paid. If the exchange rate is the same for the receipt and invoice, then no gain or loss is calculated. If you leave this field blank, the exchange rate is retrieved from the Currency Exchange Rates table (F0015). Enter an exchange rate if you want to override the exchange rate established in the F0015 table, or if one is not set up. |
| Currency Mode | RUCRRM | Alpha | 1 | A code that indicates whether the receipt is domestic or foreign. If the receipt is in a currency that is different from the base currency of the invoice it pays, it is considered foreign, and a value of F should be entered in this field. This information must be entered on the bank tape when you are entering transactions in an environment in which multicurrency is activated, regardless of whether the transaction is domestic or foreign. |
| Foreign Open Amount | RUFAP | Number | 15 | Do not complete this field. Use the Check Amount (RUCKAM) and Gross Amount (RUAG) fields to enter the amount of the receipt, regardless of its currency |

Note

Do not use the Foreign Open Amount field (RUFAP). Enter the receipt amount in the Check Amount field (RUCKAM). Additionally, if using Known Invoice Match with Amount, enter the amount to apply in the Gross Amount field (RUAG).

Reviewing Receipts in a Foreign or Alternate Currency

Depending on your business needs, you can use either of the following forms to review foreign or alternate currency receipts:

- Work with Customer Receipts Inquiry
- Work with Batches

Work with Customer Receipts Inquiry

From the Manual Receipts Processing menu (G03B12), choose Standard Receipts Entry.

Use the search criteria in the header of the Work with Customer Receipts Inquiry form to review receipts by receipt date, bank account, fiscal period, and so on. Additionally, you can use the QBE row in the detail area to inquire on a specific receipt amount or batch, for example.

Work with Batches

From the Manual Receipts Processing menu (G03B12), choose Receipts Journal Review.

The Work with Batches form appears with the default batch type of RB (receipts and adjustments).

Use the search criteria in the header of the Work with Batches form to review a specific batch, unposted or posted batches only, and so on. Additionally, you can use the QBE row in the detail area to inquire on batches for a specific date, with an approved status, and so on.

Reviewing Statements in the Invoice and Receipt Currencies

With the Review Statements program (P03B202), you can quickly review the invoices and receipts on a statement and interactively respond to your customer's questions or concerns. If the invoice and receipt are in different currencies, you can review the amounts in the receipt currency as well as the invoice currency.

For example, you work for a company that issues an invoice in Canadian dollars but receives payment in U.S. dollars. You can review the receipt amount in the receipt currency (USD) as well as the invoice currency (CAD). This feature is helpful, especially when working customer accounts.

Reviewing receipt amounts in two currencies applies to online statements only. It does not apply to printed statements, which print receipt amounts in the invoice currency regardless of whether they were paid in another currency.

Before You Begin

- Set a processing option on the Aging tab for the Statement Notification Refresh program to specify whether to print statements in the domestic currency only, or in both the foreign and domestic currencies. To generate statements, run Statement Notification Refresh from the Statement Reminder Processing menu (G03B22).

► To review statements in the invoice and receipt currencies

From the Statement Reminder Processing menu (G03B22), choose Review Statements.

1. On Work with Notifications, complete one or more of the following fields and click Find:
2. On Work with Notifications, choose a statement and click Select to review the details.

Related Topics

| | |
|--|---|
| Delinquency fees in a multicurrency environment | <p>The following applies to delinquency fees, which can appear on statements.</p> <p>When you run the Generate Delinquency Fees program, the system generates delinquency fees based on the base currency of the company assigned to the invoices. If you have invoices for multiple companies with different base currencies, the system generates multiple fee records – one for each currency.</p> <p>The Generate Delinquency Fees program is a version of the Credit Analysis Refresh program (R03B525). For more information about this program, see <i>Generating Delinquency Fees in the Accounts Receivable Guide</i>.</p> |
|--|---|

Reviewing Customer Accounts in Multiple Currencies

When managing customer accounts for collection purposes, you can quickly access and review various types of accounts receivable information to facilitate your customer analysis and decision-making process. Depending on the information that you require, you can use either of the following forms:

- Account Balance Inquiry
- Parent/Child Balance Inquiry

The currency amounts that appear on these forms are based on one of the following:

- For non-zero companies, the system displays amounts using the currency of the company record.
- For company 00000, the system displays amounts using the currency in the A/B Amounts Code field of the customer master record.

All amounts are recalculated based on the exchange rate that is set up for the aging date that you specify when you run Credit Analysis Refresh.

Account Balance Inquiry

From the Credit/Collections Management menu (G03B15), choose Account Balance Inquiry.

Use the Account Balance Inquiry form to review all past due accounts assigned to a specific collection manager, the open balance of a customer's account as of a certain date, and so on.

Parent/Child Balance Inquiry

From the Credit/Collections Management menu (G03B15), choose Parent/Child Balance Inquiry.

Use the Parent/Child Browse form to review account balance information for a parent account and its associated children, including the total open amount of a child account or whether a child account has exceeded its assigned credit limit.

Before You Begin

- Run Credit Analysis Refresh (R03B525) to update the account information that appears on the Account Balance Inquiry and Parent/Child Balance Inquiry forms.

Processing Automatic Debits in a Foreign Currency

You use the automatic debit process to record the withdrawal of funds from a customer's bank account. Using automatic debits, you can pay invoices in the foreign currency specified on the invoice. An automatic debit batch can contain only one currency.

The Currency Code, Gross Amount, Discount taken, and Net Amount fields on the Work with Auto Debit Batches form reflect the amounts written to the Auto Debit Batch Control table (F03B571). Multicurrency information is printed on the Create Automatic Debit Batch report (R03B571).

► To process automatic debits in a foreign currency

From the Automatic Debiting menu (G03B131), choose Process Auto Debits.

1. On Work with Auto Debit Batches, click Add.
2. On Work with Batch Versions – Available Versions, create a new version or run an existing version.
3. Do the following:
 - Set the processing option (on the Processing tab) to process automatic debits in the foreign currency of the invoice.
 - Verify that the processing option (on the Bank Information tab) contains a bank account with the same currency as the foreign currency of the invoice.
 - Select only one currency in the data selection. If you do not do this, the program uses the currency of the first invoice as the default foreign currency.

See Also

- Automatic Debits* in the *Accounts Receivable Guide* for detailed information about the automatic debit process
- Formatting a Batch of Automatic Debits* in the *Accounts Receivable Guide* for information about country-specific bank requirements

Posting Foreign and Alternate Currency Receipts

From the Manual Receipts Processing menu (G03B12), choose Post Receipts to G/L. Alternatively, you can post receipts using the Receipts Journal Review program.

After you process foreign and alternate currency receipts, you must post them.

The receipt post program performs the tasks described in the following table, regardless of whether you use multicurrency processing. For information specific to posting receipts in a multicurrency environment, review the information under *Multicurrency Considerations*.

| Task Performed by Receipt Post | Multicurrency Considerations |
|--|--|
| Selects unposted receipt transactions from the Receipts Header (F03B13) and Receipts Detail (F03B14) tables. | |
| Verifies that the batch has an approved status. | |
| Creates entries to debit the appropriate bank account for the receipt amount in the F0911 table. | |
| Creates automatic offset entries to credit the A/R trade account for the receipt amount in the F0911 table. | Creates automatic offset entries to credit the A/R trade account for the AA (domestic) and CA (foreign) ledgers in the F0911 table. |
| Creates automatic entries for discounts, write-offs, chargebacks, and deduction accounts. | |
| Currency gains and losses do not apply to non-multicurrency environments. | Creates automatic entries for foreign currency and alternate currency gains and losses. For more information, see <i>Multicurrency Currency Automatic Entries Created by the Receipt Post</i> . |
| Slight rounding differences do not apply to non-multicurrency environments. | Creates journal entries for slight rounding differences, if applicable. For more information, see <i>Slight Rounding Differences Recorded by the Receipt Post</i> . |
| Updates balances in the Account Balances table (F0902). | |
| Marks records as posted (P) in the Account Ledger table (F0911). | |

| Task Performed by Receipt Post | Multicurrency Considerations |
|---|------------------------------|
| Marks records as posted (D) in the F03B13 and F03B14 tables. | |
| Changes records in the Batch Control Records table (F0011) to D (posted). | |

For information about the entries created when you post foreign currency drafts, see *Multicurrency Automatic Entries Created by the Draft Post*.

Before You Begin

- Verify the offset method in A/R Constants. See *Setting Up the Offset Method in the Constants*.
- Before posting foreign currency receipts, ensure that the following AAI items are set up:
 - RGxxx – realized gains
 - RLxxx – realized losses
 - R8 – rounding account
- Before posting alternate currency receipts, ensure that the following AAI items are set up:
 - RYxxx – realized gains
 - RZxxx – realized losses
 - R7 – clearing account
 - R8 – rounding account

Multicurrency Automatic Entries Created by the Receipt Post

When you post foreign and alternate currency receipts, the system creates automatic entries (document type AE) in the Account Ledger table (F0911) for realized gains and losses.

Unlike other J.D. Edwards post programs outside of the Accounts Receivable system, the receipt post program creates automatic entries based on the account associated with an account ID at the time the receipt is entered instead of the account associated with an AAI item at the time the receipt is posted.

When you enter foreign and alternate currency receipts, the system updates the account ID that is associated with accounts for the following:

- Realized Gains and Losses
- A/R Trade
- Deduction Suspense

For complete information about all other account IDs updated at the time of receipt entry, see *Fields Updated During Receipt Entry* in the *Accounts Receivable Guide*.

Realized Gains and Losses

To create an automatic entry for a gain, loss, or rounding account, the receipt post program first locates the short account ID in the AIDT (foreign currency receipts) or AIDA (alternate

currency receipts) field of the receipt record in the Receipts Detail table (F03B14). It then creates an automatic entry for the account that corresponds to the short account ID.

The short account ID, which is updated in the AIDT or AIDA field at the time a receipt is entered, points to the account assigned to one of the following AAI items:

- RGxxx – realized gains
- RLxxx – realized losses
- R8 – rounding account

The following table lists gain, loss, rounding, and clearing accounts and the AAIs that the system uses to update the AIDT and AIDA fields when a foreign or alternate currency receipt is entered. The system creates automatic entries for the account associated with the account ID when you post receipts.

| Account | AAI Used | Field Updated | Table Updated |
|---------------------------|--|---------------|---------------|
| Foreign Currency Gain | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • RGxxx, where xxx is the currency of the receipt company • RGxxx, where xxx is the currency of the company 00000 • RG for the receipt company • RG for company 00000 | AIDT | F03B14 |
| Foreign Currency Loss | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • RLxxx, where xxx is the currency of the receipt company • RLxxx, where xxx is the currency of the company 00000 • RL for the receipt company • RG for company 00000 | AIDT | F03B14 |
| Foreign Currency Rounding | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • R8 for the receipt company • R8 for company 00000 <p>Note</p> <p>The system creates an additional record (record type R) in the F03B14 table when rounding occurs, and then updates the AIDT field of that record based on the AAI.</p> | AIDT | F03B14 |

| Account | AAI Used | Field Updated | Table Updated |
|-------------------------------------|--|----------------|---------------|
| Alternate Currency Gain | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • RYxxx, where xxx is the currency of the company entered on the receipt record • RYxxx, where xxx is the currency of company 00000 • RY that is set up for the company entered on the receipt record • RY for company 00000 | AIDA | F03B14 |
| Alternate Currency Loss | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • RZxxx, where xxx is the currency of the company entered on the receipt record • RZxxx, where xxx is the currency of company 00000 • RZ that is set up for the company entered on the receipt record • RZ for company 00000 | AIDA | F03B14 |
| Alternate Currency Clearing Account | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • R7 for the company entered on the receipt record • R7 for company 00000 <p>Note The system does not store an account ID for the clearing account; instead it uses AAI item R7.</p> | Not applicable | F03B14 |

Write-offs

The system does not calculate gains and losses for write-off amounts.

A/R Trade

To create an automatic entry for a chargeback in the A/R Trade account, the receipt post program first locates the short account ID in the AID and AIDC fields of the receipt record in the F03B11 and F03B14 tables, respectively. It then creates an automatic entry for the account that corresponds to the short account ID.

The short account ID, which is updated in the AID and AIDC fields at the time a receipt is entered, points to the account assigned to AAI item RC.

The following table lists the two types of chargebacks and the AAIs that the system uses to update the AIDC and AID fields when a foreign or alternate currency receipt is entered. The

system creates automatic entries for the account associated with the account ID when you post receipts.

Draft Post

The information in the following table also applies to foreign currency drafts.

| Type of Receipt | AAI Used | Field Updated | Table Updated |
|------------------------|---|---------------|------------------|
| Chargebacks | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • RCxxx, where xxx is the currency of the receipt company • RCxxx, where xxx is the currency of company 00000 • RCxxxx for the invoice company, where xxxx is the value of the Chargeback G/L Offset field • RCxxxx for company 00000, where xxxx is the value of the Chargeback G/L Offset field • RC for the invoice company • RC for company 00000 | AID AIDC | F03B11 F03B14 |
| Standalone Chargebacks | <p>The system locates the account using the following hierarchy:</p> <ul style="list-style-type: none"> • RCxxx, where xxx is the currency of the receipt company • RCxxx, where xxx is the currency of company 00000 • RCxxxx for the receipt company, where xxxx is the value of the Chargeback G/L Offset field • RCxxxx for company 00000, where xxxx is the value of the Chargeback G/L Offset field • RC for the receipt company • RC for company 00000 | AID AIDC | F03B11 F03B14 |

Deduction Suspense

To create an automatic entry for deductions in the Deduction Suspense account, the receipt post program first locates the short account ID in the DAID field of the receipt record in the F03B14 table. It then creates an automatic entry for the account that corresponds to the short account ID. The short account ID, which is updated in the DAID field at the time a receipt is entered, points to the account assigned to AAI item RN.

The following table lists the two types of deduction suspense accounts and the AAIs that the system uses to update the DAID field when a foreign or alternate currency receipt is entered. The system creates automatic entries for the account associated with the account ID when you post receipts.

Draft Post

The information in the following table also applies to foreign currency drafts.

| Type of Receipt | AAI Used | Field Updated | Table Updated |
|-----------------------|---|---------------|---------------|
| Deductions | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• RNxxx, where xxx is the currency of the invoice company• RNxxx, where xxx is the currency of company 00000• RN for the invoice company• RN for company 00000 | DAID | F03B14 |
| Standalone Deductions | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• RNxxx, where xxx is the currency of the receipt company• RNxxx, where xxx is the currency of company 00000• RN for the receipt company• RN for company 00000 | DAID | F03B14 |

See Also

- ❑ For non-currency specific information about automatic entries and the receipt post, see *Automatic Entries Created by the Receipt Post* in the *Accounts Receivable Guide*

Multicurrency Journal Entries Created by the Receipt Post

When you post non-currency specific receipts, the system creates detailed or summarized journal entries in the Account Ledger table (F0911) based on the journal entry creation method specified in a processing option for the Standard Receipts Entry program (P03B102).

However, when you post foreign and alternate currency receipts, the post program creates detailed journal entries or, if applicable, issues an error message, regardless of the journal entry creation method that you specify in the processing option. The system will not create summarized amounts if multicurrency is activated in your general accounting constants.

Based on settings in the general accounting and accounts receivable constants and the journal entry creation method specified in a processing option, the system creates detailed journal entries or issues an error message as indicated in the following table.

Draft Post

The information in the following table also applies to foreign currency drafts.

| Intercompany (G/A Constants) | Offset Method (A/R Constants) | Journal Entry Creation Method (Summary or Detail) | Journal Entry Created (F0911) |
|------------------------------|-------------------------------|---|-------------------------------|
| 1 | B | D | Detail |
| 1 | Y | D | Detail |
| 1 | S | D | Detail |
| 2 | B | D | Error (not allowed) |
| 2 | Y | D | Detail |
| 2 | S | D | Detail |
| 1 | B | S | Error (not allowed) |
| 1 | Y | S | Detail |
| 1 | S | S | Detail |
| 2 | B | S | Error (not allowed) |
| 2 | Y | S | Detail |
| 2 | S | S | Detail |

Key

| | |
|----------------------------|---|
| Offset Method | <p>Y = One automatic entry offset per document, regardless of the number line item</p> <p>S = One automatic entry per pay item</p> <p>B = One automatic entry per batch</p> |
| Intercompany Method | <p>1 = Hub</p> <p>2 = Detail</p> |

See Also

- For non-currency specific information about journal entries and the receipt post, see *Journal Entries Created by the Receipt Post* in the *Accounts Receivable Guide*

Slight Rounding Differences Recorded by the Receipt Post

When you post foreign or alternate currency receipts, the system creates journal entries for slight rounding differences. These slight rounding differences are recorded when a foreign or alternate currency receipt is applied to an invoice and the domestic amount of the invoice is not the same as the domestic amount of the receipt. The rounding difference, which is immaterial, is recorded in a rounding account as directed by AAI item R8.

Typically, rounding differences occur on transactions that involve multiple invoices and one receipt, or multiple receipts and one invoice. For these transactions, a rounding difference might occur when the system converts amounts between a foreign and a domestic currency, or an alternate and domestic currency.

In the following example, a slight rounding difference is recorded on a foreign currency receipt. The exchange rate is 1 CAD = 0.73429 EUR

A French company enters three foreign currency invoices for 1,250.00 CAD each (917.86 EUR each). The company receives payment for 3,750.00 CAD (2,753.59 EUR). When the company applies the domestic receipt amount (2,753.59) to the domestic invoices (917.86 x 3 = 2,753.58 EUR), a slight rounding difference exists of + 0.01 EUR.

To record the rounding differences, the system creates an offset journal entry in the rounding account when you post the receipt. The rounding difference is associated with the receipt, not the invoice. If you adjust a receipt and the adjustment affects an existing rounding amount, the system creates a new rounding record. It does not change the original record.

Generating Credit Reimbursements in a Foreign Currency

From the Period End Processing menu (G03B21), choose Generate Reimbursements.

Credit reimbursements are used to reclassify credits in the Accounts Receivable system to open vouchers in the Accounts Payable system. When you generate credit reimbursements, the system pays open credit memos and generates vouchers to reimburse the customer.

You use the data selection to specify the records in which to create reimbursements. The system creates reimbursements only if the amount is a credit (negative). Credit reimbursements are generated based on groupings by customer, company, and currency.

For detailed information about generating credit reimbursements, see *Credit Reimbursements in the Accounts Receivable Guide*.

Example: Data Selection for Credit Reimbursements

Assume you have the following records in the Customer Ledger table (F03B11):

| Customer | Company | Currency Code | Amount | Document Type |
|----------|---------|---------------|---------|---------------|
| 4272 | 00001 | USD | 200.00 | RI |
| 4272 | 00001 | USD | -100.00 | RM |
| 4272 | 00001 | EUR | 50.00 | RI |
| 4272 | 00001 | EUR | 100.00 | RI |
| 4272 | 00001 | EUR | -200.00 | RM |
| 4272 | 00010 | USD | 80.00 | RI |
| 4272 | 00010 | EUR | -150.00 | RM |

| | | | | |
|------|-------|-----|--------|----|
| 4272 | 00010 | EUR | 180.00 | RI |
|------|-------|-----|--------|----|

You generate credit reimbursements with customer number 4272 as the only data selection criterion. The system generates one reimbursement for 50.00 EUR, based on the customer number (4272), company (00001), and currency code (EUR) group.

The system generates a reimbursement because the overall balance of the customer's account is negative. If, however, the overall balance had been positive, the system would not generate a reimbursement.

- You generate credit reimbursements with customer number 4272 and a document type of RM as the data selection criteria. The system generates three reimbursements for customer 4272:
 - One for 100.00 USD, based on customer number (4272), company (00001), and currency (USD)
 - One for 200.00 EUR, based on customer number (4272), company (00001), and currency (EUR)
 - One for 150.00 EUR, based on customer number (4272), company (00010), and currency (EUR)

The system does not consider the overall balance of the customer's account because you specified document type RM.

Processing Accounts Receivable Drafts in a Foreign Currency

In most countries, a draft is a promise to pay a debt. Many areas of the world use draft processing, although it might be referred to as something other than draft processing. For example, in Asia Pacific, the draft process is commonly used for post-dated checks. In the United States, it is used for credit card payments.

You can process drafts in a foreign currency as long as the transaction currency of the invoice is the same currency as the draft. The transaction currency of an invoice determines the currency that is used throughout the draft process. For example, if the transaction currency of an invoice is foreign, you must print, remit, and collect it as a draft in a foreign currency.

Depending on whether a foreign currency draft must be accepted by your customer, you can process drafts either manually or automatically. For detailed information about the draft process, see *Accounts Receivable Draft Processing* in the *Accounts Receivable Guide*.

Foreign Currency Manual Drafts

Manual drafts are also called customer acceptance drafts because the customer must accept them before they can be remitted to the bank.

When you enter a manual draft on the Draft Entry form, the currency must match the transaction currency of the invoice. If the transaction currency is foreign, the system activates the Foreign option on the Draft Entry form.

The Draft Entry form is similar to the Receipt Entry form. For detailed information, see the task *To enter receipts in a foreign currency*.

Foreign Currency Automatic Drafts

You use the Pre-Authorized Drafts form to enter automatic drafts in a foreign currency.

Automatic drafts are also called preauthorized drafts because they do not require customer acceptance. You and your customer agree in advance that the customer will pay with a draft.

When you create automatic drafts, the system processes them in the transaction currency of the invoice. If the transaction currency is foreign, the system processes the draft in the foreign currency.

Foreign Currency Drafts and Processing Options

Review the following table for information about processing options specific to foreign currency draft processing:

| A/R Draft Processing Program | Multicurrency Processing Options |
|---|--|
| Draft Entry (P03B602) | <p>Set the following default values for the Draft Entry form:</p> <ul style="list-style-type: none">• Retain the currency code entered on the Draft Entry form after you enter a draft• Retain the exchange rate entered on the Draft Entry form after you enter a draft• Validate the effective date used to retrieve the exchange rate against the G/L date entered on the draft |
| Invoice Print with Draft (R03B5051) | Set a processing option to print foreign invoices with foreign amounts and currency codes. |
| Draft Collection with Status Update (R03B680) | Specify the exchange rate to use for drafts that pay foreign invoices, regardless of the invoice currency. This applies only to drafts remitted without contingent liability. |

Multicurrency Automatic Entries Created by the Draft Post

When you post manual or automatic drafts in a foreign currency, the system creates automatic entries (document type AE) in the Account Ledger table (F0911) for realized gains and losses.

Unlike other J.D. Edwards post programs outside of the Accounts Receivable system, the draft post program creates automatic entries based on the account associated with an account ID at the time a draft is entered instead of the account associated with the AAI item at the time a draft is posted.

When you enter foreign currency drafts, the system updates the account ID that is associated with accounts for the following:

- Realized Gains and Losses
- A/R Trade

- Deduction Suspense

For complete information about all other account IDs updated at the time of draft entry, see *Fields Updated During Draft Entry* in the *Accounts Receivable Guide*.

This topic describes the automatic entries created for realized gains and losses. The automatic entries for the A/R Trade and Deduction Suspense accounts are the same for drafts as they are for receipts. For information, see *Multicurrency Automatic Entries Created by the Receipt Post*.

Realized Gains and Losses

To create an automatic entry for a gain, loss, or rounding account, the draft post program first locates the short account ID in the AIDT field for the draft record in the Receipts Detail table (F03B14). It then creates an automatic entry for the account that corresponds to the short account ID.

The short account ID, which is updated in the AIDT field at the time a draft is entered, points to the account assigned to one of the following AAI items:

- RGxxx – realized gains
- RLxxx – realized losses
- R8 – rounding account

The following table lists gain, loss, and rounding accounts and the AAIs that the system uses to update the AIDT field when a foreign currency draft is entered. The system creates automatic entries for the account associated with the account ID when you post drafts.

| Account | AAI Used | Field Updated | Table Updated |
|-----------------------|--|---------------|---------------|
| Foreign Currency Gain | <p>The system uses the following hierarchy for AAI item RG:</p> <ul style="list-style-type: none"> • RGxxx, where xxx is the currency of the draft company • RGxxx, where xxx is the currency of the company 00000 • RG for the draft company • RG for company 00000 | AIDT | F03B14 |
| Foreign Currency Loss | <p>The system uses the following hierarchy for AAI item RL:</p> <ul style="list-style-type: none"> • RLxxx, where xxx is the currency of the draft company • RLxxx, where xxx is the currency of the company 00000 • RL for the draft company • RG for company 00000 | AIDT | F03B14 |

| Account | AAI Used | Field Updated | Table Updated |
|------------------|---|---------------|---------------|
| Rounding Account | <p>The system uses the following hierarchy for AAI item R8:</p> <ul style="list-style-type: none"> • R8 for the draft company • R8 for company 00000 <p>Note</p> <p>The system creates an additional record (record type R) in the F03B14 table when rounding occurs, and then updates the AIDT field of that record based on the AAI.</p> | AIDT | F03B14 |

Write-offs

The system does not calculate gains and losses for write-off amounts.

Multicurrency Journal Entries Created by the Draft Post

When you post foreign currency drafts, the system creates detailed or summarized journal entries in the F0911 table based on the journal entry creation method specified in a processing option for the Enter Our Drafts (P03B602) and Enter Customer Drafts (P03B602) programs. The journal entries created by the draft post are the same as those created by the receipt post. For more information, see *Multicurrency Journal Entries Created by the Receipt Post*.

Currency Gains and Losses for Accounts Receivable

Unrealized and Realized Gains and Losses

Currency gains and losses are based on exchange rate fluctuations that occur on transactions that involve more than one currency. When calculating currency gains and losses, the system uses AAIs to distribute the gain or loss to the correct G/L account. Two types of gains and losses exist:

- Unrealized gains and losses
- Realized gains and losses

Unrealized gains and losses are calculated on unpaid invoices and vouchers as well as the open portion of partially paid invoices and vouchers at the end of a fiscal period, whereas realized gains and losses are calculated at the time payment is received or issued.

Calculating Unrealized Gains and Losses

To record unrealized gains and losses on open foreign invoices and vouchers, you can enter the gain and loss entries manually as a journal entry or have the system create the gain and loss entries automatically.

Unrealized gains and losses apply to unpaid invoices and vouchers or the open portion of a partially paid invoice or voucher. If you work with multiple currencies, you need to record unrealized gains and losses at the end of each fiscal period to revalue your open foreign transactions. This gives you an accurate picture of your cash position so that you can forecast and manage your cash flow.

When you run the Unrealized Gain/Loss Report, the system:

- Revalues your open foreign invoices or vouchers
- Analyzes your unrealized gains and losses in detail

If you mix multiple currencies when you run the Unrealized Gain/Loss Report, the foreign grand total and any other subtotals appear as **NA** (not applicable) because totals for more than one currency are meaningless. To prevent this, set up a different batch version for each company that has a different base currency. Setting up a separate batch version for each specific company has the added advantage of reducing the size of the Unrealized Gain/Loss Report.

Run the Unrealized Gain/Loss Report first in proof mode. Review the report it produces and correct any exchange rates, if necessary. Continue to run the program in proof mode until you have corrected all exchange rates, and then run the program in final mode. Final mode creates journal entries.

Caution

To avoid duplicate journal entries, do not run this program more than one time per fiscal period with the processing option set to create journal entries.

You set a processing option to create the reversing journal entry necessary to record the unrealized gain or loss. The system assigns journal entries a document type of JX. This is the only document type that can be used to adjust the domestic side of a monetary (currency-specific) account. The system creates only one reversing journal entry per company.

Before You Begin

- Enter new exchange rates on the Setup Currency Exchange Rates form. From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.
- Set up a different version of the A/R Unrealized Gain/Loss Report for each company that has a different base currency.
- Ensure that the following AAIs are set up:
 - RVxxx – unrealized gains
 - RWxxx – unrealized losses
 - RRxxxx – unrealized gain/loss offsets

See Also

- Calculating Realized Gains and Losses* for information about realized gains and losses on receipts

Running the A/R Unrealized Gain/Loss Report

From the Period End Processing menu (G03B21), choose A/R Unrealized Gain/Loss Report.

You run the A/R Unrealized Gain/Loss Report to calculate unrealized gains and losses. The system produces a report that shows the following:

- Base company currency and the transaction currency for each invoice
- Invoice number and due date
- Original and current domestic amount calculated for each invoice
- Foreign amount of each invoice
- Realized gain or loss if a receipt has been applied to an invoice
- Unrealized gain or loss for each open invoice

To produce the report, the system uses information from the following tables:

- Customer Ledger (F03B11)
- Receipts Detail (F03B14)

If you mix multiple currencies when you run the A/R Unrealized Gain/Loss Report, the foreign grand total and any other subtotals appear as **NA** (not applicable) because totals for more than one currency are meaningless. To prevent this, set up a different batch version for each company that has a different base currency. Setting up a separate batch version for each company has the added advantage of reducing the size of the report.

Run the A/R Unrealized Gain/Loss Report first in proof mode. Review the report it produces and correct any exchange rates, if necessary. Continue to run the program in proof mode until you have corrected all exchange rates, and then run the program in final mode. Final mode creates journal entries.

Caution

To avoid duplicate journal entries, do not run this program more than one time per fiscal period with the processing option set to create journal entries.

You set a processing option to create the reversing journal entry necessary to record the unrealized gain or loss. The system assigns journal entries a document type of JX. This is the only document type that can be used to adjust the domestic side of a monetary (currency-specific) account. The system creates only one reversing journal entry per company.

Example: Unrealized Gain/Loss on a Foreign Invoice

In the following example, a French company calculates an unrealized gain/loss on an open foreign currency invoice in U.S. dollars (USD).

Because of the exchange rate risk, the potential exists for an unrealized gain or loss at the end of the fiscal period when the open invoice (USD) is revalued against the euro (EUR).

| Description | Currency | Amount | Exchange Rate 1 January 2005 | Exchange Rate 31 January 2005 |
|----------------------------|----------|----------|---------------------------------|----------------------------------|
| Invoice (domestic) | EUR | 1,135.45 | 1 USD = 1.13545 EUR | |
| Invoice (foreign) | USD | 1,000.00 | | |
| Open invoice (domestic) | EUR | 1,132.25 | | 1 USD = 1.13225 EUR |
| Unrealized gain/loss | EUR | – 3.20 | | |

The foreign invoice on 1 January 2005 is 1,000.00 USD, or 1,135.45 EUR in the domestic currency.

Calculation: $1,000.00 \text{ USD} \times 1.13545 = 1,135.45 \text{ EUR}$

The foreign invoice remains open on 31 January 2005 and is revalued against the euro.

Calculation: $1,000.00 \text{ USD} \times 1.13225 = 1,132.25 \text{ EUR}$

Unrealized Gain/Loss

The unrealized gain/loss is – 3.20 EUR. This amount is based on exchange rate fluctuations between the time the invoice was created and the end of the fiscal period, when the invoice remained open.

| Transaction Amount (CA Ledger) | Original Exchange Rate | Current Exchange Rate | Domestic Amount (AA Ledger) | Gain (+) / Loss (-) |
|-----------------------------------|---------------------------|--------------------------|--------------------------------|------------------------|
| 1,000.00 USD | 1.13545 | | 1,135.45 EUR | |
| 1,000.00 USD | | 1.13225 | 1,132.25 EUR | - 3.20 |

1,000.00 USD x 1.13225 (exchange rate at end of fiscal period) = 1,132.25 EUR

1,000.00 USD x 1.13545 (exchange rate on invoice date) = 1,135.45 EUR

Calculation: 1,132.25 – 1,135.45 = - 3.20 EUR

Processing Options for A/R Unrealized Gain/Loss Report (R03B426)

As Of Date

1. Enter the "As of" date for processing the current exchange rate for Unrealized Currency Gains/Losses. Default of blank will process rate using today's date.

As Of Date

Journal Entry

2. Enter a '1' to create journal entries for both gains and losses. Enter a '2' to create journal entries only for accounts with a calculated loss. Enter a '3' to create journal entries only for calculated gains. Default of blank will not create journal entries.

3. Enter the G/L Date. Default of blank will use last day of current period.

4. Enter a '1' to create the journal entry batches in an Approved status regardless of the value in the Management Approval of Input general constant. Default of blank will not override the settings.

5. Enter the default ledger type for journal entry. If left blank, 'AA' will be used.

Calculating Realized Gains and Losses

Depending on whether you calculate realized gains and losses for receipts or payments, choose the post program as follows:

From the Manual Receipts Processing menu (G03B12) or Automated Receipts Processing menu (G03B13), choose Post Receipts to G/L.

From the Automatic Payment Processing menu (G0413), choose Post Payments to G/L.

To calculate realized gains and losses, you must post your receipts and payments. Realized gains and losses are based on exchange rate fluctuations that occur between transactions that involve a foreign or alternate currency receipt or payment. When you post receipts and payments, the system calculates gains and losses based on whether the exchange rates changed from the date of the invoice or voucher to the date of the receipt or payment. If exchange rates changed, the system creates journal entries for the gains and losses.

If a foreign currency receipt or payment is involved, the potential exists for a standard gain or loss on a transaction. The gain or loss is based on exchange rate fluctuations between the

foreign (transaction) currency and the domestic currency at the time the payment was received or issued. To calculate the gain or loss, the system multiplies the invoice or voucher amount by the difference in the exchange rate from the time the invoice or voucher was entered and the time the payment was received or issued.

If an alternate currency receipt or payment is involved, the potential exists for two gains or losses on a transaction:

- Standard gain/loss. An amount based on exchange rate differences between the foreign (transaction) currency and the domestic currency from the transaction date to the receipt or payment date.
- Alternate currency gain/loss. An amount based on exchange rate differences between the alternate (payment) currency and the domestic currency. This gain or loss is the difference between the following amounts:
 - The amount calculated by converting the alternate currency receipt or payment directly to the domestic currency (this is the amount that is actually deposited to or paid from the bank account)
 - The amount calculated by converting the alternate currency receipt or payment to the foreign currency to the domestic currency

Example: Accounts Receivable Realized Gain/Loss

A Canadian company submits an invoice to a U.S. company in U.S. dollars and the U.S. company pays in Japanese yen. The potential exists for two gains and losses. One is the standard gain/loss, which is based on the fluctuation of exchange rates between the U.S. dollar (foreign currency) and the Canadian dollar (domestic currency). The other is an alternate currency gain/loss, which is based on the difference between the amounts calculated by converting the following:

- Japanese yen (alternate currency receipt) directly to Canadian dollar (domestic currency)
- Japanese Yen (alternate currency receipt) to U.S. dollar (foreign currency) to Canadian dollar (domestic currency)

Example: Accounts Payable Realized Gain/Loss

A French company submits an invoice to a U.S. company in U.S. dollars and the U.S. company pays in Canadian dollars. The potential exists for two gains and losses. One is a standard gain/loss, which is based on the fluctuation of exchange rates between the U.S. dollar (foreign currency) and the euro (domestic currency). The other is an alternate currency gain/loss, which is based on the difference between the amounts calculated by converting:

- Canadian dollar (alternate currency payment) directly to the euro (domestic currency)
- Canadian dollar (alternate currency payment) to U.S. dollar (foreign currency) to euro (domestic currency)

Before You Begin

- ❑ Enter new exchange rates on the Setup Currency Exchange Rates form. From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.
- ❑ For foreign currency receipts, ensure that the following AAIs are set up:
 - RGxxx – realized gains

- RLxxx – realized losses
 - R8 – rounding account
- For alternate currency receipts, ensure that the following AAIs are set up:
- RYxxx – realized gains
 - RLxxx – realized losses
 - R7 – clearing account
 - R8 – rounding account

See Also

- Calculating Unrealized Gains and Losses* for information about gains and losses on unpaid or open invoices

Example: Realized Gain/Loss on Foreign Invoice and Foreign Currency Receipt

In the following example, a British company submits an invoice in U.S. dollars (foreign currency) and receives payment in USD (foreign currency).

Because of the exchange rate risk, the potential exists for one gain or loss, based on the fluctuation of exchange rates between the domestic currency and the foreign currency at the time payment is received.

| Description | Currency | Amount | Exchange Rate 1 January 2005 | Exchange Rate 1 February 2005 |
|--------------------|----------|--------|---------------------------------|----------------------------------|
| Invoice (domestic) | GBP | 303.60 | | |
| Invoice (foreign) | USD | 500.00 | 1 USD = 0.6072 GBP | |
| Receipt (foreign) | USD | 500.00 | | 1 USD = 0.6081 GBP |
| Standard gain/loss | GBP | + 0.45 | | |

The foreign invoice on 1 January 2005 is 500.00 USD, which is 303.60 GBP in the domestic currency.

Calculation: $500.00 \text{ USD} \times 0.6072 = 303.60 \text{ GBP}$

The receipt on 1 February 2005 is 500.00 USD.

Standard Gain/Loss

The standard gain/loss is + 0.45 GBP. This amount is based on exchange rate fluctuations from the invoice date to the receipt date.

$500.00 \text{ USD} \times 0.6081 \text{ (exchange rate on receipt date)} = 304.05 \text{ GBP}$

$500.00 \text{ USD} \times 0.6072 \text{ (exchange rate on invoice date)} = 303.60 \text{ GBP}$

Calculation: $304.05 - 303.60 = + 0.45 \text{ GBP}$

Example: Realized Gain/Loss on Foreign Invoice and Alternate Currency Receipt

In the following example, a French company submits three invoices in Canadian dollars (CAD) and receives payment in Japanese yen (JPY).

When the receipt is entered, the receipt amount (JPY) is compared to the foreign and domestic invoice amounts to determine whether the debt has been satisfied. Because the three currencies involved fluctuate against one another, the potential exists for the following:

- Standard gain/loss – between EUR and CAD
- Alternate currency gain/loss – between JPY, CAD, and EUR

| Description | Currency | Amount | Exchange Rate 1 January 2005 | Exchange Rate 1 February 2005 |
|------------------------------|----------|--------|---------------------------------|--|
| Invoice (domestic) | EUR | 356.34 | | |
| Invoice (foreign) | CAD | 500.00 | 1 CAD = 0.71268 EUR | |
| Receipt | JPY | 38,880 | | 1 CAD = 0.70882 EUR 1 JPY = 0.009163 EUR 1 JPY = 0.01287 CAD |
| Standard gain/loss | EUR | - 1.93 | | |
| Alternate currency gain/loss | EUR | + 1.57 | | |

The French company submits an invoice on 1 January 2005 for 500.00 CAD, which is 356.34 EUR in the domestic currency. The EUR amount is calculated as follows:

$$\text{Calculation: } 500.00 \text{ CAD} \times 0.71268 = 356.34 \text{ EUR}$$

The alternate currency receipt on 1 February 2005 is 38,880 JPY.

The foreign currency amount applied to the invoice is 1,501.17 CAD.

$$\text{Calculation: } 38,880 \text{ JPY} \times 0.01287 = 500.39 \text{ CAD}$$

The domestic currency amount applied to the invoice is 354.41 EUR.

$$\text{Calculation: } 500.00 \text{ CAD} \times 0.70882 = 354.41 \text{ EUR}$$

The domestic currency amount of the receipt is 356.26 EUR.

$$\text{Calculation: } 38,880 \times 0.009163 = 356.26 \text{ EUR}$$

Standard Gain/Loss

The standard gain/loss is – 1.93 EUR. This amount is based on exchange rate fluctuations from the invoice date to the receipt date.

$$500.00 \text{ CAD} \times 0.70882 \text{ (exchange rate on receipt date)} = 354.41 \text{ EUR}$$

500.00 CAD x 0.71268 (exchange rate on invoice date) = 356.34 EUR

Calculation: $354.41 - 356.34 = -1.93$ EUR

Alternate Currency Gain/Loss

The alternate currency gain/loss is + 1.57 EUR. This amount is calculated using exchange rates on the receipt date. It is based on the difference between converting the alternate currency directly to the domestic currency and converting the alternate currency to the foreign currency to the domestic currency.

38,880 JPY x 0.009163 = 356.26 EUR

(38,880 JPY x 0.01287 = 500.39 CAD) x 0.70882 = 354.69 EUR

Calculation: $356.26 - 354.69 = +1.57$ EUR

Multicurrency Reports for Accounts Receivable

Open A/R Foreign Amounts Reports

From the Accounts Receivable Reports menu (G03B14), choose Open A/R Foreign Amounts.

To review open A/R detail with currency information such as invoices, credit memos, and unapplied receipts, run the Open A/R Foreign Amounts report. This report includes the following types of currency information:

- Base company currency (domestic)
- Transaction currency (foreign)
- Original and open foreign currency balances

Three different reports are available for Open A/R with Foreign Amounts:

| | |
|---|--|
| Currency Detail - Foreign and Domestic (R03B429A) | Run this report to review a list of open A/R items with both foreign and domestic currency amounts. |
| Currency Detail - Aging (R03B429B) | Run this report to review a list of open A/R items in the currency in which the system ages the transactions. You set a processing option to age the open A/R amounts from a specific date. |
| Currency Detail - Foreign/Domestic with Aging (R03B429C) | Run this report to review a list of open A/R items with foreign and domestic currency amounts for specific aging categories. You can review the standard and insured credit limits at the company level to see whether the customer has exceeded expected open amounts and credit limits. The report displays this information in the customer's currency. You set a processing option to age the open A/R amounts from a specific date. |

Processing Options for Currency – Foreign and Domestic (R03B329A)

Receipts

1. Enter a '1' to print receipts history. If left blank, only invoices and unapplied receipts will be printed.

Print Receipts History:

2. Enter a '1' to include receipt amounts in report totals. If left blank, only invoice amounts will be included.

Include Receipts in Totals:

As Of

1. Enter the As Of Date. All amounts will be recalculated and displayed with values as they were on this date.

Date - As Of

| | |
|--|-------------|
| More Aging | |
| 1. Enter the following aging category information: (for method '1' only) | Aging Days: |
| Thru | |
| Thru | |
| Thru | |
| Thru | |
| 2. Enter a '1' to age credit amounts. If left blank credits will be applied to the current column. | |
| Age Credits | |
| As Of | |
| 1. Enter the As Of Date. All amounts will be recalculated and displayed with values as they were on this date. | |
| Date - As Of | |
| Currency | |
| 1. Enter the currency into which amounts will be recalculated and displayed in Foreign and Aging columns. If left blank then amounts will be displayed in their foreign currency | |
| Currency Code - Restated | |
| Insured Credit Limit | |
| 1. Use this processing option to indicate which customer records will be printed in the report. Only records with open amounts greater than or equal to the amount in the processing option will be printed. | |
| Amount Open to be Exceeded | |
| 2. Use this processing option to indicate currency of the processing option Amount Open to be Exceeded. If left blank, the default value is USD. | |
| Currency Code | |
| 3. Use this processing option to indicate which customer records will be printed. Valid values are blank = print all records, 1 = print when open amount is greater than or equal to credit limit, 2 = print when open amount is greater than or equal to insured credit limit. If procession option Amount Open to be Exceeded is not blank, it will override this procession option. | |
| Standard or Insured Credit Limit | |

See Also

- Accounts Receivable Integrity Reports* in the *Accounts Receivable Guide* for information about identifying problems and inconsistencies in your data

Open A/R Detail – Summarized with Currency Report (R03B413B)

From the Accounts Receivable Reports menu (G03B14), choose Open A/R Detail - Summarized with Currency.

To review current summary information about your customer accounts and the associated currency information, run the Open A/R Detail – Summarized with Currency report. This aging report lists all open accounts in alphabetical order and shows a summarized total for each customer's open items. It also lists totals by company and a grand total of all open A/R items.

The totals and aging amounts reflect those transactions that you specify in the data selection for the report.

Before You Begin

- Specify your aging categories for the Open A/R Summary with Currency report in one of the following:
 - A/R constants

- Processing options

Processing Options for A/R Detail – Summarized with Currency (R03B413B)

Aging

1. Enter a 1 to retrieve the aging specifications from the A/R constants. If left blank, the processing options will be used for aging. NOTE: If selected, all other aging processing options will be ignored.

Age From Constants

2. Enter the As Of date to age open balances. If left blank, the current date is used as the default.

As Of Date

3. Specify one of the following dates to age accounts from: D = Due Date, I = Invoice Date, G = General Ledger Date, S = Statement Date.

Date to Age Accounts From

4. Specify one of the following methods for aging calculations: 1 = Aging Days (default), 2 = Fiscal Periods, 3 = Calandar.

Aging Method

Aging Days

5. Enter the aging days for each category (for aging method 1 only). Beginning 1:

Thru

Thru

Thru

Age Credits

6. Enter a 1 to age credits. If left blank, credits will be applied to the Current Aging Column.

Age Credits

Print Options

7. Enter a 1 to print the parent number on the report. If left blank, the parent number will not print.

Print Parent Number

8. Enter the category code number indicating which category code to print on the report. If a zero is entered no category code will print on the report. (FUTURE)

Category Code Number

9. Specify the system that is the source of the category codes: 1 = Address Book, 2 = Accounts Receivable. (FUTURE)

Source of Category Codes

10. Enter a 1 to print the credit limit for each customer listed on the report. If left blank, no credit limit will print. (FUTURE)

Print Credit Limit

Open A/R Detail with Remarks Report (R03B4201A)

From the Accounts Receivable Reports menu (G03B14), choose Open A/R Detail with Remarks.

To review open items such as invoices, credit memos, and unapplied receipts for every customer, print a version of the Open A/R Detail with Remarks report. This report includes the remarks that are associated with each pay item. For example, during invoice entry, you might enter a remark to describe the type of service or product in which the customer is being billed. This report shows totals for each company and a grand total for all companies.

You can run versions of this report that include:

- Discount information (A/R Details with Discounts, Net Amounts & Remarks).
- Retainages (Retainages Receivable).

- Receipts history (Customer Receipts History). This version includes both paid and open items for each customer. The information on this report version is similar to the information that you can view online using Customer Receipts Inquiry.
- Currency restatement (Currency Restatement). This version includes the currency in which the system recalculates amounts based on a processing option.

Note

If a receipt with a G/L date matches the "as of" date (and pays the invoice), this report does not consider the invoice as paid, and the report will show that the invoice is open.

Related Topics

| | |
|--------------------------|---|
| "As of" reporting | You can run the A/R Detail with Remarks report so that it lists information as of a specific date, such as the end of the month. To do so, specify the "as of" date in the appropriate processing option. |
| Currency | To recalculate the amounts listed on the A/R Detail with Remarks report in another currency, specify the currency in the processing options. |

What You Should Know About Processing Options

| | |
|-------------------|---|
| As Of Date | <p>Use this processing option to specify the "as of" date when you must produce a report as of a specific date. A common mistake is to use this date as the aging date, which dramatically increases report processing time.</p> <p>When using "as of" date processing, the system recalculates open invoice amounts as of the date you enter. The system reads the G/L date of the receipt to determine whether the invoice has been paid. If the G/L date of the receipt is after the "as of" date entered, the system considers the invoice open and includes it on the report. If the G/L receipt date is on or before the "as of" date entered, the system considers the invoice closed and does not include it on the report.</p> <p>For example, suppose you enter an invoice with a G/L date of 6/15/05 that is paid by a receipt with a G/L date of 7/10/05. If the "as of" date is 6/30/05, the invoice will show as open on the report. This is useful if a customer requests a report for a specific date or for a date other than the date that the report was originally processed.</p> <p>Note</p> <p>To determine whether an invoice was open as of a specific date, do not limit data selection using payment status or open amount. A demo version is provided for this purpose.</p> |
|-------------------|---|

Processing Options for Open A/R Detail with Remarks (R03B4201A)

Receipts

1. Enter a 1 to include receipt information on the report. If left blank, only invoices and unapplied cash will print. If receipt information is included, enter a 1 to include the receipts in the total for the original amount.

Print Receipts

Include Receipts in total for original amount

As Of Date

2. Enter the As Of Date. All amounts will be recalculated and displayed with values as they were on this date.

Date - Age as of

Currency

3. Enter the currency into which amounts will be recalculated and displayed. If left blank then amounts will be displayed in their domestic currency.

Currency Code -Restatement

Open A/R Detail with Aging Report (R03B4201B)

From the Accounts Receivable Reports menu (G03B14), choose Open A/R Detail with Aging.

To review open A/R items for specific aging categories, print the Open A/R Detail with Aging report. This report shows totals for each company and a grand total for all companies.

Note

If the G/L date of the receipt is the same as the "as of" date, this report does not consider the invoice as paid, and the report will show that the invoice is open.

Related Topics

| | |
|-------------------|--|
| "As of" reporting | You can run the Open A/R Detail with Aging report so that it lists information as of a specific date, such as the end of the month. To do so, specify the "as of" date in the appropriate processing option. This enables you to see open A/R detail for your customers on the date that you specify. |
| Currency | To recalculate the amounts listed on the Open A/R Detail with Aging report in another currency, specify the currency in the processing options. |
| Credit limits | You can specify whether the Open A/R Detail with Aging report displays customers who have exceeded their standard credit limit or customer's who have exceeded their insured credit limit, and specify the customer's currency for the open amount. This report does not read the insured credit limit at the Company 00000 level. |

Processing Options for Open A/R Detail with Aging (R03B4201B)

Aging Tab

Use these processing options to specify how the Accounts Receivable system ages your customer's invoice information.

1. Aging Specifications

Blank = Use processing options

1 = Use company constants

Use this processing option to specify whether to retrieve the aging specifications and aging date from the Accounts Receivable constants. If you leave this field blank, the system uses the processing options for aging specifications (Date Calculation, Date Type, Aging Method, and Aging Categories). Valid values are:

Blank

Use the processing options.

1

Use the Accounts Receivable constants.

2. Date Calculation

Blank = Current date

Use this processing option to specify the date that you want the system to use to determine the aging category to which to assign open invoices. The system compares the date that you enter to the date on the invoice, as specified by the Date Type processing option, to determine the number of days the invoice is past due.

If you leave this processing option blank, the system uses today's date to age open invoices.

3. Date Type

Blank = Due date

1 = Invoice date

2 = G/L date

3 = Statement date

Use this processing option to specify the date on the invoice that you want the system to use to determine the aging category. The system compares the date that you specify to the value in the Date Calculation processing option to determine the number of days the invoice is past due. Valid values are:

Blank

Use the invoice due date.

1

Use the invoice date.

2

Use the G/L date.

3

Use the statement date.

4. Aging Method

1 = Aging days

2 = Fiscal periods

3 = Calendar

Use this processing option to specify which aging categories the system uses to assign invoices. The system uses the date specified in the Aging Date processing option and the value specified in the Date Type processing option to calculate the aging for each invoice, and then assigns them to the aging category specified by this code. Valid values are:

1

Aging days. The system assigns invoices to the aging categories specified in the Aging Category 1 through Aging Category 6 processing options. The aging categories are user defined.

2

Fiscal periods. The system uses the fiscal periods defined by the date pattern assigned to the company record as the aging categories.

3

Calendar. The system uses each calendar month as an aging category.

5. Aging Category 1

Use this processing option in conjunction with the value specified in the Aging Category 2 processing option to specify the interval that the system uses for the Current aging category that prints on the report.

6. Aging Category 2

Use this processing option in conjunction with the values specified in the Aging Category 1 and Aging Category 3 processing options to determine the interval that the system uses for the Current and first aging category that prints on the report.

7. Aging Category 3

Use this processing option in conjunction with the values specified in the Aging Category 2 and Aging Category 4 processing options to determine the interval that the system uses for the first and second aging categories that print on the report.

8. Aging Category 4

Use this processing option in conjunction with the values specified in the Aging Category 3 and Aging Category 5 processing options to determine the interval that the system uses for the second and third aging categories that print on the report.

9. Aging Category 5

Use this processing option in conjunction with the values specified in the Aging Category 4 and Aging Category 6 processing options to determine the interval that the system uses for the third and fourth aging categories that print on the report.

10. Aging Category 6

Use this processing option in conjunction with the values specified in the Aging Category 5 processing options to determine the interval that the system uses for the fourth and fifth aging categories that print on the report.

11. Age Credits

Blank = Apply to current aging

1 = Age credits (default)

Use this processing option to specify whether to age credit memos according to the aging specifications, or to apply credits to the Current aging column that prints on the report.

1. Print Receipts

Blank = Invoices and unapplied

1 = Print receipts information

Use this processing option to print receipt information on the report. Valid values are:

Blank

The system prints only invoice and unapplied receipt information.

The system prints invoice, unapplied receipt, and receipt information.

2. Original Total

Blank = Original amounts

1 = Receipt amounts

Use this processing option to specify whether to include receipt amounts in the total of the Original Amount column at the end of the report. Valid values are:

Blank

The system prints the receipt amount in the Original Amount column but does not include the amount in the total for the column.

1

The system prints the receipt amount in the Original Amount column and includes it in the total for the column.

1. Date - As Of

Use this processing option to specify the date to use to recalculate the open amount invoices when you want to print an aging report that reflects how the invoices appeared on a prior date. The system compares the date that you enter with the G/L date of the receipt that paid the invoice to determine whether the invoice was open. For example, if an invoice is paid 6/30/05 (the G/L date of the receipt) and you enter 5/15/05 for this processing option, the system determines that on 5/15/05 the invoice was open and includes it on the report.

Note: Do not use data selection to specify a payment status or open amount. The system must review invoices that are currently paid to determine whether they were open as of the date specified. A DEMO version of the As Of Processing report is provided for your convenience.

Caution: The processing time for this report dramatically increases when you enter a date for this processing option.

Receipts Tab**Date Tab****Currency Tab**

Use the Currency processing option to specify which currency the system uses to recalculate amounts.

1. Currency Code - Re-calculated

Blank = Domestic currency

Currency

Use this processing option to specify which currency the system uses to print amounts. All amounts are recalculated based on the exchange rate for the currency code. A valid exchange rate must exist in the Currency Exchange Rates table (F0015). If you leave this processing option blank, the system prints amounts in the domestic currency.

Insured Credit Limit Tab

Use these processing options to specify how the system displays insured credit limit information on the report.

1. Amount Open to be Exceeded

Blank = Print all records

Use this processing option to specify the amount to use to select invoices to print on the report. The system selects invoices with open amounts greater than or equal to the amount specified. If you leave this processing option blank, the system selects all records.

2. Currency Code of Amount Open

Blank = USD

Use this processing option to specify the currency to use for amounts that print on the report. The system displays all amounts in the currency specified. If you leave this processing option blank, the system prints amounts in USD currency.

3. Standard or Insured Credit Limit

Blank = Print all records

1 = Customers over standard credit limit

2 = Customers over Insured credit limit

Use this processing option to specify which open invoices to print on the report. Valid values are:

Blank

Print all open invoices for the customer.

1

Print only invoices that have an open amount greater than or equal to the credit limit of the customer.

Print only invoices that have an open amount greater than or equal to the insured credit limit of the customer.

Note: If the Open Amount to be Exceeded processing option contains a value (it is not blank), the system ignores this processing option.

Open A/R Summary Analysis Report (R03B155)

From the Accounts Receivable Reports menu (G03B14), choose Open A/R Summary Analysis.

When analyzing the status of your customer's accounts, you can print the Open A/R Summary Analysis report (R03B155). This report enables you to review the following types of information:

- Account balances at the parent or child level
- Open amounts and their associated aging categories
- Customers who have exceeded their standard credit limit at the customer and company level (based on how you set the processing options)
- Customers who have exceeded their insured credit limit
- Customers who are under their credit limit
- The customer's currency of open amounts
- Summary information at the company level

To update the appropriate date information, you must run the Credit Analysis Refresh program (R03B525). When you print the Open A/R Summary Analysis report, the system reads information from the Credit and Cash Management table (F03B15) and the Credit Insurance Table (F03B29).

Processing Options for Open A/R Summary Analysis (R03B155)

Insured Credit Limit Tab

1. Open Amount to be Exceeded

Blank = Print all records

Use this processing option to specify the amount to use to select invoices to print on the report. The system selects invoices with open amounts greater than or equal to the amount specified. If you leave this processing option blank, the system selects all records.

2. Currency Code of Open Amount

Blank = USD

Use this processing option to specify the currency to use for amounts that print on the report. The system displays all amounts in the currency specified. If you leave this processing option blank, the system prints amounts in USD currency only.

3. Standard or Insured Credit Limit

Blank = Print all records

1 = Print records over standard credit limit

2 = Print records over insured credit limit (company zero only)

Use this processing option to specify which open invoices to print on the report. Valid values are:

Blank

Print all open invoices for the customer.

1

Print only invoices that have an open amount greater than or equal to the credit limit of the customer.

2

Print only invoices that have an open amount greater than or equal to the insured credit limit of the customer.

Note: If the Open Amount to be Exceeded processing option contains a value (it is not blank), the system ignores this processing option

Multicurrency Setup for Accounts Payable

Multicurrency Checklist for Accounts Payable

Use this checklist as a reference when you set up your Accounts Payable system for multicurrency processing.

Foreign Currency Supplier Records

The supplier record specifies the currency in which to enter vouchers and the currency in which to record address book amounts.

| To do this ... | You must do this ... | Program | ✓ |
|---|---|---|---|
| Specify a default and address book currency for each supplier | <p>Set a processing option to specify a currency for all address book amounts. You can override this currency on the supplier record.</p> <p>Assign default currency and address book currency codes on the supplier record.</p> <p>See <i>Assigning Currency Codes to a Supplier Record</i>.</p> | Supplier Master Revisions (P04012) | |
| Change currency codes for multiple suppliers at one time | <p>Set processing options for:</p> <ul style="list-style-type: none">• Exchange rate date• Supplier currency code• Address book currency code• Rounding factor <p>See <i>Converting Supplier Currency Codes and Amounts</i>.</p> | Euro Address Book Conversion (R890401E) | |

Foreign Currency Vouchers

Foreign currency vouchers are invoices that are not in the same currency as that of the company that receives them.

| To do this ... | You must do this ... | Program | ✓ |
|--------------------------------------|---|--|---|
| Enter vouchers in a foreign currency | <p>Update exchange rates in the Currency Exchange Rates table (F0015).</p> <p>See <i>Entering Vouchers in a Foreign Currency</i>.</p> | Set Up Currency Exchange Rates (P0015) | |

Foreign and Alternate Currency Payments

A foreign currency payment is applied to the foreign (transaction) amount of a voucher, whereas an alternate currency payment is in neither the domestic nor the foreign currency of the voucher but can be applied to either amount.

| To do this ... | You must do this ... | Program | ✓ |
|---|---|--|---|
| Apply a foreign currency manual payment to an existing voucher | <p>Set processing options for:</p> <ul style="list-style-type: none"> • Exchange rate date edit • Tolerance limit <p>See <i>Entering Manual Payments in a Foreign Currency</i>.</p> | Payment with Voucher Match (P0413M) | |
| Apply an alternate currency manual payment to an existing voucher | <p>Set processing options for:</p> <ul style="list-style-type: none"> • Exchange rate date edit • Tolerance limit • Alternate currency <p>See <i>Entering Manual Payments in an Alternate Currency</i>.</p> | Payment with Voucher Match (P0413M) | |
| Enter a foreign currency manual payment without an existing voucher | <p>No special requirements.</p> <p>See <i>Entering Manual Payments in a Foreign Currency</i>.</p> | Payment without Voucher Match (P0411) | |
| Create automatic payments in a foreign currency | <p>Set processing options for:</p> <ul style="list-style-type: none"> • Currency code for range amounts • Payment currency <p>See <i>Creating Payment Groups in a Foreign or Alternate Currency</i>.</p> | Create Payment Control Groups (R04570) | |
| Create automatic payments in an alternate currency | <p>Set processing options for:</p> <ul style="list-style-type: none"> • Currency code for range amounts • Payment currency • Alternate currency code <p>See <i>Creating Payment Groups in a Foreign or Alternate Currency</i>.</p> | Create Payment Control Groups (R04570) | |

Foreign and Alternate Currency Drafts

A draft is a type of payment instrument that requires direct communication between the bank of the payee and the bank of the payor. Foreign and alternate currency drafts are drafts that are not in the same currency as the company that issues payment.

| To do this ... | You must do this ... | Program | ✓ |
|---|--|-------------------------------------|---|
| Process a draft manually in a foreign currency | <p>Set the processing option to display the Draft Entry form.</p> <p>See <i>Processing Accounts Payable Drafts in a Foreign or Alternate Currency</i>.</p> | Payment with Voucher Match (P0413M) | |
| Process a draft manually in an alternate currency | <p>Set the processing option for Alternate Payment.</p> <p>See <i>Processing Accounts Payable Drafts in a Foreign or Alternate Currency</i>.</p> | Payment with Voucher Match (P0413M) | |

| To do this ... | You must do this ... | Program | ✓ |
|---|--|--|---|
| Process drafts automatically in a foreign currency | Specify the foreign currency in the processing option for payment currency. See <i>Processing Accounts Payable Drafts in a Foreign or Alternate Currency</i> . | Create Payment Control Groups (R04570) | |
| Process drafts automatically in an alternate currency | Specify the alternate currency amount in the processing option for payment currency and specify the alternate currency code. See <i>Processing Accounts Payable Drafts in a Foreign or Alternate Currency</i> . | Create Payment Control Groups (R04570) | |
| Post drafts in a foreign currency | Enter an override exchange rate in the processing option, if applicable. | Post Outstanding Drafts (R04803) | |

“As If” Currency Processing

With “as if” currency processing, you can view and print vouchers as if they were entered in a currency other than the foreign or domestic currency in which they were actually entered.

| To do this ... | You must do this ... | Program | ✓ |
|---------------------------------------|---|---------------------------------|---|
| View a voucher in an “as if” currency | Set processing options for: <ul style="list-style-type: none">• “As if” currency• Exchange rate date See <i>Reviewing Vouchers in an “As If” Currency</i> . | Supplier Ledger Inquiry (P0411) | |

Foreign Currency Realized and Unrealized Gains and Losses

Automatic accounting instructions (AAIs) are used to record exchange rate fluctuations between a domestic and foreign currency on open vouchers and payments.

| To do this ... | You must do this ... | Program | ✓ |
|------------------------------------|--|---|---|
| Record unrealized gains and losses | Set up AAI items for: <ul style="list-style-type: none">• PVxxx (unrealized gains)• PWxxx (unrealized losses)• PRxxxx (unrealized gain/loss offset) See <i>Unrealized Gains and Losses on Foreign Currency Vouchers</i> . | Automatic Accounting Instructions (P0012) | |
| Record realized gains and losses | Set up AAI items for: <ul style="list-style-type: none">• PGxxx (realized gain)• PLxxx (realized loss) See <i>Realized Gains and Losses on Foreign Currency Payments</i> . | Automatic Accounting Instructions (P0012) | |

Alternate Currency Realized Gains and Losses

AAIs are used to record exchange rate fluctuations for a domestic, foreign, and alternate currency when an alternate currency receipt is involved.

| To do this ... | You must do this... | Program | ✓ |
|----------------------------------|--|---|---|
| Record realized gains and losses | Set up AAI items for: <ul style="list-style-type: none">• PY (realized gains)• PZ (realized losses) See <i>Realized Gains and Losses on Alternate Currency Payments</i> . | Automatic Accounting Instructions (P0012) | |
| Record realized gains and losses | Set up AAI item P7 (clearing account). See <i>Clearing Account for Alternate Currency Payments</i> . | Automatic Accounting Instructions (P0012) | |

Setting Up the Offset Method in the Constants

The Offset Method constant in the Accounts Receivable and Accounts Payable systems has implications for multicurrency processing. This constant, along with three other non-currency specific constants, controls the Accounts Receivable and Accounts Payable systems for all companies.

Depending on the offset method that you specify in the A/R and A/P Constants, you can create one offsetting entry per:

- Batch (method B)
- Transaction (method Y)
- Pay item (method S)

If you use intercompany settlements and allow multicurrency intercompany transactions, the offset method in Accounts Receivable and Accounts Payable Constants must be compatible with the intercompany settlement method in General Accounting Constants. The intercompany settlement method that is valid for multicurrency processing is 2 (no hub company). Intercompany settlement methods 1, *, and N are not valid for multicurrency processing.

If you do not set the offset method in the A/R and A/P Constants and the intercompany settlements method in G/A Constants so that they are compatible, the system will issue an error message when you post transactions to the general ledger.

Review the following table to determine the offset methods that are compatible with intercompany settlement method 2.

| Intercompany Settlement Method | A/R and A/P Offset Method | | |
|--------------------------------|---------------------------|------------|------------|
| | B | Y | S |
| 2 – no hub company | Incompatible | Compatible | Compatible |

For information about intercompany multicurrency processing, see *Intercompany Settlements for Multicurrency*.

► **To set up the offset method in accounts payable constants**

From the Accounts Payable Setup menu (G0441), choose Accounts Payable Constants.

1. On System Setup, click Accounts Payable Constants.
2. On Accounts Payable Constants, enter Y or S in the following field.
3. Click OK.

AAs for Accounts Payable Gains and Losses

When the system calculates currency gains and losses, it uses AAs to distribute the gain or loss to the correct G/L account. The potential for a currency gain or loss is due to exchange rate fluctuations that exist between one of the following:

- The time a voucher is entered and payment is issued (realized gain/loss)
- The time a voucher is entered and the end of a period if the voucher is still open (unrealized gain/loss)

For payments and open vouchers in a foreign currency, the gain or loss is calculated between the domestic and foreign currency. For payments in an alternate currency, the gain or loss is calculated between the domestic, foreign, and alternate currency.

Some AA items have a suffix of xxx to accommodate a three-character currency code. You use the xxx suffix to set up multiple currency-specific AA items for each company. If you do not specify a currency code (that is, leave it blank), the system uses the currency code of the company as the default.

Each AA item in the J.D. Edwards system has a hierarchical order by which the system searches for an account number. All of the AAs used for multicurrency processing in the Accounts Payable system use the same hierarchical order.

The following form shows an example of AAs used for accounts payable realized and unrealized gains and losses.

You set up AAs to track currency gains and losses for the following:

- Unrealized gains and losses on foreign currency vouchers
- Realized gains and losses on foreign currency payments
- Realized gains and losses on alternate currency payments
- Clearing account for alternate currency payments

For detailed information about how to set up AAs, see *Working with AAs in the General Accounting Guide*.

Setting Up AAs for Unrealized Gain and Losses on Foreign Currency Vouchers

If you want the Accounts Payable system to automatically calculate unrealized gains and losses, you must set up AAs.

The following AA items define the accounts that the system uses for unrealized gains and losses on foreign currency vouchers that are open at the end of a period:

- PVxxx – foreign currency unrealized gain
- PWxxx – foreign currency unrealized loss
- PRxxx or PRxxxx – foreign currency unrealized gain or loss offset

To create an unrealized gain or loss amount, the system compares the amount of the original voucher with the amount of the open voucher (which is revalued based on the exchange rate at the end of the period) and creates a gain or loss for the difference.

Unrealized Gains and Losses

The following applies to the AAI items PV and PW:

- xxx represents the currency code, which is optional, and xxxx represents the G/L offset. The system uses the currency code (xxx) or G/L offset (xxxx) to track gains and losses.
- The system uses the account number assigned to AAI items PV and PW to create foreign currency unrealized gains and losses when you run the A/P Unrealized Gain/Loss Report.
- The system creates reversing gain or loss entries on open items if the exchange rate changes after the original vouchers are entered.

The hierarchy for AAI items PV and PW is the same. The following table shows the sequence in which the system searches for PV and PW:

| AAI Item | Description | Hierarchy |
|----------|-------------------------------------|---|
| PV | Foreign Currency Unrealized Gain | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • PVxxx, where xxx is the currency of the company entered on the voucher record • PVxxxx, where xxxx is the G/L offset of the company entered on the voucher record • PVxxx, where xxx is the currency of company 00000 • PVxxxx, where xxxx is the G/L offset for company 00000 • PV for the company entered on the voucher record • PV for company 00000 |
| PW | Foreign Currency Unrealized Loss | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • PWxxx, where xxx is the currency of the company entered on the voucher record • PWxxxx, where xxxx is the G/L offset of the company entered on the voucher record • PWxxx, where xxx is the currency of company 00000 • PWxxxx, where xxxx is the G/L offset for company 00000 • PW for the company entered on the voucher record • PW for company 00000 |

Unrealized Gain or Loss Offsets

The following applies to AAI item PR:

- xxx represents the currency code, which is optional, and xxxx represents the G/L offset. The system uses the currency code (xxx) or G/L offset (xxxx) to track gain and loss offsets.
- The system uses the account number assigned to AAI item PR to create foreign currency unrealized gain/loss offsets when you run the A/P Unrealized Gain/Loss Report.

The following table shows the sequence in which the system searches for AAI item PR:

| AAI Item | Description | Hierarchy |
|----------|--|--|
| PR | Foreign Currency Unrealized Gain/Loss Offset | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• PRxxx, where xxx is the currency of the company entered on the voucher record• PRxxxx, where xxxx is the G/L offset of the company entered on the voucher record• PRxxx, where xxx is the currency for company 00000• PRxxxx, where xxxx is the G/L offset for company 00000• PR that is set up for the company entered on the voucher record• PR for company 00000 |

Setting Up AAIs for Realized Gains and Losses on Foreign Currency Payments

The following AAI items define the accounts that the system uses for realized gains and losses on foreign currency payments:

- PGxxx – foreign currency realized gain
- PLxxx – foreign currency realized loss

To create a gain or loss amount, the system multiplies the voucher amount by the difference in the exchange rate between the original voucher and the foreign currency payment.

The following applies to AAI items PG and PL:

- xxx represents the currency code, which is optional, and xxxx represents the G/L offset. The system uses the currency code (xxx) or G/L offset (xxxx) to track gains and losses for each company.
- The system creates a gain or loss entry when the payment is posted.
- The system uses the account number assigned to PG and PL to create foreign currency gain and loss amounts.

Each AAI has a hierarchical order by which the system searches for an account number. The hierarchy for AAI items PG and PL is the same. The following table shows the sequence in which the system searches for PG and PL:

| AAI Item | Description | Hierarchy |
|----------|--------------------------------|---|
| PG | Foreign Currency Realized Gain | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • PGxxx, where xxx is the currency of the company entered on the payment record • PGxxxx, where xxxx is the G/L offset of the company entered on the payment record • PGxxx, where xxx is the currency of company 00000 • PGxxxx, where xxxx is the G/L offset for company 00000 • PG for the company entered on the payment record • PG for company 00000 |
| PL | Foreign Currency Realized Loss | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> • PLxxx, where xxx is the currency of the company entered on the payment record • PLxxxx, where xxxx is the G/L offset of the company entered on the payment record • PLxxx, where xxx is the currency of company 00000 • PLxxxx, where xxxx is the G/L offset for company 00000 • PL for the company entered on the payment record • PL for company 00000 |

Setting Up AAIs for Realized Gains and Losses on Alternate Currency Payments

The gains and losses for alternate currency payments are recorded separately from standard gains and losses and are handled by using different accounts and AAIs.

The following AAI items define the accounts that the system uses for realized gains and losses on alternate currency payments:

- PYxxx – alternate currency realized gain
- PZxxx – alternate currency realized loss

The following applies to AAI items PY and PZ:

- xxx represents the currency code, which is optional, and xxxx represents the G/L offset. The system uses the currency code (xxx) or G/L offset (xxxx) to track gains and losses for each company.
- The system creates a gain or loss entry when the payment is posted.
- The system uses the account number assigned to PY and PZ to create alternate currency gains and losses as follows:
 - The system creates an entry in the gain account if the amount derived by converting from an alternate currency directly to a domestic currency is greater

than the amount derived by converting from an alternate currency to a foreign currency to a domestic currency

- The system creates an entry in the loss account if the amount derived by converting from an alternate currency directly to a domestic currency is less than the amount derived by converting from an alternate currency to a foreign currency to a domestic currency

The hierarchy for AAI items PY and PZ is the same. The following table shows the sequence in which the system searches for PY and PZ:

| AAI Item | Description | Hierarchy |
|----------|----------------------------------|--|
| PY | Alternate Currency Realized Gain | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> PYxxx, where xxx is the currency of the company entered on the payment record PYxxxx, where xxxx is the G/L offset of the company entered on the payment record PYxxx, where xxx is the currency of company 00000 PYxxx, where xxxx is the G/L offset for company 00000 PY for the company entered on the payment record PY for company 00000 |
| PZ | Alternate Currency Realized Loss | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none"> PZxxx, where xxx is the currency of the company entered on the payment record PZxxxx, where xxxx is the currency of the company entered on the payment record PZxxx, where xxx is the currency of company 00000 PZxxxx, where xxxx is the G/L offset for company 00000 PZ for the company entered on the payment record PZ for company 00000 |

Recording Slight Rounding Differences

When you apply an alternate currency payment to a voucher, the potential exists for a slight rounding difference. A rounding difference can occur when converting amounts between a foreign and a domestic currency, or an alternate and a domestic currency. The rounding difference, which is immaterial, occurs when the domestic currency amount applied to a voucher is not the same as the domestic currency amount of the payment.

Slight rounding differences are tracked in the alternate currency payment gain and loss accounts, even though the differences are not due to exchange rate fluctuation. To record rounding differences, the system creates an offset journal entry in the account associated with AAI item PY or PZ when the payment is posted.

Setting Up AAIs for the Clearing Account for Alternate Currency Payments

The AAI item P7 defines the alternate currency clearing account used when you post alternate currency payments. The alternate currency clearing account tracks the conversion from the payment amount to the original voucher amount and provides an audit trail of the offset amounts for the following:

- The original foreign voucher and the domestic side of the foreign voucher
- The alternate currency payment and the domestic side of the alternate currency payment

The alternate currency clearing account will balance on the domestic side, but not on the foreign side. This is because the foreign side contains different currencies, which will never balance.

The following applies to AAI item P7:

- The clearing account must be in the same company as the bank account from which the payment is made.
- It cannot be a monetary account.
- It must include a business unit.

The following table shows the sequence in which the system searches for AAI item P7:

| AAI Item | Description | Hierarchy |
|----------|---|---|
| P7 | Alternate Currency Payment Clearing Account | <p>The system uses the following hierarchy:</p> <ul style="list-style-type: none">• P7 for the company entered on the payment record• P7 for company 00000 |

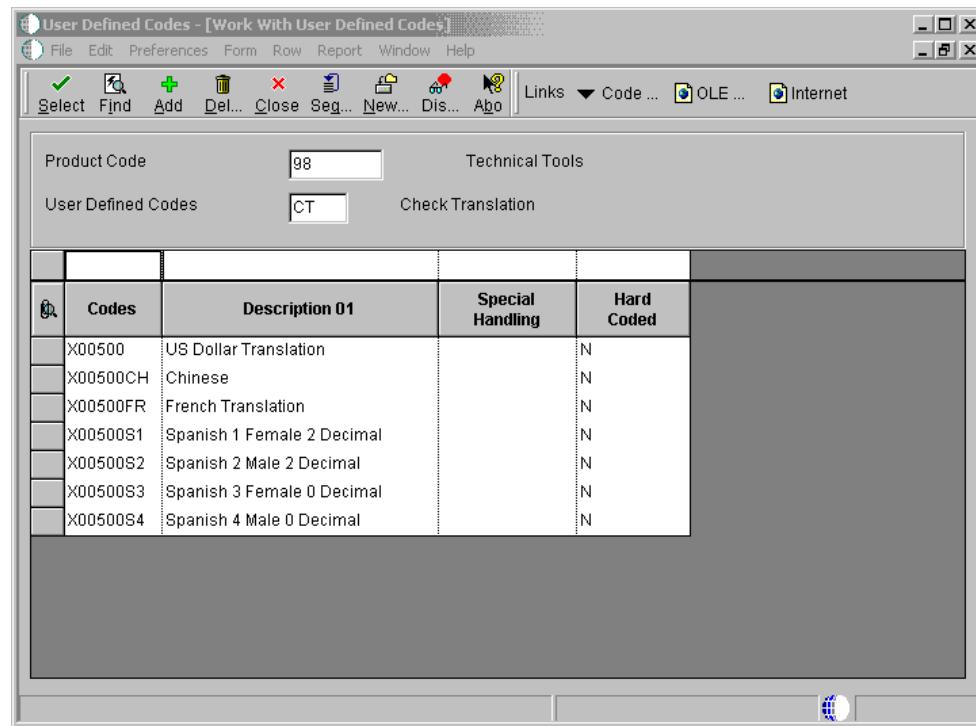
Example: T-Account for Alternate Currency Clearing Account

The following example shows T-Account entries for a foreign voucher (CAD), the domestic side of the voucher (USD), and an alternate currency payment (EUR).

| Trade | Cash | Clearing |
|--------------------------|---------------------------|--|
| 501.10 USD 800.00 CAD | 1501.10 USD 575.51 EUR | 501.10 USD 571.51 EUR 800.00 CAD |

Check translation codes (98/CT) are available for multicurrency payment writing capability. The check translation codes, which are soft-coded, allow you to translate and print payment amounts in multiple currencies using the appropriate language translation and decimal indicators.

Review the following form for examples of check translation codes:



For information about how to set up user defined codes, see *Working with User Defined Codes* in the *Foundation Guide*.

Supplier Records

Assigning Currency Codes to a Supplier Record

Each supplier record contains the following currency codes:

- Default currency code. This is the currency in which you enter vouchers for the supplier. You can override the default currency code when you enter a voucher.
If you leave this field blank, the system uses the currency of the company assigned to the supplier record as the default.
- Address book currency code. This is the currency in which you will track address book amounts, including summary balance amounts and limit amounts, for the supplier.
If you leave this field blank, the system uses the Amount Currency Code value if it is set up in the processing options for Supplier Master Information (P04012). Otherwise, it uses the currency assigned to the default company (00000).

This information is stored in the Supplier Master table (F0401).

For information about changing currency codes on multiple supplier records, see *Converting Supplier Currency Codes and Amounts*.

Before You Begin

- Specify the default currency code for address book amounts in a processing option for Supplier Master Information (P04012).

► To assign currency codes to a supplier record

For detailed procedures and field explanations, see the task *To enter supplier master information* in the *Accounts Payable Guide*. The following steps apply specifically to the supplier setup that is required for multicurrency processing.

From the Multi-Currency Setup menu (G1141), choose Designate A/P Currency. This is the same program as Supplier Master Information, which can be accessed from the Supplier & Voucher Entry menu (G0411).

1. On Work with Supplier Master, locate the supplier and click Select.
2. On Supplier Master Revision, click the Vouchers tab.
3. Complete the following fields and click OK:

Processing Options for Supplier Master Information (P04012)

Defaults

2. Amount Currency Code

Use this processing option to specify the default value to use for the Amount Currency Code. Use the Visual Assist for a list of currency codes. If this processing option is blank, and the corresponding field on the Supplier Master Revision form is blank, when you click OK the system uses the default value from the company associated with the Security Business Unit assigned to the Address Book record.

Converting Supplier Currency Codes and Amounts

You might need to convert supplier currency codes or address book amounts for any number of reasons, including the following:

- Your suppliers want to receive payments in a different currency
- You want to submit payments to your suppliers in a different currency
- You want to view supplier address book (statistical) amounts in a different currency

To convert supplier currency codes and amounts, you run the Euro Address Book Conversion – F0401 program. Although this program was originally designed for Economic and Monetary Union (EMU) companies to use during the euro transition period, companies outside of the EMU might also find it useful. For example, if several of your Japanese suppliers request that you begin submitting their payments in Canadian dollars (CAD), you would convert the supplier currency code from JPY to CAD for those particular suppliers.

With the Euro Address Book Conversion – F0401 program, you can convert the following currency codes and amounts at the same time or independently of one another:

- Supplier default currency code. To comply with multiple requests from suppliers who want to receive payments in a different currency, convert the default currency code. Alternatively, if you have just a few default currency codes to convert, you can change them manually on the Supplier Master Revision form.
- Supplier address book currency and amounts. To view address book balance amounts for suppliers in a different currency, convert the address book currency code and the following amounts in the Supplier Master table (F0401):

- Statistical amounts (year-to-date voucher amounts, prior-year voucher amounts, and so on). Statistical amounts appear on the Additional Supplier Information form.
- Limit amounts (minimum and maximum purchase order amounts). Limit amounts appear on the Purchasing 2 tab of the Supplier Master Revision form.

How the Address Book Conversion Program Works

The following conversion programs convert currency codes and amounts for multiple customers or suppliers:

- Euro Address Book Conversion – F03012, F0301
- Euro Address Book Conversion – F0401

You can run the conversion program and convert default currency codes, address book currency codes and amounts, or both, based on the processing options that you set.

You might consider setting up different versions of the Euro Address Book Conversion programs. For example, set up one version to convert default currency codes only, another version to convert address book currency codes and amounts only, and still another to convert both.

Processing Options

To convert customer or supplier currency codes and amounts in proof or final mode, you specify the following in the processing options:

- Exchange rate date to use to convert address book amounts.
- Currency code to use to convert address book currency code and address book amounts. Depending on which conversion program you run, the system updates the Amount Currency (CRCA) field in one of the following tables:
 - F03012 (Customer Master by Line of Business)
 - F0401 (Supplier Master)
- Currency code to use to convert customer default currency codes. Depending on which conversion program you run, the system updates one of the following fields:
 - Currency Code (CRCD) in the F03012 table
 - Currency Code (CRRP) in the F0401 table
- Rounding factor to use to round converted limit amounts. See *Example: Rounding Converted Limit Amounts*.

Data Selection

Use the data selection for the Euro Address Book Conversion program to select only those customers or suppliers whom you want to convert to another currency. If you do not specify their address book numbers, the conversion program converts all customers or suppliers. To convert amounts for all customers or suppliers assigned a certain category code, specify the category code.

Example: Converting Supplier Amounts

This example shows supplier address book amounts before and after converting from U.S. dollars (USD) to Canadian dollars (CAD).

Before Supplier Conversion

The Default Code and A/B Amount Code fields on the supplier master record are USD.

For this example, the processing options for the Euro Address Book Conversion - F0401 program are set as follows:

- Address book and amounts currency = CAD
- Default currency code = blank
- Minimum order and maximum order values = 50

The exchange rate in the Currency Exchange Rates table (F0015) is 1 USD = 1.59190 CAD.

After Supplier Conversion

After running the Euro Address Book Conversion program, the supplier's address book amounts are in CAD; however, their payments remain in USD.

| F0401 Field | Description | Before Conversion | After Conversion | Rounded From |
|-------------|---------------------------------|-------------------|------------------|----------------|
| A6CRRP | Currency Code - A/P | USD | USD | Not applicable |
| A6CRCA | Currency Code - A/B | USD | CAD | Not applicable |
| A6AYPD | Amount Vouchered Year-to-Date | 157,500 USD | 250,724.25 CAD | Not applicable |
| A6APPD | Amount Vouchered Prior Year End | 138,000 USD | 219,682.20 CAD | Not applicable |
| A6ABAM | Address Book Amount | Not used | Not used | Not applicable |
| A6ABA1 | Address Book Amount | Not used | Not used | Not applicable |
| A6APRC | Open Order Amount | 3,000 USD | 4,775.70 CAD | Not applicable |
| A6MINO | Minimum Order Value | 15,000 USD | 23,900 CAD | 23,878.50 CAD |
| A6MAXO | Maximum Order Value | 30,000 USD | 47,757.00 CAD | 47,757.00 CAD |

Caution

In the Supplier Master table, the field A6ABAM stores a user-defined fixed amount and the field A6ABA1 is not functional. If you use either of these fields, be aware that the Euro

Address Book Conversion – F0401 program converts the amounts, regardless of whether they are monetary amounts.

► To convert supplier currency codes and amounts

From the System Administration Tools menu (GH9011), choose Batch Versions.

1. On Work With Batch Versions – Available Versions, enter R890401E in the following field and click Find:
 - Batch Application
2. Choose Euro - Address Book Conversion – F0401 and click Select.
3. On Version Prompting, choose the Data Selection option and click Submit.
4. On Data Selection, specify the address book numbers in the data selection and click OK.

If you do not do this, the conversion program converts all suppliers.

5. Set the processing options to convert one or both of the following:
 - Supplier default currency code
 - Supplier address book currency code and amounts
6. On Report Output Destination, choose a report destination and click OK.

Reviewing the Exceptions Report

When you run the Euro Address Book Conversion program, the system prints an exceptions report. Review the report for any of the following messages, and rerun the conversion program if necessary:

- *No processing errors.* Depending on which Euro Address Book Conversion program you ran, the conversion program updates one of the following tables if you set the processing option to update address book balances:
 - Customer Master by Line of Business (F03012)
 - Supplier Master (F0401)
- *Currency exchange rate not found.* The currency code that you are converting to is not set up in the exchange rate table, or the exchange rate or effective date is not set up for the currency code.
- *Invalid currency entered.* The currency code that you entered in either or both of the currency processing options is not valid.
- *Update error - record locked or not found.* The customer or supplier master record is in use.

Example: Rounding Converted Limit Amounts

Limit amounts are credit limit amounts and minimum and maximum order amounts that you assign to a customer or supplier master record. Limit amounts are usually rounded numbers and are stored without decimals.

The following example describes how the Euro Address Book Conversion program rounds converted limit amounts when converting from Canadian dollars (CAD) to U.S. dollars (USD), if you set the processing option to round limit amounts. In this example, the exchange rate is 1 CAD = 0.63492 USD and the rounding factor in the processing option is 50.

The conversion program rounds converted limit amounts up or down, as described in the following table:

| Converted Limit Amounts | Description |
|-------------------------|--|
| Round Up | <p>The conversion program converts 8,000 CAD to 5,079.36 USD. It rounds 5,079.36 USD up to 5,100 based on the following calculation:</p> <p>Converted Amount / Rounding Factor = Q with a remainder of R. If R is greater than or equal to one-half of the rounding factor, then subtract R from the rounding factor and add that amount to the converted amount.</p> <p>In this example, $5,079 \text{ USD} / 50 = 101$ with a remainder of 29, which is greater than one-half of 50. Subtract 29 from 50 ($50 - 29 = 21$) and add 21 to 5,079 to get a rounded value of 5,100.</p> |
| Round Down | <p>The conversion program converts 12,000 CAD to 7,619.05 USD. It rounds 7,619.05 down to 7,600 based on the following calculation:</p> <p>Converted Amount / Rounding Factor = Q with a remainder of R. If R is less than one-half of the rounding factor, then subtract R from the converted amount.</p> <p>In this example, $7,619 \text{ USD} / 50 = 152$ with a remainder of 19, which is less than one-half of 50. Subtract 19 from 7,619 to get a rounded value of 7,600.</p> |

Example: Parent/Child Structure with Different Currencies

If you have a parent/child structure with different default and address book currency codes, you can convert the parent independently from its children or vice versa. With this flexibility, you can continue to track address book amounts in the parent company's currency while issuing invoices or submitting payments to some of its subsidiaries in another currency. This flexibility also allows you to convert address book amounts at the subsidiary level, convert the currencies of a parent and its children at the same time, and so on.

Before Conversion

The following example shows a parent/child relationship with different currencies before running the Euro Address Book Conversion program to convert customer currency codes.

| Relationship | Address Book Currency | Default Currency |
|---------------------|------------------------------|-------------------------|
| Parent | JPY | JPY |
| Child 1 | JPY | USD |
| Child 2 | JPY | GBP |
| Child 3 | JPY | EUR |

Child 1 and Child 3 have requested that you issue their invoices in Canadian dollars (CAD). You run the Euro Address Book Conversion program to convert their default currency from U.S. dollars (USD) and euro (EUR), respectively, to CAD.

Note

You can convert the currency codes of a parent and its children at the same time, if applicable.

After Conversion

The following example shows the results after running the Euro Address Book Conversion program.

| Relationship | Address Book Currency | Default Currency |
|---------------------|------------------------------|-------------------------|
| Parent | JPY | JPY |
| Child 1 | JPY | CAD |
| Child 2 | JPY | GBP |
| Child 3 | JPY | CAD |

This example illustrates that you can track address book amounts in the parent company's currency (JPY) while issuing invoices to its subsidiaries in different currencies (CAD and GBP).

Multicurrency Vouchers

Domestic Versus Foreign Currency Transactions

The relationship between the base currency of a company and the transaction currency of an invoice or voucher determines whether the invoice or voucher is a:

- Domestic currency transaction
- Foreign currency transaction

The currency of the company determines the *base currency* of an invoice or voucher, whereas the currency in which you issue or receive an invoice is the *transaction currency*.

To process invoices and vouchers in multiple currencies, you must assign a currency to every company that you set up. Likewise, you must assign a company to every invoice or voucher that you enter.

Domestic Currency Transaction

An invoice or voucher is considered a domestic currency transaction when the transaction currency that you assign to the invoice or voucher is the same as the base currency of the company that you enter on the invoice or voucher. When you are entering domestic currency transactions, the system does not update foreign amount fields as there are no foreign amounts involved in the transaction.

For example, company 00001 has a base currency of U.S. dollars (USD). You enter an invoice for company 00001 and assign a transaction currency of USD. The base currency (USD) is the same as the transaction currency (USD); therefore, the invoice is domestic.

Foreign Currency Transaction

An invoice or voucher is considered a foreign currency transaction when the transaction currency that you assign to the invoice or voucher is different from the base currency of the company that you entered on the invoice or voucher. The invoice or voucher has a foreign amount (based on the transaction currency) and a domestic amount (based on the base currency). The system calculates the domestic amount of a transaction using the exchange rate from the Currency Exchange Rates table (F0015) or the exchange rate that you enter on the invoice or voucher.

For example, company 00001 has a base currency of U.S. dollars (USD). You enter a voucher for company 00001 and assign a transaction currency of Japanese yen (JPY), or any other currency that is not USD. The base currency (USD) is not the same as the transaction currency (JPY); therefore, the voucher is foreign.

How Domestic Amounts Are Calculated on Foreign Transactions without Taxes

When you enter a foreign transaction without taxes, the system simply multiplies the foreign gross amount by the exchange rate to derive the domestic gross amount. If the transaction has a payment term that splits the amount entered into multiple pay items, the system performs soft rounding on both the foreign and domestic gross amounts so that the sum of

the foreign pay items equals the original foreign amount entered and the sum of the domestic pay items equals the original foreign amount entered multiplied by the exchange rate. See *Rounding Versus Soft Rounding*.

The following examples illustrate the differences between a foreign transaction that is split into multiple pay items and one that is entered with multiple pay items.

Example: Foreign Transaction Split into Multiple Pay Items

Assumptions:

- A voucher is entered in Canadian dollars for an American company (CAD to USD).
- The system is set up to use the multiplier method to calculate amounts.
- The exchange rate is 1.4.
- A payment term is used that splits the amount into three pay items and calculates a 1% discount.
- The foreign amount entered is 100.00 CAD.
- The domestic amount should equal 140.00 (100.00×1.4).

| Pay Item | Foreign Gross | Foreign Discount | Domestic Gross | Domestic Discount |
|--------------|---------------|------------------|----------------|-------------------|
| 001 | 33.33 | 0.33 | 46.67 | 0.47 |
| 002 | 33.34 | 0.34 | 46.66 | 0.46 |
| 003 | 33.33 | 0.33 | 46.67 | 0.47 |
| Total | 100.00 | 1.00 | 140.00 | 1.40 |

When you enter a foreign transaction with a split payment term, the system uses the foreign gross amount to calculate the domestic gross amount *before* it performs the split. In the example above, the system started with 140.00 USD and divided it by 3 (46.666666). Because the system performs soft rounding, it calculates the domestic pay items according to the example.

Example: Foreign Transaction Entered with Multiple Pay Items

If you enter the pay items separately, instead of using a split payment term as in the previous example, the domestic amounts for each pay item would be different because the system multiplies the amount entered by the exchange rate at the time you exit the pay item.

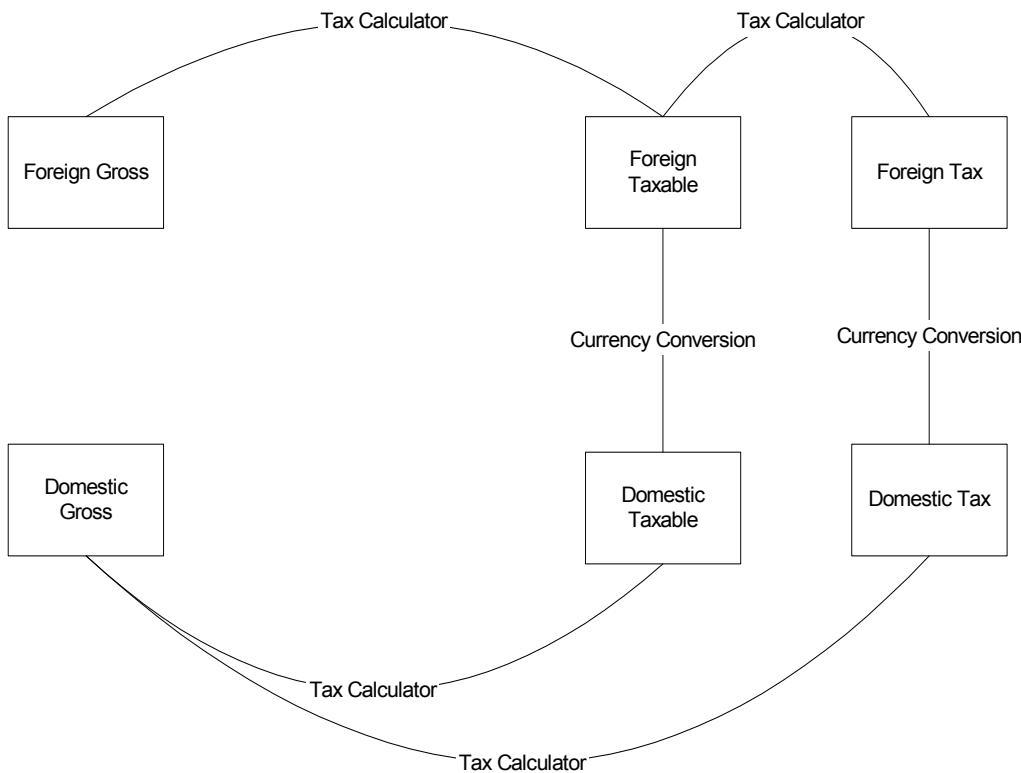
| Pay Item | Foreign Gross | Foreign Discount | Domestic Gross | Domestic Discount |
|--------------|---------------|------------------|----------------|-------------------|
| 001 | 33.33 | 0.33 | 46.66 | 0.46 |
| 002 | 33.34 | 0.34 | 46.68 | 0.48 |
| 003 | 33.33 | 0.33 | 46.66 | 0.46 |
| Total | 100.00 | 1.00 | 140.00 | 1.40 |

The system still performs the soft rounding for each pay item, and the total domestic gross amount still equals 140.00 USD, but the pay item amounts are different because the exchange rate is applied to each pay item.

How Domestic Amounts Are Calculated on Foreign Transactions with Taxes

When you enter a foreign transaction with taxes, the system calculates the tax and discount amounts on the foreign side of the transaction that you enter. Using those tax and discount amounts, the system retrieves the exchange rate and calculates the tax and discount amounts for the domestic side of the transaction. If the invoice or voucher has multiple pay items, the system performs soft rounding after it calculates the amounts for each side of the transaction. Although some clients enter the domestic side of a foreign transaction, most clients typically enter the foreign side.

The following graphic shows how the system calculates the tax and gross amount for a transaction that is entered in a foreign currency. The graphic assumes that the foreign taxable amount was entered.



As the graphic illustrates, the system:

- Multiplies the foreign taxable amount by the tax rate to determine the foreign tax amount
- Sums the foreign taxable and tax amounts to derive the foreign gross amount
- Multiplies the foreign taxable and tax amounts by the exchange rate, which is determined by the currency code, to derive the domestic taxable and tax amounts
- Sums the domestic taxable and tax amounts to derive the domestic gross amount

Note

The system does not multiply the foreign gross amount by the exchange rate to derive the domestic gross amount.

Example: Foreign Transaction with Taxes

Assumptions:

- An invoice is entered in the euro for a U.S. company (EUR to USD).
- The system is set up to use the divisor method to calculate amounts.
- The exchange rate is 0.8900757
- The tax rate is 5%.

| | Gross | Taxable | Tax |
|-----------------|--------------|----------------|------------|
| Foreign | 1527.75 | 1455.00 | 72.75 |
| Domestic | 1716.42 | 1634.69 | 81.73 |

Calculations:

- The system calculates the gross amount by adding 1455.00 (taxable) to 72.75 (tax), which equals 1527.75.
- The system calculates the domestic taxable amount by dividing 1455.00 by 0.8900757, which equals 1634.6924 and rounds to 1634.69.
- The system calculates the domestic tax amount by dividing 72.75 by 0.8900757, which equals 81.73462 and rounds to 81.73.
- The system calculates the domestic gross amount by adding 1634.69 (taxable) to 81.73 (tax), which equals 1716.42.

Note

If you were to derive the domestic amount by dividing the gross foreign amount (1527.75) by the exchange rate (0.8900757) the result would be 1716.43, not 1716.42. However, if the system performed this calculation, the sum of the taxable and tax amounts would not equal the gross.

Rounding Versus Soft Rounding

If you process a significant number of invoices and vouchers that have discounts, taxes, or both, rounding differences can add up quickly. This topic describes the differences between rounding and soft rounding. The system uses rounding on transactions with a single pay item and soft rounding on transactions with multiple pay items.

Rounding

Rounding automatically occurs when the system performs a calculation and the result does not exactly equal the lowest currency unit. In this situation, the following occurs:

- If the amount is 5 or greater, the system rounds up.
- If the amount is less than 5, the system rounds down.

For example, if the result of a calculation is 0.55672 and the currency is Canadian dollars (CAD), which has two decimal places, the system uses the third number to the right of the decimal to determine the rounding. In this example, it rounds the amount up to 0.56.

Conversely, if the amount were 0.55472, the system would use 4 to determine the rounding and rounds the amount down to 0.55.

Soft Rounding

When the total of two or more amounts must equal a specific amount, the system uses soft rounding to force the total. For example, if you split a voucher for 100 Japanese yen (JPY) into three payments, the system calculates the first pay item at 33, the second at 34, and the third at 33 so that the total of the three pay items equals 100. If the system did not use soft rounding, you would have to enter an amount that could be divided equally among pay items or submit pay items that did not equal the total amount due, which would not be acceptable.

To minimize the negative effects of rounding, the system uses soft rounding on transactions with multiple pay items. The system stores the amount that it adds or subtracts to a calculated amount in a cache (memory), and then adds or subtracts that amount from the next pay item as follows:

- If the system rounds up the amount for a pay item, it subtracts that amount from the next pay item before rounding that pay item.
- If the system rounds down the amount for a pay item, it adds that amount to the next pay item before rounding that pay item.

If the system did not perform soft rounding, you might overpay or underpay as well as overcharge or undercharge. While soft rounding does not control overpayments or underpayments and overcharges or undercharges between transactions, it does minimize the impact of rounding within a single transaction. The system does not carry soft rounding amounts from one transaction to another.

Multicurrency Batch Totals

Batch amounts are not currency-sensitive. For flexibility in data entry, you can enter transactions with different currencies in the same batch. The debit amounts of the entries are added to obtain the batch total.

If you enter transactions with different currencies in the same batch, the system does not adjust for the decimal notations of the different currencies. As a result, the totals for the batch are meaningless. For this reason, many users prefer to enter transactions with different currencies in separate batches.

To determine the expected input total for a batch with currencies that have different decimal places, add the amounts without using a decimal point.

For example, you enter invoices for 10,535.00 EUR and 16,433,500 JPY in the same batch. The system disregards the decimal point in the euro amount and calculates a hash total. The total amount entered is 17,487,000 (1053500 plus 16433500).

The system displays decimals in the input totals based on the setting in the data dictionary. Using the same figures:

- If you set the data dictionary to display zero decimals, the system displays 17,487,000.
- If you set the data dictionary to display two decimals, the system displays 174,870.00.

Bank Account Considerations

When you enter a voucher, the system assigns a bank account with which to pay the voucher based on AAI item PB. The bank account can be either a monetary account, which has a currency designation, or a non-monetary account, which has no currency designation.

When you enter a manual payment or create an automatic payment, different currency conditions apply depending on whether the bank account is monetary or non-monetary.

Monetary Bank Account

If you enter a foreign currency voucher and the system assigns a monetary bank account, the bank account currency must be the same as the *transaction currency* of the voucher. For example, company 00001 has a base currency of USD. You enter a voucher for company 00001 and assign a transaction currency of EUR. The monetary bank account associated with the voucher must also have a currency of EUR.

Non-Monetary Bank Account

If you enter a foreign currency and the system assigns a non-monetary bank account, the bank account currency must be the same as the *base currency* of the voucher. For example, company 00001 has a base currency of USD. You enter a voucher for company 00001 and assign a transaction currency of EUR. The bank account associated with the voucher must have a currency of USD.

Entering Vouchers in a Foreign Currency

You use the Standard Voucher Entry program to enter vouchers in a foreign currency. You can enter the currency code at the time you enter the voucher, or let the system assign the default currency code from the supplier record.

When you enter a voucher, the system simply multiplies the foreign gross amount by the exchange rate to derive the domestic gross amount. The default exchange rate is from the Currency Exchange Rates table (F0015). You can override this rate when you enter the voucher.

The system uses AAI item PC to locate the A/P trade account. The A/P trade account must be assigned to a company that has the same base currency as the company that you enter on the voucher.

The system uses AAI item PB to locate the bank account. A currency code assigned to a bank account designates it as a *monetary account*, and vouchers can be paid only in that currency.

Before You Begin

- To enter foreign vouchers with distributions to multiple companies, turn on the Allow Multicurrency Intercompany Transaction option in the General Accounting Constants. See *Setting Up Intercompany Settlements* in the *General Accounting Guide*.
- Ensure that the following AAI items are set up for each company:
 - PBxxx — default bank account

- PCxxx – accounts payable trade

► To enter vouchers in a foreign currency

From the Supplier & Voucher Entry menu (G0411), choose Standard Voucher Entry.

1. On Supplier Ledger Inquiry, click Add.
2. On Enter Voucher - Payment Information, enter the basic voucher information. See the task *To enter voucher information* in the *Accounts Payable Guide*.
3. Complete the following additional fields:

- Currency

If you leave this field blank, the system assigns the default currency code of the supplier that you enter.

To enter the domestic amount of a foreign invoice, enter the domestic currency code. The system updates the Foreign option based on the currency code that you enter and its relationship to the base currency of the company.

- Exchange Rate

If you leave this field blank, the system retrieves the exchange rate from the Currency Exchange Rates table (F0015).

4. In the detail area, complete the following field for each pay item:

- Gross Amount

To enter the domestic amount of a foreign voucher, the Foreign option must be turned off before you enter the gross amount. You cannot turn off the Foreign option until you click in the detail area of the form.

Standard Voucher Entry - [Enter Voucher - Payment Information]

File Edit Preferences Form Row Window Help

OK Del... Can... New... Dis... Abo Links Addit... OLE... Internet

| | | | | | | |
|--------------------|---------------------|-------------------------------------|---------------|------------------|---|------------|
| Document No/Typ/Co | 00001 | Batch No | 6295 | Prev Doc | | |
| Company | 00001 | Financial/Distribution Company | | | | |
| Supplier Number | 4002 | Aluminium de Rhone | Business Unit | 1 | | |
| Invoice Number | 50115 | <input type="checkbox"/> Discount % | Payment Terms | 002 | | |
| Invoice Date | 6/15/2005 | G/L Date | 6/30/2005 | Service/Tax Date | 6/30/2005 | |
| Currency | EUR | Exchange Rate | 1.1820331 | Base | USD <input checked="" type="checkbox"/> Foreign | |
| Pay Item | Gross Amount | Discount Available | Remark | Due Date | Pay Status | P C |
| 001 | 2,000.00 | | Materials | 7/15/2005 | A | |
| 002 | 580.00 | | Parts | 7/15/2005 | A | |
| 003 | 210.00 | | Shipping | | | |
| 004 | | | | | | |

Gross 2,580.00 Disc Tax Taxable

Row:3

5. Click OK.
6. On G/L Distribution, enter the G/L information as usual. See the task *To enter general ledger information* in the Accounts Payable Guide.

Standard Voucher Entry - [Enter Voucher - G/L Distribution]

File Edit Preferences Form Row Window Help

OK Del... Can... New... Dis... Abo Links Model... OLE... Internet

| | | | | | |
|-----------------------|----------------------------|-------------------|-----------------------------|---------------|---|
| Document No/Typ/Co | 3182 | PV | 00001 | Batch Number | 6295 |
| Supplier | 4002 | Explanation | Aluminium de Rhone | | |
| G/L Date | 6/30/2005 | Amt To Distribute | 2,790.00 | | |
| Currency | EUR | Exchange Rate | 1.1820331 | Base Currency | USD <input checked="" type="checkbox"/> Foreign |
| Account Number | Account Description | Amount | Explanation -Remark- | | |
| 3.8355 | Maintenance and Repair | 2,790.00 | Materials | | |

Amount 2,790.00 Remaining

Row:1

7. Click OK to accept the entry.

Related Tasks

| | |
|---|--|
| Revising unposted foreign currency vouchers | <p>Use the Speed Status Change program (P0411S) to revise unposted vouchers in a foreign currency.</p> <p>If you revise a foreign currency voucher using the Standard Voucher Entry program (P0411), be aware that the system attempts to recalculate domestic amounts even if you do not revise an amount field.</p> <p>For example, if you revise the remark on a foreign voucher, the system will recalculate the domestic amount based on the current exchange rate. Assuming the exchange rate changed between the time that the voucher was entered and revised, an out-of-balance condition occurs between the voucher and G/L distribution and becomes an integrity issue.</p> |
| Deleting unposted foreign currency vouchers | When you delete a foreign currency voucher, the system deletes both the foreign and domestic sides simultaneously. |
| Changing the currency code on a foreign currency voucher | You cannot change the currency code after you enter a foreign currency voucher, regardless of whether the voucher has been posted. To change the currency, you must enter a new voucher with the correct currency code and delete (if unposted) or void (if posted) the incorrect voucher. |
| Voiding a posted foreign currency voucher | When you void a foreign currency voucher, the system deletes both the foreign and domestic sides simultaneously. |
| Revising the G/L bank account on foreign currency vouchers | <p>You can change the bank account to any monetary bank account with the same currency as the voucher. The system edits the currency of the bank account against the transaction currency of the voucher.</p> <p>You can change the bank account to any non-monetary bank account that is in a company with the same domestic currency as the voucher company. You can then pay any foreign currency voucher out of that bank account, provided it is the transaction currency of the voucher.</p> |
| Managing domestic or foreign currency purchase orders when a supplier's invoice is in a different currency | See <i>Managing Invoices Received in an Alternate Currency</i> in the <i>Procurement Guide</i> for information about how to handle domestic or foreign purchase orders when the supplier's voucher is in an alternate currency. |

| | |
|--|---|
| Correcting year-to-date voucher amounts | <p>When you run the Update YTD Voucher Amount program to update your supplier address book amounts, you might get currency-specific errors caused by the following:</p> <ul style="list-style-type: none"> • You did not enter a currency code in the A/B Amount Code field (which indicates the currency of the year-to-date voucher amount) on the supplier record. • You changed the currency code on a supplier record, but did not enter a valid exchange rate. <p>Correct the errors and rerun the program.</p> |
|--|---|

Processing Options for Voucher Entry MBF (P0400047)

Currency

Blank = Use the Invoice Date

1 = Use the G/L Date

Use this processing option to specify the date the system uses to retrieve the currency exchange rate.

Valid values are:

Blank Use the invoice date.

1 Use the G/L date.

Blank = Retrieve the last exchange rate in the F0015

1 = Return an error message

Use this processing option to specify what you want the system to do for a currency exchange rate. You can direct the system to retrieve the last exchange rate that exists in the Currency Exchange Rate table (F0015) without giving you any kind of warning or error message. Or, you can direct the system to return an error message if the G/L date of the voucher is in a fiscal period different from the effective date of the exchange rate.

For example, if the fiscal date pattern on your system is set up for the months of the calendar year, and a voucher is entered with a G/L date of

12/15/05, but the last effective date for an exchange rate is 11/01/05, the system returns an error. The last fiscal period for the exchange rate was November, but the voucher was entered in December. The error message appears to let you know that the exchange rate in the F0015 table has probably expired and requires updating.

Valid values are:

Blank Retrieve the last exchange rate in the F0015 table.

1 Return an error message.

Valid values are whole numbers that indicate a percent of the exchange rate in the F0015 table.

Use this processing option to specify an exchange rate tolerance limit. During voucher entry you can manually override the exchange rate that exists in the Currency Exchange Rate table (F0015). The Tolerance Limit processing option places limits on how far the exchange rate you enter manually can differ from the exchange rate in the F0015 table.

Valid values are whole numbers that indicate a percent of the exchange rate in the F0015 table. For example, if you enter 5 in this field, you can manually override the exchange rate that exists in the F0015 table with a number that is plus or minus 5 percent of the table value.

Blank = Return an error

1 = Allow different currencies and do not return any messages

Use this processing option to specify what you want the system to do when the currency of the payment is different from the currency of the G/L bank account.

Valid values are:

Blank Return an error.

1 Allow different currencies and do not return any messages.

Reviewing Vouchers in a Foreign Currency

You can use the Supplier Ledger Inquiry form to review vouchers in a foreign currency. Like other J.D. Edwards inquiry programs and reports, the grand total amounts on the Supplier Ledger Inquiry form are meaningless if you display more than one currency at a time.

To get meaningful results when reviewing vouchers in a foreign currency, use the steps in the task *To review vouchers in a foreign currency* as a guideline.

► To review vouchers in a foreign currency

From the Supplier & Voucher Entry menu (G0411), choose Supplier Ledger Inquiry.

1. On Work with Supplier Ledger Inquiry, complete any of the fields in the header portion of the form to limit your search and click Find.
2. Review the totals for the gross, open, and foreign amounts by scrolling to the bottom of the form, if necessary.

The system displays a hash total for gross or foreign amounts if the base currency or transaction currency is not the same. In the previous example (step 1), the base currencies of companies 1, 70, and 77 are not the same; therefore the system displays a hash total for the gross amount total.

3. To further limit your search, enter a value in any field in the QBE row and click Find.

The system displays gross and foreign amount totals if you limit your search to a specific currency and company. In the following example, the system displays a gross amount total for company 77 (a Canadian company) and a foreign amount total in EUR.

4. To review detailed information for a voucher, choose the voucher and click Select.
5. On Enter Voucher – Payment Information, use the Foreign option to toggle between the foreign and domestic currency.

If you turn on the Foreign option, the foreign amount of the voucher appears.

If you turn off the Foreign option, the domestic amount of the voucher appears.

Notice that an error appears at the bottom of the form if the amounts displayed are not in the original transaction currency of the voucher.

Processing Multicurrency Batch Vouchers

Before you process batch vouchers in a foreign currency, you should understand the relationship between the currency mode and currency amount fields. You should also understand how amounts are calculated using the exchange rate. The fields that are required and the way that amounts are calculated depend on the type of transaction that you enter. See *Guidelines for Amount, Exchange Rate, and Currency Mode Fields*.

To successfully upload batch voucher entries from an external source and process them in your J.D. Edwards system, you must first create a custom program that provides proper data to fields in the following tables:

- Voucher Transactions – Batch File (F0411Z1)
- Journal Entry Transactions – Batch File (F0911Z1)

To successfully process batch vouchers, you must understand what type of information the Batch Voucher Processor program (R04110Z) requires from the F0411Z1 and F0911Z1 tables. See *Multicurrency Fields Required in the F0411Z1 and F0911Z1 Tables*.

For complete information about processing batch vouchers, including all other fields required in the F04111Z1 table, see *Batch Input Setup for Vouchers* in the *Accounts Payable Guide*.

Guidelines for Amount, Exchange Rate, and Currency Mode Fields for Batch Vouchers

Observe the following guidelines to determine how to enter amounts, exchange rates, and currency modes for domestic and foreign transactions when processing batch vouchers in a multicurrency environment.

| Type of Transaction | Description of Values for Multicurrency Fields |
|---------------------|--|
| Domestic | <p>If the currency code of the transaction (as identified by the value in the Currency Code field, VLCRCD) is equal to the currency code of the company, the transaction is a domestic transaction.</p> <p>Enter the transaction amount in the Currency Amount field (VLACR) and enter D in the Currency Mode field (VLCRRM). Do not enter an exchange rate.</p> <p>If you are entering discount information, complete the Foreign Discount Available field (VLCDS). See <i>Additional Required Fields for Processing Discounts in Batch Input Setup for Vouchers</i> in the <i>Accounts Payable Guide</i>.</p> <p>If you are entering tax information, complete the Foreign Taxable Amount (VLCTXA), Foreign Non-Taxable Amount (VLCTXN), and Foreign Tax Amount (VLCTAM) fields.</p> |
| Foreign | <p>If the currency code of the transaction (as identified by the value in the Currency Code field, VLCRCD) is different from the currency code of the company, the transaction is a foreign transaction.</p> <p>Enter the transaction amount in the Currency Amount field (VLACR) and enter F in the Currency Mode field (VLCRRM). The system calculates the domestic amount based on the Exchange Rate field (VLCRR).</p> <p>If you are entering discount information, complete the Foreign Discount Available field (VLCDS). See <i>Additional Required Fields for Processing Discounts in Batch Input Setup for Vouchers</i> in the <i>Accounts Payable Guide</i>.</p> <p>If you are entering tax information, complete the Foreign Taxable Amount (VLCTXA), Foreign Non-Taxable Amount (VLCTXN), and Foreign Tax Amount (VLCTAM) fields.</p> |

| Type of Transaction | Description of Values for Multicurrency Fields |
|---|--|
| Domestic side of a foreign transaction | <p>If the currency code of the transaction (as identified by the value in the Currency Code field, VLCRCD) is different from the currency code of the company, enter the domestic amount in the Gross Amount field (VLAG).</p> <p>Unlike a foreign transaction, you do not enter an amount in the Currency Amount field.</p> <p>Enter F in the Currency Mode field (VLCRRM). The system calculates the foreign amount based on the exchange rate (VLCRR).</p> <p>If you are entering discount information, complete the Foreign Discount Available field (VLCDS). See <i>Additional Required Fields for Processing Discounts in Batch Input Setup for Vouchers</i> in the <i>Accounts Payable Guide</i>.</p> <p>If you are entering tax information, complete the Foreign Taxable Amount (VLCTXA), Foreign Non-Taxable Amount (VLCTXN), and Foreign Tax Amount (VLCTAM) fields.</p> |
| Foreign and domestic transactions using currency mode 3 | <p>If you know both the foreign and domestic amounts, you can bypass system calculations by entering the amounts and entering 3 in the Currency Mode field (VLCRRM). You must complete the Exchange Rate field (VLCRR), but the system will not validate the exchange rate against the amounts entered or the Currency Exchange Rates table (F0015).</p> <p>Mode 3 bypasses calculations for discounts and taxes.</p> <p>If the Currency Mode field (VLCRRM) is 3 and you want to process discounts, you must complete the discount information in the Discount Available field (VLADSC) and Foreign Discount Available field (VLCDS). The system will not calculate discounts based on the payment term.</p> <p>If the Currency Mode field (VLCRRM) is 3 and you want to process taxes, you must complete all tax fields. The system will not calculate tax amounts based on the Tax Rate/Area (VLTXA1) and Tax Explanation Code (VLEXR1) fields.</p> |

Multicurrency Fields Required in the F0411Z1 and F0911Z1 Tables

Before you process batch vouchers, review the following tables for a list of the multicurrency fields required in the Voucher Transactions – Batch File (F0411Z1) and Journal Entry Transactions – Batch File (F0911Z1) tables.

Multicurrency Fields Required in the F0411Z1 Table

For some fields, blank is a valid value.

| Field Name | Alias | Type | Length | Definition |
|-----------------|--------|--------|--------|---|
| Currency Mode | VLCRRM | Alpha | 1 | <p>A code that indicates whether the voucher is domestic or foreign. This field is used in conjunction with the Currency Code (VLCRCD), Gross Amount (VLAG), Currency Amount (VLACR), and Exchange Rate (VLCRR) fields to calculate required amounts for the transaction.</p> <p>Enter D, F, or 3, depending on other information provided in the transaction.</p> <p>If you leave this field blank, the system determines this value based on other information provided in the transaction. The system updates this field when the voucher is processed.</p> |
| Currency Code | VLCRCD | Alpha | 3 | A code that identifies the voucher currency. The value that you enter in this field must exist in the Currency Codes table (F0013). |
| Currency Amount | VLACR | Number | 15 | Enter the transaction amount only if the value of the Currency Code field (VLCRCD) is different from the currency code assigned to the company, as defined in the Company Constants table (F0010). |
| Exchange Rate | VLCRR | Number | 15 | <p>This field specifies the exchange rate for calculating either the domestic or foreign amount of the voucher, depending on the information provided.</p> <p>If you leave this field blank and the currency mode (VLCRRM) is not 3, the system retrieves the exchange rate from the Currency Exchange Rates table (F0015).</p> <p>Enter an exchange rate if you want to override the exchange rate in the F0015 table or if an exchange rate does not exist. If you set the processing option in the Voucher Entry MBF Processing Options program (P0400047) to activate tolerance checking, the system validates the exchange rate that you enter. If you do not have tolerance checking activated, no validation is performed.</p> <p>You must enter an exchange rate in this field if the Currency Mode (VLCRRM) is 3. However, the exchange rate is not validated against the F0015 table or the amounts on the transaction.</p> |

| Field Name | Alias | Type | Length | Definition |
|----------------------------|--------------|-------------|---------------|---|
| Foreign Discount Available | VLCDS | Number | 15 | <p>Enter an amount, or leave this field blank to have the system calculate the discount based on the Payment Terms Code field (VLPTC). If the Payment Terms Code field is blank, but a payment term exists in the Supplier Master table (F0401), the system calculates the discount based on the payment term in the F0401 table.</p> <p>If the currency mode (VLCRRM) is 3 and a discount is available, you must enter amounts in the Foreign Discount Available (VLCDS) and Discount Available (VLADSC) fields. No calculations are performed based on a payment term.</p> |
| Foreign Taxable Amount | VLCTXA | Number | 15 | <p>The system completes this field based on information in the Tax Rate/Area (VLTXA1), Tax Explanation Code (VLEXR1), and Currency Amount (VLACR) fields. The system calculates the information that is not provided in the record. For example, if you enter the foreign taxable amount but not the currency amount, the system calculates the currency amount.</p> <p>Do not complete both the Currency Amount (VLACR) and the Foreign Taxable Amount (VLCTXA) fields.</p> <p>If the currency mode (VLCRRM) is D, do not complete the currency amount (VLACR) and the foreign taxable amount (VLCTXA) fields. Instead, use the Taxable Amount (VLATXA), Non-Taxable Amount (VLATXN), and Tax Amount (VLSTAM) fields.</p> <p>If the currency mode (VLCRRM) is 3 and the transaction has taxes, you must complete all tax fields, both foreign and domestic. If the currency mode is 3, the system will not perform any calculations.</p> |
| Foreign Non-Taxable Amount | VLCTXN | Number | 15 | <p>The system completes this field based on information in the Tax Rate/Area (VLTXA1), Tax Explanation Code (VLEXR1), and Currency Amount (VLACR) fields. The system calculates the information that is not provided in the record. For example, if you enter the foreign taxable amount and you leave the currency amount blank, the system calculates the currency amount.</p> <p>Do not complete both the Currency Amount (VLACR) and the Foreign Taxable Amount (VLCTXA) fields.</p> <p>If the currency mode (VLCRRM) is D, do not complete the currency amount (VLACR) and the foreign taxable amount (VLCTXA) fields. Instead, use the Taxable Amount (VLATXA), Non-Taxable Amount (VLATXN), and Tax Amount (VLSTAM) fields.</p> <p>If the currency mode (VLCRRM) is 3 and the transaction has taxes, you must complete all tax fields, both foreign and domestic. If the currency mode is 3, the system will not perform any calculations.</p> |

| Field Name | Alias | Type | Length | Definition |
|--------------------------------------|--------|--------|--------|---|
| Foreign Tax Amount | VLCTAM | Number | 15 | <p>The system completes this field based on information in the Tax Rate/Area (VLTXA1), Tax Explanation Code (VLEXR1), and Currency Amount (VLACR) fields. The system calculates the information that is not provided in the record. For example, if you enter the foreign taxable amount and you leave the currency amount blank, the system calculates the currency amount.</p> <p>Do not complete both the Currency Amount (VLACR) and the Foreign Taxable Amount (VLCTXA) fields.</p> <p>If the currency mode (VLCRRM) is D, do not complete the currency amount (VLACR) and the foreign taxable amount (VLCTXA) fields. Instead, use the Taxable Amount (VLATXA), Non-Taxable Amount (VLATXN), and Tax Amount (VLSTAM) fields.</p> <p>If the currency mode (VLCRRM) is 3 and the transaction has taxes, you must complete all tax fields, both foreign and domestic. If the currency mode is 3, the system will not perform any calculations.</p> |
| Domestic Entry w/Mult Currency Distr | VLDMCD | Alpha | 1 | <p>If the distribution accounts in the Journal Entry Transactions - Batch File table (F0911Z1) are in a company that has a different currency from the company in the F0411Z1 table, enter 1 in this field and activate multicurrency intercompany settlements in the General Constants table (F0009).</p> <p>If you are not using multicurrency intercompany settlements, leave this field blank.</p> |
| Foreign Open Amount | VLACR | Number | 15 | Leave this field blank. The system automatically completes this field when the transaction is processed. |
| Foreign Discount Taken | VLDSA | Number | 15 | Leave this field blank. This field is not updated until a payment is issued for a voucher containing an amount in the Foreign Discount Available field (VLCDS). |
| Foreign Open Amount | VLACR | Number | 15 | Leave this field blank. The system automatically completes this field when the transaction is processed. |
| Foreign Discount Taken | VLDSA | Number | 15 | Leave this field blank. The system completes this field when a payment is applied against a voucher that contains an amount in the Foreign Discount Available field (VLCDS). |

Multicurrency Fields Required in the F0911Z1 Table

| Field Name | Alias | Type | Length | Definition |
|-----------------|--------|--------|--------|---|
| Amount | VNAA | Number | 15 | If you are entering a domestic transaction, enter the amount in this field. |
| Currency Amount | VNACR | Number | 15 | If you are entering a foreign transaction, enter the amount in this field. |
| Ledger Type | VNLT | Alpha | 2 | Enter AA in this field or leave it blank. Do not enter CA as a ledger type. |
| Currency Code | VNCRCD | Alpha | 3 | The system completes this field based on the value in the corresponding field in the F0411Z1 table. |
| Currency Mode | VNCRRM | Alpha | 1 | The system completes this field based on the value in the corresponding field in the F0411Z1 table. |
| Exchange Rate | VNCRR | Number | 15 | The system completes this field based on the value in the corresponding field in the F0411Z1 table. |

Reviewing Vouchers in an "As If" Currency

Regardless of whether you enter a voucher in a domestic or foreign currency, you can review amounts as if they were entered in another currency.

To review amounts in an "as if" currency, you must enter a currency code and an exchange rate date in the processing options for the Supplier Ledger Inquiry program (P0411). This activates the As If Currency Code field on the Supplier Ledger Inquiry form and retrieves the corresponding exchange rate in the Currency Exchange Rates table (F0015) to calculate the "as if" currency amount.

About "As If" Currency Processing

Reviewing amounts using "as if" currency processing allows you to view them as if they were entered in a currency other than the currency in which they were actually entered. For example, a Canadian company that enters a foreign transaction in the euro can review amounts as if they were entered in the Japanese yen and then compare those amounts to the domestic and foreign currency amounts.

Although "as if" currency processing was originally designed for reviewing amounts between two EMU currencies that were irrevocably fixed to one another, it can be used to review and compare amounts between any currencies. Be aware, however, that if the exchange rates are not fixed there are limitations to viewing amounts in an "as if" currency. The "as if" currency amount that you view might not be the same amount as the actual invoice or receipt because of fluctuating exchange rates.

One of the advantages of "as if" processing is that it does not impact disk space. The "as if" currency amounts are not written to a table; instead, they are stored in temporary memory. Although this has no impact on disk space, it can impact processing time.

Dates That Affect the Transaction Amounts You View

Before you review foreign currency invoices and vouchers, it is important to understand the different dates that affect the amounts displayed on the Work with Customer Ledger Inquiry and Supplier Ledger Inquiry forms. By understanding these dates and how the inquiry program uses them, you help to ensure that you specify the correct date when reviewing your invoices and vouchers.

These dates are:

- The effective date on the Set Up Currency Exchange Rates form. The inquiry program searches for the most recent effective date for a currency and uses the corresponding exchange rate in the currency calculation.
- The "from" and "thru" dates on the Work with Customer Ledger Inquiry or Supplier Ledger Inquiry form. This date range determines which transactions appear on the form.
- One of the following dates, which is used to retrieve the transaction rate:
 - "As of" date in the processing options. If the "as of" date is blank, the program uses the "thru" date.

The As Of Date field on the inquiry form works in conjunction with the As If Currency field. If you complete the As Of Date field, the system compares the date that you enter with the G/L date of the receipt (if applicable) to determine the amount of the invoice that was open as of that date. If you also complete the As If Currency field, the system calculates the "as if" open amount based on the As Of Date field.

- Thru Date on the inquiry form. The Thru Date does not override the "as of" date in the processing options.

Before You Begin

- Complete the processing options on the Currency tab for Supplier Ledger Inquiry (P0411).

► To review vouchers in an "as if" currency

From the Supplier & Voucher Entry menu (G0411), choose Supplier Ledger Inquiry.

1. On Work with Supplier Ledger Inquiry, complete any of the fields in the header portion of the form to limit your search and click Find.

In the following example, the gross amounts are in CAD (company 77) and EUR (company 70); the foreign amounts are in CAD; and the "as if" amounts are in USD. Notice that the gross amount total is a hash total because the base currencies of companies 77 and 70 are not the same.

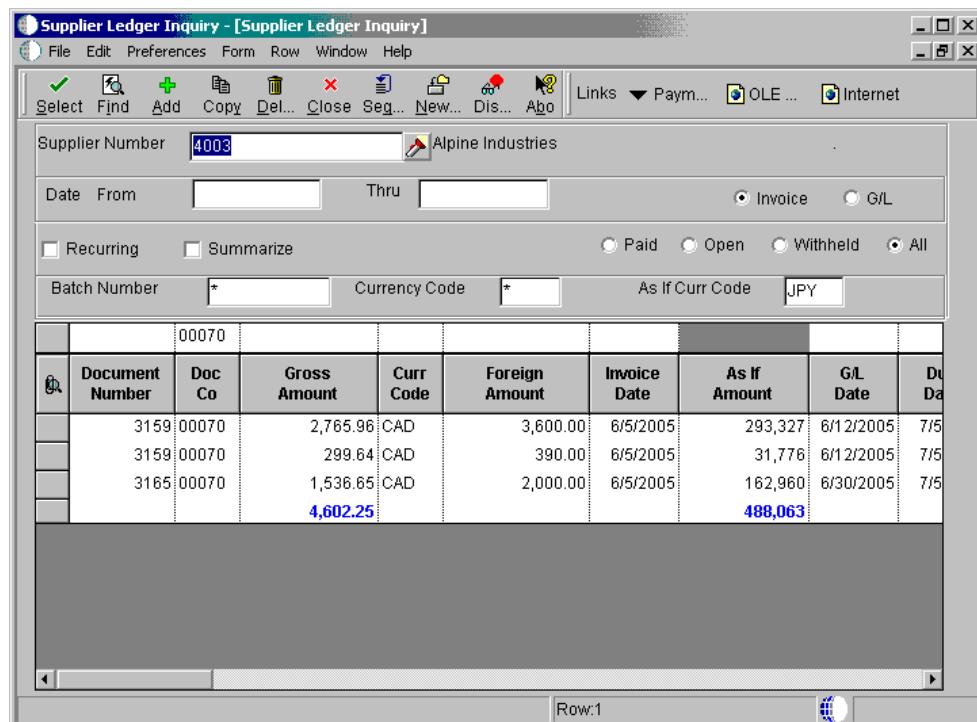
| Supplier Ledger Inquiry - [Supplier Ledger Inquiry] | | | | | | | | | |
|--|------------------------------------|---|--------------|--|----------------|-----------------|--------------|-----------|---------|
| File Edit Preferences Form Row Window Help | | | | | | | | | |
| Select Find Add Copy Del... Close Seg... New... Dis... Abo Links Paym... OLE... Internet | | | | | | | | | |
| Supplier Number | | 4003 Alpine Industries | | | | | | | |
| Date From | | Thru | | <input checked="" type="radio"/> Invoice <input type="radio"/> G/L | | | | | |
| <input type="checkbox"/> Recurring | <input type="checkbox"/> Summarize | <input type="radio"/> Paid <input type="radio"/> Open <input type="radio"/> Withheld <input checked="" type="radio"/> All | | | | | | | |
| Batch Number | | * | | Currency Code | * | As If Curr Code | | USD | |
| | | | | | | | | | |
| | Document Number | Doc Co | Gross Amount | Curr Code | Foreign Amount | Invoice Date | As If Amount | G/L Date | Du Date |
| | 3158 00077 | | 1,500.00 | CAD | | 6/1/2005 | 990.30 | 6/20/2005 | 7/1 |
| | 3159 00070 | | 2,765.98 | CAD | 3,600.00 | 6/5/2005 | 2,351.90 | 6/12/2005 | 7/5 |
| | 3159 00070 | | 299.64 | CAD | 390.00 | 6/5/2005 | 254.78 | 6/12/2005 | 7/5 |
| | 3165 00070 | | 1,536.65 | CAD | 2,000.00 | 6/5/2005 | 1,306.61 | 6/30/2005 | 7/5 |
| | | | 6,102.25 | | | | 4,903.59 | | |

2. To further limit your search, type a value in any field in the QBE row and click Find.
 In the following example, the system displays a gross amount total in EUR for company 70.

| Supplier Ledger Inquiry - [Supplier Ledger Inquiry] | | | | | | | | | |
|--|------------------------------------|---|--------------|--|----------------|-----------------|--------------|-----------|---------|
| File Edit Preferences Form Row Window Help | | | | | | | | | |
| Select Find Add Copy Del... Close Seg... New... Dis... Abo Links Paym... OLE... Internet | | | | | | | | | |
| Supplier Number | | 4003 Alpine Industries | | | | | | | |
| Date From | | Thru | | <input checked="" type="radio"/> Invoice <input type="radio"/> G/L | | | | | |
| <input type="checkbox"/> Recurring | <input type="checkbox"/> Summarize | <input type="radio"/> Paid <input type="radio"/> Open <input type="radio"/> Withheld <input checked="" type="radio"/> All | | | | | | | |
| Batch Number | | * | | Currency Code | * | As If Curr Code | | USD | |
| | | | | | | | | | |
| | Document Number | Doc Co | Gross Amount | Curr Code | Foreign Amount | Invoice Date | As If Amount | G/L Date | Du Date |
| | 3159 00070 | | 2,765.98 | CAD | 3,600.00 | 6/5/2005 | 2,351.90 | 6/12/2005 | 7/5 |
| | 3159 00070 | | 299.64 | CAD | 390.00 | 6/5/2005 | 254.78 | 6/12/2005 | 7/5 |
| | 3165 00070 | | 1,536.65 | CAD | 2,000.00 | 6/5/2005 | 1,306.61 | 6/30/2005 | 7/5 |
| | | | 4,602.25 | | | | 3,913.29 | | |

3. Scroll to the right in the detail area, if necessary, to review the following fields for the “as if” currency:
 - As If Amount
 - As If Open Amount
 - As If Disc Avail

4. To display “as if” amounts in a different currency, change the currency code in the following field and click Find:
 - As If Curr Code



The screenshot shows the 'Supplier Ledger Inquiry' application window. At the top, there's a menu bar with File, Edit, Preferences, Form, Row, Window, Help. Below the menu is a toolbar with icons for Select, Find, Add, Copy, Del..., Close, Seg..., New..., Dis..., Abo, Links, Paym..., OLE..., and Internet. The main area has input fields for Supplier Number (4003), Date From, Thru, Invoice/G/L selection (Invoice is selected), Recurring, Summarize, Paid, Open, Withheld, All, Batch Number (*), Currency Code (*), and As If Curr Code (JPY). Below these is a large grid table with columns: Document Number, Doc Co, Gross Amount, Curr Code, Foreign Amount, Invoice Date, As If Amount, G/L Date, and Due Date. The grid contains three rows of data:

| | Document Number | Doc Co | Gross Amount | Curr Code | Foreign Amount | Invoice Date | As If Amount | G/L Date | Due Date |
|--|-----------------|--------|-----------------|-----------|----------------|--------------|----------------|-----------|----------|
| | 3159 | 00070 | 2,765.96 | CAD | 3,600.00 | 6/5/2005 | 293,327 | 6/12/2005 | 7/5 |
| | 3159 | 00070 | 299.64 | CAD | 390.00 | 6/5/2005 | 31,776 | 6/12/2005 | 7/5 |
| | 3165 | 00070 | 1,536.65 | CAD | 2,000.00 | 6/5/2005 | 162,960 | 6/30/2005 | 7/5 |
| | | | 4,602.25 | | | | 488,063 | | |

The system issues an error message if an exchange rate for the “as if” currency is not set up for the date entered in the processing option.

Processing Options for Supplier Ledger Inquiry (P0411)

Currency

1. As If Currency

Use this processing option to show amounts in a currency other than the currency in which the amounts are stored on the system. The system translates and shows domestic amounts in this As If currency. For example, an amount in USD can appear as if it is in EUR.

Valid values are:

Blank The As If currency grid column does not appear.

Or, enter the preferred code for As If currency.

NOTE: This processing option allows you to view amounts in a different currency as a hypothetical scenario only. The amounts that appear in the different currency are not saved to the system when you exit the Standard Voucher Entry program.

2. As Of Date

Use this processing option to specify an As Of date if you enter a currency code for the As If Currency processing option. This option processes the exchange rate as of a date you specify.

Valid values are:

Blank The system uses the Thru date.

Or, enter the As Of date.

NOTE: A valid exchange rate must exist in the exchange rate table between the two currencies based on the As Of date.

Posting Foreign Currency Vouchers

From the Supplier & Voucher Entry menu (G0411), choose Post Vouchers to G/L. Alternatively, you can post vouchers using the Voucher Journal Review program.

After you enter, review, and approve your foreign currency vouchers, you must post them.

The voucher post program performs the tasks described in the following table, regardless of whether you use multicurrency processing. For information specific to posting vouchers in a multicurrency environment, review the information under Multicurrency Considerations.

| Task Performed by Voucher Post | Multicurrency Considerations |
|--|---|
| Selects unposted voucher transactions from the Accounts Payable Ledger table (F0411). | |
| Verifies that a corresponding F0911 record exists and the amounts balance to the voucher amount. | |
| Verifies that the batch has an approved status. | |
| Creates automatic offset entries to credit the A/P trade account in the Account Ledger table (F0911). | Creates automatic offset entries to credit the A/P trade account for the AA (domestic) and CA (foreign) ledgers in the F0911 table. |
| Creates entries in the Account Balances table (F0902) as follows: Debits the expense account Credits the A/P trade account | |
| Updates vouchers to a posted (D) status in the F0411 table. | |
| Updates corresponding records to a posted status (P) in the F0911 table. | |
| Updates the batch control record to a posted (D) status in the Batch Control Records table (F0011). | |

Multicurrency Payments

Domestic, Foreign, and Alternate Currency Payments

You can process payments in a domestic, foreign, or alternate currency. With this flexibility, you can process a payment in any currency and apply it to vouchers in any currency as long as the company base currency on the payment is the same as the domestic currency of the voucher. Stated another way:

Company base currency on payment = Domestic currency of voucher

The following example illustrates what happens if you try to enter a payment for a company with a base currency that is different from the domestic side of the voucher.

A payment is entered for company 00077, which has a base currency of CAD. Note that because the company base currency on the payment (CAD) is not the same as the domestic currency of the vouchers (USD), the system will not accept the payment entry. In other words:

- You cannot enter a payment in CAD to pay the domestic amount of voucher 224 (USD).
- You cannot enter a payment in CAD to pay the foreign amount of voucher 226 (CAD).

The domestic currency of the vouchers (USD) does not equal the company base currency (CAD) on the payments.

| Voucher | Voucher Domestic Currency | Voucher Foreign Currency |
|---------|---------------------------|--------------------------|
| 224 | USD | USD |
| 226 | USD | CAD |

To complete the entry, you must change the company number on the receipt to a company with a base currency of USD.

Review the following examples to understand how the system determines whether a payment is a domestic, foreign, or alternate currency payment.

Domestic Currency Payments

A domestic currency payment is a payment that is in the same currency as the base currency of the voucher. The following example applies to domestic currency payments:

- You write a payment in CAD to pay the domestic amount of voucher 221 (CAD).
- You write a payment in CAD to pay the domestic amount of voucher 222 (EUR).

| Voucher | Domestic Currency Voucher | Foreign Currency Voucher | Domestic Currency Payment |
|---------|---------------------------|--------------------------|---------------------------|
| 221 | CAD | CAD | CAD |
| 222 | CAD | EUR | CAD |

The payments, which are in the domestic currency (CAD), pay the domestic amount of the vouchers, even though one of the vouchers has a foreign amount (EUR). The system does not calculate a gain or loss on domestic currency payments.

Foreign Currency Payments

A foreign currency payment is a payment that is in the same currency as the foreign currency of the voucher. The following example applies to foreign currency payments:

- You write a payment in EUR to pay the foreign amount of voucher 223 (EUR).
- You write a payment in USD to pay the foreign amount of voucher 224 (USD).

| Voucher | Domestic Currency Voucher | Foreign Currency Voucher | Foreign Currency Payment |
|---------|---------------------------|--------------------------|--------------------------|
| 223 | CAD | EUR | EUR |
| 224 | CAD | USD | USD |

The payments, which are in the foreign currency of the voucher (EUR and USD, respectively), pay the foreign amounts of the vouchers. A gain or loss might be calculated if the exchange rate changes between the time the voucher was entered and the payment is issued.

Alternate Currency Payments

An alternate currency payment is a payment that is in a currency different from the foreign or domestic currency of a voucher. The following example applies to alternate currency payments:

- You write a payment in EUR to pay the domestic amount of voucher 225 (CAD).
- You write a payment in JPY to pay the foreign amount of voucher 226 (USD).

| Voucher | Domestic Currency Voucher | Foreign Currency Voucher | Alternate Currency Payment |
|---------|---------------------------|--------------------------|----------------------------|
| 225 | CAD | CAD | EUR |
| 226 | CAD | USD | JPY |

The payments, which are not in the foreign or domestic currency of the vouchers, pay the domestic (CAD) and foreign (USD) currency amounts of the vouchers. A gain or loss might be calculated if the exchange rate changes between the time that the voucher was entered and the time that the payment is issued.

If a voucher is domestic only and the payment is not domestic (see voucher 225), the payment is considered an alternate currency payment, not a foreign currency payment.

Programs for Foreign and Alternate Currency Payments

The following table lists the programs that are available for processing payments in multiple currencies and indicates whether the programs can be used for foreign or alternate currency payments.

| Program and Program Number | Menu | Foreign Currency | Alternate Currency |
|--|-------|------------------|--------------------|
| Payment with Voucher Match (P0413M) | G0412 | x | x |
| Payment without Voucher Match (P0411) | G0412 | x | |
| Create Payment Control Groups (R04570) | G0413 | x | x |
| Work with Payment Groups (P04571) | G0413 | x | x |
| A/P Drafts – Manual Payment with Voucher Match (P0413M) | G0412 | x | x |
| A/P Drafts – Automatic Create Payment Control Groups (R04570) | G0413 | x | x |

Entering Manual Payments in a Foreign Currency

A foreign currency payment is a payment that is in the foreign (transaction) currency of the voucher. You specify the foreign currency of the payment at the time you enter the payment. The foreign currency of a payment must be the same currency as the transaction currency of the voucher for the system to process the payment.

When you enter a manual payment in a foreign currency, the system converts the selected vouchers to the foreign currency amount based on the exchange rate in the Currency Exchange Rates table (F0015) or, if applicable, a spot rate entered on the payment record.

To enter a manual payment in a foreign currency, you typically match the payment to an existing voucher or group of vouchers using the Payment with Voucher Match program (P0413M). If no voucher exists, you use the Payment without Voucher Match program (P0411). You can print a manual payment when you enter it in a foreign currency.

Speed Payment Entry Program

You cannot use the Speed Payment Entry program (P0411SV) when entering manual payments in a foreign or alternate currency. This program has several limitations, including that it does not calculate currency amounts or gains and losses.

Before You Begin

- Ensure that the following AIs are set up:
 - PGxxx – realized gains on foreign currency payments
 - PLxxx – realized losses on foreign currency payments

See *Realized Gains and Losses on Foreign Currency Payments* for more information.

► To enter manual payments in a foreign currency

From the Manual Payment Processing menu (G0412), choose Payment With Voucher Match.

1. On Work With Payments, click Add.
2. On Manual Payment Entry, complete the fields in the header area.
3. If the processing option specifies that you must enter payment amounts manually, complete the following field. Otherwise, leave the field blank and the system will calculate the payment amount automatically later in the task.

Note

For the examples in the following steps, the system automatically calculates the payment amount.

4. Type the currency code of the foreign currency payment in the following field:
The default value is the currency code from the supplier record.
5. Specify a spot rate, if applicable, in the following field:
The default value is the exchange rate between the currency in the Currency Code field and the currency of the base company. To see the default exchange rate now, tab through this field. Otherwise, the system will automatically display the default exchange rate after you select open pay items and return to this form.
6. Choose Pay Items from the Form menu.
7. On Select Open Pay Items, choose the pay items that you want to pay in a foreign currency and click Select.
8. On Manual Payment Entry, verify the foreign currency amounts for the pay items.
9. If you need to select additional pay items, do one of the following:
 - If the processing option is set for the system to automatically calculate the payment amount *and* you want to select additional pay items, do not clear the Payment Amount field on Manual Payment Entry. Instead, choose Pay Items

from the Form menu. On Select Open Pay Items, choose the pay items and click Select. On Manual Payment Entry, the system recalculates the payment amount to include the pay items that you just added.

- If the processing option is set for you to enter the payment amount manually and you want to select additional pay items, clear the Payment Amount field on Manual Payment Entry. Choose Pay Items from the Form menu. On Select Open Pay Items, choose the pay items and click Select. On Manual Payment Entry, enter the new payment amount.

10. On Manual Payment Entry, click OK to accept the entry.

Processing Options for A/P Manual Payments (P0413M)

Currency

1. Activate Alternate Payment

Blank = Do not activate Alternate Payment

1 = Activate Alternate Payment

Use this processing option to specify whether the system activates Alternate Payment on the Form menu.

Valid values are:

Blank Do not activate Alternate Payment on the Form menu.

1 Activate Alternate Payment on the Form menu.

NOTE: The Alternate Payment selection accesses the Alternate Currency form.

This form allows you to pay a voucher in a currency other than the domestic or foreign currency of a voucher. For example, a voucher entered in Canadian dollars (CAD), whose base currency is U.S. dollars (USD), can be paid in Belgian francs (BEF)-or any currency other than CAD or USD.

2. Exchange Rate Date Edit

Blank = Do not edit Exchange Rate Date

1 = Edit Exchange Rate Date

Use this processing option to specify whether the system validates that the effective date of the exchange rate is within the same G/L reporting period in the Company Constants.

Valid values are:

Blank The system does not perform the validation; it accepts any date.

1 The system performs the validation and issues a warning message if the effective date is not within the same G/L reporting period.

3. Exchange Rate Tolerance Limit

Enter a whole number percent

Use this processing option to specify an exchange rate tolerance limit. During payment entry you can manually override the exchange rate that exists in the Currency Exchange Rate table (F0015). The Exchange Rate Tolerance Limit processing option places limits on how far the exchange rate you enter manually can differ from the exchange rate in the F0015 table.

Valid values are whole numbers that indicate a percent of the exchange rate in the F0015 table. For example, if you enter 5, you can manually override the exchange rate that exists in the F0015 table with a number that is plus or minus 5 percent of the table value.

Entering Manual Payments in an Alternate Currency

An alternate currency payment is a payment that is in a currency other than the domestic or foreign currency of the voucher.

With alternate currency payment processing, you can enter a voucher in one currency and issue payment in a currency that is different from the transaction currency of the voucher and the domestic currency of your company. For example, a Canadian company that receives an invoice in the euro (EUR) from a French company can pay in Japanese yen (JPY). Similarly, a French company that receives an invoice in JPY can pay in Canadian dollars (CAD). In both examples, the Canadian and French companies must set up their systems to process alternate currency payments.

To enter a manual payment in an alternate currency, you must apply the payment to existing vouchers using the Payment with Voucher Match program (P0413M). You designate the alternate currency in which you want to pay at the time you enter the manual payment. The system then converts the selected vouchers to the alternate currency amount, using the alternate to domestic currency and foreign to alternate currency exchange rates from one of the following:

- Currency Exchange Rates table (F0015). This is the default.
- Alternate Currency Entry form. If spot rates are allowed, you can override the default rates on this form when you enter the manual payment.

You cannot print a payment when you enter a manual payment in an alternate currency. You must write the payment manually.

Most of the processing considerations for alternate currency payments are based on the AAI and processing option setup that you do before you actually enter the payments.

Monetary Bank Accounts

For alternate currency payments, if the voucher is assigned a monetary bank account, the bank account currency does not have to be the same as the transaction currency of the voucher.

Before You Begin

- ❑ Ensure that the following AAIs are set up:
 - PYxxx – realized gains on alternate currency payments
 - PZxxx – realized losses on alternate currency payments
 - P7 – clearing account for alternate currency payments
- See *Realized Gains and Losses on Alternate Currency Payments* and *Clearing Account for Alternate Currency Payments*.
- ❑ Set the processing option for alternate currency payments in Payment with Voucher Match (P0413M). This allows you to access the Alternate Currency Entry form, which is used to enter manual payments in an alternate currency.

► To enter manual payments in an alternate currency

Entering manual payments in an alternate currency is similar to entering manual payments in a domestic or foreign currency. The differences are described in the following steps.

From the Manual Payment Processing menu (G0412), choose Payment With Voucher Match.

1. On Work with Payments, click Add.
 2. On Manual Payment Entry, complete the header fields as usual.
 3. If the processing option specifies that you must enter payment amounts manually, complete the following field. Otherwise, leave the field blank and the system will automatically calculate the payment amount later in the steps.
-

Note

For the examples in the following steps, the system automatically calculates the payment amount.

4. Enter the currency code of the voucher transaction in the following field:
The default value is the currency code from the supplier record.
5. Specify a spot rate in the following field, if applicable:
The default value is the exchange rate between the currency in the Currency Code field and the currency of the base company. To see the default exchange rate now, tab through this field. Otherwise, the system will automatically display the default exchange rate after you select open pay items and return to this form.
6. Choose Pay Items from the Form menu.
7. On Select Open Pay Items, choose the pay items that you want to pay in an alternate currency and click Select.
8. On Manual Payment Entry, choose Alternate Payment from the Form menu.
9. On Alternate Currency Entry, leave the Alternate Payment Amount field blank and the system will calculate the payment amount automatically after you complete the following fields on the form.

To retrieve exchange rates from the Currency Exchange Rates table (F0015), tab through the Alternate to Domestic and Foreign to Alternate fields. You cannot override the exchange rates in these two fields if triangulation is set up and the Prohibit Spot Rate flag for a currency relationship is turned on (Set Up No Inverse Rule and Triangulation form).

The system calculates the alternate currency payment amount and displays it in the Alternate Payment Amount field.

10. Click OK.
11. On Manual Payment Entry, verify the foreign currency amounts for the pay items selected.
12. If you need to select additional pay items, do one of the following:
 - If the processing option is set for the system to automatically calculate the payment amount and you want to select additional pay items, do *not* clear the

Payment Amount field on Manual Payment Entry. Instead, choose Pay Items from the Form menu. On Select Open Pay Items, choose the pay items and click Select. On Manual Payment Entry, the system recalculates the payment amount to include the pay items that you just added.

- If the processing option is set for you to enter the payment amount manually and you want to select additional pay items, clear the Payment Amount field on Manual Payment Entry. Choose Pay Items from the Form menu. On Select Open Pay Items, choose the pay items and click Select. On Manual Payment Entry, enter the new payment amount.
13. On Manual Payment Entry, click OK to accept the entry.
 14. After entering the payment, you can review the alternate currency amount on the Work with Payments form.

Cash Requirements Report for Payments in a Foreign Currency

From the Automatic Payment Processing menu (G0413), choose Cash Requirements Report.

The Cash Requirements Report lists vouchers by supplier in three aging columns, provides a total for each supplier and each bank account, and shows the total amount needed to pay open vouchers. Depending on the type of bank account, the report includes the following currency code and amount information:

- If the bank account is a monetary bank account, the currency code printed on the header of the report is the bank account currency. The currency code printed in the currency code column is the domestic currency of the voucher. The amounts to the right of the currency code column are in the domestic currency. The amounts to the left of the currency code column are in the bank account currency.
- If the bank account is a non-monetary bank account, the currency code printed on the header of the report is the domestic currency. The currency code printed in the currency code column is the foreign currency of the voucher. The amounts to the right of the currency code column are in the foreign currency. The amounts to the left are in the domestic currency.

Forecasting Cash Flow in a Foreign Currency

Use one of the following navigations:

From the A/R Advanced & Technical Operations menu (G03B31), choose A/R Cash Forecasting.

From the A/P Advanced & Technical Operations menu (G0431), choose A/P Cash Forecasting Summarization.

The A/R and A/P Cash Forecasting Summarization programs build the Cash Forecasting Summarization table (F0032), which contains useful information for cash analysis and forecasting.

After you build the F0032 table, download the information to a standard spreadsheet program to view the total amount of all open invoices or vouchers, due dates, and the amount required to close the invoices and vouchers. The information is summarized by business unit, company, due date, and currency.

The F0032 table contains both domestic and foreign amounts and currency codes as follows:

- The domestic amount and currency appear in the Amount Open and Currency Code-From fields.
- For monetary accounts, the foreign amount and currency appear in the Amount Open-Foreign and Currency Code-To fields.
- For non-monetary accounts, the domestic amount and currency appear in the Foreign Amount and Currency Code fields.

For more information, see *Forecasting Cash Flow* in the *Accounts Receivable Guide* or *Accounts Payable Guide*.

Writing Automatic Payments in a Foreign or Alternate Currency

You can write automatic payments in a domestic currency as well as either of the following:

- Foreign currency. The payment is in the foreign (transaction) currency of the voucher.
- Alternate currency. The payment is in a currency other than the domestic or foreign currency of the voucher.

With alternate currency payment processing, you can enter a voucher in one currency and issue payment in a currency that is different from the transaction currency of the voucher and the domestic currency of your company. This prevents you from having to void the original voucher and enter a new voucher that is in the same currency as the payment. For example, a Canadian company that receives a supplier's invoice in the euro (EUR) from a French company can pay in Japanese yen (JPY). Similarly, a French company that receives a supplier's invoice in JPY can pay in Canadian dollars (CAD). In both examples, the Canadian and French companies process payments in an alternate currency.

Most of the processing considerations for foreign and alternate currency payments are based on the AAI and processing option setup that you do before you actually write the payments. The ability to write automatic payments in a foreign or alternate currency is controlled by processing options in the following programs:

- Create Payment Control Groups (R04570)
- Work with Payment Groups (P04571)

Monetary Bank Accounts

For alternate currency payments, if the voucher is assigned a monetary bank account, the bank account currency does not have to be the same as the transaction currency of the voucher.

Creating Payment Groups in a Foreign or Alternate Currency

From the Automatic Payment Processing menu (G0413), choose Create Payment Control Groups.

Before you write payments, you must create payment groups. For foreign and alternate currency payments, you use processing options to group your vouchers by the following:

- Bank account assigned to the voucher or an override bank account
- Payment currency (domestic, foreign, or alternate)
- Payment instrument

By grouping your vouchers in this way, you can create a payment group that includes different currencies and bank accounts. Additionally, you can create payment groups and pay them from a bank account that deals specifically in a foreign or alternate currency.

With alternate currency payment processing, the processing options for Create Payment Control Groups (R04570) allow you to select a currency different from the foreign or domestic currency of the voucher. This means that you can process a voucher in one currency and make the matching payment in another. For vouchers that are domestic currency only and for vouchers that are foreign currency, you do not have to re-enter the vouchers to pay them in an alternate currency. This saves time and operating costs.

Alternate Currency Error Messages

If an error occurs when you create a payment group, a message prints on the Create Payment Control Groups report. For example, an error message prints if you try to create a payment group in the euro using a Canadian bank account.

The following error messages are specific to alternate currency payments:

- *Alternate currency clearing account is invalid or is a monetary account*
- *Alternate currency clearing account company is not the same as the transaction company*
- *AAI for alternate gain/loss account is invalid*
- *Alternate currency gain/loss account company is not the same currency as transaction company*
- *The currency of the alternate payment did not match the currency of the bank account*

Data Sequence for Create Payment Control Groups

To produce payments that are grouped properly, ensure that the data sequence is set as follows:

15. G/L Bank Account
16. Payment Instrument
17. Check Routing Code
18. Currency Code

Processing Options for Create Payment Control Groups (R04570)

Amounts

2. Currency Code for Range Amounts

Use this processing option to enter a code that specifies the currency for the values you entered in the Payment Amount Range processing option fields. If necessary, the system converts these amounts to the payment currency of each payment control group. For example, if you enter ranges of 100 to 5000 in USD, the system converts those USD amounts to EUR for a EUR payment group, to GBP for a GBP payment group, and so on. The conversion allows for the correct minimum and maximum comparisons for all payment groups created each time you run this program.

NOTE: The currency code is relevant only if currency conversion is turned on for your system.

Printing

4. Payment Currency

Use this processing option to specify the currency method that the program uses for payment.

Valid values are:

Blank You pay in the currency of the G/L bank account. For monetary accounts, this is the currency assigned to the G/L bank account in the Account Master table (F0901). For nonmonetary accounts, this is the currency assigned to the company in which the business unit of the G/L bank account resides. For example, the currency associated with the G/L bank account 1.1110.BEAR is U.S. dollars (USD) because

business unit 1 belongs to company 00001 whose currency is USD. If you enter vouchers in the euro dollar (EUR) for company 00001, you can either pay the vouchers from the monetary bank account in EUR, or you can pay them from a bank account that belongs to a company whose base currency is USD.

- 1 You pay the domestic amount of the voucher in the domestic currency. For example, if you entered the voucher in EUR for company 00001, whose base currency is USD, the voucher is paid in USD.
- 2 You pay the foreign amount of the voucher in the foreign currency. For example, if you entered the voucher in EUR for company 00001, whose base currency is USD, the vouchers are paid in EUR. Vouchers that do not have a foreign currency are paid in the domestic currency.
- 3 You pay the current domestic amount of a foreign voucher in the domestic currency. For example, if you entered the voucher in EUR for company 00001, whose base currency is USD, the foreign amount is converted to the current domestic amount based on today's effective exchange rate, and the voucher is paid in USD.
- 4 You pay the voucher in an alternate currency that is neither the domestic amount nor foreign currency of the voucher. For example, if you entered the voucher in EUR for company 00001, whose base currency is USD, but you want to pay the voucher in Canadian dollars (CAD), the voucher is paid in the alternate currency (CAD). Designate the payment currency in processing option 5.

Exchange Rate Notes

Later in the automatic payment process, the system calculates a gain or loss if the exchange rate of the voucher is different from the exchange rate of the payment.

When you make payments in the current domestic currency, the Create Payment Groups program calculates the domestic amounts being paid using the exchange rate

effective that day. This may be different than the exchange rate effective when you actually make the payment.

5. Alternate Currency Code

Use this processing option to enter the code for the alternate currency amount. You enter a value in this processing option only if you specified 4 in the Payment Currency processing option.

What You Should Know About Processing Options (R04570)

When you create payment groups, you use the Payment Currency processing option for Create Payment Control Groups (R04570) to choose which currency method to use for the payments. The methods to choose from are:

- Bank Account's Monetary Unit
- Voucher Domestic Currency
- Voucher Foreign Currency
- Current Domestic Amount
- Alternate Currency Amount

Bank Account's Monetary Unit

When you choose the Bank Account's Monetary Unit method, the currency in which you pay vouchers depends on whether the bank account assigned to the voucher is a monetary or non-monetary account.

| | |
|----------------------------------|---|
| Monetary bank account | <p>A monetary bank account is an account that is assigned a currency code. For vouchers assigned a monetary bank account, you pay in the currency of the bank account.</p> <p>For example, you enter a foreign voucher in CAD for a company that has a base currency of USD. The bank account that you assign to the voucher is a monetary account with a currency code of CAD. If you choose the Bank Account's Monetary Unit method, you pay the foreign amount of the voucher in the foreign currency (CAD).</p> <p>The system might calculate a gain or loss between the foreign and domestic currency amounts based on one of the following:</p> <ul style="list-style-type: none"> • The G/L date entered on the payment. You enter the G/L date when you write payments. The system uses this date to locate the exchange rate in the Currency Exchange Rates table (F0015). • The Exchange Rate Effective Date specified in the processing option for the Automatic Payment Groups program (P04571). If you leave this processing option blank, the system uses the G/L date. |
| Non-monetary bank account | <p>A non-monetary bank account is an account that is not assigned a currency code (the currency code on the bank account is blank). For vouchers that are assigned a non-monetary bank account, you pay the foreign amount of the voucher in the domestic currency.</p> <p>For example, you enter a foreign voucher in CAD for a company that has a base currency of USD. The bank account that you assign to the voucher is not a monetary account. If you choose the Bank Account's Monetary Unit method, you pay the domestic amount of the voucher in the domestic currency (USD).</p> <p>The system does not calculate a gain or loss because the voucher is paid in the domestic currency.</p> |

Voucher Domestic Currency

When you choose the Voucher Domestic Currency method, you pay in the domestic currency of the voucher.

For example, you enter a foreign currency voucher in CAD for a company that has a base currency of USD. You enter a domestic currency voucher in USD for the same company. If you choose this method, you pay the domestic amount of both vouchers in the domestic currency (USD).

The system does not calculate a gain or loss because the vouchers are paid in the domestic currency.

Voucher Foreign Currency

When you choose the Voucher Foreign Currency method, you pay in the foreign currency of the voucher.

For example, you enter a foreign currency voucher in CAD for a company that has a base currency of USD. You enter another foreign currency voucher in CAD for a company that has a base currency of GBP. If you choose this method, you pay the foreign amount of both vouchers in the foreign currency (CAD).

The system calculates a gain or loss between the foreign and domestic currency based on one of the following:

- The G/L date entered on the payment. You enter the G/L date when you write payments. The system uses this date to locate the exchange rate in the Currency Exchange Rates table (F0015).
- The Exchange Rate Effective Date specified in the processing option for the Work with Payment Groups program (P04571). If you leave this processing option blank, the system uses the G/L date.

Current Domestic Amount

When you choose the Current Domestic Amount method, you pay the current domestic amount of the voucher in the domestic currency.

For example, you enter a voucher in USD for a company that has a base currency of CAD. If you choose the Currency Domestic Amount method, you pay the domestic amount of the voucher in the domestic currency (CAD). Unlike the Voucher Domestic Currency method, which does not calculate a gain or loss, the system calculates a gain or loss if the exchange rate at the time that you enter the voucher is different from the exchange rate at the time that you pay the voucher.

Unlike some other methods, the system does not use the G/L date or the Exchange Rate Effective Date processing option. Instead, it uses the current (today's) exchange rate in the Currency Exchange Rates table (F0015).

If today's exchange rate is not set up, the system uses the previous exchange rate as illustrated in the following example:

| Date | Exchange Rate |
|---------|---------------|
| 6/01/05 | 1.5 |
| 6/15/05 | 2.0 |
| 6/30/05 | 2.5 |

If you pay the voucher on 6/10/05 (today's date), the system uses the exchange rate for 6/01/05 (1.5), because no exchange rate for 6/10/05 exists. Similarly, if you pay the voucher on 6/29/05, the system uses the exchange rate for 6/15/05 (2.0). In both examples, the system uses the exchange rate associated with the previous date.

Alternate Currency Amount

When you choose the Alternate Currency Amount method, you do not pay in the domestic or foreign currency of the voucher; instead, you pay in an alternate currency.

For example, you enter a foreign currency voucher in CAD for a company that has a base currency of USD. You specify JPY in the Alternate Currency processing option. You pay the voucher in JPY, which is neither the foreign currency (CAD) nor the domestic currency (USD).

When you pay a voucher in an alternate currency, you pay the transaction amount of the voucher. The transaction amount is the foreign amount if the voucher is foreign and the domestic amount if the voucher is domestic only.

The system might calculate a gain or loss based on one of the following:

- The G/L date entered on the payment. You enter the G/L date when you write payments. The system uses this date to locate the exchange rate in the Currency Exchange Rates table (F0015).

- The exchange rate effective date specified in the processing option for the Work with Payment Groups program (P04571). If you leave this processing option blank, the system uses the G/L date.

Writing Payments in a Foreign or Alternate Currency

When you write payments in a foreign currency, the system calculates each payment amount by adding the total amount of the vouchers in the transaction currency.

When you write payments in an alternate currency, the system calculates the payment amount as follows:

- It adds the total amount of the vouchers in the transaction currency. The transaction currency can be either domestic or foreign.
- It uses the exchange rate between the transaction currency and the payment currency to calculate the alternate currency amount. This rate is retrieved from the Currency Exchange Rates table (F0015).

For example, a French company receives an invoice for 2,000.00 Canadian dollars (CAD) and pays in U.S. dollars (USD), an alternate currency. To calculate the payment amount, the voucher (supplier's invoice) is divided by the exchange rate (1.514692) as follows:

$$2,000.00 / 1.514692 = 1,320.40 \text{ USD}$$

The following form, Work With Payment Groups shows the 1,320.40 USD alternate currency payment.

The ability to write payments in an alternate currency also enables you to pay domestic-only vouchers in a currency different from your company currency without having to re-enter a voucher in the alternate currency.

Alternate currency payment amounts are stored in the Accounts Payable - Matching Document table (F0413). The currency in the F0413 table will be different from the currency in the Accounts Payable Matching Document Detail table (F0414) because an alternate currency payment is involved. The historical exchange rate stored in the F0414 table contains the exchange rate that is used to calculate the alternate currency amount from the foreign currency.

Error Messages

If an error occurs when you write payments, a message appears after you enter the payment date. The error message that is specific to foreign and alternate currency payments is *Currency exchange rate not found*.

Before You Begin

- Review your payment groups. See *Reviewing Payment Groups* in the *Accounts Payable Guide*.
- For foreign currency payments, ensure that the following AAIs are set up:
 - PGxxx – realized gains
 - PLxxx – realized losses

See *Realized Gains and Losses on Foreign Currency Payments* for more information.

- For alternate currency payments, ensure that the following AAIs are set up:
 - PYxxx – realized gains
 - PZxxx – realized losses
 - P7 – clearing account

See *Realized Gains and Losses on Alternate Currency Payments and Clearing Account for Alternate Currency Payments* for more information.

- Set up country-specific payment instruments. See *Setting Up Payment Instruments* in the *Accounts Payable Guide* for information.
- Set the currency processing options for the following programs:
 - Create Payment Control Groups (R04570)
 - Work with Payment Groups (P04571)

Related Tasks

| | |
|--------------------------------|---|
| Updating the A/P Ledger | <p>When you update a payment group, a Payment Register prints if no errors occurred. If errors occurred, a message prints on the Update Payments Error Report.</p> <p>The following error messages are specific to foreign and alternate currency payments:</p> <ul style="list-style-type: none"> • <i>Currency exchange rate not found</i> • <i>Exchange rate cannot be changed between writing and updating payments</i> |
|--------------------------------|---|

What You Should Know About Processing Options (P04571)

Use the processing options for Work with Payment Groups (P04571) to choose the date and exchange rate to use for your payments. Your choices are as follows:

- Payment G/L date and corresponding rate
- Specific effective date and corresponding rate
- Voucher exchange rate

Payment G/L Date

The system retrieves the exchange rate from the Currency Exchange Rates table (F0015) for the G/L payment date. A gain or loss might be calculated.

In the following example, the G/L payment date is 6/15/05 and the exchange rate for that date is 2.27542.

| Transaction | Foreign Amount | Exchange Rate | Domestic Amount |
|-------------|----------------|---------------|-----------------|
| Voucher | 500.00 GBP | 2.27650 | 1,138.25 CAD |
| Payment | 500.00 GBP | 2.27542 | 1,137.71CAD |

The domestic voucher amount is 1,138.25 CAD and the domestic payment amount is 1,137.71 CAD, which results in a realized gain of + 0.54 CAD.

Specific Effective Date

The system retrieves the exchange rate from the F0015 table for the date you specify. A gain or loss might be calculated.

In the following example, you specify an effective date of 6/30/05 and the exchange rate for that date is 2.28551.

| Transaction | Foreign Amount | Exchange Rate | Domestic Amount |
|-------------|----------------|---------------|-----------------|
| Voucher | 500.00 GBP | 2.28478 | 1,142.39 CAD |
| Payment | 500.00 FRF | 2.28551 | 1,142.76 CAD |

The domestic voucher amount is 1,142.39 CAD and the domestic payment amount is 1,142.76 CAD, which results in a realized loss of - 0.37 CAD.

Voucher Exchange Rate

The system uses the exchange rate that was in effect at the time you entered the voucher. There is no gain or loss calculated because the voucher domestic amount is equal to the payment domestic amount.

In the following example, the exchange rate for the voucher is 2.67823. That same exchange rate is used for the payment.

| Transaction | Foreign Amount | Exchange Rate | Domestic Amount |
|-------------|----------------|---------------|-----------------|
| Voucher | 500.00 GBP | 2.67823 | 1,339.12 CAD |
| Payment | 500.00 GBP | 2.67823 | 1,339.12 CAD |

Reviewing Payments in a Foreign or Alternate Currency

Regardless of whether you enter payments manually or process them automatically, you can review payment information on any of the following forms:

- Supplier Ledger Inquiry
- Work with Payments
- Work with Batches

Supplier Ledger Inquiry

From the Supplier & Voucher Entry menu (G0411), choose Supplier Ledger Inquiry.

To review the history for a specific payment, choose the payment. From the Row menu, choose Payment History.

Work with Payments

From the Supplier & Voucher Entry menu (G0411), choose Supplier Payment Inquiry.

Work with Batches

Use one of the following navigations:

From the Manual Payment Processing menu (G0412), choose Review Payments.

From the Automatic Payment Processing menu (G0413), choose Automatic Payment Review.

The Work with Batches form appears with one of the following default batch types, depending on which menu selection you chose:

- M (manual payments with voucher match)
- W (manual payments without voucher match)
- K (automatic payments)

Posting Foreign and Alternate Currency Payments

Depending on whether you are posting manual or automatic payments, use one of the following navigations:

From the Manual Payment Processing menu (G0412), choose Post Manual Payments to G/L. Alternatively, you can post payments using the Review Payments program.

From the Automatic Payment Processing menu (G0413), choose Post Payments to G/L. Alternatively, you can post payments using the Automatic Payment Review program.

After you enter manual payments or process automatic payments, you must post them. The payment post program performs the tasks described in the following table in sequential order, regardless of whether you use multicurrency processing. For information specific to posting payments in a multicurrency environment, review the information under *Multicurrency Considerations*.

| Task Performed by Payment Post | Multicurrency Considerations |
|---|-------------------------------------|
| Selects unposted payment transactions from the Accounts Payable - Matching Document (F0413) and Accounts Payable Matching Document Detail (F0414) tables. | |
| Verifies that the batch has an approved status. | |
| Creates automatic offset entries to credit the appropriate bank account for the payment amount in the F0911 table. | |

| Task Performed by Payment Post | Multicurrency Considerations |
|--|--|
| Creates automatic offset entries to debit the A/P trade account for the payment amount in the F0911 table. | Creates automatic offset entries to debit the A/P trade account for the AA (domestic) and CA (foreign) ledgers in the F0911 table. |
| Currency gains and losses do not apply to non-multicurrency environments. | <p>Creates automatic entries for foreign currency and alternate currency gains and losses.</p> <p>For more information, see the following:</p> <ul style="list-style-type: none"> • <i>Realized Gains and Losses on Foreign Currency Payments</i> • <i>Realized Gains and Losses on Alternate Currency Payments</i> • <i>Clearing Account for Alternate Currency Payments</i> |
| Updates balances in the Account Balances table (F0902). | |
| Marks records as posted (P) in the Account Ledger table (F0911). | |
| Marks records as posted (D) in the F0413 and F0414 tables. | |
| Changes records in the Batch Control Records table (F0011) to D (posted). | |

Before You Begin

- ❑ Verify the offset method in A/P Constants. See *Setting Up the Offset Method in the Constants*.
- ❑ Before posting foreign currency payments, ensure that the following AAI items are set up:
 - PGxxx – foreign currency realized gains
 - PLxxx – foreign currency realized losses
- ❑ Before posting alternate currency payments, ensure that the following AAI items are set up:
 - PYxxx – alternate currency realized gains
 - PZxxx – alternate currency realized losses
 - P7 – alternate currency clearing account

Slight Rounding Differences Recorded by the Payment Post

When you post foreign or alternate currency payments, the system creates journal entries for slight rounding differences. These slight rounding differences are recorded when a foreign or alternate currency receipt is applied to an invoice and the domestic amount of the invoice is not the same as the domestic amount of the receipt. The rounding difference, which is immaterial, is recorded in a realized gain or loss account even though the amounts are not caused by fluctuations in exchange rates.

Typically, rounding differences occur on transactions that involve multiple vouchers and one payment, or multiple payments and one voucher. For these transactions, a rounding difference might occur when converting amounts between a foreign and a domestic currency, or an alternate and domestic currency.

In the following example, a slight rounding difference is recorded on a foreign currency payment. The exchange rate is 1 USD = 1.59570 CAD.

A Canadian company enters three foreign currency vouchers for 750.00 USD each (1,196.78 CAD each). The Canadian company issues payment for 2,250.00 USD (3,590.33 CAD). When the company applies the domestic payment amount (3,590.33 CAD) to the domestic invoices ($1,196.78 \times 3 = 3,590.34$ CAD), a slight rounding difference of – 0.01 CAD occurs.

To record the rounding difference, the system creates an offset journal entry in the realized gain or loss account as defined by AAI items PG and PL (for foreign currency payments) and PY and PZ (for alternate currency payments) when you post the payment.

Processing Accounts Payable Drafts in a Foreign or Alternate Currency

In most countries, a draft is a promise to pay a debt. Drafts are used in various countries around the world. When a voucher is processed for draft payment, the draft document that you submit to the payee notifies them that your bank will process the draft and transfer the funds on a specified date.

You can process drafts in the foreign (transaction) currency of a voucher as well as in an alternate currency using the manual or automatic payment program. For detailed information about the draft process, see *A/P Draft Processing* in the *Accounts Payable Guide*.

Foreign and Alternate Currency Manual Drafts

When you enter a manual draft and the transaction currency of the voucher is foreign, the system turns on the Foreign option on the Manual Payment Entry form. You can enter a manual draft in either the foreign currency of the voucher or in an alternate currency that is neither the domestic nor the foreign currency of the voucher.

When you enter a manual draft in an alternate currency, you typically match it to the foreign side of the voucher. However, you can match an alternate currency draft to the domestic side of a voucher as long as the voucher is a domestic currency only voucher.

The draft is paid in the foreign or alternate amount and booked to a drafts payable account instead of a bank account. When you update the A/P ledger for foreign and alternate currency drafts, the system creates a matching document with a document type of P1 to close the voucher.

Foreign and Alternate Currency Automatic Drafts

To process drafts in a foreign currency, you create a payment group based on the foreign amount of the vouchers. To process drafts in an alternate currency, you typically create a payment group based on the foreign amount of the voucher; however, you can create a

payment group based on the domestic amount of a voucher as long as the voucher is a domestic currency only voucher.

When writing and updating the payment group, the system creates the paper draft with the foreign or alternate currency amount.

Before You Begin

- For manual drafts, set the processing options for the Payment With Voucher Match program (P0413M) as follows:
 - To allow draft processing, which displays the Draft option on the Manual Payment Entry form, use the Display Draft Entry processing option
 - To specify that drafts are in an alternate currency, use the Activate Alternate Payment processing option
- For automatic drafts, set the processing options for the Create Payment Control Groups program (R04570) as follows:
 - To specify that drafts are in a foreign currency, use the Payment Currency processing option
 - To specify that drafts are in an alternate currency, use the Payment Currency processing option and enter the currency code in the Alternate Currency Code processing option

Currency Gains and Losses for Accounts Payable

Unrealized and Realized Gains and Losses

Currency gains and losses are based on exchange rate fluctuations that occur on transactions that involve more than one currency. When calculating currency gains and losses, the system uses AAIs to distribute the gain or loss to the correct G/L account. Two types of gains and losses exist:

- Unrealized gains and losses
- Realized gains and losses

Unrealized gains and losses are calculated on unpaid invoices and vouchers as well as the open portion of partially paid invoices and vouchers at the end of a fiscal period, whereas realized gains and losses are calculated at the time payment is received or issued.

Calculating Unrealized Gains and Losses

To record unrealized gains and losses on open foreign invoices and vouchers, you can enter the gain and loss entries manually as a journal entry or have the system create the gain and loss entries automatically.

Unrealized gains and losses apply to unpaid invoices and vouchers or the open portion of a partially paid invoice or voucher. If you work with multiple currencies, you need to record unrealized gains and losses at the end of each fiscal period to revalue your open foreign transactions. This gives you an accurate picture of your cash position so that you can forecast and manage your cash flow.

When you run the Unrealized Gain/Loss Report, the system:

- Revalues your open foreign invoices or vouchers
- Analyzes your unrealized gains and losses in detail

If you mix multiple currencies when you run the Unrealized Gain/Loss Report, the foreign grand total and any other subtotals appear as **NA** (not applicable) because totals for more than one currency are meaningless. To prevent this, set up a different batch version for each company that has a different base currency. Setting up a separate batch version for each specific company has the added advantage of reducing the size of the Unrealized Gain/Loss Report.

Run the Unrealized Gain/Loss Report first in proof mode. Review the report it produces and correct any exchange rates, if necessary. Continue to run the program in proof mode until you have corrected all exchange rates, and then run the program in final mode. Final mode creates journal entries.

Caution

To avoid duplicate journal entries, do not run this program more than one time per fiscal period with the processing option set to create journal entries.

You set a processing option to create the reversing journal entry necessary to record the unrealized gain or loss. The system assigns journal entries a document type of JX. This is the only document type that can be used to adjust the domestic side of a monetary (currency-specific) account. The system creates only one reversing journal entry per company.

Running the A/P Unrealized Gain/Loss Report

From the Period End Processing menu (G0421), choose A/P Unrealized Gain/Loss Report.

You run the A/P Unrealized Gain/Loss Report to calculate unrealized gains and losses. The system produces a report that shows the following:

- Base company currency and the transaction currency for each voucher
- Voucher number and due date
- Original and current domestic amount calculated for each voucher
- Foreign amount of each voucher
- Realized gain or loss if the voucher was paid
- Unrealized gain or loss for each open voucher
- Discount amounts for the voucher
- Pay status of the voucher

To produce the report, the system uses information from the following tables:

- Accounts Payable Ledger (F0411)
- Accounts Payable Matching Document Detail (F0414)

If you mix multiple currencies when you run the A/P Unrealized Gain/Loss Report, the foreign grand total and any other subtotals appear as **NA** (not applicable) because totals for more than one currency are meaningless. To prevent this, set up a different batch version for each company that has a different base currency. Setting up a separate batch version for each company has the added advantage of reducing the size of the report.

Run the A/P Unrealized Gain/Loss Report first in proof mode. Review the report that it produces and correct any exchange rates, if necessary. Continue to run the program in proof mode until you have corrected all exchange rates, and then run the program in final mode. Final mode creates journal entries.

Caution

To avoid duplicate journal entries, do not run this program more than one time per fiscal period with the processing option set to create journal entries.

You set a processing option to create the reversing journal entry necessary to record the unrealized gain or loss. The system assigns journal entries a document type of JX. This is the only document type that can be used to adjust the domestic side of a monetary (currency-specific) account. The system creates only one reversing journal entry per company.

Before You Begin

- ❑ Enter new exchange rates on the Setup Currency Exchange Rates form. From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.

- Create a different version of the A/P Unrealized Gain/Loss Report for each company that has a different base currency.
- Ensure that the following AAIs are set up:
 - PVxxx – unrealized gains
 - PWxxx – unrealized losses
 - PRxxxx – unrealized gain/loss offsets

See Also

- Calculating Realized Gains and Losses* for information about calculating gains and losses on payments

Example: Unrealized Gain/Loss on a Foreign Voucher

In the following example, a Canadian company calculates an unrealized gain/loss amount on an open foreign currency invoice in the euro (EUR).

Because of the exchange rate risk, the potential exists for an unrealized gain or loss at the end of the fiscal period when the open invoice (EUR) is revalued against the Canadian dollar (CAD).

| Description | Currency | Amount | Exchange Rate 1 January 2005 | Exchange Rate 31 January 2005 |
|-------------------------|----------|----------|---------------------------------|----------------------------------|
| Voucher (domestic) | CAD | 1,394.25 | 1 EUR = 1.39425 CAD | |
| Voucher (foreign) | EUR | 1,000.00 | | |
| Open voucher (domestic) | CAD | 1,392.21 | | 1 EUR = 1.39221 CAD |
| Unrealized gain/loss | CAD | + 2.04 | | |

The foreign invoice on 1 January 2005 is 1,000.00 EUR, or 1,394.25 CAD in the domestic currency.

Calculation: $1,000.00 \text{ EUR} \times 1.39425 = 1,394.25 \text{ CAD}$

The foreign invoice remains open on 31 January 2005 and is revalued against the Canadian dollar.

Calculation: $1,000.00 \text{ EUR} \times 1.39221 = 1,392.21 \text{ CAD}$

Unrealized Gain/loss

The unrealized gain/loss is + 2.04 CAD. This amount is based on exchange rate fluctuations between the time that the voucher was created and the end of the fiscal period, when the voucher remained open.

| Transaction Amount (CA Ledger) | Original Exchange Rate | Current Exchange Rate | Domestic Amount (AA Ledger) | Gain (+) / Loss (-) |
|-----------------------------------|---------------------------|--------------------------|--------------------------------|------------------------|
| 1,000.00 EUR | 1.39425 | | 1,394.25 CAD | |
| 1,000.00 EUR | | 1.39221 | 1,392.21 CAD | + 2.04 |

1,000.00 EUR x 1.39425 (exchange rate on voucher date) = 1,394.25 CAD

1,000.00 EUR x 1.39221 (exchange rate at end of fiscal period) = 1,392.21 CAD

Calculation: 1,394.25 – 1,392.21 = + 2.04 CAD

Processing Options for A/P Unrealized Gain/Loss Report (R04425)

As Of Date

1. Enter the "As Of" date for processing the current exchange rate. Default of blank will process rate using today's date.

As Of Date

Hold Payment

2. Enter a '1' to bypass suppliers with a hold payment code of 'Y' or '1'. Default of blank will show all suppliers.

Bypass Suppliers

Journal Entry

3. Enter a '1' to create journal entries for both gains and losses. Enter a '2' to create journal entries only for accounts with a calculated loss. Enter a '3' to create journal entries only for calculated gains. Default of blank will not create journal entries.

Create journal entries

4. Enter the G/L date. Default of blank will use the last day of the current period.

G/L date

5. Enter a '1' to create the journal entry batches in an Approved status regardless of the value in the Management Approval of Input general constant. Default of blank will not override the settings.

Approved status

Defaults

6. Enter the ledger type for entry. If left blank, ledger type AA will be used.

Ledger Type

Zero Amounts

7. Enter a '1' to omit the creation of journal entry line items with zero amounts and no units. This may be useful when creating journal entries from models.

Omit zero amounts

Calculating Realized Gains and Losses

Depending on whether you calculate realized gains and losses for receipts or payments, choose the post program as follows:

From the Manual Receipts Processing menu (G03B12) or Automated Receipts Processing menu (G03B13), choose Post Receipts to G/L.

From the Automatic Payment Processing menu (G0413), choose Post Payments to G/L.

To calculate realized gains and losses, you must post your receipts and payments. Realized gains and losses are based on exchange rate fluctuations that occur between transactions that involve a foreign or alternate currency receipt or payment. When you post receipts and payments, the system calculates gains and losses based on whether the exchange rates changed from the date of the invoice or voucher to the date of the receipt or payment. If exchange rates changed, the system creates journal entries for the gains and losses.

If a foreign currency receipt or payment is involved, the potential exists for a standard gain or loss on a transaction. The gain or loss is based on exchange rate fluctuations between the foreign (transaction) currency and the domestic currency at the time the payment was received or issued. To calculate the gain or loss, the system multiplies the invoice or voucher amount by the difference in the exchange rate from the time the invoice or voucher was entered and the time the payment was received or issued.

If an alternate currency receipt or payment is involved, the potential exists for two gains or losses on a transaction:

- Standard gain/loss. An amount based on exchange rate differences between the foreign (transaction) currency and the domestic currency from the transaction date to the receipt or payment date.
- Alternate currency gain/loss. An amount based on exchange rate differences between the alternate (payment) currency and the domestic currency. This gain or loss is the difference between the following amounts:
 - The amount calculated by converting the alternate currency receipt or payment directly to the domestic currency (this is the amount that is actually deposited to or paid from the bank account)
 - The amount calculated by converting the alternate currency receipt or payment to the foreign currency to the domestic currency

Example: Accounts Receivable Realized Gain/Loss

A Canadian company submits an invoice to a U.S. company in U.S. dollars and the U.S. company pays in Japanese yen. The potential exists for two gains and losses. One is the standard gain/loss, which is based on the fluctuation of exchange rates between the U.S. dollar (foreign currency) and the Canadian dollar (domestic currency). The other is an alternate currency gain/loss, which is based on the difference between the amounts calculated by converting the following:

- Japanese yen (alternate currency receipt) directly to Canadian dollar (domestic currency)
- Japanese Yen (alternate currency receipt) to U.S. dollar (foreign currency) to Canadian dollar (domestic currency)

Example: Accounts Payable Realized Gain/Loss

A French company submits an invoice to a U.S. company in U.S. dollars and the U.S. company pays in Canadian dollars. The potential exists for two gains and losses. One is a standard gain/loss, which is based on the fluctuation of exchange rates between the U.S. dollar (foreign currency) and the euro (domestic currency). The other is an alternate currency gain/loss, which is based on the difference between the amounts calculated by converting:

- Canadian dollar (alternate currency payment) directly to the euro (domestic currency)

- Canadian dollar (alternate currency payment) to U.S. dollar (foreign currency) to euro (domestic currency)

Before You Begin

- Enter new exchange rates on the Setup Currency Exchange Rates form. From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.
- For foreign currency payments, ensure that the following AAIs are set up:
 - PGxxx – realized gains
 - PLxxx – realized losses
- For alternate currency payments, ensure that the following AAIs are set up:
 - PYxxx – realized gains
 - PZxxx – realized losses
 - P7 – clearing account

See Also

- Calculating Unrealized Gains and Losses* for information about gains and losses calculated on unpaid or open vouchers

Example: Realized Gain/Loss on Foreign Voucher and Foreign Currency Payment

In the following example, a French company receives an invoice in Canadian dollars (foreign currency) and pays it in CAD (foreign currency).

Because of the exchange rate risk, the potential exists for one gain or loss based on the fluctuation of exchange rates between the domestic currency and the foreign currency at the time of payment.

| Description | Currency | Amount | Exchange Rate 1 January 2005 | Exchange Rate 1 February 2005 |
|-----------------------|----------|----------|---------------------------------|----------------------------------|
| Voucher (domestic) | EUR | 717.61 | | |
| Voucher (foreign) | CAD | 1,000.00 | 1 CAD = 0.71761 EUR | |
| Payment (foreign) | CAD | 1,000.00 | | 1 CAD = 0.71767 EUR |
| Standard gain/loss | EUR | – 0.06 | | |

The foreign voucher on 1 January 2005 is 1,000.00 CAD, which is 717.61 EUR in the domestic currency.

Calculation: 1,000.00 CAD x 0.71761 = 717.61 EUR

The foreign payment on 1 February 2005 is 1,000.00 CAD

Standard Gain/Loss

The standard gain/loss is – 0.06 EUR. This amount is based on the exchange rate fluctuations from the voucher date to the payment date.

$$1,000.00 \text{ CAD} \times 0.71761 \text{ (exchange rate on voucher date)} = 717.61 \text{ EUR}$$

$$1,000.00 \text{ CAD} \times 0.71767 \text{ (exchange rate on payment date)} = 717.67 \text{ EUR}$$

$$\text{Calculation: } 717.61 - 717.67 = -0.06 \text{ EUR}$$

Example: Realized Gain/Loss on Foreign Voucher and Alternate Currency Payment

In the following example, a Canadian company receives an invoice in U.S. dollars (foreign currency) and pays the voucher in the euro (alternate currency).

Because of the exchange rate risk, the potential exists for two gains or losses: one between Canadian dollar (CAD) and U.S. dollar (USD) and the other between EUR, USD, and CAD.

| Description | Currency | Amount | Exchange Rate 1 January 2005 | Exchange Rate 1 February 2005 |
|------------------------------|----------|--------|---------------------------------|---|
| Voucher (domestic) | CAD | 794.30 | | |
| Voucher (foreign) | USD | 500.00 | 1 USD = 1.58860 CAD | |
| Payment (alternate) | EUR | 575.07 | | 1 USD = 1.58798 CAD 1 EUR = 1.38176 CAD 1 EUR = 0.86980 USD |
| Standard gain/loss | CAD | + 0.31 | | |
| Alternate currency gain/loss | CAD | + 0.30 | | |

The foreign voucher on 1 January 2005 is 500.00 USD, which is 794.30 CAD in the domestic currency.

$$\text{Calculation: } 500.00 \text{ USD} \times 1.58860 = 794.30 \text{ CAD}$$

The alternate currency payment on 1 February 1 2005 is 575.07 EUR

The foreign currency amount applied to the voucher is 500.20 USD.

$$\text{Calculation: } 575.07 \text{ EUR} \times 0.86980 = 500.20 \text{ USD}$$

The domestic currency amount applied to the voucher is 793.99 CAD.

$$\text{Calculation: } 500.00 \text{ USD} \times 1.58798 = 793.99 \text{ CAD}$$

The domestic currency amount of the payment is 728.20 CAD.

$$\text{Calculation: } 575.07 \text{ EUR} \times 1.38176 = 794.61 \text{ CAD}$$

Standard Gain/Loss

The standard gain/loss is + 0.31 CAD. This amount is based on the exchange rate fluctuations from the voucher date to the payment date:

$$500.00 \text{ USD} \times 1.58860 \text{ (exchange rate on voucher date)} = 794.30 \text{ CAD}$$

$$500.00 \text{ USD} \times 1.58798 \text{ (exchange rate on payment date)} = 793.99 \text{ CAD}$$

$$\text{Calculation: } 794.30 - 793.99 = + 0.31 \text{ CAD}$$

Alternate Currency Gain/Loss

The alternate currency gain/loss is + 0.30 CAD. This amount is calculated using exchange rates on the payment date. It is based on the difference between converting the alternate currency directly to the domestic currency and converting the alternate currency to the foreign currency to the domestic currency.

$$575.07 \text{ EUR} \times 1.38176 = 794.61 \text{ CAD}$$

$$(575.07 \text{ EUR} \times 0.86980 = 500.20 \text{ USD}) \times 1.58798 = 794.31 \text{ CAD}$$

$$\text{Calculation: } 794.61 - 794.31 = + 0.30 \text{ CAD}$$

Multicurrency Reports for Accounts Payable

Open A/P with Foreign Amounts Reports

From the Accounts Payable Reports menu (G0414), choose Open A/P with Foreign Amounts.

To view voucher information for suppliers with multiple currencies, print the Currency Open A/P Details report. This report is similar to the Open A/P Detail with Aging report, except that the original domestic and open foreign balances appear in the base currency of the company.

Three different reports are available for Open A/R with Foreign Amounts:

| | |
|--|---|
| Currency Detail - Foreign and Domestic (R04427A) | Print this report to review a detailed list of open A/P items with both foreign and domestic currency amounts. |
| Currency Detail - Aging (R04427B) | Print this report to review a detailed list of open A/R items with foreign currency amounts. If no foreign currency transactions exist, the system prints domestic amounts. You set a processing option to age the open A/P amounts as of a specific date. |
| Open A/P Detail with Foreign Currency Aging (R04427C) | Print this report to review a detailed list of open A/P items with foreign amounts for specific aging dates and methods. If no foreign currency transactions exist, the system prints domestic amounts. You set a processing option to age the open A/P amounts as of a specific date. |

Foreign currency totals on this report use the decimals of the currency of the last transaction before the total.

Processing Options for Currency Detail – Foreign and Domestic (R04427A)

Bypass

Enter a '1' to bypass suppliers with a Hold Payment Code of "Y". If left blank, all suppliers will be printed.
Bypass Suppliers on Hold

Processing Options for Currency Detail – Aging (R04427B)

Hold Payment

1. Enter a '1' to bypass suppliers with a Hold Payment Code of "Y". Leave blank to show all Suppliers.

Hold Payment Bypass:

Aging

1 Enter a '1' to retrieve the aging classifications from A/P Constants. If left blank, the processing options

will be used for aging.

Retrieve Aging from Constants:

2. Enter the "As Of" date to age open balances. If left blank, the current date is used as the default.

As Of Date:

3. Specify one of the following dates from which to age accounts. D = Due Date (Default), I = Invoice Date, G = General Ledger Date.

Aging - Date Based On (D/I/G)

4. Specify one of the following methods for aging calculations: 1 = Aging Days (Default), 2 = Fiscal Periods, 3 = Calendar.

Aging Method:

More Aging

1. Enter the following aging category information (for method "1" only):

Beginning

 thru:

 thru:

 thru:

2. Enter a '1' to age credits or leave blank to apply credits to the current column.

Age Credits:

Processing Options for Open A/P Detail w/ Foreign Currency (R04427C)

Hold Payment

1. Enter a '1' to bypass suppliers with a Hold Payment Code of "Y". Leave blank to show all Suppliers.

Hold Payment Bypass:

Aging

1. Enter a '1' to retrieve the aging specifications from A/P Constants. If left blank, the processing options will be used for aging.

Retrieve Aging from Constants:

2. Enter the "As Of" date to age open balances. If left blank, the current date is used as the default.

As Of Date:

3. Specify one of the following dates from which to age accounts: D = Due Date (Default), I = Invoice Date, G = General Ledger Date.

Aging - Date Based On (D/I/G)

4. Specify one of the following methods for aging calculations: 1 = Aging Days (Default), 2 = Fiscal Periods, 3 = Calendar.

Aging Method:

More Aging

1. Enter the following aging category information (for method "1" only):

Beginning:

 thru:

 thru:

 thru:

2. Enter a '1' to age credits or leave blank to apply credits to the current column.

Age Credits:

Pymnt Options

1. Enter a '1' to include payment amounts in the Original amount column total on the report. If left blank, only original document amounts will be totalled in this column. This option is only valid if payment information is being printed.

Include Payments in Total:

Data Sequence for Open A/P with Foreign Amounts Reports

The report totals are dependent on the following sequence, which should not be changed:

8. Company
9. Alpha Name
10. Address Number
11. Currency Code

Open A/P Summary with Currency Reports

From the Accounts Payable Reports menu (G0414), choose Open A/P Summary Report.

The following two versions of the Open A/P Summary Report are specific to multicurrency processing:

- A/P Summary with Currency (R04413A)
- "As of" - A/P Summary with Currency (R04413D)

These reports print information about open voucher balances and aging. You control the date from which you want to age your vouchers and the aging categories that you want to appear on these summary reports. Depending on the results you want, set up your aging specifications using one of the following:

| | |
|---------------------------|--|
| A/P constants | The system calculates aging based on the Accounts Payable constants, where you specify the number of days in each time interval for the columns on your aging reports. For example, you can specify 30, 60, 90, and 120 days and more. |
| Processing options | The system calculates aging based on processing options. The processing options override the intervals that you specify in the Accounts Payable constants. You can specify aging by due date, invoice date, or G/L date, and by one of the following aging methods: <ul style="list-style-type: none"> • Aging days • Fiscal periods • Calendar |

Processing Options for A/P Summary with Currency (R04413A)

Aging

1. Enter a '1' to retrieve the aging specifications from A/P Constants. If left blank, the processing options will be used for aging.

Retrieve Aging Specifications

2. Enter the "As Of" Date to age open balances. If left blank, the current date is used as the default.

"As Of" Date

3. Specify one of the following dates to age accounts from: D = Due Date (Default), I = Invoice Date, G = General Ledger Date.

Date To Age

4. Specify one of the following methods for aging calculations: 1 = Aging Days (Default), 2 = Fiscal Periods, 3 = Calendar.

Aging Method

5. Enter the following aging category information: (for method '1' only): Aging Days:

Beginning
thru
thru

thru
6. Specify one of the following for aging credits: '' = Apply Credits to Current Column (Default), '1' = Age Credits.
Aging Credits
Print Options
1. Enter a '1' to bypass suppliers with a Hold Payment code of 'Y'. If left blank, all suppliers will print.
Bypass Suppliers

Processing Options for “As of” – A/P Summary with Currency (R04413D)

Aging
1. Enter a '1' to retrieve the aging specifications from A/P Constants. If left blank, the processing options will be used for aging.
Retrieve Aging Specifications
2. Enter the "As Of" Date to age open balances. If left blank, the current date is used as the default.
"As Of" Date
3. Specify one of the following dates to age accounts from: D = Due Date (Default), I = Invoice Date, G = General Ledger Date.
Date To Age
4. Specify one of the following methods for aging calculations: 1 = Aging Days (Default), 2 = Fiscal Periods, 3 = Calendar.
Aging Method
5. Enter the following aging category information: (for method '1' only): Aging Days:
Beginning
thru
thru
thru
6. Specify one of the following for aging credits: '' = Apply Credits to Current Column (Default), '1' = Age Credits.
Aging Credits
Print Options
1. Enter a '1' to bypass suppliers with a Hold Payment code of 'Y'. If left blank, all suppliers will print.
Bypass Suppliers

Data Sequence for Open A/P Summary with Currency Reports

The report totals are dependent on the following sequence, which should not be changed:

12. Company
13. Address Number
14. Currency Code (for correct totals by currency)

A/P Detail by Approver with Foreign Currency Aging (R04428C)

From the Other Voucher Entry Methods menu (G04111), choose Voucher Detail Report.

The A/P Detail by Approver with Foreign Currency Aging report (R04428C) prints open foreign currency aging amounts by approver number and shows due dates and expense suspense accounts along with the open amount.

This report is similar to the Open A/P Detail with Foreign Currency Aging Report (R04427C). See *Open A/P with Foreign Amounts Reports*.

Processing Options for A/P Detail By Approver with Foreign Currency Aging (R04428C)

Print

1. Enter a '0' to print aging information, or a '1' to print discount and remark information.

Print Format

Hold

1. Enter a '1' to bypass suppliers with a Hold Payment Code of 'Y'. If left blank, all suppliers will print.

Supplier Hold Payment Code

Aging

1. Enter a '1' to retrieve the aging specifications from A/P Constants. If left blank, the Processing Options will be used for aging. Note: If selected, all other aging Processing Options will be ignored.

Aging From A/P Constants

2. Enter the "As Of" date to age open balances. If left blank, the current date is used as the default.

As Of Date

3. Specify one of the following dates to age accounts from: 'D' = Due Date; 'I' = Invoice Date; 'G' = General Ledger Date. If left blank, 'D' is the default.

Date To Age Accounts

4. Specify one of the following methods for aging calculations: '1' = Aging Days; '2' = Fiscal Periods; '3' = Calendar. If left blank, '1' is the default.

Method

5. Enter the following aging category information (for Method '1' only):

Beginning

thru

thru

thru

6. Enter a '1' to age credits, or leave blank to apply credit to the Current column.

Age Credits Method

Related Topics about Other Reports for Multicurrency

| | |
|--|---|
| Supplier Analysis Report (R04602) | Before you print the Supplier Analysis Report, specify the currency in which you want to state amounts in the processing option. If the system cannot find an exchange rate, it prints * (asterisk) for the amount on the report. |
| Netting - Aging Report (R03B466) | The A/R and A/P Netting Report - Detail lists transactions by customer and supplier and is aged by currency. You can review foreign currency versions of this report, or a domestic currency only version. |
| Accounts Payable Integrity Reports | For information about identifying problems and inconsistencies in your data, see <i>A/P Integrity Reports</i> in the <i>Accounts Payable Guide</i> . |

Multicurrency Journal Entries

Multicurrency journal entries are foreign currency transactions, which are entered in a currency that is different from the base currency associated with the company. When you enter a journal entry in a foreign currency, the system calculates the domestic currency amount. Conversely, if you enter the domestic amount of a foreign transaction, the system calculates the foreign amount.

Foreign currency journal entries have two different currency codes:

- Base Currency Code. This is the currency code of the company that is associated with the business unit of the first account number that you enter for the journal entry.
- Transaction Currency Code. This currency code indicates the foreign amounts originally entered for a transaction. If the transaction currency code is blank, the base currency code is used.

The system writes foreign transaction amounts to the CA (foreign currency) ledger and domestic amounts to the AA (actual amounts) ledger. If you use detailed currency restatement, the system also creates transactions in the XA (alternate) ledger. The ledger type indicates which ledger or set of books is updated by the transaction.

When you enter a foreign currency journal entry, the system retrieves the exchange rate from the Currency Exchange Rates table (F0015) unless you override the rate on the Journal Entry form at the time of entry.

Multicurrency Batch Totals

Batch amounts are not currency-sensitive. For flexibility in data entry, you can enter transactions with different currencies in the same batch. The debit amounts of the entries are added to obtain the batch total.

If you enter transactions with different currencies in the same batch, the system does not adjust for the decimal notations of the different currencies. As a result, the totals for the batch are meaningless. For this reason, many users prefer to enter transactions with different currencies in separate batches.

To determine the expected input total for a batch with currencies that have different decimal places, add the amounts without using a decimal point.

For example, you enter invoices for 10,535.00 EUR and 16,433,500 JPY in the same batch. The system disregards the decimal point in the euro amount and calculates a hash total. The total amount entered is 17,487,000 (1053500 plus 16433500).

The system displays decimals in the input totals based on the setting in the data dictionary. Using the same figures:

- If you set the data dictionary to display zero decimals, the system displays 17,487,000.
- If you set the data dictionary to display two decimals, the system displays 174,870.00.

► To enter journal entries in a foreign currency

From the Journal Entry, Reports, & Inquiries menu (G0911), choose Journal Entry.

1. On Work With Journal Entries, click Add.
2. On Journal Entry, complete the fields in the header area of the form as usual.
See *To identify the journal entry* in the *General Accounting Guide*.
3. Enter the foreign currency in the following field:
4. Complete the following optional fields:
If you enter CA in this field, the Foreign Amount field appears in the detail area of the Journal Entry form.
5. Complete the fields in the detail area of the form as usual and click OK.
See *To enter the G/L distribution* in the *General Accounting Guide*.

Related Tasks

| | |
|---|--|
| Changing exchange rates | You cannot change the exchange rate on an existing journal entry. Instead, you must do one of the following: <ul style="list-style-type: none">• If you have not posted the journal entry, delete it on the Work with Journal Entries form and enter a new one with the correct exchange rate.• If you have posted the journal entry, void it and enter a new one with the correct exchange rate. |
| Entering model journal entries in a foreign currency | The system will not allow you to enter a model journal entry with a foreign currency (CA) ledger type. The system cannot create CA ledger entries for models because models do not contain a G/L date. The G/L date is needed to retrieve an exchange rate. You can enter a model journal entry in the domestic currency only. |

► To review journal entries in a foreign currency

You can review journal entry amounts in both the base and the foreign (transaction) currency.

From the Journal Entry, Reports, & Inquiries menu (G0911), choose Journal Entry.

1. On Work With Journal Entries, click Find to display all journal entries, or narrow your search by completing any of the fields in the header area or the QBE row and click Find.
2. Choose the journal entry that you want to review and click Select.
3. On Journal Entry, review the following fields:
 - Ledger Type
 - Base Currency

4. To toggle between the base and foreign currency, click Foreign.

Reviewing Transactions in an "As If" Currency

You can review account ledger transactions as if they were entered in a currency other than the currency in which they were actually entered. For example, you can review amounts in the Japanese yen as if they were entered in the U.S. dollar, or review euro amounts as if they were entered in Canadian dollars, and so on.

This functionality is called "as if" currency processing. Certain general ledger inquiries and reports have processing options that allow you to view transaction amounts using "as if" currency processing. You can review "as if" amounts associated with your domestic ledger (AA) or any other ledger. However, be aware that if you view amounts for the CA (foreign currency) ledger, the amounts are meaningless because the CA ledger contains more than one currency, and "as if" processing is designed to convert only one currency at a time.

One of the advantages of "as if" currency processing is that it does not impact disk space. The amounts that you review or print are not written to a table, but instead are stored in temporary memory.

Note

Reviewing transactions in an "as if" currency is different from reviewing transactions created by balance currency restatement. "As if" currency processing was not designed for purposes of balance currency restatement.

"As If" Currency Inquiry Programs

The following general ledger inquiry programs use "as if" currency processing:

- Account Ledger Inquiry (P09200)
- Account Inquiry by Object Account (P09201)
- Account Inquiry by Category Code (P09202)

Depending on how you set a processing option for these programs, you can review amounts in one of the following formats:

| | |
|--------------------------|--|
| One-Ledger Format | Displays amounts for one ledger only. To view amounts for a ledger in an "as if" currency, you choose a menu option that acts like a toggle between the original ledger amounts and the "as if" amounts. |
| Two-Ledger Format | Displays amounts for two ledgers. To view "as if" amounts alongside your domestic amounts, use the two-ledger format. You can view "as if" amounts associated with Ledger Type 1 only. |

For more information, see the task *To review transactions in an "as if" currency*.

General Ledger Reports

The following general ledger reports use "as if" currency processing:

- Account Ledger Print (R09200P)
- G/L by Object Account (R09421)
- G/L by Category Code (R09470)

Before You Begin

- Set processing options to specify the "as if" currency and the exchange rate date for the Account Ledger Inquiry (P09200), Account Inquiry by Object Account (P09201), and Account Inquiry by Category Code (P09202) programs.

► To review transactions in an "as if" currency

The following steps describe how to review domestic and "as if" currency transaction amounts using the Account Ledger Inquiry program. Remember, you can view "as if" currency amounts for ledgers other than your AA ledger.

Use one of the following navigations:

From the Accounting Reports & Inquiries menu (G0912), choose Account Ledger Inquiry.

From the Accounting Reports & Inquiries menu (G0912), choose Account Inquiry by Object Account.

From the Accounting Reports & Inquiries menu (G0912), choose Account Inquiry by Category Code.

1. Locate transactions for an account as usual, but enter ledger type values as described in the following steps.
2. To view domestic amounts in an "as if" currency using the one-ledger format:
 - Enter AA in the Ledger Type 1 field.
 - Choose As If Currency from the Form menu. The As If Currency menu option acts like a toggle between the domestic currency and the "as if" currency amounts.

If the As If field appears in the upper-right corner of the form, you are viewing amounts in the "as if" currency. If the field does not appear, you are viewing amounts in the domestic currency.

3. To view domestic amounts alongside an "as if" currency using the two-ledger format:
 - Enter AA in the Ledger Type 1 and Ledger Type 2 fields.
 - Scroll to the right to view both the LT 1 and LT 2 amounts in the detail portion of the form.
 - Choose As-If Currency from the Form menu. The "as if" currency amounts appear in the LT 1 column and the domestic amounts appear in the LT 2 column.
4. To print "as if" currency amounts for an account, choose Print Ledger from the Report menu while viewing the "as if" amounts.

Related Tasks

| | |
|---|---|
| Reviewing account balances | If you post transactions by currency to the Account Balances table (F0902), you can review currency-specific account balances for the AA and CA ledgers on the Account Balance by Currency Code form. To access this form, choose an account to review on the Work with Account Ledger form. Then choose Currency Balances from the Form menu. |
| Reviewing ledger amounts for detailed currency restatement | If you use Detailed Currency Restatement processing, you can review the reporting currency ledger along with one of the following ledgers on the Work with Account Ledger form: <ul style="list-style-type: none">• The alternate (stable) currency ledger (XA)• The domestic (local) currency ledger (AA) |

Multicurrency Batch Journal Entry Processing

Before you process batch journal entries in a multicurrency environment, you should understand the relationship between the currency mode and currency amount fields. You should also understand how amounts are calculated using the exchange rate. The fields that are required and the way that amounts are calculated depend on the type of transaction that you enter. See *Guidelines for Amount, Exchange Rate, and Currency Mode Fields for Batch Journal Entries*.

To successfully upload batch journal entries from an external source and process them in your J.D. Edwards system, you must first create a custom program that provides proper data to fields in the Journal Entry Transactions – Batch File table (F0911Z1).

To successfully process batch journal entries from the F0911Z1 table to the Account Ledger table (F0911), you must understand what type of information the Journal Entries Batch Processor program (R09110Z) requires from the F0911Z1 table. See *Multicurrency Fields Required in the F0911Z1 Table*.

For complete information about processing batch journal entries, including all other fields required in the F0911Z1 table, see *Batch Journal Entry Processing* in the *General Accounting Guide*.

Guidelines for Amount, Exchange Rate, and Currency Mode Fields for Batch Journal Entries

Observe the following guidelines to determine how to enter amounts, exchange rates, and currency modes for domestic and foreign transactions when processing batch journal entries in a multicurrency environment.

| Type of Transaction | Description of Values for Multicurrency Fields |
|---------------------|--|
|---------------------|--|

| | |
|---|---|
| Domestic | If the currency code of the transaction (as identified by the value in VNCRCD of the first journal entry line) is equal to the currency code of the company, the transaction is a domestic transaction. Enter the transaction amount in the Amount field (VNAA) and enter D in the Currency Mode field (VNCRRM). Do not enter an exchange rate. |
| Foreign | If the currency code of the transaction (as identified by the value in VNCRCD of the first journal entry line) is different from the currency code of the company, the transaction is a foreign transaction. Enter the transaction amount in the Currency Amount field (VNACR) and enter F in the Currency Mode field (VNCRRM). The system calculates the domestic amount, based on the exchange rate (VNCRR). |
| Domestic side of a foreign transaction | If the currency code of the transaction (as identified by the value in VNCRCD of the first journal entry line) is different from the currency code of the company, but the Amount field (VNAA) contains an amount, the transaction is a foreign transaction. Enter F in the Currency Mode field (VNCRRM). The system calculates the foreign amount, based on the exchange rate (VNCRR). |
| Foreign and domestic transactions using currency mode 3 | If you know both the foreign and domestic amounts, you can bypass system calculations by entering 3 in the Currency Mode field (VNCRRM) and entering amounts in both the Amount field (VNAA) and the Currency Amount field (VNACR). If you leave the Exchange Rate field (VNCRR) blank, the system calculates the exchange rate, based on the two amounts. |

Multicurrency Fields Required in the F0911Z1 Table

Before you process batch journal entries, review the following table for a list of the multicurrency fields required in the Journal Entry Transactions – Batch File table (F0911Z1).

For some fields, blank is a valid value.

| Field Name | Alias | Type | Length | Description |
|---------------|--------|-------|--------|--|
| Currency Code | VNCRCD | Alpha | 3 | A code that identifies the currency of the transaction. The value in this field must exist in the Currency Codes table (F0013). If you complete this field, the system uses the value from the first journal entry line for all of the lines of the transaction. The system ignores values in subsequent lines. For example, if the VNCRCD field for line 1 is CAD and the VNCRCD field for line 2 is FRF, the system ignores FRF and uses CAD for the entire transaction. If you leave this field blank, the system uses the currency code of the company that is assigned to the first journal entry line. |

| | | | | |
|-----------------|--------|--------|----|--|
| | | | | Note You can assign only one currency code to a journal entry regardless of the number of line items that it contains. |
| Currency Mode | VNCRRM | Alpha | 1 | <p>A code that specifies whether the transaction is domestic or foreign. This field is used in conjunction with the Currency Code field (VNCRCD), the Amount field (VNAA), the Currency Amount field (VNACR), and the Exchange Rate field (VNCRR) to calculate the information that is required for the transaction.</p> <p>Enter D, F, or 3, depending on other information provided in the transaction.</p> <p>If this field is left blank, the value is determined by the other information that is provided in the transaction and is updated when the journal entry is processed.</p> |
| | | | | Note You can assign only one currency mode to a journal entry regardless of the number of line items that it contains. |
| Currency Amount | VNACR | Number | 15 | Enter the transaction amount in this field only if the Currency Code (VNCRCD) is different from the Currency Code that is assigned to the company, as defined in the Company Constants table (F0010). Enter the amount in the format that your database accepts. Some databases accept a decimal identifier while others do not. |
| Exchange Rate | VNCRR | Number | 15 | <p>This value is the exchange rate that is used to calculate either the domestic or foreign amount, depending on the information provided.</p> <p>If you leave this field blank and the Currency Mode (VNCRRM) is not 3, the system uses the exchange rate from the Currency Exchange Rates table (F0015). Complete this field if you want to override the rate that is established in the table, or if an exchange rate does not exist in the table.</p> <p>If you activated tolerance checking with a processing option in the Journal Entry MBF Processing Options program (P0900049), the system validates the exchange rate that you enter. If you did not activate tolerance checking, the system does not validate the exchange rate.</p> |
| | | | | Note You can assign only one exchange rate to a journal entry regardless of the number of line items that it contains. |
| Ledger Type | VNLT | Alpha | 2 | You can leave this field blank, or enter AA or any other valid ledger type in UDC 00/LT (Ledger Type) except CA. Never |

| | | | | |
|--|--|--|--|---|
| | | | | enter CA in this field. The system determines whether the transaction is foreign based on the currency code, currency mode, and amount fields. |
| Note You can assign only one ledger type to a journal entry regardless of the number of line items that it contains. | | | | |

Multicurrency Intercompany Settlements

If your organization allows transactions between its companies, and those companies have different base currencies, the companies will be out of balance unless you create and post multicurrency intercompany balancing entries. You create these balancing entries, which are called intercompany settlements, to ensure that the net balance for each company equals zero; that is, debits equal credits.

For example, your organization consists of companies in France, Canada, and the United States with base currencies of EUR, CAD, and USD respectively. You create a U.S. dollar (USD) transaction that is distributed to general ledger accounts in the French company (EUR) and Canadian company (CAD). The journal entry distribution crosses company and currency boundaries.

With multicurrency intercompany settlements, you can enter and distribute invoices, vouchers, and journal entries to multiple companies with different base currencies. The post program makes currency adjustments as well as intercompany settlements.

For multicurrency intercompany settlements, you must use method 2 (no hub company) and turn on the multicurrency intercompany settlements option. For more information, see *Multicurrency Intercompany Transactions and Settlements* in *Setting Up Multicurrency Constants*.

See Also

- Intercompany Settlements* in the *General Accounting Guide* for setup information and detailed, non-currency specific information about intercompany settlements

Multicurrency Intercompany Transactions

For a multicurrency intercompany journal entry, the base currency of the document is the currency of the company that is associated with the G/L account on the first line of the document.

For intercompany journal entries, you can enter an amount in either the domestic or foreign currency. When you enter a domestic amount, the system creates the amount with the number of decimals of the company base currency. When you enter a foreign amount, the system creates the amount with the number of decimals of the transaction currency.

When you post multicurrency intercompany journal entries, the post program creates an adjusting entry to the Account Ledger table (F0911) to balance the domestic amounts (AA

ledger) of the non-base currency accounts. The adjusting entry is identical to the original AA ledger record except that:

- The system updates the Line Extension Code with AM to make it a unique record
- The amount is an adjusting debit or credit

The original journal entry and its associated adjusting entry net to the correct amount for the actual base currency of the non-base currency account.

Example: Multicurrency Intercompany Settlements

In the following example, you create a journal entry for 1,000.00 USD to transfer funds from a U.S. company (company 1) to a French company (company 70). The exchange rate is 1 USD = 1.08596 EUR.

Journal Entry

You enter transaction amounts in USD for both companies 1 and 70. The currency is USD and the mode is D (domestic). The transaction is considered a domestic transaction because the currency of the journal entry is the same as the company currency of the account on the first line of the entry

The system creates entries in the AA (actual amounts) ledger as follows:

| Account | Amount | Ledger Type |
|----------------|------------|-------------|
| 1.1110.BEAR | - 1,000.00 | AA |
| 70.1110.FRANCE | 1,000.00 | AA |

The system identifies this journal entry as an intercompany transaction between two companies that have different base currencies and sets the exchange rate to 1.

When the exchange rate is 1, the system also creates an entry for the transactions in the foreign currency (CA) ledger. The currency is USD and the mode is F (foreign). In the CA ledger, the value for company 70 (the French company) is the foreign amount (USD) of the transaction. The value for company 1 keeps the CA ledger in balance.

The system creates entries in the CA (foreign currency) ledger as follows:

| Account | Amount | Ledger Type |
|----------------|------------|-------------|
| 1.1110.BEAR | - 1,000.00 | CA |
| 70.1110.FRANCE | 1,000.00 | CA |

Adjusting Entry and the Post

When you post the journal entry, the system creates an adjusting entry of 85.96 EUR to correct the domestic amount of the non-base currency. The line extension code for the adjusting entry is AM.

| Account | Amount | Ledger Type |
|----------------|-------------------|-------------|
| 1.1110.BEAR | – 1,000.00 USD | AA |
| 70.1110.FRANCE | 1,000.00 EUR | AA |
| 70.1110.FRANCE | 85.96 EUR | AA |
| 1.1110.BEAR | – 1,000.00 USD | CA |
| 70.1110.FRANCE | 1,000.00 USD | CA |

The 85.96 EUR adjusting entry is the net amount of the following calculation:

Foreign value of the transaction x exchange rate – value of transaction as already posted

$$(1,000.00 \times 1.08596) - 1,000.00 = 85.96 \text{ EUR}$$

The total EUR amount is 1,085.96 ($1,000.00 \times 1.08596$).

You can review adjusting entries on the Account Ledger Inquiry form, along with the original entry. You cannot view them on the Journal Entry form.

Intercompany Settlement and the Post

The system creates the final journal entries that complete the intercompany settlement and keep companies 1 and 70 in balance.

| Account | Amount | Ledger Type |
|---------|----------------|-------------|
| 1.1291 | 1,000.00 USD | AA |
| 70.1291 | – 1,085.96 EUR | AA |
| 1.1291 | 1,000.00 EUR | CA |
| 70.1291 | – 1,000.00 USD | CA |

Example: T-Accounts for Multicurrency Intercompany Settlements

The following T-accounts are based on *Example: Multicurrency Intercompany Settlements*. In the example, a journal entry is created for 1,000 USD to transfer funds from a U.S. company (company 1) to a French company (company 70).

Journal Entry

You create a journal entry to credit the cash account for company 1 and debit the cash account for company 70. The system records these entries in U.S. dollars (USD), as entered, in both the actual amount (AA) and foreign currency (CA) ledgers.

| 1.1110.BEAR | 70.1110.FRANCE |
|-------------|----------------|
| | |
| 1,000.00 AA | 1,000.00 AA |
| 1,000.00 CA | 1,000.00 CA |

Adjusting Entry and the Post

When you post the journal entry, the system creates an adjusting entry in the AA ledger to convert the USD amount to EUR for company 70. The exchange rate is 1 USD = 1.08596 EUR. The system has already debited 1,000.00 from company 70, so it debits an additional 85.96.

| 1.1110.BEAR | 70.1110.FRANCE |
|-------------|----------------|
| | |
| 1,000.00 AA | 1,000.00 AA |
| 1,000.00 CA | 1,000.00 CA |

85.96 AA

Intercompany Settlement and the Post

The system creates additional automatic entries to transfer the money between the companies. The intercompany accounts receivable account is 1291.

| 1.1291 | 70.1291 |
|-------------|-------------|
| 1,000.00 CA | 1,085.96 AA |
| 1,000.00 AA | 1,000.00 CA |

After you enter, review, and approve multicurrency transactions, you post them to the general ledger.

The post program performs the tasks described in the following table in sequential order, regardless of whether you use multicurrency processing. For information specific to posting G/L transactions in a multicurrency environment, review the information in the *Multicurrency Considerations* column.

| Task Performed by G/L Post | Multicurrency Considerations |
|---|---|
| Selects data to post | Selects foreign amounts in the CA (foreign currency) ledger and posts them. |
| Validates information and performs error processing | Verifies that multicurrency is set up for intercompany settlements and, if so, whether detailed currency restatement is required and set up. |
| Creates automatic entries | Creates transactions for automatic offsets that are required for intercompany settlements. The system uses the Ledger Type Master File table (F0025) to determine the ledgers that require intercompany settlements. |
| Updates the posted codes | |
| Updates the Tax table (F0018) | |
| Updates the batch status | |
| Updates the line extension code field | |
| Runs programs defined in the processing options | Runs the Detailed Currency Restatement program (R11411), which updates the XA, YA, and ZA ledgers. You specify the version of the Detailed Currency Restatement program in the processing options. |

The post program generates the following reports:

| Report | Description |
|----------------------------|---|
| Post Detail Error Report | For transactions in a foreign currency, this report lists AA and CA ledger amounts that are out of balance. The AA amounts represent the domestic side of an entry. The CA amounts represent the foreign side of an entry. Both the AA and CA ledgers must be in balance. |
| General Ledger Post Report | For transactions in a foreign currency, this report lists both the CA ledger and converted AA amounts. Additionally, it lists the currency code of the CA ledger amount and the domestic currency of the company for the AA ledger amount. If you use detailed currency restatement, the program produces a separate General Ledger Post Report. |

Unrealized Gains and Losses for General Accounting

Monthly Valuation

If you work with foreign currencies and monetary accounts, you need to revalue your open invoices, open vouchers, and monetary accounts to reflect current exchange rates. Monetary accounts are accounts that accept only transactions in a specific foreign currency. Monetary accounts can be bank accounts as well as other accounts such as Accounts Receivable and Accounts Payable trade accounts.

You revalue your open invoices, open vouchers, and monetary accounts by calculating unrealized gains and losses. Typically, you will do this during your period-end processing.

Types of Monthly Valuations

You can use five different programs to analyze and calculate changes due to currency fluctuations for monthly valuations.

Two programs provide informational reports without calculating gains and losses:

- Open AP Details (P04427)
- Open A/R Details (P03B429)

Three programs calculate unrealized gains and losses on open invoices, open vouchers, and monetary accounts and print reports:

- A/P Unrealized Gain/Loss Report (R04425)
- A/R Unrealized Gain/Loss Report (R03B426)
- Monetary Account Valuation (R09415)

For information about calculating unrealized gains and losses on open invoices and vouchers, see *Calculating Unrealized Gains and Losses*.

Monetary Account Valuation

You use the Monetary Account Valuation program (R09415) to calculate the current domestic amount of a foreign currency balance and determine the unrealized gain or loss due to exchange rate fluctuations. This calculation indicates the current domestic value of the foreign currency. Typically, you run this program on the balances of foreign bank accounts. The calculation shows what the gain or loss would have been if you had converted the foreign balance to your domestic currency.

The Monetary Account Valuation program calculates unrealized gains and losses as follows:

15. Compares the currency code of selected accounts with the currency code of the company with which the account is associated. Stated another way, it compares foreign balances in the foreign currency (CA) ledger to domestic balances in the actual amounts (AA) ledger.
16. Retrieves an exchange rate from the Currency Exchange Rates table (F0015) based on the comparison, using the "as of" date specified in a processing option.

17. Multiplies or divides the original foreign balance by the exchange rate to compute the new domestic balance.
18. Compares the new domestic balance to the original domestic balance to calculate the unrealized gain or loss.

The Monetary Account Valuation program creates a journal entry to record the unrealized gains and losses as follows:

- The journal entry document type is JX (foreign currency revaluation). This document type adjusts only the domestic side (AA ledger) of a monetary account and leaves the foreign side (CA ledger) unchanged.
- The journal entry contains the currency code of the company.
- The journal entry is a reversing entry because the gain or loss is not realized. It applies to the end of the period only.

In many countries, accounting rules specify that you report unrealized losses and not unrealized gains. You can set a processing option in the Monetary Account Valuation program to create journal entries only for losses. You can also set the processing option to create journal entries for gains only, or for both gains and losses.

In the United States, accounting rules (SFAS 52) specify that you report both unrealized gains and unrealized losses.

Example: Monetary Account Valuation

For this example, assume your company is located in Great Britain and its base currency is British pounds (GBP). You want to pay several suppliers in Hong Kong with Hong Kong dollars (HKD), so you establish a bank account in Hong Kong.

At the end of the month, you have 1,000,000.00 HKD in the bank account in Hong Kong. The account balance in the actual amounts (AA) ledger is 80,268.00 GBP. This account balance is based on the exchange rates of the individual transactions in the AA ledger. You must revalue the foreign bank account balance in your company currency using the exchange rate that is in effect at the end of the month, which is 1 HKD = 0.078996 GBP.

When you run the Monetary Account Valuation program, the system creates a reversing journal entry for an unrealized loss of 1,272.00 GBP. The account balance in the AA ledger is now 78,996.00 GBP. On the first day of the following month, the system will reverse the journal entry, and you can revalue the account again.

Calculating Unrealized Gains and Losses on Monetary Accounts

From the Monthly Valuation menu (G1121), choose Monetary Account Valuation.

Typically, you run the Monetary Account Valuation program (R09415) at period end and calculate your unrealized gains and losses prior to running financial statements.

The Monetary Account Valuation program prints a report that lists:

- Domestic (AA) and foreign (CA) ledger balances as of the transaction date
- Current domestic value of the ledger balances using the "as of" date that is specified in the processing options
- Unrealized gain or loss amount

You can use this report as a trial balance that shows both foreign and domestic amounts, and you can set the level of detail in a processing option. If the report includes more than one currency, the total for the foreign ledger balance column is meaningless because of the mixed currencies.

The Monetary Account Valuation program sends error messages to the Employee Work Center unless you set a processing option to print the error messages on a report.

Use version XJDE0001 to perform monetary account valuation on monetary accounts. Version XJDE0002 is used for non-monetary accounts when you post balances by currency.

Caution

If you rerun the Monetary Account Valuation program, ensure that the journal entries created by the program are posted, or the program will create duplicate journal entries.

Before You Begin

- Verify that the exchange rates in the Currency Exchange Rates table (F0015) are current. See the task *To set up multiplier or divisor exchange rate records*.
- Verify that AAI items GV, GW, and GR are set up correctly. See *Setting Up AAIs for Unrealized Gains and Losses on Monetary Bank Accounts*.
- Verify that monetary accounts are set up correctly. See *Assigning Currency Codes to Monetary Accounts*.

Processing Options for Monetary Account Valuation (R09415)

LOD Tab

This processing option specifies the lowest account level of detail to print on the report. For example, if you specify level 7 as the lowest level of detail and your chart of accounts includes levels 8 and 9, level 7 does include the totals for accounts that have amounts at levels 8 and 9, but the detail for levels 8 and 9 does not print.

Level 1 represents the company level, and level 2 represents the business unit level. Levels 1 and 2 always print on the report.

For rollup from one level of detail to the next to be accurate, you cannot skip levels of detail when you set up the chart of accounts. Skipping a level of detail produces unpredictable results.

1. Account Level of Detail

Blank = Print all account levels of detail

Use this processing option to specify the lowest account level of detail to print on the report. Your choices are:

- o Enter a specific account level of detail between 3 and 9 (for example, 3)
- o Leave the field blank to print all account levels of detail (levels 3 through 9)

For example, if you specify level 7 as the lowest level of detail and your chart of accounts includes levels 8 and 9, level 7 will include the totals for accounts that have amounts at levels 8 and 9, but the detail for levels 8 and 9 will not print.

Level 1 represents the company level, and level 2 represents the business unit level. Levels 1 and 2 always print on the report.

For rollup from one level of detail to the next to occur accurately, you cannot skip levels of detail when you set up the chart of accounts. Skipping a level of detail will produce unpredictable results.

Period Tab

This processing option specifies the fiscal year and period for which the system performs monetary account valuation. If you leave either field blank, the system uses the current fiscal year and period defined for General Accounting on the Company Setup form, and recorded in the Company Constants table (F0010) for the company of each account that is processed.

1. Fiscal Year

Blank = Use current fiscal year

Use the Fiscal Year field to identify the last two digits of the fiscal year for which the system will perform monetary account valuation. For example, enter 05 for 2005.

If you complete this field, you must also specify the period number in the Period Number field.

If you leave this field blank, the system uses the current fiscal year and period defined for General Accounting on the Set Up Company form and recorded in the Company Constants table (F0010) for the company of each account that is processed.

2. Period Number

Blank = Use current period

Use the Period Number field to identify the period for which the system will perform monetary account valuation.

If you complete this field, you must also specify the fiscal year for the monetary account valuation in the Fiscal Year field.

If you leave this field blank, the system uses the current fiscal year and period defined for General Accounting on the Set Up Company form and recorded in the Company Constants table (F0010) for the company of each account that is processed.

Print Tab

These processing options specify printing characteristics, such as the format of the account numbers and whether to print zero balances.

1. Account Number Format

1 = Standard account number (business unit.object.subsidiary)

2 = Account ID

3 = Free-form (third account number)

Default (blank) = Standard account number

Use this processing option to specify the format for printed account numbers.

Valid values are:

- 1 Standard account number. The default format is business unit.object.subsidiary.
- 2 Account ID. The system assigns this number when the account is entered.
- 3 Free-form (third account number). Your organization assigns this number during account setup.

If you leave this field blank, the system uses the standard account number.

2. Suppress Zero Balances

Blank = Print all accounts

1 = Do not print accounts with zero balances

Use this processing option to omit printing accounts with zero balances. Valid

values are:

Blank Print all accounts

1 Do not print accounts with zero balances

Note: Only accounts that have associated currency codes will print, regardless of how you set this processing option.

Subledger Tab

These processing options control the selection of accounts with subledgers for which the system performs monetary account valuation.

1. Subledger

Subledger number = Process only accounts with this subledger

*** = Process all accounts**

Blank = Process only accounts without subledgers

Use this processing option to select accounts with subledgers for monetary account valuation. Valid values are:

- o A specific subledger number. The system will process all accounts with this subledger.
- o *. The system will process all accounts.
- o Blank. The system will process only accounts without subledgers.

If you complete the Subledger field but do not complete the Subledger Type field, the system will disregard what you enter in the Subledger field and will process only accounts without subledgers, unless<F0> you enter * in the Subledger field. If you enter * in the Subledger field, the system will process all accounts and all subledgers.

If you complete both the Subledger field and the Subledger Type field, but the subledger type that you enter is not a valid subledger type for the subledger that you enter, the system will disregard what you enter and will process only accounts without subledgers.

2. Subledger Type

Use this processing option to specify the user defined code (00/ST) for the table that contains the subledger numbers. For example, subledger type A

identifies the Address Book Master table (F0101). You can use the visual assist in this field to select the subledger type.

If you complete the Subledger Type field but do not complete the Subledger field, the system will disregard what you enter in the Subledger Type field and will process only accounts without subledgers.

If you complete both the Subledger field and the Subledger Type field, but the subledger type that you enter is not a valid subledger type for the subledger that you enter, the system will disregard what you enter and will process only accounts without subledgers.

As Of Tab

This processing option specifies the date of the exchange rate that the system uses to perform monetary account valuation for the company of each account that is processed.

1. As Of

Blank = Use last day of period on Period tab

If blank, use current period

Use this processing option to specify the date of the exchange rate that the system will use to perform monetary account valuation for the company of each account that is processed.

The system uses the exchange rate in the Currency Exchange Rates table (F0015) for the date that you specify. If a company has more than one currency code assigned to its monetary accounts, the system uses the specific exchange rate for each currency.

If you leave this field blank, the system uses the exchange rate for the last day of the period that you entered in the Period Number field on the Period tab. If the Period Number field is blank, the system uses the last day of the current period defined for General Accounting on the Set Up Company form and

recorded in the Company Constants table (F0010) for the company of each account that is processed.

Journal Entries Tab

These processing options control the creation of journal entries during monetary account valuation.

You can specify whether the system creates journal entries for accounts with calculated gains or losses, and whether the system creates reversing journal entries.

If the system creates journal entries, you can specify the G/L date for the journal entries and whether the journal entry batches are created in approved status.

1. Gains/Losses

1 = Create JEs for calculated gains and losses

2 = Create JEs only for calculated losses

3 = Create JEs only for calculated gains

Blank = Do not create JEs

Use this processing option to specify whether the system will create journal entries for accounts with calculated gains or losses from monetary account valuation. AAI item GVxxx determines the accounts in which the system will create journal entries for calculated gains, and AAI item GWxxx determines the accounts in which the system will create journal entries for calculated losses. Valid values are:

- 1 Create journal entries for accounts with both calculated gains and calculated losses
 - 2 Create journal entries only for accounts with calculated losses
 - 3 Create journal entries only for accounts with calculated gains
- Blank Do not create journal entries
-

2. Reversing Entries

Blank = Create reversing JEs

1 = Do not create reversing JEs

Use this processing option to specify whether the system will create reversing journal entries for accounts with calculated gains or losses. Valid values are:

- Blank Create reversing journal entries for accounts with calculated gains or losses
- 1 Do not create reversing journal entries for accounts with calculated gains or losses

If you leave the Gains/Losses field blank, the system will not create reversing journal entries, even if you leave the Reversing Entries field blank.

3. G/L Date

Blank = Use last day of period on Period tab

If blank, use current period

Use this processing option to specify the date to be used for the journal entries that the system creates during monetary account valuation. If you leave this field blank, the system uses the last day of the period that you

entered in the Period Number field on the Period tab. If the Period Number field is blank, the system uses the last day of the current period as defined for General Accounting on the Set Up Company form and recorded in the Company Constants table (F0010) for the company of each account that is processed. If you leave the Gains/Losses field blank, the system will not create journal entries, even if you enter a date in the G/L Date field.

4. Approve Batches

1 = Create batches in approved status

Blank = Use "Management Approval of Input" constant

Use this processing option to create the batches of journal entries with a status of approved, regardless of the setting of the "Management Approval of Input" constant on the General Accounting Constants form. If you leave the Approve Batches field blank, the system uses the value of the "Management Approval of Input" constant to determine whether management approval is required. Valid values are:

1 Create journal entry batches in approved status

Blank Use the value of the "Management Approval of Input" constant on the General Accounting Constants form to determine whether management approval is required

If you set the Gains/Losses field to create journal entries, you can use this field to automatically approve the journal entry batches. Otherwise the system ignores this field.

1. Print Errors

1 = Print error messages on report

Blank = Send error messages to Employee Work Center

Use this processing option to print error messages on the report. If you leave the field blank, the system will send error messages to the Employee Work Center. Valid values are:

- 1 Print error messages on the report
 - Blank Send error messages to the Employee Work Center
-

Errors Tab

Data Selection for Monetary Account Valuation

J.D. Edwards recommends that you use the selection criteria provided in the version XJDE0001 (Currency Code - From is not equal to blank).

Currency Restatement

Currency Restatement Overview

Most organizations that use multiple currencies perform some method of restatement at the end of each period. Currency restatement is typically used to convert financial information into the currency of a parent company for consolidations and reporting purposes. With currency restatement, you can restate amounts into:

- A different currency at the transaction level. This is useful for companies operating in highly inflationary economies as it allows you to maintain a second set of transactions in a stable currency for reporting purposes.
- A different currency at the balance level. This is useful for restating balance amounts into another currency that is used for reporting purposes.
- The same currency using an index at the balance level. This might be useful in preparing budgets.
- The same currency using an "as of" date at the transaction level, as if that date applied to all transactions. This eliminates fluctuations in exchange rates over a period of time for comparison purposes.

Three methods are available for currency restatement. For information about which currency restatement method to use, see *Currency Restatement Methods*.

Currency Restatement Methods

Before you set up your companies for currency restatement, determine which methods you will need for reporting and governmental requirements.

The restatement process involves recalculating amounts in one currency to amounts in another currency. The primary objective is to produce consolidated reporting across companies and currencies. If you are not required to produce consolidated reports, you might not need to set up your system for currency restatement.

J.D. Edwards provides the following currency restatement methods. You can use a combination of these methods.

| | |
|-------------------------------------|---|
| Balance currency restatement | <p>Use this method to complete consolidated financial reports. The Balance Currency Restatement method restates balances into a single currency for consolidated reporting purposes. For example, by restating U.S. dollars to Canadian dollars, you can consolidate reporting with other Canadian companies.</p> <p>You identify the computation ID for balance currency restatement in the Company Names & Numbers program.</p> |
|-------------------------------------|---|

| | |
|--------------------------------------|--|
| Detailed currency restatement | <p>Use this method if either of the following apply to your company:</p> <ul style="list-style-type: none"> • Operates in a highly inflationary economy. This method allows you to maintain a second set of transactions in a stable currency for reporting purposes. For example, by restating transactions from Colombian pesos (COP) to U.S. dollars (USD), a Colombian company can generate meaningful comparisons of current to historical amounts by using the more stable U.S. dollar. • Needs to maintain transactions in two base currencies in the Account Ledger table (F0911) for all accounts or a range of accounts. This situation means that for every domestic transaction, a transaction in an alternate currency exists. <p>If you use detailed currency restatement, you must have adequate disk space to handle the increased number of records in the F0911 table.</p> <p>You specify whether detailed currency restatement is allowed in the Company Names & Numbers program.</p> |
| "As if" currency restatement | <p>Use this method if your company needs to eliminate fluctuations in currency exchange rates over a period of time for comparison purposes. For example, by reposting U.S. dollar transactions using a single exchange rate, a Canadian company doing a project in France can compare actual income and expenses against budgeted amounts for a year ago.</p> <p>You cannot use "as if" currency restatement for consolidations.</p> |

Currency Restatement and SFAS 52 Requirements

Statement of Financial Accounting Standard (SFAS) 52 is the accounting standard in the United States for foreign currency translations and is distributed by the Financial Accounting Standards Board (FASB). SFAS 52 is similar to the rules established by the International Accounting Standards (IAS), so most countries follow the same guidelines.

SFAS 52 dictates the following for restating a foreign subsidiary's books into U. S. dollars:

- Prepare statements for foreign entities according to GAAP standards.
- Translate balance sheet accounts using the period-end rate.
- Translate income statement accounts using an average exchange rate for the period.
- Generally, translate capital accounts using a historical rate.
- If the foreign entity operates in a highly inflationary economy, use the currency of the parent company as the functional currency of the foreign entity. Report transactions as if they were incurred in the functional currency. Use detailed restatement.

The Detailed Currency Restatement and Balance Currency Restatement programs meet SFAS 52 requirements.

Ledgers Used for Currency Restatement

The system restates currency amounts in specific ledgers based on one of the following methods:

- Detailed Currency Restatement
- Balance Currency Restatement

- “As If” Currency Repost

Each of these currency restatement methods uses one or more ledger types. You set up these ledger types in UDC 09/LT. For more information, see the task *To set up ledger types and rules for currency restatement*.

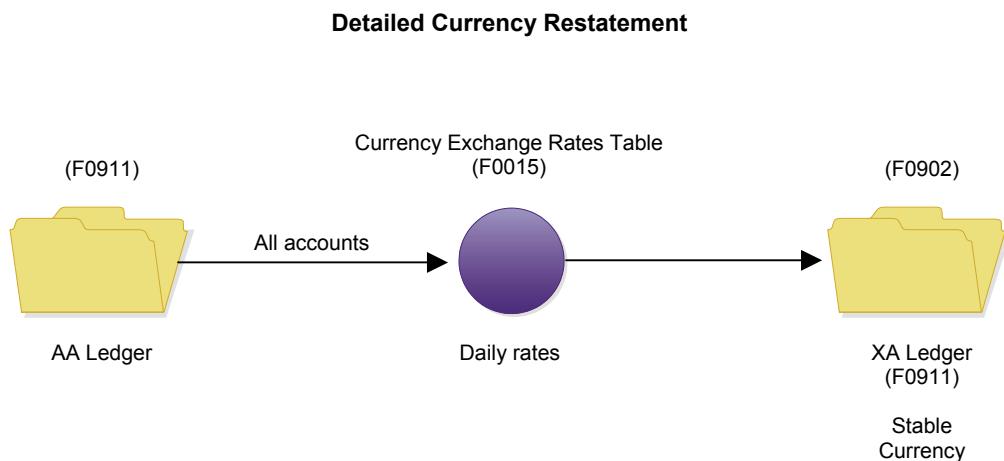
Some ledger types require a currency code so that restated currency amounts have the correct number of decimal places. To maintain the integrity of your ledgers, do not change the currency code that you assign to a ledger after you start using detailed currency restatement.

Detailed Currency Restatement and Ledgers Used

You must set up the alternate currency (XA) ledger for detailed currency restatement and, optionally, the domestic origin (YA) and foreign origin (ZA) ledgers. You cannot use the detailed currency restatement ledgers for balance currency restatement or “as if” currency repost.

| Ledger Type | Description |
|--------------------------------|--|
| XA (alternate currency) | <p>This ledger contains a partial or complete chart of accounts with transactions in the alternate currency. Each transaction in the actual amount (AA) ledger is restated into its alternate currency (XA) equivalent by using the exchange rate that is effective on the date of the transaction.</p> <p>Assign the currency code of the alternate (stable) currency to ledger type XA. This must be the same currency code as company 00000.</p> <p>If you do not set up this ledger and try to run the Detailed Currency Restatement program, the system exits the program without processing records.</p> |
| YA (domestic origin) | <p>This ledger contains a partial chart of accounts with transactions that originated in the domestic currency (AA ledger).</p> <p>Assign the currency code of the alternate currency to ledger type YA. (This is the same currency code assigned to the XA ledger).</p> <p>This ledger is optional and is typically used for reporting, joint ventures, and financial analysis.</p> |
| ZA (foreign origin) | <p>This ledger contains a partial chart of accounts with transactions that originated in the foreign currency (CA ledger), restated into the alternate ledger.</p> <p>Do not assign a currency code to this ledger type. The system uses the domestic currency of the company on the transaction.</p> <p>This ledger is optional and is typically used for reporting, joint ventures, and financial analysis.</p> |

The following graphic shows the ledgers and tables used for detailed currency restatement.

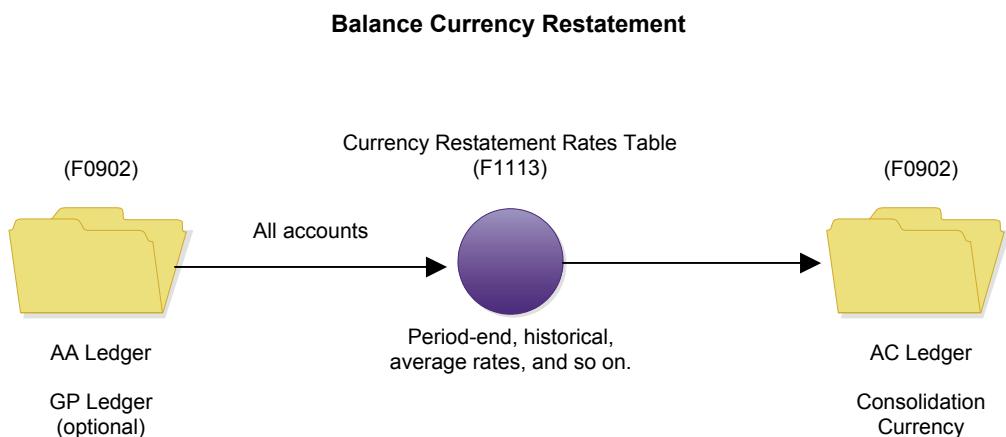


Balance Currency Restatement and Ledgers Used

You must set up the following ledger type for balance currency restatement. You cannot use this ledger type for detailed currency restatement or “as if” currency repost.

| Ledger Type | Description |
|--------------------|---|
| AC (consolidation) | This ledger contains a partial or complete chart of accounts with transactions in the reporting currency. Assign the currency code of the consolidated reporting currency to ledger type AC. |

The following graphic shows the ledgers and tables used for balance currency restatement.



“As If” Currency Repost and Ledgers Used

You must set up the following ledger type for “as if” currency repost, which is also called “as if” restatement. You cannot use this ledger type for detailed currency restatement or balance currency restatement.

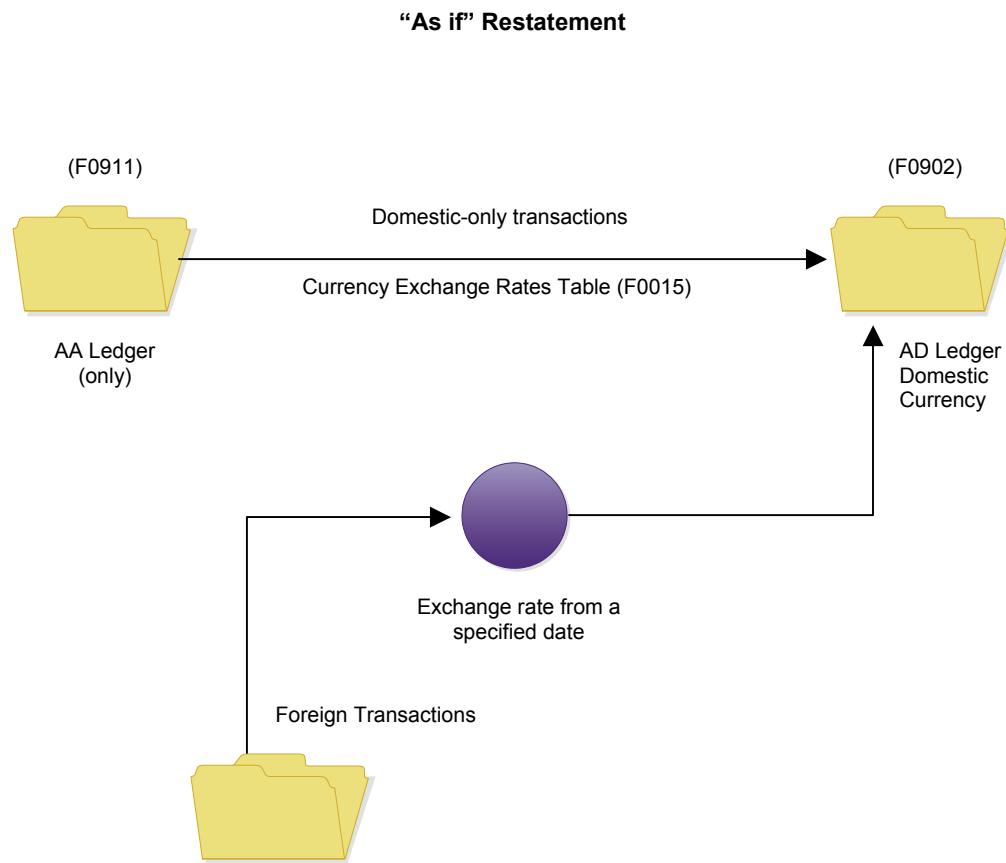
| Ledger Type | Description |
|--------------------------|--|
| AD (“as if” restatement) | This ledger contains a complete chart of accounts with domestic transactions (AA ledger) that have been restated to foreign amounts using exchange rates as of a specific date. Do not assign a currency code to this ledger type. The system uses the domestic currency of the company on the transaction. |

Note

The system does not allow you to restate or repost currencies to the following ledgers:

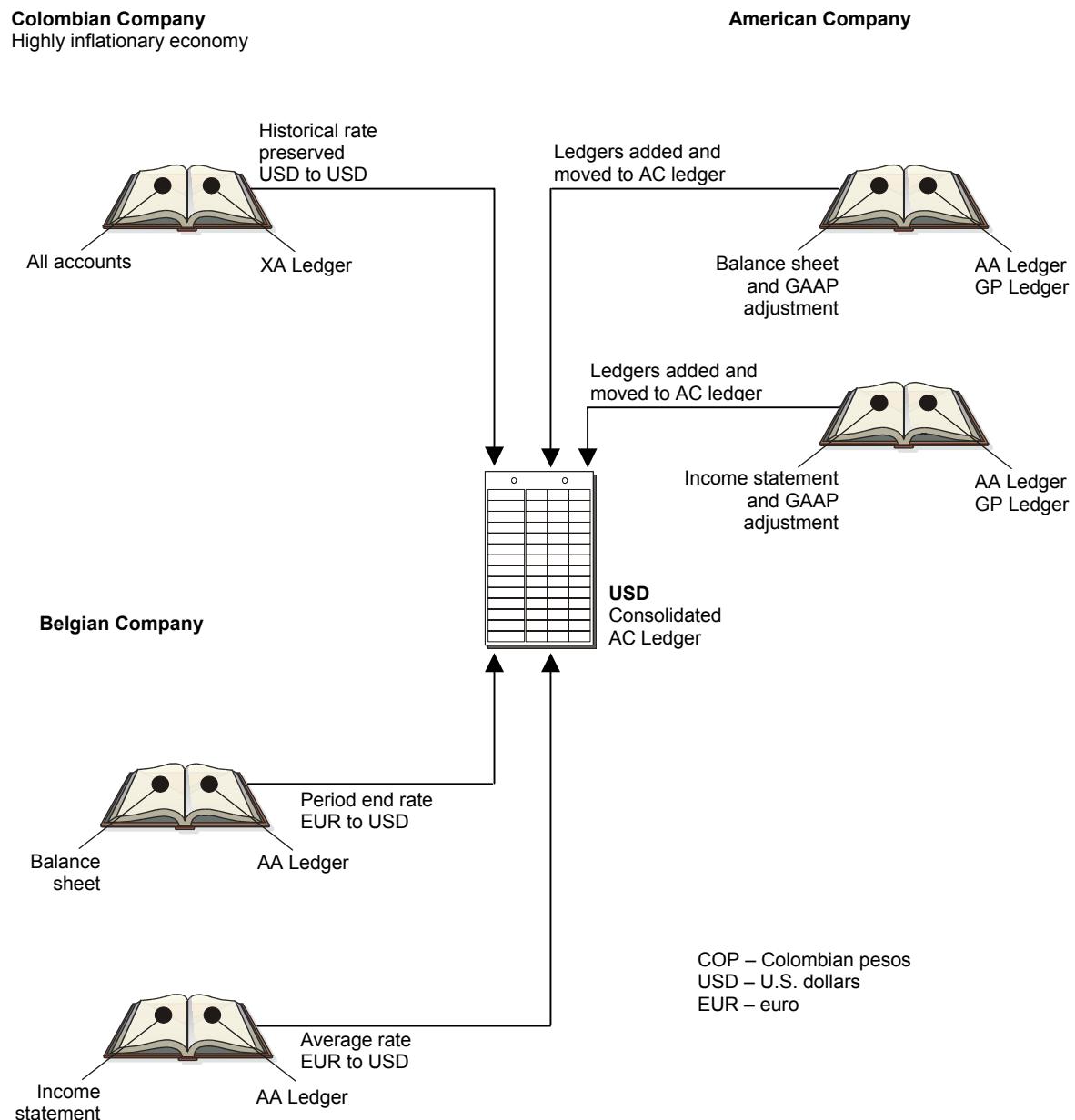
- AA – actual amounts
- CA – foreign currency
- AZ – cash basis ledger

The following graphic shows the ledgers and tables used for “as if” currency restatement.



Example: Currency Restatement

The following graphic shows a consolidation of three companies that operate in different parts of the world. The Colombian company operates in a highly inflationary economy and uses detailed currency restatement. In this example, GP is a user-defined ledger type for Generally Accepted Accounting Principles (GAAP) adjustments.



Detailed Currency Restatement

Companies operating in countries with highly inflationary currencies often need to:

- Report financial results in both the local currency and parent company currency
- Maintain a second set of books in an alternate (stable) currency for financial analysis and reporting
- Maintain dual reporting for certain classes of general ledger accounts, such as fixed assets, inventory, and equity accounts, to meet accounting standards

The Detailed Currency Restatement program (R11411) uses amounts in the domestic currency ledger (AA) and restates them in an alternate currency ledger (XA). For every transaction in the domestic currency that is within the range or ranges of accounts specified in the automatic accounting instructions (AAIs), the system creates a corresponding transaction in the alternate currency.

Detailed currency restatement is integrated into the General Accounting, Accounts Receivable, Accounts Payable, and Fixed Assets systems. The restatement program includes special functionality for voids, reversals, and gain and loss calculations.

Ledgers Updated by Detailed Currency Restatement

If you use detailed currency restatement to record transactions by domestic origin (YA ledger) and foreign origin (ZA ledger), the system updates amounts in the XA (alternate ledger), YA, and ZA ledgers in one of three ways, depending on where the transaction originated.

| Origin of Transaction | Alternate Ledger Updated |
|---|---|
| Domestic transaction in the AA currency | No foreign currency (CA) record exists. The system: <ul style="list-style-type: none">• Restates the AA amount in the XA ledger• Copies the AA amount to the YA ledger |
| Foreign transaction in the XA currency | The system copies the foreign currency (CA) amount to both the XA and ZA ledgers. |
| Foreign transaction in a currency other than XA | The system: <ul style="list-style-type: none">• Restates the AA amount in the XA ledger• Copies the XA amount to the ZA ledger |

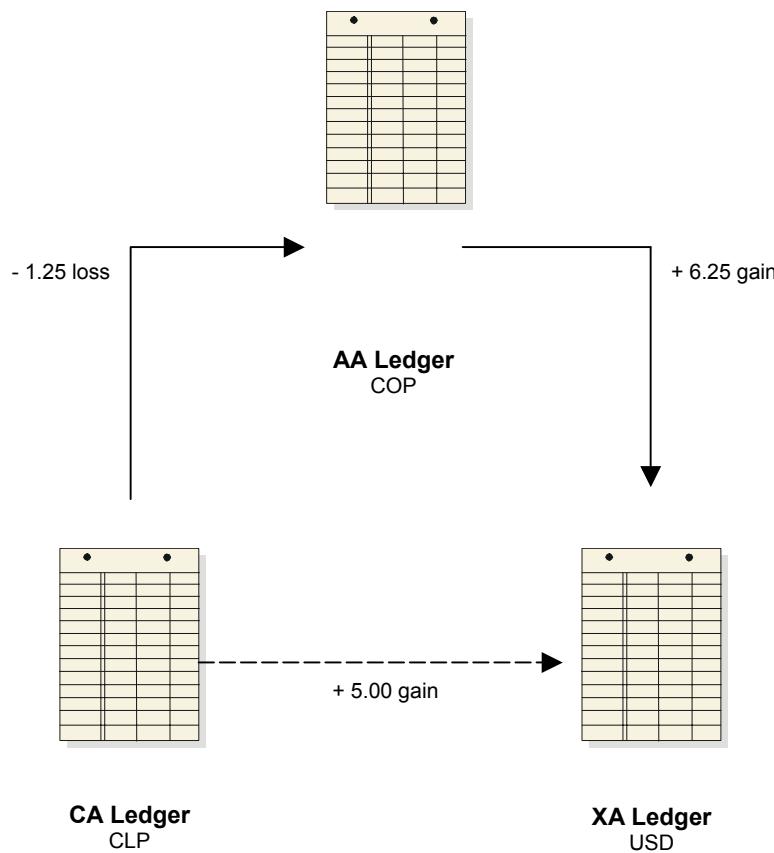
Detailed Currency Restatement Gains and Losses

When you post receipts and payments, the system creates restatement gain and loss records between the AA and XA ledgers. The calculations are different, depending on whether the transaction is domestic or foreign:

- For domestic transactions (AA ledger to XA ledger), the system creates records for restatement gains and losses in the XA ledger. The gain/loss amounts print on the post report, which lists the AA entries.
- For foreign transactions (CA ledger to XA ledger), the system does the following:

- Calculates the gain/loss amount (between the CA and AA ledgers), and then restates that amount in the XA ledger using the exchange rate effective on the receipt or payment date. The gain/loss amounts print on the post report, which lists the XA entries.
- Calculates the gain/loss amount (between the AA and XA ledgers). This amount is due to exchange rate fluctuations that occur between the invoice and receipt dates or the voucher and payment dates. The gain/loss amounts print on the post report, which lists the AA and CA entries.

For example, a Columbian company (COP) enters a Chilean transaction (CLP) and restates amounts in an alternate currency (USD).



AA=Actual Amounts
 CA=Foreign Currency
 XA=Alternate Currency
 COP=Columbian Peso
 CLP=Chilean Peso
 USD=U.S. Dollar

The following table describes the gain/loss that is created between the domestic (AA), foreign (CA), and alternate (XA) ledgers.

| | |
|----------------|---|
| AA → XA | The gain/loss amount is calculated between COP (domestic) and USD (alternate) when a payment or receipt is posted. |
| CA → AA | The gain/loss amount is calculated between CLP (foreign) and COP (domestic) and written to the AA ledger. The AA ledger amount is then restated to the XA ledger by the Detailed Currency Restatement program. |
| CA → XA | No gain/loss is calculated between CLP and USD. The net amount of the two previous calculations is the equivalent of the gain/loss between the CA ledger (CLP), which contains the transaction amount, and the XA ledger (USD), which contains the restated amount. |

Example: Restatement Gain/Loss on a Domestic Transaction

In this example, a Columbian company (COP) enters a domestic currency voucher and payment. The company uses detailed currency restatement and restates amounts in the U.S. dollar (USD). The following applies:

- AA = COP
- XA = USD

The example is based on the following information:

| Description | AA Ledger (COP) | Exchange Rate (divisor) | XA Ledger (USD) | Gain (+)/Loss (-) |
|-------------|-----------------|-------------------------|-----------------|-------------------|
| Voucher | 85,000 | 850 (original) | 100.00 | |
| Payment | 85,000 | 860 (current) | 98.84 | + 1.16 |

The following T-accounts show how the system distributes AA and XA ledger amounts for the voucher and payment.

Journal Entries for Voucher

| Expense Account | Accounts Payable Trade |
|------------------------|------------------------|
| 85,000 AA 100.00 XA | 85,000 AA 100.00 XA |

Journal Entries for Payment

| Accounts Payable Trade | Cash | Realized Gain |
|------------------------|-----------------------|---------------|
| 85,000 AA 100.00 XA | 85,000 AA 98.84 XA | 1.16 XA |

Example: Restatement Gain/Loss on a Foreign Transaction

In this example, a Columbian company (COP) enters a foreign currency voucher and payment in Chilean pesos (CLP). The company uses detailed currency restatement and restates amounts in the U.S. dollar (USD). The following applies:

- AA = COP
- CA = CLP
- XA = USD

The example shows how the system calculates gain/loss amounts for the alternate ledger (XA), based on the following information:

| Date | Description | CA Ledger (CLP) | Exchange Rate (multiplier) | AA Ledger (COP) | Exchange Rate (divisor) | XA Ledger (USD) |
|---------|---------------------------------------|--------------------|----------------------------------|-----------------------|----------------------------|---------------------------|
| 6/01/05 | Voucher | 100,000 | 0.75 | 75,000 | 750 | 100.00 |
| 6/30/05 | Payment Gain (+) / Loss (-) | 100,000 | 0.76 | 76,000 - 1,000 | 800 | 95.00 + 5.00 (net) |

The gain/loss amount in the XA ledger is + 5.00. To derive this net amount, the system performs the following steps:

19. The gain/loss amount in the AA ledger (– 1,000), which is calculated between the CA and AA ledgers, is converted to the XA ledger using the COP to USD exchange rate (800) effective on the payment date.

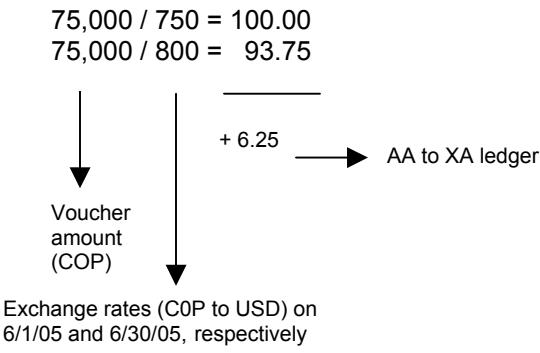
$$- 1,000 \text{ COP} / 800 = - 1.25$$

Realized loss (AA ledger)

CA to AA ledger

Exchange rate (COP to USD) on 6/30/05

20. A gain/loss amount is calculated between the AA and XA ledgers. This amount is calculated using the voucher amount (75,000) and the exchange rate difference between the voucher and payment dates.



Detailed Currency Restatement Setup

Detailed currency restatement enables you to maintain a second set of transactions in a stable currency for reporting purposes. Typically, companies operating in a highly inflationary economy use detailed currency restatement. Restatement occurs at the general ledger transaction level.

Before you can use detailed currency restatement, you need to set up certain information that the system uses during processing. The Detailed Currency Setup form provides a central location for this setup.

After the initial setup, the basic steps for detailed currency restatement are:

21. Update daily exchange rates as needed.
22. Run the Detailed Currency Restatement program (R11411).
23. Review and approve the detailed currency transactions.
24. Post the detailed currency transactions to the general ledger.

► To set up constants for detailed currency restatement

From the Financial Restatement menu (G1122), choose Detailed Currency Setup.

1. On Detailed Currency Setup, ensure that the following field is set to 2:
2. Ensure that the following fields contain the same value (either Y or S):
3. Click OK.

For detailed information about intercompany settlements and offset methods, see *Multicurrency Intercompany Transactions and Settlements* in *Setting Up Multicurrency Constants*.

► To set up companies for detailed currency restatement

From the Financial Restatement menu (G1122), choose Detailed Currency Setup.

1. On Detailed Currency Setup, choose Company Setup.
2. On Work With Companies, choose company 00000 and click Select.
3. On Company Setup, click the Currency tab.
4. On the Currency tab, enter 1, Y, or Z in the following field and click OK:

5. Repeat the preceding steps for each company that will use detailed currency restatement, entering the same value in the following field that you entered for company 00000:

► To set up ledger types and rules for currency restatement

To maintain the integrity of your ledgers, do not change the currency code that you assign to a ledger after you begin using any of the restatement programs.

From the Financial Restatement menu (G1122), choose Detailed Currency Setup.

1. On Detailed Currency Setup, choose Ledger Type Setup.
2. On Work with Ledger Types, verify that the following ledgers are set up:
 - XA (required) and, optionally, YA, and ZA (detailed currency restatement)
 - AC (balance currency restatement)
 - AD ("as if" currency restatement)
3. Click Add.
4. To add any ledger types missing in step 2, choose UDC (User Defined Codes) from the Form menu on Setup Ledger Type Rules.
 - UDC 09/LT should contain ledger types AC, AD, XA, YA, and ZA
 - UDC 11/TL should contain ledger types AC and AD only

See *Adding a User Defined Code* in the *Foundation Guide* for information about adding user defined codes.

5. On Setup Ledger Type Rules, turn on any Financial Rules options that apply to the ledger type.
6. If the ledger type requires a currency code, complete the following field:
 - Denominated Currency Code

The designation of a currency code for a ledger type should be done only as an exception. A currency code designation for a ledger type applies to all of the companies using that ledger. Therefore, you should not specify a currency for the AA or CA ledger. For more information, see *Ledgers Used for Currency Restatement*.

For ledger type XA, the currency code must be the same as the currency code assigned to company 00000.
7. Click OK, and then Cancel.
8. On Work with Ledger Type Rules, click Close.
9. On Detailed Currency Setup, click Cancel.

Setting Up AAI for Detailed Currency Restatement

AAI item CRxx defines the account ranges that the system uses for detailed currency restatement. AAI item CR defines the balancing offset account.

The following applies to AAI items CRxx:

- xx is used in pairs and represents the beginning and the end of a range. For example, CR01 represents the first account in a range and CR02 represents the last account in that range.
- The system uses the account ranges assigned to AAI items CRxx to restate amounts in another currency.
- The business unit is optional.
- Ranges cannot be skipped and must be in sequential order, as follows:
 - 01 – 02 = first range of accounts
 - 03 – 04 = second range of accounts
- You can define up to 48 ranges.
- Use only one pair to restate the entire chart of accounts. For example:
 - CR01 = Object account 1000
 - CR02 = Object account 99999999.999999
- The sequence numbers for AAI items CRxx are 11.620 and 11.630 and do not fall within the sequence numbers for General Accounting.

The following applies to AAI item CR:

- The system uses the account assigned to AAI item CR to create balancing entries that might be required due to rounding differences.
- Setup of this AAI item is required only if you set a processing option to create balancing journal entries when you run the Detailed Currency Restatement program.
- If the processing option is set to create balancing entries and the AAI item does not exist, the system generates an error report when you run the Detailed Currency Restatement program.
- The business unit.object.subsidiary is required.
- The sequence number for AAI item CR is 11.610 and does not fall within the sequence numbers for General Accounting.

The following AAI items define the accounts that the system uses to calculate gains and losses and restate the amounts in the alternate ledger (XA):

- RG – realized gain on foreign currency receipts
- RL – loss on foreign currency receipts
- PG – gain on foreign currency payments
- PL – loss on foreign currency payments

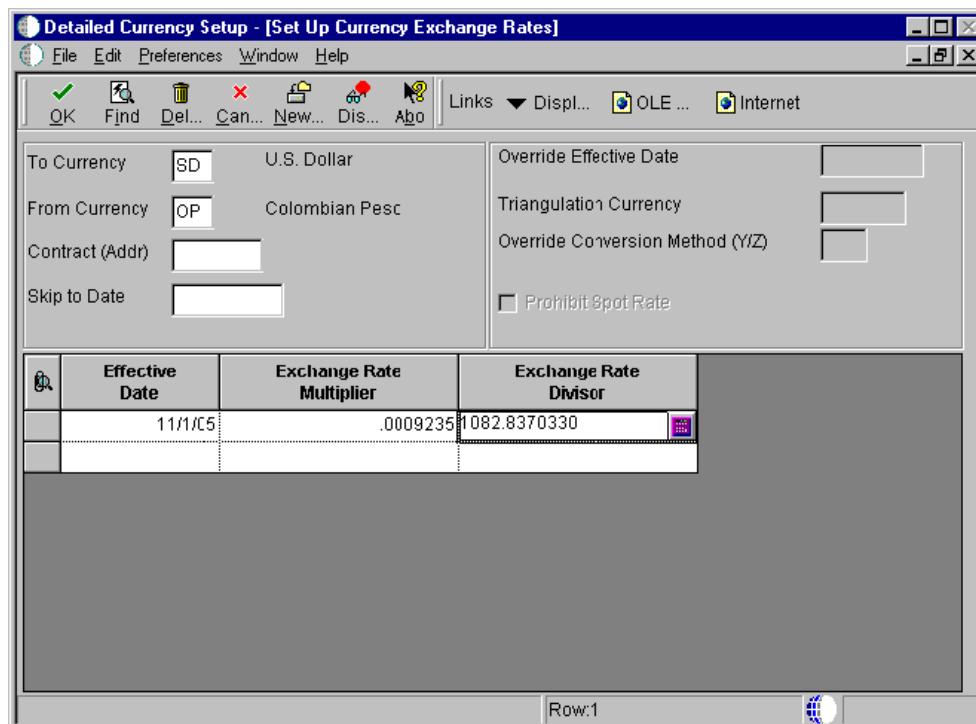
For more information, see *Setting Up AAIs for Realized Gains and Losses on Foreign Currency Receipts* and *Setting Up AAIs for Realized Gains and Losses on Foreign Currency Payments*.

► To set up exchange rates for detailed currency restatement

The system uses exchange rates to convert your domestic currency (AA ledger) to your alternate currency (XA ledger); therefore, you must set up an exchange rate for each currency that the system will convert.

From the Financial Restatement menu (G1122), choose Detailed Currency Setup.

1. On Detailed Currency Setup, choose Exchange Rate Setup.
2. On Work With Currency Exchange Rates, click Add.



3. On Set Up Currency Exchange Rates, complete the following fields in the header area:

- To Currency

For detailed currency restatement, enter the alternate (stable) currency in this field.

- From Currency

For detailed currency restatement, enter the company currency from which you will convert amounts in this field.

4. Complete the remaining fields on the Set Up Currency Exchange Rates form as usual.

For detailed information about the remaining fields and steps, see *To set up exchange rates*.

Working with Journal Entries for Detailed Currency Restatement

In some situations, you might need to do one of the following before you post a detailed currency restatement journal entry or run the Detailed Currency Restatement program (R11411):

- Override the exchange rate for a journal entry

- Prevent an alternate currency (XA) record from being created for a specific journal entry

The system normally uses the exchange rate in the Currency Exchange Rates table (F0015) to convert the actual amount (AA) to the alternate currency amount (XA) when you run the Detailed Currency Restatement program.

► To work with journal entries for detailed currency restatement

From the Journal Entry, Reports, & Inquiries menu (G0911), choose Journal Entry.

1. On Work With Journal Entries, choose the journal entry and click Select.
2. On Journal Entry, with the journal entry displayed, choose Historical Rate from the Form menu.
3. On Detail Restatement Exch. Rate, do one of the following:
 - To override the exchange rate for an unposted journal entry, proceed to step 4.
 - To prevent an alternate currency record from being created by the Detailed Currency Restatement program, proceed to step 5.
4. Complete the following field to override the exchange rate in the Currency Exchange Rates table (F0015) and click OK:
If a transaction has been posted, this field is input inhibited and you cannot change the rate.
5. Leave the Historical Exchange Rate field blank, click the following option, and then click OK:

Calculating Detailed Currency Restatement

From the Financial Restatement menu (G1122), choose Detailed Currency Restatement.

You run the Detailed Currency Restatement program (R11411) to apply current exchange rates to transactions when restating amounts from one currency to another. The detailed currency restatement program creates a second restated ledger of transactions. This program reads AA (actual amount) ledger transactions in the Account Ledger table (F0911) and creates new transactions in the XA (alternate currency) ledger in the same table with the same batch number as the originating (AA) transactions. The batch type for XA ledger amounts is XX.

If you set up currencies to use the no inverse or triangulation method of exchange rate calculation, the Detailed Currency Restatement program uses that method when restating amounts. It uses the most recent effective exchange rate in combination with the override conversion method.

If the program finds an error before any processing takes place for a company, it produces an error report and does not update the XA ledger for that company. The error indicates the type of error. You must resolve the problem and run the program again.

Note

If your organization does not require management approval for posting, you can set a processing option in the Detailed Currency Restatement program to start the Post General Ledger program immediately after it restates amounts in the XA ledger.

Transactions Processed by Detailed Currency Restatement

The Detailed Currency Restatement program (R11411) processes all posted transactions in the actual amount (AA) ledger of the Account Ledger table (F0911) that meet the following criteria:

- The company is set up for detailed currency restatement.
- The account is within the account ranges set up for AAI item CRxx.
- The transaction contains a blank in the Currency Update (ALT9) field.

For each transaction, the program updates the ALT9 field from blank to one of the following values:

| Currency Update Field Value | Description |
|-----------------------------|---|
| P (processed) | The transaction was processed and updated by the Detailed Currency Restatement program. |
| N (not applicable) | The transaction was not updated by the Detailed Currency Restatement program due to one of the following: <ul style="list-style-type: none">• Company is not set up for detailed restatement.• Account is not within the account ranges for AAI item CRxx. |

The first time that you run the Detailed Currency Restatement program, processing might require a significant amount of time because the program updates the Currency Update field for all qualified records in the F0911 table. Thereafter, the program updates only new qualified transactions.

Before You Begin

- ❑ Verify that you updated your currency exchange rates and that the effective date corresponds to the date that you will restate. If the system does not find a rate with the date that you are restating, it uses the last effective date.

Common Error Messages and Causes

The following table lists common error messages that might appear on the error report when you run the Detailed Currency Restatement program (R11411) and their causes.

| Error Message | Cause |
|---|--|
| Daily Transaction Rate Not Set Up | No current exchange rate and no prior effective date are set up for restating the domestic currency in the alternate currency. See the task <i>To set up exchange rates for detailed currency restatement</i> . |
| CR01 and/or CR02 AAI Not Set Up | The ranges for AAI items CRxx are not set up, or the setup is incorrect. See <i>Setting Up AAIs for Detailed Currency Restatement</i> . |
| CR AAI Account Invalid or Not Set Up | The account number for AAI item CRxx is not in the chart of accounts for the company. |
| Version of Post Specified Invalid | You entered an invalid version number for the post program in the processing option for the Detailed Currency Restatement program. |
| XA Ledger Not Defined | The XA ledger is not set up in the user defined code table (09/LT). See the task <i>To set up ledger types and rules for currency restatement</i> . |
| Currency Invalid for YA or ZA Ledger | An invalid currency code for the YA or ZA ledger is specified on the Setup Ledger Type Rules form. See the task <i>To set up ledger types and rules for currency restatement</i> . |
| YA or ZA Ledger Not Defined | You set the processing option to create records in the YA and ZA ledgers; however, these ledgers are not set up in the user defined code table (09/LT). See the task <i>To set up ledger types and rules for currency restatement</i> . |

Processing Options for Detailed Currency Restatement (R11411)

Ledgers Tab

These processing options specify the ledgers in which the system restates amounts and whether the system creates corresponding entries in unit ledgers.

The system restates amounts in the XA (Alternate Currency) ledger. You can specify whether the system also restates amounts in the optional YA (Domestic Origin) and ZA (Foreign Origin) ledgers.

You can also specify whether the system creates entries in the unit ledgers that correspond to the XA, YA, and ZA ledgers. For example, you can specify that for each journal entry with units in the XA ledger, the system creates an entry in the XU ledger.

1. Additional Ledgers

1 = Restate amounts in XA, YA, and ZA ledgers

Blank = Restate amounts in XA ledger only

Use this processing option to select the ledgers in which the system restates amounts. Valid values are:

1 Restate amounts in the XA (Alternate Currency), YA (Domestic

Origin), and ZA (Foreign Origin) ledgers

Blank Restate amounts in the XA ledger only

2. Units Ledger

1 = Do not create entries in units ledgers

Blank = Create entries in units ledgers

Use this processing option to create entries in the units ledgers (XU, YU, and ZU) that correspond to the XA (Alternate Currency), YA (Domestic Origin), and ZA (Foreign Origin) ledgers. Valid values are:

1 Do not create entries in the units ledgers

Blank Create entries in the units ledgers

Post Tab

This processing option specifies whether to automatically post the entries that this program creates. You must specify the version of the Post General Journal program for the system to use. If you leave this field blank, the system does not automatically post the entries.

J.D. Edwards recommends that you use version ZJDE0041. This version of the Post General Journal program is for batch type XX (detailed currency restatement).

1. Post Version

Blank = Do not post

Use this processing option to specify the version of the Post General Journal program that the system should use to post the entries created by this program. If you leave this field blank, the system will not post the entries. J.D. Edwards recommends that you use version ZJDE0041. This version of the Post General Journal program is for batch type XX (detailed currency restatement).

Automatic JEs Tab

This processing option specifies whether to automatically create journal entries to balance the currency restatement ledgers using the balancing offset account that is specified by AAI item CR. If you leave this field blank, the system does not automatically create the balancing entries.

The system creates the balancing journal entries (document type AE) only in the ledgers that you specify in the Additional Ledgers processing option on the Ledgers tab.

1. Automatic JEs

1 = Automatically create balancing journal entries

Blank = Do not create balancing journal entries

Use this processing option to automatically create journal entries to balance the currency restatement ledgers using the balancing offset account specified by AAI item CR. Valid values are:

1 Automatically create balancing journal entries

Blank Do not create balancing journal entries

The system creates the balancing journal entries (document type AE) only in the ledgers that you specify in the Additional Ledgers processing option on the Ledgers tab.

Exchange Rate Tab

Use this processing option to specify the date of the exchange rate that the system uses to calculate restatement amounts. You can use the exchange rate that was in effect on the service/tax date or the exchange rate that was in effect on the G/L date. If you leave this field blank, the system uses the exchange rate that was in effect on the G/L date.

The service/tax date is the date that the goods or services were purchased or the date when the tax liability was incurred.

The system uses the exchange rate in the Currency Exchange Rates table (F0015) for the date that you specify.

1. Exchange Rate

1 = Use exchange rate in effect on service/tax date

Blank = Use exchange rate in effect on G/L date

Use this processing option to specify the date of the exchange rate. Valid values are:

1 Use the exchange rate that was in effect on the service/tax date

Blank Use the exchange rate that was in effect on the G/L date

The service/tax date is the date that the goods or services were purchased or the date that the tax liability was incurred.

The system uses the exchange rate in the Currency Exchange Rates table (F0015) for the date that you specify.

Data Selection and Sequence for Detailed Currency Restatement

Do not use data selection or data sequence. The system ignores any data selection or data sequence that you enter.

Related Tasks

| | |
|---------------------------------|---|
| Reviewing ledger amounts | You can review the reporting currency ledger along with one of the following ledgers on the Work with Account Ledger Inquiry form: <ul style="list-style-type: none">• Alternate currency ledger (XA)• Domestic currency ledger (AA) |
|---------------------------------|---|

Reviewing and Approving Detailed Currency Transactions

After you run detailed currency restatement, you can verify the accuracy of the detailed currency transactions and, if applicable, approve the transactions before posting them to the general ledger.

Before posting detailed currency transactions, you can:

- Review a list of detailed currency batches
- Review detailed information
- Approve a detailed currency batch

Transactions created by the Detailed Currency Restatement program (R11411) have the same batch number as that of the originating (AA) transactions. The batch type is XX.

► To review and approve detailed currency transactions

From the Financial Restatement menu (G1122), choose Detailed Currency Review.

1. On Work With Batches, click Find, or limit your search by completing any of the fields or options in the header or QBE row and clicking Find:
2. To review the transaction detail for a specific batch, choose the batch and click Select.
3. On General Journal Review, choose an individual document to review and click Select.
4. To approve a batch, click Cancel on Journal Entry.
5. On General Journal Review, click Close.
6. On Work With Batches, choose the batch that you want to approve.
7. From the Row menu, choose Batch Approval.
8. On Batch Approval, click the Approved option and click OK.

Posting Detailed Currency Transactions

From the Financial Restatement menu (G1122), choose Post Detail Currency Journal.

Alternatively, you can post detailed currency transactions by specifying a post version when you run:

- The Detailed Currency Restatement program (R11411)
- The General Ledger Post program and post other journal entries

Review the General Ledger Post Report to verify that the transactions in the XA and, if applicable, the YA and ZA ledgers posted to the Account Ledger (F0911) and Account Balances (F0902) tables.

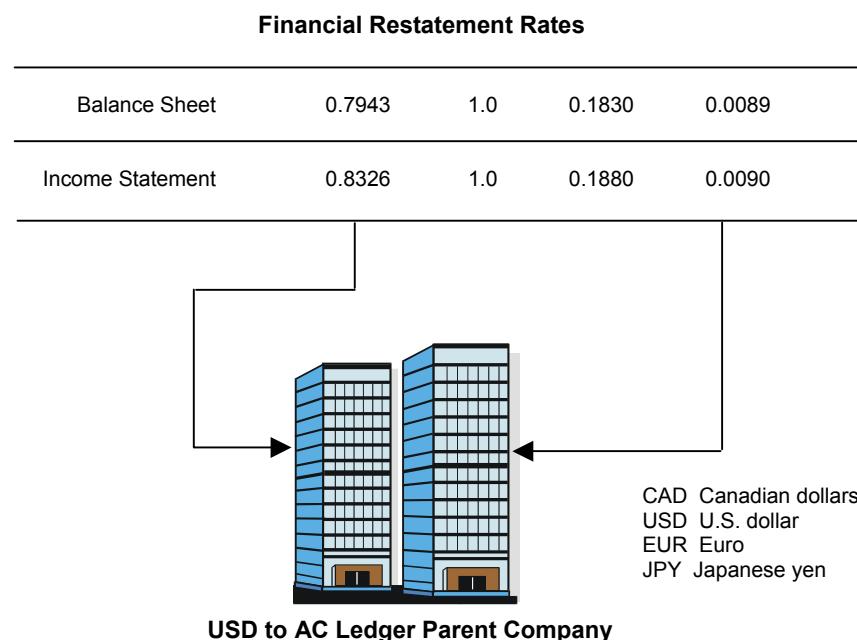
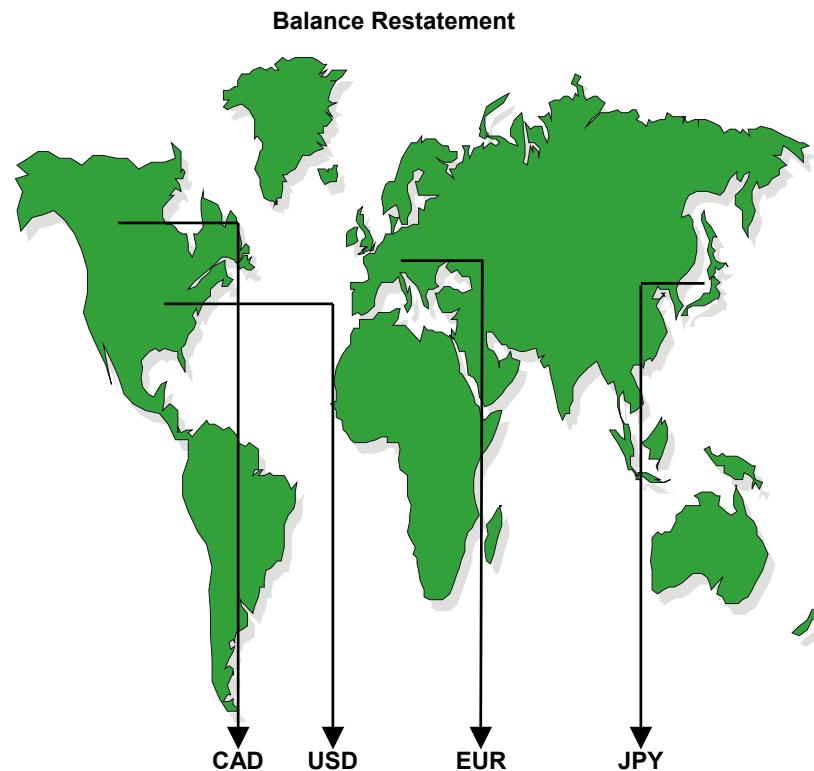
Balance Currency Restatement

If your organization has companies operating in more than one country, you might need to consolidate financial reporting among the different companies. To consolidate financial reporting, you need to restate existing company balances into one common currency. You can use detailed currency restatement as well as balance currency restatement to restate amounts into one currency. However, for balance currency restatement, the system restates the amounts in the consolidation ledger (AC) or other user-specified ledger type at the balance level.

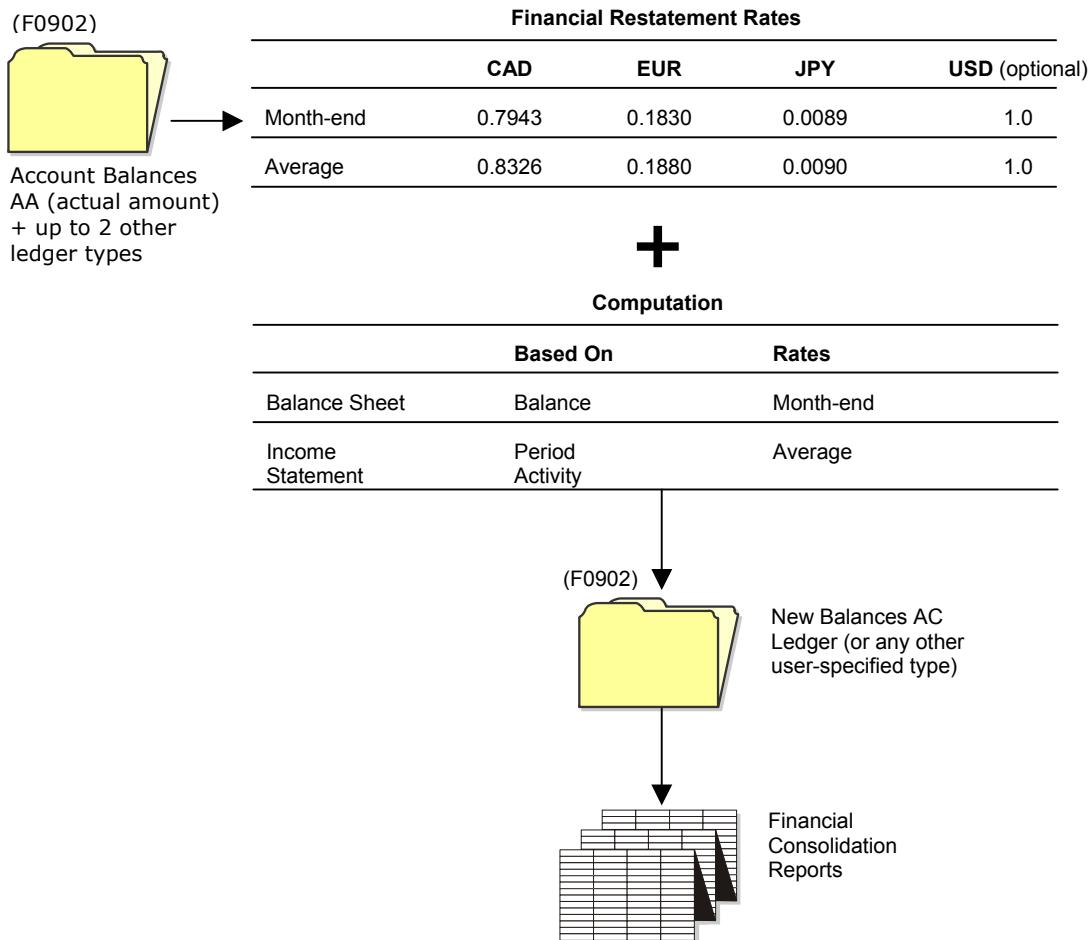
You might use balance restatement to:

- Restate balance sheet accounts at the period-end rate and income statement accounts at an average rate prior to generating consolidated financial reports. For example, you can restate subsidiary company accounts into the parent company currency for consolidated reporting.
- Combine amounts from up to three different ledgers into one ledger. For example, you can restate the AA (actual amounts) and GP (GAAP adjustments) ledgers into the AC (consolidation) ledger.
- Restate accounts for "what if" budget analysis. For example, you can specify a budget rate that is different from that used in the accounting books for internal comparison purposes.
- Restate balances for specific business units.

The following graphic illustrates using balance restatement to restate balance sheet accounts at the period-end rate and income statement accounts at an average rate, prior to generating consolidated financial reports:



Balance Currency Restatement Process



Balance Currency Restatement Setup

Balance currency restatement allows you to restate existing company balances in a different currency for consolidated reporting purposes. Restatement occurs at the general ledger balance level.

Before you can use balance currency restatement, you need to set up certain information that the system uses during processing. After the initial setup, the basic steps for balance currency restatement are:

25. Set up restatement rates.
 26. Set up new computations, as needed.
 27. Restate balances in the consolidation ledger (AC).

Before You Begin

- ❑ Ensure that the ledger type and ledger type rules for the consolidation (AC) ledger are set up. See the task *To set up ledger types and ledger rules for currency restatement*.

Setting Up Restatement Rates for Balance Currency Restatement

For balance currency restatement, you typically use different exchange rates for different ranges of accounts. For example, you might use a period-end exchange rate to restate balance sheets amounts and a period average exchange rate to restate income statement amounts.

You must provide a rate to restate amounts from one currency to another. You can enter both an average rate for the period and a period-ending rate for each currency that you are restating. You update the table every period with new exchange rates to maintain a record of the rates, along with their effective dates and types.

Before You Begin

- Before you set up restatement rates for balance currency restatement, J.D. Edwards recommends that you write down the values that you will enter in each field.

► To set up restatement rates for balance currency restatement

From the Financial Restatement menu (G1122), choose Currency Restatement Rates.

1. On Work With Currency Restatement Rates, click Add.
2. On Currency Restatement Rates, click Find to locate all restatement rates or limit your search by completing any of the following fields in the header area and clicking Find:
Rate types are stored in UDC 11/RT.
3. Scroll down to the blank line after the last exchange rate and complete only one of the following fields for each rate:
The system calculates the inverse rate.
4. Complete the following fields for each rate, and click OK:

Processing Options for Currency Restatement Rates (P1113)

Limits

Specify a Tolerance Limit to warn you of radical rate changes (i.e. 10 indicates 10%).

Tolerance Percentage

Setting Up Computations for Balance Currency Restatement

Before you restate a company currency to another currency for multiple company consolidation, you must set up computations that are used by the Balance Currency Restatement program. These computations include the following information:

- Company
- Ranges of accounts
- Destination currency
- Source and destination ledger types

When setting up computations, consider the following:

- You can set up more than one computation for a company. For example, you might need more than one computation if you perform “what if” analysis using different ledger types.
- You can set up a computation to override the source ledger type for a range of accounts. This is especially useful if a range of accounts was previously restated into a particular ledger and you want to move or restate the amounts from that ledger to another ledger.
- You can set up a computation to restate amounts from up to three source ledgers into one destination ledger, which is called the consolidation ledger (AC). The source ledgers must be in the same currency.

This information is stored in the Company Conversions Parameter File table (F1114).

Key Information Used in Computations

When you set up computations for balance currency restatement, you must provide the system with the following key information:

- Rate types
- Calculation methods
- Translation adjustment accounts

Before you set up computations for balance currency restatement, make sure that you understand how the system uses this information.

Rate Types

The system uses rate types to determine which exchange rate to use when it calculates new balances. For each range of accounts, you can enter a user defined rate type. Some examples are:

| | |
|--------------------------------|--|
| A (period average) | An average rate for the month. This is generally used with income statement accounts. |
| M (month-end) | A period-end rate. This is generally used with balance sheet accounts. |
| User-defined rate types | A user-defined rate. This can be used for a budget rate (different from an accounting rate) to create "what if" budget amounts and comparisons, for example. |

You enter new rate types in UDC 11/RT.

Calculation Methods

You can specify a calculation method for each range of accounts. The system uses the calculation method to determine which formula to use when it calculates currency conversions. The calculation methods are:

| | |
|-------------------------------|---|
| 0 (net period) | Use for period calculations. This method uses net period activity amount. |
| 1 (cumulative balance) | Use for balance calculations. This method uses the year-to-date balance amount. |

If you do not specify a calculation method, the system uses the default from the data dictionary.

The following examples show the results of these two calculation methods.

Example: Net Period Calculation, Method 0

In this example, the AC ledger balance amount for period 3 is 80.

| Accounting Period | Period Amount | Average Rate | Calculation | To Ledger Period Balance |
|-------------------|---------------|--------------|-------------------|--------------------------|
| Period 1 | 100 | 1.10 | 100×1.10 | 110 |
| Period 2 | 200 | 1.05 | 200×1.05 | 210 |
| Period 3 | 100 | 0.80 | 100×0.80 | 80 |

Example: Cumulative Balance Calculation, Method 1

In this example, the AC ledger balance amount for period 3 is 1,120.

| From Ledger Accounting Period | Period Ending Rate | Calculation | To Ledger Period Posting | To Ledger Period Ending Balance | To Ledger Cumulative Balance |
|-------------------------------|--------------------|-------------|---------------------------------------|---------------------------------|------------------------------|
| Beginning Balance | 1,000 | 0.90 | $1,000 \times 0.90$ | 900 | 900 |
| Period 1 | 100 | 1.10 | $(1,000 + 100) \times 1.10 - 900$ | 310 | 1,210 |
| Period 2 | 200 | 1.05 | $(1,300 \times 1.05) - (900 + 310)$ | 155 | 1,365 |
| Period 3 | 100 | 0.80 | $(1,400 \times 0.80) - (1,210 + 155)$ | -245 | 1,120 |

Translation Adjustment Accounts

When you set up computations, you can specify two G/L accounts for translation adjustments. Translation adjustments are caused by a change in the exchange rates and are tracked in translation adjustment accounts. Depending on the type of translation adjustment you want to track, you enter an account on the Revise Company Currency Conversion form as follows:

- To enter translation gain and loss amounts for the entire report, enter the account in the Translation Adjustment Account field in the *header* area of the form. The system

creates a balancing entry. If you do not define a translation adjustment account, the system does not make an adjusting entry.

- To enter translation gain and loss amounts due to a change in the exchange rate within a period, enter the account in the Translation Adjustment Account field in the *detail* area of the form. This entry is used only for analysis, and is not a balancing entry. The system calculates this amount for each range of accounts that are assigned calculation method 1. You cannot enter a G/L account in the Translation Adjustment Account field for calculation method 0.

For calculation method 1 (cumulative balance), the translations gains and losses are calculated according to the following formula:

$$(\text{prior period balance} \times \text{prior period end rate}) - (\text{prior period balance} \times \text{current period end rate}) + (\text{current period posting} \times \text{current month average rate}) - (\text{current period posting} \times \text{current month end rate}) = \text{translation adjustment amount}$$

Both of the Translation Adjustment Account fields on the Revise Company Currency Conversion form are optional. The system does not issue an error message if either or both of these fields are left blank. However, the AC ledger type will probably not balance if you do not enter a G/L account in the Translation Adjustment Account field in the header area of the form.

Before You Begin

- Enter or revise exchange rates. See the task *To set up restatement rates for balance currency restatement*.

► To set up computations for balance currency restatement

From the Financial Restatement menu (G1122), choose Revise Computations.

1. On Work With Company Currency Conversions, click Add.
2. On Revise Company Currency Conversions, complete the following fields:
For balance currency restatement, this is ledger type AC (consolidation ledger) or other user-specified ledger type.
3. Complete the following optional fields:
4. Complete the following fields for each range of accounts:
The system verifies that the beginning account is equal to or greater than the ending account.
5. Complete the following optional fields:
Override the exchange rate only if you do not expect the rate to change over time. When you enter an override exchange rate and the rate changes over time, you receive unpredictable results.
6. Verify that any gaps between account ranges are intentional.
The system validates that no overlaps exist between account ranges.
7. Click OK.

Related Tasks

| | |
|-------------------------------|---|
| Reviewing computations | After you set up computations for balance currency restatement, review the information to ensure that it is correct and complete. <ul style="list-style-type: none">• Verify that all gaps between ranges of accounts are intentional. The system does not perform restatements for missing accounts. The balance of the missing accounts might be entered into the translation adjustment account that is specified on the Revise Computations form.• Verify that the correct rate types and calculation methods are associated with the account ranges.• Verify that the ranges of accounts or business units do not overlap. |
|-------------------------------|---|

► To assign a computation ID to a company

From the Financial Restatement menu (G1122), choose Detailed Currency Setup.

1. On Detailed Currency Setup, choose Company Setup.
2. On Work With Companies, choose company 00000 and click Select.
3. On Company Setup, click the Currency tab.
4. On the Currency tab, enter the computation ID in the following field:
 - Restatement Computation
5. Repeat the preceding steps for each company that will use balance currency restatement, entering the same value in the following field that you entered for company 00000:
 - Restatement Computation

Calculating Restated Balances for Balance Currency Restatement

From the Financial Restatement menu (G1122), choose Compute Restated Balances.

The Compute Restated Balances program (R11414) restates balances from a source ledger into a consolidation ledger (AC). Although the AC ledger type is commonly used, the consolidation ledger type can be any user-specified ledger type except actual amounts (AA), foreign currency (CA), and the following:

- XA, YA, ZA – used for detailed currency restatement
- AZ – used for cash basis accounting

Based on the exchange rates and computations that you set up, the Compute Restated Balances program:

- Restates a selected period, a range of periods, or all periods in the current year.

- Applies an individual rate to each period that you are restating, or applies a single rate to all periods.
- Applies a different exchange rate for a specific range of accounts. If an exchange rate does not exist in the Currency Restatement Rates File table (F1113), the system prints a report with blanks in the exchange rate and restated balance columns. If you choose not to print zero restated balances, all of the accounts in that range will be omitted from the report.
- Restates up to three source ledger types to a single destination ledger type. Currency decimals are based on the currency code of the destination ledger type.

You can run the Compute Restated Balances program as often as necessary. Each time that you run the program, it overwrites existing balances unless you specify a different destination ledger type in a processing option. You can run this program in three different modes:

| | |
|----------------------------------|--|
| Proof mode with report | The system prints a report but does not create balances in the destination ledger. |
| Final mode with report | The system creates balances in the destination ledger and prints a detailed audit trail. |
| Final mode without report | The system creates balances in the destination ledger but does not print a detailed audit trail. |

The Compute Restated Balances program uses information from the Account Balances (F0902), Currency Restatement Rates File (F1113), and Company Conversions Parameter File (F1114) tables.

Note

Although the Compute Restated Balances program automatically creates AC ledger entries, you can manually enter journal entries for ledger type AC on the Journal Entry form.

Typically, these types of journal entries are eliminating journal entries. You can recalculate a period without losing journal entries already entered for this ledger.

If you manually enter a journal entry for ledger type AC, be aware that a record must exist in the AA ledger for the same period, fiscal year, and G/L account. If necessary, enter a manual journal entry for ledger type AA for a cent. Balance currency restatement does not recognize AC entries that are manually entered unless a record exists in the AA ledger.

Before You Begin

- ❑ Set up the consolidation ledger type (usually AC) in UDC 09/LT and 11/TL. See the task *To set up ledger types and rules for currency restatement*.
- ❑ Set up the financial rules for ledger type AC in the Ledger Type Master File table (F0025). See the task *To set up ledger types and rules for currency restatement*.
- ❑ Enter the computation ID to use for a specific company in the Restatement Computation field on the Company Setup form. See the task *To assign a computation ID to a company*.
- ❑ Verify that the rate types and calculation methods associated with account ranges are correct. See *Setting Up Computations for Balance Currency Restatement*.

How the Balance Currency Restatement Program Works

To restate balances, the Compute Restated Balances program (R11414) does the following:

- Reads the Account Balances table (F0902) to find a beginning balance and period amount in the actual amount (AA) ledger for each G/L account in the range of accounts for the specified company.
- Applies calculations based on the calculation method, as follows:
 - Period calculation balances for a selected period other than period 1. The system leaves previous balances as is, restates the balance for the current period, and clears all periods after the selected period.
 - Period calculation balances for period 1. The system updates beginning balances, restates the balance for the current period, and clears all periods after the current period.
 - Year-to-date balances for selected periods. The system restates balances for the selected periods and clears all periods after the selected period.
 - Amounts for a monetary account. If the currency associated with the destination ledger type matches the G/L account currency, the system uses the amounts from the foreign currency (CA) ledger instead of restating amounts from the AA ledger.
- Creates or updates the destination ledger, generally the consolidation (AC) ledger type, in the F0902 table.

Note

If the annual close was run, the system updates the APYC and APYN fields in the AC ledger at that time. The system calculates retained earnings if the Close to Retained Earnings Account option on the Setup Ledger Type Rules form is turned on for the AC ledger.

Processing Options for Compute Restated Balances (R11414)

Mode Tab

This processing option specifies whether to run the program in proof or final mode. If you run the program in final mode, you can specify whether to print a report.

1. Process Mode

0 = Proof mode

1 = Final mode with report

2 = Final mode without report

Use this processing option to specify the mode in which to run this program.

Valid values are:

- 1 Run the program in proof mode. The system does not update the Account Balances table (F0902) but prints a report that shows the changes that would be made to the fiscal year and period in the Account Balances table.
- 2 Run the program in final mode and print a report. The system updates the fiscal year and period in the Account Balances table (F0902). The system also prints a report that shows the changes.
- 3 Run the program in final mode without a report. The system updates the fiscal year and period in the Account Balances table. The system does not print a report.

Period or YTD Tab

These processing options specify the time period for the currency restatement. You use the Period or YTD Processing field to specify whether you are restating a specific period or all periods in a specific year to date. If you are restating a specific period, you use the Restatement Period field to specify the period. If you are restating a specific period and leave the Restatement Period field blank, the system restates the current period as defined for the General Accounting system on the Company Setup form and recorded in the Company Constants table (F0010). If you are restating a year to date, you use the Restatement Year field to specify the year. If you are restating a year to date and leave the Restatement Year field blank, the system restates the current fiscal year to date as defined for the General Accounting system on the Company Setup form and recorded in the Company Constants table (F0010).

1. Period or YTD Processing

Blank = Period processing

1 = Year-to-date processing

Use this processing option to specify whether you want to restate a specific period or restate all periods in a specific year to date. Valid values are:

Blank Restate only a specific period. You can specify the period in the

Restatement Period field. If you do not specify a period in the

Restatement Period field, the system restates the current period.

- 1 Restate all periods in a specific year to date. You can specify the year in the Restatement Year field. If you do not specify the year in the Restatement Year field, the system restates the current year.

2. Restatement Period

If you leave the Period or YTD Processing field blank, you use this processing option to specify the period to restate. For example, if you leave the Period or YTD Processing field blank, you can enter 8 for the eighth period of the fiscal year.

If you leave this field blank, the system restates the current period as defined for the General Accounting system on the Set Up Company form and recorded in the Company Constants table (F0010).

3. Restatement Year

If you enter 1 in the Period or YTD Processing field, you use this processing option to specify the year to restate. Enter the last two digits of the fiscal year to restate. For example, enter 05 for 2005.

If you leave this field blank, the system restates the current year to date as defined for the General Accounting system on the Set Up Company form and

recorded in the Company Constants table (F0010).

Zero Balance Tab

This processing option specifies whether the system prints records without any activity in the period that the system is restating.

1. Suppress Zero Balances

Blank = Print all records

1 = Print only records with activity

Use this option to suppress records that do not have activity in the period being restated. Valid values are:

Blank Print all records for the period.

1 Do not print records that do not have activity for the period.

Computation ID Tab

This processing option specifies the computation ID that the system uses for all of the companies that you select in data selection. If you do not specify a computation ID in this processing option, the system uses the computation ID that is assigned in the Company Constants table (F0010) for each company that you select in data selection.

1. Computation ID

Use this processing option to specify a computation ID for Data Selection.

This processing option overrides the default computation ID in the Company Constants table (F0010). If you enter a computation ID, all of the companies you choose in data selection use the computation ID you enter. If you leave this field blank, the program uses the default computation ID.

Ledger Tab

This processing option specifies the ledger type for the ledger in which the system restates balances. If you leave the Destination Ledger Type field blank, the system restates balances in all destination ledgers. The destination ledger is also known as the To Ledger.

1. Destination Ledger Type

Use this processing option to designate a specific ledger type to which the program restates amounts. If you leave this field blank, the program processes all destination ledgers. The destination ledger is also known as the To Ledger.

For example, you set up three calculations for Company 70. Each calculation updates a different destination ledger type.

- o If you leave this field blank, the program runs all three calculations and creates balances for each destination ledger type.
 - o If you enter a ledger type in this field, the program runs only the calculation for the destination ledger type you entered.
-

Exchange Rate Tab

This processing option specifies the exchange rate that the program uses in restating balances. You can use the exchange rate for the current period or the exchange rate for the period that the program restates.

1. Exchange Rate

Blank = Use rate for the current period

1 = Use rate for the period being restated

Use this processing option to specify the effective exchange rate. Valid values are:

Blank Use the effective exchange rate for the current period.

1 Use the effective exchange rate for the period being restated.

Calculating Retained Earnings for the Consolidation Ledger

As part of your year-end processing, you must calculate retained earnings for the consolidation (AC) ledger, which is used for balance currency restatement.

For you to ensure that the AC ledger is in balance and the calculated amount for retained earnings is correct, J.D. Edwards recommends and supports the following steps. These steps ensure that the Annual Close program (P098201) creates a hybrid historical rate instead of a manual calculation when it calculates retained earnings for the AC ledger.

Steps for Calculating Retained Earnings for the AC Ledger

28. Verify that the automatic accounting instruction (AAI) item GLG4 for the retained earnings account is set up.
See *Special Considerations for Retained Earnings* in *Understanding AAIs for General Accounting* in the *General Accounting Guide*.
29. On the Revise Company Currency Conversions form, create a separate line for the Retained Earnings account and enter the following:
 - The retained earnings account in the From Account and Thru Account fields
 - A valid rate type in the Rt Ty (Rate Type) field
 - 1 in the CM (Calculation Method) field
 - AC (or user-specified consolidation ledger) in the Fr LT (From Ledger Type) field
 - 1.0000000 in the Override Rate field
30. Run the Compute Restated Balances program (R11414). See *Calculating Restated Balances for Balance Currency Restatement*.
31. Run the Annual Close program (P098201) for the AC ledger to ensure that the restated ledger balances.

"As If" Currency Restatement

When you enter multicurrency transactions, the system uses the current exchange rate to convert amounts from a foreign currency to the domestic currency. Because exchange rates fluctuate, the converted amounts might not be useful for comparison purposes.

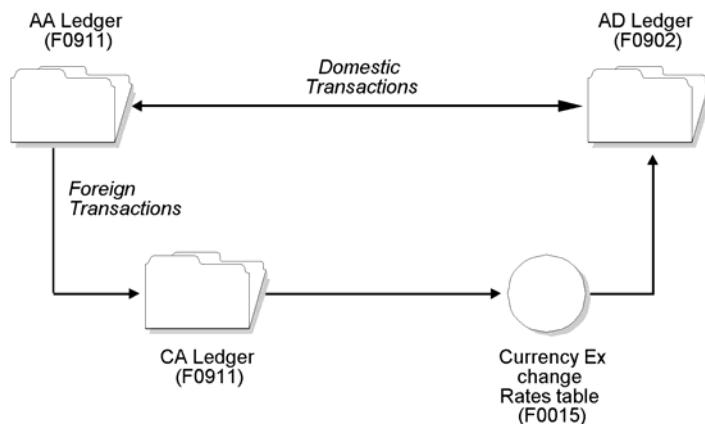
You can eliminate fluctuations over a period of time by reposting the balances using a single date to retrieve exchange rates "as if" the rate applied to all transactions. Reposting balances in this way allows you to:

- Recalculate balances on a transaction level by using an exchange rate that is associated with a specific date.
- Record the new balances in a ledger type that is used specifically for "as if" restatement. This can be the AD ("as if" restatement) ledger type or any other user-specified ledger type.

You can then compare the new balances with actual or budget balances. For example:

- A construction company with projects that span multiple years can compare original budget amounts to actual amounts that have been restated by using exchange rates that were in effect when the original budget was prepared.
- A company with sales people located worldwide can report sales figures at a stabilized rate for commission analysis.

The following graphic illustrates the process used to create "as if" balances:



Calculating Restated Balances for "As If" Currency Restatement

From the Financial Restatement menu (G1122), choose "As If" Repost.

You use the "As If" Repost program (R11415) to restate account balances in your domestic currency using a single exchange rate. The program does the following:

- Selects posted foreign currency transactions from the foreign currency (CA) ledger in the Account Ledger table (F0911)

- Applies a new exchange rate to the CA ledger
- Creates records for the restated domestic currency amounts and stores them in the "as if" restatement ledger (AD) in the Account Balances table (F0902).

Although the AD ledger is commonly used as the "as if" restatement ledger type, you can use any user-specified ledger type except AA, CA, XA, YA, ZA, or AZ.

You can run the "As If" Repost program as often as necessary. Each time that you run the program, it overwrites existing balances in the AD ledger unless you specify a different destination ledger type in a processing option. You can run this program in three different modes:

| | |
|----------------------------------|--|
| Proof mode with report | The system prints a report but does not create balances in the destination ledger. |
| Final mode with report | The system creates balances in the destination ledger type and prints a detailed audit trail. |
| Final mode without report | The system creates balances in the destination ledger but does not print a detailed audit trail. |

The DEMO version of the "As If" Repost program processes domestic and foreign transactions for the selected account range. Use this version to ensure that all transactions in the AA (actual amounts) ledger are transferred to the AD ("as if" restatement) ledger.

If transactions were originally entered in the domestic currency, the report does not show an original or "as if" exchange rate. That is because the source and destination amounts are the same.

Before You Begin

- ❑ Ensure that the ledger type and ledger type rules for the "as if" restatement (AD) ledger are set up. See the task *To set up ledger types and ledger rules for currency restatement*.
- ❑ Set up an exchange rate with an effective date on or before the restatement date of the repost using the Set Daily Transaction Rates program (P0015). See the task *To set up exchange rates for the multiplier or divisor method*.

Processing Options for "As If" Repost (R11415)

ConversionDate

- 1) Enter the 'As If' exchange rate date to be used to convert the original transactions. Effective rates for this date must exist in the Currency Conversion Rates File (F0015).

Mode

- 2) Enter the mode in which the calculations and updates will be processed. 0 = Proof mode with Report
1 = Final mode with Report 2 = Final mode without Report

Ledger Type

- 3) Enter the ledger type to receive the recomputed transaction amounts. This option has no default and must be entered for the program to function. The ledger type must be defined in User Defined Codes System Code '11', Record Type 'TL'

Data Selection for "As If" Repost

The program logic for the DEMO version of the "As If" Repost depends on the following data selection. Do not change it.

| | |
|--------------------------------------|---|
| Document type not equal to BF | Selects only transaction records that are not summarized. The original exchange rate that was used cannot be determined if transactions are summarized. |
| G/L posted code equal to P | Prevents the program from restating transactions that are not yet posted to the Account Balances table (F0902). |

Multicurrency Bank Statements

Multicurrency Bank Statement Considerations

You enter information from your bank statements to track all banking activity, such as electronic funds transfers. In a multicurrency environment, you can enter up to three different currencies for each transaction line on the statement. You use the Bank Statement Entry program (P09160) to enter bank statement information.

Each transaction line on the Enter Statement form contains fields for the following:

- Domestic amount
- Foreign amount
- Currency code

The value that you enter in each field depends on the currency of the company, bank account, and transaction. The currency code is always the currency of the transaction. The following examples show the value that you enter in each field, based on the currencies of the transaction line.

The Enter Statement form displays decimals based on the currency of the G/L bank account. If the bank account is a monetary account, amounts appear in the currency of the monetary account. If it is not a monetary account, amounts appear in the company currency.

When you process the transaction, the system creates an actual amounts (AA) ledger entry and a foreign currency (CA) ledger entry.

For detailed information about this program and the bank statement process, see *Bank Statement Processing* in the *General Accounting Guide*.

Example: Different Currencies for Company, Bank Account, and Transaction

The currency is different for the company, bank account, and transaction. You must use a non-monetary transit account.

| | |
|-----------------------------------|------------------------|
| Company Currency Code | CAD (Canadian dollars) |
| Bank Account (monetary) | USD (U.S. dollar) |
| Transit Account (required) | Non-monetary |
| Transaction | EUR (euro) |

On the Enter Statement form, enter the following:

- USD amount in the Amount field
- EUR amount in the Foreign Amount field
- EUR in the Currency Code field

When you process the transaction, the system creates an AA ledger entry in CAD and a CA ledger entry in EUR.

Example: Different Currency for Transaction

The currency is the same for the company and bank account, but different for the transaction. A non-monetary transit account is optional.

| | |
|------------------------------------|--------------|
| Company Currency Code | CAD |
| Bank Account (non-monetary) | CAD |
| Transit Account (optional) | Non-monetary |
| Transaction | USD |

On the Enter Statement form, enter the following:

- CAD amount in the Amount field
- USD amount in the Foreign Amount field
- USD in the Currency Code field

When you process the transaction, the system creates an AA ledger entry in CAD and a CA ledger entry in USD.

Example: Different Currency for Company

The currency is the same for the bank account and transaction, but different for the company. A non-monetary transit account is optional.

| | |
|-----------------------------------|--------------|
| Company Currency Code | CAD |
| Bank Account (monetary) | USD |
| Transit Account (optional) | Non-monetary |
| Transaction | USD |

On the Enter Statement form, enter the following:

- USD amount in the Amount field
- Blank in the Foreign Amount field
- Blank in the Currency Code field (because the transaction is in the currency of the bank account). The system uses the currency code of the bank account.

When you process the transaction, the system creates an AA ledger entry in CAD and a CA ledger entry in USD.

Example: Different Currency for Bank Account

The currency is the same for the bank account and transaction, but different for the company. A non-monetary transit account is required.

| | |
|-----------------------------------|--------------|
| Company Currency Code | CAD |
| Bank Account (monetary) | USD |
| Transit Account (required) | Non-monetary |
| Transaction | CAD |

On the Enter Statement form, enter the following:

- USD amount in the Amount field
- CAD amount in the Foreign Amount field
- CAD in the Currency Code field

When you process the transaction, the system creates an AA ledger entry in CAD and a CA ledger entry in CAD.

