MODULE 3: MULTICURRENCY

Module Overview

In today's global economy, many companies have to report results and process activity using multiple currencies. Microsoft Dynamics® NAV 2013 provides functionality that helps companies post and correctly valuate transactions in multiple currencies, display general ledger results in an additional reporting currency, and consolidate companies that use different currencies.

Becoming familiar with these features lets businesses streamline their ability to work with multiple currencies in a global market.

Objectives

The objectives are:

- Explain setup requirements for currencies and exchange rates when using multiple currencies.
- Explain setup requirements using multiple currencies with customers, vendors, and bank accounts.
- Describe steps and additional functionality for processing purchase and sales documents that use foreign currency.
- Describe steps and additional functionality for recording and posting multicurrency transactions in the cash receipts journal.
- Describe how to process multicurrency payments using the payments journal.
- Describe how to run the Adjust Exchange Rates batch job for customers, vendors, and bank accounts.
- Explain set up, viewing amounts, daily processing, and periodic processes when using an additional reporting currency.
- Describe how to run the Adjust Exchange Rates batch job for G/L accounts.
- Describe how to view the Exchange Rate Adjustment Register.

Currency Card and Currency Exchange Rates

Companies complete the initial setup for multicurrency functionality in Microsoft Dynamics NAV 2013 by using the **Currency Card** and **Currency Exchange Rates** pages.
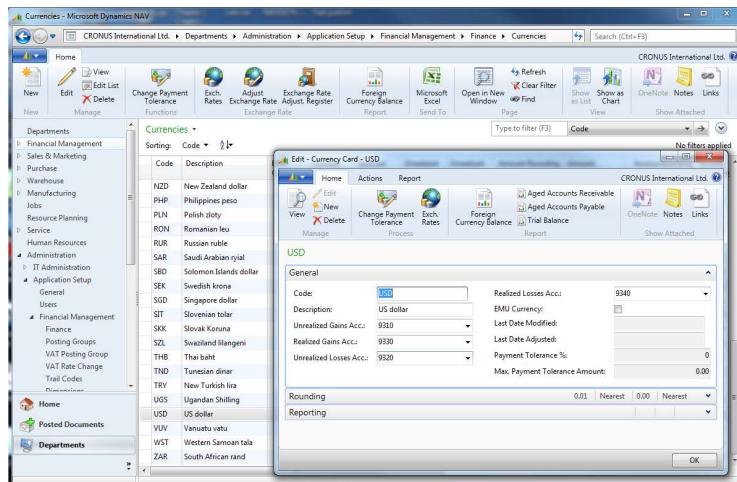
The **Currency Card** is where the basic parameters for the various currencies used by a company are established. The **Currency Exchange Rate** page is used to set up the exchange rates for a selected currency on specific dates.

Currency Card

Each currency has a **Currency Card** page. All currency cards are listed on the **Currencies** page.

To open the **Currencies** and **Currency Card** pages, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance** > **Currencies**.
4. Select the desired currency, for example USD, and then click **Edit** to open the **Currency Card** page.

FIGURE 3.1: CURRENCIES PAGE AND CURRENCY CARD WINDOW

The information on the currency card is organized on a series of FastTabs. The setup involves the following:

- Providing basic information about the currency, including accounts that are used for posting unrealized and realized gains and losses.
- Indicating rules for rounding amounts, invoices, and unit amounts for multicurrency transactions.
- Selecting accounts for posting realized gains and losses when an additional reporting currency is implemented.

General FastTab

The **General** FastTab contains the following fields:

- **Code -** displays unique identifier for the currency.
- **Description -** provides short description of the currency.
- **Unrealized Gains Acc.** & **Unrealized Losses Acc. -** displays G/L account number that is used to post unrealized exchange rate gains or losses when the Adjust Exchange Rates batch job is run to adjust customers, vendors, and bank accounts.
- **Realized Gains Acc.** & **Realized Losses Acc.-** displays G/L account that is used to post realized exchange rate gains or losses when the customer or vendor ledger entry is applied. If an unrealized gain or loss was previously posted, the entry is reversed when the realized gain or loss is posted.
- **EMU Currency -** when selected, indicates that currency is an Economic and Monetary Union currency.
- **Last Date Modified -** automatically populated. Displays when last changes were made to the fields for the currency.
- **Last Date Adjusted -** automatically populated. Displays when the Adjust Exchange Rates batch job was last run.
- **Payment Tolerance % -** indicates percentage a payment or refund can vary from the amount on a credit memo or invoice. Update the field by selecting **Change Payment Tolerance**.
- **Max. Payment Tolerance Amount -** indicates maximum amount that a payment or refund can vary from the amount on a credit memo or invoice. Update the field by selecting **Change Payment Tolerance**.

📰 **Note:** *Payment Tolerance is covered in detail in the course* Finance Essentials for Microsoft Dynamics NAV 2013.

Rounding FastTab

The **Rounding** FastTab contains the following fields:

- **Invoice Rounding Precision -** specifies the rounding precision used for this currency on invoices. For example, invoices may be rounded to the nearest whole number.

- **Invoice Rounding Type -** determines the rounding method that is used for invoices. The options are Nearest, Up, or Down. This field works with the **Invoice Rounding Precision** field.

- **Amount Rounding Precision -** specifies the rounding precision used for the currency.

- **Amount Decimal Places -** specifies the number of decimal places displayed for the currency. The minimum and maximum number of decimal places are separated by a colon.

- **Unit-Amount Rounding Precision -** specifies the rounding precision used for unit prices for items on sales and purchase invoices.

- **Unit-Amount Decimal Places** - identifies the minimum and maximum number of decimal places used for the sales and purchase price of items and sales price of resources. The minimum and maximum number of decimal places are separated by a colon, for example 2:5.

- **Appln. Rounding Precision -** specifies the amount allowed for rounding differences when a payment entry in one currency is applied to entries in a different currency.

- **Conv. LCY Rndg. Debit Acc. -** identifies the debit account to use for rounding differences when the **Insert Conv. LCY Rndg. Lines** function is used in a general journal.

- **Conv. LCY Rndg. Credit Acc. -** identifies the credit account to use for rounding differences when the **Insert Conv. LCY Rndg. Lines** function is used in a general journal.

- **Max. VAT Difference Allowed -** identifies the maximum VAT correction amount allowed for the currency.

- **VAT Rounding Type -** determines how VAT is rounded for the currency. The options are Nearest, Up, or Down.

Reporting FastTab

The **Reporting** FastTab contains the following fields:

- **Realized G/L Gains Account** & **Realized G/L Losses Account -** specifies the G/L account that is used to post exchange rate gains or losses for currency adjustments between the local currency (LCY) and the additional reporting currency. The exchange rate gains are calculated when the Adjust Exchange Rates batch job is run to adjust general ledger accounts.
- **Residual Gains Account** & **Residual Losses Account -** indicates the G/L account that is used to post residual gain or loss amounts (rounding differences) when an additional reporting currency is used in the general ledger application area.

Currency Exchange Rates

Currency exchange rates are constantly fluctuating. The **Currency Exchange Rates** page is used to do the following:

- Record exchange rates.
- View prior entries for exchange rates.

To open the **Currency Exchange Rates** page from the **Currency Card** page, on the **Home** tab in the ribbon click **Exch. Rates**.

FIGURE 3.2: CURRENCY EXCHANGE RATES WINDOW

Formatted Table

When you post transactions, you can obtain the current exchange rates for the various currencies from the **Currency Exchange Rates** page. In addition, use data in the table to calculate unrealized gains or losses caused by exchange rate fluctuations as follows:

- When you run the Adjust Exchange Rates batch job to revalue previously posted transactions.
- When you perform consolidations of foreign subsidiaries that use currencies other than the parent's currency.

This table is frequently updated, possibly daily, to reflect current exchange rates for transactions.

The **Currency Exchange Rates** page includes the following fields:

- **Starting Date -** identifies the effective date to use for the exchange rate. Enter a new line with a new **Starting Date** for each effective date.
- **Currency Code -** identifies the code for the selected currency.
- **Relational Currency Code -** identifies currency to use. To specify local currency, leave the field blank.
- **Exchange Rate Amount -** identifies the rate to use for the currency selected on the line. Use the **Exchange Rate Amount** and **Relational Exch. Rate Amount** fields when recording transactions. The entries in the fields tell the system how to calculate amounts for the selected currency.
- **Relational Exch. Rate Amount -** indicates the rate to use for the currency selected in the **Relational Currency Code** field. If the field is blank, it is the local currency. Use the **Exchange Rate Amount** and **Relational Exch. Rate Amount** fields when recording transactions. The entries in the fields tell the system how to calculate amounts for the selected currency.

Note: In the USD example, read the columns as follows:

*55.7551 (**Relational Exch. Rate Amount**) LCY (**Relational Currency Code**) = 100 (**Exchange Rate Amount**) USD (**Currency Code**)*

- **Adjustment Exch. Rate Amount -** indicates the rate to use for the currency selected on the line. Use the **Adjustment Exch. Rate Amount** and **Relational Adjmt. Exch. Rate Amount** fields when you run the Adjust Exchange Rates batch job.

- **Relational Adjmt. Exch. Rate Amount -** indicates the rate to use for the currency selected in the **Relational Currency Code** field. If the field is blank, it is the local currency. Use the **Adjustment Exch. Rate Amount** and **Relational Adjmt. Exch. Rate Amount** fields when you run the Adjust Exchange Rates batch job.

- **Fix Exchange Rate Amount -** determines whether the currency or relational currency exchange rates suggested on invoices, journal lines, and batch jobs are fixed or editable. When a selection is made in this field, that selection is fixed (not editable). The options are Currency, Relational Currency, or Both.

Exchange Rates Approaches

To enter and maintain the different exchange rates, different approaches can be used, depending on the frequency with which your company uses foreign currencies and deals with the exchange rate adjustments:

- For each new exchange rate, a new line can be entered on the **Currency Exchange Rates** page, each with a different start date. In this case, make sure that the **Relational Exch. Rate Amount** and the **Relational Adjmt Exch. Rate Amt.** fields are equal, in addition to the **Exchange Rate Amount** and the **Adjustment Exch. Rate Amount** fields.

- You can use different exchange rates in the **Relational Exch. Rate Amount** and the **Relational Adjmt Exch. Rate Amt.** fields. This gives you flexibility in the exchange rate setup. For example, you can update the **Relational Exch. Rate Amount** field daily, while updating the **Relational Adjmt Exch. Rate Amt.** field at the end of each month.

  Another possibility is to use exchange rates from one source for adjustments and from another source for the default transaction exchange rate. For example, use the exchange rates according to the local rates for the **Relational Exch. Rate Amount** and use a government-approved bank's exchange rates for the **Relational Adjmt. Exch. Rate Amt.**.

- Companies that use foreign currencies only occasionally might not have to update the currency exchange rates. Therefore, the appropriate exchange rate can be when users enter the sales and purchase documents and when entering customer or vendor payments in the general journals. In this case, make sure that the **Fix Exchange Rate Amount** field does not contain the option Both.

📄   **Note:** *When exchange rates are adjusted regularly, we recommend that you add new currency exchange rate lines on the **Currency Exchange Rates** page. This makes sure documents and journals are created using current exchange rates.*

*Additionally, we recommend that existing entries are not overwritten or deleted from the **Currency Exchange Rates** page. Keeping history in this page enables traceability of exchange rate adjustments for a particular currency over time.*

*If there is a currency that is used as an additional reporting currency, the entries for that currency in the **Currency Exchange Rates** page must not be overwritten.*

Set Up Multicurrency for Customers, Vendors, and Bank Accounts

Multiple steps are necessary to complete the setup in Microsoft Dynamics NAV 2013 to appropriately handle multicurrency transactions involving customers, vendors, and bank accounts.

Before processing transactions for customers, vendors, and bank accounts that use default currencies other than the local currency, you must perform the required setup. This includes establishing the following:

- Parameters for rounding.
- Rules governing when applications can be applied between currencies.
- Default currencies for customers, vendors, and bank accounts.

Currency Card and Currency Exchange Rates

To prepare a company to work with multicurrency, first set up the **Currency Card** and the **Currency Exchange Rates** for all customers, vendors, and bank accounts.

On the **Currency Exchange Rates** page, be aware of the following:

- Use the values in the **Exchange Rate Amount** and **Relational Exch. Rate Amount** fields to record the initial amounts for multicurrency transactions.
- The Adjust Exchange Rates batch job uses the values in the **Adjustment Exch. Rate Amount** and **Relational Adjmt. Exch. Rate Amount** fields. The batch job is run periodically to calculate gains or losses on open entries caused by currency fluctuations.
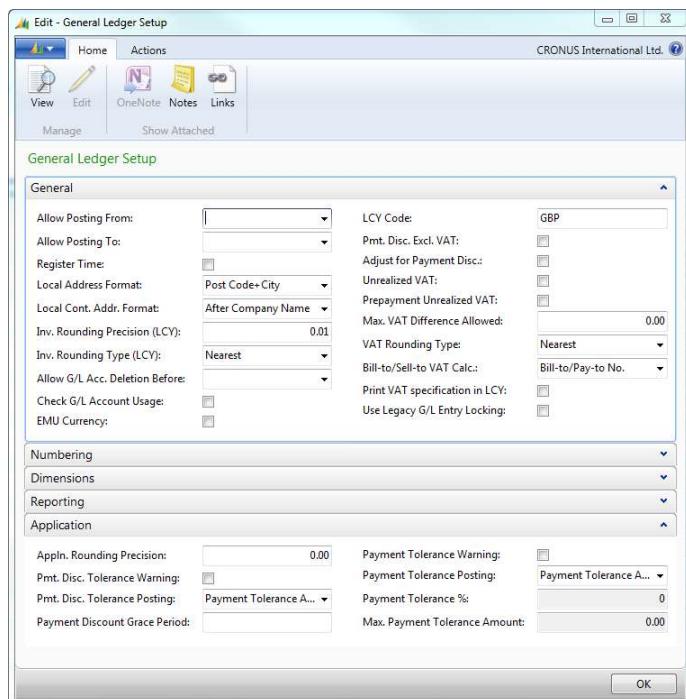
General Ledger Setup

The **General Ledger Setup** page contains fields related to how rounding differences are managed by Microsoft Dynamics NAV 2013.

To open the **General Ledger Setup** page, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management** > **Finance > General Ledger Setup**.

FIGURE 3.3: GENERAL LEDGER SETUP WINDOW

Formatted: Font: Bold

Formatted Table

Formatted: Indent: Left: 5.71 cm, No bullets or numbering

4. Expand the **General** FastTab.

   o **LCY Code -** specifies the local currency. It is a text field and not related to the **Currencies** table.

   o **Inv. Rounding Precision (LCY) -** identifies the rounding precision used for the local currency on invoices. For example, invoices may be rounded to the nearest whole number.

   o **Inv. Rounding Type (LCY) -** determines the rounding method that is used for invoices for the local currency. The options are Nearest, Up, or Down. This field works with the **Invoice Rounding Precision** field.

5. Expand the **Application** FastTab.

   o **Appln. Rounding Precision** field determines the rounding precision when entries that are using different currencies apply to one another.

> 📄 **Note:** *The currency of the entry that is applied to one or more other entries determines the interval for rounding differences. The rounding difference is only calculated and posted when the entry that is applied is a payment entry.*
>
> *Rounding differences are posted to the **Debit Curr. Appln. Rndg. Acc.** or **Credit Curr. Appln. Rndg. Acc.** fields specified on the **Vendor Posting Group** or **Customer Posting Group** pages.*

Sales & Receivables Setup and Purchases & Payables Setup

As soon as the **General Ledger Setup** page is completed, you can set up the **Invoice Rounding** and **Appln. Between Currencies** fields in both the **Sales & Receivables Setup** and **Purchases & Payables Setup** pages.

To open the **Sales & Receivables Setup** and **Purchases & Payables Setup** pages, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.

3. On the **Application Setup** page, click **Financial Management** -> **Finance > Sales & Receivables Setup** or **Purchases & Payables Setup**.
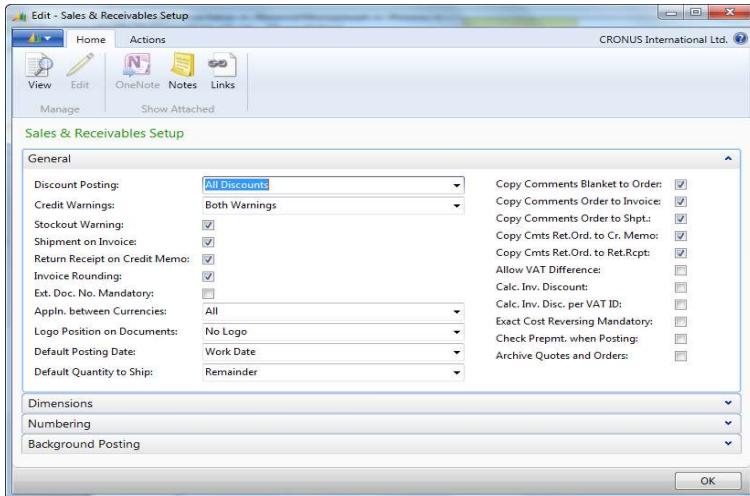

FIGURE 3.4: SALES & RECEIVABLES SETUP WINDOW

4. Expand the **General** FastTab.

   o **Invoice Rounding** – Select this check box if you want to use rounding for sales or purchase invoices for LCY. The rounding process for LCY uses the settings in the **Inv. Rounding Precision (LCY)** and **Inv. Rounding Type (LCY)** fields on the **General** FastTab of the **General Ledger Setup** page.

   o **Appln. Between Currencies** –

   Use the selection to allow application between currencies in the following scenarios:

   ▪ When any customer or vendor uses more than one currency.
   ▪ When any cash receipts or payments are recorded in a currency other than the original invoice currency.

The options are as follows:

- **None:** All entries used in an application must be in the same currency.
- **EMU:** Entries in the Euro and an old national currency apply to one another.
- **All:** Entries in any currency apply to one another.

When EMU or All is selected in the **Appln. Between Currencies** field, the rounding precision is determined from the entry in the **Appln. Rounding Precision** field in the following locations:

- **General Ledger Setup** window for the local currency.
- **Currency Card** window for other currencies.

Customer, Vendor, and Bank Account Cards

The next step in the set up of multicurrency for customers, vendors, and bank accounts is to select the default currency in the **Currency Code** field on the account card.

To set up the default currency for customers, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Financial Management** > **Receivables > Customers**.
3. Select the desired customer, and then click **Edit**.
4. Expand the **Foreign Trade** FastTab.

5. In the **Currency Code** field, enter the correct currency for the customer or leave blank to indicate LCY.
6. Click **OK** to close the **Customer Card** page.

The process is the same for vendors and bank accounts.

Process Sales and Purchase Documents

As soon as multicurrency setup is complete, creating and posting sales or purchase documents by using multiple currencies is basically the same as creating and posting documents that use the local currency.

However, during the process, Microsoft Dynamics NAV 2013 has additional functionality to support multicurrency. This includes the ability to do the following:

*   Update the **Currency Code** when you enter documents.
*   Edit the **Currency Exchange Rate**, depending on setup.
*   Display amounts in both currencies in statistics windows.
*   View posted amounts in both currencies.

Demonstration: Process a Purchase Invoice

Scenario: April, the accounts payable coordinator, recently added the Mundersand Corporation to the vendor listing for CRONUS International, Ltd. Mundersand uses the Canadian dollar (CAD) as its currency. April is processing the first purchase invoice for Mundersand for a single Side Panel, Item 70000.

April plans to verify the accuracy of the exchange rate used for the invoice and to review the vendor ledger entries that result from posting the purchase invoice. April must record and post the invoice, and then review the posted activity.

Demonstration Steps

1. Record and post the purchase invoice.
    a. On the navigation pane, click **Departments.**
    b. Click **Financial Management**, click **Payables > Purchase Invoices**.
    c. Click **New**.
    d. In the **Buy-from Vendor No.** field, click the drop-down list, and select 01905283, Mundersand Corporation.
    e. Press **TAB** or **ENTER**.
    f. Expand the **Foreign Trade** FastTab.
    g. Notice that the currency from the **Vendor Card** populates the **Currency Code** field.

2. Review the exchange rates.

    a. In the **Currency Code** field, click the **AssistEdit** button to display the **Change Exchange Rate** page. For CAD, notice that the current exchange rate is 46.0862. This can be changed for this one purchase document.
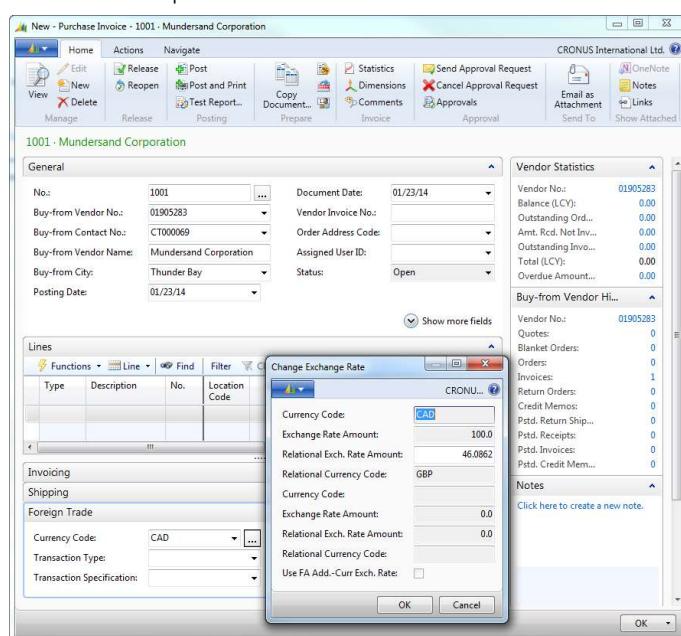

FIGURE 3.5: PURCHASE INVOICE – CHANGE EXCHANGE RATE WINDOW

a.b. Click **OK** to close the **Change Exchange Rate** page.

📋   **Note:** *The fields that are editable in the **Change Exchange Rate** page are controlled by the selection made in the **Fix Exchange Rate Amount** field on the **Currency Exchange Rates** page.*

1. Enter a line in the purchase invoice.
   a. Expand the **Lines** FastTab.
   b. In the **Type** field, enter Item.
   c. In the **No.** field, enter 70000.
   d. In the **Quantity** field, enter 1.
   e. Press **TAB** or **ENTER**.

f. Make sure that in the **Direct Unit Cost Excl. VAT** field, the cost is listed as 34.067. This is the cost of the item in CAD, the vendor's currency.

- The direct unit cost is calculated by using the **Last Direct Cost** from the **Item Card** of 15.70008 and dividing it by the **Relational Exchange Rate** of .460862.

The calculated amount of 34.06677 is rounded according to the entry in the **Unit Amount Rounding Precision** field in the **Currencies** window for CAD. This results in a **Direct Unit Cost Excluding VAT** of 34.067.

2. Review the statistics and post the invoice.

a. On the **Home** tab, click **Statistics** to display the **Purchase Invoice Statistics** page. The cost is displayed in both the foreign currency and the local currency.
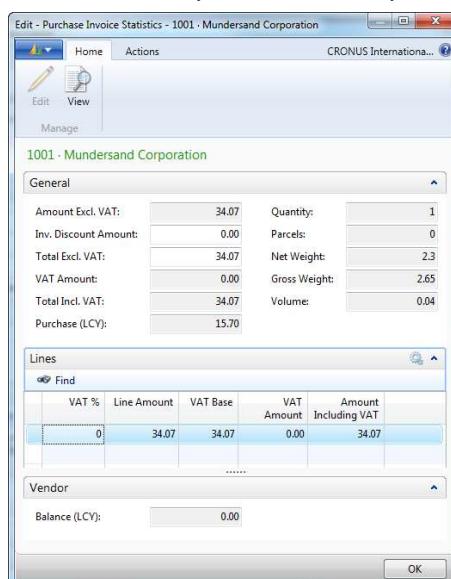
FIGURE 3.6: PURCHASE INVOICE STATISTICS

a.b. Click **OK** to close the **Purchase Invoice Statistics** window.

b.c. Expand the **General** FastTab.

c.d. In the **Vendor Invoice No.** field, enter CUR1.

d.e. On the **Home** tab, click **Post**.

e.f. Click **Yes** to post the invoice.

3. Review the posted ledger entries.

   a. On the navigation pane, click **Departments**.

   b. Click **Financial Management > Payables > Vendors**.

   c. Select vendor 01905283, Mundersand Corporation, and then click **Edit**.

   d. Notice that the amount in the **Balance (LCY)** field is 15.70.

   e. On the **Home** tab, click **Ledger Entries** to display the **Vendor Ledger Entries** page.

   f. Notice that the amounts in the **Original Amount**, **Amount**, and **Remaining Amount** fields are displayed in CAD, the vendor's currency.

   g. Through the **Choose Columns** function, add the **Original Amt. (LCY)**, **Amount (LCY)**, and **Remaining Amount (LCY)** fields.

   h. On the **Home** tab, click **Detailed Ledger Entries**. Notice that amounts are displayed in both the vendor and the local currencies.

   i. Click **Close** to close the **Detailed Vendor Ledg. Entries** page.

   j. Click **OK** to close the **Vendor Ledger Entries** page.

   k. Click **OK** to close the **Vendor Card** page.

Lab 3.1: Process a Sales Invoice

Scenario

You must create a sales invoice for Spotsmeyer Furnishing, Customer 01121212. Spotsmeyer's Furnishings is set up with a Bill-to Customer. However, this invoice will be sent to the customer directly. The order consists of five Base Panels, Item 70001.

Spotsmeyer's Furnishings uses U.S. dollar (USD) as its currency. The exchange rate as of 01/01/14 for 100 USD is 51.61 Great Britain Pounds (GBP). Because this is the first transaction posted to Spotsmeyer's Furnishings, you plan to verify the multicurrency amount posted.

You create a table calculating the expected posting as shown here.

Currency	Last Direct Cost, per Item Card	Exchange Rate	Mathematical Operation	Amount (LCY)
LCY (GBP)	40.30		40.30 * 5	201.50
USD	40.30	.5161	(40.30 / .5161) * 5	390.43

Formatted Table

Exercise 1: Process a Sales Invoice

Task 1: Process a Sales Invoice

High Level Steps

1. Update the Currency Exchange Rate.
2. Create a sales invoice.
3. Review the posted activity.

Detailed Steps

1. Update the Currency Exchange Rate.
   a. On the navigation pane, click **Departments**.
   b. Click **Financial Management > Periodic Activities > Currency > Currencies**.
   c. Select currency code USD.
   d. On the **Home** tab, click **Exch. Rates**.
   e. On a new line, in the **Starting Date** field, enter 01/01/14.
   f. In the **Relational Exch. Rate Amount** field, enter 51.61.
   g. In the **Relational Adjmt. Exch. Rate Amt.** field, enter 51.61.
   h. Click **OK** to close the **Currency Exchange Rates** page.

2. Create a sales invoice.

    a. On the navigation pane, click **Departments**.
    b. Click **Financial Management > Receivables > Sales Invoices**.
    c. Click **New**.
    d. In the **Sell-to Customer No.** field, enter 01121212.
    e. Make sure that the Posting Date is 01/24/14.
    f. Expand the **Invoicing** FastTab.
    g. In the **Bill-to Customer** field, enter 01121212.
    h. Expand the **Foreign Trade** FastTab, and then confirm the **Currency Code** field is set to USD.
    i. Expand the **Lines** FastTab.
    j. In the **Type** field, enter Item.
    k. In the **No.** field, enter 70001.
    l. In the **Quantity** field, enter 5.
    m. Notice the amount in the **Line Amount Excl. VAT** field.
    n. On the **Home** tab, click **Statistics**.
    ~~o.~~o. Notice the amounts for **Total Incl. VAT** and **Sales (LCY)**.
    ~~o.~~p. Click **OK** to close the **Sales Invoice Statistics** page.
    ~~p.~~q. On the **Home** tab, click **Post**.
    ~~q.~~r. Click **Yes** to post the invoice.
    ~~r.~~s. Click **OK** to close the **Sales Invoice** page.

3. Review the posted activity.

    a. In the navigation pane, click **Departments**.
    b. Click **Financial Management**, click **Receivables > Customers**.
    c. Select customer 01121212, and then click **Edit**.
    d. Note the amount in the **Balance (LCY)** field.
    e. On the **Home** tab, click **Ledger Entries**.
    f. On the **customer ledger entries** page, use the **Choose Columns** function to add the **Original Amt. (LCY)**, **Amount (LCY)**, and **Remaining Amt. (LCY)** fields.
    g. Notice the amounts in the fields on the line.
    h. Click **OK** to close the **customer ledger entries** page.
    i. Click **OK** to close the **Customer Card** page.

Process Cash Receipts

Using the cash Receipts journal with multiple currencies is basically the same as processing cash receipts that use the local currency.

The primary difference is posting restrictions based on currency. The ability to post a journal is determined by the relationship between the **Currency Code** assigned to the selected bank account and the **Currency Code** on the receipt lines.

The rules for posting cash receipt activity by using multiple currencies are summarized in the following table.

Bank Account Currency Code	Printing and Posting Rules
Blank (LCY)	Post receipt lines with any currency code including LCY.
Currency Code	Post only those receipt lines with the same currency code as the bank account.

Formatted Table

With multiple currencies you can use the same cash receipt journal when the Bank Account Currency Code is LCY. But you can also take advantage of the following:

1. Payments made in one currency can close invoice entries in a different currency. For example, payment received in Euros can be applied to an invoice in Danish Krone.
2. Payments in one currency can be applied to multiple invoice entries with more than one currency. For example, a payment in Euros can be applied to two invoices, one in Danish Krone and one in Euro.

Another difference when you work with multiple currencies is the entries created from posting. When multiple currencies are involved, three Detailed customer ledger entries are created when a payment is applied and posted against an invoice customer ledger entry:

- An entry with an **Entry Type** of Initial Entry that contains the amount and currency of the payment. This matches the single entry for the payment in the **customer ledger entries** window with Payment as the **Document Type**.
- An entry with an **Entry Type** of Application Entry that is the application for the Invoice Customer Ledger Entry. This entry has the due date and is in the currency of the invoice to which it applies. Additionally, it is posted to reduce the **Remaining Amount** on the Invoice Customer Ledger Entry.

- An entry with an **Entry Type** of Application Entry that is the application for the Payment Customer Ledger Entry. This entry has the same currency and due date as the Initial Entry. However, the Amount has the opposite sign. This entry is posted to reduce the **Remaining Amount** on the Payment Customer Ledger Entry.

Demonstration: Process a Cash Receipt Journal

Scenario: Arnie, the accounts receivable administrator, has received the customer payments shown in the following table.

Customer Name	Customer Number	Currency	Invoice Paid	Receipt Amount
Progressive Home Furnishings	01445544	USD	103013	2688.58
New Concepts Furniture	01454545	GBP (LCY)	00-17	222241.32
Klubben	47563218	NOK	103015	134935.03

New Concepts Furniture typically uses USD as its currency. However, the company remitted this payment in GBP, the local currency of CRONUS International Ltd.

Arnie must record the payments in the Cash Receipts Journal by using the World Wide Bank-Operating Account and a posting date of 01/24/14.

Because Arnie has never processed a receipt in a different currency from the original invoice, he plans to review the ledger entries for customer 01454545 after the journal is posted.

Demonstration Steps

1. Populate the cash receipt journal.
   a. On the navigation pane, click **Departments**.
   b. Click **Financial Management > Cash Management > Cash Receipt Journals**. Make sure that the BANK journal batch is selected.
   c. Click the **Application** menu **> Customize > Choose Columns** to add the **Currency Code** field. Make sure that the **Posting Date** is set to 01/24/14.
   d. In the **Document Type** field, enter Payment.
   e. In the **Account Type** field, enter Customer.
   f. In the **Account No.** field, enter 01445544.
   g. On the **Home** tab, click **Apply Entries**.
   h. Select the line for invoice 103013.

i.   On the **Home** tab, click **Set Applies-to ID**.

j.   Click **OK** to apply the entry. Notice the **Amount** field on the first line of the **Cash Receipt Journal** page is automatically populated with -2,688.58 USD.

k.   Click the next line.

l.   In the **Account No.** field, enter 01454545.

m.   In the **Currency Code** field, delete USD so that the field is blank, representing the LCY.

n.   On the **Home** tab, click **Apply Entries**.

o.o. Select the line for invoice 00-17. Notice that the **Remaining Amount** field contains the amount in USD, the currency in which the invoice was created. However the **Appln. Remaining Amount** field contains the amount in LCY, the currency of the journal line.

o.p. On the **Home** tab, click **Set Applies-to ID**.

p.q. Click **OK** to apply the entry. The **Amount** field on the second line of the **Cash Receipt Journal** page is automatically populated with -205,718.84 LCY.

q.r. Click the next line.

r.s. In the **Account No.** field, enter 47563218.

s.t. On the **Home** tab, click **Apply Entries**.

t.u. Select the line for invoice 103015.

u.v. On the **Home** tab, click **Set Applies-to ID**.

v.w. Click **OK** to apply the entry. The **Amount** field on the third line of the **Cash Receipt Journal** page is automatically populated with -134,935.03 NOK.

FIGURE 3.7: CASH RECEIPT JOURNAL

2. Post the journal.

   a. On the **Home** tab, click **Post**.

   b. Click **Yes** to post the journal lines.

   c. Click **OK**.

   d. Click **OK** to close the **Cash Receipt Journal** page.

3. Review the ledger entries for customer New Concepts Furniture.

   a. On the navigation pane, click **Departments**.

   b. Click **Financial Management** > **Receivables > Customers**.

   c. Select customer 01454545.

   d. On the **Home** tab, click **Ledger Entries**.

   e. Notice that the original invoice entry used a currency of USD and that the payment entry that closed it used LCY.

   f. Select the payment line.

   g. On the **Home** tab, click **Detailed Ledger Entries**.

   h. Notice that there are two lines displayed for each of the two entries applied and posted.

FIGURE 3.8: CUSTOMER LEDGER ENTRIES AND DETAILED CUSTOMER LEDGR ENTRIES

      i.   Click **Close** to close the **Detailed Cust. Ledg. Entries** page.

      j.   Click **OK** to close the **customer ledger entries** page.

Process Payments

Processing activity in a payments journal for transactions with multiple currencies is basically the same as using the payments journal for transactions with a single, local currency.

Similar to the cash receipts journal, there are posting restrictions based on currency. These restrictions also affect the ability to print checks in the payments journal.

The ability to print checks and post a journal is determined by the currency code assigned to the selected bank account and the contents of the **Bank Payment Type** field. The rules for printing checks and posting payments with multiple currencies are summarized in the following table.

Bank Account Currency Code	Bank Payment Type Field Contents	Printing and Posting Rules
Blank (LCY)	Computer Check or Manual Check	Print only those checks for LCY payment lines. Post only LCY payment lines.
Blank (LCY)	Blank	Post payment lines with any currency code including LCY.
Currency Code	Computer Check or Manual Check	Print only those checks with payment lines where the currency code is the same as the bank account. Post only those payment lines with the same currency code as the bank account.
Currency Code	Blank	Post only those payment lines with the same currency code as the bank account.

Formatted Table

Demonstration: Print and Post Checks

Scenario: April, the accounts payable coordinator, is asked to issue checks from the WWB-USD bank account for vendors using USD as their currency. Invoices due on or before 01/31/14 are to be paid.

The WWB-USD bank account is a newly opened account for CRONUS International Ltd. The starting check number for the bank account is 10001. April must update the **Bank Account Card** for the last check issued, check 10000.

Because activity has not been processed previously for payments in USD, the accounting manager has asked April to check the currency code to make sure that account 9150 is specified in the **Conv. LCY Rndg. Debit** and **Conv. LCY Rndg. Credit** accounts.

After the activity is posted, April reviews the posting for vendor 01254796, Progressive Home Furnishings.

Demonstration Steps

1. Update the Currency Code and the Bank Account Card.
   a. On the navigation pane, click **Departments**.
   b. Click **Financial Management** > **Periodic Activities** > **Currency > Currencies**.
   c. Select the USD currency, and then click **Edit**.
   d. Expand the **Rounding** FastTab.
   e. In the **Conv. LCY Rndg. Debit Acc.** field, enter 9150.
   f. In the **Conv. LCY Rndg. Credit Acc.** field, enter 9150.
   g. Click **OK** to close the **Currency Card** page.
   h. In the navigation pane, click **Departments**.
   i. Click **Financial Management > Cash Management > Bank Accounts**.
   j. Select the WWB-USD bank account, and then click **Edit**.
   k. Expand the **Posting** FastTab.
   l. In the **Last Check No.** field, enter 10000.
   m. Click **OK** to close the **Bank Account Card** page.

2. Suggest vendor payments in the payment journal.
   a. In the navigation pane, click **Departments**.
   b. Click **Financial Management** > **Payables** > **Payment Journals**, and then click the drop-down of the **Batch Name** field.
   c. In the **General Journal Batches** window, click **New**.
   d. In the **Name** field, enter BANKUSD.
   e. In the **Description** field, enter Bank USD.

    f.   In the **Bal. Account Type** field, click the drop-down, and choose **Bank Account**.

    g.   In the **Bal. Account No.** field, type WWB-USD.

    h.   In the **No. Series** field, remove GJNL-PMT.

    i.   Click **OK** to return to the **Payment Journal** window.

    j.   On the **Home** tab, click Suggest Vendor Payments.

    k.   Expand the **Options** FastTab.

    l.   In the **Last Payment Date** field, enter 01/31/14.

    m.   In the **Bal. Account Type** field, enter Bank Account.

    n.   In the **Bal. Account No.** field, enter the WWB-USD bank account.

    ~~o.~~ o.   In the **Bank Payment Type** field, enter Computer Check.

    ~~o.~~ p.   Expand the **Vendor** FastTab.

    ~~p.~~ q.   In the **No.** filter field, enter 01254796.

    ~~q.~~ r.   Click **OK** to run the Suggest Vendor Payments batch job.

    ~~r.~~ s.   A message box is displayed stating that you have only created lines for the Currency Code USD. Click **OK**.

    ~~s.~~ t.   Click the **Choose Columns** function to add the **Currency Code** field.

> **Formatted:** MBS Numbered List 2

3.   The payments journal is populated with the invoices to be paid. Print the checks and post the journal.

    a.   On the **Home** tab, click **Print Check**.

    b.   Expand the **Options** FastTab.

    c.   In the **Bank Account No.** field, enter WWB-USD.

    d.   Select the **One Check per Vendor per Document No.** check box.

    e.   Click **Print**.

    f.   Select the **Print to File** check box.

    g.   Click **OK**.

    h.   In the **Output File Name** field, enter ck.prn.

    i.   Click **OK**. The Payments Journal is updated for the printed checks.

    j.   On the **Home** tab, click **Post**.

    k.   Click **Yes** to post the journal lines.

    l.   Click **OK**.

    m.   Click **OK** to close the **Payment Journal** page.

4.   Review the posted activity for Progressive Home Furnishings.

    a.   In the navigation pane, click **Departments**.

    b.   Click **Financial Management** > **Payables > Vendors**.

    c.   Select vendor 01254796.

    d.   On the **Home** tab, click **Ledger Entries**.

    e.   Make sure that the **Original Amount (LCY)**, **Amount (LCY)**, and **Remaining Amount (LCY)** fields are visible. If they are not, use the **Choose Columns** function.

    f.   Select the payment line.

    g.   On the **Home** tab, click **Detailed Ledger Entries**.

    h.   Review the two detailed vendor ledger entries.

FIGURE 3.9: DETAILED VENDOR LEDGER ENTRIES

    i.   Click **Close** to close the **Detailed Vendor Ledg. Entries** page.

    j.   Click **OK** to close the **vendor ledger entries** page.

Lab 3.2: Post Expenses in Foreign Currency

Scenario

As the accounts receivable administrator for CRONUS International Ltd., you have received the January 2014 vehicle expense. It is your responsibility to post these expenses, in Euros (EUR), including VAT:

- Gasoline and Motor Oil: EUR 178.53
- Registration Fees: EUR 342.32
- Repairs and Maintenance: EUR 107.34

Make sure that you set up the following:

- G/L Account 9150 is set up with direct posting.
- **The Conv. LCY Rndg. Debit Acc.** and **Conv. LCY Rndg. Credit Acc.** fields on the Euro currency are set to 9150.

On January 1, 2014, use the DEFAULT journal to post these expenses to the cash account. If there is a rounding difference, enter the adjustment for the amount in local currency. You do not have to review the entries for this lab.

Exercise 1: Post Expenses in Foreign Currency

Task 1: Post Expenses in Foreign Currency

High Level Steps

1. Verify the setup is correct.
2. Enter and post the journal.

Detailed Steps

1. Verify the setup is correct.
   a. In the navigation pane, click **Departments**.
   b. Click **Financial Management > General Ledger > Chart of Accounts**.
   c. Select account 9150.
   d. Select the **Direct Posting** check box.
   e. Click **OK** to close the **G/L Account Card**.
   f. In the navigation pane, click **Departments**.

g. Click **Financial Management > Periodic Activities > Currency > Currencies**.

h. Select the EURO currency, and then click **Edit**.

      i.   In the **Conv. LCY Rndg. Debit Acc.** field, enter 9150.

      j.   In the **Conv. LCY Rndg. Credit Acc.** field, enter 9150.

      k.   Click **OK** to close **Currency Card** page.

2.   Enter and post the journal.

      a.   In the navigation pane, click **Departments**.

      b.   Click **Financial Management > General Ledger > General Journals**.

      c.   Make sure that the DEFAULT journal batch is selected.

      d.   Click the **Choose Columns** function to add the **Currency Code** field.

      e.   In the **Posting Date** field, enter 01/01/14.

      f.   In the **Account No.** field, enter 8510.

      g.   In the **Amount** field, enter 178.53.

      h.   In the **Currency Code** field, enter EUR.

      i.   Click the next line.

      j.   In the **Account No.** field, enter 8520.

      k.   In the **Amount** field, enter 342.32.

      l.   In the **Currency Code** field, enter EUR.

      m. Click the next line.

      n.   In the **Account No.** field, enter 8530.

      o.   In the **Amount** field, enter 107.34.

      p.   In the **Currency Code** field, enter EUR.

      q.   Click the next line.

      r.   In the **Account No.** field, enter 2910.

      s.   In the **Amount** field, enter -628.19.

      t.   In the **Currency Code** field, enter EUR.

Formatted: MBS Numbered List 2

t.u. At the bottom of the **General Journal** page, notice that the **Balance** field, represented in EUR, the currency code of the journal lines, is equal to zero. However, the **Total Balance** field, represented in GBP (LCY), shows that the journal is out of balance by -0,01 LCY.

u.v. On the **Home** tab, click **Insert Conv. LCY Rndg. Lines**.

v.w. Notice a new journal line is entered for 0,01 LCY, resulting in the journal being in balance in both the foreign and the local currency. The G/L account that is used is 9150, as set up on the **Currency Card** page.

w.x. On the **Home** tab, click **Post**.

x.y. Click **Yes** to post the journal lines.

y.z. Click **OK**.

z.aa. Click **OK** to close the **General Journal** page.

Adjust Exchange Rates Batch Job for Customers, Vendors, and Bank Accounts

Run the Adjust Exchange Rates batch job to update LCY amounts for posted entries in Microsoft Dynamics NAV 2013. The batch job adjusts customer, vendor, and bank account entries to reflect updated amounts when the exchange rate changes after entries are posted.

Adjusting exchange rates are typically completed in the following order:

1. Enter the adjustment exchange rate on the currency.
2. Set filters on the Adjust Exchange Rates batch job.
3. Run the Adjust Exchange Rates batch job.

🗒 **Note:** *The Adjust Exchange Rates batch job is also used to update additional reporting currency amounts on general ledger entries and will be explained later in this module.*

Enter the Adjustment Exchange Rate

To enter the exchange rate to which the posted entries will be adjusted, follow these steps:

1. In the navigation pane, click **Departments**.
2. Click **Financial Management > Periodic Activities > Currency > Currencies**.
3. Select the currency that will be adjusted.
4. On the **Home** tab, click **Exch. Rates** to enter the adjustment.
5. Adjust the exchange rate by using one of the following methods:
   - In the **Adjustment Exch Rate Amount** and **Relational Adjmt Exch Rate Amt** fields on the current line, enter the exchange rate amounts with which to adjust the posted entries.
   - Enter a new line with the new exchange rates in the **Exchange Rate Amount**, **Relational Exch. Rate Amount**, **Adjustment Exch Rate Amount**, and **Relational Adjmt. Exch. Rate Amt.** fields.

📄 **Note:** *For best approaches, refer to the previous lesson in this module.*

📄 **Note:** *The Adjust Exchange Rate batch job uses the **Adjustment Exchange Rate Amount** and **Relational Adjmt. Exch. Rate Amt.** fields to calculate exchange rate gains and losses. Updating the **Relational Exchange Rate Amount** field is not necessary for processing the batch. However, the two fields are typically updated at the same time.*

6. Click **OK** to close the **Currency Exchange Rates** page.

The Adjust Exchange Rates Batch Job

To run the Adjust Exchange Rates batch job, follow these steps:

1. In the navigation pane, click **Departments**.
2. Click **Financial Management** > **Periodic Activities** > **Currency** > **Adjust Exchange Rates**.
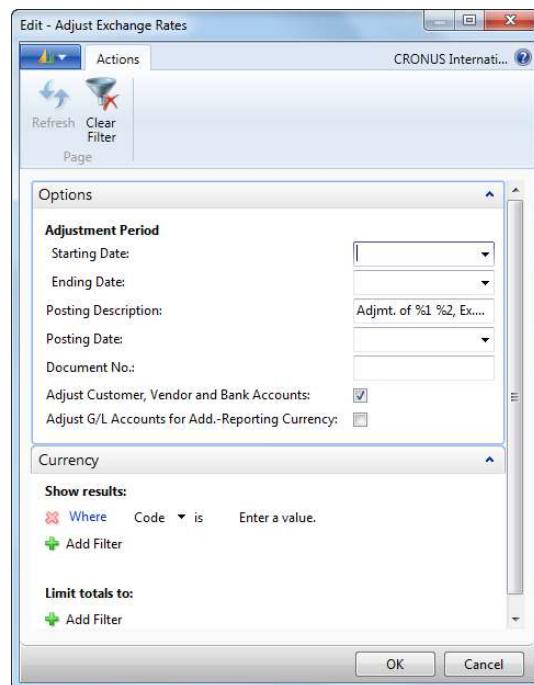

FIGURE 3.10: ADJUST EXCHANGE RATES BATCH JOB

3. Expand the **Options** FastTab:

   - **Starting Date -** identifies the first date to use for locating and adjusting transactions. Generally, this field is left blank so that all transactions are adjusted.

   - **Ending Date -** identifies the last date to use for locating and adjusting transactions. This date is usually the same as the **Posting Date.** Use the **Ending Date** field to retrieve the adjustment exchange rate for the batch job in the **Currency Exchange Rates** page.

   - **Posting Description -** describes the general ledger entries created by the batch job.
     The default text is Exchange Rate Adjmt. of %1 %2. When you post the entries, the %1 is replaced by the currency code and %2 is replaced by the currency amount that is adjusted. This results in, for example, Exchange Rate Adjmt. of EUR 38,000.

     > **Formatted:** Font: Bold

   - **Posting Date -** specifies the date on which the adjustment entries are posted.

   - **Document No. -** identifies the document number that appears on the general ledger entries created by the batch job.

   - **Adjust Customer, Vendor and Bank Accounts –** Adjusts customer, vendor, and bank account entries for currency fluctuations.

4. Expand the **Currency** FastTab.
5. Select the currency codes that will be adjusted by the batch job.
6. Click **OK** to run the Adjust Exchange Rates batch job.

Exchange Rate Adjustment Process for Customers and Vendors

For customer and vendor accounts, the Adjust Exchange Rates batch job does the following:

- Adjusts the currency by using the exchange rate that is valid on the posting date specified in the batch job.
- Calculates the differences for the individual currency balances.
- Posts the amounts to the G/L account specified in the **Unrealized Gains Acc.** field or the **Unrealized Losses Acc.** field on the **Currency** page.
- Posts balancing entries to the Receivables or Payables account in the general ledger automatically.

The batch job processes all open customer ledger entries and vendor ledger entries. If there is an exchange rate difference for an entry, the batch job creates a new detailed customer or vendor ledger entry that reflects the adjusted amount on the customer or vendor ledger entry.

Exchange Rate Adjustment Process for Bank Accounts

For bank accounts, the Adjust Exchange Rates batch job does the following:

- Adjusts the currency by using the exchange rate that is valid on the posting date specified in the batch job.
- Calculates the differences for each bank account that has a currency code and posts the amounts to the G/L account specified in the **Realized Gains Acc.** field or the **Realized Losses Acc.** field in the **Currencies** page.
- Posts balancing entries to the G/L accounts that are specified in the **Bank Account Posting Groups** automatically.
- Calculates one entry for each currency, for each posting group.

Demonstration: Adjust Currency Exchange Rate

Scenario: Phyllis, the accounting manager of CRONUS International Ltd., is working with the accounting department to close the month for January 2014.

Phyllis wants to capture gains and losses caused by fluctuations in the exchange rate between the local currency, GBP, and the Euro. The exchange rate as of 01/31/14 is 1.00 EUR = .65 GBP, the local currency for CRONUS International Ltd.

Phyllis plans to run the Adjust Exchange Rates batch job for customers, vendors, and the bank accounts.

Phyllis has selected invoice 10310, posted to customer Antarcticopy, to trace through the system. Phyllis calculated the current valuation and the expected valuation as shown in the following table.

Amount - EUR (Customer Ledger Entries window)	Relational Exchange Rate Amount (Currency Exchange Rates window)	Relational Adjmt. Exch. Rate Amount (Currency Exchange Rates window)	Operation	Amount (LCY) - GBP (Customer Ledger Entries window)
3744.29	.6898		3744.29*.6898	2582.81
3744.29		.6500	3744.29*.6500	2433.79

Based on her calculations, Phyllis expects the Adjust Exchange Rates batch job to post an unrealized loss of 149.02 (2582.81 - 2433.79). Phyllis plans to review the posting result and compare it to her calculations.

Demonstration Steps

1. Update the **Currency Exchange Rates** page for the Euro.
   a. On the navigation pane, click **Departments.**
   b. Click **Financial Management** > **Periodic Activities** > **Currency > Currencies**.
   c. Select the EUR currency code.
   d. On the **Home** tab, click **Exch. Rates**.
   e. Click **New**.
   f. In the **Starting Date** field, enter 01/31/14.
   g. In the **Exchange Rate Amount** field, enter 1.
   h. In the **Relational Exch. Rate Amount** field, enter .65.
   i. In the **Adjustment Exch. Rate Amt** field, enter 1.
   j. In the **Relational Adjmt Exch Rate Amt** field, enter .65.
   k. Click **OK** to close the **Currency Exchange Rates**.

2. Run the Adjust Exchange Rates batch job.
   a. On the navigation pane, click **Departments**.
   b. Click **Financial Management** > **Periodic Activities** > **Currency > Adjust Exchange Rates**.
   c. Expand the **Options** FastTab.
   d. Leave the **Starting Date** field blank so that all transactions are included.
   e. In the **Ending Date** field, enter 01/31/14.
   f. Accept the default settings in the **Posting Description** and **Posting Date** fields.

g. In the **Document Number** field, enter ADJACY-0114.

h. Select the **Adjust Customer, Vendor, and Bank Accounts** check box.

i. Expand the **Currency** FastTab.

j. In the **Code** filter field, enter EUR.

k. Click **OK** to run the batch job.

A status box displays while the batch job is processed and closes when the process is completed.

3. Review the customer ledger and detailed customer ledger entries for Antarcticopy.

a. On the navigation pane, click **Departments**.

b. Click **Financial Management** > **Receivables > Customers**.

c. Select customer 32656565, Antarcticopy.

d. On the **Home** tab, click **Ledger Entries**.

e. Click the **Choose Columns** functions to add the **Original Amount (LCY)**, **Amount (LCY)**, and **Remaining Amount (LCY)** fields.

f. Verify that the amounts in the **Original Amount (LCY)** and **Amount (LCY)** fields agree with the calculations in the table in the scenario.

g. On the **Home** tab, click **Detailed Ledger Entries**.

h. Notice that there are two entries in the **Detailed Customer Ledger Entries** page:

  ▪ One for the initial entry.
  ▪ One for the unrealized loss.

i. Select the second entry.

j. On the **Home** tab, click **Navigate**.

k. Select the G/L Entry line.

l. On the **Home** tab, click **Show**.

m. Review the entries for amount 149.02:

  ▪ A debit to account 9320, Unrealized FX Losses.
  ▪ A credit to account 2320, Customers, Foreign.

n. Click **Close** to close the **General Ledger Entries** page.

o. Click **Close** to close the **Navigate** page.

p. Click **Close** to close the **Detailed Cust. Ledg. Entries** page.

q. Click **OK** to close the **Customer Ledger Entries** page.

Lab 3.3: Update the USD:GBP Exchange Rate

Scenario

At the end of January 2014, the relational exchange rate amount between USD and LCY is 100 USD = 50 GBP. Because there are customers and vendors that use USD as their default currency, you must run the Adjust Exchange Rates batch job.

Because you posted activity to its account this month, you want to trace any adjustment to the customer ledger entry for Spotsmeyer's Furnishings.

📄 **Note:** *To successfully complete this lab, first the lab "Process a Sales Invoice" has to completed.*

Exercise 1: Update the USD:GBP Exchange Rate

Task 1: Update the USD:GBP Exchange Rate

High Level Steps

1. Update the exchange rate for the USD.
2. Run the Adjust Exchange Rates batch job.
3. Review the customer ledger entry for Spotsmeyer's Furnishings.

Detailed Steps

1. Update the exchange rate for the USD.
   a. On the navigation pane, click **Departments**.
   b. Click **Financial Management** > **Periodic Activities** > **Currency > Currencies**.
   c. Select the USD currency code.
   d. On the **Home** tab, click **Exch. Rates**.
   e. Click **New**.
   f. In the **Starting Date** field, enter 01/31/14.
   g. In the **Exchange Rate Amount** field, enter 100.
   h. In the **Relational Exch. Rate Amount** field, enter 50.
   i. In the **Adjustment Exch. Rate Amt** field, enter 100.
   j. In the **Relational Adjmt Exch Rate Amt** field, enter 50.
   k. Click **OK** to close the **Currency Exchange Rates**.

2. Run the Adjust Exchange Rates batch job.

   a. On the navigation pane, click **Departments**.

   b. Click **Financial Management** > **Periodic Activities** > **Currency** > **Adjust Exchange Rates**.

   c. Expand the **Options** FastTab.

   d. Leave the **Starting Date** field blank so that all transactions are included.

   e. In the **Ending Date** field, enter 01/31/14.

   f. Accept the default settings in the **Posting Description** and **Posting Date** fields.

   g. In the **Document Number** field, enter ADJACY-0114.

   h. Select the **Adjust Customer, Vendor, and Bank Accounts** check box.

   i. Expand the **Currency** FastTab.

   j. In the **Code** filter field, enter USD.

   k. Click **OK** to run the batch job.

3. Review the customer ledger entry for Spotsmeyer's Furnishings.

   a. On the navigation pane, click **Departments**.

   b. Click **Financial Management** > **Receivables > Customers**.

   c. Select customer 01121212, Spotsmeyer's Furnishings.

   d. On the **Home** tab, click **Ledger Entries**.

   e. On the **Home** tab, click **Detailed Ledger Entries**.

   f. Notice that there are two entries in the **Detailed Customer Ledger Entries** page:

      ▪ One for the initial entry.
      ▪ One for the unrealized loss.

   g. Click **Close** to close the **Detailed Cust. Ledg. Entries** page.

   h. Click **OK** to close the **Customer Ledger Entries** page.

Set Up Additional Reporting Currency

With Microsoft Dynamics NAV 2013, companies can record general ledger transactions in both the local currency (LCY) and an additional reporting currency (ACY). The main purpose for using an additional reporting currency is to generate reports that are more meaningful to users of financial statements and other reports.

After an additional reporting currency is set up, Microsoft Dynamics NAV 2013 automatically does the following:

- Records amounts in both LCY and the additional reporting currency on each general ledger entry and on other entries, such as VAT entries.
- Uses information from the **Currency Exchange Rates** page to find the exchange rate for recording transactions in the additional reporting currency.

📄 *Note: The **Additional Reporting Currency** functionality is not to be used as a basis for financial statement translation. It is not a tool that can perform translation of foreign subsidiary financial statements as part of a company consolidation. The additional reporting currency functionality only provides the option of preparing reports in another currency, as if that was the company's local currency.*

Set Up an Additional Reporting Currency

The setup required to use an additional reporting currency is as follows:

- Select general ledger accounts for posting exchange rate adjustments.
- Specify the exchange rate adjustment method for general ledger accounts.
- Specify the exchange rate adjustment method for VAT entries.
- Enable the additional reporting currency.

Set Up Currency Card

The G/L accounts for posting exchange rate adjustments are set up on the **General** and **Reporting** FastTabs of the **Currency Card**.

To open the **Currency Card** page, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Financial Management** > **Periodic Activities** > **Currency >**

Currencies.

3. Select the currency that you want to set up as the additional reporting currency, and then click **Edit**.
4. Make sure the following fields are set up:
   o Unrealized Gains Acc. & Unrealized Losses Acc.
   o Realized Gains Acc. & Realized Losses Acc.
   o Realized G/L Gains Account & Realized G/L Losses Account
   o Residual Gains Account & Residual Losses Account

> 🗒 **Note:** *These fields were explained in the lesson "Currency Card and Currency Exchange Rates" of this module.*

5. Click **OK** to close the **Currency Card** page.

Set Up G/L Account Card

When you use an additional reporting currency, you must make a selection for every G/L posting account in the **Exchange Rate Adjustment** field. This selection determines how amounts for an account will be adjusted for exchange rate fluctuations between LCY and the additional reporting currency when the **Adjust Exchange Rate** batch job is run to adjust G/L accounts.

To make selections for the G/L posting accounts, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Financial Management > General Ledger > Chart of Accounts**.
3. Select the G/L account and then click **Edit**.
4. Expand the **Reporting** FastTab.
5. In the **Exchange Rate Adjustment** field, click the drop-down list and select the correct method.
   o **No Adjustment:** No exchange rate adjustment is made to the account. This is the default selection.
   o **Adjust Amount:** The LCY amount field is adjusted for any exchange rate gains or losses.
   o **Adjust Additional-Currency Amount:** The **Additional Currency Amount** field is adjusted for any exchange rate gains or losses.

> 🗒 **Note:** *The **No Adjustment** selection is made if the exchange rate between the LCY and additional reporting currency is always fixed. This situation is common for companies preparing to change to Euro that have an EMU currency as the local currency and Euro as an additional reporting currency.*

Set Up General Ledger Setup

Specify Exchange Rate Adjustment Method for VAT Entries

When you use an additional reporting currency, you can use the **VAT Exchange Rate Adjustment** field in the **General Ledger Setup** page to determine how the accounts set up for VAT posting on the **VAT Posting Setup** page are adjusted for exchange rate fluctuations. Adjustments between LCY and the additional reporting currency are calculated when the Adjust Exchange Rates batch job to adjust G/L accounts is run.

To select the VAT Exchange Rate Adjustment, follow these steps:

1. From the navigation pane, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance > General Ledger Setup**.
4. Expand the **Reporting** FastTab.
5. In the **VAT Exchange Rate Adjustment** field, click the drop-down list to make a selection.
    a. **No Adjustment** - no exchange rate adjustment is made to the VAT account. This is the default selection.
    b. **Adjust Amount** - the LCY amount field is adjusted on the VAT account for any exchange rate gains or losses.
    c. **Adjust Additional-Currency Amount** - the **Additional Currency Amount** field on the VAT account is adjusted for any exchange rate gains or losses.

6. Click **OK** to close the **General Ledger Setup** page.

Adjust Add. Reporting Currency Batch Job

When the **Additional Reporting Currency** is enabled, Microsoft Dynamics NAV 2013 runs a batch job to update previously posted entries.

The Adjust Add. Reporting Currency batch job proceeds as follows:

- Uses the exchange rate from the **Currency Exchange Rates** page that is valid on the work date.
- Calculates the additional reporting currency amounts based on the LCY amounts on existing entries.

- Posts residual (rounding) amounts that occur on conversion of LCY to additional reporting currency:
  - To the **Residual Gains Account** or **Residual Losses Account** specified in the **Currencies** page.
  - Using the posting date and document number from the original general ledger entry.

- Posts a rounding entry on the closing date of each closed year to the Retained Earning account. This guarantees that the ending balance of the income accounts in closed years is zero (0) for both LCY and the additional reporting currency.

> **Note:** *To enable an additional reporting currency, the **Residual Gains Account** and **Residual Losses Account** must be set up for the currency.*

To select an additional reporting currency, follow these steps:

1. From the navigation pane, click **Departments**.
2. Click **Administration**, and then click **Application Setup**.
3. On the **Application Setup** page, click **Financial Management > Finance > General Ledger Setup**.
4. Expand the **Reporting** FastTab.
5. In the **Additional Reporting Currency** field, click the drop-down list and select the additional currency to report in from the **Currencies** page.
6. Click **OK**.

The Adjust Add. Reporting Currency batch job opens.
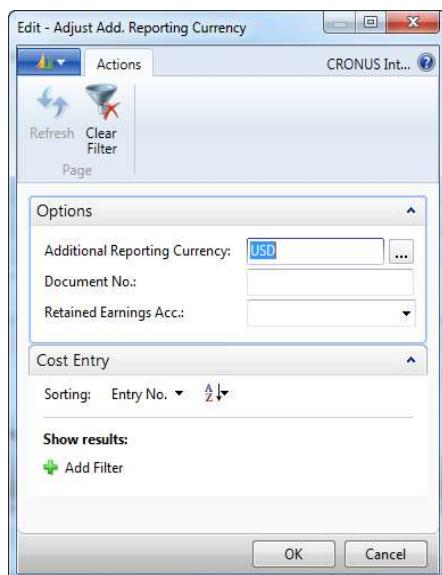
FIGURE 3.11: ADJUST ADD. REPORTING CURRENCY BATCH JOB

7. Expand the **Options** FastTab.

8. The **Additional Reporting Currency** field contains the additional reporting currency selected in the **General Ledger Setup** page. Click the **AssistEdit (...)** button to update the exchange rate to use to convert the LCY amounts to the additional reporting currency.

9. Be aware of the following:

   o The **Document No.** field identifies document number to use for the entry created by the batch job that is posted to the retained earnings account. For the residual amount entries, the original transaction document number applies.

   o The **Retained Earnings Acc.** field specifies the retained earnings account for the batch job to use in posting. This account must be the same as the account that was used by the Close Income Statement batch job.

10. Click **OK** to run the batch job.

📋 **Note:** *The additional reporting currency will be enabled only after you click* ***OK****.*

11. Click **OK** to close the **General Ledger Setup** page.

After the system runs the Adjust Add. Reporting Currency batch job, the following existing entries have amounts in both **LCY** and in the **Additional-Currency (ACY)** fields:

- General ledger entries
- Analysis view entries
- VAT entries
- Value entries
- Job ledger entries
- Production order line entries

In addition, the local currency and additional reporting currency amounts are recorded for all new entries of these types.

📋 **Note:** *The Adjust Add. Reporting Currency batch job deletes analysis view entries unless the* ***Blocked*** *field in the* ***Analysis View*** *page is selected before you enable the additional reporting currency. The analysis view must be updated for entries to be available.*

Analysis by dimensions and analysis views will be explained in the module "Financial Reporting and Analysis" of this course.

Use Additional Reporting Currency

View ACY Amounts on Pages

The fields related to additional reporting currency can be displayed on various pages, including the following:

- **Chart of Accounts**
- **Acc. Schedule Overview**
- **Analysis by Dimensions**
- **G/L Balance by Dimension**

To view the additional reporting currency amounts in the **Chart of Accounts** page, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Financial Management** > **General Ledger** > **Chart of Accounts**.
3. Click the **Choose Columns** function to add the **Additional-Currency Net Change**, **Add.-Currency Balance at Date**, and **Additional-Currency Balance** fields.

FIGURE 3.12: CHART OF ACCOUNTS

On the **Analysis by Dimensions** and **Account Schedule Overview** pages, select the **Show Amounts in Add. Reporting Currency** check box on the **Options** FastTab to view the data in the additional reporting currency.

When the data is displayed in the additional reporting currency, it can be exported to Microsoft® Excel® from both the **Acc. Schedule Overview** and **Analysis by Dimensions** pages.

View ACY Amounts in Reports

Several reports in the General Ledger application area are based on general ledger entries. Many of these reports can be printed in the additional reporting currency that includes **Account Schedules** and the **Closing Trial Balance** report.

To display the financial data in these reports in the additional reporting currency, select the **Show Amounts in Add. Reporting Currency** field on the **Options** FastTab for the report.

Similarly, all the reporting for VAT, including VAT statements, VIES declaration disks, and VAT settlements, can be done in the additional reporting currency. Select the **Show Amounts in Add. Reporting Currency** field on the **Options** FastTab for the relevant VAT report.

Daily Processing

There are no special steps required to process daily activity using an additional reporting currency. When you use an additional reporting currency, follow these guidelines:

- Enter exchange rates on the **Currency Exchange Rates** page.
- Process transactions as usual.

Transactions can be entered using LCY. The system converts the LCY amount to the additional reporting currency by using the entry in the **Currency Exchange Rates** table that is valid for the Work Date.

Adjust Exchange Rates Batch Job for G/L Accounts

When you use an additional reporting currency, run the Adjust Exchange Rates batch job to record any exchange rate differences for previously posted transactions. Typically, the batch job is run at the end of the month. This batch job proceeds as follows:

- Finds the appropriate adjustment exchange rate in the **Currency Exchange Rates** window.
- Compares the amounts in the **Amount** and **Additional-Currency Amount** fields on the general ledger entries to determine an exchange rate gain or loss.
- Uses the option selected in the **Exchange Rate Adjustment** field on each general ledger posting account to determine whether to calculate and post exchange rate gains or losses.

📄 *Note: The values in the **Adjustment Exch. Rate Amount** and **Relational Adjmt. Exch. Rate Amount** fields in the **Currency Exchange Rates** page are used by the Adjust Exchange Rates batch job to calculate gains or losses on open entries caused by currency fluctuations.*

Adjust Exchange Rates Batch Job

To run the Adjust Exchange Rates batch job, follow these steps:

1. In the navigation pane, click **Departments**.
2. Click **Financial Management** > **Periodic Activities** > **Currency >
   Adjust Exchange Rates**.
3. Expand the **Options** FastTab:

4. Select the field, **Adjust G/L Accounts for Add.-Reporting Currency**, to adjust general ledger accounts and VAT entries for currency fluctuations.
5. Click **OK** to run the Adjust Exchange Rates batch job.

Exchange Rate Adjustment Process for G/L Accounts

The Adjust Exchange Rates batch job proceeds as follows:

- Calculates the differences for each general ledger entry.
- Adjusts the general ledger entry, depending on the contents of the **Exchange Rate Adjustment** field for each G/L account.

View the Exchange Rate Adjustment Register

The **Exchange Rate Adjmt. Register** provides an overview of all the exchange rate adjustments made by the Adjust Exchange Rates batch job.

To open the **Exchange Rate Adjmt. Register** page, follow these steps:

1. On the navigation pane, click **Departments**.
2. Click **Financial Management** > **Periodic Activities** > **Currency > Exch. Rate Adjmt. Registers**.
3. Each line displays the following:
   - Type of entries adjusted.
   - Currency and base amount adjusted.
   - Adjustment amount.

Demonstration: Review Adjust Currency Exchange Rate

After completing the demonstration Adjust Currency Exchange Rate, you can now review all created exchange rate adjustments on the **Exchange Rate Adjustment Register**.

Demonstration Steps

1. Review the Exchange Rate Adjmt. Register.
   a. On the navigation pane, click **Departments**.
   b. Click **Financial Management** > **Periodic Activities** > **Currency > Exchange Rate Adjmt. Register**.
   c. Notice that there are entries for Bank, Customer, and Vendor. Locate the line for the 149.02 adjustment.

Summary of Currency Exchange Rates

The following table provides a summary of how Microsoft Dynamics NAV 2013 uses the amounts on the **Currency Exchange Rates** page.

Task	Fields used from Currency Exchange Rates page	How fields are used
Entering a default exchange rate for journals and documents.	1. Exchange Rate Amount 2. **Relational Exch Rate Amount** 3. Starting Date	Starting Date compared to Posting Date on journal or document. The latest entry with Starting Date <= Posting Date is determined and fields (1) and (2) are used to calculate the default exchange rate.
Adjusting the exchange rate of posted customer/vendor, bank account and G/L entries.	1. Adjustment Exch Rate Amount 2. **Relational Adjmt Exch Rate Amt(** 3. Starting Date	Starting Date compared to Ending Date in Adjust Exchange Rates batch job. The latest entry with Starting Date <= Ending Date is determined and fields (1) and (2) are used to calculate the adjustment exchange rate.

Formatted: Font: 14 pt, Superscript

Module Review

Module Review and Takeaways

Multicurrency helps companies as they do the following:

- Process transactions for vendors, customers, and bank accounts using a currency other than the local currency.
- Designate an additional reporting currency to use for general ledger activity, including reporting capabilities.
- Consolidate subsidiaries that operate in different currencies than the parent company.

Microsoft Dynamics NAV 2013 provides flexibility by offering separate fields for setting exchange rates for the following:

- Current transactions.
- Adjusting open transactions for exchange rate fluctuations.

Companies that operate globally can benefit from the multicurrency functionality offered by Microsoft Dynamics NAV 2013 in the following ways:

- Entries can be entered and posted in all currencies.
- Realized and unrealized foreign exchanges gains and losses are adjusted and calculated automatically.
- Reporting can be done in different currencies.

Test Your Knowledge

Test your knowledge with the following questions.

1. If GBP is set up as the local currency, where do you specify the payment tolerance percentage for USD?

   ( ) On the General Ledger Setup Card page.

   ( ) On the Currency Card page.

   ( ) On the Exchange Rates page.

   ( ) On the G/L Account Card page

2. What date in the Currency Exchange Rate window do you use to specify the effective date to use for the exchange rate?

      ( ) Starting date

      ( ) Posting date

      ( ) Document date

      ( ) Exchange rate date

3. Which statement is true about the Adjust Exchange Rates batch job?

      ( ) You can specify if you want to calculate realized or unrealized exchange rate differences.

      ( ) The batch job runs for one currency at a time.

      ( ) The batch job adjusts customer, vendor, and bank account entries to reflect updated amounts when the exchange rate changes after entries are posted.

      ( ) You need to run the batch job a least once a month.

4. Explain the rules for posting cash receipt activity by using multiple currencies.

Formatted Table

Test Your Knowledge Solutions

Module Review and Takeaways

1. If GBP is set up as the local currency, where do you specify the payment tolerance percentage for USD?

    ( ) On the General Ledger Setup Card page.

    (√) On the Currency Card page.

    ( ) On the Exchange Rates page.

    ( ) On the G/L Account Card page

2. What date in the Currency Exchange Rate window do you use to specify the effective date to use for the exchange rate?

    (√) Starting date

    ( ) Posting date

    ( ) Document date

    ( ) Exchange rate date

3. Which statement is true about the Adjust Exchange Rates batch job?

    ( ) You can specify if you want to calculate realized or unrealized exchange rate differences.

    ( ) The batch job runs for one currency at a time.

    (√) The batch job adjusts customer, vendor, and bank account entries to reflect updated amounts when the exchange rate changes after entries are posted.

    ( ) You need to run the batch job a least once a month.

4. Explain the rules for posting cash receipt activity by using multiple currencies.

    MODEL ANSWER:

    Cash receipt journals that use bank accounts with a blank currency code, post receipt lines with any currency code including LCY.

    Cash receipt journals that use bank accounts with a currency code, post receipt lines with the same currency codes as the bank account.